

**PUBLIC AND INDIAN HOUSING
REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING (HOPE VI)
2005 Summary Statement and Initiatives
(Dollars in Thousands)**

REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING	Enacted/ <u>Request</u>	<u>Carryover</u>	Supplemental/ <u>Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2003 Appropriation	\$574,000	\$586,650	-\$3,731 ^a	\$1,156,919	\$595,144	\$554,597
2004 Appropriation/Request	150,000	559,414 ^b	-885	708,529	567,530	626,000
2005 Request	<u>...</u>	<u>141,000</u>	<u>...</u>	<u>141,000</u>	<u>141,000</u>	<u>699,000</u>
Program Improvements/Offsets	-150,000	-418,414	885	-567,529	-426,530	73,000

a/ Differs from MAX by \$529 thousand due to rounding.

b/ Of the total unobligated balances, \$2.4 million expired at the end of fiscal year 2003. This amount, therefore, did not carryover into fiscal year 2004.

Summary Statement

No funding is proposed for the Revitalization of Severely Distressed Public Housing (HOPE VI) program. The HOPE VI program was developed in 1992 to provide grants to public housing agencies which enabled them to demolish obsolete public housing projects, revitalize project sites, and provide replacement housing for those families displaced by demolition so as to lessen the concentrations of very low-income families. As a result of this program and other initiatives, the Department's goals for demolition of the worst public housing have been met. However, 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.

In fiscal year 2003 the HOPE VI program was evaluated using the Program Assessment Rating Tool (PART). The assessment revealed that the program is slow at completing the job of redevelopment and is more costly than other alternatives. In response to these findings, and the fact that 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, the budget does not include funding for the continuation of this program.

Initiatives

No initiatives are requested for this program in fiscal year 2005.

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>2003 Budget Authority</u>	<u>2002 Carryover Into 2003</u>	<u>2003 Total Resources</u>	<u>2003 Obligations</u>	<u>2004 Budget Authority/ Request</u>	<u>2003 Carryover Into 2004</u>	<u>2004 Total Resources</u>	<u>2005 Request</u>
Revitalization Grants .	\$559,092	\$574,795	\$1,133,887	\$586,501 ^a	\$145,139	\$547,395	\$692,534	...
Technical Assistance ..	6,209	5,420	11,629	2,208	3,976	7,051	11,027	...
Neighborhood Networks .	4,968	5,000	9,968	5,000	...	4,968	4,968	...
Demolition of Elderly Housing .....	...	<u>1,435</u>	<u>1,435</u>	<u>1,435</u>	...	...	...	...
Total Revitalization of Severely Distressed Public Housing	570,269	586,650	1,156,919	595,144	149,115	559,414	708,529	...
FTE								
Headquarters			55				55	55
Field			<u>16</u>				<u>16</u>	<u>16</u>
Total			71				71	71

a/ Includes \$51 million in obligations associated with HOPE VI tenant protection activities.

Revitalization of Severely Distressed Public Housing

**PUBLIC AND INDIAN HOUSING
REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING (HOPE VI)
Program Offsets
(Dollars in Thousands)**

Revitalization Grants	<u>Amount</u>
2003 Appropriation	\$559,092
2004 Appropriation/Request	145,139
2005 Request	<u>...</u>
Program Improvements/Offsets	-145,139

Proposed Actions

No funding is proposed for the Revitalization of Severely Distressed Public Housing (HOPE VI) program. As a result of this program and other initiatives, the Department's goals for demolition of the worst public housing have been met. However, a multi-billion dollar pipeline of unspent funds remains and demands attention. The Department will maintain the requisite monitoring and oversight personnel to execute this responsibility.

The HOPE VI program was recently evaluated by the Office of Management and Budget. The assessment revealed that the program is slow at completing the job of redevelopment and is more costly than other alternatives. This program has also shown to be more costly than other programs that serve the same population. In a GAO report (GAO-02-76), the housing-related costs of a HOPE VI unit were shown to be 27 percent higher than a housing voucher and 47 percent higher when all costs were included. It also has an inherently long, drawn-out planning and redevelopment process that has resulted in significant delays in the execution and completion of these grants. Some PHAs also lack the capacity to manage their redevelopment projects.

Revitalization of Severely Distressed Public Housing

PUBLIC AND INDIAN HOUSING
REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING (HOPE VI)
Program Offsets
(Dollars in Thousands)

Technical Assistance	<u>Amount</u>
2003 Appropriation	\$6,209
2004 Appropriation/Request	3,976
2005 Request	<u>...</u>
Program Improvements/Offsets	-3,976

Proposed Actions

No additional funds are requested for this program in fiscal year 2005.

Revitalization of Severely Distressed Public Housing

PUBLIC AND INDIAN HOUSING
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Program Offsets
(Dollars in Thousands)

Neighborhood Networks	<u>Amount</u>
2003 Appropriation	\$4,968
2004 Appropriation/Request .....	...
2005 Request	<u>...</u>
Program Improvements/Offsets .....	...

