

A DECADE OF HOPE VI:
**Research Findings and
Policy Challenges**



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May 2004



**The Urban
Institute**



**The Brookings
Institution**



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In memory of our friend and colleague, Art Naparstek.

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Acknowledgments

The authors of this report wish to thank the many people who have made significant contributions to it. In particular, we would like to thank several colleagues from the Urban Institute: Michael Eiseman helped facilitate symposium arrangements and made major contributions to the preparation of this report, especially the literature review; Shawnise Thompson coordinated the symposium arrangements; Jennifer Comey helped greatly with the early phases of planning for the conference and report and helped draft the material on residents; and Tom Kingsley and Arthur Naparstek made major contributions to our thinking and analysis, particularly on the impact of HOPE VI on neighborhoods. We wish to thank Darren Walker of the Rockefeller Foundation for his enthusiastic support for this project and for graciously hosting the symposium. We also thank the other funders of the Urban Institute's and Brookings Institution's broader work on HOPE VI and public housing transformation, which has greatly informed this report, including the U.S. Department of Housing and Urban Development, the John D. and Catherine T. MacArthur Foundation, the Annie E. Casey Foundation, the Fannie Mae Foundation, the Ford Foundation, the Chicago Community Trust, and the Robert Wood Johnson Foundation. Finally, we thank the symposium participants for the stimulating and thoughtful discussion that helped to shape this report. However, the views presented in this report are those of the authors, and do not necessarily reflect those of our participants, the Urban Institute, the Brookings Institution, or our funders.

Introduction 1

Launched in 1992, the \$5 billion HOPE VI program¹ represents a dramatic turnaround in public housing policy and one of the most ambitious urban redevelopment efforts in the nation's history. It replaces severely distressed public housing projects, occupied exclusively by poor families, with redesigned mixed-income housing and provides housing vouchers to enable some of the original residents to rent apartments in the private market. And it has helped transform the Department of Housing and Urban Development's (HUD) approach to housing assistance for the poor. This report provides a comprehensive summary of existing research on the HOPE VI program. Its central purpose is to help inform the ongoing debate about the program's achievements and impacts, and to highlight the lessons it offers for continuing reforms in public housing policy.

HOPE VI grew out of the work of the National Commission on Severely Distressed Public Housing, which was established by Congress in 1989. Congress charged the Commission with identifying "severely distressed" public housing developments, assessing strategies to improve conditions at these developments, and preparing a national action plan for dealing with the problem. Based on its investigation, the Commission concluded that roughly 86,000 of the 1.3 million public housing units nationwide qualified as severely distressed and that a new and comprehensive approach would be required to address the range of problems existing at these developments.

In response to these findings, Congress enacted the HOPE VI program, which combined grants for physical revitalization with funding for management improvements and supportive services to promote resident self-sufficiency. Initially, housing authorities were allowed to propose plans covering up to 500 units with grant awards of up to \$50 million. The program's stated objectives were as follows:

- to improve the living environment for residents of severely distressed public housing through the demolition, rehabilitation, reconfiguration, or replacement of obsolete projects (or portions thereof);

1. HOPE VI stands for Housing Opportunities for People Everywhere.

-
- to revitalize sites on which such public housing projects are located and contribute to the improvement of the surrounding neighborhood;
 - to provide housing that will avoid or decrease the concentration of very low-income families; and
 - to build sustainable communities.²

Since 1992, HUD has awarded 446 HOPE VI grants in 166 cities. To date, 63,100 severely distressed units have been demolished and another 20,300 units are slated for redevelopment (Holin et al. 2003). As of the end of 2002, 15 of 165 funded HOPE VI programs were fully complete (U.S. GAO 2003b). The billions of federal dollars allocated for HOPE VI have leveraged billions more in other public, private, and philanthropic investments.

Evaluating HOPE VI

After a decade of HOPE VI, a wide range of constituencies—Congress, the administration, housing groups, local elected officials, resident advocates, and the media—are asking challenging questions about what all of the investment has accomplished:

- To what extent has HOPE VI achieved its intended benefits?
- What impact has HOPE VI had on the original residents, public housing sites, the neighborhoods in which developments are located, and the surrounding cities and metropolitan areas?
- What impact has HOPE VI had on approaches to public housing development, management, and design?
- On a more forward-looking note, what lessons does HOPE VI offer for public housing or for affordable housing policy more generally?

The nature of the HOPE VI program makes responding to these fundamental questions especially challenging. HOPE VI has not been “one program” with a clear set of consistent and unwavering goals. Rather, the program has evolved considerably during the past decade—in legislation, regulation, implementation, and practice. To an unusual extent, the program has been shaped more through implementation than by enactment. What was initially conceived as a redevelopment and community-building program evolved over time into a more ambitious effort to build economically integrated communities and give existing residents more choice in the private housing market. Because of the flexible nature of the program, local housing authorities have had tremendous lati-

2. Section 24 of the United States Housing Act of 1937 as amended by Section 535 of the Quality Housing and Work Responsibility Act of 1998 (P.L. 105-276)

tude in how they chose to design and implement their local HOPE VI initiatives. It is impossible, therefore, to provide simple answers to general questions about programmatic effectiveness and “lessons learned.” The response to such questions is usually another question: “Which HOPE VI program are you asking about?”

Owing to the unusual nature of the HOPE VI program, HUD has not—and probably could not have—carried out a single, comprehensive evaluation that would have examined all aspects of the program. In 1994, HUD initiated a “Baseline Assessment” of HOPE VI (Fosburg, Popkin, and Locke 1996) that was intended as the first step in an incremental evaluation process. This baseline analysis was followed by an “Interim Assessment” report (Holin et al. 2003). But these reports consist of case studies focusing primarily on HOPE VI sites and redevelopment plans; there was only a very minimal attempt to gather information about the original residents and no plan for tracking resident outcomes. As the program expanded, HUD added a requirement to the HOPE VI selection process that sites had to hire local evaluators, but the criteria for these evaluations were vague and there were no requirements that housing authorities collect specific types of performance measures. As a result, a lack of consistent data across sites has hindered national research on the program.

Further complicating the challenge of evaluating HOPE VI is the fact that the program was initiated at a time of enormous change in the broader public housing system. In many respects, HOPE VI has served as a laboratory to test new and often contentious ideas about public housing finance, management, and design. People’s thinking about the performance and impact of HOPE VI is intertwined with their views on the evolution of federal housing policy more broadly, and their concerns about the future role of public housing in helping to address the needs of the poor.

In part because of the absence of definitive data and evaluation results, perceptions about the impacts of HOPE VI vary widely. Some people characterize it as a dramatic success, while others view it as a profound failure. There is no question that the program has had some notable accomplishments. Hundreds of profoundly distressed developments have been targeted for demolition, and many of them are now replaced with well-designed, high-quality housing serving a mix of income levels. HOPE VI has been an incubator for innovations in project financing, management, and service delivery. Some projects have helped turn around conditions in the surrounding neighborhoods and have contributed to the revitalization of whole inner-city communities. However, HOPE VI implementation has also encountered significant challenges. Some HOPE VI projects have been stalled by ineffective implementation on the part of the housing authority or conflict with city government. In others, developments were simply rehabilitated or rebuilt in the same distressed communities, with little thought to innovative design, effective services, or neighborhood revitalization.

Most seriously, there is substantial evidence that the original residents of HOPE VI projects have not always benefited from redevelopment, even in some sites that were otherwise successful. This can be partly attributed to a lack of meaningful resident participation in planning and insufficient attention to relocation strategies and services. As a

consequence, some of the original residents of these developments may live in equally or even more precarious circumstances today.

Purpose of This Report

This report reviews the existing research literature on both the achievements and the challenges of the HOPE VI program. In addition, it draws upon a day-long symposium on the program's strengths and weaknesses, held in the fall of 2003, involving a diverse group of practitioners, policymakers, advocates, and researchers. This assessment comes at a critical time in the evolution of HOPE VI—and of public housing policy in general. In its FY 2004 and FY 2005 budget submissions, the Bush administration proposed eliminating funding for the program altogether, citing long delays between grant awards and the completion of the revitalization projects at many sites. Congress ultimately restored the program for FY 2004, but at a substantially lower level of funding.³

There is no doubt that housing authorities, cities, and industry advocates would prefer to continue the program. HOPE VI is currently the only major source of redevelopment funding, and many localities are pleased with their successes in replacing older projects that were blighting their communities with new, mixed-income developments. In contrast, advocates for low-income housing have been outspokenly critical of the program, pointing to sites where much money has been spent and little accomplished, and emphasizing the small numbers of original residents who have thus far been able to return to the revitalized HOPE VI sites. Yet, these advocates are now pushing to continue HOPE VI funding, though they are also pressing for extensive reforms such as greatly expanding the rights of original residents and formalizing their role in the redevelopment process (cf. Center for Community Change 2003, National Housing Law Project 2002).

This debate is not likely to be easily resolved, as it involves a number of highly contentious issues:

- the appropriate targeting of limited resources for affordable housing;
- the impact of HOPE VI on the larger affordable housing supply and the appropriate roles of the public and private sector in providing this housing;
- the needs of residents who are being displaced, and the extent to which HUD and local housing authorities are responsible for addressing these needs;
- how race and ethnicity limit choices and opportunities for public housing residents; and
- what to do about “hard-to-house” public housing residents, including families with special needs (multigenerational households, large families, disabled residents), “lease violators” (with back rent payments, criminal histories, illegal residents on the lease),

3. The FY 2004 appropriation for HOPE VI was \$149 million. As of this writing, the FY 2005 budget has yet to be passed by Congress.

and residents with substance abuse or mental illness who are at risk of becoming homeless.

Research alone cannot resolve these issues, but this report seeks to help inform the ongoing debate by pulling together a wide array of research to address the critical questions about the program's achievements, impacts, and the lessons it offers for public housing policy. This is, by necessity, an early and limited assessment. Most projects are still undergoing redevelopment, and many new developments are not "seasoned enough" to allow for a definitive examination. For now, in the absence of a comprehensive evaluation, we draw on the considerable evidence available from targeted efforts to examine different aspects of the HOPE VI program. This evidence includes large-scale studies carried out by the Urban Institute on resident outcomes, Abt Associates' baseline and interim assessments, the recent attempts to assess neighborhood impacts by the Brookings Institution and the Housing Research Foundation, as well as the many smaller studies by local evaluators and related research on mobility and scattered-site housing.

In our view, this evidence strongly supports continuation of the HOPE VI approach as a way to improve outcomes for distressed developments, residents, and neighborhoods. The program has achieved substantial success; it has demolished some of the most distressed and destructive housing environments, replaced them with much higher-quality housing and, in many cases, with mixed-income communities. Many residents who relocated with vouchers are living in higher-quality housing in safer neighborhoods. Therefore, HUD should continue to operate a targeted redevelopment program that provides funds for both physical revitalization and supportive services. However, the evidence also points to the urgent need for reforms in the HOPE VI program if it is to realize its full potential to improve the circumstances of very low-income families and communities. In particular, assistance with relocation and supportive services should be strengthened, and new attention should be given to innovations such as "enhanced vouchers" that would provide long-term counseling and support to vulnerable families in conjunction with housing assistance.

Chapter 2 provides essential background for understanding the performance of HOPE VI, by describing the dreadful conditions in many central city public housing developments that led to the call for a radical new approach to public housing. Next, we offer a brief overview of fundamental changes in public housing policy that began in the 1990s and that influenced the evolution of the HOPE VI program. Chapters 4 through 7 discuss the outcomes of HOPE VI, focusing in turn on the public housing sites themselves, the original residents, services and supports for today's residents, and improvements in the surrounding neighborhoods. The report concludes with a review of key lessons learned, priorities for ongoing research, and implications for the future of HOPE VI and public and assisted housing policy more broadly.

Severely Distressed 2 Public Housing

Public housing was originally intended to provide decent and affordable accommodations for low-wage workers and other families for whom market rents were out of reach. But by the end of the 1980s, public housing was widely viewed as a failure. Although many local housing agencies maintained and operated high-quality programs, living conditions in the nation's most dilapidated public housing developments were deplorable, and a complex layering of problems left these developments mired in the most destructive kind of poverty (Blank 1997). These problems included extreme racial and economic segregation and inadequate public services, particularly police, schools, and sanitation. Most residents were unemployed, depending on public assistance or the underground economy (Popkin, Gwiasda et al. 2000). Ineffective housing authority management and inadequate federal funding had left these developments with huge backlogs of repairs, creating hazardous conditions that placed residents at risk for injury or disease. Exacerbating these problems, violent criminals and drug dealers dominated many distressed developments, and residents lived in constant fear. These developments had become dangerous and destructive communities in which to live, undermining the welfare of families and children. Moreover, their profound poverty, distress, and disorder blighted surrounding neighborhoods, which though typically less poor than the public housing, still had very high rates of poverty, unemployment, high school dropouts, crime, and other social ills, few services or stores, and even fewer jobs.

In this section, we review the evidence on conditions in severely distressed public housing that led to the call for a radical new policy approach. Understanding the depth and complexity of these problems—and the factors that contributed to them—is essential for understanding both the achievements and the shortcomings of the HOPE VI program to date. We also draw on more recent evidence on conditions in developments targeted for HOPE VI awards since 1999, which point to continuing problems in aging central city developments, and the ongoing need for innovative redevelopment efforts.

