

**PUBLIC AND INDIAN HOUSING  
REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING (HOPE VI)  
2014 Summary Statement and Initiatives  
(Dollars in Thousands)**

| REVITALIZATION OF SEVERELY<br>DISTRESSED PUBLIC HOUSING | Enacted/<br>Request | Carryover              | Supplemental/<br>Rescission | Total<br>Resources | Obligations | Outlays        |
|---|---------------------|------------------------|-----------------------------|--------------------|-------------|----------------|
| 2012 Appropriation .....                                | ...                 | \$16,755 <sup>a/</sup> | ...                         | \$16,755           | \$8,589     | \$129,305      |
| 2013 Annualized CR .....                                | ...                 | 7,167 <sup>b/</sup>    | ...                         | 7,167              | 2,000       | 130,000        |
| 2014 Request .....                                      | <u>...</u>          | <u>5,167</u>           | <u>...</u>                  | <u>5,167</u>       | <u>...</u>  | <u>130,000</u> |
| Program Improvements/Offsets .....                      | ...                 | -2,000                 | ...                         | -2,000             | -2,000      | ...            |

a/ This amount includes \$12.9 million in actual carryover, \$1.79 million in recaptures realized in fiscal year 2012, and \$2 million collected from the U.S. Department of Justice through an Inter-agency Agreement in fiscal year 2012.

b/ Excludes \$999 thousand in expired funds.

**1. What is this request?**

No funds are requested for the Revitalization of Severely Distressed Public Housing (HOPE VI) program in fiscal year 2014. Instead, the Department will continue to build on the success of the HOPE VI program through the implementation of its Choice Neighborhoods program discussed in a separate justification.

**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, provide replacement housing for those families displaced by demolition, and to lessen the concentrations of very low-income families. A total of 260 grants were made between 1993 and 2011, of which 168 have been completed. As a result of this program and other initiatives, the Department has removed 98,352 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.

## Revitalization of Severely Distressed Public Housing

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 92 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 \$383 million) to be completed and closed by the end of fiscal year 2017. Any reduction in resources will further strain existing staff who are also performing duties associated with the Choice Neighborhoods program.

### **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 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 2014, 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.

### **4. How do we know 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).

## Revitalization of Severely Distressed Public Housing

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, 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)**

| <b><u>Budget Activity</u></b>           | <b><u>2012 Budget Authority</u></b> | <b><u>2011 Carryover Into 2012</u></b> | <b><u>2012 Total Resources</u></b> | <b><u>2012 Obligations</u></b> | <b><u>2013 Annualized CR</u></b> | <b><u>2012 Carryover Into 2013</u></b> | <b><u>2013 Total Resources</u></b> | <b><u>2014 Request</u></b> |
|---|-------------------------------------|--|------------------------------------|--------------------------------|----------------------------------|--|------------------------------------|----------------------------|
| Revitalization Grants .                 | ...                                 | \$5,081                                | \$5,081                            | ...                            | ...                              | \$5,081                                | \$5,081                            | ...                        |
| Technical Assistance ..                 | ...                                 | 6,074                                  | 6,074                              | \$4,989                        | ...                              | 86                                     | 86                                 | ...                        |
| Choice Neighborhoods<br>Grants .....    | ...                                 | 3,600                                  | 3,600                              | 3,600                          | ...                              | ...                                    | ...                                | ...                        |
| Public Safety<br>Enhancement Grants ... | ...                                 | <u>2,000</u>                           | <u>2,000</u>                       | ...                            | ...                              | <u>2,000</u>                           | <u>2,000</u>                       | ...                        |
| Total .....                             | ...                                 | 16,755                                 | 16,755                             | 8,589                          | ...                              | 7,167                                  | 7,167                              | ...                        |