

**PUBLIC AND INDIAN HOUSING  
REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING (HOPE VI)  
2013 Summary Statement and Initiatives  
(Dollars in Thousands)**

REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2011 Appropriation .....	\$100,000	\$198,706	-\$200 <sup>a/</sup>	\$298,506 <sup>b/</sup>	\$283,952	\$177,352
2012 Appropriation/Request .....	...	12,965	...	12,965	12,965	170,000
2013 Request .....	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>150,000</u>
Program Improvements/Offsets .....	...	-12,965	...	-12,965	-12,965	-20,000

a/ In accordance with the fiscal year 2011 Appropriations Act (P.L. 112-10), a 0.2 percent across-the-board rescission was applied to all set-asides in this account.

b/ Includes \$998 thousand that was transferred to the Department's Transformation Initiative. This amount is excluded from obligations and outlays.

**1. What is this request?**

No funds are requested for the Revitalization of Severely Distressed Public Housing (HOPE VI) program in fiscal year 2013. Instead, the Department will continue to build on the success of the HOPE VI program through the implementation of its Choice Neighborhoods Initiative discussed in a separate justification. This initiative supports a range of interventions in neighborhoods of extreme poverty; particularly those neighborhoods characterized by a substantial presence of HUD public and assisted housing. The initiative challenges public, private and non-profit partners to identify the interventions (public or assisted housing transformation, purchase and renovation of vacant privately owned stock, provision of vouchers, support for neighborhood retail and business expansion) that would have the largest return on Federal investment in what are essentially Federal enclaves of concentrated poverty.

As provided in Public Law 112-10, \$100 million was made available in fiscal year 2011 for the HOPE VI program. Public Law 112-10 enabled up to \$64.87 million of the fiscal year 2011 HOPE VI appropriation to be set aside for the Choice Neighborhoods Initiative, leaving approximately \$28 million for HOPE VI and the remaining funds for technical assistance. The Department issued separate Notices of Funding Availability (NOFAs) and ran separate competitions for the HOPE VI program and Choice Neighborhoods Initiative demonstration for the fiscal year 2010 funds. The 2010 HOPE VI NOFA indicated that approximately \$124 million was available for award. HUD added the \$28 million of fiscal year 2011 funds to the \$124 million. The Department announced fiscal year 2010 HOPE VI awardees on June 3, 2011, providing eight awards totaling over \$152 million to be used for the revitalization of distressed properties. The Department announced fiscal year 2011 Choice Neighborhood awardees on August 31, 2011, providing five awards totaling over \$122 million. Choice Neighborhoods Implementation Grants will fund the transformation, rehabilitation and

## Revitalization of Severely Distressed Public Housing

replacement of both public housing and HUD-assisted housing and transform neighborhoods of poverty into functioning, sustainable mixed-income neighborhoods. Additionally, the Department has awarded 17 Planning Grants in the amount of \$4 million.

### 2. What is this program?

The HOPE VI program was developed as a demonstration program to provide grants to Public Housing Agencies (PHAs) which enabled them to demolish obsolete public housing units, revitalize project sites, and provide replacement housing for those families displaced by demolition, so as to lessen the concentrations of very low-income families. A total of 260 grants have been made between 1993 and 2011. As a result of this program and other initiatives, the Department has removed 96,616 of the most distressed housing units in the country. However, a multi-million dollar pipeline of unspent funds exists and the Department continues to work with grantees towards completing projects in a timely manner and spending remaining balances on eligible development activities. The Department will maintain the requisite monitoring, oversight personnel, contracts that support the quarterly reporting system, technical assistance, risk management activities, training, and other activities from the Department's Salaries & Expenses and technical assistance accounts.

#### Staffing

FTE	2011 Actual	2012 Estimate	2013 Estimate
Headquarters .....	53	...	...
Field .....	20	...	...
Total .....	73	...	...

While funding to support HOPE VI staff is reflected in the FTE request for Choice Neighborhoods, open grants and the remaining workload associated with those grants require adequate staff to monitor program compliance and timely grant implementation to ensure close out of all existing HOPE VI projects. Legacy Hope VI grants must still be actively managed by staff to ensure that awarded funds are spent expeditiously and in compliance with established regulations. Currently, there are 108 grantees actively implementing their Revitalization Plan. For the remaining open grants, the Department will continue to provide oversight and assist grantees through all phases of the grant implementation. The Department anticipates all remaining HOPE VI grants and current grant balances (approximately \$520 million) to be completed and closed by the end of fiscal year 2016. Any reduction in resources will further strain existing staff as staff is also performing duties associated with the Choice Neighborhoods Initiative.