Impoverished Residents

In its final report to Congress, the National Commission on Severely Distressed Public Housing (1992) focused much of its attention on residents, stating that severely distressed

public housing was “not simply a matter of deteriorating physical conditions, it is more importantly one of a deteriorating severely distressed population in need of services and immediate attention.” Consistent with this emphasis, the commission’s definition of “severely distressed” public housing focused first on residents:

- residents living in despair and generally needing high levels of social and supportive services;
- physically deteriorated buildings; and
- economically and socially distressed surrounding communities.⁴

Although not discussed in the commission’s report, these “residents living in despair” were primarily minority women and children—predominantly African-American and extremely poor. In other words, African-American and Hispanic residents suffered the effects of living in the worst public housing, and the same residents later experienced the consequences—good and bad—of the changes that HOPE VI brought about. A national analysis of HUD data documented that the majority of HOPE VI residents were African-American or Hispanic. Further, a staggering 88 percent of the people who lived in the neighborhoods surrounding the severely distressed developments were minorities.⁵

The causes of the extreme levels of racial and economic segregation in distressed public housing are well known (Massey and Kanaiaupuni 1993). In many cities, historical discriminatory practices led to the deliberate siting of public housing in poor minority neighborhoods that lacked access to transportation and jobs (Bickford and Massey 1991). For several reasons, including lack of political clout, deliberate neglect, and prejudice, these developments were often allowed to deteriorate, and their residents suffered high levels of physical and social distress.⁶ The net effect was that HOPE VI revitalization efforts almost exclusively affected minority residents and communities. This fact is rarely cited in the policy debates over HOPE VI, but the reality is that the issue of race must be a central element in any discussion of the program’s impact on residents and communities.

4. This definition was later codified in the Quality Housing and Work Responsibility Act of 1998 (Section 513.d.2), which officially defined severe distress as housing that 1) requires major redesign, reconstruction, redevelopment, or partial or total demolition . . . ; 2) is a significant contributing factor to the physical decline and disinvestment . . . in the surrounding neighborhood; 3) is occupied predominantly by . . . families with children that are very low income, whose members are unemployed and dependent on various forms of public assistance, or has high rates of vandalism and criminal activity; and 4) cannot be revitalized through assistance under other programs.

5. Other research has found similar results—research commissioned by HUD on a sample of 15 developments documented that their populations were almost exclusively African-American and Hispanic (Fosburg et al. 1996); likewise, 89 percent of residents in the *HOPE VI Panel Study*, a five-site study of the impact of HOPE VI on residents, were African-American, and the rest were Hispanic (Popkin et al. 2002).

6. Between 1976 and 1993, there was only a modest decline in levels of segregation in public housing, with most black families continuing to live in extremely poor neighborhoods, while white public housing residents lived in projects with comparatively lower poverty rates. On average, African-American family households lived in developments that were 85 percent black and in neighborhoods that were 69 percent black. By comparison, the average white public housing family lived in predominantly white developments (60 percent) in white neighborhoods (78 percent) (Goering and Kamely 1997).

The economic segregation in distressed public housing was also staggering. The National Commission on Severely Distressed Public Housing cited evidence that more than 80 percent of public housing residents lived below the poverty threshold, and most earned less than 20 percent of what unsubsidized residents in the same communities earned.⁷ More alarming still, the commission found an eight-fold increase in the share of the very poorest families living in public housing between 1981 and 1991.⁸ Not surprisingly, rates of unemployment and public assistance receipt were also very high. The commission's findings on the extreme poverty of HOPE VI residents were echoed in a HUD study completed in 1996 (Fosburg, Popkin, and Locke 1996), in national analysis of HUD administrative data (Kingsley, Johnson, and Pettit 2003), and more recently in the HOPE VI Panel Study Baseline, a study of residents in five developments first slated for redevelopment in 2000 (Popkin et al. 2002).

The concentration of profoundly poor households in these developments resulted in part from HUD policies targeting public housing assistance to households at the lowest income levels and giving priority to those in the most extreme distress. In addition, however, the deplorable physical conditions in these developments contributed to the concentration of poverty. Only the poorest and most vulnerable families were willing to live in the most dilapidated public housing because they had the fewest alternatives. In fact, it was common for families that had been on waiting lists for long periods to turn down offers to move into many of the sites targeted under HOPE VI. For example, before the Connie Chambers public housing project in Tucson, Arizona, was redeveloped, two out of every three potential tenants declined to live there.

Aging and Dilapidated Developments

“Severely distressed” public housing was everything the label implies—dilapidated, often largely vacant buildings that showed the effects of poor construction, managerial neglect, inadequate maintenance, the wear and tear of generations of families with young children, and rampant vandalism. The HUD-sponsored Baseline Assessment of HOPE VI, a set of 15 case studies completed in 1996, documented the appalling conditions in these sites (Fosburg et al. 1996).⁹ The developments in this study were all early HOPE VI sites, selected from the first two rounds of funding awards. But research on more recent HOPE VI awardees has also found evidence of extremely poor physical conditions. The HOPE VI Panel Study (Popkin et al. 2002) asked residents about the pre-revitalization conditions of their housing.¹⁰ Most reported multiple serious problems with their housing, including cockroach infestations, excessive mold, and heating and plumbing problems.

7. This figure excludes elderly households.

8. Families earning less than 10 percent of median income increased from 2.5 percent in 1981 to 20 percent in 1991.

9. This study was conducted by Abt Associates for HUD. The follow-up study was completed in 2003. See Holin et al. (2003) for a complete description of the project.

10. The HOPE VI Panel Study is a major, multisite study tracking outcomes for a sample of 887 residents from five HOPE VI sites where redevelopment activities began in 2001. See Popkin et al. (2002) for a complete description of the study and methods.

“Like there’s a person upstairs, the toilet leaks . . . and this infects the walls. Water was coming all up the side of the wall, see how the wall is broke off? It’s dangerous to your health because there [is] an odor to it. You wake up in the morning and it smells so bad you have to open doors. You have to open the doors and windows in the morning time.”
Resident of Ida Wells, Chicago

Many factors contributed to the physical problems in severely distressed public housing, including poor design, shoddy construction, inadequate federal funding for ongoing maintenance and modernization, and managerial neglect. Many of the housing authorities responsible for large numbers of troubled developments were themselves troubled—inefficient, lacking accountability, and generally under qualified as real estate managers. Federal funding constraints also contributed to the problems, limiting the resources available for repairs and revitalization. Further, HUD often penalized housing authorities for poor management performance by not granting their full allocation of modernization funds, resources that could have been used to repair their worst properties.¹¹

The large number of vacant units—a sign of both poor management and an undesirable property—in many developments made things worse for the residents and further accelerated the downward spiral of living conditions. Vacant units reduced rental incomes and exacerbated cash flow problems for the housing authorities. Vacant units were easy targets for vandals, who often stripped them of pipes and cabinets; drug dealers and other individuals engaged in illicit activities often squatted in these units. The tragic case of Eric Morse, a 5-year-old boy who was dropped out the window of a vacant unit in a Chicago public housing high-rise by two teenaged neighbors, vividly illustrates the hazards created by unsecured vacant units.¹²

Crime and Disorder

Extremely high levels of drug trafficking and violent crime also plagued most severely distressed public housing developments. The Commission Report and the HOPE VI Baseline Assessment documented the miserable conditions that prevailed in these developments, with residents living in constant fear. The high levels of crime and disorder resulted not only from the overconcentration of profoundly poor and troubled families, but also from ineffective management by local housing authorities. In many developments, leases were not enforced, disruptive and destructive residents were not evicted, vacant units were not secured, and policing was inadequate. It is telling that in the mid-1990s, public housing

11. See Popkin, Gwiasda et al. (2000) for a description of how HUD’s decision to withhold funds from the troubled Chicago Housing Authority (CHA) during a management dispute in 1982 contributed the CHA’s decline.

12. See Jones and Newman (1997) for a history of the Eric Morse case.

residents who signed up to participate in HUD's Moving to Opportunity (MTO) demonstration, which provided randomly selected participants with vouchers they could use only in low-poverty communities, cited the desire to get away from drugs and gangs as their main motivation for participating.¹³

Extreme problems with crime persisted in many public housing developments even as crime dropped elsewhere during the 1990s. In the baseline for the HOPE VI Panel Study, completed in 2001, nearly three-quarters of the residents surveyed reported major problems with drug trafficking and drug sales in their developments. Two-thirds of survey respondents reported that shootings and violence were also big problems, and half of the respondents reported that they did not feel safe just outside their own buildings.

The combination of intense poverty, physical deterioration, and social disorder in the nation's most severely distressed public housing developments called for a bold new approach to revitalization and a radical departure from traditional HUD and housing authority practices. In the following chapters, we review the policy changes implemented under the HOPE VI program and what we know thus far about the program's impacts on developments, residents, and communities.

13. The MTO demonstration involved randomly assigning residents from high-poverty public housing developments to receive a voucher that could only be used in a census tract with less than 10 percent poverty; receive a regular Section 8 voucher; or remain in public housing. See Goering and Feins (2003) and Orr et al. (2003) for complete descriptions of the demonstration and its findings to date.

HOPE VI and the Evolution of Public Housing Policy in the 1990s

3

After 18 months of review, site visits, and analysis, the National Commission on Severely Distressed Public Housing recommended a 10-year, coordinated effort to address the full range of resident, development, management, and neighborhood issues. Estimating that 86,000 units (approximately 6 percent of the public housing stock) were severely distressed, the commission projected the total cost of the effort at \$7.5 billion (in 1992 dollars) and recommended that Congress fund a 10-year effort at \$750 million a year. The Urban Revitalization Demonstration (later renamed HOPE VI) was sponsored by Senators Barbara Mikulski and Christopher Bond, and incorporated into the FY 1993 appropriations law. The HOPE VI program was intended to fundamentally transform public housing by combining the physical revitalization of distressed public housing properties with community building and supportive services. HOPE VI funds covered capital costs to reconstruct replacement units, fund Section 8 vouchers, and improve management practices. Reflecting the commission’s focus on community building and resident empowerment, the law also set aside 20 percent of the initial \$300 million appropriation for community service programs and for supportive services, including literacy training, job training, day care, and youth activities.¹⁴

Part of the impetus for a bold new approach to revitalizing public housing was the failure of earlier HUD efforts to improve distressed public housing developments substantially. For example, the Major Reconstruction of Obsolete Housing Program (MROP) was intended to deal with developments that had “severe modernization needs,” but it had very little impact overall. The funding pool was so limited that only small shares of redevelopment efforts could be paid for, with no guarantee of future funding to complete the work.

Moreover, several regulatory obstacles conspired to limit the effectiveness of pre-HOPE VI redevelopment efforts. First, the “one-for-one” replacement law required that a new housing unit be built for every unit that was demolished. For cash-strapped housing authorities, this requirement essentially prohibited any demolition. Even housing authorities that could afford to build new units faced serious barriers. HUD had ruled that

14. The appropriations law was heavily influenced by a 1992 report by the Cleveland Foundation Commission on Poverty.

replacement units could not be constructed in neighborhoods that were racially segregated, but nonminority communities often opposed the introduction of any new public housing units, and small-scale, scattered site properties were difficult to acquire and maintain. HOPE VI was designed to address these barriers comprehensively so that severely distressed public housing properties could be renovated or replaced with high-quality housing developments.

The enactment of HOPE VI in 1992 coincided with the election of President Bill Clinton and the appointment of Henry Cisneros, the former mayor of San Antonio, as Secretary of Housing and Urban Development. Cisneros's tenure was marked by an intense focus on broader public housing transformation. Over the course of the 1990s, the HOPE VI program evolved from an initiative focused on reconstruction and resident empowerment to one animated by broader goals of economic integration and poverty deconcentration, "new urbanism," and inner-city revitalization. At the program's inception, HUD encouraged housing authorities to replace distressed properties with new, lower-density developments and to achieve a broader range of incomes by attracting working families that were nonetheless still eligible for public housing. But beginning with the 1996 Notice of Funding Availability (NOFA), HUD began to encourage grant applicants to explore mixed-financing strategies, combining public housing with units financed with shallower subsidies (such as the Low Income Housing Tax Credit) and even market-rate units. In addition, HUD promoted new design concepts, neighborhood-wide revitalization strategies, and homeownership opportunities. Later NOFAs increased the attention given to resident services and supports, including relocation services, and mandated that supportive services be provided to the original residents, even if they did not return to the HOPE VI site (Holin et al. 2003).

All of these changes occurred in the context of evolving policies toward public and assisted housing more generally, and represented the "leading edge" of policy reform. To assess the impacts and implications of HOPE VI, it is essential to understand the larger policy context in which the program was implemented and the changes in thinking about the role of public housing in urban communities.

Poverty Deconcentration and Income Mixing

A central premise of HOPE VI—and of the broader public housing transformation effort that began in the 1990s—was that the overconcentration of profoundly poor, nonworking households was a major contributor to the high levels of social problems in distressed public housing.¹⁵ Thus, to improve the lives of public housing residents, policymakers placed increasing priority on the need to deconcentrate poverty, through two complimentary strategies: (1) helping them relocate to better neighborhoods and (2) creating healthier, mixed-income communities in place of the distressed public housing developments.

15. See Popkin, Gwiasda et al. (2000) for a full discussion of the history and theories underlying the transformation of public housing.

Beyond the HOPE VI program, efforts to deconcentrate poverty and offer greater choice to low-income households included overhauling the Section 8 program to make vouchers more acceptable to the private market;¹⁶ vigorous enforcement of fair housing laws; and settlement of a number of public housing desegregation cases, generally involving the provision of vouchers to remedy past discrimination.¹⁷ The Moving to Opportunity demonstration, initiated in 1994, offered special-purpose vouchers along with mobility counseling to help public housing residents move to low-poverty areas. This demonstration was designed to rigorously measure the impacts of this assistance on neighborhood outcomes and the long-term well-being of families and children (Goering and Feins 2003; Orr et al. 2003). In 1996, the Regional Opportunity Counseling Initiative allocated funds to housing authorities in a small number of urban regions to experiment with mobility counseling programs that would expand location choices for Section 8 holders. Also during this period, tens of thousands of privately owned but federally subsidized housing units were either converted to market-rate housing or were demolished under the market-to-market program; residents of these developments were generally given “enhanced vouchers” and relocation counseling (cf. Locke and Nolden 1999; Varady and Walker 2003).¹⁸

In 1998, reflecting the new emphasis on mobility and location choice, the Section 8 program was renamed the Housing Choice Voucher program. By the end of the decade, the voucher program had surpassed the public housing program to become the largest housing assistance program in the United States, and was increasingly recognized as an essential tool for helping low-income households obtain affordable housing without reinforcing the concentration of poverty.

