

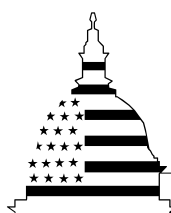
GAO

Report to the Ranking Minority Member,
Subcommittee on Housing and
Transportation, Committee on Banking,
Housing, and Urban Affairs, U.S. Senate

November 2003

PUBLIC HOUSING

HOPE VI Resident Issues and Changes in Neighborhoods Surrounding Grant Sites



G A O

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Highlights of [GAO-04-109](#), a report to Ranking Minority Member, Subcommittee on Housing and Transportation, Committee on Banking, Housing, and Urban Affairs, U.S. Senate

Why GAO Did This Study

Congress established the HOPE VI program in 1992 to revitalize severely distressed public housing by demolition, rehabilitation, or replacement of sites. In fiscal years 1993–2001, the Department of Housing and Urban Development (HUD) awarded approximately \$4.5 billion for 165 HOPE VI revitalization grants to public housing authorities (grantees). GAO was asked to examine (1) the types of housing to which the original residents of HOPE VI sites were relocated and the number of original residents that grantees expect to return to the revitalized sites, (2) how the fiscal year 1996 grantees have involved residents in the HOPE VI process, and (3) how the neighborhoods surrounding the 20 sites that received HOPE VI grants in fiscal year 1996 have changed.

PUBLIC HOUSING

HOPE VI Resident Issues and Changes in Neighborhoods Surrounding Grant Sites

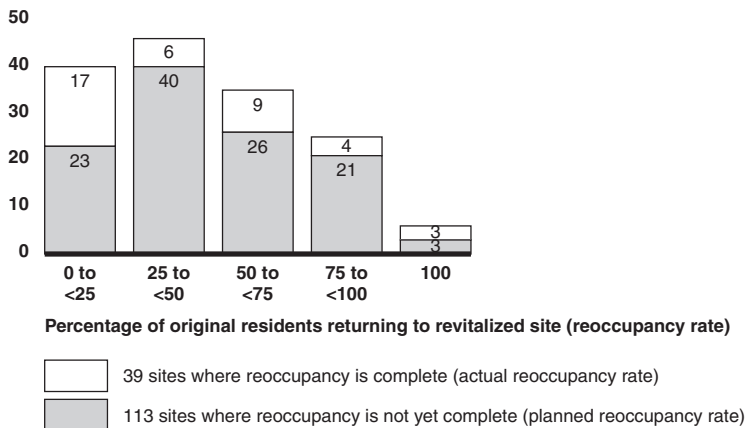
What GAO Found

The largest percentage of the approximately 49,000 residents that had been relocated from HOPE VI sites, as of June 30, 2003, were relocated to other public housing, and about half were expected to return to the revitalized sites. Although grantees, overall, expected 46 percent of relocated residents to return, the percentage of original residents that were expected to return (or the reoccupancy rate) varied greatly from site to site.

The level of resident involvement in the HOPE VI process varied at the 1996 sites. While all of the 1996 grantees held meetings to inform residents about revitalization plans and solicit their input, some took additional steps to involve residents. For example, in Tucson, the housing authority submitted the revitalization plan for the Connie Chambers site to the city council for approval only after the residents had voted to approve it.

The neighborhoods in which 1996 HOPE VI sites are located generally have experienced improvements in indicators such as education, income, and housing, although GAO could not determine the extent to which the HOPE VI program contributed to these changes. In a comparison of four 1996 HOPE VI neighborhoods to four comparable neighborhoods, mortgage lending activity increased to a greater extent in three of the HOPE VI neighborhoods. But, a comparison of other variables (such as education and new construction) produced inconsistent results, with HOPE VI neighborhoods experiencing both greater positive and negative changes than comparable neighborhoods.

Planned and Actual Reoccupancy at HOPE VI Sites
Number of HOPE VI sites



Source: GAO.

Note: This figure is based on GAO analysis of data from HUD’s HOPE VI reporting system (as of June 30, 2003). We excluded 10 of the 165 sites from our analysis because they did not involve relocation and an additional 3 sites because the reoccupancy data reported as of June 30, 2003 was incorrect.

www.gao.gov/cgi-bin/getrpt?GAO-04-109.

To view the full product, including the scope and methodology, click on the link above. For more information, contact David G. Wood at (202) 512-8678 or woodd@gao.gov.

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Abbreviations

GED	General Educational Development
HMDA	Home Mortgage Disclosure Act
HUD	Department of Housing and Urban Development
PHA	public housing authority
NOFA	notice of funding availability

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United States General Accounting Office
Washington, D.C. 20548

November 21, 2003

The Honorable Jack Reed
Ranking Minority Member
Subcommittee on Housing
and Transportation
Committee on Banking, Housing,
and Urban Affairs
United States Senate

Dear Senator Reed:

The public housing program began in the late 1930s and 1940s as a means to provide temporary housing for the working poor. By the 1960s and 1970s, public housing had become the housing of last resort. Over time, some of the nation's public housing became old and deteriorated, leaving residents to live in unsafe and unsanitary conditions. In 1989, Congress formed the National Commission on Severely Distressed Public Housing (the Commission) and tasked it with proposing a national action plan to eradicate severely distressed public housing by the year 2000. In 1992, the Commission reported that approximately 86,000, or 6 percent, of the nation's public housing units were severely distressed—characterized by physical deterioration and uninhabitable living conditions; high levels of poverty; inadequate and fragmented services; institutional abandonment; and location in neighborhoods often as blighted as the sites themselves. Therefore, the Commission recommended increased funding for support services to residents of severely distressed public housing, resident participation in revitalization efforts, and revitalization consistent with any occurring in surrounding neighborhoods.

In response to the Commission's report, Congress, in October 1992, established the Urban Revitalization Demonstration Program, commonly known as HOPE VI, which is administered by the Department of Housing and Urban Development (HUD). By providing funds for a combination of capital improvements and supportive services, such as child care and job training, HOPE VI seeks to fulfill its legislative goals of (1) improving the living environment for public housing residents of severely distressed public housing through the demolition, rehabilitation, reconfiguration, or replacement of obsolete public housing; (2) revitalizing sites on which such public housing is located and contributing to the improvement of the surrounding neighborhood; (3) providing housing that will avoid or decrease the concentration of very low-income families; and (4) building

sustainable communities. In fiscal years 1993-2001, HUD awarded approximately \$4.5 billion in HOPE VI revitalization grants to 98 public housing authorities (grantees) for 165 sites.¹

You requested that we comprehensively review the HOPE VI program. Because of the scope of the request, we agreed with your office to provide the information in a series of reports. The first report, issued in November 2002, discussed the financing of HOPE VI sites.² The second report, issued in May 2003, described HUD's management of the HOPE VI program.³ This third and final report focuses on the effect that the HOPE VI program has had on residents and the neighborhoods surrounding HOPE VI sites. Specifically, as agreed with your office, this report examines (1) the types of housing to which the original residents of HOPE VI sites were relocated and the number of original residents that grantees expect to return to the revitalized sites, (2) how the fiscal year 1996 grantees have involved residents in the HOPE VI process, (3) the types of community and supportive services that have been provided to residents and the results achieved, and (4) how the neighborhoods surrounding the sites that received HOPE VI grants in fiscal year 1996 have changed.⁴

¹HUD did not award the 28 fiscal year 2002 revitalization grants until March 2003; therefore, they are not covered in this report. HUD also has awarded about \$15 million in HOPE VI planning grants and approximately \$336 million in HOPE VI demolition grants, but they are not the focus of this report.

²U.S. General Accounting Office, *Public Housing: HOPE VI Leveraging Has Increased, but HUD Has Not Met Annual Reporting Requirement*, [GAO-03-91](#) (Washington, D.C.: Nov. 15, 2002).

³U.S. General Accounting Office, *Public Housing: HUD's Oversight of HOPE VI Sites Needs to Be More Consistent*, [GAO-03-555](#) (Washington, D.C.: May 30, 2003).

⁴The 1996 grantees and sites are as follows: Housing Authority of the City of Atlanta (Heman E. Perry Homes); Housing Authority of Baltimore City (Hollander Ridge); Charlotte Housing Authority (Dalton Village); Chester Housing Authority (Lamokin Village); Chicago Housing Authority (Henry Horner Homes, ABLA Homes—Brooks Extension, and Robert Taylor Homes B); Cuyahoga Metropolitan Housing Authority (Riverview and Lakeview Terraces); Detroit Housing Commission (Herman Gardens); Holyoke Housing Authority (Jackson Parkway); Jacksonville Housing Authority (Durkeeville); Housing Authority of Kansas City, Missouri (Theron B. Watkins Homes); Housing Authority of Louisville (Cotter and Lang Homes); Housing Authority of New Orleans (St. Thomas); New York City Housing Authority (Arverne and Edgemere Houses); Housing Authority of the City of Pittsburgh (Bedford Additions); San Francisco Housing Authority (North Beach); Spartanburg Housing Authority (Tobe Hartwell Courts and Tobe Hartwell Extension); Tucson Community Services Department (Connie Chambers); and Wilmington, North Carolina Housing Authority (Robert S. Jervay Place).

To address these objectives, we first obtained and analyzed information from HUD's HOPE VI reporting system on the 165 revitalization grants awarded through fiscal year 2001, including relocation, reoccupancy (the movement of some original residents to completed units), and community and supportive services data. Second, we visited the 18 housing authorities that were awarded revitalization grants in fiscal year 1996 and interviewed resident representatives at 19 of the 20 sites.⁵ We selected the 1996 grants because they were the first awarded after HUD issued a rule allowing revitalization to be funded with a combination of public and private funds, which has become the HOPE VI model. Third, to determine how neighborhoods have changed, we analyzed Census and Home Mortgage Disclosure Act (HMDA) data and reviewed crime data summaries.⁶ Finally, we interviewed the HUD headquarters officials responsible for administering the program. We assessed the reliability of the HUD, Census, HMDA, and summary crime data we used by reviewing information about how the data were collected and performing electronic testing to detect obvious errors in completeness and reasonableness. We determined that the data were sufficiently reliable for the purposes of this report.

We performed our work in Washington, D.C. and other U.S. cities from November 2001 to October 2003 in accordance with generally accepted government auditing standards. Appendixes I and II provide additional details on our scope and methodology.

Results in Brief

The largest percentage of residents at sites that received HOPE VI grants were relocated to other public housing, and grantees expect that about half of the original residents will return to the revitalized sites. According to HUD data, approximately 50 percent of the almost 49,000 residents that had been relocated as of June 30, 2003, were relocated to other public housing; about 31 percent used vouchers to rent housing in the private market; approximately 6 percent were evicted; and about 14 percent moved

⁵At 16 sites, we interviewed resident leaders. At three sites, we could not interview resident leaders because there was no resident council. Instead, we interviewed individuals that the housing authority identified as residents of the original site. At the remaining site, despite repeated attempts, we were not able to interview the resident leader.

⁶HMDA requires certain financial institutions, including banks, savings associations, credit unions, and other mortgage lending institutions, to submit loan data to the Federal Financial Institutions Examination Council. Data collected includes the number of mortgage loans originated by census tract.

without giving notice or vacated for other reasons.⁷ Because HUD did not require grantees to report the location of original residents until 2000, grantees have lost track of some original residents. Although grantees, overall, expect 46 percent of all the residents that occupied the original sites to return to the revitalized sites, the percentage varies greatly from site to site. For example, the planned or actual reoccupancy rate is less than 25 percent at 40 sites and 75 percent or greater at 31 sites. Additionally, the percentage of residents expected to return has decreased over time. As of September 30, 1999 (the earliest date for which we could obtain data), fiscal year 1993–1998 grantees estimated that 61 percent of the original residents would return to the revitalized sites. By June 30, 2003, the same grantees estimated that 44 percent of the original residents would return. A variety of factors may affect the expected return rates, such as the numbers and types of units to be built at the revitalized site and the criteria used to select the occupants of the new public housing units.

The extent to which the 1996 grantees involved residents in the HOPE VI process varied. All of the 1996 grantees held meetings to inform residents about revitalization plans and solicit their input. However, some of them took additional steps to involve residents in the HOPE VI process. For example, in Tucson, the housing authority waited until the residents had voted their approval before submitting the revitalization plan for the Connie Chambers site to the city council. In other cases, litigation or the threat of litigation ensured resident involvement. For instance, under a settlement agreement, the Chicago Housing Authority's decisions regarding the revitalization of Henry Horner Homes are subject to the approval of the Horner Resident Committee.

Grantees overall have provided a variety of community and supportive services to residents under the HOPE VI program; limited HUD data and information collected during our site visits suggest that the services have yielded at least some positive outcomes. Services provided include case management (in which case managers assess the needs of each family and make referrals to appropriate service providers) and direct services such as computer and job training. According to HUD data on the 165 sites awarded grants through fiscal year 2001, about 55 percent of the residents that had enrolled in job skills training programs since the inception of HOPE VI had completed the programs as of June 30, 2003, and over 1,000 residents obtained jobs in the second quarter of 2003. Also, 22 percent of

⁷Percentages do not add to 100 because of rounding.

the community and supportive services caseload, which consisted of about 53,000 residents, was employed as of June 30, 2003. However, we cannot determine the extent to which the employment was a result of these services.

