

# ACADEMIC PERSPECTIVES ON THE FUTURE OF PUBLIC HOUSING

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## HEARING BEFORE THE SUBCOMMITTEE ON HOUSING AND COMMUNITY OPPORTUNITY OF THE COMMITTEE ON FINANCIAL SERVICES U.S. HOUSE OF REPRESENTATIVES ONE HUNDRED ELEVENTH CONGRESS FIRST SESSION

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JULY 29, 2009  
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## ACADEMIC PERSPECTIVES ON THE FUTURE OF PUBLIC HOUSING

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Wednesday, July 29, 2009

U.S. HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON HOUSING AND  
COMMUNITY OPPORTUNITY,  
COMMITTEE ON FINANCIAL SERVICES,  
*Washington, D.C.*

The subcommittee met, pursuant to notice, at 10:07 a.m., in room 2128, Rayburn House Office Building, Hon. Maxine Waters [chairwoman of the subcommittee] presiding.

Members present: Representatives Waters, Lynch, Cleaver, Green, Driehaus, Himes, Maffei; and Capito.

Chairwoman WATERS. This hearing of the Subcommittee on Housing and Community Opportunity will come to order.

Good morning, ladies and gentlemen. I would like to thank the ranking member and other members of the Subcommittee on Housing and Community Opportunity for joining me today for this hearing on academic perspectives on the future of public housing. Public housing plays an important role in providing affordable rental housing for 1.2 million households, containing about 3 million individuals.

In fact, research suggests that residents of public housing fare better across a number of measures than households at similar income levels who live in private market apartments without housing assistance. Despite the many successes of public housing, some critics continue to associate the program only with problems. These perceptions of public housing have led some public housing authorities to push for the continued demolition of public housing units.

The Center on Budget and Policy Priorities estimates since 1995, 200,000 public housing units, including the great majority of large high-rises have already been torn down, just as yesterday the Associated Press reported that the City of Atlanta is in the process of demolishing the last of its public housing, making it both the first city to have public housing and the first major city to eliminate it. These negative perceptions of public housing also helped fuel disinvestments in the program over the last 8 years.

For too long, our Federal housing policy said that homeownership was a one-size-fits-all approach for all households and neglected the important need that public housing fills for some individuals and families. Year after year, our Federal budgets reflected these priorities. Beginning in 2003, the Federal Government underfunded the public housing operating fund for 6 consecutive years. The pub-

lic housing capital fund has also fallen well short of need in recent years.

Where estimates vary, the Center on Budget and Public Policy priorities estimates the cost of needed repairs and modest upgrades at \$22 billion. As the current Administration begins to reverse the trend of underfunding the program, I believe that now is the time to look at how the current program can be improved, so that it best serves the needs of low-income families.

First, we must address the loss of units throughout the country. The HOPE VI Program has accelerated the demolition of public housing, leading to a net loss of at least 50,000 units. That is why last year I introduced in the House, and the House passed, a HOPE VI reauthorization bill that required one-for-one replacement. In addition, Chairman Frank and I recently wrote to Secretary Donovan to request a one-year moratorium on all public housing demolitions.

I am also troubled by resident displacement and the low rates of return among original public housing tenants. Additionally, I believe we need to build-up the record of HOPE VI and reconsider how well public housing programs meet the needs of different types of residents. In particular, I am concerned about whether we are adequately serving the most vulnerable public housing residents, including elderly and disabled residents, families with children, and included in that ex-offenders.

More needs to be done to ensure that housing is connected to job opportunities, affordable healthcare, and transportation. We also need to improve upon how public housing agencies and nonprofits work together to provide case management services to residents of all ages by grounds and levels of need. This case management needs to continue through the life of the development and it needs to effectively target residents who relocate with vouchers. It is time to rethink the way that residents are involved in the process of governing their communities, particularly when redevelopment takes place. This includes helping residents access job opportunities right in their own backyards and ensuring that they can advocate for how their communities are designed.

I am pleased that our witnesses are here today to comment on these issues. There are many questions we have yet to answer on these important topics and I look forward to our witnesses' testimony.

I thank you, and I would now like to recognize our ranking member, Ranking Member Capito, for 5 minutes for an opening statement.

Mrs. CAPITO. Thank you, Madam Chairwoman. And I want to thank the witnesses today for coming before us. I don't have a formal opening statement. I just have a couple of things I would like to say, and I also want to apologize. I have to go to the Floor to manage two or three suspensions, so I might be in and out during the committee hearing.

At this point in time, I think it's well-placed to be looking at the future of public housing and how we can best use our resources. Right now at this moment, Federal spending on public housing is at an all-time high. When you combine the consolidated appropriations with the stimulus package, it's quite sizeable, and certainly



the same can be said for the HUD appropriations bill that was passed last week.

I think it's important as we look at more dollars that we do this in a smart and efficient way, and one of the things I have learned through service on this committee in talking with my local housing folks is that some flexibility needs to be built into the program. So, as the chairwoman said, a one-size-fits-all approach no longer fits the housing authorities and the others who are in the position to make decisions.

That's why we did our Section 8, the Moving to Work revisions I think were good because of the flexibility we built in there, and I would like to see us build flexibility into our public housing programs as well. I think that innovative solutions are what we are looking for today, and I'm certain most of you have great ideas on that in terms of how to reach our vulnerable populations, whether it's our elderly or disabled from my perspective representing a rural State.

I think it's important too that we realize that rural America has great housing needs, maybe not in the greater numbers. But as a lot of our aging population lives in the rural area, certainly in my State, we need to be able to help them meet the challenges they have as they move into their elderly years and make sure that they are in safe, affordable housing. I have also noticed in my own community of Charleston, West Virginia, when we have tried to reshape the face of public housing, that a lot of the housing units were clustered together intensely, and have come into quite disrepair, because of the age, basically, of the units. And I think our housing authority has done a wonderful job in terms of reshaping the face of public housing in our community, but I think they have been able to use some flexibility in terms of not necessarily a one-to-one replacement in that exact locality but spread those units around the different city and area to make sure the units are there, but they are not as heavily concentrated as they had been in the past.

And one of the aspects I think it's important that we emphasize too, is as we rebuild and renovate units, that we do this in a smart and efficient way to use our dollars the best, and that's to make sure we build an energy efficiency and the green standards I think will help drive cost savings, but also be a smarter way to use our dollars.

So with that I would like to thank the chairwoman for having this hearing and I look forward to the testimony of our witnesses.

Thank you.

Chairwoman WATERS. Thank you very much.

Mr. Lynch is now recognized for 5 minutes.

Mr. LYNCH. Thank you, Madam Chairwoman.

I appreciate you holding this hearing and I appreciate your long-standing advocacy on behalf of families living in public housing. I would also like to welcome our panelists and I thank them in advance for their testimony on this very important issue.

As someone who was raised in public housing in the housing projects in South Boston, I understand the important role that public housing can provide for families and the community at large. Federally-subsidized public housing provides homes for about 3

million Americans living in 1.2 million households today, but we know that our public housing stock is insufficient and more units are necessary.

Prior to coming to Congress, I worked as a young lawyer. I did pro bono work in the housing projects in the City of Boston representing families living in public housing, who were having trouble with lead paint on the pipes, asbestos in the apartments. Folks who were underhoused, a lot of kids living in apartments with maybe one bedroom. So I know the strain that's facing a lot of families in public housing. Many factors have contributed to a shortage of public housing, including insufficient Federal funding and the demolition of aging units without replacements, as Chairwoman Waters has mentioned.

This committee has received testimony at previous hearings, and I have heard from the public housing community in my district, that public housing agencies lack sufficient staff and resources to perform inspections and maintain aging buildings. It is especially stressful in larger urban areas, including some cities in the Northeast, such as in my district in Boston, where the housing stock is older than in many parts of the country.

We know that additional maintenance and inspections are necessary to ensure tenants' safety and the proper allocation of Federal resources.

The lasting questions related to public housing are grounded in how to best use affordable housing as a platform for families' stability and independence. Research has supported the idea that a stable, safe, and clean place to live can serve as the foundation for self-sufficiency. And as we enter into a new phase of federally-subsidized housing, I am interested in hearing more about the many approaches to the future of public housing intervention, whether it's a continuation of the mobility-based, mixed-income models that have helped transform old high-rises into revitalized communities or the prioritization of housing preservation for certain populations like the disabled and elderly.

I look forward to hearing from our panelists on these ideas. I want to thank you, Madam Chairwoman, again for your advocacy on this issue and for convening this hearing. And I yield back the balance of my time.

Chairwoman WATERS. Thank you very much.

Mr. Himes, would you like to make an opening statement? If not, we will move to our witnesses. Again, we want to thank you for being here today. We will recognize you each for 5 minutes, and we will begin with our first witness, Dr. Thomas Boston, professor, School of Economics, Georgia Institute of Technology.

Our second witness will be the Honorable Orlando Cabrera, CEO, National Community Renaissance and Of Counsel to Nixon Peabody.

Our third witness will be Dr. James Fraser, associate professor, Department of Human and Organizational Development, Vanderbilt University.

Our fourth witness will be Dr. Edward Goetz, director, Center for Urban and Regional Affairs, University of Minnesota.

Our fifth witness will be Dr. Laura Harris, assistant professor, School of Urban Affairs and Public Policy, University of Memphis.

Our sixth witness will be Mr. David Jones, president and CEO, Community Service Society of New York.

Our seventh witness will be Dr. Mark Joseph, assistant professor, Mandel School of Applied Social Sciences, Case Western Reserve University.

And our eighth witness will be Dr. Susan Popkin, director, Program on Neighborhoods and Youth Development, The Urban Institute.

Without objection, your written statements will be made a part of the record. You will be now be recognized for a 5-minute summary of your testimony.

Thank you. Starting with you, Dr. Boston.

**STATEMENT OF DR. THOMAS D. BOSTON, PROFESSOR,  
SCHOOL OF ECONOMICS, GEORGIA INSTITUTE OF TECHNOLOGY**

Mr. BOSTON. Thank you, Madam Chairwoman, and the honorable and distinguished members of the subcommittee.

Your invitation letter asked me to answer eight specific questions related to my research on the Atlanta Housing Authority, and I will restrict my answers to those questions. And let me start simply by summarizing my research findings, and that is that when low-income housing-assisted families are given access to quality affordable housing in neighborhoods of greater opportunity, their self-sufficiency increases significantly.

The first question I was asked to respond to was to describe my research on public housing in Atlanta. I have mainly focused on how mixed-income revitalization, housing choice vouchers, and public housing have affected family self-sufficiency. I have examined 20,000 administrative records of families who received housing assistance from the Atlanta Housing Authority between 1995 and 2007, and, more recently, I completed an examination of 26,000 families who received housing assistance from the Chicago Housing Authority between 1999 and 2007.

I have attempted to answer the following questions: Did families relocate to better neighborhoods when the housing projects they lived in were demolished? Did they lose housing assistance? Did mixed-income developments or vouchers improve self-sufficiency in comparison to housing projects? Did the benefits of mixed-income revitalization exceed the cost? Finally, did the performance of elementary kids improve if their families had access to vouchers or lived in mixed-income developments?

Next, I was asked to describe the transformation efforts in Atlanta. Between 1995 and 2007, Atlanta fully constructed 13 mixed-income developments, more than any other housing authority in the country. In 1995, Atlanta provided housing assistance to over 16,000 families, 47 percent of whom lived in public housing projects, and 33 percent of whom used the vouchers.

By 2007, Atlanta provided housing assistance to over 17,000 families, 15 percent of whom lived in public housing projects, and 59 percent of whom used vouchers. And then, another 90 percent lived in mixed-income developments and I am leaving aside in those percentages the elderly families.

What are the re-screening policies of AHA and what percentage of original public housing residents moved back into the redeveloped communities? Madam Chairwoman, I cannot speak authoritatively on the re-screening policies. I do know that those policies, those re-screening processes were handled by private development companies, and I would have to defer to the management of the authority in regards to a more authoritative answer to that. But with regard to the second question that I have examined in detail, my research found that in Atlanta, 21.4 percent of the still-active original families moved back into mixed-income developments, and about 61 percent used vouchers.

I have also found through numerous focus group interviews that the large percentage of families who remain on vouchers do so primarily by choice. My statistical research in Atlanta also found that mixed-income revitalization did not cause families to lose housing assistance.

The next question I was asked is in what way have I updated my 2005 article that was published in the Journal of the American Planning Association. And I would simply say that I conducted a number of updates to that study, including extending it over a period of time. I have added a study of Chicago. I have looked at issues of the association between voucher locations and crime. I have done cost-benefit analyses, and so on. The most important update has been the addition of the Chicago Housing Authority that was funded by a grant from the McArthur Foundation, and that is a 300-page report that is currently undergoing peer review. Here are the findings:

First, I found that families who relocated—and this is specifically with respect to Atlanta—from public housing projects moved to much better neighborhoods. We looked at 16 community metrics to evaluate that. Second, we found that the employment rates of work eligible adults increased from 21 percent in 1995, when most families lived in public housing projects, to an average of 53 percent in 2007, when most families had moved away from those projects. And we tracked families longitudinally.

On nationally standardized tests we found that: kids whose families lived in housing projects scored very low, in the 29th percentile nationally; those whose families used vouchers scored slightly higher, in the 35th percentile nationally; and those whose families lived in mixed-income developments scored higher, in the 43rd percentile. All of these, of course, are much lower than we would like to see them. And, the most important point is that the vouchers in mixed-income developments provided access to better schools.

Violent crime was not significantly correlated with the percentage of families who lived in census tracts. It was, however, highly correlated with the poverty rate in census tracts. And, finally, we found that the net social benefit of revitalizing 6 public housing projects in Atlanta was \$125 million per development, our benefit cost ratio of 1.6 to 1.

Let me end simply by saying that my research in Atlanta has demonstrated conclusively that the self-sufficiency of low-income families can improve significantly if those families are provided access to quality, affordable housing in neighborhoods where the opportunities for upward mobility are greater.

Thank you very much.

[The prepared statement of Dr. Boston can be found on page 38 of the appendix.]

Chairwoman WATERS. Thank you very much.

Now, we will go to Mr. Cabrera.

**STATEMENT OF THE HONORABLE ORLANDO J. CABRERA,  
CHIEF EXECUTIVE OFFICER, NATIONAL COMMUNITY RENAISSANCE  
AND OF COUNSEL TO NIXON PEABODY**

Mr. CABRERA. Thank you, Madam Chairwoman.

Good morning, Chairwoman Waters, Ranking Member Capito, and members of the subcommittee.

My name is Orlando Cabrera and I wanted to thank you, Madam Chairwoman, and Ranking Member Capito for your invitation to speak this morning. Madam Chairwoman, I ask that my written comments be entered and accepted into the record.

Chairwoman WATERS. Without objection, it is so ordered.

Mr. CABRERA. In light of present company, I feel compelled to state that I am not an academic. Further, most of my comments are tailored to the world of the PHA, the housing provider. There are some axioms in the world of public housing; and, one of them is that public housing is at a crossroads, and that's because public housing is always at a crossroads. There are pretty basic reasons for that being the case. The first and foremost reason is that our country is always changing.

That is no different today. Public housing policy has always been interesting because it's a terrific indicator of where our country is. Public housing was very important to returning veterans during World War II and it's going to be very important to the elderly, right now, frankly, with our aging population. We're going to see demand increased for public housing and more accurately for affordable housing. And one of the very large issues facing the issue of public housing is how we look at housing.

Public housing has always been treated as something that is outside of the housing spectrum. It is another theory I disagree with strongly. I think public housing is well within the housing spectrum and needs to be considered within the housing spectrum. Moreover, the focus, I believe, for many housing practitioners is the issue of affordable housing, and, what is the supply of affordable housing? How is that supply helping those who need it most?

No place is that reality more acute than in the world of elderly housing; and no place will it be more acute in our lifetimes, I believe, with the state of our aging population.

Another large issue for PHAs is the changing nature of our Nation's demographics. Much of our public housing stock was developed at a time when the population center was located in the Northeast. Things are changing remarkably. The modality for housing in the places where it's changing has typically not been public housing. It has been for the last 30-plus years Section 8. So issues that are very important to the Northeast and rightly important, such as public housing and the obsolescence of public housing, are far less important to places in the West than in the South where vouchers are the typical modality for housing people who have the need to be housed. This is going to drive a lot of the con-

versation, but it begs a big question, which is why we have typically treated public housing in a particular way. We have decided long ago that public housing, and this is not a one-size fits all argument, but public housing is a particular kind of program.

The truth is that, from a practitioner's perspective, public housing is one part of a very large spectrum that fits a lot of needs, and that spectrum deals with its needs in different ways in different parts of the country. The driver here is always going to be whether the local government has the flexibility to function in order to address the needs of its particular community. In the Northeast it's going to be different than in West Virginia or in Los Angeles, or for that matter in San Bernardino, which is just 40 miles to the East of Los Angeles.

That driver is going to dictate a lot of how we deal with the issue of affordable housing generally and the subset of public housing. Very quickly, there is a tangential issue that I promise you no one—none of my formal professional colleagues at HUD—asked me to do this, but I'm going to do this shamelessly. A big part of trying to determine the future of public housing is probably funding technology at HUD. Public housing is driven by data, and data currently is kept at HUD in ways that would be a technological generation ago—a lot of Excel spreadsheets. There are currently applications that will make the business of keeping data much easier, would serve Congress well, would serve HUD well, would serve PHAs well, and would serve tenants well.

I would ask Congress to think about funding a solid, technological platform for HUD to provide that data to all of us, to the American taxpayer, to PHAs, to this Congress, and to tenants.

With that, Madam Chairwoman, and Ranking Member Capito, thank you for your time. Thank you for the invitation, and I stand ready to answer any questions you might have.

[The prepared statement of Mr. Cabrera can be found on page 41 of the appendix.]

Chairwoman WATERS. Thank you very much.  
Dr. James Fraser?

**STATEMENT OF DR. JAMES C. FRASER, ASSOCIATE PROFESSOR, DEPARTMENT OF HUMAN AND ORGANIZATIONAL DEVELOPMENT, PEABODY COLLEGE, VANDERBILT UNIVERSITY**

Mr. FRASER. Good morning, Madam Chairwoman, Ranking Member Capito, and distinguished members of the subcommittee. Thank you for this opportunity to testify today.

For more than a decade, I have been involved as evaluator in a variety of HOPE VI and mixed-income housing programs around the southeastern United States, I have also been a part of the active community of scholars who share scientific findings with each other. Today, I draw on all of these to testify.

One of the most noteworthy aspects of the HOPE VI Program is that it addressed both place-based goals around neighborhood revitalization and people-based goals around economic self-sufficiency, wealth accumulation, and general wellbeing. Among the most important lessons that we have learned from HOPE VI is that any policy utilizing such a dual focus requires as much planning, pro-

fessionalism, and follow-through to create the enabling conditions for people to move up and out of poverty as it does to change the landscape by building housing and providing increased police patrol.

Research shows that HOPE VI has been very successful in most cases in providing decent, affordable housing that is attractive and suits the needs of many low-income families. My own research in Durham, North Carolina, and in Nashville, Tennessee, show that residents are generally very satisfied and appreciate safe, affordable, quality housing. Likewise, research across the country does point to the fact that people who are able to qualify to move back into HOPE VI redevelopments actually do experience a better environment living where there's less crime, whether that be their perceptions or actual police records showing that it is decreased.

However, people are not all benefiting equally for two reasons. First, even when stakeholders claim that they equally support place-based goals and people-based goals, the place-based goals typically outpace people-based goals. And, second, HOPE VI has been geared for a specific type of low-income citizen, namely, those who have clear paths in mind to achieve their goals, access to decent paying jobs, relatively few barriers in their way, and they view HOPE VI as providing quality, income stabilized housing as a stepping stone on their journey. But we know the evidence suggests the large majority of people in poverty do not fall into this category.

Many low-income families live in isolated poverty with multiple barriers to work and a lack of access to living wage jobs. Indeed, HOPE VI was designed to deal with this issue through the creation of mixed-income communities. But today I would contend there is little, if any, direct evidence, that shows that living in a mixed-income community has actually empowered low-income residents to move toward economic self-sufficiency.

Certainly, living and having access to quality affordable housing has helped that, but living near middle-income families has not been shown to do that to-date. These findings have prompted some people to suggest that we are expecting too much out of a program like HOPE VI, that we could do better, or that we should just not expect that people would move up and out of poverty in such a way. But, my research and my review of the literature shows that perhaps part of the issue is that we haven't provided the authority to the people that we're trying to help to actually make decisions about the communities being built.

HOPE VI families do have quality housing, but broader achievement around people in place-based goals of neighborhood revitalization and increases in economic status have not been realized. And, if residents through community-based organizations had more control over their homes and neighborhoods as well as the authority to lead and design HOPE VI type neighborhood initiatives, it is likely these goal sets would be addressed in a manner that mirrored the actual needs of the people who are the stakeholders, the low-income residents.

It is not my intention to say that public housing authorities are not capable of meeting the goals of HOPE VI. Rather, I suggest that we are asking too much of them. Let them build on their strengths, which are frequently related to developing and man-

aging housing and other physical assets, and let us instead turn to residents and community-based organizations to lead the public, private, and non-private sectors toward the intertwined goals of neighborhood transformation and upward economic momentum for low-income residents.

I have assembled policy suggestions that do stem from different research projects, and I'll state a few right now. First, thinking about the choice neighborhoods legislation that will be considered, perhaps entities other than public housing authorities could be considered to be the recipients. Community-based organizations have long-standing relationships with public and private organizations that have a track record of getting things done.

The second, in terms of governance of these types of initiatives, residents do much better when they come to a table on equal footing. Too often, I heard stories from HOPE VI where residents were asked to choose paint colors and give their feelings or input about the relocation process. But when it came down to the actual decision-making, they were not at the table. So I concluded that their range of policy suggestions, I suggest around this, that might be able to empower residents to engender greater commitment toward the communities and neighborhoods we're building and create the sustainability we're looking for with the large public investment that is outlaid.

Thank you.

[The prepared statement of Dr. Fraser can be found on page 49 of the appendix.]

Chairwoman WATERS. Thank you very much.

Dr. Edward Goetz.

**STATEMENT OF DR. EDWARD G. GOETZ, DIRECTOR, CENTER FOR URBAN AND REGIONAL AFFAIRS, AND PROFESSOR, URBAN AND REGIONAL PLANNING, HUBERT H. HUMPHREY INSTITUTE OF PUBLIC AFFAIRS, UNIVERSITY OF MINNESOTA**

Mr. GOETZ. Thank you, Madam Chairwoman, and members of the committee.

I appreciate the opportunity to provide this testimony today. As Dr. Fraser noted, the HOPE VI Program is designed to create two general types of benefits. The first is the community-wide benefits. It is envisioned that HOPE VI redevelopment will result in an increase in property values, attraction of greater levels of private sector investment, an improved neighborhood environment, a reduction in crime, and so on.

The program is also designed to provide individual level benefits for the residents of the public housing. The idea here is that by relocating the better neighborhoods while moving into the finished redevelopment that these residents will have a reduced fear of crime and reduced risk of victimization. They may even experience increased physical health, mental health, and will achieve greater economic self-sufficiency.

The academic research to-date shows a fair amount of success, an impressive amount of success on the first of these objectives, these community-wide benefits. Studies across the country have shown that crime is reduced in neighborhoods that have undergone HOPE



VI transformation, unemployment drops, incomes in the neighborhood rise, poverty declines, there is an overall increase in the level of education in the neighborhood, and property values increase.

The only caveat to these generally very positive outcomes is that most of them are dependent upon population turnover. That is income is increased in the neighborhood and levels of education increase, not because the existing residents have improved their lot, but because those residents have been replaced by more highly-educated and higher-income people.

At the individual level, the research is much more mixed and the evidence of benefits to individuals is much more modest. On the positive side, virtually all studies show consistent and strong benefits in the form of a reduced fear of crime. Residents report less evidence of social disorder. They report higher satisfaction with housing conditions, with the exception of cost in most cases. But, otherwise, the evidence is really quite mixed. There is the predominance of evidence shows no demonstrated benefits on employment, on earnings, on economic self-sufficiency.

In fact, there is even evidence of greater economic insecurity among families who are displaced through HOPE VI redevelopment. There is no consistent evidence of health improvements. This comes from the largest study in this respect is the Urban Institute's five-city panel study. There is no consistent evidence of school-related benefits for children. There are mixed findings related to neighborhood satisfaction.

Some residents are more satisfied in their new neighborhoods. Some are less satisfied. Some residents are more satisfied with certain dimensions of their new neighborhood and less satisfied with others. There are significant and consistent findings, however, that displacement through HOPE VI disrupts the social networks and the social support systems of lower-income public housing families.

They experience, and their children tend to report, greater levels of social isolation, fewer interactions with neighbors in their new neighborhoods, a loss of a sense of community, and damage to the overall social capital. These limited individual benefits are problematic in and of themselves. I think they are more problematic because of my current research, which shows that HOPE VI and public housing demolition in general tend to target projects with disproportionately high percentages of African-American residents in them. So my recommendations going forward, these results I think suggest a number of different changes in direction.

The first would be to stop further demolition of public housing. As you noted in your opening remarks, HUD has demolished close to 200,000 units of public housing over the last 15 to 20 years. That's more than twice the number of units that the Commission that led to the creation of HOPE VI identified as being severely distressed. As we continue to tear down public housing through HOPE VI, we tend to tear down units and projects that are more and more functional over time, and this is reflected in the evidence of residents who are asked whether they want to move, the majority of whom say no.

I would also suggest that given the positive outcomes of the physical redevelopment in HOPE VI neighborhoods that we have perhaps come upon a good model for building more affordable hous-

ing. So far from continuing to tear down public housing, we should use the lessons of HOPE VI to actually expand public housing. We can build it in a mixed-finance and a mixed-income manner, and we can be expanding the stock of affordable housing. The demand for it, of course, still exists.

Any redevelopment policies going forward should limit displacement of families to all extent possible. This means favoring rehabilitation over demolition. It means phased redevelopment. It means building replacement housing before demolition takes place and then, finally, for a percentage of residents of public housing, the evidence shows those who benefit the most from voluntary, enforced displacement are those who wanted to move in the first place.

And so Federal policy should maintain an option for people who want to move out of public housing. Voluntary mobility programs like Moving to Opportunity should be continued and expanded in order to provide that opportunity.

[The prepared statement of Dr. Goetz can be found on page 59 of the appendix.]

Chairwoman WATERS. Thank you very much.  
Dr. Harris?

**STATEMENT OF DR. LAURA E. HARRIS, ASSISTANT PROFESSOR, DIVISION OF PUBLIC AND NONPROFIT ADMINISTRATION, SCHOOL OF URBAN AFFAIRS AND PUBLIC POLICY, UNIVERSITY OF MEMPHIS**

Ms. HARRIS. Good morning, Madam Chairwoman, Ranking Member Capito, and distinguished members of the subcommittee. Based on my research experiences, this testimony addresses the questions posed in the invitation letter I received for this hearing.