The transformation of assisted housing policy during the 1990s also led to changes in federal laws to reduce the concentration of extremely poor households in public housing developments, the repeal of the one-for-one replacement rule, and an emphasis on promoting self-sufficiency and employment among public housing residents. As part of this effort, HUD altered the statutory and regulatory environment to both promote economic integration in developments and reward work. Specifically, Congress repealed an array of federal admission rules that had required local housing agencies to give preference to very poor families (including homeless families) in resident selection. Housing authorities were given greater flexibility in setting resident selection preferences, based on local housing needs and priorities—thus making possible a more diverse mix of incomes among public housing residents. The Quality Housing and Work Responsibility Act of 1998 (QHWRA) allowed housing authorities to take a number of measures to attract higher-income residents, particularly reinstating “ceiling rents,”

16. Provisions requiring landlords to give tenants additional notices were repealed. Also repealed were provisions that (a) required landlords accepting one voucher family to accept all qualified voucher families (the “take one, take all” rule) and (b) prohibited term leases.

17. For a full discussion of these cases, see Popkin et al. (2003).

18. By 2003, 62,000 units were slated for demolition under Section 2020 mandatory conversions and other demolition efforts.

which cap rent levels so that tenant rent contributions do not increase indefinitely as incomes rise.¹⁹

Quality Design Principles

In addition to emphasizing choice and opportunity for residents, the transformation of public housing led HUD to reexamine the design principles that had shaped public and assisted housing for decades. Most public housing was built to conform with “modest design” standards, so that costs would be minimized. But in some cases, these design standards contributed to high maintenance costs, poor living conditions, vandalism, and even crime (Popkin, Gwiasda et al. 2000). HOPE VI coincided with the emergence of new urbanism as a guiding set of principles in the field of community design.²⁰

New urbanism calls for “traditional neighborhood patterns essential to restoring functional and sustainable communities. These patterns include: houses facing the streets, with . . . a mix of housing types, prices, and sizes to attract a mix of people; shopping and parks accessible via footpaths and sidewalks; a grid of streets” (Newman 1996). HUD also promoted the concept of “defensible space” in which “urban communities . . . [are] structured to allow residents greater control over the areas just outside their residence” (Newman 1996). This type of design translates into fewer common areas and more private and semiprivate space for residents, a drastic change from high-rises with common entrances and walkways.

Public Housing Management Reforms

HOPE VI also contributed to a transformation of public housing management. Traditionally, public housing was highly regulated by the federal government, with federal rules and statutes affecting every aspect of administration, including admissions, rents, evictions, resident rights and relations, modernization, development, and procurement. With the advent of HOPE VI, HUD deregulated public housing and promoted a more entrepreneurial, market-driven culture in public housing management. HUD streamlined and simplified the rules governing nearly every aspect of public housing management, eliminating dozens of handbooks and guidelines in the process. Further, in rewarding HOPE VI grants, HUD placed substantial emphasis on developing public/private partnerships among housing authorities, private-sector developers, and management firms. Housing authorities were encouraged to experiment with new forms of asset management approaches in which the bulk of on-site management was subcontracted to private firms.

19. The Quality Housing and Work Responsibility Act of 1998 requires that at least 40 percent of a housing authority’s units made available in a year must be occupied by families with incomes at or below 30 percent of the area median income. If more than 75 percent of the new or turnover Section 8 vouchers are used by families with incomes below 30 percent of the area median income, then this 40 percent requirement can be reduced to as low as a 30 percent share.

20. In fact, HUD was a signatory to the Charter for New Urbanism executed in 1994.

Crime Reduction Strategies

The 1990s also saw a concerted effort to reduce crime in public housing. Many housing authorities were struggling to gain control of developments overrun by violent crime and drug trafficking (cf. Popkin, Gwiasda et al. 2000). From 1988 to 2002—the era of the war on drugs—the Public Housing Drug Elimination Program (PHDEP) helped housing authorities pay for drug prevention efforts, including their own police and security forces.²¹ Further, HUD revised lease rules for public and assisted housing to place greater emphasis on tenant screening and lease compliance and allowed housing authorities to set individual screening criteria for their new mixed-income developments. Enacted in 1996, the “one-strike” provision gave housing authorities power to evict households if any member showed evidence of drug-related criminal activity.²² One-strike gave housing authorities broad latitude; managers could evict entire households even if the leaseholders did not know about the criminal acts.

Public Housing Finance

Finally, in addition to these regulatory changes, the transformation of public housing involved profound changes in financing public housing. Prior to HOPE VI, the federal government bore the full costs of designing and constructing new public housing. Strict cost restrictions often limited the ability of public housing authorities (PHAs) to build decent-quality housing with amenities that could appeal to a broader market. HUD rules also actively discouraged investments from local governments and private-sector lenders and investors.

As HOPE VI evolved, the financing picture shifted substantially, with the private sector taking on an unprecedented role. To ensure a greater mix of tenants, HUD encouraged developers to leverage HOPE VI funds with private-sector debt, private-sector equity (raised through the federal housing low-income housing tax credit), other federal grants, local capital dollars, and infusions of philanthropic resources. To “pioneer” the market, HUD used Federal Housing Administration (FHA) insurance to stimulate private lending in neighborhoods that had not witnessed new investment for decades. The goal was to make HOPE VI a flexible source of capital, thereby providing a catalyst for other investment in neighborhoods that had been redlined by conventional financial institutions. The long-term implications of these changes are not yet clear, but they seem to have the potential to profoundly change the character of public housing in the United States.

21. PHDEP was funded under the Anti-Drug Abuse Act of 1988 (P.L. 100-690), which authorized HUD to fund drug-control programs in local housing authorities.

22. The one-strike law was enacted in 1996 as part of the Housing Opportunity Program Extension Act (P.L. 104-120, 110 Stat. 834-846) and amended by the Quality Housing and Work Responsibility Act of 1998. The law was challenged by civil rights groups, and the issue went to the Supreme Court in 2002. The Court upheld the law, permitting the eviction of tenants for any drug-related activity, even when the leaseholder did not know, could not foresee, or could not control the behavior of other occupants. *Rucker v. Davis*, No. 00-17000, 00-1781 (U.S. Mar. 26, 2002).

Impact of HOPE VI on Public Housing Developments

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The most basic goal of the HOPE VI program was to transform physically deteriorated, poorly managed, and financially distressed properties into high-quality living environments where families would choose to live. In many sites, this meant demolishing old buildings and replacing them with new, lower-density developments that reflect today’s design standards. Some sites went further than simply building new and higher-quality public housing, developing housing for a mix of income levels, assembling financing from a wider range of public and private sources, and instituting management reforms. These more ambitious changes in HOPE VI developments provide models of how the public housing program as a whole could evolve over time. This chapter reviews the evidence to date on the impact of HOPE VI on the physical conditions in revitalized developments and on the mix of resident incomes, public housing financing, and site management.²³

New, Well-Designed and Well-Constructed Developments

Many severely distressed public housing properties were poorly designed and constructed from the outset. They were often huge developments, featuring either looming high-rises or sprawling, barracks-style townhouses. Units were typically small and lacked amenities, and materials and construction were often shoddy. Over time, their physical condition had deteriorated badly owing to the combined effects of wear and tear, poor design and construction, inadequate funding, and poor management. HOPE VI sought to transform these sites into smaller, lower-density developments, composed of attractive buildings and appealing open spaces. Moreover, as discussed earlier, HUD encouraged developers to follow new urbanism design principles and promoted the concept of “defensible space.”

Although the physical revitalization of public housing developments has been slow—in some cases, taking more than a decade—completed HOPE VI sites have dramatically improved the aesthetics of public housing. Not only were buildings torn down and

23. Tom Kingsley of the Urban Institute made major contributions to this chapter. We particularly appreciate his insights on mixed-income housing.

replaced, but street layouts were improved, open spaces were redesigned, and landscaping was enhanced. The program was awarded a Ford Foundation Innovations grant in 2000, and individual HOPE VI sites have received numerous design awards and accolades.²⁴

Research evidence about the characteristics of completed HOPE VI sites comes primarily from the HUD-sponsored Interim Assessment conducted by Abt Associates, Inc. (Holin et al. 2003). This study examined 13 completed HOPE VI sites. In four of these sites, existing buildings were rehabilitated, while in nine, at least some of the original units were demolished and new housing was constructed. In general, redevelopment at all of the sites attempted to reduce density, improve security through the reconfiguration of both buildings and open spaces, and enhance the integration of the development with the surrounding neighborhood.

Not surprisingly, the sites in which all or most of the original buildings were demolished achieved the most dramatic physical transformation. In Washington, D.C., for example, the drab, two-story apartment buildings of Ellen Wilson Homes were replaced with an attractive mix of townhouses and detached units designed by a prominent local architect to blend into the historic Capitol Hill neighborhood. The buildings are varied in terms of architecture, building materials, and color so that they look like individual homes within the larger neighborhood, rather than a separate housing development. But some sites that rehabilitated existing buildings also achieved dramatic improvements. For example, Milwaukee's Hillside Terrace reconfigured streets and landscaping to create 12 "micro-neighborhoods" of about 40 units, each grouped around a central courtyard with a distinctive "monument" at the entryway. The new network of streets and sidewalks opens up the development to the surrounding neighborhood and encourages residents to walk around the development, creating more activity and natural surveillance of common areas (Holin et al. 2003).

Four types of positive physical changes were common to all the sites in the Interim Assessment study: an overall reduction in density; connecting properties to the surrounding area through the introduction of sidewalks and street grids; physical changes that increased safety, such as private entrances that face the street; and improved exteriors—for example, bay windows, front porches, or gabled roofs. As HUD intended, most of the completed HOPE VI sites in the study incorporated new urbanism and defensible space principles. In all of the sites, a majority of residents in the new developments reported being satisfied with their units (Holin et al. 2003).

Case studies of selected HOPE VI developments (e.g., Turbov and Berry 1999) also highlight the program's successes in replacing high-density, high-rise, and barracks-style housing with lower-density townhouses and low-rise dwellings. In addition to lower density, quality construction, and defensible space, better amenities—such as central air conditioning and washers and dryers—were provided to attract higher-income households. Some developments also employed "income-blind" design approaches, where all units were identical inside and out, and lower-income residents could occupy any unit. This

24. See <http://www.housingresearch.org> for best practices.

strategy is intended to avoid a concentration of poorer residents in one part of a development and to encourage greater interaction among residents with different income levels.

To cover better quality design and construction, HOPE VI allows higher per-unit development costs than have been permitted for public housing in the past. In principle, these higher development costs should pay off over time, not only in terms of better-quality living environments, but also in lower maintenance costs. More specifically, well-designed and constructed housing is expected to discourage vandalism and hold up better in the face of normal wear and tear. Although it is too soon to gather systematic evidence on ongoing management and maintenance costs, recent return visits to reoccupied sites in HUD's Interim Evaluation indicate that, in general, the new developments remain in good physical condition (Holin et al. 2003).

While HOPE VI does appear to have produced better-designed and higher-quality housing developments, the reductions in density, combined with the mixed-income strategy discussed below, has resulted in a net loss of housing units that are permanently affordable for very low-income households. Specifically, developments awarded HOPE VI grants through 2003 accounted for 94,600 public housing units. Current plans call for a total of 95,100 replacement units, but only 48,800 of these will receive the deep, permanent public housing operating subsidies necessary to reach households with very low incomes. The remainder will receive shallower subsidies—and serve families who are not necessarily eligible for public housing, or no subsidies—and serve market-rate renters or even homebuyers. Thus, only slightly more than half of the original stock of deeply subsidized units is expected to be replaced.²⁵

It is important to note that only about two-thirds of the original HOPE VI units were occupied at the time of the grant award, and some had been vacant—and virtually uninhabitable—for a long time. The share of *occupied* public housing units scheduled for replacement is higher—78 percent. Moreover, in most years HOPE VI sites were eligible for supplemental allocations of vouchers for households displaced from their original units. An estimated 63,000 to 70,000 of these supplemental vouchers were allocated to replace demolished public housing units between 1995 and 2003. But it is not known how many were for HOPE VI projects and how many were for other public housing demolition. Therefore, questions persist about whether the total number of deeply subsidized replacement units—including *both* “hard” units and vouchers—compensates fully for the loss of public housing units under HOPE VI.

In addition to concerns about the total volume of replacement housing assistance, the redevelopment process has lagged in some HOPE VI sites. Although old buildings have generally been demolished quickly, it has sometimes taken years to construct any new housing on the site. Particularly in the early years of the program, some housing authorities that were awarded grants were troubled agencies with long histories of mismanagement and little capacity to implement a program as complex as HOPE VI. In other sites, such as Chicago and Newark, litigation has delayed new construction—in the case of

25. So far, 49,828 units have been demolished, and 21,000 hard units have been created (Kingsley et al. 2004).

Chicago's Cabrini-Green, for years. Even better-managed housing authorities face a steep learning curve in dealing with the complex financial and political challenges of redevelopment. The often-lengthy delays between grant award and redevelopment have been among the major criticisms of HOPE VI (cf. National Housing Law Project 2002) and one of the main justifications given by the Bush administration for proposing to eliminate the program in 2003 (Liu 2003).

Mixed-Income Developments

Income mixing has become a hallmark at HOPE VI sites across the country. As discussed in chapter 3, researchers and policymakers hoped that by targeting occupancy to residents with a wider range of incomes, HOPE VI could reverse decades of public housing policy that concentrated the poor and gave rise to the “full range of physical, economic, and social problems associated with poverty” (Suchman 1996). The expectation is that properties that have to attract and retain higher-income residents will be better managed and maintained over time, and that a mix of income levels creates a healthier social environment and brings better services—especially schools—to the surrounding neighborhood from both local government and the private, retail sector.