According to our analysis of census, HMDA, and crime data, the neighborhoods in which 1996 HOPE VI sites are located have generally experienced improvements in indicators such as education, income, and housing, although we cannot determine the extent to which HOPE VI contributed to these changes. For example, in 18 of these 20 neighborhoods, the percentage of the population with a high school diploma increased, in 13 neighborhoods average housing values increased, and in 14 neighborhoods the poverty rate decreased between 1990 and 2000. To better isolate the effects of the HOPE VI program, we compared each of four neighborhoods in which HOPE VI sites are located with a local neighborhood in which a comparable public housing site is located. The HOPE VI neighborhoods showed greater improvements in some indicators, but not all. For example, mortgage lending activity increased in three of the four HOPE VI neighborhoods to a greater extent than in the comparable neighborhoods. In contrast, new housing construction increased to a greater extent in two of the four HOPE VI neighborhoods than in the comparable neighborhoods, but it decreased in one of the HOPE VI neighborhoods between 1990 and 2000 to a greater extent than in the comparable neighborhood. The HOPE VI program may also influence changes in neighborhood indicators by demolishing old public housing alone. For example, in the six HOPE VI neighborhoods where the original public housing units have been demolished, but no on-site units have been completed, educational attainment and income levels increased. Several studies conducted by universities and private institutions also showed that the neighborhoods in which HOPE VI sites are located have experienced improvements in key indicators.

We provided a draft of this report for HUD's review. HUD stated that it regards our study as an important tool in its continuing efforts to improve the HOPE VI program.

Background

HUD's requirements for HOPE VI revitalization grants are laid out in each fiscal year's notice of funding availability (NOFA) and grant agreement.⁸ NOFAs announce the availability of funds and set forth application requirements and the selection process. Grant agreements are executed between each grantee and HUD and specify the activities, key deadlines, and documentation that grantees must meet or complete. Both NOFAs and grant agreements also contain guidance on resident involvement in the HOPE VI process. For example, the fiscal year 2002 NOFA stated that residents and the broader community should be involved in the planning, proposed implementation, and management of revitalization plans. In additional guidance on resident involvement, HUD encourages grantees to communicate, consult, and collaborate with affected residents and the broader community through resident councils, consultative groups, newsletters, and resident surveys. HUD's guidance states that residents should be included in all phases of HOPE VI development, but also states that grantees have the final decision-making authority.

The majority of HOPE VI grants involve the relocation of residents from a public housing site prior to demolition or rehabilitation. Grantees must conduct the relocation process in accordance with laws such as the Uniform Relocation Act and HUD guidance.⁹ Before the relocation process can begin, the grantee must develop a HOPE VI relocation plan that includes the number of families to be relocated, a description of the counseling and advisory services to be offered to families, a description of housing resources that will be used to relocate families, an estimate of relocation costs, and an example of the notice the grantee will provide to residents concerning relocation. Residents are generally given three basic relocation options: (1) using a housing choice voucher (formerly Section 8)

⁸The HOPE VI program's authorization is found at 42 U.S.C. 1437v. HUD had planned to develop regulations for the HOPE VI program but, as of March 2002, had withdrawn its plans to do so.

⁹The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) was enacted to protect the rights of tenants, homeowners, and nonresidential tenants and owners who are displaced as a result of federally funded projects for rehabilitation, acquisition, or demolition of real property. The URA requires that displaced tenants be provided with assistance and services to help them in reestablishing themselves in a comparable residential situation.

to move into the private market, (2) moving to a different public housing site, or (3) leaving federally assisted housing.¹⁰

Revitalized HOPE VI sites often contain fewer public housing units and have more stringent screening criteria. HUD guidance states that grantees must collaborate with residents and other stakeholders to establish criteria that residents must meet in order to return to the site. Residents are not guaranteed that they will automatically return to the site. Typically, grantees offer original residents who remain in good standing the first priority right to return to the revitalized site.

Grantees must offer community and supportive services—such as child care, transportation, job training, job placement and retention services, and parenting classes—to all original residents, regardless of their intention to return to the revitalized site. HUD guidance states that services for original residents should begin as soon as possible following the grant award and help residents make progress toward self-sufficiency. Additionally, HUD guidance suggests that grantees offer residents community and supportive services that are specifically designed to help them meet the criteria for their return to the revitalized site. New households that move to the revitalized site also are eligible to receive services. HUD guidance emphasizes that HOPE VI grantees should use case managers to assess the needs and circumstances of residents and then make appropriate referrals to a range of service providers. Grantees must submit to HUD a community and supportive services plan that contains a description of the supportive services that will be provided to residents, proposed steps and schedules for establishing arrangements with service providers, plans for actively involving residents in planning and implementing supportive services, and a system for monitoring and tracking the performance of the supportive services programs, as well as resident progress.

¹⁰The housing choice voucher program is the federal government's main program for assisting very low-income families in renting housing in the private market. Housing assistance is provided on behalf of the family or individual, and participants find their own housing using the voucher. Vouchers are administered locally by public housing authorities, which receive federal funds from HUD to administer the program.

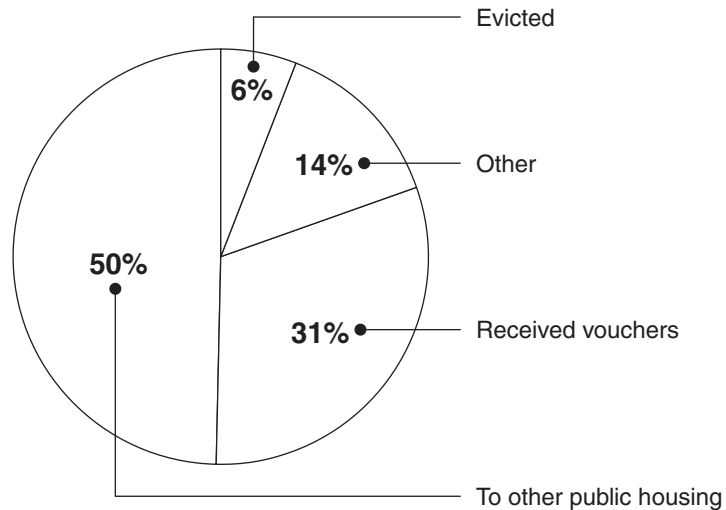
Largest Percentage of Original Residents Were Relocated to Other Public Housing, and About Half Are Expected to Return to HOPE VI Sites

According to HUD data, the largest percentage of residents living at HOPE VI sites were relocated to other public housing. Because HUD has not always required grantees to track original residents during the development process, housing authorities lost track of some original residents. Overall, grantees estimated that 46 percent of the original residents would return to the revitalized sites. However, the percentage of original residents expected to return varied greatly from site to site. Several factors may affect planned and actual reoccupancy rates, including the planned mix of units and the criteria used to screen the occupants of the new units.

Half of Original Residents Relocated to Other Public Housing

As shown in figure 1, a majority of the almost 49,000 residents that had been relocated from HOPE VI sites, as of June 30, 2003, moved to other public housing (about 50 percent) or received vouchers (about 31 percent). Additionally, approximately 6 percent were evicted, and about 14 percent were classified as “other,” which includes either residents who moved without giving notice or who moved out of public housing. Grantees lost track of some original residents for a number of reasons. HUD did not emphasize the need to track original residents until 1998 and did not require grantees to report the location of residents until 2000. Also, four of the 1996 grantees we interviewed stated that it was difficult to track residents who had left federally-assisted housing (i.e., were no longer in public housing or using a voucher.)

Figure 1: Initial Relocation of HOPE VI Residents



Source: GAO.

Note: This figure is based on GAO analysis of data from HUD's HOPE VI reporting system (as of June 30, 2003). Percentages do not add to 100 because of rounding.

In a June 2002 report to Congress, HUD acknowledged that efforts to track original residents during the development process had been uneven and stated that the agency and grantees were working to improve resident tracking.¹¹ All but one of the 1996 grantees developed some means of tracking original residents, although three stated that they only tracked a subset of original residents, such as those still in public housing or using a voucher.¹² The Housing Authority of Louisville created a database to track residents and used it to determine the status of the 1,304 families that resided at Cotter and Lang Homes prior to relocation. The housing authority concluded that 65 percent had been relocated to other public housing or given vouchers, and 33 percent had vacated Cotter or Lang prior

¹¹U.S. Department of Housing and Urban Development, *HOPE VI: Best Practices and Lessons Learned 1992-2002* (Washington, D.C.: June 14, 2002).

¹²The residents at one site had not yet been relocated as of June 30, 2003; therefore, there was no need for the housing authority to track them.

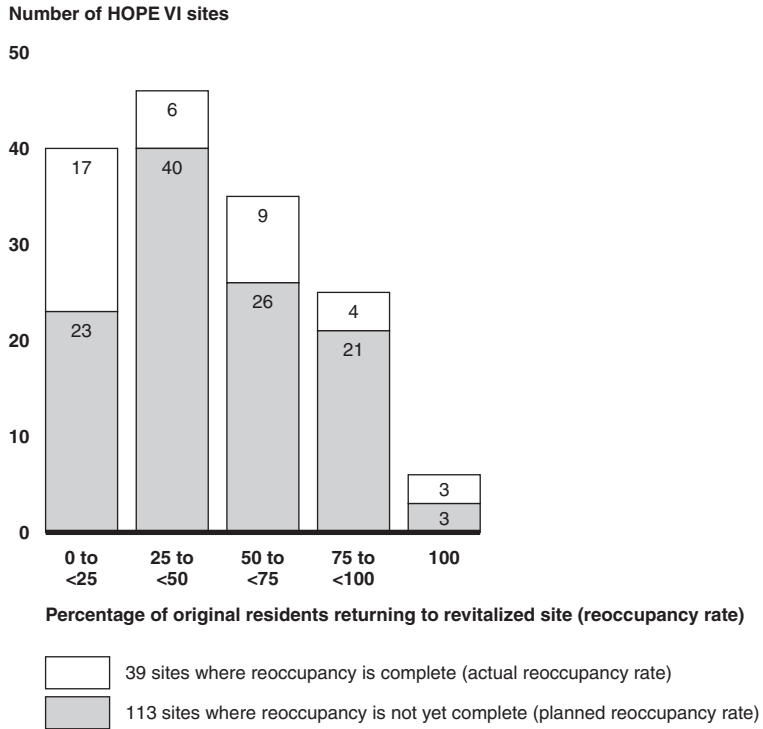
to being relocated.¹³ It could not determine if the remaining 2 percent had been relocated or vacated prior to relocation. In addition, two 1996 grantees took steps to locate original residents with whom they had lost contact. The Chicago Housing Authority hired a consultant to help it find relocated residents. To track down those original residents that did not remain in public housing or take a voucher, the Spartanburg Housing Authority posted public notices stating that the authority was trying to track down original residents and held meetings to get their addresses.

Various Factors May Affect the Return Rate for Original Residents

Overall, grantees estimated that 46 percent of all the original residents of HOPE VI sites would return to the revitalized sites. However, as shown in figure 2, the percentage of original residents that were expected to return varied greatly from site to site. For example, at the 113 sites where reoccupancy was not yet complete, the planned reoccupancy rate was less than 25 percent at 23 sites; in contrast, the planned rate was 75 percent or greater at 24 sites. At the 39 sites where reoccupancy was complete, the actual reoccupancy rate was less than 25 percent at 17 sites and 75 percent or greater at 7 sites. Also, the percentage of residents that were expected to return decreased over time. As of September 30, 1999 (the earliest date for which we could obtain data), fiscal year 1993–1998 grantees estimated that 61 percent of the original residents would return to the revitalized sites. By June 30, 2003, the same grantees estimated that 44 percent of the original residents would return.

¹³The 33 percent that vacated prior to being relocated included families that were evicted for nonpayment of rent or drug involvement, families that moved without notice, and families that left the city.

Figure 2: Planned and Actual Reoccupancy at HOPE VI Sites



Source: GAO.

Note: This figure is based on GAO analysis of data from HUD’s HOPE VI reporting system (as of June 30, 2003). We excluded 10 sites from our analysis because they did not involve relocation. For example, at several sites, relocation was completed prior to the grant award and was not reported as part of the development process. We excluded an additional 3 sites because the reoccupancy data reported as of June 30, 2003 was incorrect.

