

False HOPE

*A Critical Assessment of the HOPE VI
Public Housing Redevelopment Program*

Executive Summary

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Prepared by

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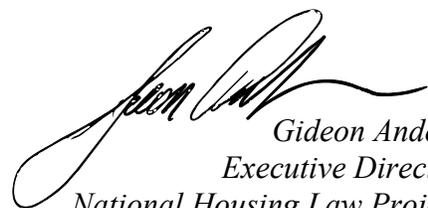
Foreword to the Executive Summary

This executive summary to *False HOPE: A Critical Assessment of the HOPE VI Public Housing Redevelopment Program* highlights numerous shortcomings in the HOPE VI program and outlines policy recommendations for reform.

Statutory authorization for HOPE VI is set to expire at the end of the current fiscal year. *False HOPE* is meant to contribute to the on-going debate regarding the program's reauthorization.

False HOPE was prepared by the National Housing Law Project together with the Poverty & Race Research Action Council, Sherwood Research Associates, and Everywhere and Now Public Housing Residents Organizing Nationally Together (ENPHRONT). The report is intended to support and to complement similar proposals for HOPE VI reform previously produced by ENPHRONT and the National Low Income Housing Coalition.

The full text of *False HOPE* is available from the National Housing Law Project website: www.nhlp.org/html/pubhsg/FalseHOPE.pdf.



Gideon Anders
Executive Director
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Executive Summary

Few government programs have as unfavorable a reputation as the federal public housing program. The name “public housing” itself evokes images of bleak, crime-ridden projects.

In fact, the public housing program’s reputation is greatly undeserved. Apart from a comparatively small number of visible and dramatic failures, public housing is a vital national resource that provides decent and affordable homes to over a million families across the country. Public housing is particularly valuable because rents are set at levels guaranteed to be affordable to the families residing in it, even families with the lowest incomes.

Nearly a decade ago, the HOPE VI program was launched to address the most troubled portion of the public housing stock, the small percentage of public housing sites that were “severely distressed.” HOPE VI is a competitive grant program, under which public housing authorities (PHAs), local entities that administer federal housing programs, apply to the U.S. Department of Housing and Urban Development (HUD) for funding to redevelop or demolish public housing sites. While it was intended to be a solution to severely distressed public housing, HOPE VI has been the source of new problems as serious as those it was created to address.

The Origins of the HOPE VI Program

In 1989, as part of the Department of Housing and Urban Development Reform Act, Congress created an independent National Commission on Severely Distressed Public Housing charged with assessing and formulating solutions to the problem severe distress in the public housing. In its final report published in 1992, the Commission concluded that, although the problem was serious, the extent of severe distress in public housing was very limited, estimating that only 6 percent (86,000 units) of the total stock fit into this category. The Commission set forth a National Action Plan to address the human services and modernization needs of the severely distressed public housing sites.

The HOPE VI program, also called the Urban Revitalization Demonstration program, was created by Congress in 1992 in response to the commission’s report. In the first nine years of the program, HUD awarded over \$4.5 billion in competitive grants to PHAs to redevelop 165 public housing sites in 98 cities. In 2001, HUD made 16 HOPE VI redevelopment grants, averaging \$31 million each.

False HOPE

This report was prepared on the occasion of the expiration of the HOPE VI program’s statutory authorization at the end of the current fiscal year and its possible reauthorization. HOPE VI has been characterized by a lack of clear standards, a lack of hard data on program results, and misleading and contradictory statements made by HUD.

False HOPE

HUD's failure to provide comprehensive and accurate information about HOPE VI has created an environment in which misimpressions about the program and its basic purposes and outcomes have flourished — often with encouragement from HUD. HOPE VI plays upon the public housing program's unfairly negative reputation and an exaggerated sense of crisis about the state of public housing in general to justify a drastic model of large-scale family displacement and housing redevelopment that increasingly appears to do more harm than good.

It is for these reasons that this report has been titled, *False HOPE*. To the extent possible, given the scarcity of data available on HOPE VI, it tracks the program's shortcomings and inconsistencies and proposes specific reforms.

Problems with the HOPE VI Program

Increasingly, it appears that the HOPE VI program is not addressing the problems identified by the National Commission on Severely Distressed Public Housing in 1992 or the goals set forth in the HOPE VI statutes.

The Loose Definition of "Severely Distressed Public Housing"

It is nearly impossible to determine whether HOPE VI is making meaningful progress towards solving the problem of severely distressed public housing because it is not clear which developments are severely distressed. Nearly any public housing development can meet the open-ended threshold of "severe distress" used by HUD and be eligible for HOPE VI funds. The identity of severely distressed sites should be much clearer than it currently is. HUD was required by statute to publish a comprehensive list of severely distressed public housing developments during the first year of the program, but failed to do so.

Indications are that HOPE VI has drifted sharply from its original purpose. According to recent White House figures, a total of 135,000 public housing units have been approved for demolition to date — at least 70,000 of these under HOPE VI. If trends from previous years continue, by the end of the current fiscal year, HUD will be on pace to approve the demolition of nearly twice the number of units identified as "severely distressed" in 1992.

In addition, federal auditors in the mid-1990s found that HOPE VI increasingly appeared to target not the most severely distressed public housing, but those sites that are most amenable to higher income redevelopment. Surprisingly, given commonly held perceptions, only seven of the first thirty-four HOPE VI redevelopment awards were for high-rise public housing developments.