Thus far, research indicates that mixed-income public housing developments can be successful in creating well-managed communities that attract higher-income tenants. The Interim Assessment of HOPE VI (Holin et al. 2003) identified several mixed-income developments that were operating successfully, attracting a mix of market-rate, affordable, and low-income tenants. Evidence also shows that mixed-income housing is safer and better managed than the distressed public housing it replaced (Brophy and Smith 1997; Epp 1996; Rosenbaum and Stroh 1998). In some sites, the development of mixed-income housing has gone hand-in-hand with targeted improvements in neighborhood public schools, a strategy for both attracting higher-income residents and improving the well-being of low-income families (Turbov and Piper forthcoming). Finally, as will be discussed in chapter 7, there is some evidence from the Interim Assessment and other research that these mixed-income developments may have economic benefits for the surrounding community as well.

It is important to note that mixed-income strategies vary considerably in terms of the range of income levels they attempt to incorporate into a single community. Some HOPE VI developments now serve households that are all public housing eligible, but that range from extremely low-income households (and often households dependent on public assistance) to the working poor. For example, the redeveloped properties of Bernal Dwellings and Plaza East in San Francisco serve 100 percent public housing families. More ambitious efforts—such as the HOPE VI developments in Atlanta, Charlotte, and Washington, D.C.—incorporate market-rate rental and homeowner housing alongside public housing (as well as units with other, shallower subsidies) to create a much wider range of incomes in a single residential community. In general, the Interim Evaluation found that mixed-income sites offered more amenities, greater “market appeal,” larger rooms, and more innovative design features. Nonetheless, the 100 percent public housing sites were able

to incorporate many appealing design features, and typically provided more units suitable for large families (Holin et al. 2003).

One important advantage of mixed-income housing is that it can diversify a project's cash flow, reducing its reliance on federal subsidies as a source of revenue for operations and debt service. However, experience indicates that mixed-income development rarely reduces the *per-unit* subsidies needed to serve households at a particular income level. In other words, cross-subsidization is feasible only in very tight housing markets or if the developer requires little or no profit. Nevertheless, the mix of income diversifies a project's revenue stream and may help buffer it against shifts in costs and subsidy levels (A. Smith 2002).

A second argument for a mixed-income strategy is that it should create a strong market incentive for high-quality management and maintenance, potentially improving the quality and sustainability of the housing that is reserved for the poorest households. To attract higher-income tenants, mixed-income developments must be well maintained and have a reputation for being safe and secure; failing to meet these criteria may cause the development to fail financially (Howell and Leonard 1999; A. Smith 2002). Mixed-income developments—and higher-income tenants—may also spur larger benefits for the surrounding neighborhood, bringing better public services, more shopping opportunities, and, in a few instances, new schools (Holin et al. 2003; A. Smith 2002; Turbov and Piper forthcoming).

Beyond improved housing and services, policymakers and developers hope that mixed-income housing will also yield long-term socioeconomic benefits for low-income residents. There are several theories about how these benefits could occur. For example, living in a neighborhood where most residents work may provide low-income children and adults with role models and social networks that encourage them to stay in school or find employment. Moreover, these social networks might provide residents with access to a wider range of job opportunities (cf. Khadduri and Martin 1997). Recent research suggests that moving to neighborhoods with lower levels of crime, gang activity, and risky behavior may reduce stress, promote mental and physical health, improve adolescent outcomes, and ultimately lead to better educational and employment outcomes (cf. Goering and Feins 2003; Orr et al. 2003; Rubinowitz and Rosenbaum 2000). But while a substantial body of research confirms the undesirable consequences of concentrated poverty (see, for example, Ellen and Turner 1997), evidence is still emerging about exactly how mixed-income communities function and how they benefit low-income residents (Popkin, Buron et al. 2000). For example, research conducted to date suggests that there is relatively little interaction between higher- and lower-income residents of mixed-income developments and that the interactions that do occur are relatively superficial (Brophy and Smith 1997; A. Smith 2002). Further, the one study of short-term employment outcomes found no evidence that lower-income residents were more likely to find jobs as a result of living in a mixed-income housing development (Rosenbaum and Stroh 1998). Thus, while it is clearly feasible to create a healthy mixed-income development that will attract higher-income residents and provide a pleasant and safe community for all residents, it remains less clear what conditions are required to ensure that living in these communities will

have substantial payoffs for the social and economic status of low-income families over the long term.

Leveraging New Resources for Public Housing

In conjunction with income mixing, HOPE VI pioneered a major shift in the way public housing is financed. The construction and management of HOPE VI developments is no longer funded exclusively by HUD dollars. The National Commission on Severely Distressed Public Housing originally recommended that the HOPE VI program be funded at a total of \$7.5 billion over 10 years, or \$750 million per year. In actuality, appropriations have ranged from \$300 million to \$625 million a year. But as the HOPE VI program evolved, HUD increasingly expected grantees to leverage additional monies with their HOPE VI funds.

Housing authorities have been able to leverage outside funds for HOPE VI developments because of several critical regulatory changes enacted during the 1990s. The most important of these changes was the Mixed-Finance Rule. Introduced in 1996, the rule allowed housing authorities to use public housing funds designated for capital improvements, including HOPE VI funds, to leverage public and private money to revitalize public housing. The rule also allowed housing authorities to provide public housing capital funds to a third party, such as a private developer. The developer would then own the public housing units and be able to receive capital funds and operating subsidies from HUD. Projects financed under the mixed-finance model can include both public housing and other housing units, including Low Income Housing Tax Credit (LIHTC) units, locally subsidized units, and market-rate units. This funding structure made it possible for housing authorities to develop mixed-income housing with HOPE VI funds.

The 1998 Quality Housing and Work Responsibility Act (QHWRA) also contributed to progress in leveraging new funds for public housing. The act allows housing authorities to use public housing development funds and operating subsidies for projects owned by private entities that serve residents at a range of incomes, reinforcing the preference for mixed-income, mixed-finance housing types. A housing authority can provide capital assistance to a mixed-finance project in the form of a grant, loan, guarantee, or other form of investment in the project.

In all, the HOPE VI program is expected to leverage \$9 billion in non-HUD funding. However, questions remain about the extent to which public housing authorities have been able to leverage *nonfederal* resources. A major 2002 U.S. General Accounting Office (GAO) study on the leveraging of funds through the HOPE VI program found that housing authorities expected to leverage \$1.85 for every \$1 of HOPE VI funds awarded through fiscal year 2001. The GAO found that leveraged funding comes primarily from other federal sources (including LIHTC) as opposed to private sources.²⁶ The GAO cautions, however, that the full extent of the use of private funds may not be captured by the data. On

26. Salama (1999) found that while the sites studied (Chicago, San Antonio, and Atlanta) were successful in utilizing state and local funds, they demonstrated little, if any, leveraging of private resources in the redevelopment of public housing.

the other hand, the GAO sees the amount of funds leveraged increasing as more potential investors become familiar with the program.²⁷

Although the GAO study cited limitations, several case studies show that some projects have been able to make use of funds from private and local government sources. The revitalization of distressed public housing, not to mention the new infrastructure, land assembly for off-site development and demolition, as well as other development costs, can run into the tens of millions of dollars, and these costs are not always covered by one source alone. In addition to HOPE VI funds, PHAs and developers have utilized funds from sources such as Community Development Block Grants, HOME funds, city capital funds, LIHTCs, and private activity bonds. In some cases, housing authorities have used FHA-insured first mortgages and housing authority soft second mortgages, both from private lenders. Corporate and philanthropic organizations have also donated funding.

Successful projects use all of these sources in innovative ways that require new types of partnerships and financial arrangements for public housing. In Chicago, for example, the fact that the Cabrini-Green development was in a Tax Increment Financing (TIF) district opened up an additional source of funding (Salama 1999). In other communities, HOPE VI sites were located in the path of neighborhood revitalization and benefited from the interest of developers already considering investments in these areas. According to the Communities Group (2002), HOPE VI redevelopment plans that extended beyond housing construction to address broader physical revitalization and community service needs have the greatest chance of leveraging outside funds.

The experience of public housing authorities in leveraging funds for HOPE VI redevelopment has highlighted several important issues. In some cases, the nonpublic housing funds were primarily used to reduce costs and maintain the amenities required to attract higher income households rather than to cross-subsidize public housing units (Wexler 2001). Nonetheless, low-income residents generally benefit from the presence of these amenities and from the higher quality of management that accompanies them. Other research has raised questions about whether the private/public approach to leveraging funds is really necessary in neighborhoods with hot housing markets, where private developers may be eager to invest alongside public housing redevelopment (Cunningham 2001). It is important to note, however, that prior to HOPE VI, public housing agencies had no capacity to partner with other private or public funders, and that the program has dramatically altered perceptions about public housing development among state and local government officials as well as private-sector lenders and corporate leaders.

The long-term viability of mixed-finance HOPE VI projects remains an important unanswered question. Local housing authorities are now expected to service private mortgages for the full 40-year (or longer) term of the public housing obligation. Each element of a mixed-income, mixed-finance project—public housing, market rate, and tax credit units—must be financially feasible, marketable, and sustainable over the long term. Although a number of HOPE VI developments have achieved these goals in the short

27. The report also found that although HUD has been required to report leveraging and cost information to Congress annually since 1998, the agency has not done so. Following the report, HUD officials pledged to be more compliant in the future.

term, the extent to which they can weather neighborhood and market changes over the years is yet to be determined. If some housing authorities—or their private partners—are unable to continue to attract a mix of residents, maintain rental income, and service their financial obligations, the viability of the new public housing units could be at risk.

Innovations in Public Housing Management

Many of the public housing authorities with severely distressed developments in their portfolio had long track records of poor management, which often contributed to the decline of their developments. Just as HOPE VI changed the way public housing redevelopment was financed, it also altered how the new developments were managed. HUD actively encouraged innovative management arrangements, particularly site-based asset management approaches and contracting with private management companies. The shift toward mixed-income, mixed-finance developments created additional pressures for improved management, in order to attract and retain higher-income residents and meet private-sector financial obligations.

The Interim Assessment of HOPE VI found that a number of the sites in the study were using private management firms, and that generally, the successful developments showed considerable management improvements. For example, the St. Louis housing authority brought in private companies not only to build and manage Murphy Park, but to also have an ownership stake in the property (Turbov and Piper forthcoming). This strategy resulted in a new development that was well constructed and well maintained. A study of Centennial Place and East Lake Meadows, Atlanta, found that strong management was key to the developments' success (Ambrose and Grigsby 1999). At Chicago's Lake Park Place, management improvements such as better rule enforcement, screening procedures, and improved amenities all contributed to the development's early success (Rosenbaum and Stroh 1998). Better management and the mix of incomes can also decrease crime rates within developments and adjacent communities by stabilizing developments (Brophy and Smith 1997; Ceraso 1995; Turbov and Piper forthcoming).

Asset management, a standard practice among private-sector housing owners and managers, focuses on the financial viability and economic potential of each property in a housing authority's inventory as a basis for management and investment decisions. This approach would require that housing authorities keep separate accounts of operating costs and performance and prepare separate operating plans for each individual property. Although HUD has advocated this approach for a number of years (cf. HUD 1996), and it has been endorsed by the Millennial Housing Commission (2002) and a Harvard University team (Harvard University Graduate School of Design 2003), few housing authorities have attempted to implement it for their regular stock. However, asset management and project-based accounting are essential to HOPE VI because these properties so often have specialized financing arrangements, site-based management, and separate waiting lists for their HOPE VI properties. Thus, HOPE VI has provided a vehicle for many housing authorities to gain important experience that may translate into better management of their entire portfolio.

Impact of HOPE VI on Public Housing Residents

5

The question of what has happened to the original residents of the revitalized HOPE VI developments has become a major—and contentious—focus of concern as uncertainty over the future of the program continues. To date, approximately 49,000 residents have been relocated from HOPE VI properties across the United States (U.S. GAO 2003a). Unfortunately, there is only limited information about how these residents have fared, although early analysis suggests that relatively few will return to the revitalized HOPE VI developments. The lack of consistent and reliable administrative data on housing and neighborhood outcomes for the original residents has muddied the debate about the performance of HOPE VI, and makes it difficult for policymakers to reach informed decisions about whether and how the implementation of the program should be improved.

Even if better data were available, however, the debate about resident outcomes would be difficult, because there is no consensus about how to define success. Advocates for tenants frequently point to the low numbers of original residents returning to revitalized sites as evidence of program failings, arguing that these low numbers show that residents have been displaced to make room for better housing and often for higher-income tenants. From this perspective, these tenants were the ones who suffered the terrible conditions of distressed public housing—and, per the commission’s report, were intended to benefit from the revitalization. For this reason, the housing authority—and society—has an obligation to ensure that at minimum, original residents do not end up worse off than they were before.

But others argue that high resident turnover rates are typical of public housing, and that a low number of returnees does not signal a real problem. Not all tenants wanted to return, and for many, moving with vouchers into private housing or to other, presumably less distressed, public housing can also represent a positive outcome. Further, since all low-income residents coming into new developments are also public housing eligible, proponents of this view believe the true measure of success is how well HOPE VI developments serve their low-income residents. Finally, those who hold this view stress that housing assistance is a limited resource and that some original tenants—or members of their households—were making conditions miserable for other residents. Having violated

the rules, these tenants were not entitled to replacement housing, and HOPE VI should not be judged on the basis of what has happened to them.

The debate about the federal government's obligation to the original residents of distressed public housing and about how to define success in this regard will certainly persist. Better data and analysis cannot resolve the fundamental disagreements, but they can inform the discussion by providing reliable indicators of the program's performance in serving both the original residents and new public housing residents. In this chapter, we review the evidence on the human side of HOPE VI: where original residents have moved and how they are faring in their new housing and communities.

How Have Original Residents Fared?