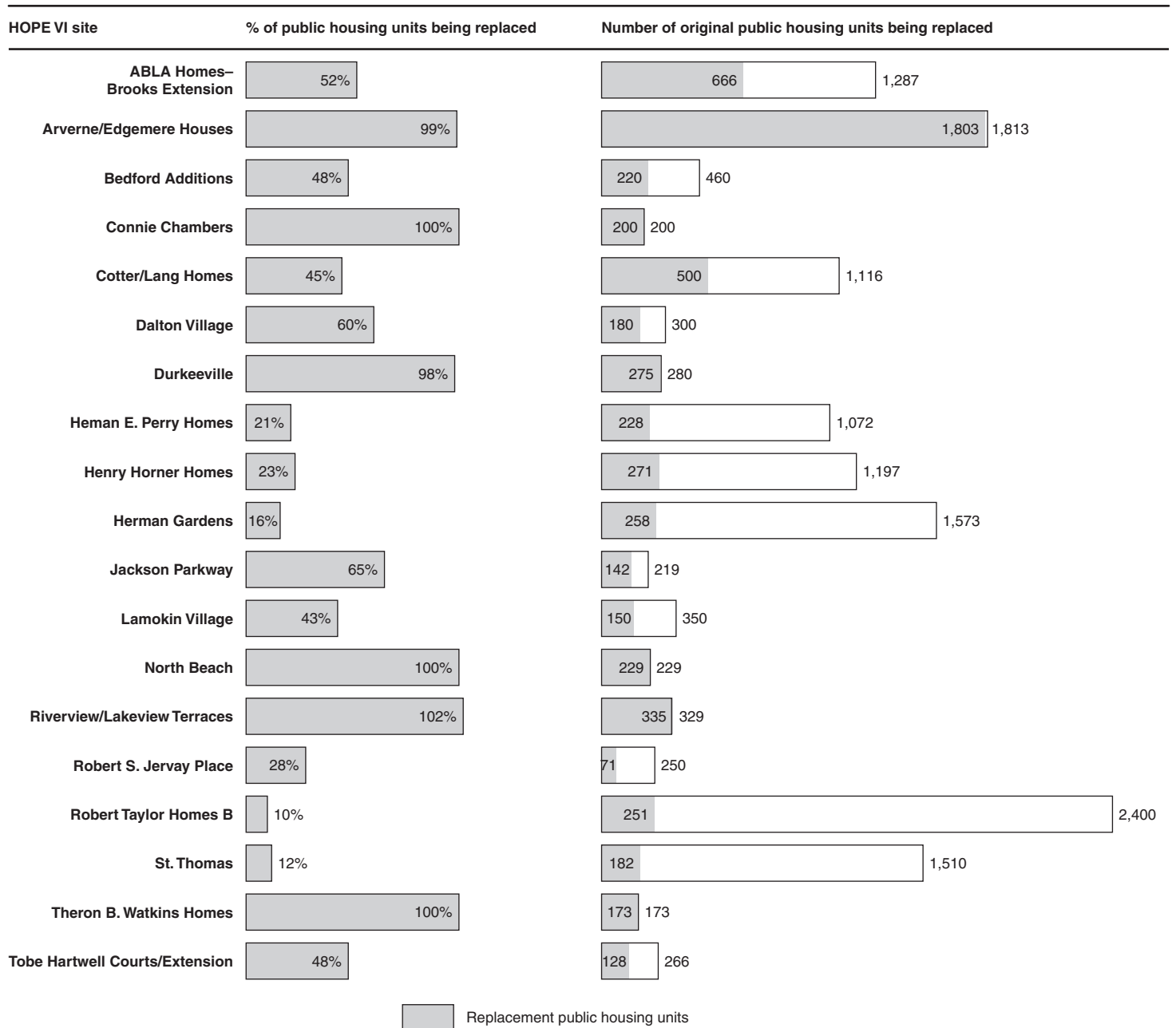
Several factors may affect planned and actual reoccupancy rates, including the mix of units. To reduce the concentration of poverty at HOPE VI sites, HUD recommends a mix of public housing, affordable housing (low-income housing tax credit or other subsidized housing), and market-rate housing.¹⁴ As a result, grantees, as of June 30, 2003, had demolished or planned to demolish 76,393 public housing units and rebuild or renovate

¹⁴Low-income housing tax credits provide tax incentives for private investment in the development and rehabilitation of housing for low-income households. Under this program, states are authorized to allocate federal tax credits as an incentive to the private sector to develop rental housing for low-income households.

44,781 replacement public housing units.¹⁵ At the 1996 sites, the percentage of public housing units being replaced ranged from 10 percent to 102 percent (see fig. 3). Resident and low-income housing advocates have criticized the HOPE VI program for reducing the number of public housing units. However, HUD, in its June 2002 report to Congress, pointed to the number of affordable units and vouchers that the program would provide. HUD also noted that over 20,000 of the units to be demolished were long-standing vacancies when the housing authorities applied for a HOPE VI grant, and that a majority of the vacant units were uninhabitable.

¹⁵As of June 30, 2003, grantees had completed the demolition of 60,580 public housing units and the construction of 19,070 replacement public housing units.

Figure 3: Percentage of Public Housing Units Being Replaced at 1996 HOPE VI Sites



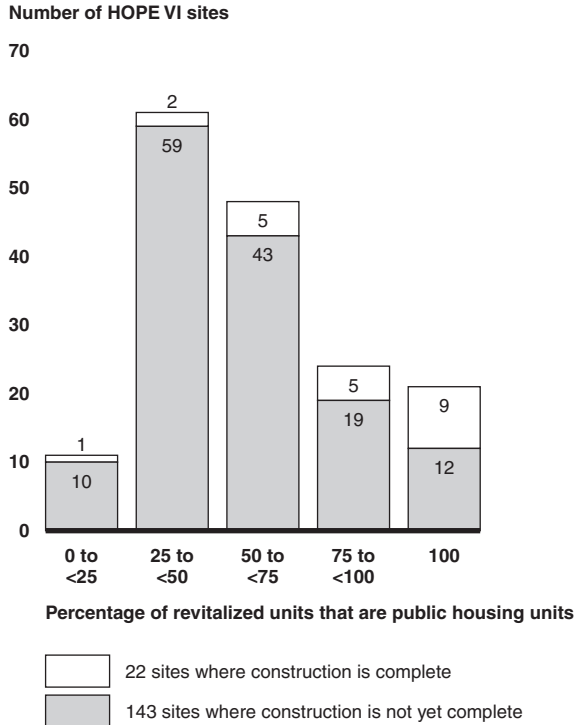
Source: GAO.

Note: This figure is based on GAO analysis of data from HUD's HOPE VI reporting system (as of June 30, 2003) and data collected during our site visits. We excluded the Hollander Ridge site from our analysis because the HOPE VI funds were transferred to another public housing site.

As shown in figure 4, the percentage of revitalized units that are public housing units varied from site to site. Among the 143 sites where construction was not yet complete, as of June 30, 2003, public housing units constituted less than 50 percent of total units at 69 sites. At all but three of the 22 sites where construction was complete, 50 percent or more of the units were public housing units.¹⁶ Additionally, the number of planned public housing units decreased over time. As of September 30, 1999 (the earliest date for which we could obtain data), fiscal year 1993–1998 grantees estimated that they would construct 34,199 public housing units. By June 30, 2003, the same grantees estimated that they would construct 30,772 public housing units—about a 10-percent decrease. (This decrease in the number of planned public housing units may help explain why the percentage of residents that the grantees expected to return decreased over time, as discussed previously in this report.)

¹⁶HUD did not start encouraging mixed-income development until 1995; therefore, some of the earlier grant sites were all public housing.

Figure 4: Percentage of Revitalized Units That Are Public Housing Units at 165 HOPE VI Sites



Source: GAO.

Note: This figure is based on GAO analysis of data from HUD's HOPE VI reporting system (as of June 30, 2003).

Another factor that may affect reoccupancy is the screening criteria that original residents must meet to return to the revitalized sites. HUD allows grantees to determine the screening criteria for each site. Consequently, the screening criteria varied at the 1996 sites we visited. For example, the Charlotte Housing Authority required returning Dalton Village residents to

participate in the family self-sufficiency program.¹⁷ Residents that do not successfully complete the program within 5 years and are not in violation of their lease will be transferred to another public housing site. In addition to participation in the family self-sufficiency program, the Spartanburg Housing Authority required returning Tobe Hartwell residents to agree to random drug testing. In contrast, there were no special criteria at some sites. In Tucson, there were no new screening criteria for the original residents of the Connie Chambers site. Under a settlement agreement, all of the residents of Henry Horner Homes in Chicago, Illinois, were eligible to return.

Other factors that may affect reoccupancy include resident preferences and the time between relocation and completion of construction of the new units. According to three of the 1996 grantees, some relocated residents did not want to return to the revitalized sites because they preferred a voucher or were satisfied at their new location. Another 1996 grantee observed that, because of the length of time between relocation and construction, some residents did not want to move again. For the 1996 grantees, the average time between the completion of relocation and the projected or actual completion of construction was 86 months (times ranged from 26 months to 129 months).¹⁸

Resident Involvement in the HOPE VI Process Has Varied

The extent to which grantees involved residents in the HOPE VI process has varied at the 1996 sites. HUD has provided guidance on resident involvement in its NOFAs and grant agreements and on its Web site. The 1996 grantees have taken a variety of steps to involve residents in the HOPE VI process, ranging from holding informational meetings and soliciting input to involving residents in major decisions.

¹⁷When a family volunteers to participate in the family self-sufficiency program, the housing authority and the head of the family execute a contract of participation that specifies the rights and responsibilities of both parties. The 5-year contract specifies goals and services for each family. The housing authority establishes an interest-bearing escrow account for each participating family and credits the account, based on increases in earned income of the family, during the term of the contract. If the family completes the contract and no member of the family is receiving welfare, the amount of the account is paid to the head of the family.

¹⁸We excluded 6 of the 20 1996 sites from our analysis. At 4 sites, construction was begun prior to the completion of relocation. At 1 site, relocation has been postponed until after the completion of off-site construction. At the remaining site, no construction was planned because the funds were transferred to another site.

HUD Has Provided General Guidance on Resident Involvement

HUD's guidance on resident involvement in the HOPE VI process consists of annual NOFAs and grant agreements, as well as information located on its Web site. For example, the fiscal year 2002 NOFA stated that residents should be involved in the planning, proposed implementation, and management of revitalization plans. The NOFA required that, prior to applying for a HOPE VI revitalization grant, housing authorities conduct at least one training session for residents on the HOPE VI development process and at least three public meetings with residents and the broader community to involve them in developing revitalization plans and preparing the application. The fiscal year 2002 grant agreement (between HUD and the winning applicants) stated that grantees were required to foster the involvement of, and gather input and recommendations from, affected residents throughout the entire development process. Specifically, grantees were responsible for, among other things, holding regular meetings to provide the status of revitalization efforts, providing substantial opportunities for affected residents to provide input, and providing reasonable resources to prepare affected residents for meaningful participation in planning and implementation.

HUD's published guidance on resident involvement provides general guidelines that grantees must meet. For example, it states that full resident involvement is a crucial element of the HOPE VI program. HUD requires grantees to give all affected residents reasonable notice of meetings about HOPE VI planning and implementation and provide them with opportunities to give input. The guidance states that, at a minimum, grantees are required to involve residents throughout the entire HOPE VI planning, development, and implementation process and to provide information and training so that residents may participate fully and meaningfully throughout the entire development process. Although grantees are required to solicit and consider input from residents, the guidance makes it clear that the grantees have final decision-making authority.

Resident Participation Has Varied at 1996 Sites

The amount and type of resident participation varied at the 1996 sites. All of the 1996 grantees held meetings to inform residents about revitalization plans and solicit their input. For example, residents of Dalton Village in Charlotte and Bedford Additions in Pittsburgh were asked to provide input on the design plans for the new sites. As the following examples illustrate, some of the grantees we visited took additional steps to seek a greater level of resident involvement in the HOPE VI process:

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- In Tucson, the housing authority first asked residents to vote on the revitalization plan for the Connie Chambers site. Only after the residents expressed their support for the plan did the mayor and city council vote to submit the plan to HUD.
 - The Chicago Housing Authority formed working groups at each of its HOPE VI sites to solicit input on plans and the selection of developers. These groups include representatives from the resident council, the housing authority, and city agencies.
 - The Cuyahoga Metropolitan Housing Authority's plans for its Riverview/Lakeview grant involved acquiring 54 off-site public housing units and, in many cases, the residents to be relocated selected the single-family homes that the housing authority then purchased for them.
 - The Jacksonville and Chester Housing Authorities worked with residents to develop screening criteria used to select the occupants of the new development.
 - The Holyoke Housing Authority asked residents to be part of its HOPE VI Implementation Team and the mayor's HOPE VI Advisory Task Force.

At one site we visited, the resident leader stated that residents were not adequately involved early in the HOPE VI process. Not until the residents at Robert Jervay Place in Wilmington, North Carolina, sent a letter to HUD describing the lack of progress at the site did the housing authority start moving forward with the project and involving residents in design meetings.

In some cases, litigation or the threat of litigation has led to increased resident involvement. Due to a settlement agreement, any decisions regarding the revitalization of Henry Horner Homes in Chicago are subject to the approval of the Horner Resident Committee. According to the president of the St. Thomas resident council, the Housing Authority of New Orleans agreed to provide an additional 100 off-site public housing eligible rental units and change the screening criteria so that most of the original residents would be able to return in response to petitions filed by the attorney for St. Thomas residents with HUD's Office of Fair Housing and Equal Opportunity.

Community and Supportive Services Yielded Some Positive Outcomes

Grantees have provided a variety of community and supportive services, including case management and direct services such as job training programs. HUD data and information obtained during our site visits suggest that the supportive services yielded at least some positive outcomes. However, the data are limited and do not capture outcomes for all programs or reflect all services provided. Also, we could not determine the extent to which the HOPE VI program was responsible for these outcomes.