Proposed Actions

No additional funds are requested for this program in fiscal year 2005.

**PUBLIC AND INDIAN HOUSING
REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING (HOPE VI)
Performance Measurement Table**

Program Name: Revitalization of Severely Distressed Public Housing (HOPE VI)					
Program Mission: Eliminate the worst public housing by demolishing unsustainable developments and rebuilding communities in accordance with community-sensitive principles.					
Performance Indicators	Data Sources	Performance Report		Performance Plan	
		2003 Plan	2003 Actual	2004 Enacted	2005 Plan
The HOPE VI Revitalization Development program for public housing relocates 1,446 families, demolishes 2,602 units, completes 6,267 new and rehabilitated units, and occupies 6,911 units.	HOPE VI Quarterly Progress Reporting System; FY 2003 Performance & Accountability Report; FY 2005 Annual Performance Plan	3,160 households relocated; 3,905 units demolished; 6,821 new & rehabilitated units; 6,201 units occupied	6,859 households relocated; 7,468 units demolished; 8,611 new & rehabilitated units; 7,512 units occupied	3,300 households relocated; 4,000 units demolished; 6,900 new & rehabilitated units; 6,200 units occupied	1,446 households relocated; 2,602 units demolished; 6,267 new & rehabilitated units; 6,911 units occupied

Explanation of Indicators

This indicator tracks the share of HOPE VI redevelopment plans that are being implemented on schedule in terms of four key outputs: tenants relocated to permit redevelopment, units demolished, new and rehabilitated units completed, and units occupied. The goals reflect planned achievements based on HOPE VI plans submitted to HUD by Public Housing Authorities (PHAs).

The highly complex and ambitious nature of the HOPE VI program can often impede the achievement of production goals set for the program. Given this, the HOPE VI program office attributes the success in meeting and exceeding the fiscal year 2003 goals to its continued emphasis on timeliness and accountability in the implementation of HOPE VI grants. The primary tools for achieving these objectives include vigilant management and monitoring of grants by grant managers, holding PHAs accountable to following their program schedule, extensive use of the quarterly progress reporting system in all aspects of the HOPE VI program, risk assessment of grantees, trainings and workshops for grantees, and a range of programs and policy guidance.

The fiscal year 2004 and fiscal year 2005 achievement targets reflect planned achievements based on HOPE VI plans submitted by PHAs. It is anticipated that based on the funding resources available, the fiscal year 2004 and 2005 goals for the four key output indicators will be met.

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PUBLIC AND INDIAN HOUSING
REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING (HOPE VI)
Justification of Proposed Changes in Appropriations Language

The 2005 President's Budget includes proposed changes in the appropriations language listed and explained below. New language is italicized and underlined, and language proposed for deletion is bracketed.

[REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING (HOPE VI)]

For grants to public housing agencies for demolition, site revitalization, replacement housing, and tenant-based assistance grants to projects as authorized by section 24 of the United States Housing Act of 1937, as amended, \$150,000,000, to remain available until September 30, 2005, of which the Secretary may use up to \$4,000,000 for technical assistance and contract expertise, to be provided directly or indirectly by grants, contracts or cooperative agreements, including training and cost of necessary travel for participants in such training, by or to officials and employees of the department and of public housing agencies and to residents: Provided, That none of such funds shall be used directly or indirectly by granting competitive advantage in awards to settle litigation or pay judgments, unless expressly permitted herein.]

Explanation of Changes

No funds are requested for this account in fiscal year 2005.

Revitalization of Severely Distressed Public Housing

PUBLIC AND INDIAN HOUSING
 REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING (HOPE VI)
 Crosswalk of 2003 Availability
 (Dollars in Thousands)

<u>Budget Authority</u>	<u>2003 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2003 Resources</u>
Revitalization Grants	\$562,750	-\$3,658	...	...	\$574,795	\$1,133,887
Technical Assistance	6,250	-41	...	...	5,420	11,629
Neighborhood Networks	5,000	-32	...	...	5,000	9,968
Demolition of Elderly Housing	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>1,435</u>	<u>1,435</u>
Total	574,000	-3,731	...	...	586,650	1,156,919

Revitalization of Severely Distressed Public Housing

PUBLIC AND INDIAN HOUSING
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 Crosswalk of 2004 Changes
 (Dollars in Thousands)

<u>Budget Authority</u>	2004 President's Budget Request	Congressional Appropriations Action on 2004 Request	2004 Supplemental/ Rescission	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2004 Resources</u>
Revitalization Grants	\$146,000	-\$861	...	\$547,395	\$692,534
Technical Assistance	4,000	-24	...	7,051	11,027
Neighborhood Networks	4,968	4,968
Demolition of Elderly Housing	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total Changes	150,000	-885	...	559,414	708,529