I have submitted a more lengthy written testimony to the subcommittee, but here I'll focus on describing the case management system in Memphis and lessons for future policy. Case management to help new residents toward employment and economic self-sufficiency is a key part of the HOPE VI Program, typically by referring residents to existing community programs.

In the past few years, there has been a tremendous evolution in this case management system used in Memphis based on experiences with two early HOPE VI grants they received. While these early grants maintain compliance with HOPE VI guidelines, they did not achieve the desired change of significant progress toward economic self-sufficiency for many residents, which was the ultimate goal.

By the time the Memphis Housing Authority received its third and fourth HOPE VI grants in 2002 and 2005, there were local stakeholders, including the Housing Authority, who saw that there needed to be a more structured, intensive, and comprehensive case management system in place to help households move toward self-sufficiency. The most important stakeholder to become involved in the HOPE VI redevelopment efforts was the Women's Foundation for Greater Memphis, who made a financial commitment of \$7.2 million to support the entire case management program for these 2 cities for 5 years for approximately 600 families.

During this time, the Memphis Housing Authority identified urban strategies as a key partner in providing technical assistance to this case management program, helping plan and coordinate community development programs. In 2006, Urban Strategies, the Memphis Housing Authority, and the Women's Foundation together agreed to the creation of a new nonprofit called Memphis HOPE, which is now the entity responsible for case management for HOPE VI residents.

One key lesson from much HOPE VI research has been that many adults need far more than referrals to job training programs or encouragement in order to get a job. In my written testimony, I describe three key barriers that public housing residents in Memphis and elsewhere face when trying to improve their economic situation: low levels of education and literacy problems; health problems that are undiagnosed, not managed well, or do not meet Federal guidelines as disabilities in order to receive assistance; and a lack of personal or accessible public transportation.

In thinking about the lessons from HOPE VI, there are five issues that should be considered in crafting future Federal policy for public housing residents and other very poor households. First, in programs like this, identify a strong intermediary who will advocate throughout the local community for the needs of this client population in the redeveloping neighborhood. In Memphis, the Women's Foundation and local foundations have made a commitment to see long-term change, continually asking for evidence of change and plans for sustainability after the initial 5-year case management period ends. Many in the local community now view this Memphis HOPE model as an incubator for creative ideas about how to affect real change for poor households.

Second, following on this first point, figure out how to work around the program funding silos which make comprehensive case management and redevelopment efforts difficult. In Memphis, the local funding through the efforts of the Women's Foundation and the creation of this third-party nonprofit have made it possible to react quickly to create programs as they identify program gaps for their case load.

Third, ensure that the program starts to make plans early on to figure out how case management will be sustainable for HOPE VI clients wherever they live. In particular, the presence or absence of case management services may affect the long-term viability of these newly developed mixed-income HOPE VI sites. For example, at one of the earlier HOPE VI sites that is now mostly redeveloped, property managers have reported that in the last year since HOPE VI case management stopped there, there has been an increase in the number of public housing residents losing their jobs and facing eviction. There is concern at this site and others that particularly during the current economic climate, more residents will lose employment and face some more circumstances. There is a need for ongoing case management if this vision of creating mixed-income communities where public housing residents live is to be truly viable.

Fourth, make sure that grantees are realistic from the start about the goals for their client population, by understanding the depth of literacy problems, mental and physical health problems,

and other barriers to employment and self-sufficiency. After more than a decade of Welfare to Work era efforts, including HOPE VI case management, there is a much better understanding about the types of issues to look for and plan for.

Finally, encourage grant recipients to capitalize on creative approaches to identify local partnerships for client employment. I go into more detail in my written testimony about this, using a very innovative approach. They work to create individual relationships with both large and small area employers to help open doors for clients who are qualified for work. They have chosen to target opportunities where clients might move ahead and ultimately become economically self-sufficient, rather than merely focusing on quickly locating minimum wage service sector jobs. These recommendations suggest that both the system of service delivery and the content of those services should be examined to ensure that programs can be as efficient as possible in helping move poor individuals toward economic self-sufficiency as appropriate.

Thank you.

[The prepared statement of Dr. Harris can be found on page 77 of the appendix.]

Chairwoman WATERS. Thank you very much.

Mr. Jones?

**STATEMENT OF DAVID R. JONES, ESQ., PRESIDENT AND CHIEF EXECUTIVE OFFICER, COMMUNITY SERVICE SOCIETY OF NEW YORK**

Mr. JONES. Thank you, Madam Chairwoman, and honorable members of the committee. Thank you for inviting me to testify on the future of public housing, particularly in regard to the New York City Housing Authority's (NYCHA) implementation of something called Section 3 of the 1968 Housing Act, which requires that HUD funds be used to maximize job and training opportunities for low-income residents.

My organization, the Community Service Society, has long been concerned about the scale and effectiveness of local Section 3 efforts by the New York City Housing Authority. As a more than 160-year-old organization, we were one of the first to address urban poverty in America. We founded the Columbia of Social Work, and for those visiting New York, the first public baths. But our work recently has focused on labor force issues in New York, particularly concerning black males and disconnected youth.

To place New York's experience in context, it should be noted that the New York City Housing Authority runs the largest and reputedly one of the best housing authorities in the Nation. It serves over 180,000 households in 340 developments across the 5 Boroughs of the City. With a resident population in that complex of 500,000, its size comes closer to matching some major cities in America and it represents, I think, somewhat over a quarter of the total population of residents in public housing.

In contrast to other areas, low-income families are desperate to get into public housing in New York. We have a waiting list that well exceeds 100,000 and waits as long as 9 years are not uncommon for people waiting to get in. NYCHA receives more than \$1 billion in HUD funds each year, which are spent on management

operations and capital improvements. And, this year, NYCHA has already received 423 million additional economic and stimulus funds, which opens up further opportunities. In short, NYCHA is a major economic engine within the City of New York and we have a good reason to expect Section 3 efforts to be significant.

But, we find it falls short of providing economic opportunity to residents at a size comparable to the expenditure. In our latest housing policy report that we have submitted to the committee making the connection, economic opportunity for public housing residents, we find that only 51 percent of NYCHA's 231,000 working age residents participated in the labor force in 2005. Another 13 percent were engaged in school or training.

We estimate at present, and this is probably a low estimate, that between 20- and 30,000 residents are unemployed, and now actively seeking work in a recession. Our economy can serve the worse since the Great Depression of the 1930's. We have some reason to believe from our experts that unemployment rates for Blacks and Latinos in New York may well top-out in 2011, somewhere in the vicinity of 20 percent. So we're coming into an enormously bad time.

Most in the Housing Authority in New York are Black and Latino women—62 percent—many under age 24; or Black and Latino men between 18 and 34. Over a third don't have high school diplomas. As our report indicates, the Authority's Section 3 effort is ridiculously small compared to the number of potential job-seekers in NYCHA communities. For that reason, CSS supports the Earnings and Living Opportunities Act being drafted by Congresswoman Nydia Velazquez, because it will strengthen existing Section 3 provisions in several ways.

It accords, first, hiring-training priorities to residents in developments where head funds are being expended and then to those in the broader community around those developments. It essentially incentivizes and makes it possible for residents to watch as enormous investment goes on in their community and sit around; and none of those jobs are available. This becomes an intolerable situation.

It provides a private right of action that enables aggrieved parties to take legal action against agencies or contractors, and New York, as you may be aware, has a long history of discriminatory behavior in the trades. It sharpens the requirements for hiring and training for agencies and contractors receiving HUD funds. It creates a Section 3 office within the Office of the HUD Secretary, and it increases local accountability.

Moreover, we urge congressional drafters to incorporate real incentives for housing authorities to intensify Section 3 efforts. The proposed legislation speaks to performance incentives that can be instituted by the HUD Secretary. I'll close there.

[The prepared statement of Mr. Jones can be found on page 88 of the appendix.]

Chairwoman WATERS. Thank you very much.  
Mr. Joseph.

**STATEMENT OF DR. MARK L. JOSEPH, ASSISTANT PROFESSOR,  
MANDEL SCHOOL OF APPLIED SOCIAL SCIENCES, CASE  
WESTERN RESERVE UNIVERSITY**

Mr. JOSEPH. Madam Chairwoman, members of the subcommittee, thank you for the invitation to speak before you today.

Secretary Donovan has said that building communities in a more integrated and inclusive way is essential to advancing social and economic justice in America. The HOPE VI Program, as we have already heard, has had some impressive successes and also faces some deep challenges.

The Choice Neighborhoods initiative has great promise as a new phase of poverty deconcentration, but as best I can tell, it also has the potential to repeat or overlook some of the key shortcomings with the HOPE VI Program. Along with collaborators at the University of Chicago, one of whom—Amy Khare—sits behind me today at the hearing.

My research is focused at the ground level of the massive public housing transformation currently underway in Chicago. Our research has included in-depth interviews with almost 200 residents and 75 other stakeholders; and almost 300 observations of internal meetings and community activities. I want to make just two main points this morning about what we are learning about mixed-income development in Chicago. First we have identified some of the early benefits that residents have experienced, but also some important downsides to what is happening to them. Second, successful mixed-income development is more complicated than anticipated, and I will propose six key success factors that should be considered.

So one of my early resident experiences in mixed-income developments, on the very positive side, there have been high levels of resident satisfaction with the new physical environment. Public housing residents never thought they would get to live in such high-quality housing. My written testimony includes quotes, so you hear in residents' own voices about all of these findings I am going to talk about.

Also positive, there have been self-reported psychological benefits. Some report a decrease in the stress that they feel, not having to deal with violence and crime. Some particularly increased aspirations, feeling that they are more motivated to accomplish more in their lives now that they have had this housing opportunity. But, on the other hand, there are residents who report an increase in stress. For some, the strict rules and monitoring in the new developments generate stress, and, some have told us that they feel there are double standards that are applied to them versus the other residents of the developments.

For some, there's an increased sense of stigma within the new development. Residents feel stereotyped by their new neighbors because of where they used to live. There are low levels of social interaction among the residents. Some residents are disappointed with the lack of a sense of community. Others welcome the privacy in the new developments, but there's a considerable amount of self-isolation—residents withdrawing and really keeping to themselves. And this was not the intention of HOPE VI.

There have also been some tensions and negative interactions among residents driven by underlying us versus them dynamics. These issues include an absence of shared norms and concerns about social control. Let me use my remaining time then to suggest six possible key factors for success:

Number one: balancing screening with inclusion: Which low-income residents will get to return on-site to benefit from the revitalization? The key will be how to screen-out those residents who may create problems for everyone while screening in as many residents as possible, who could make the most of the opportunity.

Second, property management: It is clear that high quality property management is critical to a successful development. But less obvious is the potential for property managers to either be central players in the positive community building process; or, to detract from it by imposing their own prejudices and differential treatment of residents.

Third, support services: Housing relocation alone will not change residents' economic circumstances. There need to be both pre and post occupancy supports; and, not just work supports and incentives, but social services as well; and these services must be sustained well beyond move in. So that's where there's a need for long-term funding, service infrastructure and service integration.

Fourth, physical design: Units should be externally indistinguishable, but also physically integrated on the site. And the design should include common space, green space, and shared amenities. This is need to promote and shape social relations; but, we must anticipate that it will be contested space, raising issues of turf, of norms of behavior and of informal social control.

Next, resident engagement and community building: Given the extreme income and racial diversity in these sites, social connections will not happen naturally. There must be ways to identify shared interest and common ground, or else perceived and real differences will drive social relations.

And, finally, governance and decisionmaking: In the Chicago developments, the condo associations are the sole, formal the decisionmaking body; and, they exclude all renters. The local advisory counsels have been disbanded, thus creating tension and increasing divisions. There need to be inclusive governance bodies, where all residents can be represented and have a voice in their community.

I'll end there. I have not had time to address the impact of the current housing market crisis on mixed-income development, and can take that up later if there's interest.

Thank you.

[The prepared statement of Dr. Joseph can be found on page 94 of the appendix.]

Chairwoman WATERS. Thank you very much.

Dr. Popkin.

**STATEMENT OF DR. SUSAN J. POPKIN, DIRECTOR, PROGRAM ON NEIGHBORHOODS AND YOUTH DEVELOPMENT, THE URBAN INSTITUTE**

Ms. POPKIN. Thank you, Chairwoman Waters, and honorable members of the subcommittee. Thank you for inviting me to appear here today.

For the past decade, I have been studying the impact of the HOPE VI Program on the original residents of public housing targeted for redevelopment. While most of my research is focused on Chicago, which had more distressed public housing than any other city, I have conducted research in 15 HOPE VI sites across the country.

My remarks today draw from two major studies: the HOPE VI Panel Study, which tracked residents from five sites across the country from 2001 to 2005; and the Chicago Family Case Management Demonstration, which began in 2006. HOPE VI was a key element of a bold effort to transform distressed public housing communities and demonstrate that housing programs could produce good results for residents and communities.

Evidence from The Urban Institute's Hope VI Panel Study, the most comprehensive study of resident outcomes, shows that many former residents have received vouchers or moved into fixed-income developments, and now live in better housing, in less-poor, dramatically safer neighborhoods. And as Dr. Goetz said, we see the same finding in virtually every study that has been done on relocation. However, despite these very real gains, our research shows that the program has not been a solution for those hard-to-house families who suffered the worst consequences of distressed public housing.

If Choice Neighborhoods is to be more successful than its predecessor in meeting the needs of the most vulnerable, the initiative must incorporate strategies that effectively address their needs. Hard-to-house residents are long-term public housing residents who are coping with multiple, complex problems, such as mental illness, severe physical illness or disability, substance abuse, large numbers of young children, grandparents raising young children, low levels of education, weak labor market histories, and criminal records.

Our analysis from the data from the Hope VI Panel Study estimated the proportion of families falling into one of these categories ranges from 37 percent in 3 smaller cities to 62 percent in the 2 larger cities, in Chicago and Washington, D.C. In 2005, we found that the follow-up, that every site these hard-to-house families were more likely to end up in traditional public housing than to have received vouchers who have moved into mixed-income housing. Placing them in other traditional developments may well have kept them from being homeless, but clearly we need better solutions for vulnerable residents than simply moving them to other developments, which may well become as or even more distressed than the developments where these families started.

The Chicago Family Case Management demonstration provides one model for serving the needs of the most vulnerable public and assisted housing families. The Demonstration, the partnership of The Urban Institute, the Chicago Housing Authority, and Heartland Human Care Services, serves residents from two CHA developments and provides these families with intensive family case management services, long-term support, enhanced relocation services, workforce strategies for those who have barriers to employment, and financial literacy training.



The ultimate goal of these services is to help these families maintain safe and stable housing, whether in traditional public housing in the private market with a voucher or in a new, mixed-income development. The project is now in its third year, and has achieved impressive interim outcomes, including engagement rates of 90 percent; and, successfully adapting the model from one that provides place-based services to one that follows residence post-relocation.

We have used the data from the demonstration to create a resident typology to develop criteria for targeting services effectively. Our analysis divides the demonstration population, all long-term, extremely poor, African-American residents, into three distinct groups based on characteristics, each needing a different kind of service approach. What we call the “Striving Group” has their high school diplomas. They are connected to the labor market, even if they are cycling in and out of low-wage jobs, and most significantly they are in good physical and mental health. These are the residents most likely to benefit from relocation with vouchers or to mixed-income developments. Their biggest problem is that they have lived in public housing for more than 20 years.

They will continue to need light-touch support to ensure that they are able to maintain the gains they made in leaving distressed public housing, including long-term follow-up, employment and financial literacy services, and perhaps second mover counseling to help them make subsequent moves to even less poor neighborhoods that offer greater opportunities for them and their children. In contrast, the group we’re calling “Aging and Distressed” have stark physical and mental health challenges, and are unlikely to move toward self-sufficiency.

In addition to having very fragile health status, most have not worked in decades, and are truly disconnected from the labor market and the world outside public housing. A better approach for these extremely vulnerable residents is to focus on harm reduction; essentially, helping them remain stable and avoid becoming either homeless or ending up in nursing homes. And since many of them still have children in the household, to keep those children from ending up in the child welfare system.

For example, a strategy might be to convert some traditional senior housing into an assisted living model that provides sufficient care, meals, housekeeping activities, healthcare and case management, to help these frail residents remaining in the community. To accommodate the needs in the public housing population, the service would need to be available to residents well under the age of 60, so not just to elderly who suffer from major and physical disabilities.

Finally, the group we’re calling “High Risk” residents share characteristics with both the “Striving” and “Aging and Distressed” groups. Like the “Striving Group,” they generally are younger and have children in the household; and, like the “Striving Group,” the vast majority of these residents indicated they didn’t want to remain in traditional public housing. But they have very low levels of education and literacy. They are disconnected from the labor force. And, further, while they are not yet as frail as the “Aging Distressed Group,” they already have serious physical and mental

health challenges with high rates of poor health, depression, anxiety, obesity, and substance abuse.

With their multiple challenges “High Risk” families are the group for whom intensive case management models and permanent, supportive housing are most likely to pay off in terms of keeping them out of the homeless, child welfare, and criminal justice systems. Assisting them to achieve their housing goals for vouchers or mixed income, and helping them move towards self-sufficiency.

In conclusion, with its proposed Choice Neighborhoods initiative, the Obama Administration has the opportunity to build on nearly 2 decades of experience with HOPE VI. Incorporating intensive case management and permanent supportive housing for the most vulnerable into Choice Neighborhoods or any other comprehensive redevelopment efforts is one way to ensure these initiatives truly meet the needs of all public housing families.

Thank you.

[The prepared statement of Dr. Popkin can be found on page 117 of the appendix.]

Chairwoman WATERS. Thank you all very much for your testimony here today.

I would now like to recognize myself for 5 minutes to try to raise some questions about some of what I have heard. Let me ask Dr. Boston, would you describe the case management services that have been received by those clients who have been moved out of public housing or even those who remain in mixed-use HOPE VI projects? What kind of case management do they get?

Mr. BOSTON. Each family who is relocated has an individual case manager. That family is assigned a person and that person works with an individual on a one-on-one basis, so that if it is an issue of relocation or if it is an issue of attempting to find housing, if they have to move from one location to another, they have that. There’s also a very extensive program of training, both in terms of workforce development as well as educational training and other kinds of programs.

Chairwoman WATERS. Are the case managers social workers? Are they individuals who are hired to connect with community resources rather than do the kind of social work that deals with the whole person and the whole family?

Mr. BOSTON. They are a combination of both, and they do.

Chairwoman WATERS. Do you have professional social workers who are doing this work?

Mr. BOSTON. The individuals are not professional social workers, but they are individuals who are very familiar with the problems that families have encountered and they have a variety of strategies to assist those families in addressing those problems.

Chairwoman WATERS. The residents who are given Section 8 vouchers, and I think you described something like 61,000 of those, I’ll go back and take a look, had they been tracked? Do you know why they are?

Mr. BOSTON. Yes, I do.

Chairwoman WATERS. Where are they?

Mr. BOSTON. The residents who have Section 8 vouchers have moved in a variety of locations. They have roughly of those who

have Section 8 vouchers about 20 percent live in suburban communities outside of Atlanta and the remainder live in various communities within the City of Atlanta. Most of those residents are in the southern part of the city, but more recently with the growing use of project-based rental assistance, which allows the location of housing assistance throughout the City, there are a number of families who have moved in all locations of the City, including some of the wealthiest neighborhoods.

Chairwoman WATERS. So what you are telling me is your research is such that you have traced all of those and you know where they are and that none are concentrated in the poor census tracks?

Mr. BOSTON. No. I am not saying that none are concentrated, but I can tell you definitively that I have traced every one of the families; and, we have what we call a metric, a community attribute index that includes 16 variables. And we have geocoded that index to the address of every family and we have tracked those families' movements from year-to-year between 1995 and 2007.

Chairwoman WATERS. How do you account for the growing homelessness in Atlanta? I was recently there over by Five Points and Woodruff Park, and there were hundreds of people being fed. And when I went back in the evening I saw what appeared to be thousands. Who are those people, and are any of those former residents of public housing? Has the homelessness increased in Atlanta?

Mr. BOSTON. Homelessness has increased, but I cannot say the increase is due to any policies of the Atlanta Housing Authority. In fact, as the initial part of my research, I spent a great deal of time setting up a research designed specifically to determine whether or not the housing policies, particularly in regards to mixed-income development, was causing families to lose housing assistance at a rate that would not be expected otherwise, and I found that was not the case.

Atlanta has had, up until the recent housing crisis, a serious problem of housing affordability; and it had created a tremendous strain for families, both working families as well as housing assisted families, low-income families, without jobs.

Chairwoman WATERS. Well, you had waiting list for housing assistance in 2001 with over 24,000 individuals on it. So are you suggesting that even with the Section 8 vouchers that you put out into the overall Atlanta area and the waiting list, that there was plenty of room for these Section 8 vouchers, plenty of units that could be utilized by the displaced tenants?

Mr. BOSTON. The families who have been relocated, and in addition to tracking records, I have conducted over 20 focus groups, and each focus group has a minimum of 10 families there. And so I have looked at families both qualitatively as well as quantitatively and I can say that those families have been able to find housing in locations throughout the City. And there has not been a problem with families who received housing vouchers finding places to live.

Chairwoman WATERS. Our records show that as of 2007, of the 5,000 families displaced from public housing, only 332 moved back into mixed-income communities. Does that number sound correct to you?

Mr. BOSTON. That number does not sound correct to me.

Chairwoman WATERS. What does your research show? About how many moved back?

Mr. BOSTON. Well, yes. As I indicated earlier, my research shows that roughly 20 percent of the families who were living in public housing moved back to public housing, and the issue is complex, because there is a normal year-to-year attrition of families from public housing, and that attrition rate is about 10 percent independent of whether they are involved in mixed-income development.

Families move away. Some families are evicted. Some families have health problems, and other problems. And so that's 10 percent across-the-board, so if you take that 10 percent out, which is true of both families affected by mixed-income revitalization and those that aren't, then 20 percent of those remaining who are in public housing moved back into public housing developments.

Chairwoman WATERS. Someone, and I don't know if it was you who mentioned that the screening process for being able to get back into a HOPE VI project is done by the private developer. Is that true?

Mr. BOSTON. Yes.

Chairwoman WATERS. Why would private developers be deciding how we spend our government money to house?

Mr. BOSTON. Because that's the way it is done. I'm sorry, Madam Chairwoman, I don't know all of the details of the screening process, so I can't speak authoritatively on that. But I can say simply that the housing authority works with private developers and they outline the criteria that the developers have to follow in providing services to the families, and, there are also certain stipulations in the lease agreement that families sign onto that establish conditions for them occupying those houses.

Chairwoman WATERS. Mr. Goetz, it sounds as if your research and your information is quite different from Mr. Boston's. You have heard what his research has shown in Atlanta, and it differs somewhat with what you appear to have discovered in your work. Can you tell me about what you have discovered with the ability of those who were living in distressed housing who are transferred into HOPE VI projects—the ability for them to get back in—how was that screening done? Who gets back in and why?

Mr. GOETZ. Well, I don't know of any studies that have answered that particular question about who gets in and why. I do know that in most cities the screening process is managed by private management firms that are working in the redeveloped site and that they apply screening criteria that are generally much stricter than what had been applied in previous public housing instances. So increased tenant screening criteria is an important reason why so few of the original residents ever get back into the development.

Chairwoman WATERS. Do you know if the private developers have social workers who are part of that screening who are looking at these individuals, what their needs are and how they possibly could benefit from this redeveloped housing?

Are we looking at Atlanta and other areas who are interested in getting people back into HOPE VI projects, who had no problems, who have demonstrated that they already have taken control of their lives and that they are on the path to career development.

Are we literally getting rid of the most vulnerable people in those housing projects who need more services and the people who are already on the track to taking control of their lives benefiting from these policies? Is that what we are doing?

Mr. GOETZ. Well, I do know also that most of the families who are displaced from a HOPE VI project, they do as many of the members of the panel have mentioned: move to better neighborhoods; but that's a relative term. They are moving in most cases from neighborhoods that have 60 percent poverty to neighborhoods that have 30 percent poverty. This still leaves them in neighborhoods that are more than 3 times as poor as the average city neighborhood and more than 4 times as poor as the average metropolitan area neighborhood.

They also move to other racially segregated neighborhoods. So those who don't get back into the redeveloped site may have marginally improved their neighborhoods, but they are still in many of the most disadvantaged neighborhoods in the city.

Chairwoman WATERS. So, I'm going to move on to my other members, but let me just say that everyone basically concluded that most of the distressed housing projects are occupied by African American and Latino minorities for the most part. And when they are given these Section 8 vouchers that will allow them to move wherever they want to move, they are moving into suburbia and into better communities where they are welcomed by everybody. Is that right?

Mr. GOETZ. No.

Chairwoman WATERS. No?

Mr. GOETZ. No.

Chairwoman WATERS. Why not?

Mr. GOETZ. Well—

Chairwoman WATERS. In Atlanta, they move wherever they want to move.

Mr. GOETZ. They are of course restricted by the ability of fair market rents and by the willingness of landlords to accept housing choice vouchers. They are also limited by their knowledge of the housing market and their own preferences for staying in neighborhoods that are neighborhoods that they may be more familiar with or neighborhoods where they had social support networks in place.

Chairwoman WATERS. Do you think that the poor Census tracts in these cities are impacted by the displaced, Section 8 voucher holders, more than any other sections of these cities?

Mr. GOETZ. Are you still asking just me?

Chairwoman WATERS. Yes, just you.

[laughter]

Mr. GOETZ. I asked because I actually haven't researched that particular question, but, given the fact that that's where most of the displaced families conduct their housing searches, it's logical to conclude that it's putting significant pressure on the housing stock in those neighborhoods.

Chairwoman WATERS. Well, I thank you for that, and the reason I did not ask some of the others was I had an opportunity to meet Mr. Jones up in New York when I held a hearing there just last week, and I know what he has testified to. And both Dr. Harris

and Dr. Popkin basically gave testimony today that comports with my experience having worked in public housing.

So I just did not ask them additional questions, because, you know, they too like you seem to share some of the knowledge and information that I have, but I wanted to hear a little bit more from you, because you first opened up some of the questions about the success. And everybody said with HOPE VI there is some success, but I appreciate you also identifying the weaknesses along with Dr. Fraser.

Thank you very much.

With that, I will turn to Mr. Cleaver.

Mr. CLEAVER. Thank you, Madam Chairwoman.

I understood Mr. Goetz on the same deal, but I want to include Dr. Joseph and Dr. Harris to perhaps get some kind of an academic response as well. When I was Mayor of my City and in charge of public housing, we built the first HOPE VI project in the Nation in Kansas City, Missouri. And if we look at the units today, they still look good.