Grantees Have Provided a Variety of Community and Supportive Services to Residents

Grantees are using HOPE VI and other funds to provide a variety of community and supportive services, including case management and direct services such as job training programs. In our November 2002 report on HOPE VI financing, we reported that the housing authorities that had been awarded grants in fiscal years 1993–2001 had budgeted a total of about \$714 million for community and supportive services.¹⁹ In addition to their HOPE VI funds, grantees are encouraged to obtain in-kind, financial, and other types of resources necessary to carry out and sustain supportive service activities from organizations such as local boards of education, public libraries, private foundations, nonprofit organizations, faith-based organizations, and economic development agencies. Of the \$714 million budgeted for community and supportive services, \$418 million were HOPE VI funds (59 percent), and \$295 million (41 percent) were leveraged funds.²⁰ Although the majority of funds budgeted overall for supportive services were HOPE VI funds, we noted that the amount of non-HOPE VI funds budgeted for supportive services had increased since the program's inception.

In recent years, HUD has stressed the importance of grantees using community and supportive services funding to provide case management services to residents. In fact, all of the 1996 grantees have used the case management approach. For example, the Housing Authority of New Orleans hired a social service provider located near the St. Thomas site to perform assessments and provide case management plans for residents. The Holyoke Housing Authority has three case managers, who help residents of its 1996 grant site find employment, acquire General

¹⁹GAO-03-91.

²⁰Numbers do not add because of rounding.

Educational Development (GED) certificates, take English as a Second Language courses, and receive homeownership counseling. The Chester Housing Authority established a “one-stop shop” at a local hospital, which serves as the coordinating point for all programs and partners servicing the authority’s residents.

Grantees have also used funds set aside for community and supportive services to construct facilities where services are provided by other entities. For example, the Charlotte Housing Authority spent \$1.5 million in HOPE VI funds to construct an 11,000-square-foot community and recreational center consisting of a gymnasium, four classrooms, and a computer lab near its 1996 grant site. In exchange, the residents annually will receive \$60,000 in services from the center, which is run by the Mecklenburg County Parks and Recreation Department. The Tucson Community Services Department, which serves as Tucson’s public housing authority, used some of its 1996 HOPE VI funds to fund the construction of a child development center and learning center. Two day care programs—one operated by Head Start and the other by a local nonprofit organization—are operating in the child development center, and a computer library run by the Tucson-Pima Public Library is operating in the learning center. The Spartanburg Housing Authority used a portion of its HOPE VI funds to build a community center containing a computer center, health clinic, and gymnasium. The Spartanburg Technical College provides adult and student computer training, and the University of South Carolina Spartanburg School of Nursing performs health assessments and tracking at the center.

Grantees also provided direct services such as computer and job training. For instance, the New York City Housing Authority instituted a computer incentive program that provides a personal computer system to Arverne and Edgemere residents who either work 96 hours volunteering on HOPE VI recruiting and other HOPE VI activities or who participate in a HOPE VI training program. HOPE VI residents enrolled in the San Francisco Housing Authority’s family self-sufficiency program can receive up to \$1,200 per household to participate in training for various trades. The Detroit Housing Commission formed a number of partnerships to provide training in retail sales, computers, manufacturing, and child care to Herman Gardens residents. For example, 18 different unions formed a partnership that offers a preapprenticeship program.

Limited Data Show That HOPE VI Services Have Helped Achieve Positive Outcomes

Limited HUD data on all 165 grants awarded through fiscal year 2001 and information collected during our visits to the 1996 sites indicated that HOPE VI community and supportive services have achieved or contributed to positive outcomes. We recommended in July 1998 that HUD develop consistent national, outcome-based measures for community and support services at HOPE VI sites.²¹ Since June 2000, HUD has used its HOPE VI reporting system to collect data from grantees on the major types of community and supportive services they provide and the outcomes achieved by some of these services. HUD collects data on services provided to both original and new residents. According to the data, as of June 30, 2003, for the 165 sites awarded grants through fiscal year 2001, about 45,000 of the approximately 70,000 original residents potentially eligible for community and supportive services made up the grantees' caseload. The remaining original residents were not part of the caseload because, among other things, they declined or no longer needed services, or the grantee could not locate them. Additionally, about 8,000 new residents were included in the grantees' caseload, bringing the total to approximately 53,000.

As shown in table 1, the community and supportive services programs in which the most residents enrolled, as of June 30, 2003, were employment and counseling programs. HUD also collects data on the number of residents that have completed certain of these programs. For example, about 55 percent of the residents that enrolled in job skills training programs, as of June 30, 2003, completed the program. About 35 percent of the residents that signed up for high school or equivalent education classes completed them.

Table 1: Number of Residents That Have Enrolled in and Completed Community and Supportive Services Programs

Community and supportive services	Number of residents enrolled	Number of completions
Employment preparation/placement/retention	25,831	N/A
Counseling programs	23,458	N/A
Transportation assistance	18,202	N/A

²¹U. S. General Accounting Office, *HOPE VI: Progress and Problems in Revitalizing Distressed Public Housing*, GAO/RCED-98-187 (Washington, D.C.: July 20, 1998).

(Continued From Previous Page)

Community and supportive services	Number of residents enrolled	Number of completions
Job skills training programs	11,860	6,477
Child care	9,274	N/A
High school or equivalent education	7,136	2,530
Homeownership counseling	4,901	2,093
Substance abuse programs	2,108	N/A
Entrepreneurship training	1,634	789
English as a Second Language course	1,089	N/A

Source: HUD.

Note: This table is based on data from HUD's HOPE VI reporting system (as of June 30, 2003).

HUD also collects data on selected outcomes such as employment and homeownership, although the outcomes cannot always be attributed to participation in or completion of HOPE VI programs or services. Other factors such as welfare-to-work requirements may have contributed to these outcomes. The data collected, as of the quarter ending June 30, 2003, showed that over 1,000 residents obtained jobs in that quarter. Overall, 22 percent of the grantees' caseload was employed, and 16 percent had been employed 6 months or more. In addition, 344 resident-owned businesses had been started, as of June 30, 2003, and 967 residents had purchased a home.

HUD has made modifications to the community and supportive services data that it collects and worked with grantees to help them better understand their reporting responsibilities. Seven of the 1996 grantees stated that they were not always certain about what to report, and 11 stated that the system did not reflect some of the services, such as those for youth and seniors, that they provided. To improve reporting, HUD hired the Urban Institute to help identify reporting problems and make refinements to the system. Also, HUD staff and one of two outside technical assistance providers review the data provided each quarter for consistency. As a result, the data are more reliable now than they were initially, according to the HOPE VI official that oversees community and supportive services. The same official stated that, while HUD encourages grantees to provide services to youth and seniors, it does not collect data on these services in order to limit the reporting burden on grantees.

Limited data collected during our site visits also suggest that community and supportive services have helped achieve some positive outcomes. For example, the Housing Authority of the City of Pittsburgh offered in-home

health worker training courses, in which 49 Bedford Additions residents have participated since October 2000. Thirty-one of the 49 participants obtained employment, and 12 were still employed, as of September 2003. In Louisville, 114 former Cotter and Lang residents had enrolled in homeownership counseling, as of June 2003, 41 had completed the counseling, and 34 had purchased a home. Between January and June 2003, 76 St. Thomas residents in New Orleans got a job, 12 residents got a GED, and 5 residents became homeowners. Finally, residents of Arverne and Edgemere Houses in New York City had earned 242 computers, as of July 2003, as part of the computer incentive program described in the previous section.²²

Indicators for Education, Income, and Housing Have Generally Improved in 1996 HOPE VI Neighborhoods

According to our analysis of census and other data, the 20 neighborhoods in which the 1996 HOPE VI sites are located have experienced improvements in a number of indicators used by researchers to measure neighborhood change, such as educational attainment levels, average household income, and average housing values. However, for a number of reasons, we could not determine the extent to which the HOPE VI program was responsible for these changes. For example, we relied primarily on decennial census data (adjusted for inflation), comparing measures from 1990 with those of 2000. However, the HOPE VI sites were at varying stages of completion in 2000. We also used data available under the Home Mortgage Disclosure Act for numbers of home mortgage originations in 1996 and 2001. Further, a number of factors—such as changes in national or regional economic conditions—can influence the indicators we compared.

In an attempt to more directly gauge the influence of the HOPE VI program, we compared each of four selected HOPE VI neighborhoods with a comparable non-HOPE VI public housing neighborhood in the same city. Some variables indicated greater improvements in the HOPE VI neighborhoods than their comparable neighborhoods, such as in mortgage lending activity, but other variables indicated inconsistent results among the sites. We also found that the demolition of old public housing alone may influence changes in neighborhoods. Analysis of six HOPE VI neighborhoods where the original public housing units have been

²²According to the HOPE VI reporting system, the community and supportive services caseload, as of June 30, 2003, was 835 at Bedford Additions, 521 at Cotter and Lang Homes, 468 at St. Thomas, and 2,188 at Arverne and Edgemere Houses.

demolished, but no on-site units have been completed, also shows improvements in educational attainment, unemployment rates, income, and housing. Finally, other studies have shown similar findings in HOPE VI neighborhoods.

1996 HOPE VI Neighborhoods Have Generally Experienced Positive Changes

The 20 neighborhoods in which the 1996 HOPE VI sites are located have experienced positive changes in education, income, and housing indicators as measured by comparing 1990 and 2000 Census and 1996 and 2001 HMDA data. When using census data, we defined the neighborhood as consisting of the census block group or groups in which a public housing site is located and the immediately adjacent census block groups. When using HMDA data, which is not available at the census block group level, we defined the neighborhood as the census tract in which a public housing site is located (see app. II). Since 2000 data is the most recent census data available, it reflects the neighborhood conditions at the 1996 HOPE VI sites, which were at various stages of completion, at that time. Finally, not all of the changes in census data from 1990 to 2000 were statistically significant (see app. III).²³ Moreover, at five sites, revitalization work had begun prior to receipt of HOPE VI funds with various non-HOPE VI funding sources.²⁴ As a part of its fiscal year 2001 and 2002 performance goals, HUD specified that neighborhoods with substantial levels of HOPE VI investment would show improvements in such dimensions as household income, employment, homeownership, and housing investment. As a result, we used similar indicators, as well as other indicators generally used by researchers, to analyze neighborhood changes. However, it was not possible to determine the extent to which the HOPE VI program was responsible for the changes in these neighborhoods. Many factors, such as national and regional economic trends, can also affect neighborhood

²³A statistically significant difference is one where the probability of the difference occurring by chance is less than 5 percent. See appendix II for a detailed explanation of statistical significance.

²⁴Some Dalton Village units in Charlotte, North Carolina, were rehabilitated through the Comprehensive Grant program beginning in May 1996; the first phase of revitalization at the Henry Horner site in Chicago, Illinois, began in 1995; the modernization of 425 units at the Lakeview site in Cleveland, Ohio, began in 1994; the first phase of revitalization at the Theron B. Watkins site began in May 1995; and the first phase of revitalization at the Cotter/Lang site in Louisville, Kentucky, began in January 1995.

conditions. According to experts, it is extremely rare for any one program or actor to be able to change a neighborhood single-handedly.²⁵

Our analysis of census and HMDA data for the 20 1996 HOPE VI neighborhoods showed the following positive changes:

- In 18 of the 1996 HOPE VI neighborhoods, the percentage of the population with a high school diploma or equivalent increased, from a minimum of 4 percentage points in Detroit to a maximum of 21 percentage points in Baltimore.
- In 11 of the HOPE VI neighborhoods, the percentage of the population with an associate's degree or better increased, from a minimum of 3 percentage points in Tucson to a maximum of 14 percentage points in San Francisco.
- Average household income increased in 15 of the 1996 HOPE VI neighborhoods, from a minimum of 18 percent in Detroit to a maximum of 115 percent in Chicago (Henry Horner).
- The percentage of the population in poverty decreased in 14 of the HOPE VI neighborhoods, from a minimum of 4 percentage points in Atlanta and Detroit to a maximum of 20 percentage points in Baltimore. Despite these decreases, 9 of the HOPE VI neighborhoods remained "high-poverty neighborhoods" (having poverty rates of 30 percent or more), and 5 remained "extremely high-poverty neighborhoods" (having poverty rates of 40 percent or more).²⁶ According to the Urban Institute, areas where 30-40 percent of the population lives in poverty represent significantly more deteriorated and threatening living environments than those with poverty rates below those thresholds.²⁷

²⁵Sean Zielenbach, *The Economic Impact of HOPE VI on Neighborhoods*, (Washington, D.C.: Housing Research Foundation, 2002); and Chris Walker et. al, *The Impact of CDBG Spending on Urban Neighborhoods*, (Washington, D.C.: prepared by the Urban Institute for the U.S. Department of Housing and Urban Development, Office of Policy Development and Research, October 2002).

²⁶The definitions of high and extremely high poverty neighborhoods are from G. Thomas Kingsley and Kathryn L.S. Petit, "Concentrated Poverty: A Change in Course," *Neighborhood Change in Urban America*, no. 2 (Washington, D.C.: Urban Institute, May 2003).

