

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PUBLIC AND INDIAN HOUSING

REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING (HOPE VI)

PROGRAM HIGHLIGHTS

	ACTUAL	ESTIMATE	ESTIMATE	INCREASE + DECREASE -
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2004 vs 2003</u>
	(Dollars in Thousands)			
<u>Program Level:</u>				
Budget Authority				
Appropriation .....	\$573,735	\$574,000	...	-\$574,000
Carryover/Recaptures .....	<u>580,969</u>	<u>586,649</u>	<u>570,000</u>	<u>-16,649</u>
Subtotal .....	1,154,704	1,160,649	570,000	-590,649
Obligations .....	576,087	590,649	568,000	-22,649
Budget Outlays .....	465,569	545,842	608,958	63,116

SUMMARY OF BUDGET ESTIMATES

No funding is proposed for the Revitalization of Severely Distressed Public Housing (HOPE VI) program. The program was established in 1993 and the authorization for this program expired at the end of fiscal year 2002. As a result of this program and other initiatives, the Department's goals for demolition of the worst public housing have been met. Moreover, a multi-billion dollar pipeline of unspent funds remains and demands attention. The Department will maintain the requisite monitoring and oversight personnel to execute these responsibilities.

EXPLANATION OF INCREASES AND DECREASES

No budget authority is requested for the Revitalization of Severely Distressed Public Housing (HOPE VI) program for fiscal year 2004. The program has largely accomplished its primary goal of eliminating the worst public housing by demolishing unsustainable developments and providing funds to rebuild communities in accordance with community-sensitive principles, and the program's underlying authorization has expired. Outlays are estimated to be \$609 million in fiscal year 2004 as the funds previously obligated are drawn down.

PROGRAM DESCRIPTION AND ACTIVITY

The HOPE VI program has achieved the program goal of addressing the nation's most distressed housing as identified by the National Commission on Severely Distressed Public Housing. However, the program has been less successful in completing the redevelopment of HOPE VI projects, and the program's administrative and design weaknesses detract from its successes and anticipated achievements.

The HOPE VI program has produced dramatic successes in some cities. The length of time it takes to complete redevelopment under HOPE VI, however, calls into question whether it is the best approach for achieving the ambitious goals set forth by the program. Increased capacity is demanded of housing authorities to successfully implement the development agenda prescribed by the program. Of 165 HOPE VI projects, only 14 have completed all planned units. Hence, the \$2.5 billion pipeline of funds appropriated, but not yet obligated or expended, represents significant lost opportunity costs. A significant amount of work still must be accomplished in the program for existing grants without making additional awards.

Although HUD is not requesting a 2004 HOPE VI appropriation, HUD intends to aggressively manage the grants currently awarded to ensure completion of the 64,000 units funded but not yet built.

Revitalization of Severely Distressed Public Housing

ADMINISTRATIVE EXPENSES

FTE/OBJECT CLASS	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004
FTE			
Headquarters	58	62	62
Field	110	110	110
Total FTE	168	172	172
S&E Cost (Dollars in Thousands)			
Personal Services	\$14,919	\$15,728	\$16,152
Travel	434	300	300
Printing	76	83	84
Supplies	10	9	9
Total S&E Cost	\$15,439	\$16,120	\$16,545