They are well cared for, but I was criticized because all the HOPE VI units are still in the lowest income tracks. But, we have a structural problem, and I don't know how we can get it fixed. I know right now you're going to fix it, because you can answer this question and we are going to solve this problem. I am going to be a hero. Yale University is going to get big grants.

Here it is. HUD—Mr. Cabrera may need to get in this as well—will only give a certain amount of money for land acquisition. And it turns out that land acquisition is always less expensive in the low-income tracks. And so if we get dollars for a HOPE VI project, I don't care where the housing authority looks or the mayor looks, it's going to end up in the lower-income tracks, because that's the only affordable land. How do we solve it?

I mean, there are some neighborhoods that are exempt. Now, they would probably fight anyway, but their exemption, at least when I was mayor, is based on the fact that I can't buy land there.

Mr. CABRERA. Congressman, are you asking?

Mr. CLEAVER. Well, yes.

Mr. CABRERA. Okay. HOPE VI developments happen on property that belongs to the public housing authority that is subject to a declaration of trust and that has units that have annual contributions contracts on them that are going to be demolished. So when the portion of the HOPE grant, and I don't recall that there is an acquisition portion, it might be that they are adding on land around the property that they already own.

The first step in HOPE VI is identifying what property the public housing authority has that it wants to deal with in terms of demolition. HOPE VI's purpose, legislative intent to this day, is two-fold. It is to demolish public housing units that are obsolete, because the vast majority of public housing stock is between 50 and 70 years old. Its purpose is to deconcentrate poverty. And its purpose is to build something back, using a bunch of different kinds of financial tools—not just public housing funds. The reason that it worked in Kansas City, the reason it has worked in other cities as well—when it has worked and it has worked mostly—is because the marriage of all those tools have come out with a product that serves

a lot of people—not just the demographic—that is occupying the public housing band width.

Public housing is a financing mechanism. It essentially is a unit financing mechanism to operate a particular apartment. When you add the other mechanisms, you are serving essentially low-income people, but you may not be serving low-income people who had received a public housing unit. Dr. Popkin illustrated this just a few minutes ago with respect to how it is that folks come back or don't come back. There's always attrition from public housing.

One of the reasons that it winds up being the case that HOPE VI deals, as you noted, look better, is because generally the way they are pro forma, the way they are economically modeled, allow for reserves to permit the maintenance of those units. So from an economic perspective, Dr. Boston, I don't know if I missed that, but if I did, please correct me.

Mr. BOSTON. Yes. Congressman, I would like to share my perspective on that, and maybe we can get some grant money coming to Georgia Tech. But it requires a complex of strategies to have a successful community. The fundamental strategy is that you have to focus on the issue the ladders that create the fulfillment of the human potential. And above and beyond bricks and mortar, and anything else, the most important element is having in place policies and strategies that allow families to fulfill their human potential.

What does that mean when we talk about neighborhoods? Well, forget about the bricks and mortar. We mean, have we built better schools? Do the children have access to better schools? On average, their mother, typically black, has two kids. Those kids are very young. She is concerned about their safety. Have we addressed issues of crime in the neighborhood through various partnerships with communities that have capabilities of doing so? Have we established an early learning center and do we have new YMCAs or after school programs?

Mr. CLEAVER. I am going to interrupt you because you're making the point I was trying to make. What we're talking about is trying to completely, socially, and in some cases even morally and physically, rehab an area and that's because the only place we place housing units are in areas like that.

I mean why can't we place housing units, whether they are Section 8, whether they are HOPE VI, in areas where, you know, everybody says scatter sites of housing. If people find out that you're going to try to build something, they are going to come and say, I know the whole deal. We will have traffic problems if we build new housing coming in, or we're going to overload the schools. But why can't we have scatter-site housing in neighborhoods where we don't have to go in fighting crime?

Mr. CABRERA. It's very expensive, scattered housing. And, Congressman, just a small tweak: The case of Kansas City is different than other cases. So if you go to San Francisco, there is a HOPE VI deal smack down in the middle of North Beach. If you go to Seattle, there is a huge, brand new, beautiful HOPE VI deal in South Seattle, which is now a very vital community. And, if you go to Tacoma, you go to Salishan. It's another example of a place where, again, it's in a vital community. And this is where the local nature

has to be brought into consideration. It depends upon the location. It depends upon where you are building. It is a very different situation in Kansas City, perhaps, than it is in Seattle. And I think that's part as it is in Atlanta for that matter. So I think that's part of the stress there.

Chairwoman WATERS. Thank you very much.

Mr. Green?

Mr. GREEN. Thank you Madam Chairwoman, and I thank both you and the ranking member for the work that you have done in affordable housing, especially with the Affordable Housing Trust Fund, which I hope will in time help us with a good many of the problems that we are contending with currently. I also thank you for the assemblage of witnesses that we have today, all of whom have great credentials, and I thank you for your testimony.

My first question, and it's to anyone who would care to respond, and if you can be terse, it would be appreciated. Why do we need brick and mortar as opposed to just having vouchers? There are many who contend, why have a building that we have to manage? Why not just have all vouchers?

Mr. GOETZ. The most prominent answer to that would be that in some cities with very tight housing markets, Housing Choice vouchers are extremely difficult for tenants to use. They face tremendous competition in the rental market, and given the choice, landlords tend to prefer residents who don't have vouchers and Section 8 certificates to those who do. And so in some hot real estate markets that characterize many American cities, Housing Choice vouchers are about as good as confederate money.

Mr. GREEN. Moving to another question, and thank you.

We have lost about 50,000 public housing units because of the HOPE VI revitalization program. Is that a fair statement? If I have made an unfair statement, somebody please correct me.

Mr. CABRERA. We have demolished 110,000 units through the HOPE VI Program, if I recall.

Mr. GREEN. Now, if the purpose of the Program was to revitalize severely distressed public housing, has HOPE VI in some fashion been less than HOPE VI, maybe HOPE V?

Mr. CABRERA. There was a HOPE V, you know. There is HOPE I through V.

Mr. GREEN. Yes, well.

Mr. CABRERA. HOPE VI has been successful in places where the local government has the capacity to move it forward. It has struggled in places where that might have been a challenge. I would take, you know, without at all trying to appear disagreeable, I would disagree with Dr. Goetz.

In those places that allocate Section 8 vouchers, what you'll find is utilization rates that are bordering 98 percent, and they tend to be very dense areas of the country. The places where you see Section 8 probably struggle a bit, are in places that have housing authorities in suburban areas or housing authorities in rural areas.

Rural areas drive a lot of the Section 8 voucher underutilization. The second largest housing authority in this country is not on the mainland. It's in Puerto Rico. It has more units than Los Angeles. It has more vouchers, I believe, than Chicago.



Mr. GREEN. I am going to have to ask you to wrap up. I have about four more questions.

Mr. CABRERA. No, sure. I'm sorry. And so my point is, it's more a balance of understanding what the demand is in the city.

Mr. GREEN. And I'll give you a chance to respond in a moment if I have enough time. But because we don't have one-for-one replacement, and because we have persons who do not return for various and sundry reasons, I have to ask, is HOPE VI being used to evict people from projects who ordinarily might not be evicted? I heard what were called forcible injury and detainer lawsuits in another life, commonly known as evictions.

And there were persons who could not be evicted, but my suspicion is if they had a chance to find another way to move persons, this may have been done. So does that happen when you rebuild, reconstruct? Do you lose people who have been deemed undesirable, but who were lawfully eligible to be in the project, the housing unit?

Ms. POPKIN. May I respond to that?

Mr. GREEN. Go on.

Ms. POPKIN. Our research has shown that what mostly happens to the most troubled tenants, the undesirable tenants, is they have been moved to other distressed public housing. They have not been evicted in large numbers. They have been pushed somewhere out of the way in a place that I think could become even more distressed than the place they started, because now you have all the troubled families concentrated together. So in the housing authorities I have studied, they have certainly been moved out of where they were, which was often an awful place. But they often feel that where they have gone is a little bit better, but it's certainly not anywhere any of us would think is a good solution.

Mr. GREEN. Madam Chairwoman, may I ask one final question?

Chairwoman WATERS. Yes.

Mr. GREEN. My final question, thank you, is this. Is public housing in this country at risk because of undocumented workers?

Mr. CABRERA. No, Congressman. Public housing is offered to either folks who are legal residents of the United States or U.S. citizens; or, alternatively, children who might have parents who are illegal, but who have an entitlement.

Mr. GREEN. But are you having a real problem? Are you being sued by undocumented workers, lined up outside, demanding that they have units?

Mr. CABRERA. No.

Mr. GREEN. Are they protesting outside, saying where is my public housing?

Mr. CABRERA. They aren't, Congressman.

Mr. GREEN. I ask because there's a big concern about the takeover, about the undocumented workers just absolutely consuming the public housing stock of this country, and I'm eager to know where this is happening. Have any of you experienced a big takeover because of undocumented workers?

Mr. CABRERA. No. No.

Mr. GREEN. Let the record reflect that all hands were indicating a negative in terms of an answer, and I thank you Madam Chairwoman. If we have a second round, I will have more questions.

Chairwoman WATERS. Thank you very much. Our ranking member has returned. Ms. Capito?

Mrs. CAPITO. Thank you, Madam Chairwoman.

I apologize for missing a lot of the testimony, but I am very interested in the questions. Dr. Boston, in your presentation you talked about the influence of different public housing availabilities on the level of achievement for students in testing. And, I think if you go from 29 percent in public housing to 43 percent in the mixed income, that's dramatic.

I am not a professional like you all are, but that's a dramatic increase there. But as you said, that's still low, but it's going in the right direction. How much in the future strategy of the best way to put forth public housing are statistics such as this incorporated into reshaping public housing for the future? We are looking at the academic side of the polling—not polling—but the research that you have done.

Mr. BOSTON. Thank you very much for the question. It is increasingly becoming an issue, and, indeed, a growing criteria that is being asked of public housing authorities to consider. That is, how do various policies affect the performance of kids whose families receive housing assistance, so that if you look at the Choice Neighborhoods Program, it's a part of that program. And I think it's an excellent criteria, because fundamentally, those are the kids who in the future will either contribute productively to society or if there is no adequate intervention, unproductively.

Mrs. CAPITO. Does anybody else have a response? Yes, Dr. Joseph?

Mr. JOSEPH. I think it is also important to note though that what Dr. Boston is finding may also be evidence of different populations going into different circumstances. So the group that we see going into mixed-income housing and having these better numbers in terms of achievement may have been actually a higher achievement group in some ways, had they been able to jump through the different hurdles they needed to to get themselves into the new housing versus taking a voucher or making different choices.

So part of what we do moving forward to your question is also sort out a little bit how much of this is an actual impact of the different circumstance and how much is driven by different types of families making or being forced or constrained into different choices.

Mrs. CAPITO. Yes, I could see that. I see what you're saying, but I do think as Dr. Boston points out that those children—and I'm sure I'm not telling you something you don't already know, but—those children are probably going to be the children; that, as they grow if they fail to achieve or if they have difficulties—meaning they are going to be the ones who are going to be looking at public housing as an option for them—and then the cycle continues in a way that it makes it difficult to break those cycles. So I think that's good.

We do a lot in this committee and subcommittee about different social programs, and counseling programs, housing literacy programs, foreclosure assistance. Well, not foreclosure, obviously, that wouldn't be right, but other educational programs. And can you

give me an overview of the utilization of these programs and are they actually achieving what we hope they do achieve?

Ms. POPKIN. I think that related to the HOPE VI Program, specifically, the case management has very considerably. You heard Dr. Harris talk about Memphis, where it took them a long time to develop a comprehensive case management. I know from Chicago, the City where I'm doing work now, utilization is about 50 percent, generally.

Mrs. CAPITO. About what?

Ms. POPKIN. 50 percent.

Mrs. CAPITO. 50 percent of the residents are using it or the total program is only used 50 percent of the time?

Ms. POPKIN. 50 percent of the residents are using it in a demonstration. We are doing it and have been able to increase that to 90 percent, but that takes extra money and more time for the case managers.

Mrs. CAPITO. What would be the best? This might be a dangerous question in some sense, but what would you say is the most effective best program in terms of counseling assistance, whether it's parenting or child skills, or financial literacy or home budgeting? I mean, is there one that kind of stands out above the rest?

Ms. POPKIN. I think you need all of it, especially. You know, a lot of people have been using distressed public housing, not all public housing, the subset of really troubled public housing, as the housing's last resort. And you're dealing with a population that is very similar to the homeless, and they need comprehensive services—everything you mentioned—parenting, support. And a lot of them are going to need it for a long time. It's not going to go away quickly.

Mrs. CAPITO. Doctor?

Ms. HARRIS. May I say, in Memphis, they do really think. They haven't come up with words like Dr. Popkin described for their typology in Chicago looking at their entire case load. But they really do think about, you know, what are the services appropriate for their elderly and getting them in stable housing, where there's not work as a goal there. And what do they do for people who are officially, technically disabled, who may be able to work a little bit.

But a full time job is not feasible for them and helping them find what's appropriate for them. And then there's the whole rest of the case loads. That's the working age adults who may have employment, or may not, that need some further assistance in some way. And it's figuring out for them is their key barrier really getting him hooked up to one more program; you know, a job training program, that's going to move them into a position that would be stable for them; or, is it really getting them into that literacy class and finding childcare and whatever the other issues are.

So I think it's so hard to come up with what is the program or what is the most effective, because it's so personalized for small segments of the case load. And I think Memphis has done a good job of looking at that, particularly when it comes to employment, in figuring out small groups to work together with those residents to move toward employment.

Mr. JONES. I would just be careful, and not just from an academic vantage point, not to forget that the magnitude of the reces-

sion we are in is changing all the rules. If you have whole communities where public housing is set that are losing employment at extraordinary rates, that changes the game entirely.

So some of the inventions we're talking about here may not be as effective, because the real question is, can you get people back into the workforce and can you get people in housing authorities, that we see some skills to get back into productive work? So I think there has been a shift here, and some of the fights we have in New York are assuming full employment where people are just holding back. That's not the case here. People are clamoring for work.

Mrs. CAPITO. Thank you.

Chairwoman WATERS. Thank you very much.

Mr. Driehaus?

Mr. DRIEHAUS. Thank you very much, Madam Chairwoman, and thank you for this hearing.

I have worked with the housing authority very closely over the last 10 years in Cincinnati, and, with all due respect to Dr. Boston and his comments about the way the voucher system is working, we haven't seen it play out that way in Cincinnati. And I would like to ask any member of the panel about rent reasonableness, because we are running into what I perceive to be a real challenge.

The HOPE VI project in Cincinnati has displaced many low-income families, but in addition to the HOPE VI project, there were other very large developments that were also torn down around the same time, which led to a dramatic increase in the voucher population. But where the relocation occurred in many cases was driven not by the housing authority or the policies of the housing authority directly, but by what they were claiming to be the private sector.

Well, when we dug into it a little deeper, what we found was that the reimbursement rates for the vouchers in certain neighborhoods, and they tended to be high poverty neighborhoods, so far exceeded the market rate rental that that's where landlords flocked. We are in low- to mixed-income neighborhoods, and, purchase single family homes, there was an additional incentive, a 10 percent bump-up in the voucher if it was a single family home.

So we found a lot of investors going in and purchasing single family homes in what were moderate priced neighborhoods. And what we did not find was the type of dispersion, Dr. Boston, that you spoke of in Atlanta. And we found that there was a reconcentration of poverty in essentially the neighborhoods right around where the HOPE VI project was. So we created this kind of artificial mixed-income neighborhood through the HOPE VI project.

We took what were mixed-income neighborhoods in the surrounding area, and turned them into low-income neighborhoods. And we have seen the subsequent flight that one often sees when that happens. You know, in addition, these were the same neighborhoods that were impacted by predatory lending and who have felt the brunt of a foreclosure crisis. So at the same time, these neighborhoods are experiencing predatory lending.

They have an influx in investors using vouchers, and really tipping the balance in many of these neighborhoods. But it was driven in large part in terms of the voucher side by what the reimbursement rate was for the voucher. How do we get around the rather

strict requirements at HUD on rental reimbursements? How do we get more flexibility to the local housing authority to recognize where that disparity exists between the rental reimbursements and the market rate to make that even across-the-board, so we do achieve the type of balance that Dr. Boston spoke of.

Mr. BOSTON. Could I just respond very quickly?

Mr. DRIEHAUS. Sure.

Mr. BOSTON. And, again, one of the things Atlanta has done is to create what they call rental submarkets. And, so, rather than applying the same fair market rental standard across the City, whereby you actually constrained to neighborhoods that you can move in and it confines most of the rental opportunities to the lower-income neighborhoods, they have taken the same pool of money and disaggregated it, broken it down into different power, depending upon the cost of housing in different neighborhoods.

Mr. DRIEHAUS. The challenge we face is that those runaways can change dramatically from street to street in certain neighborhoods. So when we try to set rental rates by Census track, even, they can be wildly off, depending upon what block you're on.

Mr. BOSTON. Right.

Mr. DRIEHAUS. And in many older cities, we find this all the time, that neighborhoods are not homogenous in terms of the housing. But, yet, the Housing Authority finds itself restricted because of what they are being told by HUD.

Mr. CABRERA. Congressman, it isn't so much what they are being told by HUD. HUD, when they set rent payment reasonableness standards, now use something called the American Community Survey. And it isn't the perfect tool. Traditionally, it used a lagging indicator built on the Census, which meant your rent standards were being set 2 years behind the date when it would apply.

Mr. DRIEHAUS. But by Census track, correct?

Mr. CABRERA. It is by Census track, but it's beyond the Census track. It is more a survey beyond what you are describing to me, as I understand it, is a qualified Census track. So it has other permutations to it. Even if it is a standard rate, housing authorities can go in and ask for a multiple increase over the rent reasonableness standard up to 140 percent. One of the problems here—I hate to keep coming back to this—but actually there are two issues that you are highlighting.

The first one is that rent setting is a bit of a Byzantine process, and for most public housing authorities it is very frustrating. If anybody knows what their community looks like, it's the housing authority. They know what rents should be. That is an issue of some controversy before this body. It has been for a very long time.

I am certainly an advocate of that decision being made, as locally as humanely possible, within some parameter. But the second issue here is one of a housing authority recognizing what it's looking at in terms of what its housing stock looks like. Cincinnati's housing stock is very different than Atlanta. Atlanta has an enormous number of multi-family options and also of single-family detached, where Cincinnati has far more single-family detached.

That's the supply driver, and that has to do with a broader policy issue that's tougher to address. Certainly, on the payment standard issue, there are options that the housing authority has within a de-

gree, but there is a question in there, a policy question, of who is better at setting rents. Is it going to be the public housing authority, or is it going to be policy development and research at HUD. And I understand.

Mr. DRIEHAUS. Well, I appreciate the understanding. I thank you, Madam Chairwoman, and I'll wrap up. But I really do think that the objective, obviously, through the voucher program, is to allow families, allow kids to grow up in neighborhoods that create a supportive environment. But that is not the way we have seen it play out, at least in Cincinnati. What we are seeing is a reconcentration of poverty. You know, the same type of concentration we are trying to break down through the HOPE VI project, but that's not how it's working in practice. And I believe that for the most part is due to the restrictions through rent reasonableness that are placed on local housing authorities by HUD. And I would like to see far greater flexibility.

You only have to open up the newspaper to figure out what the market rate is in a given neighborhood or sub-neighborhood. It's not that tough, and it seems to me that we should allow local authorities the flexibility to do so.

Chairwoman WATERS. Thank you very much.

I would like to yield to myself another minute and to all of our members here today one minute for a closing statement or questions that you may have.

Let me just thank our participants for being here today and presenting very valuable information. We really do have to think about public policy for this entire country and recognize that they are different communities with different kinds of problems and different kinds of resources that we must recognize. But we must always recognize that there are people who have little or no income and have little or no education or health problems and other kinds of problems that do not allow them to be fully in charge of their lives, and we have to deal with that. And so we are going to look at all this information and try and get all of the research that we possibly can to help move us to a public policy that will make good sense for basically everyone.

I am committed to the moratorium on demolition for the next year. I think that's important while we try to get a handle on where we are going. We will be looking very closely at the new secretaries at Choice Neighborhoods proposal, etc., etc. Let me just close by asking a very simple question relative to the private developer criteria I have been given from Atlanta in determining whether or not residents are eligible in the residents' election plan. There are several questions that I don't understand.

Credit and good standing: No negative information without remedy relating to a landlord, property owner or mortgagee. No debt can have been written off within one year of application, including bankruptcy as a write-off. Any past-due consumer debts showing balances older than 6 months must accompany written evidence on creditor stationery indicating repayment plan, and no past due balances within 3 months of application. What does that have to do with whether or not a potential resident, particularly one who lived in distressed housing, is able to get back into a HOPE VI redeveloped project. Anyone?

Yes, Mr. Fraser, is it?

Mr. FRASER. Yes. I would say that that speaks to the multiple goal sets that public housing authorities find themselves in under a type of program like HOPE VI. So they have the responsibility of managing an asset, that asset has been heavily invested in. And, most times, what I have seen in my own research is that the rules and regulations go well beyond what would be expected of someone who is middle class and items that aren't necessarily pertinent.

So in the name of keeping the asset the way it is, we do find that many people who need housing are kept from it. So it's not surprising my research in Nashville, where I interviewed people at all four public housing sites that were HOPE VI, no one is complaining, because everyone who got in met such high criteria that they are really not the population that I was speaking of before who needs the most help. They are grateful, but we need to also help those people who have not risen to that level yet.

Chairwoman WATERS. Does anyone on the panel believe that no debt can have been written off within 1 year of application, including bankruptcy as a write-off, is a fair criteria?

Mr. CABRERA. Madam Chairwoman, for me it's not a question of whether it's fair or not. There are two dynamics in a HOPE VI deal, and I'm assuming that questionnaire comes from a HOPE VI deal. The first one is which are the units that are being financed with ACCs, and which are the units that are being or were financed in terms of their construction by low-income housing tax credits?

When they are financed by low-income housing tax credits, it means an investor was involved. And that questionnaire is very, very common in the 2 million or so units that we have nationwide with respect to low-income housing tax credits. Further, I am currently a tenant in Southern California.

Chairwoman WATERS. Do you meet the credit criteria?

Mr. CABRERA. Pardon me?

Chairwoman WATERS. For this application?

Mr. CABRERA. I received an application that looked an awful lot like that, and asked those questions, just like the way you have asked them. Now I ask those questions, because when you are an investor, the critical issue is can the tenant pay rent, in order to support the units that they have invested in.

If there is evidence the tenant cannot, that is troublesome, because they are the landlord and they have to pay usually a lender. They have to pay an investor. They have to pay whomever they have to pay. They have to find out whether that's a legitimate recourse.

Chairwoman WATERS. What percentage of public housing tenants are evicted for non-payment of rent?

Mr. CABRERA. Public housing tenants?

Chairwoman WATERS. Yes.

Mr. CABRERA. I don't know. It depends upon what the public housing authority's policy is on rent setting. I think a great example of which percentage are evicted for, you know, Section 8 vouchers are a great example. If the Section 8 voucher is presented to a HOPE VI deal that has been financed by low-income housing tax credits or any low-income housing tax credit deal, there are a series

of questions. The first one is, do you have a criminal record, because that's required by Federal law.

Chairwoman WATERS. I know. I know about that. I am just interested in the credit question, because I am aware that unfortunately many people in our society oftentimes run into credit problems.

Mr. CABRERA. Right.

Chairwoman WATERS. And to have had a debt written-off, does not necessarily mean that it was your fault. It could have been fraud that was involved in the contract that was opposed by an attorney or someone that caused it to have to be written off. This is very tough criteria—

Mr. CABRERA. Madam Chairwoman, I couldn't agree with you more.

Chairwoman WATERS. —to ask of poor people.

Mr. CABRERA. I am not saying they are right.

Chairwoman WATERS. Yes.

Mr. CABRERA. I am simply saying in terms of how they are asking it's very normal in this context.

Chairwoman WATERS. No. It is not normal in this context.

Mr. CABRERA. No. No, I'm saying but Section 8 voucher holders are not typically evicted; that's once they are in.

Chairwoman WATERS. No, they are not.

Mr. CABRERA. That's what I was trying to answer.

Chairwoman WATERS. I understand.

Thank you very much. Let me go to Mr. Cleaver. Do you have one minute, Mr. Green? Oh, I'm sorry. Ms. Capito comes first. Excuse me. Ms. Capito.

Mrs. CAPITO. Thank you, Madam Chairwoman.

I want to just thank you all and I appreciate it. And we'll just continue working on this. It's very important to the safety and health of a lot of people here in this country.

Thank you.

Chairwoman WATERS. Thank you very much.

Mr. Green?

Mr. GREEN. Yes, thank you, Madam Chairwoman.

Madam Chairwoman, I would like to join you in supporting the moratorium and I believe it would be beneficial. Also, I would like to simply submit that whether by accident or design, it appears that the Federal Government is becoming the sole source of affordable housing. And, I wanted to have some response to this basic premise that while municipalities receive the funds, and by the way, when they open up a new project, there is a big, big, big parade. We have a new housing project.

Never say that it's funded by Federal dollars. There seems to be the notion that municipalities are doing it, but it's actually the Federal Government that's funding it and it's not widely known. So I see someone who would like to respond and let's start with the doctor at the very end, Dr. Boston.

Mr. BOSTON. Yes, Congressman, and it's a very astute observation and an important issue. One of the things that I have done as a part of my research is looking at the benefits and cost of revitalizing communities, and I shared with you that benefit. For the 6 communities that I looked at, on average, it was \$126 million.



One issue that I have raised with individuals who are involved in this area, both developers and others, is how can that surplus be used to generate greater affordability in the neighborhoods within which mixed-income developments have been constructed. Let me just give a brief example, and I know that time is short. But if you look at the neighborhood in Atlanta where Centennial Place is now, that was formerly Techwood Homes. That neighborhood had a violent crime rate of 37 times the national average. Now, that neighborhood has not only a new mixed-income development, but it has the Georgia Aquarium. It has the New World of Coca Cola and the Civil Rights Museum.

That is a great deal of tax revenue that has been generated. So I think that there needs to be creative strategies, getting with private developers to figure out if these benefits are flowing to both the private and public sector, how can they be used to generate greater affordability in the communities surrounding it.

Mr. CABRERA. Congressman, just to add to Dr. Boston's comments, HOPE VI by itself has never funded a unit. The low-income tax credit has never funded a unit. Nor have private activity bonds ever funded a unit of affordable housing. All of those things together, together with local money and State money in a variety of pots are put together with private money to fund a unit. When we talk about HOPE VI, it's one part of a very big machine. I can say that with some glee because I have been in a lot of grand openings and a lot of HOPE VI grand openings. They have never forgotten about us.