### 3. Why is this program necessary and what will we get for the funds?

The HOPE VI program has successfully demolished and rebuilt some of the most severely distressed public housing in the country, while assisting in improving surrounding neighborhoods and moving families towards self-sufficiency. Since then, the program has served as the Department's primary program for public housing transformation and successfully changed the physical condition of

## Revitalization of Severely Distressed Public Housing

numerous developments, reduced concentration of poverty, and provided supportive services for residents. Building on these successes and lessons learned from HOPE VI, the Department will continue to expand its Choice Neighborhoods Initiative.

While there is no request for funding in fiscal year 2013, the Department will continue to focus on the efficient completion of the existing pipeline of HOPE VI grants. To meet the expenditure deadline requirement, the Department will continue to award expediter contracts and provide technical assistance to HOPE VI grantees that face significant challenges in implementing their Revitalization Plans. In addition, the Department continues to enhance the HOPE VI Grants Management System, enabling the Department to provide detailed status reports for each of the HOPE VI grantees.

There is approximately \$13 million in carryover funds. The bulk of which, \$6 million, is for Technical Assistance funds aimed at providing contract support and valuable expertise for PHAs in carrying out the HOPE VI grants. Approximately, \$4 million remains for Choice Neighborhood Planning Grants, and \$3 million will continue to be used for its intended purposes by Congress, which may include Mainstreet grants. It is projected that all carryover funds will be obligated in fiscal year 2012.

### **4. How do we know that this program works?**

The primary goal of the HOPE VI program was to eliminate the worst public housing by demolishing unsustainable developments and rebuilding communities in accordance with community-sensitive principles. HOPE VI has successfully accomplished this since its implementation. The Department will take the successes and lessons learned from HOPE VI and continue to expand the Choice Neighborhoods Initiative by taking a comprehensive approach towards neighborhood transformation.

HUD's Office of Policy Development and Research created a 2003 report, "Interim Assessment of the HOPE VI Program Cross-Site Report," which found that after 10 years, the first round of HOPE VI grants resulted in sites that had been redeveloped from 100 percent public housing to mixed-income neighborhoods. The program resulted overall in: a substantial improvement in housing quality; better site management (as evidenced by well-maintained common areas and substantially lower vacancy and turnover rates); a reduction in crime; and increased availability of supportive services and community facilities (including childcare, Boys and Girls Club programs, medical clinics, and office space for case managers and supportive services providers).

A study by the Urban Institute, "Estimating the Public Costs and Benefits of HOPE VI Investments: Methodological Report (June 2007)," estimated that transforming a 700-unit project with new-mixed income housing (and using vouchers to help some residents relocate elsewhere) could save an estimated \$3.9 million a year in Federal housing subsidies while serving the same number of very low-income families. The same redeveloped project could also boost surrounding home values and generate local tax revenues of \$6.5 million over a 20-year period. These estimated savings could be generated because HOPE VI projects are less expensive to operate (through physical improvements, reductions in vandalism, and increases in occupancy rates). Additionally, HOPE VI redevelopment resulted in improved physical conditions (lower vacancy rates, reduced crime, and lower operating and capital costs); better quality of life for residents for both those relocated and those living in redeveloped properties (increased needed services,

## Revitalization of Severely Distressed Public Housing

improved health, higher rates of employment and earnings); and surrounding neighborhood improvements (increased property values leading to increased local property tax revenue).

Revitalization of Severely Distressed Public Housing

**PUBLIC AND INDIAN HOUSING  
REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING (HOPE VI)  
Summary of Resources by Program  
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2011 Budget Authority</u>	<u>2010 Carryover Into 2011</u>	<u>2011 Total Resources</u>	<u>2011 Obligations</u>	<u>2012 Budget Authority/ Request</u>	<u>2011 Carryover Into 2012</u>	<u>2012 Total Resources</u>	<u>2013 Request</u>
Revitalization Grants .	\$27,944	\$128,429	\$156,373	\$153,230	...	\$3,291	\$3,291	...
Choice Neighborhoods Initiative .....	64,870	65,000	129,870	126,270	...	3,600	3,600	...
Technical Assistance ..	5,988	5,277	11,265	4,452	...	6,074	6,074	...
Transformation Initiative .....	<u>998</u>	<u>...</u>	<u>998</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total .....	99,800	198,706	298,506	283,952	...	12,965	12,965	...