Critics of HOPE VI have pointed to the small numbers of returning tenants as evidence that the program is another form of "urban renewal" that is displacing poor households from gentrifying neighborhoods (Keating 2000; Wexler 2001; Zielenbach 2002). Defenders of the program counter that many HOPE VI sites are only partially reconstructed and even fewer are reoccupied, so the number of original residents who will ultimately return to the revitalized sites is unknown. The Interim Assessment of HOPE VI (Holin et al. 2003) found wide variation in the numbers of returning tenants, depending on the characteristics of new development. Developments that remained 100 percent public housing, not surprisingly, had larger numbers of returning tenants, while the numbers returning to developments that had become mixed-income were substantially smaller. A recent GAO study using data from 165 applications suggests that rates of return will continue to vary considerably, and generally will remain below 50 percent. The study found that, on average, grantees expected 46 percent of residents to return. At the extremes, 40 sites expected fewer than 25 percent of original residents to return, while 31 sites expected 75 percent or more (U.S. GAO 2003b).

The most comprehensive evidence on outcomes for original residents comes from the HOPE VI Tracking Study (Buron et al. 2002), a retrospective survey of former residents from eight early HOPE VI sites. The Tracking Study found that 19 percent of the households surveyed were living in a revitalized HOPE VI development, 29 percent were living in other public housing properties, 33 percent were renting units using housing vouchers, and 18 percent had left assisted housing altogether. Similarly, an analysis of HUD administrative data for 73 HOPE VI sites found that about one-third of former residents had received vouchers, half had relocated to other public housing developments, and the remainder had left subsidized housing (Kingsley et al. 2003).²⁸

The HOPE VI Panel Study, which is tracking residents from five HOPE VI sites where redevelopment activities began in 2001, asked residents their preferences for replacement housing. Most said that they would like to return to the site when it is complete (Popkin et al. 2002). The contrast between this finding and the actual numbers of returning tenants to date suggests that some residents who would like to return are not being allowed

28. This analysis of HUD administrative data included former residents at 73 HOPE VI sites in 48 cities.

to, due either to the reduction in public housing units or their inability to meet the new screening criteria. However, it is also possible that once residents have moved, some may decide they prefer living in the private market with a voucher or simply that they are happy with their new community and do not want to move again. The long delays between relocation and reoccupancy at many sites contribute to the likelihood that former residents may choose to stay where they are rather than risk moving again.²⁹ A study of relocation preferences in Seattle's High Point development suggests that at least at this site, most residents were able to end up in the type of housing they preferred, with mostly younger, single mothers choosing vouchers while older residents and immigrant families remained in public housing (Garshick Kleit and Manzo 2003).

But return rates provide only one indicator of how original residents have fared. Not returning to the site does not automatically mean that residents are worse off—indeed, they may well have chosen a voucher so they could move to a better neighborhood. To understand what has happened to original residents, we must look at a number of factors, including the types of neighborhoods they live in, and a range of indicators related to their overall well-being: economic outcomes such as employment and education, material hardship, and physical and mental health.

Evidence from the HOPE VI Resident Tracking Study (Buron et al. 2002) suggests that former residents have ended up in somewhat better neighborhoods—the average census tract poverty rate for those who received vouchers dropped from 61 to 27 percent. Strikingly, about 40 percent of those who *did not return* to the original HOPE VI site now live in census tracts with poverty rates of less than 20 percent. However, a similar number still live in neighborhoods that are high poverty, though less poor than their original development, with poverty rates of over 30 percent. Findings from the national analysis of HUD administrative data were similar, showing residents still in assisted housing living in neighborhoods with considerably lower poverty rates than their original HOPE VI developments. While these findings are encouraging, they should be tempered by the fact that residents of HOPE VI developments were living in extremely high-poverty neighborhoods; therefore, most moves would bring improvements in poverty rates. Further, in sites with tight rental markets or where demolition outpaced the production of new units, many former residents ended up in other distressed communities.

In contrast, HOPE VI has had a much smaller impact on racial segregation. The vast majority of residents in distressed public housing are African-American or Hispanic, as were the majority of residents in the communities surrounding these developments. While former residents are living in neighborhoods that are at least somewhat less poor, findings from both the HOPE VI Tracking Study and the national analysis of administrative data show that most are still living in census tracts that are predominantly minority. Similarly, studies of relocation in Chicago (Fischer 2003; Popkin and Cunningham 2002) found that nearly all original residents who moved with vouchers ended up in neighborhoods that were at least 90 percent African American.

29. The follow-up waves of the HOPE VI Panel Study will look at the relationship between original preferences and final location.

Still, the HOPE VI Tracking Study finds that relocatees perceive substantial improvements in their neighborhood conditions. Most notably, original residents reported much less crime in their communities than those still living in public housing developments awaiting revitalization. One study of relocation in Chicago (Popkin and Cunningham 2002) documented almost immediate improvements in respondents' mental health, likely a result of living in a safer neighborhood. An evaluation of relocation in Seattle (Garshick Kleit and Carlson 2003) also found that residents were generally satisfied with their new situations, particularly the safer neighborhoods, services, and amenities. Likewise, a study of HOPE VI-like relocation in Ft. Worth found that most former residents felt their new neighborhoods had lower crime, although they were concerned about the lack of access to transportation and about busy traffic on nearby streets (Barrett, Geisel, and Johnston 2003). A study of Philadelphia residents (Clampet-Lundquist forthcoming) found that while former residents reported less crime, they felt uncertain about being able to protect themselves and their children in an unfamiliar community. Finally, Goetz's (2003) study of residents relocated under the Hollman decree in Minneapolis found mixed results: former residents reported much less crime and were more satisfied with grocery stores and parks, but were less satisfied with schools, transportation, and health care.³⁰

Former residents also report better housing conditions. Nearly two-thirds of residents in the HOPE VI Tracking Study described their current housing as being in good or excellent condition, and most said that their current unit is in the same or better condition as their public housing unit prior to revitalization. Respondents who had moved to revitalized developments reported the best housing conditions, while those who had moved to the private market with vouchers were more likely to report problems. Single-site studies of relocation have found similar results. The Seattle study (Garshick Kleit and Carlson 2003) found that residents were generally satisfied with site and unit design; the Ft. Worth study found that most former residents were satisfied with their new home; and the Minneapolis study (Goetz 2003) found that former residents were generally happier with their new housing units.

However, the positive evidence about housing and neighborhood outcomes is tempered by evidence that residents who moved to the private market, with or without housing assistance, face new challenges, particularly with unstable housing and difficulty paying rent and utilities that were covered in public housing. In the Tracking Study, 40 percent of the respondents who have been relocated to new neighborhoods reported problems paying rent and utilities, and about half said they were having difficulty affording enough food. Former residents who now live in private market housing face the most serious challenges because they now face larger out-of-pocket costs. Almost 6 out of 10 (59 percent) voucher users said they have had difficulty paying rent or utilities in the past year, as did 52 percent of households that receive no housing assistance. Further, unsub-

30. Findings from studies of public and assisted housing residents relocated with vouchers find similar results. For example, the MTO Interim Evaluation (Orr et al. 2003) found residents who moved to lower-poverty communities reported less crime, better housing, and better amenities. Likewise, Varady and Walker (2003) find that Alameda County residents who used vouchers to move to suburban areas reported better conditions than those who remained in traditional neighborhoods.

sidized households were more likely than public housing residents or voucher users to report doubling up with other families (13 versus 4 percent) and moving multiple times since relocating.³¹ Residents in Seattle and Ft. Worth also reported hardship, particularly with utility payments (Barrett et al. 2003; Garshick Kleit and Carson 2003).

Another issue cited by several researchers is the loss of social ties and support systems, which may lessen residents' ability to cope with material hardship. Many residents had developed elaborate coping strategies that helped them to deal with the stresses of life in distressed public housing (cf. Clampet-Lundquist forthcoming; Popkin, Gwiasda et al. 2000; Venkatesh 2000), and had a network of friends and family members whom they could rely on for help in times of need. They also knew how to access formal support systems in their community—food banks, social service agencies, clinics, and so on. HOPE VI relocation disrupted these social ties, leaving many feeling less secure, uncertain where to turn when they encountered problems, and often simply lonely and isolated (Barrett et al. 2003; Clampet-Lundquist forthcoming; Goetz 2003; Popkin, Gwiasda et al. 2000; Venkatesh and Cemili 2004). Some critics cite this loss of community and social ties as one of the most negative consequences of the HOPE VI program (cf. Greenbaum 2002). However, other researchers counter that despite the challenges, many former residents, particularly those who chose vouchers, are happy to be able to leave—and happy to leave behind what they saw as dysfunctional relationships (cf. Popkin, Gwiasda et al. 2000; Popkin and Cunningham 2002; Rosenbaum et al. 1991).

31. The Moving to Opportunity Interim Assessment, which is tracking public housing residents relocated as part of a five-site HUD demonstration, also found voucher holders struggling with rent and utilities and experiencing conflict with private landlords (Orr et al. 2003).

Relocation and Supportive Services 6

One of the unique features of the HOPE VI program is that it explicitly requires that a substantial proportion of funds be earmarked for resident supportive services, the so-called “soft side” of HOPE VI. The original legislation set aside 20 percent of the initial \$300 million appropriation for community service programs and for supportive services, including literacy training, job training, day care, and youth activities. Later rounds of funding reduced the proportion of funds set aside but increased the attention given to resident services and supports, including relocation services, and mandated that supportive services be provided to the original residents, even if they did not return to the HOPE VI site (Holin et al. 2003). Generally, the supportive services were supposed to emphasize self-sufficiency, but housing authorities had wide latitude over designing their service packages. Because of its concerns about delays in implementation and housing authority capacity to administer supportive services, HUD eventually began to provide technical assistance and regular monitoring of community and supportive service packages (Kingsley et al. 2004).

Although later HUD NOFAs required local evaluations of individual HOPE VI initiatives, there is still relatively little evidence about the efficacy of combining supportive services with extensive revitalization. Advocates and researchers have cited issues regarding inadequate relocation services, particularly lack of information and support during the relocation process that have resulted in residents ending up in less than ideal circumstances or experiencing hardship after they move. In addition, these critics have noted that community supportive services intended to benefit original as well as new residents generally have not been implemented on a timely basis. Finally, they have questioned the capacity of housing authorities, which are essentially property managers, to effectively provide social services to tenants. Other researchers cite examples of places like Seattle and Oakland where HOPE VI led to the creation of extensive service and community-building programs (cf. Naparstek and Freis 2000).

The reality is that community and supportive service models have varied considerably across sites. Some sites have used resident-run Community Development Corporations (CDCs) or other resident-involvement models; some have partnered with local social service providers; and some have opted to run the services in-house. This

variation makes drawing conclusions about the soft side of HOPE VI particularly challenging. In this chapter, we pull together evidence about relocation and community supportive services, highlighting the challenges facing this aspect of the HOPE VI program.

Barriers to Successful Relocation

Data from the HOPE VI Panel Study (Popkin et al. 2002) indicate that many residents may face challenges that could complicate their transition from distressed public housing. Even those who are fully compliant with their leases may have problems that make it difficult for them to qualify for revitalized housing or to successfully use a voucher.

A major concern is the prevalence of health problems among the residents of distressed public housing. More than one-third of adult respondents in the Panel Study reported having a chronic illness or health condition, such as high blood pressure, diabetes, or arthritis. Further, more than one-fifth of adults had asthma. The situation for older adults was particularly severe, with just 10 percent reporting good or excellent health, compared with 39 percent for all adults over age 65 nationally. Mental health problems were also widespread. Nearly one in three residents surveyed for the Panel Study (29 percent) reported poor mental health, almost 50 percent higher than the national average. Further, nearly one in six adults had experienced a major depressive episode within the past 12 months. The Panel Study found that HOPE VI children were also in worse health than other children their age. One in five children age 6 to 14 had asthma; the figure for younger children was one in four, more than three times the national average. Parental reports about children's behavior suggest that mental health was also an issue. About two-thirds of older children (age 6 to 14) had one or more reported behavior problems; about half had two or more.

Families coping with these serious health problems face special challenges in relocation—they may need accessible units, they may not be able to move far from health care providers, and, especially if there are multiple family members with illnesses, they may need intensive support. Highlighting the impact of these barriers, fewer than half the respondents in the Panel Study were employed prior to relocation. These residents cited health problems and a lack of adequate child care as major barriers to employment, along with caring for sick family members, suffering from extreme fear and anxiety, and looking unsuccessfully for work.

A companion study focusing on residents at risk for homelessness in the Chicago site (Popkin et al. 2003) found that many residents face the kind of barriers that not only make it difficult for them to find an apartment in the private market, but that also weaken housing stability and increase the probability that they will lose their housing over the long term. The study identified three categories of residents at risk: families with special needs (e.g., large families, multigeneration households, and households with disabled members); lease violators (e.g., residents with back rent or utility payments, off-the-lease tenants, or household members with criminal records); and squatters—(illegal residents who have been using the site as a de facto homeless shelter). While HOPE VI sites in other

cities may not face problems of the same magnitude, there are almost certainly residents with these risk factors in virtually all HOPE VI developments.

The prevalence of hard-to-house residents suggests a need for alternative forms of replacement housing. Older adults and those with severe disabilities may require supportive housing, where services are provided on site. The presence of multigeneration families may require the construction of accessible units with multiple bedrooms, something they are unlikely to be able to find in the private market. Finally, as noted earlier, the question of whether or how to serve the most troubled residents is a matter of debate, with some arguing that scarce resources should be targeted to those willing and able to comply with rules and regulations, and others arguing that federal assistance must include those most in need. However, if these families are to be served effectively, they will clearly require an alternative such as transitional housing or family supportive housing, models that have been effective for homeless families (Popkin, Burt, and Cunningham forthcoming).

Relocation Services

As distressed public housing is demolished and replaced with mixed-income communities, one of the most difficult challenges has been to design and implement relocation programs that effectively address the residents' myriad needs. To assist with the move, housing agencies are required by the federal Uniform Relocation Act to provide displaced residents with a "comparable unit" and to cover moving expenses. Typical relocation services include assistance in finding a new public housing or Section 8 unit and moving expenses. Sometimes, housing authorities go further and assist with the actual move.

Providing effective relocation services is perhaps the most difficult challenge in implementing a HOPE VI initiative. A number of factors affect the success of relocation efforts: the quality of relocation services, local housing options, relocatee preferences and barriers, private-market constraints for relocatees searching for housing with vouchers, and the level of trust between relocatees and the housing authority.