Mr. GREEN. You said they have never forgotten about it?

Mr. CABRERA. Never forgot the Federal Government; they always said thank you, and we were always a big piece of the pie. But it should be the case that those grand openings are participatory and that they involve everybody involved in financing the construction of these units, because it takes a lot of the partners.

Mr. GREEN. Thank you, Madam Chairwoman.

Chairwoman WATERS. Thank you very much.

Mr. Green, we are going to have to get to a telephone interview. I would like to thank all of the panelists for coming. The Chair notes that some members may have additional questions for this panel, which they may wish to submit in writing. Without objection, the hearing record will remain open for 30 days for members to submit written questions to these witnesses and to place their responses in the record. This panel is now dismissed, and, without objection, I would like to enter into the record the criteria that is being used by private developers relative to the screening process for potential resident.

With that, this committee is adjourned.

[Whereupon, at 11:59 a.m., the hearing was adjourned.]



# **A P P E N D I X**

July 29, 2009



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July 28, 2009

The Honorable Maxine Waters, Chairwoman  
 House Committee on Financial Services  
 Subcommittee on Housing and Community Opportunity  
 2128 Rayburn House Office Building  
 Washington, DC 20515

RE: Testimony of Thomas D Boston, Prof. of Economics, Georgia Institute of Technology,  
 Atlanta, GA. 30332

To Honorable Chairwoman Maxine Waters and the Members of the House Subcommittee on Housing and Community Opportunity, I am deeply honored to have been asked to share my research findings with this distinguished Subcommittee. One of the most important challenges our nation faces is the pressing need to provide quality affordable housing to low-income families.

Honorable Chairwoman, your invitation letter asks me to answer eight questions that primarily pertain to my research on the Atlanta Housing Authority. Therefore, I will confine my testimony to those questions, and do so within the time allotted me.

Let me start by stating that my research concludes that environment matters! When low-income housing assisted families are given access to quality affordable housing in neighborhoods of greater opportunity, their self-sufficiency increases significantly.

**Describe my public housing research?**

I have mainly focused on how mixed-income revitalization, Housing Choice Vouchers and public housing have affected family self-sufficiency. I have examined longitudinally the administrative records of 20,000 AHA assisted families between 1995 and 2007. Under a grant from the MacArthur Foundation, I have also examined longitudinally 26,000 families who received public housing assistance from the Chicago Housing Authority between 1999 and 2007.

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I have attempted to answer the following questions: Did families relocate to better neighborhoods when the housing projects they lived in were demolished? Did they lose housing assistance? Did mixed-income developments or vouchers improve self-sufficiency in comparison to public housing projects? From a benefit-cost standpoint, did mixed-income-revitalization improve social welfare? Finally, did the school performance of 3<sup>rd</sup> and 5<sup>th</sup> grade students improve if their families used vouchers or lived in mixed-income developments?

**Describe Atlanta's transformation efforts**

Between 1995 and 2007, AHA fully constructed 13 new mixed-income developments-- more than any other Public Housing Authority in the country. In 1995, AHA provided housing assistance to 16,345 families; 47% of whom lived in housing projects and 33% used vouchers. By 2007, AHA provided housing assistance to 17,111 families; 15% of whom lived in housing projects and 59% used vouchers. (Note that these percentages exclude elderly housing).

**What are the rescreening policies of AHA and what percentage of original public housing residents moved back into redevelop communities?**

Rescreening is handled by Private Development Companies that manage the mixed-income housing. I must defer the details of that process to the managers of AHA. I cannot speak authoritatively on it.

My research has found that in Atlanta, 21.4% of the still active original families moved back into mixed-income developments and 60.7% used vouchers. I have also found through numerous focus group interviews that the large percentage of families who remain on vouchers do so primarily by choice. Also, my statistical research in Atlanta found that mixed-income revitalization did not cause families to lose housing assistance.

**In what way have I updated my 2005 article in the Journal of the American Planning Association?**

The 2005 analysis investigated three housing projects that were demolished and revitalized. More recently, I have examined six housing projects and extended the analysis through 2007. I have also examined the school performance of elementary kids whose families receive housing assistance, conducted a benefit-cost analysis of mixed-

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income revitalization of six public housing developments and looked at whether voucher recipients have increased violent crime in receiving communities.

The outcomes are as follows:

- Families who relocated from public housing projects moved to much better neighborhoods.
- The employment rates of work eligible adults increased from 21% in 1995 (when most families lived in housing projects) to 53% in 2007 (when most families had moved away from housing projects).
- On nationally standardized tests, kids whose families lived in projects scored in the 29<sup>th</sup> percentile, those whose families used vouchers scored in the 35<sup>th</sup> percentile and those whose families lived in mixed-income housing scored in the 43<sup>rd</sup> percentile.
- Violent crime was not significantly correlated with the percent of families in census tracts who used vouchers. It was highly correlated with the poverty rate.
- Finally, the net social benefit of revitalizing six housing projects was \$123 million per development; the benefit to cost ratio was 1.6 to 1.

Distinguished Committee Members let me end by stating that to a great extent, the rebirth of intown neighborhoods in Atlanta has accompanied the mixed-income revitalization of public housing projects. In my opinion, this rebirth would not have occurred in its absence. Secondly, my research in Atlanta has demonstrated conclusively the self-sufficiency of low-income families can improve significantly if we provide them access to quality affordable housing in neighborhoods where the opportunities for upward mobility are greater. Thank you kindly.

Sincerely,

Thomas D. Boston, PhD

July 28, 2009

The Honorable Maxine Waters  
Chairwoman  
Subcommittee on Housing and Community Opportunities  
Financial Services Committee  
2344 Rayburn House Office Building  
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The Honorable Shelley Moore Capito  
Ranking Member  
Subcommittee on Housing and Community Opportunities  
Financial Services Committee  
2443 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairwoman Waters and Ranking Member Capito:

I would like to thank you both and the members of the Subcommittee on Housing and Community Opportunities for the opportunity to address the Subcommittee on the topic of the Future of Public Housing. As was requested of me, the following is my written testimony for the record.

Public housing has been at a crossroads for well over a decade. As a policy matter, those that work in the public housing arena recognize that some progress has been made in certain areas while other areas of the public housing debate have languished, without resolution. For example, the almost uniform position of public housing professionals is that public housing is underfunded as a program – that would be the languishing part of the debate. On the other hand, most of them would also state that the changes to management and operations undertaken since the enactment of the HOPE VI program and subsequently the Quality Housing and Work Responsibility Act of 1998 (QHWRA) have been positive and occasionally painful.

This testimony proposes that our nation should build on the progress made to operational improvements in the public housing world. We may need to think of affordable and public housing more broadly than we currently do. I would offer that the focus of reassessing public housing should be placed on adapting to change. That change should focus upon providing housing authorities with greater operational flexibility and encouraging the construction or preservation of affordable units that replace long obsolete public housing units.

For example, adapting may mean that a policy focus should be placed on increasing affordable housing supply, not just public housing supply, using the most versatile tools, like the low income housing tax credit and private activity bonds and, where possible, allow for public housing operating funds to support these units. It may mean supporting the operation of the aforementioned units using operating funds for public housing

(Section 9 funding) to some degree now, but there are limits that, if reconsidered, might increase supply and achieve the desired policy result – more low income housing units with some of those units housing the nation’s lowest earning citizens who need the housing.

Adapting may also mean that Congress may want to allow uses of federal funds in ways that it had not before, for instance, allowing public housing authorities to use of Section 8 funds to some degree in order to support units traditionally funded by Section 9 subsidy, especially if appropriated funding for public housing operations is inadequate to support public housing operational costs.

Finally, adapting may mean encouraging that the conversion of public housing units to project based Section 8 units is a valuable affordable housing preservation tool if it is undertaken appropriately and in conjunction with other well known policy objectives, such as the federal policy of de-concentration set forth in the HOPE VI program, for example. In any case, adapting in the context of public housing always means that new housing solutions created to produce or preserve units or better operate public housing may need to be considered now.

There are some well known attributes to public housing that are worth mentioning.

Public housing has always served more than one audience. It started as a program to house the poor during the depression *and* as a jobs program. It changed in the ensuing 30 years to a program that was intended to temporarily house many returning veterans after World War II who are now rightly called our Greatest Generation and their families. As most of those families transitioned out of public housing, the purpose changed yet again and public housing became one of the housing engines of the Great Society. Since the late 1960s though, public housing has been a much harder policy equation to solve for a lot of reasons, not the least of which is the increasing population in many of our nation’s largest cities.

Public housing has always been treated as an independent part of a rental market that serves a specific, though varied, tenancy and a program that is disconnected from the general multifamily housing marketplace. Many in the affordable housing world, myself among them, disagree with that view. Public housing should be an integral part of the whole spectrum of the multifamily housing market. Public housing is at the end of the spectrum that receives the highest support of tax dollars for its operations, yet serves that portion of the market place with the least ability to pay for those operations and services, often because of the fact that its tenants are the single parent households or elderly.

Few federal programs elicit as much emotional debate as public housing and for good reason. The political and business models for how the neediest Americans should be served are all too often polar opposites of one another. The answers to the questions surrounding policy making on the future of public housing are dependent upon recognizing how much our nation has changed in the last 70 years, how much technology has changed as well, and how much change has yet to come.



Often the nature of public housing authorities is forgotten in the arena of policy debates. Public housing authorities are creatures of the state where they are based. Public housing authorities are almost always connected to local government. As a practical matter, they either focus intensively on Section 8 and little on public housing (that is the case in most of the West and South), a lot on public housing and little on Section 8 (that is more often the case in the Midwest and Northeast), or both (which is the case in the nation's largest cities and Puerto Rico, the nation's second largest housing authority).

While public housing authorities are not federally chartered entities, they are federally regulated and almost all are entirely dependent on federal funding even if their state has a state public housing program. Some public housing authorities are enormous while others are essentially very small, state-chartered and federally sponsored businesses. Some public housing authorities serve communities that have exploded in population over the course of the last 3 decades while other public housing authorities serve communities whose populations have been seriously depleted compared to their historical population highpoint.

As people age, so do assets. Public housing stock on average is between 40 and 70 years old, depending upon where it was built. Some public housing stock was constructed in the 1970s and 80s, but by and large, the bulk of the public housing stock is forty years old or older. By most definitions, much of our nation's public housing stock is obsolete or near obsolescence. With the exception of the latest HOPE VI units built since the mid 1990s, most of these units are ill designed by modern standards, inefficient, and cost prohibitive to retrofit. They are often cost prohibitive to run. They are, environmentally speaking, inefficient consumers of the nation's energy resources.

One reason for needed improvement is to address the nature of our nation's evolving housing needs. Traditionally, those served by public housing have been American families in need. Because of the changing nature of our nation's demographics, the number of public housing residents over the age of 65 and receiving public assistance is growing, which means that the stress on affordable housing supply is also increasing. Accordingly, it is timely for Congress to again revisit our policy and business model for public housing given that the public housing stock has aged and public housing operations, like any business operation, can always improve.

If one focuses on outcomes over time, the traditional and long standing public housing model has not served public housing's asset base and operational management system well. In the context of the management of physical assets, the model has often excluded, discouraged or limited very real and proven innovation and resources that could improve the part of the affordable housing spectrum served by public housing. Since HOPE VI and QHWRA's enactment in 1998, much has improved in the dynamic between public housing authorities, the landlords and putative developers who own the public housing stock, and the private sector. Nonetheless, there is a lot of room for improvement.

On the operations side, running public housing, which is every public housing-owning public housing authority's ultimate responsibility, is an expensive proposition. Public housing authorities are frequently subject to scrutiny on any number of governmental and accounting levels, but doubtlessly and directly accountable to local government, which often has very different priorities than Congress. That juxtaposition of priorities causes public housing authorities a lot of stress of both the policy and business variety. Each housing authority faces two often competing realities: its own local reality and the one imposed from a national perspective. Accordingly, tailored public policy may be best for public housing authorities given the vast differences among those two realities. Once one throws the need to serve their tenants into to the proverbial policy cauldron, which is what most public housing authorities ultimately want to do well, the demands are occasionally overwhelming.

I think it is true that both sides of the aisle believe themselves to be good business people. Both sides of the aisle largely agree that when the private sector has had a place at the policy table, we have better policy outcomes than when the public sector was absent. Further, I hope that both sides of the aisle concur that the people who run the nations 4,100 housing authorities know their communities better than nearly anyone. Yet often, the laws and ensuing regulations that are shaped here in Washington tend to discount the local reality of a given public housing authority. The future success of public housing will have as much to do with assuring the stability and relative predictability of the legal and regulatory rubric as much as anything else.

The future outlook for public housing improves if policy outcomes are tailored to the nature of the public housing authority's business and the communities they currently serve. However challenging the act of tailoring policy to the size, locale and nature of the public housing authority may seem, a lot of public housing's future depends on undertaking such tailoring.

I do not suggest nor have I ever suggested that the world of public housing be deregulated. Nor do I suggest that we create a system that accommodates every distinct nuance and reality of a housing authority. I am suggesting in this testimony that the regulatory rubric that has predominated for the last 41 years needs to continue to change. As legislation is drafted, public housing outcomes improve if care is taken to empower public housing authorities to serve their tenants better, and not hamper their locally-created efforts to address many of these concerns in their own way, even when federal resources are involved and at risk. Reasonable but expansive local prerogative is essential to the future success of public housing authorities and, therefore, to the future success of public housing. Public housing's future is entirely dependent on both adaptability to new provider models and predictability that the decisions made by local public housing practitioners, to the maximum extent that Congress can provide such flexibility, will endure over time.

The progress made in the operational improvements to public housing authorities needs to be built upon. Public housing authorities are largely treated as political bodies; I

respectfully suggest that they need to be treated as business entities to a greater degree than they are presently. A great example of an occasionally painful but necessary policy success that has helped public housing's future is HUD's implementation of asset management. Many public housing authorities adamantly opposed asset management at first, but wound up embracing it as a useful tool. Many who were initially wary of asset management have embraced it because they have used it to achieve much needed and long sought after operational efficiencies. As painful as it may be, the future of public housing will improve if public housing is provided by efficient entities who manage their resources and assets well.

Still, some public housing authorities have become so troubled, are attached to historically troubled local governments, have such limited demand or capacity that a desirable policy outcome might be dissolution, merger or consortia. I realize the sensitivity of this subject, but nonetheless, if the goal is for the nation to have a better public housing future, the toughest subjects must be broached and this subject may be among the toughest of all. It may mean that an assessment as to whether a public housing authority is functioning efficiently enough may need to be made and if it is not deemed sufficiently effective or efficient, moving that public housing authority toward consolidation or merger of some kind may be a necessary policy alternative.

One great example of an operational policy tool that merits greater consideration and a more expansive application in public housing's future is the 'Moving to Work' program (MTW). I respect, understand and acknowledge that MTW is less attractive policy tool for some than it is for others. However, we are all aware of the undeniable advances made by some of our nation's largest public housing authorities with MTW status, such as Chicago, Philadelphia, Atlanta, and Oakland. Their successes have not been accidental; these public housing authorities have achieved much because MTW allowed for the local prerogative to be addressed first and foremost. Furthermore, their successes occurred because MTW gave these housing authorities the flexibility to use resources in a way that helped each of them get out of serious financial and regulatory trouble.

I would respectfully ask that the Subcommittee consider using elements of MTW throughout the public housing continuum as a model. I believe that doing so would help all public housing authorities to serve their tenants and their communities better. The experience with MTW tells us that the program largely works for the public housing authorities *and* the tenants. More and better units are being constructed and tenants are receiving safer, more decent, affordable housing run by public housing authorities that are better run than they were previously. I respectfully suggest that financially stable public housing authorities with improved housing stock and mostly happier residents, which most, if not all MTW authorities, have accomplished, is the desired outcome for the future of public housing.

The HOPE VI program is an important part of public housing's future. As a private citizen, I have publicly stated that I support the HOPE VI program and would like to see it re-authorized. While I strenuously support HOPE VI, I would also like to see HOPE VI change.

When I was sworn in to office as Assistant Secretary for Public and Indian Housing at HUD in 2005, HOPE VI had around \$4.2 billion of unspent yet obligated funds. I am proud that our team at PIH reduced that amount to \$1.8 billion by the time I left office in January, 2008. Since I left, I understand that PIH has further reduced the amount to \$1.3 billion, which is a laudable effort. Many of the HOPE VI grants that had not been used were awarded ten years or more before my time in office. While it is widely known that the administration that I served disfavored HOPE VI, what most missed in the conversation about HOPE VI was the very legitimate reason that the administration disfavored the program. Specifically, so many of the HOPE VI grants had gone so long without being used. The fact that federal money that was granted, in many cases over a decade before I was sworn into office, but never spent or spent too slowly was an indication to many that HOPE VI was an inefficient program from the taxpayer's point of view. For HOPE VI to succeed, express and clear mechanisms need to be introduced to allow for grants to be redirected if they sit unused.

Soon, Congress will almost certainly contemplate reauthorizing HOPE VI again. As Congress does consider HOPE VI, what most of us who work in affordable housing hope is that Congress will tailor HOPE VI to focus on one thing: focusing resources, and leveraging the skills of the private sector, in order to replace blighted, obsolete, and inefficient public housing units with new more efficient affordable units. HOPE VI works well when there are the fewest possible moving policy parts that are unrelated to the construction of units. HOPE VI would work better if the focus were, largely, the construction of units and supporting the operations of those units once constructed.

One of the additional express legislative intents when the HOPE VI program was created was to de-concentrate poverty. An area of agreement on the issue of HOPE VI is that de-concentration of poverty remains a desirable and major policy outcome for the HOPE VI program, but the desired outcome needs to be supported by policy implementation. For example, perhaps a good policy result would be to allow the more expansive use of operating subsidy for some units, project-based Section 8 for other units, and allow the remaining affordable units to serve Americans earning 60% of area median income and below. Currently, such a subsidy mix, while possible, is very difficult because federal laws barring augmentation often construes such subsidy layering as being undesirable for the taxpayer. Moreover, the subsidy layering review process often acts as a time lag on construction which, in turn, holds up the availability of units. At a minimum, subsidy layering implementation should be further streamlined in the context of the public housing and Section 8 programs.

A final issue specifically involving public housing authorities that, if well addressed, will improve the future for public housing is a public housing authority's ability to maintain and increase technical capacity. Our nation's public housing authorities' employees are also aging and their replacements training is an essential part of the conversation about public housing's future. Moreover, many public housing authorities run on antiquated computers or no computers at all. Public housing authorities may not necessarily need

more people, but certainly could use better trained public housing professionals with access to better asset management tools.

Lastly, in order to work towards a brighter future for public housing generally, its regulator's functions and processes must improve. My former colleagues at HUD's Office of Public and Indian Housing do a great job considering the resources it at their disposal, but in order for PIH to do its work better, PIH and HUD must be redesigned to work smarter. The issue should not be whether or not there are enough people working at PIH to properly oversee public housing authorities. The issue should be whether HUD is working as well as it can cross-departmentally, not just interdepartmentally, using the right metrics, understanding the business processes, and accurately measuring desired policy outcomes to assure that it all is working well. In that respect, PIH and HUD need to change.

As I noted above, our nation is aging and our nation's aging population is already affecting regulatory capacity for the government generally and at the Department of Housing and Urban Development particularly. As I recall, as of the date of my resignation, over 60% of the full time employees in civil service at HUD are retirement eligible. I am certain that the percentage of those eligible to retire has only increased. I know that the proportion of retirement eligible employees is increasing at all agencies, but HUD is acutely and severely impacted by daily retirements. Substantial institutional memory and intellectual capital is retiring daily and that knowledge and history is not being captured as well as it could be.

One way to improve public housing's future is to improve enterprise wide and enterprise specific technology at HUD. HUD has two essential functions: to allocate the funds that Congress appropriates in the manner directed and to offer Congress data that is required by collecting that data to demonstrate that the taxpayer is being well served. HUD will perform those functions better if its technology infrastructure is carefully constructed in a way that allows HUD to work smarter. Technology changes quickly, becomes obsolete in months, not years, and HUD requires a consistent and well-supported technology platform that, over time, captures the data that help report on outcomes, direct policy implementation, and store institutional history. A program to continuously, thoughtfully, and consistently over a course of years invest in HUD's and PIH's technological assets, in addition to its human assets, would go a long way to helping make better policy decisions about public housing.

In summary, public housing is like any other business venture except more complicated because of its very public mission. In addition to the many successful changes embraced in the last decade, like asset management and MTW, the public housing world must continue to embrace its future and constant change. The importance of public/private partnerships in public housing's future cannot be overstated. Policies relating to building units, like HOPE VI, need to focus as much as possible on unit production and preservation. Many of those changes, such as our aging population and aging public housing assets, are inevitable and need to be addressed by public housing providers and regulators in order to assure a better future. Other changes are going to pose new

challenges, such as the positive effect of modern technology on a public housing authority's assets and business operations. Public housing needs the stability provided by local decisionmaking and the critical thinking that creates solid policy in order to assure a better future for everyone who relies on public housing for housing or operates public housing.

Again, thank you Madame Chair, Ranking Member Capito and members of the Subcommittee for providing me with the opportunity to submit this written statement in support of my testimony. As always, I am happy to answer any questions that the members of the Subcommittee may have.

Sincerely,

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*Testimony submitted to the Subcommittee on Housing and Community Opportunity,  
 House Financial Services Committee, United States House of Representatives  
 Academic Perspectives on the Future of Public Housing  
 Hearing Date: July 29, 2009*

Good morning Madam Chair, Ranking Member Capito, and distinguished members of the subcommittee. My name is James (Jim) Fraser, and I am currently Associate Professor of Human and Organizational Development in the Peabody College of Education and Human Development at Vanderbilt University. Thank you for this opportunity to testify today.

I have been involved as an evaluator in a variety of HOPE VI and mixed income housing initiatives across the Southeastern United States, including Alabama, Georgia, North Carolina, and Tennessee. In addition to my 15 years of experience directly examining these issues, my perspective has been informed by being part of an active community of scholars who share scientific insights through publications, conference presentations, and personal communication. Today, I draw on all of these resources to testify about some lessons learned from HOPE VI, and discuss how these may inform the future of public housing in general, as well as the Choice Neighborhoods legislation in particular.

#### **What have we learned from HOPE VI?**

One of the most noteworthy aspects of the HOPE VI program is that it addressed both place-based goals around neighborhood revitalization and people-based goals around economic self-sufficiency, wealth accumulation, and general wellbeing. Among the most important lessons to be learned from HOPE VI is that any policy utilizing such a dual-focus requires as much planning, professionalism, and follow through to create the enabling conditions for people to move up and out of poverty as it does to change the landscape by building housing and providing increased police patrol.

HOPE VI has been very successful in most cases in providing decent, affordable housing that is attractive and suits the needs of many low-income families. My own research in Nashville finds

that virtually every family living in the four HOPE VI developments in that city that they have benefited simply from having access to high quality, affordable housing. Likewise, studies of HOPE VI sites across the country find significant improvements in residents' perceptions of safety as well as objective downward trends in crime. For example, my work in Durham, North Carolina, which examined neighborhood crime trends for the entire city over a five-year period before and after a HOPE VI redevelopment, finds that the 93 square block redevelopment area experienced markedly decreased violent crime rates even while other low-income areas of the City showed an increase in crime.

Thus, by improving housing quality and some neighborhood characteristics HOPE VI has assisted those low-income families who are able to qualify to move back into the redeveloped area. However, people are not benefitting equally for two reasons.

First, while policymakers, academics, and practitioners may agree that it is optimal when mixed-income housing initiatives both revitalize neighborhoods revitalization and ameliorate poverty, it cannot be assumed that all parties involved in these efforts place equal value on these goals. Even when stakeholders claim to support both people- and place-based outcomes, either can become neglected when one of these goals outpaces the other.

Second, HOPE VI has been geared for a specific type of low-income citizen, namely those who have clear paths in mind to achieve their goals, access to decent paying jobs, relatively few barriers in their way, and they view HOPE VI as providing quality, income-stabilized housing as a stepping stone on their journey.

Evidence suggests that the large majority of people in poverty do not fall into this category. Many low-income families live in isolated poverty, with multiple barriers to work, and a lack of access to living wage jobs. Indeed, HOPE VI has been designed to create mixed-income communities based on the belief that somehow low-income families would benefit from being around more middle-income populations. We now know that there is little, if any, evidence to show that living in a mixed-income community, HOPE VI or otherwise, has actually empowered low-income residents to move into economic self-sufficiency, accumulate wealth, or even find living wage jobs. This is where HOPE VI has not been widely effective except for a small handful of sites that have created innovative webs of services to assist the truly disadvantaged.

These findings have prompted some people to suggest that we are expecting too much out of a program like HOPE VI and mixed income housing. Indeed, neighborhood revitalization and poverty amelioration are both enormous, complex undertakings. Other scholars suggest that HOPE VI has accomplished a great deal, but its admitted shortcomings are due to imperfect practice. My review of the literature and my own evaluation work in multiple cities leads me to believe that the main drawback in a program like HOPE VI is that the very residents that we are trying to empower to achieve greater economic self-sufficiency and increased quality of life have not been provided the authority to actually make the decisions about how HOPE VI is implemented and what types of communities are to be built.

Many of us who have evaluated HOPE VI have found that while residents are involved in the HOPE VI process their participation tends to be somewhat superficial. Residents are invited to



form councils that might participate in design charrettes, pick paint colors, or share their feelings about the relocation process. However, these resident councils are, at best, advisory, and, at worst, viewed by others as obstacles to navigate. The lack of authentic resident input and control leads to conditions where some public housing authorities are very successful in managing physical assets but where the ultimate goals of HOPE VI and programs like it rendered clouded, unobtainable, and ultimately lost.<sup>1</sup>

HOPE VI families have quality housing, but broader achievement around people- and place-based goals of neighborhood (economic) revitalization and increased socio-economic status for families has largely not been realized. If residents, through lead community-based organizations, had more control over their homes and neighborhoods, as well as the authority to lead the design of HOPE VI-type, “neighborhood” initiatives, it is likely that these goal sets would be addressed in a manner that mirrored the actual needs of the most important stakeholders involved, low-income residents.

It is not my intent to say that public housing authorities are not capable of meeting the goals of HOPE VI. Rather, I suggest that we are asking too much of them. Let them build on their strengths, which are frequently related to developing and managing housing and other physical assets, and let us instead turn to residents and community-based organizations to lead the public, private, and non-profit sectors towards the intertwined goals of neighborhood transformation and upward economic momentum for low-income residents.