²⁷G. Thomas Kingsley, Jennifer Johnson, and Kathryn L.S. Petit, *HOPE VI and Section 8: Spatial Patterns in Relocation*, (Washington, D.C.: Urban Institute, January 2001).

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- Average housing values increased in 13 of the 20 HOPE VI neighborhoods, ranging from a minimum of 11 percent in Tucson to a maximum of 215 percent in Chicago (Henry Horner). It is generally accepted among researchers that housing values represent the best available index of expectations regarding future economic activity in an area.
 - Rental housing costs increased in 15 of the HOPE VI neighborhoods, from a minimum of 9 percent in Tucson to a maximum of 61 percent in Louisville. Increasing rental-housing costs are an indication that there is a greater demand for housing in that area.
 - The number of mortgage loans originated in 10 of the HOPE VI neighborhoods increased between 1996 and 2001. These increases ranged from a minimum of 21 percent in Holyoke to a maximum of 728 percent in Charlotte—where the number of loans originated increased from 7 to 58.

However, some of the HOPE VI neighborhoods showed negative changes for certain indicators. For example:

- The percent unemployed rose at 4 of the 20 sites, from a minimum of 2 percentage points in Charlotte to a maximum of 8 percentage points in Kansas City.
- In the Holyoke HOPE VI neighborhood, average housing values declined by 26 percent.
- The number of mortgage loans originated in seven of the HOPE VI neighborhoods decreased between 1996 and 2001. These decreases ranged from a minimum of 5 percent in Atlanta to a maximum of 58 percent in Wilmington.

Appendix III shows the census and HMDA data for all of the indicators we analyzed for each of the 1996 HOPE VI sites.

By Some Measures, HOPE VI Neighborhoods Have Experienced More Positive Change Than Neighborhoods with Comparable Public Housing

Comparison of four HOPE VI neighborhoods with neighborhoods in which comparable public housing sites are located (comparable neighborhoods) showed that HOPE VI neighborhoods experienced greater positive changes in some, but not all, of the variables that we evaluated.²⁸ We conducted this comparative analysis to attempt to better isolate the effects of the HOPE VI program, although it was not possible to directly link changes to the HOPE VI program (see app. II). In addition, 2000 census data may not reflect some of the changes that could occur over time in these neighborhoods because the demolition and new construction at these sites did not begin until the late 1990s. Moreover, in these four HOPE VI neighborhoods, the units put back on-site were all public housing and, thus, not representative of the majority of HOPE VI projects, which are mixed-income.

Three of the four HOPE VI neighborhoods experienced greater increases in mortgage loan originations than their comparable neighborhoods, according to HMDA data. From 1996 to 2001, the percentage of loans originated for home purchases increased 25 percent in Kansas City, 50 percent in Jacksonville, and 166 percent in Chester, while the percentage decreased in the comparable neighborhoods. In Spartanburg, the percentage of mortgage loans originated in the HOPE VI neighborhood decreased 33 percent, in contrast to a 46-percent decrease in the comparable neighborhood.

While crime data summaries were not available at the neighborhood level, we were able to obtain crime data summaries for each of the sites being compared. Available crime data summaries show that three of the four HOPE VI sites experienced greater decreases in crime than their comparable sites (see app. III). Although incidents of crime generally decreased at both the HOPE VI and comparable site in Spartanburg, South Carolina, they decreased to a greater extent at the HOPE VI site. In both

²⁸Using census, mortgage lending, and crime data summaries, we made comparisons between the neighborhoods in which HOPE VI sites that had completed 75 percent or more of their on-site construction (as of December 2002) are located and the neighborhoods in which comparable public housing sites are located. The comparable public housing sites were identified by local housing authority officials as being approximately the same age, size, type, or condition as their HOPE VI sites. The HOPE VI sites were located in Chester, Pennsylvania; Jacksonville, Florida; Kansas City, Missouri; and Spartanburg, South Carolina. The HOPE VI site in Tucson, Arizona, had also completed 75 percent or more of its on-site construction as of December 2002. However, according to public housing officials from the City of Tucson, there are no public housing sites in Tucson that are comparable to its HOPE VI site. As a result, we could not do a comparative analysis using this site.

Chester, Pennsylvania, and Jacksonville, Florida, crime decreased at the HOPE VI sites while it increased at the comparable sites. In contrast, crime incidents at Kansas City's HOPE VI site have generally increased.

According to officials from the Housing Authority of Kansas City, Missouri, in 1996 the HOPE VI site had a 24-percent occupancy rate because most of the residents had already been relocated, and a 98-percent occupancy rate in 2002. They attribute the increase in crime during this time period to this increased occupancy rate. Officials from the Housing Authority of Kansas City, Missouri, also reported that crimes per household decreased from .51 to .31 at the HOPE VI site from 1996 to 2002.

Comparison of census data for the HOPE VI and comparable neighborhoods between 1990 and 2000 showed some positive and some negative changes. However, we were able to compare only a small number of variables because the differences in the changes for others were not statistically significant (see fig. 5). Kansas City, Missouri, had the largest number of statistically significant differences between the HOPE VI and comparable neighborhoods; specifically, in Kansas City, the differences between the HOPE VI and comparable neighborhood were statistically significant for four variables. It should be noted that Kansas City's HOPE VI neighborhood has been changing for a longer period of time than the other HOPE VI neighborhoods in our analysis. The first phase of revitalization in this neighborhood began in May 1995 with non-HOPE VI funds, whereas the other three sites in our comparative analysis did not begin revitalization activities until after being awarded HOPE VI revitalization grant funds in 1996. While the Kansas City HOPE VI neighborhood experienced greater positive changes in new construction, it also experienced a greater increase in unemployment, and a greater decrease in the percentage of the population with both a high school diploma and an associate's degree or better. In Spartanburg, South Carolina, the differences between the HOPE VI and its comparable neighborhood were statistically significant for two variables. The percentage of the population with a high school diploma increased to a greater extent in the HOPE VI neighborhood than the comparable neighborhood, while new construction decreased to a greater extent in the HOPE VI neighborhood relative to the comparable neighborhood. In addition, in Jacksonville, Florida, the HOPE VI neighborhood experienced a greater increase in new construction relative to its comparable neighborhood.

Figure 5: Neighborhood Changes between 1990 and 2000 for Selected Cities

	Chester, Pennsylvania			Jacksonville, Florida			Kansas City, Missouri			Spartanburg, South Carolina		
	HOPE VI	Comparable	Difference	HOPE VI	Comparable	Difference	HOPE VI	Comparable	Difference	HOPE VI	Comparable	Difference
Average household income ^a	8	5	3	23 ^c	11	12	29 ^c	11	18	10	0	10
Poverty rate	-2	1	-3	-10 ^c	-4 ^c	-4	-8 ^c	-10 ^c	1	-4	0	-4
Unemployment rate	0	-2	2	0	-1	1	8 ^c	-1	8 ^d	4	0	3
Population with high school degree	14 ^c	12 ^c	1	10 ^c	10 ^c	0	6 ^c	16 ^c	-8 ^d	14 ^c	4 ^c	10 ^d
Population with a degree ^b	0	0	0	0	0	0	0	14 ^c	-14 ^d	4	0	4
Average housing value ^a	-8	-6	-2	15	14 ^c	1	51 ^c	11	40	24 ^c	18 ^c	7
Housing units constructed within the last ten years	-4 ^c	-4 ^c	1	14 ^c	-2 ^c	16 ^d	5 ^c	-3	8 ^d	-12 ^c	-4 ^c	-8 ^d
Occupied housing units	0	-2	2	2	3	-2	5 ^c	10 ^c	-6	-3	-4 ^c	0
Average gross rent ^a	12 ^c	0	13	25 ^c	11 ^c	14	12 ^c	24 ^c	-12	2	4	-2
Population	-27	-21	-6	-28	-4	-24	-19	8	-27	-20	-10	-10

Sources: GAO analysis of 1990 and 2000 Census data.

Note: Data are aggregated by neighborhood, which is defined as the census block group or groups in which a site is located, plus all of the immediately adjacent census block groups. Statistical significance testing was not conducted on the "Population" variable because it is based upon 100-percent census figures. Differences for poverty rate, unemployment rate, population with high school degree, population with a degree, housing units constructed within the last 10 years, and occupied housing units are based upon percentage point differences. Differences for average household income, average housing value, average gross rent, and population are calculated as percent changes.

^a1990 dollar values were adjusted to make them comparable to 2000 dollar values.

^bAn associate's degree or better.

^cThe change in estimates from 1990 to 2000 is statistically significant.

^dThe difference between the percent changes in the HOPE VI and in the comparable neighborhoods is statistically significant.

Changes in Indicators Suggest That HOPE VI Can Influence Neighborhoods through the Demolition of the Old, Deteriorated Public Housing Alone

Even in the six 1996 HOPE VI neighborhoods where the original public housing units had been demolished, but no units had been completed on-site as of December 2002, a comparison of 1990 and 2000 Census data showed that positive changes occurred in educational attainment, unemployment, income, and housing.²⁹ For example:

- The percentage of the population with a high school diploma or equivalent increased in all six neighborhoods, from a minimum of 4 percentage points in Detroit to a maximum of 21 percentage points in Baltimore. Similarly, the percentage of population with an associate's degree or better increased in five neighborhoods, from a minimum of 4 percentage points in Atlanta and Baltimore to a maximum of 14 percentage points in San Francisco.
- The unemployment rate decreased in four of the six HOPE VI neighborhoods, from a minimum of 4 percentage points in Cleveland to a maximum of 6 percentage points in Baltimore and Detroit.
- Average household income increased in all of the neighborhoods, from a minimum of 18 percent in Detroit to a maximum of 46 percent in Cleveland.
- The poverty rate decreased in five of the neighborhoods, from a minimum of 4 percentage points in Atlanta and Detroit to a maximum of 20 percentage points in Baltimore.
- Average housing values increased in four of the neighborhoods, from a minimum of 26 percent in Atlanta to a maximum of 116 percent in Detroit.
- The percentage of occupied housing units increased in four neighborhoods, from a minimum of 4 percentage points in Atlanta to a maximum of 8 percentage points in Cleveland and New Orleans.

²⁹As of December 31, 2002, demolition was complete, but no units had been completed on-site at seven of the 1996 HOPE VI sites: Heman E. Perry Homes in Atlanta, Georgia; Hollander Ridge in Baltimore, Maryland; Robert Taylor Homes B in Chicago, Illinois; Riverview and Lakeview Terraces in Cleveland, Ohio; Herman Gardens in Detroit, Michigan; St. Thomas in New Orleans, Louisiana; and North Beach in San Francisco, California. The Robert Taylor Homes B site was excluded from our analysis because no on-site construction was planned as a part of the 1996 grant.

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- Rental-housing costs increased in all six neighborhoods, from a minimum of 11 percent in New Orleans to a maximum of 38 percent in Baltimore.

In contrast, the level of mortgage lending activity decreased in four of these neighborhoods from a range of 5 percent in Atlanta to 57 percent in Baltimore between 1996 and 2001. Moreover, new construction decreased by 2 percentage points in Cleveland, New Orleans, and San Francisco between 1990 and 2000.

We cannot attribute these changes solely to the HOPE VI program. To the extent that they do reflect the program's influence, however, they suggest that demolition of old, deteriorated public housing alone may influence surrounding neighborhoods. For example, average housing value and average household income increased even though no new units had been constructed. It is possible that the HOPE VI program influenced these indicators by removing blight from the neighborhoods and temporarily relocating large numbers of low-income households during demolition.

Studies Have Shown Positive Changes in HOPE VI Neighborhoods

Studies by housing and community development researchers have shown positive changes in HOPE VI neighborhoods as reflected in income, employment, community investment, and crime indicators.³⁰ In reviewing the literature, we identified one report that discussed changes in the neighborhoods surrounding eight HOPE VI sites and two reports that evaluated changes at two of the sites we visited.³¹ While each study covered a small number of HOPE VI neighborhoods, they showed positive changes:

³⁰Beginning in fiscal year 1999, HUD began to encourage HOPE VI revitalization grant applicants to form partnerships with local universities to evaluate the impact of their proposed HOPE VI revitalization plans. HUD suggested evaluating economic development, spillover revitalization activities, and property values. Some grant recipients initiated such studies prior to fiscal year 1999.

³¹The three reports are: (1) Abt Associates Inc., *Exploring the Impacts of the HOPE VI Program on Surrounding Neighborhoods* (Cambridge, Mass.: Abt Associates Inc., January 2003); (2) Adriana Cimetta and Ralph Renger, *Final Evaluation Report for the Greater Santa Rosa HOPE VI Project Year Ending 2002* (Tucson, Arizona: University of Arizona, College of Public Health, October 2003); and (3) Zeilenbach, *The Economic Impact of HOPE VI on Neighborhoods* (2002).

