

Everywhere and Now Public Housing Residents Organizing Nationally Together (ENPHRONT)

Testimony by Joan Walker Frasier (on behalf of Ed Williams)

on

House Resolution H.R. 1614 – the HOPE VI Program Reauthorization and
Small Community Mainstreet Rejuvenation and Housing Act of 2003

House Subcommittee on Housing and Community Opportunity

April 29, 2003

Goodafternoon: My name is Joan Walker Frasier and I'm testifying this afternoon on behalf of Ed Williams, President of the national organization of public housing residents, ENPHRONT. I'm a public housing resident in Atlantic City, New Jersey, an Executive Committee member of the Jeffries Tower Residents Organization and an ENPHRONT state delegate.

Before I address particular provisions of the bill, I want to first express ENPHRONT's strong position that there not be further reductions in the overall public housing appropriation account. Second, the HOPE VI program should be refunded and reauthorized. However, a reauthorized program can only be effective and serve its true purpose if comprehensive reforms are made to address issues related to replacement housing, resident participation, relocation and the overall impact of HOPE VI on families residing in distressed public housing. In lieu of a reformed and refunded HOPE VI, appropriators should be urged to shift to the public housing Capital Fund an amount equal to the FY 2003 HOPE VI appropriation. Further, it's important to understand that a reformed HOPE VI will only work if Congress adequately funds the public housing Capital and Operating Funds in order to prevent further deterioration of the public housing stock.

ENPHRONT, in conjunction with the Center for Community Change (CCC), recently completed a multi-city survey of residents' experiences under HOPE VI. The comments below aim to address residents' concerns about the program and their strong desire to see HOPE VI substantially reformed.

Align the HOPE VI Program with the original goals and recommendation set forth by the National Commission on Severely Distressed Public Housing (NCSDPH).

In reauthorizing HOPE VI, it is imperative that Congress align the program with the original goals and recommendations for a revitalization program set forth by the National Commission on Severely Distressed Public Housing (NCSDPH) in its 1992 Final Report. The Commission's Final Report, among other things, emphasized that developments were to be revitalized and preserved through rehabilitation and replacement housing. The

Commission did not place heavy emphasis on demolition as a necessary activity to treat distressed properties.

The Commission also expressed support for replacing distressed public housing units with hard units that would be deeply subsidized. Still further, the Commission recommended that equal and significant attention be given to both the human and physical conditions of distressed public housing properties.

HOPE VI, as we now know it, has strayed away from its original purpose. And if the program is to be reformed, it must be realigned with what residents, housing experts and others who served on the Commission envisioned it to be.

Definition of Severely Distressed

ENPHRONT believes that another important step in reforming HOPE VI is to define, concretely and consistently, the term “severely distressed.” Research shows that the term has had at least a dozen definitions since 1989. The looseness and lack of consistency of the definition, along with the lack of reliable data on the condition of properties, has made it nearly impossible to identify with any certainty the number of properties in true distress.

The definition problem has also resulted in housing agencies participating in HOPE VI as a way of addressing other interests, such as major capital improvement needs or to compliment broader community development strategies. While these interests may be valid, the HOPE VI program was not meant to be a substitute for the public housing Capital Fund or a neighborhood revitalization program. And admittedly, this concern about non-distressed properties participating in HOPE VI is heightened considering the fact that participation in the HOPE VI program almost always results in a net loss of hard units that are affordable to extremely low-income families.

ENPHRONT believes that the broader problem here is a lack of resources. To address the problem, we reemphasize the importance of Congress adequately funding the public housing Capital and Operating Funds. In addition, we recommend that HUD be required to develop a clear definition of “severely distressed” that reflects the opinions of residents, advocates, Public Housing Agencies (PHAs) and housing experts. A revised definition, among other things, should factor into a property assessment whether the housing agency has taken all reasonable steps to maintain the property. The revised definition should also ensure that HOPE VI focuses solely on “severely distressed” properties. Finally, HUD should be required to create and maintain a list identifying properties that are severely distressed based on the new definition. This requirement should not preclude HUD from delivering to Congress a list of distressed properties (based on the current definition) due by June 15, 2003 and required by the FY 2002 VA/HUD appropriation enactment.

Replacement Housing

The loss of public housing units under HOPE VI is another major area of concern. ENPHRONT strongly believes that the program should not result in the net loss of hard units in the metropolitan housing market that are affordable and targeted to extremely low-income households. ENPHRONT's definition of affordable are units that receive operating support to reduce rents to 30% of median income and are subject to low-income use restrictions for a period of time close to or comparable to public housing use restrictions.

Numerous research findings indicate that the major housing problem in this country is one of affordability, particularly for those households at or below 30% of median income. ENPHRONT believes that if HOPE VI cannot be a vehicle for producing more hard units affordable to households in this income bracket, it certainly should not be an instrument for reducing the inventory of units affordable to these households. There are several ways to reform HOPE VI in order to address this and other concerns.

First, a reformed program should allow HOPE VI funds to be used in conjunction with project-based vouchers in order to facilitate the production of more hard replacement units. In addition, reforms should remove other barriers to combining HUD funds, including the bar on combining Project-based Vouchers and public housing Capital Fund subsidies.

Second, replacement units should be required to be constructed on the HOPE VI site or in other neighborhoods within the metropolitan area with services and amenities equal to or better than that of the redeveloped site.

Finally, homeownership units should be counted as replacement housing only if original residents of a property impacted by HOPE VI qualify for a mortgage to buy them.

Reoccupancy

ENPHRONT is also concerned about how few residents return to revitalized communities. We believe that residents living at an impacted property anytime in the one year period preceding submission of a HOPE VI application and who remain public housing residents or receive voucher assistance should have the right to live in units developed under HOPE VI. These units must be affordable and properly sized. In addition, a PHA's application and redevelopment plan must provide for sufficient units to meet this requirement.