**How can the lessons we have learned from HOPE VI inform the Choice Neighborhoods legislation and implementation? I have a list of several recommendations.**

First, in the application process, a community-based organization might be the lead applicant in collaboration with a variety of partners, or a community-based organization might submit a joint application with a public housing agency, again as the head of a collaborative network of community partners. The capacity of the lead organization to effectively implement the project and manage the grant is important, but the capacity of the members of the network to work together around a common project is even more important. Applying community-based organizations should provide evidence of significant resident involvement.

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<sup>1</sup> One of the challenges for HOPE VI in moving from the physical redevelopment of these sites towards the prosperity of people is a disconnect between the careers for which many low-income people train and the economic realities of today. Many of the people I have talked to have made use of training opportunities offered—some of them through HOPE VI programs—to become home care technicians, medical assistants, and other moderately skilled and moderately paying jobs. These people tell me that they make \$20-\$25,000 per year, a decent income compared with the incomes they had prior to HOPE VI. Unfortunately, such incomes are generally not sufficient to purchase a house in a large metropolitan city such as Nashville, even before credit markets tightened. These are people who are doing everything that HOPE VI asks of them, but many of them are unable to achieve a living wage, which leaves them unable to achieve the ultimate goal of homeownership.

**Second**, the sites that are chosen as beneficiaries of this program should have effective partnerships already working to address neighborhood issues. My experience in community development has been that when a grant applicant claims they will convene a coalition of organizations and residents to advise the project, it is rare that such a coalition works effectively. Many important decisions will already have been made in applying for the grant, and the coalition serves merely to try to validate a predetermined program.

**Third**, after sites are chosen, program governance and management should include all actors in the network with the community-based organization in the lead. It is too easy for a lead organization to get various letters of support from community organizations without meaningful shared activities. The grant application should detail how, specifically, the community partners will work together to achieve the desired outcomes.

**Fourth**, there has to be effective monitoring and evaluation over the entire span of the initiative. Several of the HOPE VI projects with which I am familiar completed a simple, frequently low quality evaluation once the grant came to an end. If we want to know how the community has changed, we must collect data about community conditions before, during, and after any intervention. If we want to ensure that the process is effective and just, we must have a means of gathering and using data during the implementation of the project. University researchers can play a key role in this process, but local residents and community organizations must be equal stakeholders to ensure that the data collected is useful and pertinent.

**Fifth**, as need assessments and community conditions change, there has to be flexibility in the use of funds so that ongoing projects, which had been proposed under the initial grant application, can be modified. Lead agencies or community coalitions should not have the ability to modify the activities at will, but there should be a mechanism allowing modification while maintaining accountability.

**Sixth**, there needs to be a focus on building sustainable community capacity. Sustainability in the context of many grants generally means that the applicant foresees being able to find money to maintain what they have built or to continue any program they have started once the grant funding has finished. While these are important, I suggest refocusing the definition of sustainability not so much on the financial side of the equation but on the partnerships and dialogue that undergird any individual activity. If the purpose of Choice Neighborhoods is to create the enabling conditions for individuals and neighborhoods to achieve prosperity and wellbeing, then the process promoting such outcomes must continue after the grant comes to an end. Allowing funds for organizational development, consulting work, and the like for this purpose is essential.

**Seventh**, the housing focus must go beyond the single-family homeownership model. Truly mixed income neighborhoods will have a variety of both incomes and forms of housing tenure. Application criteria can be developed to ensure that there is a mix of both affordable and market rate homeownership and rental opportunities available. Moreover, the existing residents of the neighborhood must be protected from the consequences of increasing land values and speculative investment. It is relatively easy to ensure that low-income homeowners are not priced out of the neighborhood using property tax ceilings and financial and construction assistance to bring

dilapidated structures up to code. It is more difficult to protect low-income renters from landlords who will benefit from subsidized improvements but seek to demand more money for rent. Forms of shared equity housing may be appropriate.

**Eighth**, these efforts need to move beyond mixed income towards mixed-use neighborhoods, ensuring that housing is accompanied by economic opportunity for residents in the form of revitalized and new businesses. Neighborhood residents will be able to identify new business opportunities appropriate for their communities. Ensuring that applications have mechanisms to help people develop small business ideas and obtain startup capital should be a priority. Moreover, including small-scale commercial activities in these neighborhoods not only ensures that low income people without access to personal transportation can meet some of their needs locally but also provides opportunities for all residents to reduce their carbon footprint and improve health when they can walk to the store rather than drive.

In conclusion, we need only look back to comprehensive community building initiatives such as the Dudley Street Initiative in Boston or certain Community Action Agencies of the War on Poverty for examples of highly effective partnerships which effectively promoted housing as well as employment in living wage jobs. There are countless examples across the country of unsung, yet effective initiatives, which achieve both place- and people-based goals. A key characteristic of successful community development is when residents come to the table with an equal footing such that they can effectively play a lead role in determining what happens in their community. This does not mean that residents are the only people who have power. Indeed, another marker of successful initiatives is the range of effective partnerships between a variety of stakeholders—including residents, public housing authorities, community organizations, municipals governments, private sector organizations and the like—that collaborate to achieve program goals. However, perhaps the most important lesson to be learned from HOPE VI is this: the power of community development initiatives will only be realized when residents and community-based organizations come together and develop programmatic efforts that truly serve the needs of diverse low-income populations that live in today's urban neighborhoods.

*Joshua Bazuin, my graduate research assistant in the Peabody College at Vanderbilt University, and Meredith Perry, at the University of Tennessee at Chattanooga, assisted in the preparation of this testimony.*

### Dr. Fraser's Related Publications and Reports

**DeFilippis, James and James Fraser. (forthcoming, 2009). What Kind of Mixed-Income Housing and for What Reasons? in *Critical Urban Studies: New Directions*. Jonathan Davies and David Imbroscio (eds.). Albany: SUNY Press.**

This paper questions the premises of mixed income housing neighborhoods and asks why they have become a paradigmatic tool for neighborhood revitalization and community development. We suggest that there is a view among powerful actors in urban studies and urban renewal policy that understands poor people as a pathology leading to neighborhood blight, such that middle- and upper-income residents should move into low income neighborhoods to deconcentrate and disperse the negative effects of large numbers of poor people. Examining the reasons for the increasing dominance of policy making based on mixed income principles, the paper outlines a wide range of theorized benefits and positive outcomes but finds that there is relatively little evidence that the expected outcomes are actually realized. We outline several reasons for the failure of mixed income policies: displaced poor people are often left without the social and institutional support structures upon which they relied in their prior neighborhoods, and mixed income neighborhoods frequently lack social mixing, social networks, and interactions across income levels. Displaced lower income residents move to other neighborhoods which are in turn segregated on the basis of race and class. Continued class-based segregation of neighborhoods leads to segregated public spaces where rich and poor do not interact or even see each other, leading to perceptions by the relatively well off that the United States is a classless society. As this segregation extends to a variety of goods and processes of social reproduction, it threatens the viability of a democratic order based on principles of a society shared by all its inhabitants, rich and poor. Unfortunately, simply ensuring that rich and poor people share the same space does not necessarily lead to productive dialogue. Instead, mechanisms must be put in place to constantly critique renegotiate community and its organizational and institutional manifestations. By themselves, mixed-income strategies are insufficient to achieve this task and, in the long term, to end segregation and promote justice.

**Fraser, James and Michael Nelson. (2008). "Can mixed-income housing ameliorate concentrated poverty?" *Geography Compass*, 2(6), 2127-2144.**

**Abstract:** Since the 1990s, public policymakers have renewed support for mixed-income housing development in low-income neighborhoods as a means toward neighborhood revitalization and poverty amelioration. Research to date finds that, while mixed-income developments in lower-income neighborhoods have promoted area revitalization, they have accomplished less for people in these areas who live in poverty. This article focuses on mixed-income projects that seek to de-concentrate poverty in impoverished, urban neighborhoods. It finds that, because these efforts are largely market-based approaches, they have paid less direct attention to the needs of lower-income residents. While this shortcoming may be attributed to structural barriers that prevent developers, housing authorities, and service providers from implementing effective practices, resource limitations can be offset by strong community-based participation. Drawing on this conclusion, it is suggested that community empowerment strategies should be implemented in tandem with mixed-income approaches in order to achieve positive outcomes for lower-income residents, but that reliance on place-based community will

unlikely create the necessary conditions to improve the wealth and everyday quality of life issues that poor people face in a predominantly market-based economy.

[http://people.vanderbilt.edu/~james.c.fraser/publications/Fraser\\_Geography%20Compass%202008.pdf](http://people.vanderbilt.edu/~james.c.fraser/publications/Fraser_Geography%20Compass%202008.pdf)

**Fraser, James, and Csilla Weninger. 2008. "Modes of Engagement for Urban Research: Enacting a Politics of Possibility." *Environment and Planning A* 40(6): 1-19.**

Abstract: Cities are increasingly cast as being shaped by globalization and related neoliberal policies. While these diverse literatures have provided needed theoretical advancement to rethink the city in relation to political and economic change, they also run the risk of conceptualizing, studying, and representing cities without sufficient attention to the spatial copresence of multiple actors. The result is that some treatments of the city reproduce a unified story line that conceals human agency, reads as if there is only one trajectory on which all cities are moving, and does not engage in imagining alternative urban futures. In this paper we suggest that there is a continued need to critically examine the spatial narratives mobilized both by researchers as well as by the other actors they encounter. Drawing on the widespread idea that the stories which researchers tell are intimately linked with the conduct of research itself, we advocate a researcher mode of engagement that permits collaborative critique of projects that aim to transform urban space. We report on our experience with two research practices of grounded interviewing, and the public research memo to provide empirical examples of our perspective.

[http://people.vanderbilt.edu/~james.c.fraser/publications/Modes%20of%20engagement%20ifor%20urban%20research\\_enacting%20a%20politics%20of%20possibility.pdf](http://people.vanderbilt.edu/~james.c.fraser/publications/Modes%20of%20engagement%20ifor%20urban%20research_enacting%20a%20politics%20of%20possibility.pdf)

**Fraser, James. 2007. "The Promise of Mixed-Income Housing for Poverty Amelioration." Center for Poverty, Work and Opportunity at the University of North Carolina at Chapel Hill**

Abstract: Since the 1990s, public policymakers have renewed support for mixed-income housing development in low-income neighborhoods as a means toward neighborhood revitalization and poverty amelioration. Research to date finds that, while mixed-income developments in lower income neighborhoods have promoted area revitalization, they have accomplished less for people in these areas who live in poverty. This policy brief focuses on mixed-income projects that seek to de-concentrate poverty in impoverished, urban neighborhoods. It finds that, since these efforts are largely market-based approaches, they have paid less direct attention to lower-income residents and the community-based organizations that represent them. While these shortcomings may be attributed to structural barriers that prevent developers, housing authorities and service providers from implementing effective practices, competency, and resource limitations can be offset by strong community-based advocates working with public, private, and nonprofit sectors. Drawing on this conclusion, it is suggested that community empowerment strategies be implemented in tandem with mixed-income approaches in order to achieve positive outcomes for lower-income residents.

<http://people.vanderbilt.edu/~james.c.fraser/publications/JimFraserPolicyBrief.pdf>

**Fraser, James, and Edward Kick. 2007. "The Role of Public, Private, Non-Profit and**

Fraser testimony to the Subcommittee on Housing and Community Opportunity

**Community Sectors in Shaping Mixed-Income Housing Outcomes.” *Urban Studies* 44(12): 2357-2377.**

Abstract: Since the 1990s, public policy-makers in the US have renewed support for mixed income housing development as a means towards inner-city neighbourhood revitalisation and poverty amelioration. Yet, research to date finds that, while these mixed-income developments have promoted neighbourhood revitalisation, they have accomplished less for people in these areas who live in poverty. This paper theorises about the conditions that may in principle lead to these alternative outcomes. The approach emphasises the continuity in goal sets and capacities among four sets of urban actors—investors, local government, non-profits and community residents. To examine extant theory and an alternative model, case study evidence is offered from two comparable cities with different mixed-income initiatives and different configurations of goals and capacities among the four stakeholder groups. It is found that place-based outcomes (i.e. neighbourhood revitalisation) from mixed-income efforts hinge on the continuity of goals and effective capacities of investors, government and non-profits, but not community residents. It is also found that, with or without goal consonance and capacity, existing residents are relatively underserved by mixed-income initiatives while other stakeholders realise a variety of benefits.

[http://people.vanderbilt.edu/~james.c.fraser/publications/JF%20Urban%20Studies%20\(11-2007\).pdf](http://people.vanderbilt.edu/~james.c.fraser/publications/JF%20Urban%20Studies%20(11-2007).pdf)

**Fraser, James and Edward Kick. 2005. “Understanding Community Building in Urban America: Transforming Neighborhood Identity.” *The Journal of Poverty* 9(1)23-44.**

Abstract: Neighborhood-based community building has been positioned as an effective strategy for combating urban poverty in America. This paper considers three predominant models of community building in America, and focuses particularly on a contemporary derivative of these—community-building initiatives that claim to address the circumstances of urban poverty through people- and place-based neighborhood revitalization. The empirical evidence shows that the impacts of community building on poverty often are left undocumented. Community-building initiatives can increase neighborhood organization, connect neighborhood actors with existing political-economic structures at the city level, enhance neighborhood-level infrastructural development, increase community surveillance of crime and provide new homeownership opportunities. Yet tensions appear to exist around economic, political and land-use issues, in part due to “consensus-based” planning that actually limits residential involvement in a variety of ways. Further, when taken as a whole, community-building initiatives in some respects serve the already advantaged, instead of being a new agenda for political-economic changes that aid the urban poor.

<http://people.vanderbilt.edu/~james.c.fraser/publications/Understanding%20Community%20Building%20In%20Urban%20America.pdf>

**Fraser, James. 2004. “Beyond Gentrification: Mobilizing Communities and Claiming Space.” *Urban Geography* 25(5):437-457.**

During the 20th century, neighborhood change and the displacement of low-income residents from their homes has occurred in a variety of ways from the demolition of entire areas to more recent revitalization efforts emphasizing the building of community and new governance structures. In this paper, I argue two interrelated points. First, whereas economic displacement of low-income people from their homes and neighborhoods is one effect of neighborhood revitalization initiatives, there is a wider set of factors that

constitutes the marginalization, displacement, and exclusion of certain population groups from effectively making claims on neighborhood space. Second, in an era of neoliberalization, whereby civil society is expected to play a larger role in neighborhood governance and the provision of social welfare, the formation and activities of neighborhood-based communities, and their relation to state and market forces, have become increasingly important factors to examine. In this article, I address these areas of inquiry through a case study of a neighborhood revitalization initiative in Chattanooga, Tennessee that has been under way since 1998.

<http://people.vanderbilt.edu/~james.c.fraser/publications/Beyond%20Gentrification.%20Urban%20Geography.pdf>

**Fraser, James, and Jonathan Lepofsky. 2004. "The Uses of Knowledge in Neighborhood Revitalization." *Community Development Journal* 39(1):4-13.**

**Abstract:** This paper focuses attention on the ways in which knowledge operates to structure and limit what can possibly be done in community-building initiatives. Specifically, we devote attention to the forms of knowledge either categorized as 'local' or 'expert'. This paper draws out a theoretical basis to understand how community-building as a process, and professional community-building practitioners themselves, often create, maintain, and police these epistemological boundaries, and through case studies illustrate how this impacts people's access to putting knowledge into action.

[http://people.vanderbilt.edu/~james.c.fraser/publications/The\\_%20Uses\\_%20of\\_Knowledge\\_in\\_Neighborhood\\_Revitalization.pdf](http://people.vanderbilt.edu/~james.c.fraser/publications/The_%20Uses_%20of_Knowledge_in_Neighborhood_Revitalization.pdf)

**Fraser, James, Lepofsky, Jonathan, Kick, Edward, and J. Patrick Williams. 2003. "The Construction of the Local and the Limits of Contemporary Community-Building in the United States." *Urban Affairs Review* 38(3):417-445.**

**Abstract:** With new relationships between state and civil society, community building has arisen as a preferred mechanism to ameliorate urban poverty. Community building is a much-supported but undercriticized paradigm, especially with respect to questions about the benefits that impoverished neighborhood residents actually acquire from these initiatives. The authors examine community building as a process that is related to larger agendas meant to enact certain productions of urban space and challenge many taken-for-granted notions about the realized benefits of this form of antipoverty work. Moreover, they argue that community-building initiatives occur in an increasingly globalized context, providing opportunities for stakeholders other than residents to promote certain productions of space and place. A case study is presented of an initiative occurring in a southern city in the United States to highlight the theoretical framework presented.

**Lepofsky, Jonathan, and James Fraser. 2003. "Building Community Citizens: Claiming the Right to Place-Making in the City." *Urban Studies* 40(1):127-142.**

**Abstract:** This paper examines how citizenship operates in urban community-building programmes, particularly in the comprehensive community-building initiative (CCI) model. We argue that the current context shaping cities today gives rise to flexibility in citizenship and that this flexibility emerges as a key component by which resident and non-resident stakeholders

position themselves to make claims to participate in CCIs. We posit that, while the CCI model is committed to being 'resident-driven', the operative function of citizenship creates a hindrance rather than an opportunity for local resident involvement. We fortify this thesis with a case study from our experience in CCIs.

[http://people.vanderbilt.edu/~james.c.fraser/publications/Building\\_Community\\_Citizens\\_Claiming\\_the\\_right\\_to\\_Place\\_Maki.pdf](http://people.vanderbilt.edu/~james.c.fraser/publications/Building_Community_Citizens_Claiming_the_right_to_Place_Maki.pdf)

**Fraser, James, Kick, Edward, and Patrick Williams. 2002. "Neighborhood Revitalization and the Practice of Evaluation in the U.S.: Developing a Margin Research Perspective." *City and Community* 1(2):217-236.**

The dominant framework of neighborhood revitalization in the United States that emerged in the 1990s is the comprehensive community-building approach based on a "theory of change" model. This framework posits that to improve neighborhoods and the quality of life of residents, programmatic efforts are needed that are "resident-driven" and holistic in their focus. While these types of initiatives flourish, neighborhood revitalization often results in the displacement of low-income families and marginal return for existing residents. Why this occurs in the context of initiatives purporting to aid existing residents is underexamined in the evaluation literature. We argue that researchers engaged in documentation and evaluation of revitalization initiatives need a broader framework to examine heretofore marginalized issues. We use a "margin research" methodology to demonstrate how this alternative form provides a more expansive representation of revitalization activities and outcomes.

[http://people.vanderbilt.edu/~james.c.fraser/publications/Neighborhood\\_Revitalization\\_and\\_the\\_practice\\_of\\_evaluation\\_i.pdf](http://people.vanderbilt.edu/~james.c.fraser/publications/Neighborhood_Revitalization_and_the_practice_of_evaluation_i.pdf)



TESTIMONY TO UNITED STATES HOUSE OF REPRESENTATIVES  
COMMITTEE ON FINANCIAL SERVICES  
SUBCOMMITTEE ON HOUSING AND COMMUNITY OPPORTUNITY  
HEARING ON "ACADEMIC PERSPECTIVES ON THE FUTURE OF PUBLIC  
HOUSING" JULY 29, 2009

EDWARD G. GOETZ  
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Madam Chair and members of the committee, thank you for the opportunity to provide this testimony on the academic research related to public housing demolition and housing dispersal policies. Over the past 10 years I have studied public housing transformation at both the national level and locally. I have conducted a study of the *Hollman v. Cisneros* consent decree that resulted in the demolition of over 900 units of public housing and the redevelopment of a 73-acre site in Minneapolis. We interviewed over 600 people and tracked the relocation outcomes for families displaced in that project. I have evaluated the Harbor View HOPE VI redevelopment in Duluth, MN, interviewing over 100 relocated families at two points in time to track the effects of that project. At the national level I have created a database of more than 300 HOPE VI redevelopment projects through 2006 that combines project information with census data in order to track neighborhood changes taking place in areas surrounding HOPE VI sites. Finally, I have obtained from HUD a comprehensive listing of all public housing

demolitions since 1990 and have combined that with resident demographic data to examine the impact of public housing demolition on minority residents of public housing.

As Congress and HUD begin to think about expanding or changing the HOPE VI program into the “Choice Neighborhoods” initiative, it is an especially good time to reflect on what the research and evaluations of the program have shown. As with other programs to disperse low-income households and thereby deconcentrate poverty, the HOPE VI program is based on a set of expectations that changing the neighborhood environment in which poor families live will change and improve their personal circumstances. HOPE VI attempts to achieve these outcomes by moving poor families out of very-low income public housing neighborhoods and by improving the conditions of high-poverty neighborhoods through the redevelopment of low-income public housing. Thus, the HOPE VI program is intended to create two major types of beneficial outcomes; better outcomes for the residents of distressed public housing projects, and better conditions in the projects themselves and in their surrounding neighborhoods.

#### **Research Findings on Improving Neighborhood Conditions through HOPE VI**

The research to date on HOPE VI indicates that it has succeeded in improving neighborhood conditions in public housing communities. The typical HOPE VI project involves large scale demolition of older and declining public housing and their replacement with mixed-income communities. These new communities are built in a New Urbanist design style that promotes community bonds by reintegrating the areas into surrounding neighborhoods, focusing on townhomes, single-family homes, duplexes and

triplexes complete with front porches and stoops that provide a venue for social interaction and the supervision of public spaces.

By and large, HOPE VI projects have achieved the neighborhood-level benefits foreseen by program architects. The new communities are safer, the buildings themselves are more aesthetically appealing and welcoming, and residents seem pleased with the living environments being created. Crime is reduced through the displacement of gang activity and the low-income residents upon whom gangs and criminals prey. Residential property values have increased in the neighborhoods surrounding new HOPE VI communities. In some cases, a significant amount of additional private sector investment ensues as businesses move into the community, attracted by consumers with greater buying power and by a transformed physical environment. One study of eight early HOPE VI projects showed that the overall level of education in the neighborhood increased after redevelopment, the neighborhoods became more racially integrated, and most increased their per capita income relative to their cities. These improvements have been echoed in other research focusing on neighborhood changes, including research conducted by the U.S. General Accounting Office and by researchers at the Brookings Institution.

There are two points to be made about the neighborhood-level impacts of HOPE VI redevelopment. The first is that not enough research has been completed to determine what factors lead to the greatest degree of neighborhood transformation. My own preliminary and incomplete research seems to confirm the real estate maxim that location matters a great deal. HOPE VI sites that are near or adjacent to downtown areas seem to produce a greater degree of change than HOPE VI redevelopments located in more

remote or isolated neighborhoods. As more projects are completed and as more research is done we should be able to determine the relative importance of three types of factors in producing neighborhood transformation through public housing redevelopment:

- 1) Characteristics of the original public housing project (such as whether or not it was a high-rise, or the project's size – in terms of acreage or units),
- 2) Characteristics of the redevelopment (such as whether it incorporates home ownership, the relative mix of market rate and subsidized housing, and the existence of additional site amenities),
- 3) The nature and extent of complementary public actions (e.g., whether or not the HOPE VI redevelopment was part of a larger redevelopment initiative).

The research on neighborhood impacts is therefore promising, but incomplete.

The ability to answer these additional questions would help policy makers fashion a more effective redevelopment program.

Second, it should be noted that many of the community-level benefits identified by researchers are associated with population turnover rather than the upward mobility of the original low-income residents. Per capita income increased, for example, because very poor people were relocated away from the neighborhood and more middle income and affluent residents moved in. Average education levels increased because more highly-educated people moved into the new housing created by HOPE VI projects, not because original residents completed additional schooling. And there is reason to believe, based on a study of Louisville, that HOPE VI does not reduce overall crime but instead shifts it away from the HOPE VI site to other low-income (often public housing) neighborhoods.

These caveats notwithstanding, the physical transformations taking place in HOPE VI neighborhoods across the country are impressive. The program has had a dramatic effect on the neighborhoods that previously had been dominated by older, declining public housing projects.

#### **Research Findings on the Effects of HOPEVI on the Original Residents of Public Housing Projects Subject to Redevelopment**

The second program objective of HOPE VI is to improve the lives of residents of declining and dysfunctional public housing projects. On this objective, the research indicates that outcomes have not been so positive. In fact, the benefits to original residents of HOPE VI and other public housing redevelopment are quite limited, modest, and inconsistent.

Research has focused on a number of potential outcomes, including physical and mental health, social integration, economic self-sufficiency, fear of crime, and neighborhood and housing satisfaction.

##### *Employment and economic security*

The evidence is fairly clear and consistent that HOPE VI public housing redevelopment (and other dispersal programs such as Moving To Opportunity – MTO) have not had any demonstrable positive effect on employment, earnings, or income of individuals. The Urban Institute’s panel study of five HOPE VI sites found no increase in employment among residents. This basic finding has been replicated in studies of individual HOPE VI projects in Boston, Minneapolis, and Philadelphia. The findings also extend to other efforts to increase the mobility of low-income households, including

MTO, the Welfare to Work voucher program, and city-specific mobility programs. Both the Urban Institute's researchers and the evaluators of the MTO program conclude that mobility and relocation are not effective in increasing the economic self-sufficiency of low-income households. In fact, the forced relocation of HOPE VI and public housing redevelopment may create economic instability for families according to the Urban Institute's study as well as studies of Fort Worth, Texas and Portland, Oregon.

#### *Health*

There is little research on whether HOPE VI-like redevelopment enhances the physical or psychological health of low-income families. The little evidence there is, however, is from the Urban Institute panel study of five HOPE VI sites and it indicates no overall improvement in health conditions for relocatees. In fact, three-fourths of the study subjects report no change or a decline in their health over time. In contrast, one study of Atlanta shows a lower mortality rate among residents of redeveloped public housing projects compared to residents of projects that had not been redeveloped.

#### *School performance & experience*

There is no evidence that children in HOPE VI families benefit from forced relocation from public housing undergoing redevelopment. The HOPE VI panel study shows no major changes in school engagement among children. Another study of households in Chicago public housing show no education improvements for children who moved as a result of redevelopment relative to a control group of children still living in public housing communities in the city. In Minneapolis, there was no change in the educational experience of children who moved out of the public housing redevelopment site.

*Crime and Safety*

Studies of public housing redevelopment consistently show that families that move out report an increased sense of safety. They report significant declines in drug-related activity, a greater sense of safety, and a reduction in visible signs of social disorder. This is an area in which public housing families do experience relatively unambiguous benefits from redevelopment.

*Satisfaction with housing and neighborhood conditions*

The balance of research also shows improvements in housing and neighborhood characteristics among HOPE VI families. Households from multiple sites report better housing conditions and fewer neighborhood problems. This does not mean, however, that displaced residents are uniformly satisfied with their new neighborhoods. In Minneapolis, displaced residents of public housing were more satisfied with the quality of their housing, but had mixed reviews about their new neighborhoods. In Seattle, researchers found that most HOPE VI residents interviewed felt their former public housing residence was a better place to live than their new neighborhoods. In Duluth, a large percentage of residents missed several things about their old neighborhood, including the convenient location, its view, and the sense of community that had existed there.