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- Per capita incomes in eight selected HOPE VI neighborhoods increased an average of 71 percent, compared with 14.5 percent for the cities in which these sites are located between 1989 and 1999.
 - The percentage of low-income households living in eight selected HOPE VI neighborhoods decreased from 82 to 69 percent from 1989 to 1999.
 - Median income increased 80 percent from 1990 to 2000 in Chester's 1996 HOPE VI neighborhood.
 - Unemployment rates decreased from 24 to 15 percent between 1989 and 1999 in eight selected HOPE VI neighborhoods.
 - The number of small business loans closed in seven selected HOPE VI neighborhoods grew by an average of 248 percent from 1998 to 2001, compared with 153 percent in the neighborhoods' respective counties.
 - The number of new business licenses issued in Tucson's 1996 HOPE VI neighborhood increased from 6 in 1996 to 28 in 2002. In addition, the number of business closures in the neighborhood decreased from 23 in 1996 to 15 in 2001.
 - The vacancy rate decreased from 9 to 6 percent between 1990 and 2000 in Chester's 1996 HOPE VI neighborhood, while the vacancy rate for the city increased from 12 to 14 percent during the same period.
 - Overall and violent crime rates decreased by 48 and 68 percent, respectively, between 1993 and 2001 in four of the HOPE VI neighborhoods where crime data were available. Overall and violent crimes decreased by 25 and 38 percent, respectively, during the same time period for the cities in which these sites are located.

Agency Comments

We provided a draft of this report to HUD for its comment and review. We received comments from the Assistant Secretary for Public and Indian Housing (see app. IV) who thanked GAO for its thorough review of the HOPE VI program and stated that HUD regards our study as an important tool in its continuing efforts to improve the program.

As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies of this report to the Chairman, Subcommittee on Housing and Transportation, Senate Committee on Banking, Housing, and Urban Affairs; the Chairman and Ranking Minority Member, Senate Committee on Banking, Housing, and Urban Affairs; the Chairman and Ranking Minority Member, Subcommittee on Housing and Community Opportunity, House Committee on Financial Services; and the Chairman and Ranking Minority Member, House Committee on Financial Services. We also will send copies to the Secretary of Housing and Urban Development and the Director of the Office of Management and Budget. We also will make copies available to others upon request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

Please call me at (202) 512-8678 if you or your staff have any questions about this report. Key contributors to this report are listed in Appendix V.

Sincerely yours,

David G. Wood

David G. Wood
Director, Financial Markets and
Community Investment

Objectives, Scope, and Methodology

Our objectives were to examine (1) the types of housing to which the original residents of HOPE VI sites were relocated and the number of original residents that grantees expect to return to the revitalized sites, (2) how the fiscal year 1996 grantees have involved residents in the HOPE VI process, (3) the types of community and supportive services that have been provided to residents and the results achieved, and (4) how the neighborhoods surrounding the sites that received HOPE VI grants in fiscal year 1996 have changed.

To accomplish these objectives, we analyzed the data contained in HUD's HOPE VI reporting system on the 165 sites that received revitalization grants in fiscal years 1993-2001.¹ To assess the reliability of the data in HUD's HOPE VI reporting system, we interviewed the officials that manage the system; reviewed information about the system, including the user guide, data dictionary, and steps taken to ensure the quality of these data; performed electronic testing to detect obvious errors in completeness and reasonableness; and interviewed grantees regarding the data they reported. We determined that these data were sufficiently reliable for the purposes of this report. For the second and fourth objectives, we then focused on and visited the 20 sites in 18 cities that received HOPE VI revitalization grants in fiscal year 1996. We selected the 1996 grants because they were the first awarded after HUD issued a rule allowing revitalization to be funded with a combination of public and private funds, which has become the HOPE VI model. We also analyzed Census and Home Mortgage Disclosure Act data and reviewed crime data summaries. In addition, we interviewed the HUD headquarters officials responsible for administering the HOPE VI program.

To determine the types of housing to which the original residents of HOPE VI sites were relocated and the number of original residents that grantees expect to return to the revitalized sites, we analyzed the relocation and reoccupancy data in HUD's HOPE VI reporting system. Specifically, we determined what percentage of the original residents that had been relocated as of June 30, 2003, were relocated to other public housing, given vouchers, or evicted. We also determined the percentage of original residents overall and at each site that was expected, as of June 30, 2003, to return to the revitalized sites. At the 113 sites where reoccupancy was not yet complete, we divided the number of original residents the grantee estimated would return by the total number of residents the grantee estimated would be relocated. At the 39 sites where reoccupancy was

¹The data in the HOPE VI reporting system are self-reported quarterly by grantees.

complete, we divided the number of original residents who actually returned by the total number of residents relocated. We excluded 10 of the 165 sites from our analysis because they did not involve relocation and an additional three sites because the reoccupancy data reported as of June 30, 2003, was incorrect. To determine how reoccupancy estimates changed over time, we compared the data in HUD's HOPE VI reporting system as of September 30, 1999 (the earliest date for which we could obtain data) with data as of June 30, 2003. Finally, to determine what factors affected whether residents returned to the revitalized sites, we interviewed HUD officials, public housing authority (PHA) officials responsible for managing the fiscal year 1996 grants, and resident representatives at 19 of the 20 fiscal year 1996 sites.²

For all 165 sites, we used data from HUD's HOPE VI reporting system to calculate the percentage of revitalized units that would be units under an annual contributions contract (that is, public housing units).³ At the 143 sites where construction was not yet complete, we divided the number of planned public housing units by the total number of planned units. At the 22 sites where construction was complete, we divided the actual number of public housing units by the total number of units. To determine how the number of planned public housing units has changed over time, we compared the number of public housing units planned as of September 30, 1999 (the earliest date for which we could obtain data) with data as of June 30, 2003. For 19 of the 20 1996 HOPE VI sites, we used data from HUD's HOPE VI reporting system and data collected during our site visits to calculate the percentage of public housing units being replaced.⁴

To determine how the fiscal year 1996 grantees have involved residents in the HOPE VI process, we obtained and reviewed HUD's guidance on resident involvement, including the portions of the fiscal year 2002 notice of funding availability and fiscal year 2002 grant agreement that address

²At 16 sites, we interviewed resident leaders. At 3 sites, we could not interview resident leaders because there was no resident council. Instead, we interviewed individuals that the PHA identified as residents of the original site. At the remaining site, despite repeated attempts, we were not able to interview the resident leader.

³Annual contributions contracts are written contracts between HUD and PHAs under which HUD agrees to make payments to the PHA and the PHA agrees to administer the public housing program in accordance with HUD regulations and requirements.

⁴We excluded one grant from the analysis because the HOPE VI funds were transferred to another public housing site.

resident involvement. For the 1996 grants, we interviewed PHA officials and resident representatives to determine the extent to which residents had been involved in the HOPE VI process. Finally, we interviewed two resident advocate groups—Everywhere and Now Public Housing Residents Organizing Nationally Together and the National Low Income Housing Coalition—regarding resident involvement and other resident issues.

To identify the types of community and supportive services that have been provided to residents of HOPE VI sites, we obtained and reviewed HUD's draft guidance on community and supportive services. To obtain specific examples of community and supportive services provided at the fiscal year 1996 sites, we interviewed PHA officials and obtained and reviewed community and supportive services plans. We also obtained data from HUD's HOPE VI reporting system to determine the number of residents that have participated in different types of community and supportive services. To determine the results that have been achieved, we obtained data from HUD's HOPE VI reporting system on selected outcomes, including the number of new job placements and the number of residents that have purchased homes. We also obtained information during our site visits that documents the results achieved by various community and supportive services programs.

To determine how the neighborhoods surrounding the sites that received a 1996 HOPE VI revitalization grant have changed, we analyzed nine key variables from 1990 and 2000 census data for each neighborhood, including the average household income, the percentage of the population in poverty, and the percentage of occupied housing units. When using census data, we defined a "HOPE VI neighborhood" as consisting of the census block group in which the original public housing site was located, as well as all of the immediately adjacent census block groups (see app. II). We also analyzed changes in mortgage lending activity using 1996 and 2001 Home Mortgage Disclosure Act (HMDA) data. These data are only available by census tract, which encompasses a larger area than a census block group. As a result, for this analysis we used only the census tract in which the original public housing site was located as the proxy for the neighborhood.

In addition to using the census and HMDA data to analyze changes in the neighborhoods around all 20 1996 HOPE VI sites, we performed additional analysis for those sites where demolition, but no on-site construction, was complete and those that were the closest to completion. To explore the change in neighborhoods where only demolition had occurred, we used the HOPE VI reporting system to identify the six sites that had demolished all

of the original public housing units, but not completed any on-site construction as of December 31, 2002.⁵ We also used the HOPE VI reporting system to identify the five sites where on-site construction was 75 percent or more complete as of December 31, 2002. We then compared changes in census, HMDA, and summary crime data for four of the five HOPE VI neighborhoods with changes in comparable public housing neighborhoods—neighborhoods containing public housing sites that PHAs identified as similar in condition to the HOPE VI sites prior to revitalization.⁶ However, these comparisons are not perfect. For example, in two cases the HOPE VI sites are about 10 years older than the comparable sites. In Chester, Pennsylvania, the comparable site was rehabilitated in 1997, and units were enlarged.

We obtained crime data summaries for the Lamokin Village (HOPE VI) and Matopos Hills (comparable) sites from the Chester Housing Authority; for the Durkeeville (HOPE VI) and Brentwood Park (comparable) sites from the Jacksonville Housing Authority; for the Theron B. Watkins (HOPE VI) and West Bluff (comparable) sites from the Housing Authority of Kansas City, Missouri; and for the Tobe Hartwell/Extension (HOPE VI) and Woodworth Homes (comparable) sites from the Spartanburg Housing Authority. Each of these PHAs obtained site-specific crime data summaries from their local police departments. We reviewed the crime data summaries for reasonableness and followed up on anomalies. Because we did not have disaggregated crime data directly from each city's police department, we were unable to perform tests of statistical significance on the summary crime trends. Although we did not do extensive testing of the summary crime data, we feel that it is sufficiently reliable for the informational purposes of this report.

Finally, we obtained and reviewed reports by various universities and private institutions that discussed the social and economic impacts of the HOPE VI program. We focused on one report that discussed changes in the neighborhoods surrounding eight sites and two reports that evaluated changes at sites we visited. See appendix II for more detailed information

⁵We excluded Robert Taylor Homes B from this analysis because no on-site construction was planned as a part of the 1996 grant.

⁶The HOPE VI site in Tucson, Arizona, had completed more than 75 percent of its on-site construction as of December 31, 2002, but PHA officials stated that there was no public housing site in Tucson that was comparable.

Appendix I
Objectives, Scope, and Methodology

on the methodology we used to determine how the 1996 HOPE VI neighborhoods have changed.

We performed our work from November 2001 through October 2003 in accordance with generally accepted government auditing standards.

Technical Methodology

This appendix provides detailed information on the methodologies we used to analyze neighborhood changes observed in the HOPE VI neighborhoods (for recipients of 1996 HOPE VI revitalization grants) and, where applicable, four comparison neighborhoods.

Data Sources

To analyze changes observed in HOPE VI neighborhoods, we first defined HOPE VI neighborhoods as the census block group in which the public housing site was located and the adjacent census block groups.¹ This definition allowed us to examine changes observed in HOPE VI neighborhoods and the extent to which some of the goals of the HOPE VI program may have been addressed, such as improvements in household income, employment, and housing investment. Census block groups were used, as this geographic area was likely to better represent the area of the housing site and its adjacent neighborhood than a larger census entity, such as a census tract, would have. That is, use of block groups lessened the likelihood that both community residents and characteristics that are not influenced by the housing development were included in the analyses. The block groups in which HOPE VI sites were located, and the adjacent block groups, were identified by electronically mapping the addresses using MapInfo.

Next, we obtained 1990 and 2000 census data on nine population and housing characteristics for the census block groups in which the HOPE VI sites were located and the adjacent block groups. In order to make valid and reliable comparisons between decennial censuses, we had to ensure that the geographic regions in 1990 and in 2000 shared the same, or nearly the same, physical boundaries and land area. We visually inspected a map of the 1990 boundaries for each of the block groups contained in a HOPE VI neighborhood and compared them with the 2000 boundaries.

In some cases, we had to reclassify block groups in order to maintain comparability between the two census years. For example, in 2000, Wilmington's Jervay Place site was located in block group 11002. One of its

¹We defined HOPE VI neighborhoods using a concept similar to that in Sean Zielenbach's *The Economic Impact of HOPE VI on Neighborhoods*, (Washington, D.C.: Housing Research Foundation, 2002). Abt Associates Inc. also studied the neighborhoods surrounding HOPE VI sites by analyzing the census tract in which each of the HOPE VI sites studied is located, in *Exploring the Impacts of the HOPE VI Program on Surrounding Neighborhoods* (Cambridge, Mass.: Abt Associates Inc., January 2003).

adjacent block groups, part of the Jervay Place “neighborhood” (as defined by our study), was block group 10001. However, in 1990, the same area constituting block group 10001 had been partitioned into two block groups, 10001 and 10003, of which only 10003 was adjacent to the site block group, 11002. In order to have consistent and comparable geographic areas, we added the respondents of 1990 block group 10001 and their characteristics into the calculations for the 1990 descriptive statistics.