HOPE VI Worsens Acute Affordable Housing Needs

HOPE VI redevelopment activities reduce the nation's supply of public housing, some of the only housing guaranteed to be affordable to families with the lowest incomes. According to HUD data, families at these income levels — and virtually *only* families at these income levels — are experiencing a dramatic shortage of affordable housing.

According to HUD figures, for every 100 very low income¹ renter households in 1999, there were only 70 units affordable and actually available to them. The situation is even worse for extremely low income² renter households, with only 40 units affordable and available for every 100 households in this income group. Households with higher incomes, even those still classified within the “low income” range,³ are not suffering from such affordable housing shortages.

HUD’s justification for this loss of public housing is a model of “mixed-income” redevelopment. However, even though it has been popular for years, the basic validity and effectiveness of this model has never been established. Cast in the worst light, HUD’s HOPE VI mixed-income model is a social engineering scheme built on a number of inaccurate, irrelevant, and harmful assumptions about low income families and their neighborhoods.

Few Meaningful Opportunities for Resident Participation in HOPE VI

While HUD has emphasized the “crucial” importance of the involvement of public housing residents and other community members in the HOPE VI redevelopment process, HUD has deprived residents of any enforceable rights to participate in the HOPE VI process, after the application stage. HUD has never issued regulations for the HOPE VI program. Instead, HOPE VI redevelopment activities are governed by form grant agreements between HUD and PHAs receiving funds. These grant agreements expressly foreclose the right of residents and others to enforce their terms.

On-going rights of resident participation after the application stage are essential because PHAs’ HOPE VI plans often change over time, sometimes drastically. In fact, grant agreements expressly contemplate amendments to HOPE VI revitalization plans. As actually implemented, a HOPE VI redevelopment may differ substantially from what was described in a PHA’s initial application and explained to residents.

The Exclusion of Public Housing Families from HOPE VI Opportunities

While the first purpose set forth under the HOPE VI statute is to “improve the living environment” of families in severely distressed public housing, HOPE VI is doing little to improve the lives of most of the families it affects. Contrary to impressions conveyed by HUD, only 11.4 percent of former residents overall have returned or are expected to return to HOPE VI sites; only about 30 percent of displaced residents are relocated with portable Housing Choice Vouchers. The bulk of residents, 49 percent, are simply transferred to other public housing developments. And, a disturbing number of the residents who are officially relocated are “lost” along the way, meaning that they no longer receive housing assistance.

¹ Under federal definitions, “very low income” refers to households with incomes at or below 50 percent of the median income of households in their geographic area — “area median income” (AMI).

² i.e., at or below 30 percent of AMI.

³ i.e., at or below 80 percent of AMI.

False HOPE

HUD has suggested that residents who do not return to HOPE VI sites “choose” not to do so. Other reasons for this trend include harassment, inadequate relocation services and poor lines of communication, the lack of affordable housing on redevelopment sites, and unreasonably stringent re-admission screening criteria. The exclusion of residents from redevelopment sites not only deprives them of high quality housing, it impairs their ability to access HOPE VI community and supportive services, which tend to be based in redevelopment sites.

The Lack of Data on HOPE VI Outcomes

HUD has promoted HOPE VI a “highly effective program,” but has not published the data necessary to support this claim. The reports on HOPE VI outcomes that HUD’s Office of Public and Indian Housing has made generally available to date have focused on case studies of hand-picked sites. Given the large amount of variation among PHAs’ redevelopment plans that HUD itself has emphasized, such an approach cannot help but provide an incomplete and misleading impression of the program.

Audit reports by the General Accounting Office and the HUD Office of Inspector General have provided a more general overview, but have neither provided a comprehensive picture of the program nor were intended to do so. A site profile database maintained by the Housing Research Foundation, an affiliate of the Council of Large Public Housing Authorities, provides only very basic information about HOPE VI sites, much of it drawn from HUD summaries and fact sheets.

HUD now collects a large amount of information about the HOPE VI program — such as grant applications, revitalization plans, and quarterly progress reports submitted by PHAs. Without better access to the information contained in these documents, it is impossible to have a complete picture of how the HOPE VI program is being administered, how grant dollars are being spent, and what outcomes the program is producing.

Summary of Policy Recommendations for HOPE VI Reform

If the HOPE VI program is to be reauthorized, reforms must be made to address the program’s shortcomings and to provide greater clarity of purpose and outcomes.

- *HUD should be required to publish an updated list of public housing developments eligible for HOPE VI funds according to a new definition of “severe distress” created in collaboration with public housing residents, housing advocates, housing experts, and others.*
- *All public housing units subject to demolition or redevelopment under HOPE VI should be replaced with new public housing units on a one-for-one basis.*
- *HUD should be required to issue regulations governing the administration of HOPE VI redevelopment activities, which should provide enforceable, on-going rights of resident participation.*

- *Public housing residents should be guaranteed the right to occupy units redeveloped under HOPE VI, and the relocation rights of displaced residents should be strengthened and clarified.*
- *HUD should be required to make HOPE VI program documents — including approved applications, revitalization plans, financial documents and progress reports — publicly available on its website.*

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