*Social integration*

HOPE VI research has shown little in the way of successful social integration of displaced families. Interviews with displaced HOPE VI families in Philadelphia conducted two years after relocation revealed that very few households rebuild social ties in their new neighborhoods, regardless of neighborhood poverty levels. The youth among

these families were more likely to rebuild friendship networks than the adults; however, youth were unlikely to look at their new neighbors as role models, or to interact with other adults in their new neighborhoods. In Fort Worth, Seattle, Minneapolis, Boston, and Tampa, residents reported fewer neighboring behaviors and less-supportive relationships as a result of displacement. In Minneapolis, the children of displaced families in Minneapolis were more socially isolated in their new neighborhoods, a finding repeated in the five-city HOPE VI panel study.

Many involuntarily-displaced families are not ready or entirely willing to move out of their existing public housing communities. In Seattle, Philadelphia, and Boston researchers found a strong sense of place attachment among public housing residents that limited their desire to move away or generated remorse for having moved. In several cities, including Portland, Minneapolis, and Duluth, a majority of residents (as high as two-thirds in Portland) did not want to move away from their homes. Most were very content living in the development. Even after being forced to move, many residents reminisced about the community; they mourned the loss of their neighbors and the community bonds they had established, as well as amenities in their old neighborhood such as open space, convenient location, and view. The desire to move was the most important factor determining whether residents reported benefits from relocation in Duluth.

**Why are the individual-level benefits of HOPE VI redevelopment so limited?**

In summary, HOPE VI seems to have benefitted residents by improving their sense of safety, and by improving their perception of housing conditions and



neighborhood civility. At the same time, the program has shown no effect on health, on the educational experiences of children, or on the economic security and self-sufficiency of families; in fact, as I have noted previously, there is some evidence that forced mobility increases economic insecurity. There is some consensus among researchers that the relocation of public housing residents often disrupts social support systems and creates new difficulties to overcome. This is a disappointing record of individual-level benefits. Below, I outline several potential reasons why HOPE VI and public housing redevelopment more generally has failed to generate a broad or consistent set of benefits for original residents.

*1. Most families do not move back to the redeveloped site.*

Once relocated away from the site to other low-income neighborhoods, families have found it difficult to make their way back to the redeveloped site. Many cannot meet new tenant screening criteria put in place by the property managers of the redeveloped HOPE VI project, many “drop out” of public housing for one reason or another, and some lose interest in moving back to the redeveloped site during the five years or more between their initial relocation and the final completion of the redevelopment. Thus, as Urban Institute researchers note, for most residents of HOPE VI projects, the main intervention that they experience is the forced relocation out of their homes into other neighborhoods. Thus, for most HOPE VI families, their post-relocation experience is defined not by the brand new community created that emerges from the redevelopment, but by the quality and characteristics of the neighborhoods to which they move.

*2. Most HOPE VI relocatees do not move far.*

Displaced public housing residents typically move to other housing opportunities nearby their old neighborhoods. Very few move to the suburbs; only 14% in the five cities of the Urban Institute's Panel Study, less than two percent of more than 3000 families displaced by public housing redevelopment in Chicago, and just over 10% in Minneapolis. Over half of the Minneapolis families moved within a three-mile radius of their original homes. Nearly all households who moved as a result of the *Comer v. Cisneros* deconcentration plan remained in Buffalo, moving an average of 1.5 miles from their previous residence. Though the distance is longer in some places (an average of over five miles in Chicago according to one study), families tend to remain within communities with which they are familiar, and in which they maintain social or historical ties.

3. *HOPE VI residents tend to move to other disadvantaged or segregated neighborhoods.*

The expectation that relocation will benefit residents is based on a fundamental expectation that residents' new neighborhoods will be a significant improvement over their previous ones. In practice, however, the difference between pre- and post-relocation neighborhoods is typically not so dramatic. This is so for one of two reasons. First, while HOPE VI residents tend to move to neighborhoods with poverty rates lower than in originating neighborhoods, poverty rates in the new neighborhoods are typically higher than average. Data from the HOPE VI Panel Study, for example, found that 40 percent of displaced residents who did not return to the redeveloped HOPE VI sites lived in high-poverty census tracts (those with poverty rates over 30 percent). The average poverty level for HOPE VI relocatees in the Panel Study was greater than 20%. Similar findings

are echoed in studies of Philadelphia, Minneapolis, and Richmond, VA. In addition, the Minneapolis study shows that many receiving neighborhoods, though lower in poverty compared to the original neighborhoods, are becoming poorer over time. Research shows that HOPE VI households tend to move to other racially segregated neighborhoods as well. In summary, although HOPE VI families move out of some of the very worst neighborhoods in the cities in which they live, the neighborhoods to which they relocate are themselves disadvantaged. The new neighborhoods tend to have higher poverty rates than the city as a whole, lower incomes, and more segregation – all problems that are getting worse over time. There is some evidence that subsequent moves of displaced families (moves after the original relocation move) are towards neighborhoods with even higher poverty rates, lower incomes, and greater segregation than the relocation neighborhoods.

The second reason why differences between pre- and post-relocation neighborhoods may not be as great as envisioned by the HOPE VI program is that in some cases the HOPE VI site itself is not severely distressed. The HOPE VI program was created to address the very worst of the public housing stock in the U.S. Though projects such as Cabrini-Green and the Robert Taylor Homes in Chicago are infamous for their horrific living conditions and played a large role in the policy discourse about public housing, the fact is that in most cities at most times public housing does not resemble those worst-case scenarios. HUD's own assessments indicate that over 90 percent of the stock meet or exceed 'standard conditions'. Even among HOPE VI projects, sites that have presumably met HUD's threshold for dysfunctionality, there are projects that are a far cry from the extreme conditions of Chicago's worst. For instance, in Portland, the

Columbia Villa HOPE VI development was described by an evaluator as “well designed, racially integrated, and well managed” – facts that many displaced residents recognized and which provided the basis for their attachment to the original project. I have already noted the fact that in several research sites, a majority of residents had no desire to move away. In the absence of hellish conditions, the residents of public housing may not be anxious to leave, may see a functioning social fabric where others do not, and may end up being less likely to see substantial differences between their old neighborhoods and the new ones to which they have been relocated.

*4. Relocation is insufficient to address the complex and contingent dynamics that produce poverty. Most of the benefits experienced by HOPE VI households are passively-experienced perceptual improvements.*

The most universally experienced benefits of HOPE VI relocation for families are feelings of greater safety and a reduction in social disorder, and improved housing conditions. These are direct benefits to residents; residents need not take any action, nor engage institutions or social structures in order to feel safer or enjoy the reduction of social disorder they perceive in their new neighborhoods. Put another way, these benefits are accessible to most relocated families. Other expected neighborhood advantages of relocation (access to greater employment opportunities, better schools, and higher levels of social capital) are not experienced passively. For these benefits to be experienced by relocatees, they must take active steps, and must engage public and private institutions and social structures that may remain biased in ways that make it difficult for residents to realize benefits. Employment is perhaps the best example. Displacement from distressed public housing may well put residents in close proximity to a greater number of job

opportunities. For that to benefit the resident, however, a series of additional preconditions must be met. The job openings that exist must match or be appropriate to the training, education, or experience of the resident. The resident must become aware of the appropriate job openings. The hiring process must be free of discrimination so that the resident is not unfairly treated due to skin color or ethnicity. The resident must be healthy enough to be able to pursue the employment, must have the necessary child care in place, and the means to get to and from the interview and the job site. A similar set of contingencies might be listed for taking advantage of educational opportunities or accessing enhanced social capital. For problems of economic security, poor health, and low-educational attainment, relocation provides only a partial solution. The contingent relationships and actions necessary for individuals to realize benefits in these areas are not affected by relocation alone.

#### **Disparate impact of public housing demolition**

The limited and inconsistent individual-level benefits of HOPE VI become all the more problematic in light of the fact that the HOPE VI program and public housing demolition in general has had a disproportionate impact on people of color, most notably African-Americans. Of course, any action related to public housing will have a disparate impact on African-Americans because African-Americans are disproportionately represented among public housing residents. In 2000, the last year for which HUD published the data, 48 percent of the residents of public housing nationwide were African-American. In large cities (cities in which the local public housing authority owns and operates more than 5000 units), African-Americans make up 66 percent of public

housing residents. In cities such as Birmingham, Detroit, Memphis, New Orleans, and Washington, DC, HUD data indicates that 99 percent of the residents of public housing are African-American. Even given the large proportion of African-Americans in public housing, public housing demolition since 1995 has, on average, targeted projects in which the African-American occupancy is higher than in comparable units. In the 150 largest cities in the U.S., accounting for 163,393 units of public housing demolished since 1995, I estimate that 82% of the households displaced were African-American. In half of the demolished projects, African-Americans made up 95% or more of the residents in the year prior to demolition. In over 300 public housing projects for which I have data, the average development was 79.5% African-American the year prior to being demolished. In those same cities, for those same years, the rest of the public housing stock averaged 73.2% black. On average, projects that have been demolished in these cities have targeted projects that had 7.7 percent more African-Americans than would be expected without a disparate impact.

Is 7.7 percent a lot? I would argue that it is. This percentage, which serves as a kind of Disparity Index, is bounded on the upper end by the initial over-representation of blacks in public housing. For example, in cities like Washington, DC, Memphis, and Detroit where virtually all public housing residents are African-American, there is no possibility of a disparate racial outcome as I have defined it. Thirteen percent of the demolitions in my sample (or 40 projects) took place in cities in which blacks make up 99 percent of all public housing residents. In one third of the demolitions (more than 100 projects), blacks make up more than 90 percent of all public housing residents citywide. Despite the fact that a disparate impact is by definition impossible or highly limited in

one-third of all cases, the data show a consistent tendency for the public housing that is being demolished to have higher African-American occupancy than exists in the rest of the stock.

Given the findings that HOPE VI has produced few benefits for original residents, has failed to improve economic self-sufficiency, and has disrupted social networks among residents, the fact that HOPE VI and public housing demolition in general has tended to target projects with higher than average African-American occupancy is troubling.

#### **Recommendations**

Based on the experience of HOPE VI to date, I offer the following set of recommendations for future federal policy:

*1. Halt the further demolition of public housing.*

HUD has already demolished significantly more public housing units than were identified by the National Commission on Severely Distressed Public Housing (NCSDPH) that led to the creation of HOPE VI. NCSDPH found that 6% of the nation's public housing, or 86,000 units were severely distressed. Since that report, HUD has demolished more than 159,000 units. The program has more than accomplished the task set out by the Commission. While the displacement and demolition model may have been warranted in some of the most distressed public housing projects targeted by HOPE VI in its early years, evidence from resident interviews suggest that whenever they have been asked, a majority of residents express a desire to stay in their public housing communities. This

strongly suggests that the program has begun to target public housing developments that might be preserved and improved by methods short of full-scale demolition and displacement.

2. *Incorporate program features that limit or avoid forced displacement of residents.*

The displacement and relocation of families has not produced significant benefits for public housing residents. If improving the lives of these residents is indeed a central program objective, the program can be operated in such a way as to put the interests of residents first. This would mean emphasizing rehabilitation over demolition which would reduce or eliminate the need for displacing current residents. Alternatively, this could mean phased redevelopment whenever possible, so that residents could remain on-site during redevelopment and move directly into new units as they are completed. Or, where demolition is absolutely necessary, it could mean the construction of replacement housing *prior to* demolition rather than years afterward.

3. *Incorporate anti-displacement techniques so that the existing residents of HOPE VI neighborhoods can experience the neighborhood-benefits produced by the program.*

The HOPE VI program has reduced crime rates, increased property values, and induced additional private investment in redeveloped neighborhoods. In many cases, however, it has also triggered gentrification and neighborhood demographic changes so that these positive neighborhood changes are experienced by newcomers rather than residents who had been living in the neighborhood. The degree to which neighborhood-level benefits of HOPE VI are



experienced by the original low-income residents of the public housing or by the original residents of the surrounding neighborhood is dependent upon the protections built into the program to limit displacement. This could include the use of community land trusts to preserve affordable housing, or tax deferral programs to protect lower-income homeowners.

4. *Use the lessons of HOPE VI to expand production of new public housing units.*

The greatest successes of HOPE VI have been in how it has remade the physical environment of neighborhoods. New structures, well-built and well-designed, provide housing for households with a mix of incomes. New units of public housing are built side by side with market rate units. The program's most vigorous advocates argue that this is the way public housing should be built. If that is the case, and we have learned at this late date how to build successful public housing, then now is the time to expand the stock of public housing, not continue to deplete it through demolition. The acute need for affordable housing remains strong across the U.S. The demand for public housing is demonstrated by long waiting lists in virtually all communities. HOPEVI has shown that public housing can be built in such a way that it blends into the surrounding neighborhood, is aesthetically pleasing, can be mixed with market rate housing, and provide a good living environment for all.

5. *Provide voluntary mobility opportunities for families wishing to leave public housing communities.*

We found that the families that benefitted the most from HOPE VI relocation were those families that wished to move and were poised to move out of the

public housing in which they resided. This suggests that U.S. housing policy should continue to make mobility available to those ready to use it. Voluntary programs such as MTO should be expanded.

6. Should Congress and the Administration expand the HOPE VI model to include other forms of project-based subsidized housing as envisioned in the Choice Neighborhoods initiative, recommendations one through four above should be applied to it, so that the “Choice” in Choice Neighborhoods extends to the lower-income residents currently residing in those buildings and those communities.

**“Research Findings about the HOPE VI Program and Case Management Services for  
Memphis Public Housing Residents”**

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*Testimony submitted to the Subcommittee on Housing and Community Opportunity,*

*House Financial Services Committee, United States House of Representatives*

*Academic Perspectives on the Future of Public Housing*

Hearing Date: July 28, 2009

Thank you for this opportunity to share my research findings about public housing programs in Memphis, TN. This testimony addresses the key questions posed in the invitation letter I received from Representative Maxine Waters on July 23<sup>rd</sup>, 2009.

**RESEARCH EXPERIENCE RELATED TO PUBLIC HOUSING**

I have been researching issues about public housing and resident self-sufficiency for more than a decade, throughout my graduate research at the State University of New York at Albany and subsequent research positions at The Urban Institute and the University of Memphis. (Please refer to my curriculum vita, submitted separately, for a detailed work history and list of presentations and publications.) I have interviewed several hundred residents in more than fifteen cities throughout the United States, talked with case managers, agency staff, and Executive Directors at many of those housing authorities, and observed a variety of programs serving public housing residents. In addition, I have analyzed quantitative administrative data about case management services and resident well-being from a range of data sources related to public housing programs.

My research has resulted in numerous presentations for practitioners and researchers, as well as several types of publications. First, my research on the Moving to Opportunity Demonstration Program in Chicago culminated in a doctoral dissertation (funded by a dissertation grant from the U.S. Department of Housing and Urban Development), along with two co-authored peer-reviewed journal articles and a book chapter. For six years, I worked at The Urban Institute on a number of multi-site research projects related to public housing and economic self-sufficiency, with an emphasis on the HOPE VI program. My

research, in collaboration with many others at The Urban Institute including Dr. Susan Popkin, focused on case management issues for original residents at public housing sites that were redeveloped as part of the HOPE VI program. Specifically, my area of research has focused on physical and mental health issues that act as barriers to employment and self-sufficiency for many of these residents. Our research from those projects resulted in numerous reports for HUD and foundations, along with the publication of several peer-reviewed journal articles.

For the last four years, I have been an Assistant Professor of Public and Nonprofit Administration at the University of Memphis. I have served as the lead Primary Investigator on evaluations of two HOPE VI grants in Memphis (Lamar Terrace and Dixie Homes), and have completed multi-year evaluations of two related job training programs funded by the Memphis Housing Authority. What I will address in this testimony is largely based on my current work in Memphis, but often in the context of my knowledge of other HOPE VI sites around the country.

I want to acknowledge the other researchers who have participated in the evaluations of HOPE VI in Memphis. The other lead researcher currently working on these HOPE VI projects with me is Dr. Stan Hyland, who is Head of the School of Urban Affairs and Public Policy at the University of Memphis. Dr. Hyland has worked with the Memphis Housing Authority and the city Division of Housing and Community Development for over twenty years, providing our work with a rich historical perspective on program changes locally. Dr. Phyllis Betts has contributed information about ongoing neighborhood redevelopment at the HOPE VI sites. Deidre Cullom, Jessica Denby, Jason Ellis, and Simisola Atolagbe have worked as research assistants on these projects, and have put in many hours conducting interviews, analyzing data, and drafting memos.

All of us work to provide rigorous, sound research findings, while also engaging with a wide range of local program stakeholders and participants so that the findings serve as more immediate feedback throughout the program, rather than merely assessing final program effectiveness. The staff at Memphis Housing Authority and others at related organizations have been generous with their time sharing data and explanations about their programs with us. I want to emphasize that this research is truly a team endeavor, while also pointing out that any conclusions and analysis presented here are ultimately my own.

#### **PUBLIC HOUSING TRANSFORMATION IN MEMPHIS**

The HOPE VI program has had many goals, including: to improve the lives of public housing residents; to change neighborhoods so that there is lower poverty and unemployment, better housing quality, and a

growing municipal tax base; and, to spur redevelopment in surrounding areas. As might be expected, HOPE VI sites have achieved these goals to varying degrees in different periods of time. By definition, you can quickly reduce poverty in a single neighborhood by tearing down public housing and relocating hundreds of extremely poor households to other neighborhoods, but this is not the type of reduction in poverty that improves the lives of the original residents from those developments that are torn down. *An emphasis of my research, and also a goal of the housing authority and other stakeholders in Memphis, has been to examine HOPE VI in light of the changes it brings about for the original residents of the redeveloped sites.*

A key component of the Community and Supportive Services Program for HOPE VI is the commitment of social service support from community agencies to assist the residents in their economic self-sufficiency efforts. HUD requests letters of support as evidence of leverage that the housing authority can bring to the HOPE VI grant. However, few of these potential partners turn into effective services for the HOPE VI clients. (From what I know of other sites, this problem is not unique.) Some programs have budget cutbacks or staff changes, others are no longer able or interested in partnering, while other programs are no longer a priority from the perspective of the HOPE VI caseload. These letters of support in the grant application are supposed to form the framework for case management services, but effective partnerships take real commitment for integration in the service coordination and implementation. In the past few years, there has been a tremendous evolution in the case management system used at the four HOPE VI sites in Memphis based on these experiences with the first two HOPE VI projects.

For the first HOPE VI grant (LeMoyné Gardens), case management was conducted with a combination of staff from the housing authority and a small non-profit social service provider in that community. For the second grant (Hurt Village), case management was provided by a large local non-profit that worked with more program partners. While these grants were in compliance with the HOPE grants, they did not achieve the desired change of significant progress toward economic self-sufficiency that was the ultimate goal.

By the time the Memphis Housing Authority received its third and fourth HOPE VI grants (Lamar Terrace and Dixie Homes), there were local stakeholders, including the housing authority, who saw that there needed to be a more structured intensive and comprehensive case management system in place to help move households toward economic self-sufficiency. The most important stakeholder to become involved in the HOPE VI redevelopment efforts was the Women's Foundation for a Greater Memphis, who made a financial commitment to support the case management program (CSS). They made a

commitment to raise \$7,200,000, to fund the entire cost of CSS for both HOPE VI programs. In addition to the financial resources, the Women's Foundation also brought a tremendous amount of leverage locally, in terms of bringing other stakeholders to the table to figure out how to offer more coordinated case management services. Through the strength of their Board of Directors and their relationships throughout the city, they have continued to help build more a comprehensive coordinated social services program for HOPE VI residents.

During this time, Memphis Housing Authority identified Urban Strategies as a key partner in providing technical assistance to the CSS program for the Lamar Terrace and Dixie Homes HOPE VI residents. (Urban Strategies is an organization based in St. Louis that provides technical support to a number of HOPE VI sites throughout the country, helping them plan and coordinate community development programs.) In early summer 2006, Urban Strategies, the Memphis Housing Authority, and the Women's Foundation agreed to the creation of a new non-profit, called Memphis HOPE, which would be responsible for case management for HOPE VI residents. Since that time, Memphis HOPE has been created legally, and staffed since December 2006. They serve not only all the clients from these two HOPE VI grants, but also now serve the residents in other family public housing who receive case management as part of the ROSS grant (Resident Opportunities and Self-Sufficiency).

As the staff members of Memphis HOPE (the organization providing case management) have learned more about the individuals in their caseload, they have developed more strategic approaches to cultivate partnerships with programs that are more focused on the key barriers the clients were facing. They have continued to develop relationships with area public and nonprofit agencies to address specific issues among their clients. Several of these partnerships will be highlighted in subsequent sections of this written testimony.

#### ***Brief Overview of Memphis Case Management Clients***

Housing authorities are required to provide case management to all households at the public housing development at the time of the HOPE VI award. As relocation occurs and time passes, the caseload generally dwindles a bit as some people choose not to receive assistance and others are terminated. Typically, at the end of a HOPE VI grant the caseload has diminished significantly. Memphis is not typical in this case. While the caseload diminished a bit in the first year or two following relocation, as reoccupancy grew nearer, more clients have opted to be a part of case management to be eligible to move back to the new development. As part of their lease agreement, households who move into public housing units at the new HOPE VI developments (even if they did not live in the original development)

are added to the Memphis HOPE caseload. Working age adults, who are not disabled, must be employed and actively receive case management to stay in the public housing unit at the new site.

The case management system serving the two active HOPE VI sites currently serve 529 households (196 from Lamar Terrace and 333 from Dixie Homes), with over 1200 people total. In addition, last year when the ROSS grant caseload was folded into the Memphis HOPE organization, more than 100 more households were added to the caseload. This model of moving toward comprehensive case management for the HOPE VI caseload is view locally as a start for building a larger anti-poverty initiative throughout the city, by the Executive Directors of both the Memphis Housing Authority and the Women's Foundation for a Greater Memphis.

#### **EFFECTIVE CASE MANAGEMENT APPROACHES**

The primary goal of case management in HOPE VI has been employment, with exemptions for seniors and those who have mental or physical disabilities (as defined by the Social Security Administration). Furthermore, employment is required for reoccupancy at many redeveloped HOPE VI sites. As such, helping adults find and keep jobs is the main emphasis of case management activities. One key lesson from much HOPE VI research has been that many adults need far more than a job training program or encouragement in order to get a job. Three key barriers are prevalent in Memphis, similar to other sites: low levels of education and literacy; health problems that are undiagnosed or do not meet federal guidelines as "disabilities"; and, a lack of personal, or accessible public, transportation. I will describe these three problems, along with the strategies that are being used in Memphis to address them.

#### **Connecting public housing residents with employment opportunities**

A significant share of the adults in the HOPE VI caseload does not have even the minimum education needed to be able to obtain a job. Almost half of the HOPE VI caseload does not have either a high school diploma or a GED. Case managers have referred approximately 50 adults to GED programs, with 13 completing their GED. Case managers have reported that there is a significant portion of their clients who are functionally illiterate, so that referrals for a GED are not appropriate. They have tried referring clients to literacy programs, but report that many clients say they are too embarrassed to attend the programs and admit that they cannot read. Memphis HOPE has discussed trying to have such a program held at their office, in an attempt to enroll more adults in literacy classes.

Among those who do have basic literacy skills and a high school diploma or GED, Memphis HOPE has come up with creative programs and partners to help them find employment. First, they have tried three different types of programs to train clients to have the personal and leadership skills necessary to successfully apply for a job. The most successful of these programs has been a partnership with an African-American women's service organization, called The Links. With a small amount of programming money, the program is run largely by volunteers from The Links. The program has been offered once a year for the last three years, with classes offered over several weeks on a series of Saturday mornings. The volunteers are businesswomen from many facets of the community, who offer mentoring, encouragement, and practical advice during and in-between the scheduled meetings. There are presentations on setting personal goals, family goals, assessing physical and mental health, financial literacy, and self-esteem issues. Through this program, there have been many successful job placements each time the program has been offered, with clients reporting ongoing support from their mentor after starting the job. Many of these clients report that without this type of one-on-one mentoring they would not have found work.

In addition to the smaller mentoring programs they have developed, Memphis HOPE has facilitated partnerships with area employers. Three strategies are worth noting here.

- First, they have coupled the Section 3 jobs that employ clients in construction jobs at the redeveloping sites with a 14-week carpentry training program. Clients earn \$8.50 to \$10 an hour, while also attending training at night to increase their job skills. Six of the eight clients who started jobs this spring were not previously employed, so that is a particular success.
- Second, they worked with a major hospital (Methodist-LeBonheur) that is near both HOPE VI sites to secure a commitment that the hospital would hire 100 residents over five years. The arrangement designated that Memphis HOPE would screen residents and prepare them for the interview process, so that they would arrive prepared for the interview and employment. Among those hired to date, many of them earn above minimum wage and some with benefits. Similarly, Memphis HOPE worked with a casino in nearby Tunica, Mississippi (approximately 45 minutes away from Memphis) to train and hire residents. They continue to look for other nearby employers who will work specifically to hire HOPE VI residents.
- Third, recognizing the barriers faced by some of their clients with criminal records, the Employment Specialist from Memphis HOPE recently attended a training offered by the National Institute of Corrections to learn strategies for assisting clients with a criminal record, in order to improve their chances for finding and keeping jobs.



With the wide variety of methods used to train clients and help them obtain employment, there is still a significant share of the caseload that is not making progress toward a steady work career and economic self-sufficiency. While for some it is a matter of needing encouragement and help identifying specific opportunities, most have significant problems with low literacy and education levels, along with health problems and transportation barriers.

#### **Connecting public housing residents with health services**

Public housing residents have worse overall physical and mental health than other poor people in the United States. The research I worked on at The Urban Institute demonstrated that one-third of the working-age residents at a sample of HOPE VI sites had been diagnosed with at least one of the following physical health problems - obesity, hypertension, diabetes, arthritis, and asthma. While these illnesses are not always a barrier to physical mobility and work, for many poor of these clients the illnesses are severe as a result of either bad management (not taking care of things that are within their control) or lack of access to proper health care and medicine. Additionally, from client feedback and our early evaluation recommendations, Memphis HOPE recognized that some residents experienced serious dental problems, particularly missing teeth, which had posed a barrier to getting jobs in the service sector. In response, they coordinated a dental screening for over 50 residents, but have yet to secure resources or a partnership that can address those problems.

Case managers at many different HOPE VI sites have described that many clients experience debilitating mental health problems (including those related to substance abuse, but also schizophrenia, bipolar disorder, clinical depression, and PTSD), which make finding and/or keeping a job difficult or impossible. Few clients are willing or able to follow through with the referrals to get the help they need for their illnesses. The case managers continue to discuss ways that they can increase the number of clients who get help for mental illness.