If housing agencies are concerned about the behavior of particular residents and do not want them to return to a revitalized unit, under their lease agreements and eviction procedures, they have the means to deal with such matters. Enhanced screening and readmission policies should not be a tool used to select households deemed "worthy" of returning to the revitalized community (on-site or off-site). Because the purpose of

HOPE VI is to address the needs of distressed properties and families, all original households should automatically be deemed “worthy” of returning if they choose to.

PHAs, through high quality supportive service programs, can ensure that residents have all the support necessary (i.e., financial management training, etc.) in order to return to revitalized communities.

Still another way to facilitate more original families returning to revitalized communities is to require (as a threshold) that ACC units be reserved for families with incomes at or below 30% of median income for mixed-income/mixed-finance HOPE VI projects with substantial numbers of non-public housing units.

Not excluding the recommendations above, HR 1614 would be substantially improved by adding to the selection criteria an element that looks at the extent to which a plan evidences that all reasonable steps will be taken, including establishing reoccupancy criteria prior to relocation, to ensure that the maximum number of existing residents will be offered a priority for and are encouraged to reoccupy dwelling units in the revitalized community.

Resident Participation

Resident participation is another area where reform is needed. ENPHRONT believes that there must be early, meaningful, and on-going participation by residents of impacted properties in the HOPE VI application and implementation process. Such participation helps to increase support (and reduce conflict) for redevelopment projects. It also ensures that revitalized communities reflect the needs of the impacted families for whom HOPE VI was meant to serve. Existing HOPE VI requirements fail to ensure that residents are engaged in the HOPE VI process in any meaningful way. H.R. 1614 attempts to address this concern by requiring “ongoing” participation in the redevelopment process. However, other reforms are needed if resident participation is to be truly meaningful.

First, Section 2, subsection 3(D) of HR 1614 should be amended to add “the extent of early and sustained involvement” to the current language regarding “on-going” resident and community participation.

Second, HUD should be required to develop a regulation governing resident participation in the HOPE VI process. The process to develop this regulation should be subject to the notice and comment period required under federal rulemaking procedures. In addition, the regulation should incorporate and make mandatory elements of HUD’s existing guidance document on “Resident and Community Involvement” in HOPE VI. These elements include language that suggests that PHAs involve residents in the HOPE VI planning process “a year or more before submission” of the application.

Third, housing agencies should be required to set aside in each grant award at least \$50,000 to be provided to resident organizations to enable them to retain independent technical support. Agencies should be required to match this amount with \$10,000 to

enable the resident organization, prior to submission of the application, to effectively engage in the planning process.

Fourth, even though current HOPE VI rules do not grant residents veto power over redevelopment plans, all impacted residents should be allowed to vote on an agency's final draft redevelopment plan in order to ensure broad resident participation in the redevelopment process and as a way of gauging resident support for the project.

Finally, a reformed HOPE VI program must ensure that households residing in public housing units have the right to establish a duly-elected public housing resident council for the revitalized property, particularly in the case of mixed-income/mixed-finance communities. PHAs should be required to recognize any public housing resident council formed in accordance with HUD resident participation rules (CFR 964).

Relocation

In the area of relocation, consistent with the HOPE VI requirement of an "improved living environment," PHAs should be required to go beyond Uniform Relocation Act (URA) requirements in order to reduce the physical and emotional strain of relocation. Specifically, relocation in stages, one-on-one counseling and high quality mobility and relocation services should be a threshold requirement.

Second, housing agencies should be required to track all original residents of affected properties. This tracking requirement should apply to all residents residing at the property one-year prior to the submission of the HOPE VI application, especially residents no longer receiving housing assistance and voucher tenants. Housing agencies should be required to track these residents for a minimum of two years.

Third, HUD should be required to strike from any future Notice of Funding Availability (NOFA) the provision that awards points to PHAs that relocate residents of an impacted property prior to submission of a HOPE VI application.

Finally, in addition to the above recommendations, HR 1614 can be improved by amending Section 2, subsection J to require that applications be evaluated based on the "extent to which the plan provides Community and Supportive Services to residents prior to relocation."

Supportive Services

Supportive services are a crucial part of restoring distressed public housing communities. True revitalization can only happen when both property and human needs are addressed with equal commitment. To this end, PHAs should be required to begin Community and Supportive Services activities prior to relocation. The reason is so that residents can begin benefiting from services well before the physical and emotional strains of relocation. Further, all impacted residents, regardless of where they are relocated to, should benefit from Community and Supportive Services programs.

In reforming HOPE VI, a minimum threshold should be set for the amount of resources (either from the HOPE VI grant or through leveraging) a PHA is required to invest in CSS activities. Ideally, the current cap of 15% of the HOPE VI grant should become the floor. Further, PHAs should be given an incentive to link residents with services already in the community and to leverage foundation funds and other non-federal monies.

Lastly, HUD should be required to link the HOPE VI program with grant programs operated by other Cabinet level departments so that more of HUD's funding can be used for costs related to replacement housing and relocation, while other agencies fund supportive service activities.

Public access to information/documents on the performance of local grants and the overall HOPE VI program.

HUD should be required to make available on-line information/documents on the performance of local grants and the overall HOPE VI program. These documents should include grant applications, grant agreements, revitalization and relocation plans as well as quarterly progress reports and national aggregate summary reports of quarterly progress report data.

ENPHRONT acknowledges the work of the Center for Community Change, National Housing Law Project, National Low Income Housing Coalition, Poverty and Race Research Action Council and Sherwood Research Associates as a basis for preparing this testimony.