When a building is slated for demolition, residents are typically offered the choice of moving with a voucher or to another public housing unit. Some residents are also offered the option to return to the revitalized HOPE VI site, although screening criteria (e.g., employment, drug testing, criminal background) at some sites may preclude them from eligibility. Also, there are often long delays between the demolition of the original units and the construction of new housing on the HOPE VI site. To overcome this challenge, some housing authorities have planned staged relocation so that residents who wish to return to the revitalized development never have to move off-site.

In tight rental markets, finding landlords in good neighborhoods who will accept vouchers has been one of the most persistent barriers (Cunningham, Sylvester, and Turner 2000; Fosburg et al. 1996; Lenz and Coles 1999). In some markets, and especially at HOPE VI sites that are significantly reducing the number of hard units, observers have questioned whether the private market can accommodate the number of public housing relocatees. This issue has been particularly salient in Chicago, where the rental market

has been tight and the number of public housing relocatees is enormous (Great Cities Institute 1999). Discrimination against minorities and families with children and the negative stigma attached to being a former public housing resident also affects relocatees' ability to secure a unit with a voucher (Popkin and Cunningham 1999). Further, community residents may oppose the relocation of public housing residents because of the fear that they will bring with them crime and social problems that plague public housing neighborhoods (Lenz and Coles 1999).

There is considerable evidence to suggest that housing authorities need to focus on improving the delivery of relocation services (Center for Community Change 2003; Lang and Morton 2002; National Housing Law Project 2002; Popkin and Cunningham 2002; Salama 1999). For example, a four-site study of the housing choices of HOPE VI relocatees found that they often made choices about relocation without having adequate information about vouchers, HOPE VI move-back criteria, or the availability of relocation services. Many simply did not understand the options available to them under HOPE VI (R. Smith 2001). However, improving services is not an easy task. Data from the pre-relocation HOPE VI Panel Study suggests that the difficulty of adequately informing residents is widespread; residents from all five sites—all of whom were about to be relocated—reported considerable confusion about housing authority plans (Popkin et al. 2002).

Housing Authority Experiences

The Tucson Housing Authority provided some of the best and most extensive relocation services of any HOPE VI site. Relocation counselors provided personalized services to those who wanted to move off-site, escorting them to view units and holding one-on-one sessions to discuss the merits of various neighborhoods. In addition, the housing authority offered residents a range of job training and educational activities during the redevelopment period (Buron et al. 2002). Seattle has also been notably successful in implementing relocation programs; local evaluators documented that most residents moved into the type of housing they preferred and were satisfied with their new housing (Garshick Kleit and Manzo 2003).

The Chicago Housing Authority (CHA), faced with the challenge of relocating tens of thousands of families, has probably spent more effort on relocation services than any other housing authority. Although CHA's efforts have been troubled because of organizational challenges (Popkin and Cunningham 2002; Venkatesh 2002; Venkatesh and Çelimli 2004) and relocation outcomes have been mixed, the agency continues to invest considerable resources in its services. Currently, its programs include relocation clinics to educate residents about their housing choices, budget and housekeeping training, relocation counseling to prepare residents for moving and help them locate units, and mobility counseling to encourage residents to move to lower-poverty neighborhoods. Relocation counseling has been the most problematic and contentious program, with critics raising concerns about pacing and agencies placing residents in unacceptably bad neighborhoods. The CHA's struggle highlights the challenges involved in ensuring that

residents are adequately informed, that contractors deliver the required services, and that residents are tracked through the relocation process (cf. Popkin and Cunningham 2002; Venkatesh 2002).

More typically, housing authorities have provided only the bare minimum relocation services, investing little or no effort to assist residents in making good choices about replacement housing. Instead, they focused on emptying the development quickly to make way for the redevelopment activities. In a number of sites, such as Louisville and Paterson, New Jersey, this approach resulted in a substantial proportion of residents moving to other distressed public housing in bad neighborhoods (Buron et al. 2002). Another common mistake has been issuing too many vouchers at the same time, thus flooding the local Section 8 market. As a result, residents have to accept housing in other poor, racially segregated communities (Popkin et al. 2003). In one extreme example, residents of the Edwin Corning development in Albany, which was located in a mixed-race, moderate-poverty community, ended up using their vouchers to relocate to high-poverty, racially segregated neighborhoods (Buron et al. 2002). Particularly in early HOPE VI sites, residents have fallen through the cracks and not gotten any assistance. In Chicago, critics have charged that property managers have deliberately scared tenants into leaving before they can receive assistance (Venkatesh 2002); similar charges have been made about the Techwood/Clark-Howell site in Atlanta (Keating 2000).

Increasingly, evidence suggests that providing more extensive, state-of-the-art counseling and support can lead to better outcomes for families. This type of intensive assistance includes case management and assessment; assistance in locating a new unit; outreach to landlords in low-poverty areas; and long-term follow-up support. Most of the evidence comes from the Moving to Opportunity (MTO) demonstration, which provided participants vouchers that could only be used in low-poverty neighborhoods as well as counseling to assist them in locating housing (Goering and Feins 2003). There is evidence that MTO families that received intensive counseling ended up living in better housing in safer, lower-poverty neighborhoods (Orr et al. 2003). Building on the MTO model, Chicago's Housing Choice Voucher program has developed a "second-mover" mobility program that targets current participants whose vouchers are up for renewal. The program offers support and assistance to participants who are interested in moving to a lower-poverty "opportunity neighborhood" (Cunningham et al. 2002). This type of intensive assistance is more costly than basic relocation services, but has important implications for families; MTO participants who moved to better neighborhoods report improvements in physical and mental health, as well as in general quality of life.

Community and Supportive Services

The Community and Supportive Service component of the HOPE VI program represents the first large-scale effort to marry housing assistance and social services. The Congress of New Urbanism, an organization whose main focus is promoting design standards that help to create traditional neighborhoods, cautioned that good design alone would not be enough to address the social and economic problems of public housing tenants. They cite

past efforts that failed to provide sufficient services for tenants and ultimately failed (Kamin 1999; Salvesen 2000). Supportive services and assistance throughout the process—and not just on move-in day—are needed to help overcome poverty, joblessness, crime, and lack of education.

Community and supportive services associated with HOPE VI are typically implemented as part of the revitalization plan. In most cases, these services are intended to help residents become self-sufficient, focusing primarily on moving off public assistance and toward employment. Services vary from site to site, including on-site computer learning centers, day care facilities, after-school programs, and employment training programs and job referrals. In some cases, service packages also include programs targeted to seniors. However, HOPE VI community and supportive service plans often are not implemented until after the original residents are relocated, and so tend to benefit those who move into the new development. For this reason, critics have raised concerns about the responsibility of housing authorities to provide supportive services to residents who move off-site as well as to those who return or move into the revitalized development.

Ideally, the development of community and supportive services (CSS) should be driven by the needs of the resident population at each HOPE VI site. For example, if there is a large population of elderly or disabled residents, the site should consider an on-site health care facility, or if there are a large number of children under age 5, an on-site day care facility would be appropriate. HUD has given HOPE VI grantees tremendous flexibility in designing a service package that meets the needs of the residents. Therefore, it is not surprising that the extent and types of community and supportive services at HOPE VI sites across the country vary significantly. U.S. GAO's (1998) survey of 10 HOPE VI sites found a variety of community and supportive services, ranging from job placement services and entrepreneurial training programs, technology learning centers, day care and health care centers to Boys and Girls Clubs that provided after school activities. Neighborhood watch programs were also instituted at some sites.

In a recent U.S. GAO study (2003a), HUD data showed that HOPE VI sites have budgeted about \$714 million for community and supportive services. These funds are used to hire CSS staff, provide direct services, or to build community centers within the revitalized site. An estimated 45,000 of the original residents were enrolled in some kind of community and supportive service (U.S. GAO 2003a).

A number of sites have been cited as offering “best practices” in terms of providing resident services (Naparstek and Freis 2000). New Holly in Seattle houses a public library branch, community classrooms, a family center, parks, garden space, and senior housing. In addition, the housing authority offers various community-building activities intended to promote economic self-sufficiency, provide learning opportunities for children, and serve the larger community. The services at New Holly are intended to serve the entire community, which includes a diverse immigrant population that speaks a total of 17 different languages and dialects (Myerson 2001). The Workforce Enterprise Center at Centennial place in Atlanta provides GED training, computer training, and various job skills and job readiness programs. At Park DuValle in Louisville, major investments were made in parks and community centers, public safety facilities, and a health center. At the

Manchester site in Pittsburgh, services included job training, and in Murphy Park in St. Louis, a new park as well as a clubhouse and day care facilities were provided (Turbov and Piper forthcoming).

Although case studies allow practitioners to share information about innovative ways to implement a community- and supportive-service package, they fail to evaluate how successful the programs are in helping residents move toward self-sufficiency. A number of local evaluations have assessed how residents are doing post-implementation of HOPE VI Community and Supportive Services. New Holly residents were more likely to be working and to be prepared to succeed in employment after Campus of Learners was implemented (Clegg and Associates 2000). At Milwaukee's Hillside Terrace, local evaluators found that on-site services such as job training, day care, health care, and adult education led to residents becoming more attached to the labor market and increasing their wage-related earnings (Milwaukee Housing Authority 2000). At Santa Rosa (Connie Chambers) in Tucson, evaluators found that although the City and Housing Authority had implemented a range of services, the goals for these programs—which the authors acknowledge were quite ambitious—had generally not been met. However, some residents had enrolled in GED programs, others were participating in self-sufficiency programs, a small number were participating in homeownership readiness programs, and the housing authority had hired 74 residents (Cimetta and Renger 2002). And, at Chatham Estates in Chester, Pennsylvania, residents who used the supportive services more than three times had greater improvements in crime, reported assets, and greater decreases in Temporary Assistance for Needy Families (TANF) utilization than residents who did not use services at this level (Widener University 2003). All of these sites show promising results; however, without a systematic national evaluation or collection of uniform performance measures, there is no way of knowing how effective the strategy of marrying supportive services and housing assistance has been.

Resident Participation

HOPE VI requires that housing authorities and developers involve public housing residents in designing a new development and planning the services to be provided there. Resident participation is particularly important during efforts to transform public housing properties into mixed-income communities, because it gives residents a stake in their new communities (Suchman 1996). Residents often fear change, particularly when it comes to creating mixed-income communities, because of concerns about displacement.

The level of resident participation varies with each HOPE VI site. Some sites, like St. Louis's Murphy Park, have had high levels of resident involvement. In Murphy Park, residents have been involved in setting screening criteria and working with the local community to help plan a new school and other community facilities (Turbov and Piper forthcoming). In other sites, residents have been involved in planning and implementing community supportive service plans, in some cases through resident-run CDCs (Popkin et al. 2002). In San Francisco's Hayes Valley, residents had responsibility for providing relocation counseling and assistance (Burton et al. 2002).

Still, critics have charged that tenants have not always been sufficiently involved in the planning process (cf. Center for Community Change 2003; National Housing Law Project 2002). This problem may be due to the ambiguity of the HOPE VI requirement about resident involvement. Because HOPE VI guidelines never clearly stated what constitutes “participation,” individual sites have had considerable latitude in defining it. When tenants feel slighted in the design process, they have sometimes reacted by bringing lawsuits against the offending housing authorities, thus stalling the development process (Pitcoff 1999). There has also been conflict among different groups of tenants—sometimes, resident leadership may sign off on a plan that other residents may not support. In Chicago, although the housing authority and the official tenant organization have signed a Relocation Rights Contract, groups of residents in individual developments have protested the housing authority’s plans—in two cases, going so far as to file suit.

For resident involvement to be effective, housing authorities will have to ensure that they include a broad range of residents. Further, if residents are given primary responsibility for implementing a particular program, such as case management, they must be given adequate support and resources to carry out their task.

Impact of HOPE VI on Neighborhood Conditions

7

In many cities, severely distressed public housing projects have been regarded as major causes of social and economic deterioration in the neighborhoods that surround them.³² An important goal of HOPE VI was to alleviate those impacts where possible. As HOPE VI evolved over the 1990s, this goal gained importance. The expectation was that by replacing distressed public housing developments with new, and often mixed-income, projects, revitalization would benefit the surrounding neighborhood and even the larger city and region.

Supporters argue that HOPE VI's ability to transform entire neighborhoods is one of the program's most revolutionary opportunities and significant outcomes. When evaluating costs and economic impacts, they argue, we need to look beyond the development to include the spillover effects in the surrounding neighborhoods. Further, because it may take some time for neighborhood improvements to manifest themselves, these effects may not be immediately evident. Others maintain that the HOPE VI program spends too much public money per unit of housing produced, and that the most impressive neighborhood changes have been the result of broader, real estate market dynamics. In other words, skeptics argue, these neighborhoods would have probably "turned around" even without HOPE VI.

Assessing the degree to which the neighborhood revitalization goal has been accomplished is challenging, largely because the factors influencing neighborhood change are so numerous and complex. To date, researchers and evaluators have found it difficult to empirically measure or attribute broad community impacts to HOPE VI developments. In this chapter, we review what is known about the impact of HOPE VI initiatives on neighborhoods. We also consider the question of whether the revitalization brought about under the program has had any wider impacts on the extent of poverty concentration or on city economies.

32. However, recent research by Freeman (2003) suggests that the relationship between affordable housing developments and poverty concentration is weak and inconsistent, and the problems in public housing may simply reflect the fact that assisted housing developments tend to be built in neighborhoods where concentrations of poverty are already high.

Improvements in Community Infrastructure

Many of the neighborhoods surrounding distressed public housing lack basic community services such as parks, libraries, and police stations, as well as commercial facilities such as supermarkets, banks, and restaurants. Some HOPE VI sites have made significant improvements in community institutions and physical infrastructure in the neighborhood. These improvements are intended to provide much-needed services to families at the site and throughout the neighborhood.