Memphis HOPE has worked to incorporate health information into many of the resident meetings and social events, beyond the typical "health fairs." Also, one of the new developments planned space in the community building that can be used by medical providers, and hopes to continue to have a health focus in the new development for all residents.

### **Connecting residents in public housing with transportation**

Lack of access to effective transportation is a significant problem for public housing residents in Memphis. Memphis HOPE works to offer transportation assistance when necessary, primarily in the form of bus passes. Buses do not run frequently, and are not prevalent enough to offer convenient routes for many people to get to work or daily activities like shopping and doctors' visits. Some HOPE VI residents reported taking two hours to get to work by bus, when it would take less than 30 minutes by car. Many of the low-wage jobs at Federal Express and in the warehouse district have irregular hours late at night, which makes bus service rare or non-existent. Additionally, workers must walk home from the bus stop at late hours, often in unsafe neighborhoods. Residents who relocated from the HOPE VI developments moved to neighborhoods all over the city, with very few concentrating in one particular part of town, so advocating for some particular change in the bus system would not solve the problem for many people.

Memphis HOPE has worked with residents to solve transportation barriers to work, primarily by providing bus passes and by helping clients locate work that is easily accessible by public transportation. In addition, Memphis HOPE has worked to incorporate transportation into many of their events and programs. They often rent busses to pick up residents to attend job training programs or transport children to summer programs. They have spent thousands of dollars of their budget on transportation in this manner, in order to increase attendance by both adults and children. There have been on-going discussions to identify ways to help a few residents start a small business to offer transportation services for the community, but none have been implemented to date.

### **WORKING WITH LOCAL SCHOOLS AND YOUTH PROGRAMS**

While case management in the HOPE VI program is focused on working age adults, Memphis HOPE has made working with children and youth an increasing priority in recent years. Here, I will highlight three ways they are focusing on youth.

*First, Urban Strategies and Memphis HOPE have focused on first developing relationships with the two elementary schools that serve the HOPE VI areas that are currently being redeveloped.* Urban Strategies has experience working to reform local schools as part of HOPE VI redevelopments. They have had ongoing discussions with the principals at these schools, trying to identify what role Urban Strategies (as part of the Memphis HOPE, MHA, and Women's Foundation team) can play to help the school improve. In addition, the school near Dixie Homes is becoming an optional school for math and environmental

sciences, and will remain the neighborhood school for children at the new development. This school represents the largest share of the elementary school children in the Memphis HOPE caseload. Urban Strategies helps facilitate interaction between the school and case managers, to provide encouragement for parents to be engaged and make sure children attend. Most recently, Urban Strategies helped secure funding from the Women's Foundation for additional technology resources and for an after-school program. They also helped bring in employees from Methodist-LeBonheur Hospital to be guest speakers for school programs. Urban Strategies continues to meet with principals to help identify potential problems, and identify resources in the form of both money and relationships.

*Second, Memphis HOPE has made a very intentional effort to help children and youth find educational opportunities both during the school year and the summer.* They have conducted assessments with high school seniors for their post-graduation plans. For the last two summers, Memphis HOPE, with guidance from Urban Strategies, has planned and managed a summer employment program for youth, focused on technology skills and practical experience where the youth received a small stipend. This summer they worked to coordinate this program with funds from the American Recovery and Reinvestment Act to expand the program to 57 youth.

*Third, there is recognition that early childhood education needs to be addressed.* They are working to determine the most efficient way to screen children zero to three for speech, vision, hearing, and motor skills, so that they can refer them for assistance when necessary. Because the Community and Supportive Services funding officially expires at the end of 2010, there is not time to get new programs up and running in this cycle of funding and programming. At this point, the emphasis is on assessment and referral to existing services, with consideration for how this emphasis can be built into future similar projects.

#### **POLICY RECOMMENDATIONS**

Comprehensive case management to address cumulative effects of systemic poverty is difficult, but critical if we are to create and implement programs that will help families move out of poverty. In thinking about the lessons from HOPE VI generally and Memphis' HOPE VI experience specifically, there are five issues that should be considered in crafting future federal policy about delivery of social services for public housing residents.

*First, identify a strong intermediary who will advocate throughout the local community for the needs of the client population and redeveloping neighborhood.* The involvement of the Women's Foundation

for a Greater Memphis has brought tremendous local support to HOPE VI redevelopment efforts. Local foundations have provided the funding for case management, with a commitment to see long-term change. These funders continually ask for evidence of change and plans for sustainability after the initial five-year case management period. Along with the pressure to see change, these funders bring their financial resources, volunteers, and political leverage to see local agencies participate across their normal boundaries. These stakeholders are essential to helping develop a system that will ultimately affect more than the HOPE VI caseload. Many in the local community view this model as an incubator for creative ideas about how to affect real change for these residents and the new HOPE VI community.

*Second, following on this first point, figure out how to work around the narrow program funding silos which make comprehensive case management and redevelopment efforts difficult.* In Memphis, the local funding of case management through the efforts of the Women's Foundation and the creation of a third-party non-profit (Memphis HOPE) has helped navigate some of the barriers that funding silos erect. As programmatic needs have arisen, the intermediary model has made it possible to react quickly by creating the programs that would best meet their clients' needs. Memphis HOPE has been able to seed small mentoring employment programs and youth programs with funding flexibility as they identify these gaps for their caseload.

*Third, ensure that the program starts early to make plans to figure out how some level of case management will be sustainable for all HOPE VI clients, and specifically at the new mixed-income developments.* The development of the Memphis HOPE model, and involvement of so much local support, is focused on creating a sustainable model, so that residents continue to receive some case management support after the initial five-year grant ends. This continuity is important for households who return to the new HOPE VI sites, but also to those who move to the private market using vouchers. Concern about the sustainability of case management services may affect the long-term viability of the newly developed HOPE VI sites. For example, at one of the earlier HOPE VI sites in Memphis that is now mostly redeveloped, property managers have reported that in the last year, since HOPE VI case management stopped, there has been an increase in the number of public housing residents losing their jobs and facing eviction. There is concern at that site and others that during the current economic environment more residents will lose employment and face similar circumstances.

This problem of evictions and turnover poses two problems. First, the issue for the long-term sustainability of the mixed-income communities is important from a business perspective, where evictions often mean a loss of income for the property owner. Second, residents who no longer receive the intensive case management that may have made their economic self-sufficiency possible because of the

support from the case manager may no longer have any support system when the CSS program ends. There is a need for on-going case management to help residents at the new developments stay in compliance with the work requirement, if the vision of creating mixed-income communities where public housing residents live is to be truly viable.

*Fourth, make sure that grantees are realistic from the start about the goals for their client population, by understanding the depth of literacy problems, mental and physical health problems, and other barriers to employment and self-sufficiency.* HOPE VI grants request a resident needs assessment, but these often fail to provide a realistic portrait of the clients and feasible employment goals. Many HOPE VI grants have fallen short of their initially stated goals for how many clients will complete job training or obtain employment. In Memphis, though it was a struggle to move toward those goals initially, they have been quite intentional about using the resident tracking system (Tracking-at-a-Glance) to constantly assess their programmatic goals along with client needs, and figure out gaps in programming. Some of this learning-as-you-go is inevitable as case managers work with clients over a number of years, but after more than a decade of welfare-to-work era efforts, including HOPE VI case management, there is much better understanding about the types of issues to look for.

*Finally, encourage grant recipients to capitalize on creative approaches to identify local partnerships for client employment.* Memphis HOPE has worked to create individual relationships with both large and small area employers to help open doors for clients who are qualified for work. By first assessing their education level and criminal background checks, Memphis HOPE can present a pool of job applications who have been pre-screened and who have a case management support team who will help them maintain employment. From a large hospital system to neighborhood technology businesses, these partnerships have been effective in linking clients to steady jobs. Additionally, carpentry classes are coupled with Section 3 jobs to give clients a chance for skill development while also earning money and getting on-the-job experience. Memphis HOPE has chosen to target employment opportunities where clients might move ahead and ultimately become economically self-sufficient, rather than merely an emphasis on quickly locating minimum-wage service sector jobs.

These recommendations suggest that both the *system of service delivery* and the *content of those services* should be examined to ensure that programs can be as efficient as possible in helping move poor individuals toward economic self-sufficiency, as appropriate. The testimony at this hearing and the broader research literature about employment and self-sufficiency efforts, aimed at public housing residents and other poor households, offers some of the key issues that must be re-examined so that new, more effective housing and community policies are developed.

Testimony of David R. Jones, Esq.  
President and CEO, Community Service Society  
of New York  
on  
The Future of Public Housing  
Congressional Hearings  
U.S. House Subcommittee on Housing  
and Community Opportunity  
Washington, D.C.  
July 29, 2009

Thank you for inviting me to testify on the future of public housing, particularly with regard to the New York City Authority's (NYCHA) implementation of Section 3 of the 1968 Housing Act, which requires that HUD funds be used to maximize job and training opportunities for low-income residents.

My organization, the Community Service Society, has long been concerned about the scale and effectiveness of local Section 3 efforts by the New York City Housing Authority. As a more than 160-year-old organization, we were one of the first to address urban poverty issues in America.

To place our experience in context, it should be noted that NYCHA runs the largest and, reputedly, one of the best public housing programs in the nation.

It serves over 180,000 households in 340 developments across the five borough of New York City. With a resident population of about 500,000, its size come close to matching the population of other major cities, like Boston or Cleveland.

NYCHA receives more than a billion dollars in HUD funds each year, which are spent on management, operations, and capital improvements. And this year, NYCHA has already received \$423 million in economic stimulus funds, which opens up further opportunities.

In short, NYCHA is a major engine of economic activity within the New York City megaplex. We have good reason to

expect its Section 3 efforts to be significant, but we find it falls short of providing economic opportunity to residents at a comparable scale.

In our latest housing policy report, "Making the Connection: Economic Opportunity for Public Housing Residents," we find that 51 percent of NYCHA's 231,000 working-age residents participated in the labor force in 2005. Another 13 percent were engaged in school or training. We estimate that, at present, between 20,000 and 30,000 residents are unemployed - and now actively seeking work - in a recession economy considered the worst since the Great Depression of the 1930s.

Most are Black and Latino women (62%), many under age 24, or Black and Latino men between 18 and 34. That over a third (36%) does not have high school diplomas underlines the importance of a GED component in Section 3 efforts.

Nevertheless, as our report indicates, the Authority's Section 3 effort is small compared to the number of potential job-seekers in NYCHA communities. For that reason, The Community Service Society supports the Earnings and Living Opportunities Act being drafted by Congresswoman Nydia M. Velazquez because it will strengthen existing Section 3 provisions in several ways.

- 1) It accords first hiring/training priorities to residents in developments where HUD funds are being expended, and then



to those in the broader community. It is hard for residents to watch large-scale improvements carried out in their developments while family members and neighbors have no access to the jobs being created.

- 2) It provides a "private right of action" that enables aggrieved parties to take legal action against agencies or contractors.
- 3) It sharpens the requirements for hiring and training for agencies and contractors receiving HUD funds.
- 4) It creates a Section 3 Office within the office of the HUD Secretary to monitor local Section 3 efforts. It increases local accountability for reporting on and reviewing agency efforts.

However, we urge Congressional drafters to incorporate REAL incentives for housing authorities to intensify Section 3 efforts.

The proposed legislation speaks to "performance incentives" that can be instituted by the HUD Secretary to reward authorities and agencies who demonstrate high Section 3 performance. Oddly, although many housing authorities, like NYCHA, are running at an operating deficit, there is no fiscal incentive to strengthen Section 3 training and employment.

Ideally, a strong Section 3 program is a "win-win" situation for all parties as the economic pie is expanded, as

residents have the opportunity to increase their incomes and skills.

The housing authority can offset its operating deficits as residents earn more. HUD can also take credit for a wider tenant income mix in public housing and less reliance on HUD operating subsidies.

However, it doesn't work that way. HUD estimates what a housing authority's operating budget should look like - based on the size and age of buildings, and other factors.

From that, it subtracts estimated rental revenues and allocates the operating subsidies to cover the gap. As a result, a high-performing Section 3 program has virtually no fiscal impact on the authority's operating funds - the effects are revenue-neutral.

We urge Congress and the Secretary to consider performance incentives that enable housing authorities to retain a reasonable share of increased rental revenue that is attributable to its Section 3 efforts.

These incentives should spur housing authorities that are primarily housing management and development entities to collaborate with local workforce development agencies and experienced nonprofits to make Section 3 an effective reality. In the end, what makes Section 3's opportunity a reality at the

local level is largely a matter of local political will and initiative.

We believe that effective performance incentives would motivate housing authorities to expand and strengthen their Section 3 efforts. This would benefit both individual public housing residents as well as the financial stability of the housing authority.

Thank you and I am more than happy to entertain your questions.

**U.S. House of Representatives  
Committee on Financial Services  
Subcommittee on Housing and Community Opportunity**

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**Written testimony prepared for hearing:  
Academic Perspectives on the Future of Public Housing**

**July 29, 2009**

Madame Chair, members of the subcommittee, thank you for the invitation to speak before you today, it is truly an honor for me to be a part of this distinguished panel.

Despite the many other major issues currently facing members of Congress, I believe the timing is excellent for this hearing on this topic. The HOPE VI program has had some impressive successes and has faced some deep challenges. Secretary Donovan and his team at HUD have generated the outlines of an ambitious and strategically-conceived urban initiative that has the promise of an exciting new phase of poverty deconcentration. As best I can tell, however, Choice Neighborhoods also has the potential to repeat or overlook some of the key shortcomings of the HOPE VI program and, ultimately to generate benefits for some citizens, but fall short of maximizing the return on investment in terms of impact on low-income families, who are often displaced or marginalized by urban revitalization.

Secretary Donovan has said that building communities in a more integrated and inclusive way is essential to advancing social and economic justice in America. HOPE VI was an important but limited step in this direction. It is crucial that we examine the challenges and lessons of HOPE VI as carefully as possible as the Choice Neighborhoods Initiative is crafted.

While the topic of the hearing this morning is broadly framed as the “future of public housing,” I will focus my comments on mixed-income development strategies, the most notable of which is the Federal HOPE VI program. In contrast to the other major approach to poverty deconcentration in the U.S., dispersal strategies, which move public housing residents from their high-poverty neighborhood to other locations around the metropolitan area, mixed-income development seeks to attract middle-income families to the site of former public housing developments, while retaining a portion of the low-income population. The old buildings are demolished and in their place high quality housing is constructed. Through the 4.5 billion dollar

HOPE VI program (Housing Opportunities for People Everywhere) launched in 1992, the federal government has supported mixed-income development on public housing sites throughout the country. Mixed-income development is also being implemented in Canada, countries throughout Europe and in Australia.

#### **Theoretical basis for mixed-income development**

In a paper about mixed-income development to be included in a volume published by the Pennsylvania Institute for Urban Research at the University of Pennsylvania on revitalizing older U.S. cities<sup>1</sup>, here's how I described the theoretical foundations of the mixed-income strategy, and why scholars, policymakers and practitioners have suggested that it is a good idea:

“In terms of benefits to low-income families, a basic expectation is that, compared to their previous public housing residences that were plagued by deteriorated buildings, crime, violence, and low quality public services, their quality of life will be vastly improved by living in a new, clean, well-managed development in the midst of a revitalizing neighborhood. However, policymakers, practitioners and, as my research has found, many residents themselves, expect mixed-income development to accomplish much more than just improved housing quality for low-income families. First, there is the hope that through living in proximity to more affluent families, low-income families can establish social networks that would increase their access to information and resources, such as jobs, beyond their own often-limited peer and familial social space. Second, there is an expectation that the presence of more affluent families, particularly homeowners, will lead to a greater degree of informal social control and collective efficacy, with families taking more responsibility for maintaining strong norms of local neighboring and civic responsibility. Third, it is hoped that the opportunity to observe and engage with residents who, it

is presumed, may be more likely to display productive behavior such as working and less likely to be involved in delinquent or antisocial behavior would lead to a role modeling effect on the behavior of low-income residents. Finally, more pragmatically, it is expected that the higher-income residents will bring greater levels of economic and political power that will enable them to be more effective in generating and sustaining investments in local services and amenities.”

“ . . . [I]t is important to consider [mixed-income development’s] potential impact on places [as well as people] . . . Mixed-income development represents a win-win proposition with its mix of market-rate and subsidized housing, and its potential to anchor the physical revitalization of central city neighborhoods with new housing and infrastructure improvements, decrease pockets of poverty and the associated social challenges and public sector costs, attract and retain more city residents, and increase property values and property tax revenues.”

In the same paper, I also described some of the possible downsides and limitations of the mixed-income approach:

“Most fundamentally, redeveloping public housing sites for a mix of less densely constructed units requires reducing the number of units available for low-income families at a time when affordable housing is in short supply throughout the country. Furthermore, the mixed-income focus on the social and economic resources to be imported with affluent families often leaves low-income families characterized solely in a deficit perspective framed by the culture of poverty (Pattillo 2007). Briggs (1997) cautions that the new mixed environments may mean an increased sense of relative deprivation, increased stigma, and a loss of local power and influence for public housing residents. Finally, the fundamental problems of structural inequity in America can be obscured by discussions of income-mixing. Clearly, physical integration alone will not be enough to counteract the entrenched inequities and racial discrimination—in schools, labor

market opportunities, and the criminal justice system—that are prevalent in current U.S. society.”

#### **Data and Methods: The Chicago Public Housing Transformation**

The Chicago Housing Authority (CHA) Plan for Transformation involves the demolition of about 22,000 units of public housing, the rehabilitation of over 17,000 units, and construction of about 7,700 public housing units in new mixed-income developments with a total of over 16,000 units (Chicago Housing Authority, 2008). Eight years into the Transformation, the CHA reported that almost 65 percent of the 25,000 replacement units had been completed. However, while this represented almost 80 percent of units to be rehabbed, only 32 percent of units to be newly constructed in MI developments had been completed (Chicago Housing Authority 2008).

I began my research on mixed-income development in Chicago in 2004. Currently, along with my co-Principal Investigator Robert J. Chaskin, Ph.D. and research teams based at the University of Chicago and at Case Western Reserve University, my research involves case studies of four of the new mixed-income developments in Chicago: Jazz on the Boulevard, Oakwood Shores, Park Boulevard, and Westhaven Park. These developments are projected to have a total of almost 6,000 units when completed.

Our qualitative research methods include in-depth, in-person interviews with a small random sample of residents at each site, repeated periodically. Our sample includes residents of all income levels and tenures. We also interview a range of other stakeholders associated with the development including developers, property managers, service providers, community members and local government and civic actors. We have interviewed almost 200 residents and over 75 other stakeholders. We also rely heavily on observations of meetings and community



activities at the four sites and their surrounding neighborhoods and have conducted almost 300 observations across the four sites. Our analysis also includes a review of documentation produced at the sites and by others associated with the Plan for Transformation as well as administrative data available on the public housing population.

My research has been funded by The John D. and Catherine T. MacArthur Foundation, The Annie E. Casey Foundation, and The Rockefeller Foundation.

### **Defining “success”**

One thing that we have found from our interviews with a variety of individuals with different roles and vantage points on the mixed-income development process is that there is no consensus about what constitutes “success” for the effort. Policymakers tend to articulate more ambitious goals for these efforts while developers and residents themselves have more modest expectations. Many of those working more closely with the efforts are concerned that expectations for what mixed-income development can accomplish are too high. For the sake of discussion, I suggest five possible levels of success, in increasing order of difficulty:

- 1) lease and sell all the units and sustain low turnover
- 2) achieve high quality of life and satisfaction for all residents
- 3) promote effective neighboring among residents, minimizing tension and conflict
- 4) promote social and economic mobility among low-income residents, supporting their move towards self-sufficiency and off of government assistance
- 5) generate neighborhood-wide revitalization and reconnect the development with the broader neighborhood economy.

The Choice Neighborhoods Initiative seems clearly geared to promote success at the 5<sup>th</sup> success level - neighborhood-wide revitalization. However, without success at the first four levels, it is not clear how mixed-income development is ultimately sustainable for any residents, regardless of socio-economic status. Who will want to live in a revitalized community with tension among residents and a sense of opportunity for some and stigma for others? A key implication as Choice Neighborhoods is designed is that attention must be given to how to achieve consensus on desired outcomes – for both people and place – and how those outcomes will be measured and assessed.

#### **Development progress in Chicago**

In the paper for the Penn Institute volume, I described the progress of development in Chicago as follows:

“As in HOPE VI redevelopments across the country, the demolition of the severely-distressed public housing stock proceeded far more quickly than the subsequent building of the new developments. However the new physical landscape of public housing in Chicago is an achievement not to be diminished: many never thought they would see the day when every single one of the towers of poverty was either gone or slated for imminent demolition. However, that success quickly pales when compared with the controversies around the relocation of residents and the difficulties of bringing new units on line.

At one level, the city’s level of ambition regarding the scale of the transformation is admirable, but, on another level, much of the complexity of the process and resultant impact on the lives of thousands of public housing residents is due to the city’s commitment to embarking

simultaneously on the depopulating, financing, construction, and repopulating of ten mixed-income developments. Each phase of each redevelopment requires multiple layers of financing, coordination among numerous public sector departments at the federal, state and city level, newly-formed public-private partnerships including the meaningful inclusion of community stakeholders representing residents and the broader neighborhood, and contracts with social service providers and other agencies that help residents relocate and, some cases, return. Most cities with HOPE VI grants have had to navigate the challenge of implementing a relocation and redevelopment of a few hundred units. The city of Chicago has set itself the task of simultaneously redeveloping ten developments, seven of which will have at least 850 units each, four of which will have close to or over three thousand units each. While presenting an opportunity to permanently and thoroughly remake the urban landscape, this has greatly complicated the mixed-income effort in Chicago.

Looking to the engine of the private market to generate the economic resources to undergird the redevelopment also makes the progress of the Transformation completely dependent on the strength of the housing market. In the first years of redevelopment, market-rate for-sale units in the pipeline generated waiting lists and strong pre-sales. As the housing market crashed in Chicago and around the nation and lenders tightened their loan requirements, sales have slowed tremendously, putting severe stress on the progress and future of the entire developments. One strategic response among some developers is to market the unit to investors who see it as a long-term investment and will use it as a rental property or are willing to assume the short-term risk and potential profit of reselling the unit themselves. This challenges theoretical assumptions about purchasers of market-rate units as concerned neighborhood stakeholders who may be more likely to become engaged in the community, contributing to

greater informal social control through their active presence and exerting demands for local amenities on external actors.

Some of the best early news about the mixed-income effort in Chicago, prior to the housing market downturn, was the high levels of demand for the market-rate units. Just as in other developments around the country, it has been demonstrated that the advantageous locations in proximity to downtown, anchor institutions such as universities, hospitals, and transportation arteries (and in the case of some Chicago developments, Lake Michigan) where public housing developments were historically sited provide a market appeal that, when combined with high-quality design and strong property management, can outweigh concerns that prospective tenants and owners might have about living among former public housing residents. It should be no surprise that the units in the affordable middle tier have been in particularly very high demand.”

#### **Findings about early resident experiences**

In a research brief produced along with colleagues at the University of Chicago that summarizes findings to be published in a longer paper about resident perceptions of their experiences in mixed-income developments, this is how we described our key findings:

“Respondents’ reflections about their early experiences in the new mixed-income developments focus on the following four areas:

- Physical environment and quality of life
- Emotional health and stress
- Social relations among residents
- Financial implications

**Physical environment and quality of life.** The most concrete and immediate change that the mixed-income strategy can provide for those moving from public housing is an improvement in the quality of their residential units, buildings, and immediate physical environment. This was clearly an important perceived benefit of living in a new mixed-income development among most of the relocated public housing residents we spoke to. As one described it:

*When I first looked at this apartment, uh, I couldn't believe it. Balcony, big bathroom, carpet, elevator working every day, every day, those lights. . . . I just said, "Uh-uh, this can't be happening to me," because I'd been in that project for years. . . . Hey, when I saw this place, it was a dream for me. My own balcony, oh!*  
- Relocated public housing resident, Westhaven Park

. . . The most prevalent downside of the new physical surroundings shared most broadly by all respondents at both developments, regardless of income or tenure was the lack of retail and service amenities within walking distance, such as retail stores, quality sit-down restaurants, coffee shops, and drycleaners.

**Emotional health and stress.** The emotional and psychological impact of the move into a mixed-income development is an area in which the perspectives of relocated public housing residents and other residents varied quite dramatically. Whether in terms of stress, feelings of self-esteem and motivation, concerns about safety and security, or feelings of stigma, there seem to be quite different experiences unfolding across income levels. At both sites, although a high proportion of the relocated public housing residents with whom we spoke described what could be called psychological benefits from their move, as did about half of affordable renters and owners, relatively few of the market-rate renters and owners mentioned this. Two thirds of the relocated public housing residents we spoke to mentioned the high levels of emotional stress that

they had experienced in their former housing development and the major reduction in stress and increased “peace of mind” that they felt in the new mixed-income development.

*I don't feel that I'm stressed out about being worried about if I go outside that they're gonna start a gang fight or somebody's gonna start shooting, or do I gotta sit close to the entrance of the building if I go to relax outside, or if I gotta stay close to home. . .that's a stressful situation I don't have to worry about. I feel I don't have to worry about because honestly, since I've been down here, I haven't had any problems.*

- Relocated public housing resident, Westhaven Park

Some relocated public housing residents experienced another emotional health benefit: over half expressed a sense of increased self-esteem and accomplishment at having navigated the hurdles necessary to get themselves into the development.

*[Moving here] was like an awakening for me, for my lifestyle. It was something I felt – my self-esteem rose. I felt like wow, I'm gonna be a part of the American dream because, for 33 years, I lived in an environment where it's this low, poverty [area] and everybody [was] basically in the same boat.*

- Relocated public housing resident, Oakwood Shores

We also heard from about half of the relocated public housing residents that they felt an increased sense of motivation to continue to make advancements in their lives.

*I mean when you're kind of in one spot and you're kind of used to that and you – I mean just being honest, and you don't know nothing better, and you're not used to nothing else. And then when you see different things and better things, it just makes you want to do more, and more, and more.*

- Relocated public housing resident, Westhaven Park

For some relocated public housing residents, this seemed motivated by specific incentives or pressures.

*I have to be productive to keep my apartment and to be living in a really decent neighborhood. . . as opposed to, okay, being kicked out. . . . It's like I have to learn to manage my money well, to the point where I could keep moving ahead in life and keeping my bills paid and everything, and not wasting my money away. . . . I feel that's the whole purpose of [the mixed-income developments]. . . . Don't just sit back and depend on government assistance for the rest of your life. Use [this opportunity] to move ahead.*

- Relocated public housing resident, Westhaven Park

Although some relocated public housing residents expressed the benefit of increased esteem and motivation, half of those sampled did not express these opinions; rather, their experience in these developments was characterized by discomfort due to a sense of increased monitoring and scrutiny. In addition, there were several relocated public housing respondents who felt that they were being adversely affected by being stigmatized by their more affluent neighbors.