We also obtained 1996 and 2001 Home Mortgage Disclosure Act (HMDA) data from the Federal Financial Institutions Examination Council. Specifically, for each of the 20 HOPE VI neighborhoods and the four comparable neighborhoods we compared the number of loans originated in 1996 with the number originated in 2001. However, the smallest geographic unit for which HMDA data are available is the census tract. Therefore, analyses of these data were conducted at the census tract level, and each neighborhood was defined as consisting of the census tract in which the site was located.

Data Reliability

We reviewed information related to the census data variables and performed electronic data testing to identify obvious gaps in data completeness or accuracy. We determined that the data were sufficiently reliable for use in this report. We conducted a similar review of information related to the HMDA variables. Finally, since we found no issues impacting the use of these data as a result of electronic data testing, we concluded that the data elements being used were sufficiently reliable for the purposes of the report.

Limitations of Analysis

In evaluating community development initiatives such as HOPE VI, we note that it is difficult to determine the impact of a program or to definitely conclude that a program caused a specified outcome to occur. For example, several factors—such as other community initiatives, re-emphasis on the Community Reinvestment Act (Zielenbach, 2002), or national trends in the economy and unemployment (Zielenbach, 2002)—in conjunction with HOPE VI efforts may have contributed to observed changes in the geographic region surrounding a HOPE VI site.

To attempt to isolate the influence of HOPE VI activities, an ideal evaluation research design would include the identification of a neighborhood identical to the HOPE VI community based on key

characteristics (such as size, ethnic distribution, income distribution, number of social institutions, crime rates) and ideally use an in-depth, longitudinal case study to track changes in the HOPE VI and comparison communities from the inception of HOPE VI work until its completion. While we recognized that such a method would permit the greatest understanding of community changes and their relationship to HOPE VI, we could not utilize it for two reasons. First, in-depth, longitudinal case studies of multiple HOPE VI sites would be very resource-intensive and were outside the scope of this study. Second, it is unlikely that we or other analysts could identify a series of identical neighborhoods given the natural variation in population, business, and housing development characteristics that occurs within a city over the length of a longitudinal study. Therefore, in an attempt to limit the potential factors that could explain changes observed in HOPE VI communities, we worked with the public housing authorities that managed the four 1996 HOPE VI sites that had completed 75 percent or more of their on-site construction, as of December 31, 2002, to identify comparison neighborhoods. These comparison neighborhoods contained public housing sites that were comparable to the original HOPE VI sites in terms of age, size, or condition. Each of these comparison sites was located in the same city as the HOPE VI site, but had not received any HOPE VI revitalization funding.

The decennial nature of the Census also constrained our analysis. The HOPE VI sites were awarded their grants in 1996; however, relocation did not begin at most sites until 1997 or later. Demolition did not begin at over half of the sites until 1999 or later, and construction did not begin at the majority of sites until 2000 or later. In addition, as of June 30, 2003, the majority of sites had not completed construction. Thus, data collected during the 2000 Census may not have detected neighborhood changes. However, the 2000 data are the most current available. Similarly, at the time of our analysis, 2001 HMDA data were the most current available. Despite these limitations, we believe that we have constructed a design that is as methodologically sound as possible given resource and data constraints and the varying stages of implementation of HOPE VI plans.

Analytical Approach and Results

To analyze census data, we selected nine population and housing characteristics. Those characteristics were average household income, percent of population living in poverty, percent unemployed, percent of the population with a high school degree, average housing value, percent of housing units constructed within the last 10 years, percent of occupied housing units, average gross rent, and population total. For the six

percentage characteristics, we calculated the percent change by finding the difference between the 1990 sample estimate and the 2000 sample estimate. For the three average characteristics, we calculated the percent change by finding the difference between the 1990 sample estimate and the 2000 sample estimate and then dividing this difference by the 1990 sample estimate. In our comparison of four HOPE VI sites with comparable public housing sites, we also analyzed census data on population totals for each neighborhood. Populations were based on a 100 percent count of the individuals living in the block groups.

With the exception of the population total, each of the census variables is based on sample data. Since this sample is only one of a large number of samples that might have been drawn and each sample could have provided different estimates, we express our confidence in the precision of this particular sample's results as a 95 percent confidence interval (for example, plus or minus 7 percentage points). This is the interval that would contain the actual population value for 95 percent of the samples that could have been drawn. As a result, we are 95 percent confident that each of the confidence intervals in this report will include the true values for the population. We used the methodology described in the Census Bureau's documentation for the 1990 and 2000 Censuses (Appendix C: Accuracy of the Data, 1990, and Chapter 8: Accuracy of the Data, 2000) to calculate standard errors and confidence intervals. Essentially, we used the Census Bureau's formulas to compute the standard error for the sample estimate under the assumption of simple random sampling. We then multiplied this result by a design effect factor to adjust for the survey's sample design to give the appropriate standard error.

In order to determine whether the 1990 and 2000 percent change estimates were statistically significant, we interpreted the confidence interval. For example, if the confidence interval includes zero, then the difference between the 1990 and 2000 estimates is not considered a statistically significant difference. If the confidence interval does not include zero, then the percent change between the 1990 and 2000 estimates is considered statistically significant (see app. III). We also calculated 95 percent confidence intervals to determine whether there are statistically significant differences between the HOPE VI and non-HOPE VI (comparable) neighborhoods on the percent differences from 1990 to 2000.

In addition to sampling errors, sample data (and 100 percent data) are subject to nonsampling errors, which may occur during the operations used to collect and process census data. Examples of nonsampling errors

are not enumerating every housing unit or person in the sample, failing to obtain all required information from a respondent, obtaining incorrect information, and recording information incorrectly. Operations such as field review of enumerators' work, clerical handling of questionnaires, and electronic processing of questionnaires also may introduce nonsampling errors in the data. The Census Bureau discusses sources of nonsampling errors and attempts to control in detail.

To analyze the HMDA data for each of the 20 HOPE VI sites and the four comparable sites, we compared the number of loans originated in 1996 with the number originated in 2001 (see app. III). The HMDA data contain all of the loans originating in these time periods; therefore, it is not a sample, and confidence intervals did not need to be computed for these data.

Selected Census, Home Mortgage Disclosure Act, and Summary Crime Data

We obtained 1990 and 2000 census data for each neighborhood in which a 1996 HOPE VI site is located, as well as for four neighborhoods in which public housing that is comparable to selected 1996 HOPE VI sites is located. When using census data, we defined a neighborhood as consisting of the census block group in which a site is located, as well as the adjacent census block groups. We selected nine census data variables, which are generally used by researchers to measure neighborhood change, and analyzed the changes in these variables from 1990 to 2000 (see tables 2 through 4). We also determined whether these changes were statistically significant.

For these same 20 HOPE VI and four comparable neighborhoods, we obtained 1996 and 2001 Home Mortgage Disclosure Act (HMDA) data. With this data, we compared the number of loans originated for the purchase of a home in 1996 with the number originated in 2001 (see table 5). When using HMDA data, we defined each neighborhood as consisting of the census tract in which each site is located.

We also obtained 1996 and 2002 crime data summaries for each of the four HOPE VI sites that had completed 75 percent or more of their on-site construction (as of December 2002), as well as for four comparable public housing sites. This data was obtained from public housing authority officials and consisted of the total number of crimes that occurred in selected categories. We then calculated the percent change in the total number of crimes over time (see fig. 6).

Table 2: Selected 1990 and 2000 Census Data on Education for Each 1996 HOPE VI Neighborhood and Four Comparable Neighborhoods

Neighborhood (comparable neighborhood)	Percent with a high school diploma			Percent with an associate's degree or better		
	1990	2000	Percentage point difference	1990	2000	Percentage point difference
Atlanta, Georgia: Heman E. Perry Homes	48	59	11 ^a	6	11	4 ^a
Baltimore, Maryland: Hollander Ridge	59	80	21 ^a	10	15	4 ^a
Charlotte, North Carolina: Dalton Village	66	68	2	14	13	0
Chester, Pennsylvania: Lamokin Village	58	73	14 ^a	10	9	0
(Matopos Hills)	(61)	(74)	(12 ^a)	(10)	(10)	(0)

**Appendix III
Selected Census, Home Mortgage Disclosure
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Neighborhood <i>(comparable neighborhood)</i>	Percent with a high school diploma			Percent with an associate's degree or better		
	1990	2000	Percentage point difference	1990	2000	Percentage point difference
Chicago, Illinois: ABLA Homes – Brooks Extension	44	56	12 ^a	13	22	9 ^a
Chicago, Illinois: Henry Horner Homes	40	54	14 ^a	6	16	10 ^a
Chicago, Illinois: Robert Taylor Homes B	46	57	11 ^a	9	8	-1
Cleveland, Ohio: Riverview and Lakeview Terraces	52	64	12 ^a	16	21	6 ^a
Detroit, Michigan: Herman Gardens	66	70	4 ^a	13	14	2
Holyoke, Massachusetts: Jackson Parkway	63	66	3	19	18	0
Jacksonville, Florida: Durkeeville <i>(Brentwood Park)</i>	50 <i>(53)</i>	61 <i>(63)</i>	10 ^a <i>(10^a)</i>	11 <i>(11)</i>	12 <i>(11)</i>	0 <i>(0)</i>
Kansas City, Missouri: Theron B. Watkins Homes <i>(West Bluff)</i>	57 <i>(60)</i>	64 <i>(76)</i>	7 ^a <i>(16^a)</i>	13 <i>(22)</i>	13 <i>(36)</i>	0 <i>(14^a)</i>
Louisville, Kentucky: Cotter and Lang Homes	61	71	10 ^a	10	14	4 ^a
New Orleans, Louisiana: St. Thomas	67	75	8 ^a	29	37	8 ^a
New York, New York: Arverne/Edgemere Houses	58	65	7 ^a	11	18	7 ^a
Pittsburgh, Pennsylvania: Bedford Additions	58	69	11 ^a	12	19	6 ^a
San Francisco, California: North Beach	80	87	8 ^a	52	66	14 ^a
Spartanburg, South Carolina: Tobe Hartwell Courts and Tobe Hartwell Extension <i>(Woodworth Homes)</i>	44 <i>(62)</i>	58 <i>(67)</i>	14 ^a <i>(4^a)</i>	13 <i>(21)</i>	17 <i>(20)</i>	4 <i>(0)</i>
Tucson, Arizona: Connie Chambers	51	58	7 ^a	13	16	3 ^a
Wilmington, North Carolina: Robert S. Jervay Place	52	61	8 ^a	12	15	3

Sources: 1990 and 2000 U.S. Census.

^aThe difference of the two estimates is statistically significantly different, and the 2000 estimate is larger than the 1990 estimate.

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Selected Census, Home Mortgage Disclosure
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Table 3: Selected 1990 and 2000 Census Data on Income, Poverty, and Unemployment for Each 1996 HOPE VI Neighborhood and Four Comparable Neighborhoods

Neighborhood (comparable neighborhood)	Average household income ^a			Percent in poverty			Percent unemployed		
	1990	2000	Percent change	1990	2000	Percentage point difference	1990	2000	Percentage point difference
Atlanta, Georgia: Heman E. Perry Homes	23,394	31,522	35 ^b	46	42	-4 ^b	14	19	5 ^b
Baltimore, Maryland: Hollander Ridge	36,672	49,470	35 ^b	26	6	-20 ^b	11	4	-6 ^b
Charlotte, North Carolina: Dalton Village	34,443	42,208	23 ^b	21	21	0	6	8	2 ^b
Chester, Pennsylvania: Lamokin Village	27,289	29,468	8	33	31	-2	13	13	0
(Matopos Hills)	(30,313)	(31,730)	(5)	(32)	(33)	(1)	(13)	(11)	(-2)
Chicago, Illinois: ABLA Homes – Brooks Extension	22,124	34,398	55 ^b	52	40	-13 ^b	22	14	-8 ^b
Chicago, Illinois: Henry Horner Homes	15,106	32,494	115 ^b	67	48	-18 ^b	34	25	-9 ^b
Chicago, Illinois: Robert Taylor Homes B	18,086	23,951	32 ^b	67	58	-8 ^b	35	32	-2
Cleveland, Ohio: Riverview and Lakeview Terraces	22,006	32,074	46 ^b	52	34	-18 ^b	18	14	-4 ^b
Detroit, Michigan: Herman Gardens	33,072	39,190	18 ^b	32	27	-4 ^b	17	11	-6 ^b
Holyoke, Massachusetts: Jackson Parkway	35,815	37,332	4	29	26	-2	11	7	-4 ^b
Jacksonville, Florida: Durkeeville	17,261	21,208	23 ^b	51	41	-10 ^b	16	16	0
(Brentwood Park)	(23,454)	(25,936)	(11)	(38)	(33)	(-4 ^b)	(14)	(13)	(-1)
Kansas City, Missouri: Theron B. Watkins Homes	22,378	28,857	29 ^b	43	34	-8 ^b	14	22	8 ^b
(West Bluff)	(35,596)	(39,668)	(11)	(32)	(22)	(-10 ^b)	(9)	(8)	(-1)
Louisville, Kentucky: Cotter and Lang Homes	28,086	35,890	28 ^b	38	26	-12 ^b	17	10	-7 ^b
New Orleans, Louisiana: St. Thomas	37,103	45,095	22 ^b	47	38	-8 ^b	16	11	-5 ^b
New York, New York: Arverne/Edgemere Houses	35,724	35,868	0	35	30	-5 ^b	15	19	4 ^b

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Selected Census, Home Mortgage Disclosure
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Neighborhood (comparable neighborhood)	Average household income ^a			Percent in poverty			Percent unemployed		
	1990	2000	Percent change	1990	2000	Percentage point difference	1990	2000	Percentage point difference
Pittsburgh, Pennsylvania: Bedford Additions	22,686	25,704	13	39	36	-2	20	17	-4
San Francisco, California: North Beach	82,104	106,942	30 ^b	9	7	-2	4	2	-1
Spartanburg, South Carolina: Tobe Hartwell Courts and Tobe Hartwell Extension	23,898	26,248	10	37	34	-3	10	14	4
(Woodworth Homes)	(34,801)	(34,730)	(0)	(24)	(24)	(-2)	(8)	(9)	(0)
Tucson, Arizona: Connie Chambers	24,345	30,472	25 ^b	39	30	-9 ^b	14	10	-4 ^b
Wilmington, North Carolina: Robert S. Jervay Place	19,489	23,610	21 ^b	46	36	-10 ^b	16	14	-2

Sources: 1990 and 2000 U.S. Census Bureau Data.

