

PUBLIC AND INDIAN HOUSING  
 REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING (HOPE VI)  
 2007 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>
2005 Appropriation .....	\$144,000	\$165,291	-\$1,174 <sup>a</sup>	\$308,117	\$164,894	\$694,623
2006 Appropriation/Request .....	100,000	143,200 <sup>b</sup>	-1,000	242,200	143,200	650,873
2007 Request .....	<u>-99,000</u>	<u>99,000</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>594,424</u>
Program Improvements/Offsets .....	-199,000	-44,200	+1,000	-242,200	-143,200	-56,449

a/ Includes a rescission of \$22,840 in addition to the fiscal year 2005 across-the-board rescission.

b/ Excludes \$22,840 in Technical Assistance funds that expired at the end of fiscal year 2005.

**Summary Statement**

No additional funds are requested for the Revitalization of Severely Distressed Public Housing (HOPE VI) program. The HOPE VI program was developed in 1992 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. As a result of this program and other initiatives, the Department has significantly exceeded its goal to demolish over 100,000 units of the nation's worst public housing. However, a multi-billion dollar pipeline of unspent funds remains and demands attention. The Department will maintain the requisite monitoring, oversight personnel, and contracts through the use of carryover to execute these responsibilities. Contracts that support the quarterly reporting system, technical assistance, risk management activities, training, and other activities will be funded with prior years' HOPE VI funds.

In fiscal year 2003, the HOPE VI program was evaluated by OMB's Program Assessment Rating Tool and found to be ineffective. The assessment revealed that the program is slow at completing the job of redevelopment and is more costly than other alternatives. Furthermore, in a GAO report (GAO-02-76), the housing-related costs of a HOPE VI unit were shown to be 27 to 47 percent higher than a housing choice voucher unit. In response to these findings, and the fact that the program has largely accomplished its primary goal of eliminating the worst public housing, the budget does not include additional funding for the continuation of this program.

The Department is proposing to rescind the unobligated balances remaining from funds appropriated in fiscal year 2006 under the heading "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. Some prior activities associated with this program will be continued through other Department programs. For instance, the funding of tenant protection vouchers to assist households moved under mandatory and voluntary public housing site conversion will now be managed through the Tenant-Based Rental Assistance program.

**Initiatives**

No initiatives are requested for this program in fiscal year 2007.

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>2005 Budget Authority</u>	<u>2004 Carryover Into 2005</u>	<u>2005 Total Resources</u>	<u>2005 Obligations</u>	<u>2006 Budget Authority/ Request</u>	<u>2005 Carryover Into 2006</u>	<u>2006 Total Resources</u>	<u>2007 Request</u>
Revitalization Grants .	\$138,874	\$164,603	\$303,477	\$164,894	\$97,020	\$138,583	\$235,603	-\$97,020
Technical Assistance ..	<u>3,952</u>	<u>688</u>	<u>4,640</u>	<u>...</u>	<u>1,980</u>	<u>4,617</u>	<u>6,597</u>	<u>-1,980</u>
Total .....	142,826	165,291	308,117	164,894	99,000	143,200	242,200	-99,000

NOTE: The fiscal year 2006 appropriated amount of \$99,000 is proposed for rescission in fiscal year 2007.

<u>FTE</u>	<u>2005 Actual</u>	<u>2006 Estimate</u>	<u>2007 Estimate</u>
Headquarters .....	36	39	39
Field .....	<u>39</u>	<u>38</u>	<u>38</u>
Total .....	75	77	77

Revitalization of Severely Distressed Public Housing

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

<b>Revitalization Grants</b>	<b><u>Amount</u></b>
2005 Appropriation .....	\$138,874
2006 Appropriation/Request .....	97,020
2007 Request .....	<u>-97,020</u>
Program Improvements/Offsets .....	-194,040

**Proposed Actions**

The 2006 enacted appropriation is proposed for rescission in 2007. 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, oversight personnel, and contracts to execute this responsibility.

In fiscal year 2003, the HOPE VI program was evaluated by OMB's Program Assessment Rating Tool and found to be ineffective. 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 to 47 percent higher than a housing choice voucher unit. It also has an inherently long, and complex planning and redevelopment process that has resulted in significant delays in the execution and completion of these grants.

Revitalization of Severely Distressed Public Housing

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

<b>Technical Assistance</b>	<b><u>Amount</u></b>
2005 Appropriation .....	\$3,952
2006 Appropriation/Request .....	1,980
2007 Request .....	<u>-1,980</u>
Program Improvements/Offsets .....	-3,960

**Proposed Actions**

The 2006 enacted appropriation is proposed for rescission in 2007. 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, oversight personnel, and contracts to execute this responsibility. Contracts that support the quarterly reporting system, technical assistance and risk management activities, training, and other activities will be funded with prior years' HOPE VI funds.