In Seattle, for example, HOPE VI funds were used to expand the neighborhood community center and ballfields, build a satellite public library, and develop a new neighborhood resource center (Epp 1996). In a series of “best practice” case studies, Naparstek and Freis (2000) cited revitalization efforts that led to the creation of new community institutions such as community centers, police substations, medical centers, and job training centers.

In a few sites, HOPE VI has sponsored innovative efforts to link public housing redevelopment with substantial investments in neighborhood schools. At the Murphy Park site in St. Louis, the Jefferson Elementary School now serves not only local students but also those in the surrounding community. Partnerships formed among the developer, McCormack Baron and Associates, the St. Louis public school system, and a newly created community development corporation helped to establish a school and ensure resident participation in the planning process (Myerson 2001). Funds were used to install state-of-the-art technology infrastructure in the school, and computers and educational software in each classroom. Funds also went toward establishing the Adult Computer Training Lab, a computer-training classroom for parents and community residents.

At the Villages of East Lake in Atlanta, in addition to new residences, facilities included a new charter school, the first of its kind in Atlanta (Myerson 2001). Children from the Villages of East Lake and the surrounding community receive priority when enrolling, but the school is open to any student residing within the Atlanta Public School District. School improvements also figured prominently in the revitalization of Atlanta’s Centennial Place, which includes a magnet school that serves both community residents and those from other parts of the city (Holin et al. 2003; Khadduri et al. 2003; Turbov and Piper forthcoming).

Impacts of HOPE VI on Neighborhood Health

Four major studies of the neighborhood effects of HOPE VI have been completed to date (Kingsley et al. 2004). This research suggests that there have been dramatic improvements in the neighborhoods surrounding some HOPE VI developments. However, it must be noted that the data from the studies are not sufficient to reliably estimate the degree to which HOPE VI, as opposed to other factors, *caused* these changes.³³ Further, because

33. There is a method that can estimate the effect that HOPE VI has on trends in home sales prices in areas surrounding the sites (Galster and Quercia 2000), but it is not workable in all cities and has yet to yield statistically significant results where it has been applied, possibly because not enough time has elapsed since

relatively few HOPE VI projects are complete, there is considerable overlap in the sites included in these studies,³⁴ so it is difficult to know how much we can generalize from this research to the program as a whole. Still, these early studies offer important insight into how HOPE VI may help revitalize communities.

The first study, by the Housing Research Foundation (HRF) (Zielenbach 2002), covered the experience in eight communities: Techwood (Atlanta); Orchard Park (Boston); Earle Village (Charlotte); Quigg Newton (Denver); Kennedy Brothers (El Paso); Hillside Terrace (Milwaukee); Richard Allen Homes (Philadelphia); and Holly Park (Seattle). The analysis quantifies improvements in neighborhood quality-of-life indicators for clusters of census tracts in which HOPE VI revitalization took place. HRF concludes that the eight deteriorating public housing projects contributed significantly to the decline of surrounding neighborhoods and that HOPE VI, by its very nature, helped reduce their blighting impacts. The study compared trends from 1990 and 2000 in the HOPE VI neighborhoods with city averages using census data. It found that in the HOPE VI neighborhoods (a) average per capita incomes of neighborhood residents rose 57 percent faster than in neighborhoods citywide; (b) unemployment fell by an average of 10 percentage points, compared with no significant net change at city levels; and (c) concentrated poverty fell from 81 percent of households being low income³⁵ in 1989 to 69 percent in 1999.

HRF also analyzed Home Mortgage Disclosure Act (HMDA) data and found that rates of mortgage originations in HOPE VI neighborhoods were higher than the averages for their respective counties. Rates of lending also rose faster in the eight HOPE VI neighborhoods than in the counties, implying that the neighborhoods were experiencing increasing rates of residential investment. Finally, consistent with other research on mixed-income developments,³⁶ there were big impacts on crime rates: average violent crime rates in the HOPE VI neighborhoods dropped 30 percent faster than they did in the cities overall.

The second study of neighborhood impacts was the HUD-sponsored Interim Assessment of 15 HOPE VI sites (Holin et al. 2003).³⁷ Like HRF, Abt Associates conducted an analysis of comparative trends for neighborhoods and cities using census data and found similar results. In most HOPE VI neighborhoods, key indicators of well-being,

project completion. Unfortunately, adequate base data on prices are not available in all cities, and in others where the HOPE VI development is located in areas with few owner-occupied homes nearby, the method will not work well. The method was applied in Holin et al. (2003, 123–31) for the New Haven and San Francisco sites, and in unpublished work by Jennifer Johnson at the Urban Institute for HOPE VI neighborhoods in Columbus, Oakland, and Seattle.

34. For example, Techwood (Atlanta) is a site in three of the four studies; Earle Village (Charlotte) and Cotter and Lang (Louisville) are sites in two.

35. Households that earned less than 80 percent of the metropolitan area's median income.

36. For a summary of this research, see Popkin, Buron et al. (2000).

37. McGuire Gardens (Camden); King Kennedy/Outhwaite (Cleveland); Hillside Terrace (Milwaukee); Lockwood Gardens (Oakland); Bernal Dwellings/Plaza East (San Francisco); Lafayette Homes (Baltimore); Mission Main (Boston); Elm Haven (New Haven); Earle Village (Charlotte); Ellen Wilson (Washington, D.C.); Techwood/Clark Howell (Atlanta); Springview (San Antonio); Cabrini Homes (Chicago); Jeffries Homes (Detroit); Desire (New Orleans).

particularly reductions in rates of poverty and unemployment, improved faster than in their cities as a whole. Perhaps the most striking findings related to declines in on-site crime. Crime rates declined at all six projects that had been completed, and in three cases (Charlotte, Milwaukee, and Boston), on-site crime rates declined substantially faster by comparison with other parts of the city.

The Interim Assessment also included a survey of people who live in or near the HOPE VI developments to assess their perceptions about the quality of their neighborhoods after revitalization took place. A clear majority (70 percent) of the neighbors living outside the development rated their neighborhoods as better places to live after HOPE VI.³⁸ However, while the study concluded that change in the surrounding neighborhoods was generally positive for all completed sites, the magnitude of the changes was highly variable. The researchers rated the surrounding neighborhoods in Atlanta, Boston, Charlotte, and San Francisco as “appreciably improving,” while those in Camden, Milwaukee, Oakland, and Washington, D.C., were rated as only “slightly improving.”

The Interim Assessment was the only one of the three studies of neighborhood outcomes to examine the effects of HOPE VI revitalization on racial segregation. The study found that two sites, Atlanta and Charlotte, experienced large increases in the proportion of white residents in the community, although both neighborhoods remained largely minority (69 percent in Atlanta and 62 percent in Charlotte). Other sites that the Interim Assessment classified as appreciably or moderately improving also saw some reduction in the proportion of the population that was African American, although the changes were less dramatic.

The third study, conducted by the Brookings Institution (Turbov and Piper forthcoming), examined neighborhood impacts in four sites that are probably the most seasoned mixed-income developments and are widely regarded as having positive neighborhood impacts: Centennial Place (Atlanta); Park DuValle (Louisville); Manchester (Pittsburgh); and Murphy Park (St. Louis). The authors conducted extensive interviews with a variety of neighborhood stakeholders as well as analyzing quantitative data. Conclusions were generally positive, with reductions in crime rates particularly impressive in all sites. This study also found evidence that HOPE VI redevelopment may have helped revive or strengthen housing markets in the surrounding communities, especially in Manchester.

The fourth study, by the U.S. Government Accounting Office (2003), is based on information from HUD’s HOPE VI reporting system on all 165 grants awarded through 2001, interviews with officials from 18 housing authorities that received grants in 1996 as well as HUD officials responsible for administering HOPE VI, and mortgage and crime data from various administrative sources. GAO found that most neighborhoods surrounding HOPE VI sites have shown improvement in education, income, and housing, but that these effects are not necessarily the result of HOPE VI grants. A comparison of four HOPE VI neighborhoods (in Chester, Pennsylvania; Jacksonville, Florida; Kansas

38. These figures exclude survey results from Boston and Atlanta.

City, Missouri; and Spartanburg, South Carolina) to similar neighborhoods without a HOPE VI site showed mixed results. Mortgage lending in the non-HOPE VI neighborhoods actually appeared greater, while new housing construction increased more in HOPE VI neighborhoods.

HOPE VI and Gentrification

Some critics of HOPE VI have argued that as the program has evolved, the selection process has favored sites that are located in high-quality or gentrifying markets that will support mixed-income development, rather than those that have the greatest need for renovation or replacement. Some go so far as to liken the program to past urban renewal efforts that displaced low-income residents who stood in the path of neighborhood revitalization. Both Swope (2001) and Keating (2000) cite Atlanta's Centennial Place as an example of a site where real estate values increased quite suddenly, making redevelopment particularly attractive. They point to the low rate of return by original residents as evidence that they were traded in for a "better class of poor people" (Swope 2001) when business leaders and the city wanted to revitalize valuable land. However, Centennial Place is also widely recognized as a successful mixed-income development that has had positive impacts on the surrounding community.

Another city where site selection for HOPE VI has been criticized is Washington, D.C. Parts of Washington's housing market have been very strong in recent years, and many of the city's public housing sites are in or near gentrifying neighborhoods. Two studies of HOPE VI in Washington, D.C. (Cunningham 2001; Lang and Morton 2002) found that while the neighborhoods where HOPE VI revitalization was taking place benefited, these were not the most distressed public housing communities. Similar criticisms have been leveled against Chicago (cf. Cunningham et al. 2002; Popkin and Cunningham 2002) and other cities with large-scale public housing redevelopment activity (National Housing Law Project 2002).

While in some cities HOPE VI developments may have contributed to market trends that were already under way, in other cases it seems likely that neighborhood revitalization was catalyzed by the redevelopment of distressed public housing (Turbov and Berry 1999). The research on neighborhood impacts indicates that several of the HOPE VI projects have had remarkably positive impacts on the surrounding areas, suggesting that in locations where a public housing project has been a significant blighting influence, holding back an otherwise promising market environment in the surrounding area, the economic and other payoffs from HOPE VI can be substantial.

The First Ward Place (formerly Earle Village) development in Charlotte is a good example. Interviews suggest that the high crime, other social problems, and physical deterioration at Earle Village (located at one corner of booming downtown Charlotte) had clearly held back investment nearby. Given the attractive mixed-income residential community that replaced it (and the elimination of the former blighting influences), real estate values for surrounding parcels have skyrocketed since revitalization.

Effects on Cities and Metropolitan Areas

Another important, but difficult to address, question is whether HOPE VI redevelopment has had any impacts outside the communities most directly affected; that is, has it had any economic benefits for the city as a whole or for the surrounding metropolitan area? Recent analyses of census data that examine the dynamic changes underway in cities and metropolitan areas have chronicled the substantial decline in the concentration of poverty that occurred in most U.S. cities during the 1990s (Jargowsky 2003; Kingsley, Johnson, and Pettit 2002). While this research does not directly address the broader impacts of HOPE VI, it is possible that HOPE VI revitalization has contributed to these effects. Indeed, in cities such as Chicago, where public housing developments like the Robert Taylor Homes constituted some of the poorest census tracts in the United States, it is almost certain that public housing demolition is responsible for at least some of the decline in concentrated poverty (Kingsley et al. 2002).

Implications for Public Housing

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In our assessment, the existing research evidence strongly supports continuation of the HOPE VI program. At the same time, research findings highlight critical areas where HOPE VI can and should be substantially strengthened. In particular, HUD and local housing authorities need to improve the quality and effectiveness of relocation and resident services and ensure that local HOPE VI plans are realistic and effectively implemented. Moreover, further research is needed to monitor evolving HOPE VI outcomes and to help guide reforms. However, the debate over the future of HOPE VI cannot be fully resolved by empirical research because it raises fundamental issues about the appropriate targeting of limited resources for affordable housing and the obligations of HUD and housing authorities to address the complex needs of displaced residents. Research provides no easy answers to these issues, and we do not attempt to resolve them here. This final chapter summarizes what we know about the successes and failings of HOPE VI, as well as the remaining areas of policy debate. Next, we lay out a research agenda for HOPE VI, highlighting the big questions that remain to be addressed. Finally, drawing on the research evidence to date, we discuss implications for policy, and the challenges facing housing policy in the next decade.

HOPE VI Has Achieved Important Successes

The HOPE VI program has succeeded in bringing about positive changes for public housing developments, residents, and neighborhoods. *First, the program has accomplished its most basic goal, demolishing tens of thousands of severely distressed housing units, many of which were uninhabitable by any standard.* Living in these developments had terrible implications for the families that endured them, especially for the children. Unhealthy and unsafe living conditions—the result of poor construction and worse management—exposed these families to the risk of illness and injury. Poor design and decades of neglect permitted drug trafficking and gang activity to flourish, creating environments dominated by high levels of violence. Extreme racial and economic segregation isolated residents from the larger community, relegating them to failing schools, ineffective police protection, and poor city services. Families that were employed or had other options were

largely driven out by the dreadful conditions, intensifying the economic segregation and isolation. Although some residents made heroic efforts to cope with their situation, forming strong networks of mutual support, there can be no doubt that these developments failed to meet even the most basic requirements for decent housing and that rehabilitation efforts alone were inadequate to address the myriad problems that had accumulated by the late 1990s.

In many cities, HOPE VI has replaced these distressed developments with new, high-quality housing and has spurred important innovations in design, management, and financing. For the first time, the federal government has implemented a mixed-income model at a meaningful scale—combining deeply subsidized rental housing with other affordable units and even market-rate housing. There have been some notable successes, such as Atlanta’s Centennial Place, Charlotte’s First Ward, Tucson’s Greater Santa Rosa, and Louisville’s Park DuValle developments. The new developments represent a radical departure from traditional public housing design, with most adopting “new urbanist” and “defensible space” design principles and building to the higher standards of the private market. Although these new developments cost more per unit to build than traditional public housing, there is good reason to expect this investment to pay off in terms of more viable communities and lower maintenance costs. HOPE VI has encouraged housing authorities to experiment with new management approaches, particularly private management and asset management. Perhaps most significant, it has encouraged housing authorities to develop innovative financing packages, and, for the first time, has allowed them to use new sources of public and private funding to support the development of subsidized housing. Finally, because of leveraging and the emphasis on mixed-income communities, HOPE VI has led to the creation of large numbers of affordable housing units both for rental and for home ownership. Although these units do not reach the lowest-income households, they do significantly expand quality options for low- and moderate-income households.