^aThe 1990 dollar figures were adjusted to make them comparable to the 2000 dollar figures.

^bThe difference of the two estimates is statistically significantly different, and the 2000 estimate is larger than the 1990 estimate.

Table 4: Selected 1990 and 2000 Census Data on Housing for Each 1996 HOPE VI Neighborhood and Four Comparable Neighborhoods

Neighborhood (comparable neighborhood)	Average housing value ^a			Percent built within last 10 years			Percent occupied			Average gross rent ^a		
	1990	2000	Percent change	1990	2000	Percentage point difference	1990	2000	Percentage point difference	1990	2000	Percent change
Atlanta, Georgia: Heman E. Perry Homes	56,952	71,784	26 ^b	4	4	0	86	90	4 ^b	360	432	20 ^b
Baltimore, Maryland: Hollander Ridge	112,561	111,732	-1	4	5	1	94	68	-26 ^b	478	662	38 ^b
Charlotte, North Carolina: Dalton Village	69,341	81,912	18 ^b	10	13	4 ^b	93	91	-2	504	561	11 ^b

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Selected Census, Home Mortgage Disclosure
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Neighborhood (comparable neighborhood)	Average housing value ^a			Percent built within last 10 years			Percent occupied			Average gross rent ^a		
	1990	2000	Percent change	1990	2000	Percentage point difference	1990	2000	Percentage point difference	1990	2000	Percent change
Chester, Pennsylvania: Lamokin Village <i>(Matopos Hills)</i>	52,290 <i>(59,790)</i>	47,895 <i>(56,094)</i>	-8 <i>(-6)</i>	7 <i>(8)</i>	3 <i>(3)</i>	-4 ^b <i>(-4^b)</i>	92 <i>(94)</i>	92 <i>(91)</i>	0 <i>(-2)</i>	426 <i>(428)</i>	480 <i>(427)</i>	12 ^b <i>(0)</i>
Chicago, Illinois: ABLA Homes – Brooks Extension	140,772	238,934	70 ^b	9	7	-2 ^b	81	81	0	370	487	32 ^b
Chicago, Illinois: Henry Horner Homes	65,884	207,676	215 ^b	8	15	7 ^b	75	83	7 ^b	285	390	37 ^b
Chicago, Illinois: Robert Taylor Homes B	76,587	111,666	46	2	3	1 ^b	77	74	-4	372	397	7
Cleveland, Ohio: Riverview and Lakeview Terraces	48,877	100,494	106 ^b	5	2	-2 ^b	76	83	8 ^b	308	424	37 ^b
Detroit, Michigan: Herman Gardens	32,110	69,266	116 ^b	0	1	0	89	94	5 ^b	497	586	18 ^b
Holyoke, Massachusetts: Jackson Parkway	131,763	97,858	-26 ^b	4	4	0	94	92	-2	510	480	-6
Jacksonville, Florida: Durkeeville <i>(Brentwood Park)</i>	41,565 <i>(44,572)</i>	47,740 <i>(50,936)</i>	15 <i>(14^b)</i>	3 <i>(4)</i>	18 <i>(1)</i>	14 ^b <i>(-2^b)</i>	80 <i>(82)</i>	82 <i>(85)</i>	2 <i>(3)</i>	309 <i>(384)</i>	387 <i>(426)</i>	25 ^b <i>(11^b)</i>
Kansas City, Missouri: Theron B. Watkins Homes <i>(West Bluff)</i>	39,630 <i>(65,204)</i>	59,743 <i>(72,286)</i>	51 ^b <i>(11)</i>	2 <i>(14)</i>	7 <i>(10)</i>	51 ^b <i>(-3)</i>	76 <i>(79)</i>	82 <i>(90)</i>	5 ^b <i>(10^b)</i>	381 <i>(462)</i>	425 <i>(571)</i>	12 ^b <i>(24^b)</i>
Louisville, Kentucky: Cotter and Lang Homes	42,829	67,118	57 ^b	3	14	11 ^b	88	92	3 ^b	300	483	61 ^b
New Orleans, Louisiana: St. Thomas	186,924	221,355	18	4	2	-2 ^b	71	79	8 ^b	494	546	11 ^b
New York, New York: Arverne/Edgemere Houses	143,812	173,972	21	2	4	2 ^b	97	87	-10 ^b	484	513	6

**Appendix III
Selected Census, Home Mortgage Disclosure
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Neighborhood (comparable neighborhood)	Average housing value ^a			Percent built within last 10 years			Percent occupied			Average gross rent ^a		
	1990	2000	Percent change	1990	2000	Percentage point difference	1990	2000	Percentage point difference	1990	2000	Percent change
Pittsburgh, Pennsylvania: Bedford Additions	41,035	52,056	27 ^b	11	9	-2	84	84	0	330	360	9
San Francisco, California: North Beach	681,610	895,089	31 ^b	7	4	-2 ^b	91	91	0	983	1,182	20 ^b
Spartanburg, South Carolina: Tobe Hartwell Courts and Tobe Hartwell Extension	52,912	65,711	24 ^b	16	3	-12 ^b	92	89	-3	332	338	2
(Woodworth Homes)	(65,382)	(76,930)	(18 ^b)	(9)	(4)	(-4 ^b)	(93)	(90)	(-4 ^b)	(454)	(472)	(4)
Tucson, Arizona: Connie Chambers	66,704	74,308	11 ^b	26	13	-13 ^b	88	89	1	413	448	9 ^b
Wilmington, North Carolina: Robert S. Jervay Place	46,992	92,038	96 ^b	5	6	0	82	87	5 ^b	358	498	39 ^b

Sources: 1990 and 2000 U.S. Census.

^aThe 1990 dollar figures were adjusted to make them comparable to the 2000 dollar figures.

^bThe difference of the two estimates is statistically significantly different, and the 2000 estimate is larger than the 1990 estimate.

Table 5: Loans Originated for Home Purchase for Each 1996 HOPE VI Neighborhood and Four Comparable Neighborhoods

Neighborhood (comparable neighborhood)	1996	2001	Percent change
Atlanta, Georgia			
Heman E. Perry Homes	63	60	-5
Baltimore, Maryland			
Hollander Ridge	7	3	-57
Charlotte, North Carolina			
Dalton Village	7	58	728
Chester, Pennsylvania			
Lamokin Village	6	16	166
(Matopos Hills)	(5)	(3)	(-40)

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Chicago, Illinois			
ABLA Homes – Brooks Extension	0	0	0
Henry Horner Homes	7	7	0
Robert Taylor Homes B	3	11	266
Cleveland, Ohio			
Riverview and Lakeview Terraces	9	18	100
Detroit, Michigan			
Herman Gardens	194	137	-29
Holyoke, Massachusetts			
Jackson Parkway	117	142	21
Jacksonville, Florida			
Durkeeville	2	3	50
<i>(Brentwood Park)</i>	<i>(80)</i>	<i>(65)</i>	<i>(-18)</i>
Kansas City, Missouri			
Theron B. Watkins Homes	8	10	25
<i>(West Bluff)</i>	<i>(37)</i>	<i>(12)</i>	<i>(-68)</i>
Louisville, Kentucky			
Cotter and Lang Homes	32	54	68
New Orleans, Louisiana			
St. Thomas	42	56	33
New York, New York			
Arverne/Edgemere Houses	29	46	58
Pittsburgh, Pennsylvania			
Bedford Additions	0	0	0
San Francisco, California			
North Beach	70	60	-14
Spartanburg, South Carolina			
Tobe Hartwell Courts and Tobe Hartwell Extension	6	4	-33
<i>(Woodworth Homes)</i>	<i>(103)</i>	<i>(56)</i>	<i>(-46)</i>
Tucson, Arizona			
Connie Chambers	66	32	-52
Wilmington, North Carolina			
Robert S. Jervay Place	19	8	-58

Sources: 1996 and 2001 HMDA data.

**Appendix III
Selected Census, Home Mortgage Disclosure
Act, and Summary Crime Data**

Figure 6: Summary of Crime Data at HOPE VI and Comparable Sites

Crime	Chester, Pennsylvania						Jacksonville, Florida						Kansas City, Missouri						Spartanburg, South Carolina					
	HOPE VI			Comparable			HOPE VI			Comparable			HOPE VI ^b			Comparable			HOPE VI			Comparable		
	1996	2002	% change	1996	2002	% change	1996	2002	% change	1999 ^a	2002	% change	1996	2002	% change	1996	2002	% change	1996	2002	% change	1996	2002	% change
Assault/battery	5	3	-40	0	24	n/d ^c	8	3	-63	67	88	31	8	27	238	20	16	-20	70	4	-94	27	13	-52
Burglary—breaking or entering	4	1	-75	5	7	40	15	2	-87	27	34	26	7	2	-71	7	1	-86	16	1	-94	5	5	0
Drugs	3	0	-100	0	2	n/d	6	0	-100	n/a ^d	n/a	n/a	n/a	2	n/a	n/a	0	n/a	11	n/a	n/a	3	2	-33
Larceny	1	0	-100	8	12	50	12	4	-67	47	67	43	11	6	-45	6	5	-17	37	12	-68	15	15	0
Motor vehicle theft	2	0	-100	0	5	n/d	8	3	-63	25	32	28	3	11	267	5	6	20	37	1	-97	1	5	400
Vandalism/property crimes	9	1	-89	3	12	300	6	0	-100	n/a	n/a	n/a	6	15	150	4	5	25	38	8	-79	19	7	-63
Total	24	5	-79	16	62	288	55	12	-78	166	221	33	35	63	80	42	33	-21	209	26	-88	70	47	-33

Source: GAO.

Note: This figure is based on GAO analysis of summary crime data provided by the Chester Housing Authority; Jacksonville Housing Authority; Housing Authority of Kansas City, Missouri; and Spartanburg Housing Authority.

^aThe Jacksonville Housing Authority was unable to provide 1996 summary crime data for their comparable public housing site. The earliest data they could provide was from 1999.

^bThe first phase of revitalization at the Kansas City HOPE VI site began in May 1995 with non-HOPE VI funds.

^cNot defined.

^dNot available.

Comments from the Department of Housing and Urban Development

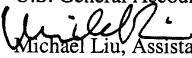


U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
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OFFICE OF THE ASSISTANT SECRETARY
FOR PUBLIC AND INDIAN HOUSING

TO: David Wood, Director, Financial Markets and Community Investment,
U.S. General Accounting Office (GAO)

FROM: 
Michael Liu, Assistant Secretary for Public and Indian Housing

SUBJECT: Comments on GAO Draft Report, "HOPE VI Resident Issues and Changes in
Neighborhoods Surrounding Grant Sites" (Report to the Ranking Minority
Member, Subcommittee on Housing and Transportation, Committee on Banking,
Housing and Urban Affairs, United States Senate)

The Department would like to thank GAO for its thorough and discerning review of the HOPE VI Program and the opportunity to respond to this third and final report addressing the effects of the HOPE VI program on residents and the neighborhoods surrounding HOPE VI sites.

Review of the report found that it does not include formal recommendations, but rather presents descriptions and analyses of the various issues and changes related to the aspects of study. The Department values GAO's consideration and presentation of these subjects, given the many complexities and challenges involved with HOPE VI resident and community issues. Specifically, the Department appreciates GAO's discussion of the complexity of the reoccupancy issue. It is important to understand that, under the HOPE VI program, residents retain the ability to make choices that can affect the kind of housing in which they will live. Residents can and do choose to leave public housing and not return to the revitalized sites.

As this is the last report in the study of HOPE VI, the Department thanks GAO for the time and dedication it has committed to the review of the program. The Department regards this study as an important tool to be used in its continuing efforts to improve the HOPE VI program, its implementation and effectiveness.

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Staff Acknowledgments

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