In fiscal year 2003, the HOPE VI program was evaluated by OMB's Program Assessment Rating Tool and found to be ineffective. 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 to 47 percent higher than a housing choice voucher unit. It also has an inherently long, and complex 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)  
Performance Measurement Table**

Program Name: <b>REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING (HOPE VI)</b>					
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	
		2005 Plan	2005 Actual	2006 Plan	2007 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, occupies 6,070 units and completes 20 projects in fiscal year 2006.	HOPE VI Quarterly Progress Reporting System; fiscal year 2005 Performance & Accountability Report; fiscal year 2006 Annual Performance Plan	1,446 households relocated; 2,602 units demolished; 6,267 new & rehabilitated units; 6,070 units occupied	4,702 households relocated; 8,765 units demolished; 9,632 new & rehabilitated units; 8,467 units occupied	1,400 households relocated; 2,600 units demolished; 6,500 new & rehabilitated units; 6,300 units occupied; 20 projects completed	1,400 households relocated; 2,600 units demolished; 6,500 new & rehabilitated units; 6,300 units occupied; 20 projects completed

**Explanation of Indicators**

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. This indicator tracks the implementation of HOPE VI redevelopment plans in terms of the following key outputs: households relocated to permit redevelopment, units demolished, new and rehabilitated units completed, units occupied, and (as of fiscal year 2006) projects completed. The goals reflect planned achievements based on HOPE VI plans submitted to HUD by PHAs. As of June 30, 2005, the HOPE VI Revitalization program had exceeded its 2005 redevelopment plans in all of the four key outputs.

The HOPE VI program is a highly complex and ambitious program. Much of the program's success originated from the use of a mixed finance approach to development. However, this approach can be a challenge for PHAs to coordinate. Because performance goals are determined 2 years in advance, the projections often do not reflect significant changes or set-backs experienced by a PHA in the intervening years—these include unanticipated delays in the extensive planning and partnering process, unforeseen environmental conditions, and lawsuits. Such influencing factors can contribute to a delay in the number of demolitions completed. Despite such influencing factors, the PHAs' and program office's ability to manage and monitor these projects has improved continuously over the life of the program.

The HOPE VI program continues to improve the 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 program and policy guidance. As of June 30, 2005, a cumulative total of 60,923 families had been relocated; 76,766 units had been demolished; 43,397 units (new and rehabilitated) had been completed; and 39,931 completed units had been occupied

No budget authority is requested for the HOPE VI Program for fiscal year 2007. The fiscal year 2007 goals for this program are to be accomplished with prior year funding.

Revitalization of Severely Distressed Public Housing

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

The 2007 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, \$100,000,000, to remain available until September 30, 2007, of which the Secretary may use up to \$2,000,000 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.] *Of the unobligated balances remaining from funds appropriated in fiscal year 2006 under the heading "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, \$99,000,000 is cancelled.*

**Explanation of Changes**

No funds are requested for this account in fiscal year 2007. The Department is proposing to rescind the unobligated balances remaining from funds appropriated in fiscal year 2006 under this heading.

Revitalization of Severely Distressed Public Housing

PUBLIC AND INDIAN HOUSING  
 REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING (HOPE VI)  
 Crosswalk of 2005 Availability  
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2005 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2005 Resources</u>
Revitalization Grants .....	\$140,000	-\$1,126 <sup>a</sup>	...	...	\$164,603	\$303,477
Technical Assistance .....	<u>4,000</u>	<u>-48</u> <sup>b</sup>	<u>...</u>	<u>...</u>	<u>688</u>	<u>4,640</u>
Total .....	144,000	-1,174	...	...	165,291	308,117

NOTE:

a/ Includes a rescission of \$6,867 in addition to the fiscal year 2005 across-the-board rescission.

b/ Includes a rescission of \$15,973 in addition to the fiscal year 2005 across-the-board rescission.

Revitalization of Severely Distressed Public Housing

PUBLIC AND INDIAN HOUSING  
 REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING (HOPE VI)  
 Crosswalk of 2006 Changes  
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2006 President's Budget Request</u>	<u>Congressional Appropriations Action on 2006 Request</u>	<u>2006 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2006 Resources</u>
Revitalization Grants .....	...	\$98,000	-\$980	...	\$138,583	\$235,603
Technical Assistance .....	...	<u>2,000</u>	<u>-20</u>	...	<u>4,617</u>	<u>6,597</u>
Total .....	...	100,000	-1,000	...	143,200	242,200