Through HOPE VI, many former public housing residents received vouchers and were able to relocate to better housing in safer neighborhoods. Further, contrary to many predictions, HOPE VI has not led to the clustering of very poor households with vouchers in most sites. Therefore, the HOPE VI experience demonstrates the value of vouchers and highlights their effectiveness as a tool for providing decent, affordable housing to very low-income families. As discussed below, this encouraging finding is tempered by evidence that most former residents of HOPE VI developments still live in neighborhoods that have poverty rates over 30 percent, are extremely racially segregated, and often face significant problems with crime. That former residents perceive themselves as substantially better off reflects the fact that they came from some of the most distressed developments in the country. Even so, the improvements are real and have important implications for the quality of residents’ lives.

Finally, HOPE VI has generated benefits for the neighborhoods that surrounded these distressed public housing developments. It is clear that distressed public housing developments had a blighting influence on the surrounding communities, discouraging businesses and developers from investing. In some HOPE VI sites—for example,

Charlotte's First Ward—the demolition of notoriously bad developments and their replacement with new, mixed-income housing has led to wider revitalization. In many cases, crime rates are dramatically lower. And in some sites, HOPE VI redevelopment has brought important new resources to the surrounding community. For example, the Atlanta housing authority made creating new, stronger schools part of their redevelopment plans. And in St. Louis, the developer and residents of Murphy Park pushed to renovate a school as part of the redevelopment. More commonly, HOPE VI revitalization has generated new community centers and revitalized parks and other community facilities.

These important achievements have already had profound effects on housing policy. In many communities, they have changed public perceptions about public housing and its desirability, and have engaged private-sector investors as well as state and local governments in the challenge of building and maintaining mixed-income communities. These successes have provided a much-needed boost for the housing community, which was in dire need of new energy and innovative ideas after years of highly visible public housing failures. And it is not unreasonable to anticipate that, over the long term, more positive attitudes about public and assisted housing could expand support for more resources.

But HOPE VI Needs Significant Improvement

While acknowledging the HOPE VI program's important successes, it is also necessary to recognize where the program needs to be improved. Our review of the evidence indicates that the most serious problems have involved the relocation of original residents. In addition, some sites have struggled with the basics of timely redevelopment planning and implementation.

Relocation planning and services have failed to meet the challenge at most HOPE VI sites, and some original residents have suffered as a result. The evidence from several studies indicates that housing authorities generally failed to plan adequately for relocation or to provide sufficient support to residents during the process. As a result, many original residents now live in other troubled public housing developments—in some cases, as bad as or worse than those they left. Some housing authorities have simply “lost” original residents through poor tracking or poor management of the relocation process. Even if residents chose to leave independently—because they had the means to do so, did not trust the housing authority to fulfill its promises of a better community, or feared they would not meet screening criteria for replacement housing—they were legally entitled to at least basic relocation assistance, and housing authorities were obligated to make the offer.

The experiences of residents who received vouchers have been mixed and could have been substantially improved with better planning and support. While most voucher holders have moved to better neighborhoods than their original developments, as noted above, they are generally still living in areas that are very poor and extremely racially segregated. Further, some former residents now living in the private market are struggling to pay the higher costs of rent and utilities. Others have had problems with unreliable landlords.

Because of these problems, some former residents who received vouchers have experienced considerable instability since relocation. Finally, in tight rental markets, some former residents have been unable to find housing with their vouchers. In the worst cases, these residents have ended up either remaining in bad public housing, doubled up with friends or family, or in homeless shelters.

The primary relocation options for the original residents of HOPE VI developments do not fully address the needs of “hard to house” families, who ended up in distressed public housing as the housing of last resort. These include several types of vulnerable families, including custodial grandparents, families with disabled members who need accessible units, large families, and “multiproblem” households with members who have mental and physical illnesses, substance abuse problems, or criminal records. These families often cannot meet the criteria for new, mixed-income developments—or in some cases, may be required to exclude certain family members if they want to return. Moreover, many of these households also have difficulty with the voucher program, including problems meeting the screening criteria of private landlords and adhering to private-market lease requirements. In some cases, therefore, a significant share of the families that had been relegated to severely distressed public housing need some form of service-enriched or supportive housing.

Finally, some housing authorities have failed to implement their HOPE VI redevelopment plans effectively. Most visibly, these implementation failures have led to long lag times between demolition and redevelopment, slow and inefficient expenditure of HOPE VI funds, and, in some cases, local political controversies and even litigation. While the situation has improved over time, it is easy for critics to point to early HOPE VI sites such as Chicago’s Cabrini-Green or Detroit’s Jeffries Homes that are still not complete after 10 years. Less visible, but equally important, have been the failures in relocation and community-supportive service planning, which have led to inadequate support for residents and less than optimal outcomes for many families.

Some HOPE VI Issues Cannot Be Resolved by Research

The evidence reviewed in this report points to important successes—and areas for improvement—for the HOPE VI program. However, it does not help to resolve all of the remaining debates about the impact of the HOPE VI program. Two of the biggest remaining areas of controversy concern the demolition of so much deeply subsidized housing and the appropriate targeting of limited affordable housing resources, particularly whether and how to serve the most troubled households. These debates involve fundamental values and reflect differing perspectives on the appropriate role for the federal government in providing assistance to needy households.

Has the HOPE VI program reduced the availability of deeply subsidized housing for the lowest-income households? As discussed in chapter 3, HOPE VI will demolish 94,600 units of public housing—units with deep, long-term federal subsidy commitments that made them affordable for the lowest-income renters. The research evidence clearly shows that, while HOPE VI has led to the creation of more *affordable* housing, the number of

deeply subsidized hard units has decreased—by 22 percent of occupied units and 49 percent of all units on the sites at the time of HOPE VI awards. Housing authorities are authorized under HOPE VI to apply for vouchers for units they did not replace. However, questions remain about whether the total number of deeply subsidized replacement units—including *both* “hard” units and vouchers—compensates fully for the loss of public housing units. Moreover, if the administration’s current proposals for changes in the voucher program are enacted, vouchers might not continue to provide the same kind of deep, permanent subsidy that they do now.

There are two very different perspectives on this issue. One argues that the distressed public housing targeted for demolition under HOPE VI was essentially uninhabitable. Even though federal money was flowing to housing authorities to subsidize these units, the housing was either uninhabitable or profoundly destructive to the families and children who lived in it. From this perspective, every unit of newly constructed or rehabilitated deeply subsidized housing and every replacement voucher represents a gain for very low-income families.

The opposing view argues that the original stock of public housing represented a critical resource for meeting very low-income needs, and that the federal government was obligated to restore all of these units to a decent standard of occupancy. From this perspective, the HOPE VI program may have permanently reduced the availability of deeply subsidized rental assistance, sacrificing the interests of poor families in favor of other priorities. In fact, some advocates argue that so-called “soft replacement” with vouchers is unsatisfactory, because vouchers are not as secure as hard units and require recipients to find and sustain housing in the private market.

Does HOPE VI have an obligation to address the housing needs of all original residents? As discussed earlier, neither mixed-income housing nor vouchers can effectively serve some of the most troubled households living in distressed public housing developments. The strict screening and management policies in new mixed-income developments—particularly the one-strike provision and work requirements—mean that many original residents will not qualify for the new housing. These troubled residents are also less likely to be able to use vouchers successfully—they will find it challenging to navigate the private market and may not be able to meet landlord screening criteria.

Some argue that it is not the responsibility of the public housing program to address the complex needs of these troubled residents. From this perspective, public and assisted housing is a limited resource and can legitimately be targeted to families that will respect and adhere to basic rules and regulations. Proponents of this view argue that many of the tenants who fail the new screening criteria were contributing to the crime, disorder, and distress in the original developments. Families are evicted or denied housing under one-strike only when someone in the household has shown evidence of involvement in drug trafficking or criminal activity. Therefore, those who hold this view argue that these families—or individuals—are not entitled to continued federal support.

However, there are equally strong arguments in favor of policies that aim to help *all* original residents make a successful transition and gain access to safe, decent housing. The majority of households in distressed public housing are families with children. New

policies that exclude the most troubled families may place these children at risk. Further, given the role that federal policies and managerial neglect played in creating the distress in public housing, some argue that HUD and local housing authorities must accept at least some responsibility for trying to help address residents' problems. Proponents of this perspective argue that, by investing in these families, we may be able to help improve outcomes for the next generation.

A Research Agenda for HOPE VI

Although we know a good deal about the impact of HOPE VI, our review of the available evidence, as well as discussion at the symposium, point to several critical areas where ongoing research is needed if we are to gain the full benefit from the HOPE VI experience and fully understand the implications for future housing policy. As discussed throughout this report, the HOPE VI experience is tremendously diverse, with some sites achieving dramatic successes while others struggle, and with some sites succeeding on some aspects of revitalization while failing in others. Ongoing research should take advantage of this diversity to learn more about specific strategies for success, the implications of differing market conditions for program design and implementation, challenges and barriers that stand in the way of achieving various program goals, and the long-term sustainability and payoffs from HOPE VI innovations.

The first group of research questions focuses on HOPE VI developments, particularly those that have implemented a mixed-income, mixed-finance model. We know that these models can work in the short term, but questions remain:

- What conditions are necessary for mixed-income models to succeed (including market and neighborhood factors, as well as development and management capacity issues)?
- Are mixed-income communities sustainable over the long term (are they able to continue to attract residents at a mix of income levels)?
- What are the long-term benefits and risks of private financing and management?
- Does high-quality design and construction pay off over the long term in reduced management and maintenance costs?

In addition to these questions about HOPE VI developments, research should continue to monitor and assess outcomes for low-income residents (including both current residents and original residents). More specifically:

- How do the original residents of HOPE VI developments fare over time (particularly with respect to mental and physical health, employment, and income)?
- Are the children of HOPE VI families (both original and current residents) enjoying quality educational outcomes?

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- What types of relocation services and supports work for different types of families?
 - What combinations of housing and supportive services address the needs of the most vulnerable families?

Finally, while the evidence to date suggests that HOPE VI redevelopment can contribute to the revitalization of the surrounding neighborhood, these processes clearly warrant further monitoring and analysis:

- Under what circumstances can public housing transformation trigger a broader neighborhood revitalization process?
- How do the surrounding neighborhoods fare over time and in differing market environments?
- What are the city and regional implications of targeting neighborhood revitalization resources around HOPE VI developments?

New Directions for Housing Policy

The evidence to date strongly supports the continuation of the HOPE VI approach as a means of improving outcomes for distressed developments, residents, and neighborhoods. That is, HUD should continue to provide a targeted redevelopment program that provides funds for both physical revitalization and supportive services. However, significant reforms are essential if the program is to fully realize its potential to improve the life circumstances of very low-income families. In particular, relocation and supportive services should be strengthened, and attention should be given to innovations such as “enhanced vouchers” that would provide long-term counseling and support in conjunction with housing assistance.

Over the coming decades, HUD must continue the process launched under HOPE VI of replacing distressed public housing developments. According to Kingsley and his colleagues (2004), the public housing inventory has continued to deteriorate over the past decade and tens of thousands of units still qualify as severely distressed. Moreover, federal housing policy should build on the successes of HOPE VI, extending the innovations in design, management, and financing to the public housing inventory more broadly, and possibly to the inventory of privately owned federally subsidized housing developments as well. Finally, the evidence to date also strongly supports the policy of continuing to provide vouchers to give families opportunities to obtain decent, affordable housing in neighborhoods of their choice.

At the same time, renewed attention should focus on addressing the housing needs of low-income households. Decent, stable housing in a healthy neighborhood is a key factor in protecting families’ health and well-being and in enabling them to take on the challenges of achieving self-sufficiency. When distressed public housing units are demolished, policymakers and advocates should carefully assess local market conditions and needs,

and plan for a sufficient combination of new units and vouchers to effectively serve low-income households. Although vouchers can be very effective (at least under the existing program rules), there continues to be a need for the production of deeply subsidized hard units, particularly in cities with tight rental markets.

Relocation services and supports must be improved. In particular, housing authorities should be required to provide adequate counseling and support so that residents are truly able to make informed choices about housing options and locations. HUD should also consider innovations such as an “enhanced” voucher, which would provide counseling to encourage moves to opportunity-rich areas, as well as long-term support to ensure a successful transition and progress toward self-sufficiency. Moreover, we need to expand the funding resources for options that target “hard to house” residents. These options include supportive housing for “grandfamilies” and households with disabled members, as well as transitional housing for troubled families, and Single Room Occupancy (SRO) housing for single adults.

Finally, policymakers and practitioners need to explicitly recognize and address the challenges minorities face in the housing market. Racial segregation, prejudice, and discrimination limit options even for higher-income minorities; public housing residents face all of those challenges as well as discrimination against families that come from housing developments with bad reputations, and against public assistance recipients more broadly. For ongoing revitalization efforts to maximize the benefits for original residents, housing authorities must conduct effective outreach to landlords in white communities, address bias against the voucher program, aggressively enforce fair housing laws, and ensure that families are aware of their rights.

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A Roof over Their Heads: Changes and Challenges for Public Housing Residents

The Urban Institute's "A Roof Over Their Heads: Changes and Challenges for Public Housing Residents" research initiative examines the impact of the radical changes in public housing policy over the past decade. A major focus is how large-scale public housing demolition and revitalization has affected the lives of original residents. A second key area of interest is the impact of neighborhood environments on outcomes for public housing families. A third focus is evaluating strategies for promoting mobility and choice for assisted housing residents.



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