*I'm telling you really good people came from [the public housing developments], but you get stereotyped because you [used to] live there and that's really sad.*

- Relocated public housing resident, Oakwood Shores

There were a number of relocated public housing residents who felt that the move to the mixed-income development had increased their level of stress. Different individuals had different explanations of the cause of the stress, including paying higher bills, being around unfamiliar people, or feeling socially isolated. One particular facet of the new mixed-income environment that appeared to be creating stress and tension for many of the relocated public housing residents was the stringent rules established, in some cases by property management and in other cases by the condo or homeowners associations.

*I was very stressed out here because it takes more to live under these rules as opposed to [in my former public housing development]. We didn't have the rules and people here watch [your behavior]. [They] make sure you empty the garbage right or the kids [are not] too loud, so I've been stressed here.*

-- Relocated public housing resident, Oakwood Shores

**Social relations among residents.** Many respondents described a variety of perceived benefits to living around people of different social and economic backgrounds that ranged from the opportunity to live in a diverse environment to the to the opportunity for middle-class residents to move beyond media images and learn firsthand about families living in poverty.

Relatively few market-rate owners or renters made note of the diversity of the resident population as a benefit to themselves.

For a few respondents, living in a socio-economically and racially diverse environment was viewed as beneficial in that it demonstrated that people from different walks of life can live together and get along. The actual benefit here seems more symbolic than instrumental.

*The atmosphere is just beautiful. I mean, because you have your different races, different cultures out here. When I take my walks, I'm like, "Wow." You see other people, you know? I love my people, but it's okay that you can actually go out and it's like not [just] mixed incomes but now it's mixed races.*

-- Affordable renter, Westhaven Park

A few residents suggested that a benefit of the diverse population was that low-income residents could observe and learn from residents of a different socio-economic background.

*[T]he only way that you see or you know better is to be around people that are doing better. . .there should be people of all income levels and all professions living together, so that we can all learn from one another. . . that's how it was here in Chicago in the Black Metropolis. . . there were doctors and lawyers and dentists. . . Everybody lived together, because we had to at that point. We didn't have any other choice. . . We lived together as a community at that time.*

-- Affordable owner, Oakwood Shores

Several affordable and market-rate respondents shared the sentiment of gaining more of an appreciation of what low-income families have to deal with. An affordable owner said, "I may be more in tune to social problems now that I am in the midst of them rather than just seeing them on T.V." A market-rate renter stated, "I feel that living [here] has opened my eyes to exactly what's going on and [to] try to do something to help it."

The flip side of this perception is the increasing concern expressed about the conduct of some neighbors, in the development and from the broader neighborhood, which was shared by respondents across housing tenure and income lines. Over time, significantly fewer residents



discussed relations among neighbors in positive terms and there seems to be more focus on the challenges presented by living in these diverse environments.

Several respondents expressed disappointment, not necessarily with overtly negative behavior, but with the level of coolness or underlying tension among neighbors that was leading to a lack of comfort in the environment.

*[T]here has been no interaction at all, and like I said, we see people all the time and people just kind of walk by and they don't make an effort to get to know you or speak or anything. So I kind of feel like there's a divisiveness and I think we have, the people who live in the apartments and then you have those people who own. So, I think that is the clear division there.*

-- Affordable owner, Oakwood Shores

Across housing tenure and income, our interviews revealed a widespread sense of detachment and isolation within the development, with many residents feeling disconnected from their new neighbors.

*It's pretty much everybody. I haven't really met too many friendly people in this building or the adjacent building. You have your occasional people who say, "Hi," whatever but for the most part they don't really care to speak to you.*

- Market-rate renter, Westhaven Park

While some wish there was more interaction, many are quite comfortable with not having their neighbors "in their business."

Beyond perspectives on the general tenor of interaction, about half of the affordable and market-rate respondents expressed specific frustration at the conduct of relocated public housing residents.

*[[I]t's just irritating. It's just really inconsiderate. Weren't you ever told that perhaps at 2:00 a.m. on a weeknight some people may have to go to work? . . . There are people in our building and people in the surrounding buildings that do need to get up to go to work and [they] disregard anybody needing that. When they're playing the music so loud the windows are shaking and they're screaming and laughing, it's well, I'm glad you're having a good time, but not at 3:00 a.m. on a Wednesday.*

- Market-rate owner, Westhaven Park

Areas of concern included loud music and other forms of noise at all hours of the day and night, parties in the parking lot, “loitering” in front of the entryways of buildings, littering, a general lack of care for the surroundings, and, above all, unsupervised, unruly children playing in and around buildings and “running wild.” These frustrations with neighbors’ behavior do not break down purely along class lines; some relocated public housing residents also expressed concerns about the conduct of some of the residents and their visitors in the new developments.

**Financial implications.** Finally, residents reported changes in their finances and financial behaviors related to their move. For some, the move was a positive step towards greater independence and economic standing. For others, the move generated increased costs and financial pressures. A relocated public housing resident at Westhaven Park explained in detail why the increased financial responsibility was a benefit for her.

*So some people would see [the financial responsibility] as a down[side], but I look at it as a plus because it's something new you're given, and you have to learn to be responsible enough to pay [your bills]. . . you gotta learn how to live more responsibly, and you have to learn how to budget your money and stuff.*

- Relocated public housing resident, Westhaven Park

These expressions of self-improvement and aspirations for success could be brought about by a number of factors associated with the move to the new development—an administrative environment with greater accountability, coaching from social service staff, the opportunity to demonstrate greater independence—or could simply be a function of the selection process that screened public housing residents for eligibility to move into the new developments. Regardless, the move demanded greater financial responsibility from relocated public housing residents, and that it seems that a number of them are meeting the challenge . . . On the downside, many of the respondents expressed concerns about the financial demands of their new residence. For

relocated public housing residents, who were not responsible for utility payments when they lived in public housing, budgeting and paying for the gas and electric bills was an unanticipated challenge and a source of considerable stress.”

#### **Conclusions about early resident experiences**

In the full paper about resident perceptions of their experiences in mixed-income developments, co-authored with Robert Chaskin, here’s how we summarized what we have learned: “. . .the developments are clearly providing vastly improved physical surroundings— attractive and well-maintained buildings, more peaceful and stable surroundings—for the relocated public housing residents who were able to move into them. For many of these residents, the change of atmosphere has been accompanied by a decrease in stress and, for some, an increase in aspirations and motivation to continue to improve the quality of life for themselves and their children. The benefits to their immediate quality of life, however, are not matched by instrumental benefits through relations with the new neighbors. . . it seems clear that any presumed benefits from social networks across class lines are not likely to materialize in the mixed-income context, certainly in the medium-term. Furthermore . . .the social impact of the transformation of the environment around them is complicated. Along with the physical improvements and more subdued atmosphere have come increased oversight and intrusion into their lives from both formal administrative structures, such as the property manager and condo associations, and informal social pressure from more affluent neighbors whose lifestyles and social expectations sometimes conflict with their own. . .we heard numerous references to a sense of stigma and social isolation. Although there are some who appear to be thriving in the new environment and determined to use it as a stepping stone, others have detached themselves

from the new environment around them and are simply trying to maintain their eligibility to remain in their current unit.

For affordable and market-rate renters and buyers, the move to a mixed-income development also seems to have had both benefits and disadvantages. The prime locations, quality of external design, and competitive pricing in these particular developments were strong enough incentives to generate market demand among market-rate renters and buyers in the early years of development occupancy, prior to the major recent downturn in the national housing market. Although the [investment] incentive for buyers has disappeared for now, and complementary amenities in the surrounding neighborhoods have been very slow to come, there remains a sense among these residents that the locations of the developments are strong, the expanding revitalization from the city center is inevitable, and when the housing market turns around these developments will once again prove to be strong investments. That expectation is conditional on the emergence of a stable, orderly social environment where residents of vastly different socioeconomic backgrounds may have limited meaningful social interaction across lines of race and class but are living comfortably among one another, meeting some basic agreed-upon social norms, and acting as good neighbors. More research is needed to understand the mechanisms—formal and informal—that can help promote the necessary levels of individual and collective adjustment, cooperation, and accountability to facilitate and sustain such forms of neighboring in such socially diverse environments. Existing developments will need to turn greater attention to issues and modes of governance, property management, formal and informal social control, and community building.”

**Policy implications**

In the paper for the Penn Institute volume, I argued that “ultimately these efforts should be judged in large part on the basis of their impact on the families who were living in the original public housing developments. By this measure, outcomes have been mixed—while many residents who have relocated with vouchers may have improved their quality of life, those in 100 percent public housing developments are often in much worse conditions, and there is a substantial population of families with multiple barriers to self-sufficiency who are not well-served by the current approach. And even those families that make an initially successful move with a voucher may fall prey to a unit that is poorly maintained or foreclosed and transferred due to the growing subprime crisis. The main focus of [my research] is the new mixed-income developments, but my argument here is that the success of these developments in Chicago must be considered in the context of the broader public housing transformation, especially since so few of the original residents will return. While the gleaming new mixed-income developments will draw an inordinate share of policy attention, it is critical that policy focus and investments are sustained and indeed increased on the challenge of providing appropriate supports and options for the estimated three-quarters or more of the original public housing families that will not return.”

In terms of policy regarding mixed-income development, I suggested that “. . .the policy challenge is to incentivize and help developers to balance a resident mix and screening and selection criteria for *all* residents that ensure a stable, well-maintained development, with a high enough proportion of market rate units to make the project financially feasible, while maximizing the numbers of former public housing residents who are able to benefit from living in the newly-constructed developments. We have much more to learn to be able to strategize in

an informed way about the appropriate balance and, even then, it certainly will be dependent on the strength of the local housing market and other considerations. However, the initial market demand for mixed-income units in Chicago where most sites have in the range of 22 to 33 percent public housing units suggests that, in the context of a strong market, this is at least a lower bound of what can be achieved. There are two sites in Chicago with 46 and 63 percent public housing, which should be closely watched for any implications from proportions that high. In terms of marketing to residents, developers and the housing authority must dedicate much greater creativity and attention to recruiting former public housing residents than originally anticipated. One Chicago developer reported that practically his entire marketing budget is now used to attract residents back to public housing units.

The mixed-income strategy requires strong partnerships across public, private and non-profit sectors due to the shrinking available public resources to fund revitalization of this scale as well as the for-profit and non-profit expertise that can be leveraged. However, given that the primary social objective is to provide housing and a pathway to self-sufficiency for low-income families, over the longer-term it may be worth considering ways to build the capacity of non-profit developers to play a greater role in these projects. Certainly in Chicago, the non-profit developers that have been engaged have brought to table deep experience in housing and supporting low-income families.

Finally, given the pre-existing prejudices and social distance between residents of the development, it may not be enough to simply maintain order in the development and keep residents in compliance with property rules. In order to avoid gradually increasing tensions based on misperceptions and lack of trust, it may be necessary for external entities, whether the developer, social service providers, or other community-based actors, to take intentional steps to

move beyond the building of housing to promote the building of community. Applying principles and lessons from other community building initiatives, we know that this can be achieved in a variety of ways that include physical design with an attention to maximizing common space and shared entryways, social services and property management with expanded roles that include promoting activities that appeal to a variety of residents, and investment in amenities on-site and nearby such as schools, community centers, libraries, fitness centers, grocery stores that offer services that could attract residents of all different backgrounds. As we have seen, maintaining conventional governance structures—some for owners, some for other resident groups—will likely increase rather than decrease intra-resident distrust and tension. Overarching, inclusive structures, or smaller, inter-group structures should be considered as alternatives which can promote rather than inhibit community building. Above all, while the task of constructing and populating these developments has proven to be complicated and resource-intensive, the subsequent process of building community and ensuring the sustainability of the developments will require just as much persistence and ingenuity.”

**Summary of possible key success factors**

To summarize, I would highlight the following success factors for priority attention as the administration designs the Choice Neighborhoods Initiative:

**Screening:** Who will benefit from the government’s investment in mixed-income development? As Choice Neighborhoods moves us beyond a focus on revitalizing developments to a focus on revitalizing entire neighborhoods – including schools, jobs, and transportation – which low-income residents will get to return on-site to benefit from the revitalization? This will be highly influenced by the delicate balance of screening versus inclusion: screening out

residents likely to create problems for everyone, while screening in as many residents as possible who could make the most of the opportunity.

**Property management:** It is clear that high quality property management is critical to a successful development but less obvious is the potential for property managers to be central players in the community-building process or to detract from it by imposing their own prejudices and differential treatment of residents

**Support services:** Housing relocation alone will not change residents' economic circumstances, there needs to be social service and employment supports in place for both pre and post occupancy, not just work supports but social services as well, and these services must be sustained well beyond move-in, thus there are implications for long-term funding, service infrastructure, service integration.

**Physical design:** The units must be externally indistinguishable and physically integrated and development design should include shared space, common space, green space in order to promote and shape social relations. However, we must anticipate that this will be contested space – raising issues of turf, norms of behavior, and informal social control that should be proactively and inclusively addressed.

**Resident engagement and community building:** Given the income and racial diversity in the developments, social connections will not happen naturally. “Us and them” perceptions will prevent cross-group participation and must be proactively and creatively addressed. Those associated with the development must identify shared interests, common ground – or else perceived and real differences will likely drive social relations.

**Governance and decision-making:** in Chicago, condominium associations are the sole formal decision-making body and exclude all renters. The local advisory councils from the



original public housing sites have been disbanded - thus creating tension and increasing divisions. Effective, inclusive governance structures are needed.

Amenities: the lack of local, high quality amenities (restaurants, grocery stores, coffee shops) has been common concern across income levels. This is one area explicitly addressed by Choice Neighborhoods with its focus on school reform and transportation and economic and retail development.

Before closing, one additional critical issue should be mentioned, namely the impact of the current housing market crisis on the mixed-income development strategy. We have observed several impacts of current housing market crisis on mixed-income development in Chicago:

- 1) a freeze or slowdown in for-sale construction, resulting in a change in tenure mix and sequence, with possible adverse effects for marketing, retention and community effects
- 2) delays in handover of governance responsibility to condos
- 3) possible increases in the number of “investors owners” as opposed to resident owners
- 4) possible increases in demands by owners for actions by developers and other local stakeholders to protect the value of their real estate investments – even if those actions have adverse effects on low-income families
- 5) increased delays in neighborhood amenities and retail development
- 6) increased rent delinquency, turnover and eviction among affordable and market-rate renters
- 7) lower resources available to fund community-building activities and other social innovations at the developments .

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I have written, in some cases along with colleagues, extensively about several of the guiding questions proposed by the Subcommittee Chair as a focus for this testimony. I include excerpts from the following papers throughout this written testimony:

Joseph, Mark. (forthcoming) Reinventing Older Communities Through Mixed-Income Development: What Are We Learning From Chicago's Public Housing Transformation? In Susan Wachter et. al. ed. *Reinventing Older Communities: How Does Place Matter?* Penn Institute for Urban Research.

Joseph, L. Mark and Robert J. Chaskin. (in review) Life in a Mixed-Income Development: Resident Perceptions at Two Developments in Chicago. *Urban Studies*.

Joseph, L. Mark and Robert J. Chaskin. 2009. Life in a Mixed-Income Development: Resident Perceptions at Two Developments in Chicago. Research Brief.

Popkin Testimony  
Academic Perspectives on the Future of Public Housing

Testimony prepared for the hearing on Academic Perspectives on the Future of Public  
Housing, July 29, 2009.

**U.S. House of Representatives**  
Committee on Financial Services, Subcommittee on Housing and Community  
Opportunity

**Dr. Susan J. Popkin**  
**The Urban Institute**

The views expressed are those of the author and should not be attributed to the Urban  
Institute, its trustees, or its funders.

Madam Chairwoman and members of the Committee, thank you for inviting me to appear here today. For the past decade, I have been studying the impact of the HOPE VI program on original residents of public housing targeted for redevelopment. While most of my research has focused on Chicago, which had more distressed public housing than any other city in the nation, I have conducted research in 13 HOPE VI sites across the country. My remarks today draw from two major studies: The HOPE VI Panel Study, which tracked residents from five sites across the country, and the Chicago Family Case Management Demonstration.

Twenty years ago, dilapidated, high-crime public housing developments populated by impoverished, female-headed households were a powerful symbol of the failures of U.S. social welfare policy. HOPE VI was a key element of a bold effort to transform these public housing communities and demonstrate that housing programs could produce good results for residents and communities. The program provided grants to housing authorities to replace their most distressed developments—those with high crime rates, physical decay, and obsolete structures—with new, mixed-income communities. In a departure from earlier efforts to “rehabilitate” public housing, HOPE VI sought to move beyond bricks and mortar and provided funding for supportive services for residents to help them move toward self-sufficiency and improve their life circumstances (Popkin, Levy, and Buron 2009).

There is no question that HOPE VI has changed the face of public housing—hundreds of those dilapidated structures have been replaced with attractive new developments, and the program has sparked innovations in financing and management (Popkin et al. 2004; Katz 2009). However, the picture for residents appears more mixed. Evidence from the Urban Institute's HOPE VI Panel Study, the most comprehensive

study of resident outcomes, shows that many former residents have received Housing Choice Vouchers or moved into mixed-income developments, and now live in better housing in neighborhoods that are considerably less poor and distressed and that provide safe environments for them and their children. Studies of individual HOPE VI sites show similar results (Popkin, Levy and Buron 2009). However, there are real reasons for concern—many advocates point to the low rates of return to the new developments and the loss of hard units of public housing as critical issues (see Crowley 2009).

Of even greater concern, our research shows that the program has not been a solution for the most vulnerable families—those “hard to house” families with multiple, complex problems that make them ineligible for mixed-income housing or unable to cope with the challenges of negotiating the private market with a Housing Choice Voucher. In many cities, public housing has served as the housing of last resort for decades, with the poorest and least desirable tenants warehoused in the worst developments. As these developments have been demolished, housing authorities have often simply moved these vulnerable families from one distressed development to another, and with a concentration of extremely troubled families and a lack of adequate supportive services, these replacement developments have the potential to become even worse environments than those from where these families started (Popkin, Levy, and Buron 2009).<sup>1</sup>

The Obama administration’s proposed Choice Neighborhoods initiative builds on the successes of HOPE VI, and would broaden the scope of revitalization efforts beyond public housing to the surrounding community, including schools and other types of housing. However, if this new effort is to be more successful than its predecessor in

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<sup>1</sup> See Popkin, Levy and Buron 2009 for a comprehensive summary of the HOPE VI Panel Study and key findings.

improving the lives of the vulnerable families who suffered the worst consequences of living in distressed public housing, it is essential that it incorporate strategies that effectively address their needs (Popkin and Cunningham 2009). None of these solutions are simple, and all will require a long-term commitment to improving the quality of life for these households and ensuring better futures for their children (Popkin 2006).

#### **Who Are the Hard to House?**

Hard-to-house residents—families coping with multiple complex problems such as mental illness, severe physical illness, substance abuse, large numbers of young children, weak labor-market histories, and criminal records—are less likely than other residents to realize significant improvements in their quality of life as a result of HOPE VI revitalization. We used data from the HOPE VI Panel Study baseline to define four categories of "hard to house" residents:

- multiple-barrier households (living in public housing 10 years or more, no high school degree, not employed, less than 50 years old, criminal justice involvement);
- grandfamilies (older adults with more than one child under age 18) and disabled households;
- elderly households (65 years old or older and no children); and
- large households (households needing three or more bedrooms).

Our analysis showed that the proportion of families falling into one or more of these categories ranged from 37 percent in the three smaller sites (Durham, Richmond CA, and Atlantic City) to 62 percent in the two larger ones (Chicago and Washington, D.C.) (Popkin, Cunningham, and Burt 2005).

In the final round of the study in 2005, we found that at every site, hard-to-house families were more likely to end up in traditional public housing than to have received

vouchers or moved into mixed-income housing (Popkin, Levy, and Buron 2009; Popkin and Cunningham 2009). Placing them in other traditional developments may well have kept them from becoming homeless, but clearly, we need better solutions for vulnerable families than simply moving them to other developments, which may well become as—or even more—distressed than the developments from which they came.

#### **Chicago Family Case Management Demonstration**

The Chicago Family Case Management Demonstration (Popkin et al. 2008) provides one model for serving the needs of the most vulnerable public and assisted housing families. The demonstration has developed an innovative model for serving the needs of the most troubled public housing residents, households with high rates of physical and mental health problems, low levels of educational attainment, weak attachment to the labor force, and high levels of involvement in public systems (criminal justice, child welfare). The demonstration, a partnership of the Urban Institute, the Chicago Housing Authority (CHA), and Heartland Human Care Services (HHCS), is providing enhanced, wraparound case management services to residents of two of CHA's remaining developments, the Ida B. Wells and Dearborn Homes.<sup>2</sup> The project is now in its third year and has achieved impressive interim outcomes, including engagement rates of nearly 90 percent, and successfully adapting the model from one that provides place-based services to one that follows residents after relocation.

The demonstration provides families with intensive family case management services, long-term support, enhanced relocation services, workforce strategies for those who have barriers to employment, and financial literacy training. The ultimate goal is to help these families maintain safe and stable housing, whether in traditional CHA public

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<sup>2</sup> For a complete description of the demonstration service model, see Susan J. Popkin, Brett Theodos, Caterina Roman, and Elizabeth Guernsey. 2008. "The Chicago Family Case Management

housing, in the private market with a voucher, or potentially, in new, mixed-income developments.

The demonstration enhances the CHA's standard service package in several ways, including the following:

- Lowering the case manager–resident ratio from 1:55 to 1:25 with the goal of 80 percent engagement (typical engagement levels do not usually surpass 50 percent at Wells and Dearborn).
- Providing case managers with the opportunity to conduct regular follow-up visits with residents on a weekly rather than monthly basis, thus making more intensive work possible with all family members, not just the head of household.
- Encouraging consistency in the client–case manager relationship by extending the length of time case managers remain engaged with residents, even after they move, from three months to at least three years.
- Focusing the family's goals as they relate to the move-in criteria at the new mixed-income developments or housing choice vouchers (e.g., work requirement, utility debt, housekeeping, drug tests, children in school, etc.).
- Providing a transitional jobs program to serve those who are the hardest to employ.
- Incorporating a financial literacy and matched savings program that allows residents to develop budgeting, financial management, and savings skills.
- Providing residents access to enhanced housing choice education and relocation counseling.



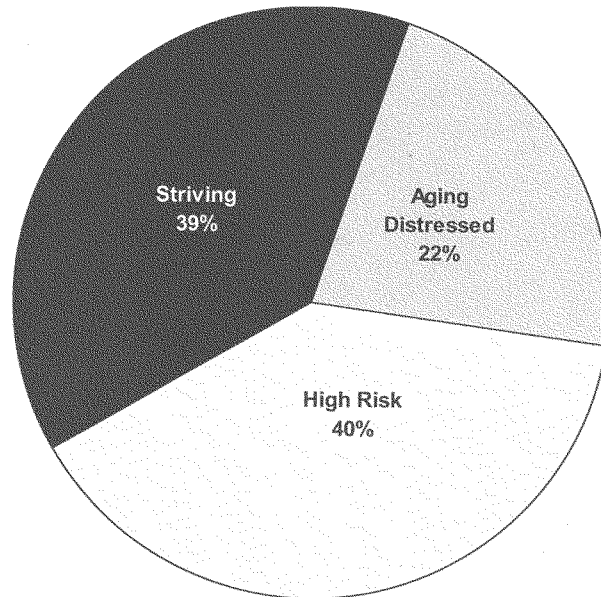
- Facilitating regular coordination among team members—the CHA, Heartland Human Care Services, Housing Choice Partners, and the research team.

We are conducting a rigorous evaluation of the demonstration, including analysis of administrative data, baseline and follow-up resident surveys, comparison to residents in CHA developments, and a cost-effectiveness analysis. The results of this full evaluation will be available in 2010. However, we are able to point to several successes based on our implementation evaluation thus far, including high levels of resident engagement and the successful translation from a site-based to a voucher-based model.

**Resident Typology: Targeting Services Effectively**

We have also used the data from the demonstration to create a resident typology that provides a more fine-grained picture of the hard to house population and allows us to develop criteria for targeting services effectively (Theodos et al. 2009). This typology provides a template for designing supportive housing systems within public housing and assisted housing settings, including wraparound services with vouchers and units integrated into mixed-income developments.

Figure 1. Groups of Residents in the Chicago Family Case Management Demonstration



As figure 1 shows, our analysis divides the demonstration population—all long-term, extremely poor, African-American CHA residents—into three distinct groups based on key characteristics. “Striving” residents are younger, connected to the labor market, have high school diplomas, and have children under 18 in their households. “Aging and distressed” residents are older (although generally not over 65); lack high school degrees; have not worked in many years; have serious mental and physical health challenges (figures 2 and 3), including substance abuse problems; and no longer have children under 18. Finally, “high-risk” families share characteristics of both of the other groups: they have children; lack high school diplomas; have low levels of literacy; have weak labor force connections; have serious mental and physical health challenges, including substance abuse problems; and have family members with criminal justice involvement.

Figure 2. Mental Health for Residents in the Chicago Family Case Management Demonstration, by Group

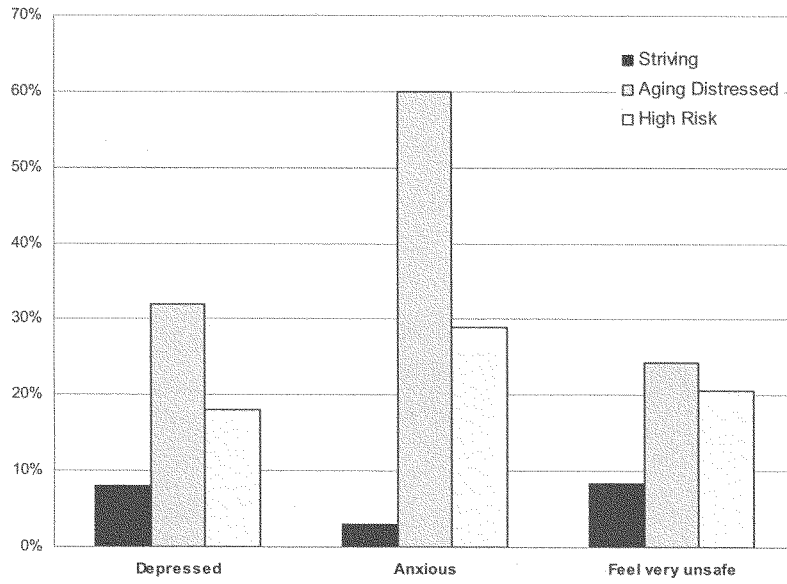
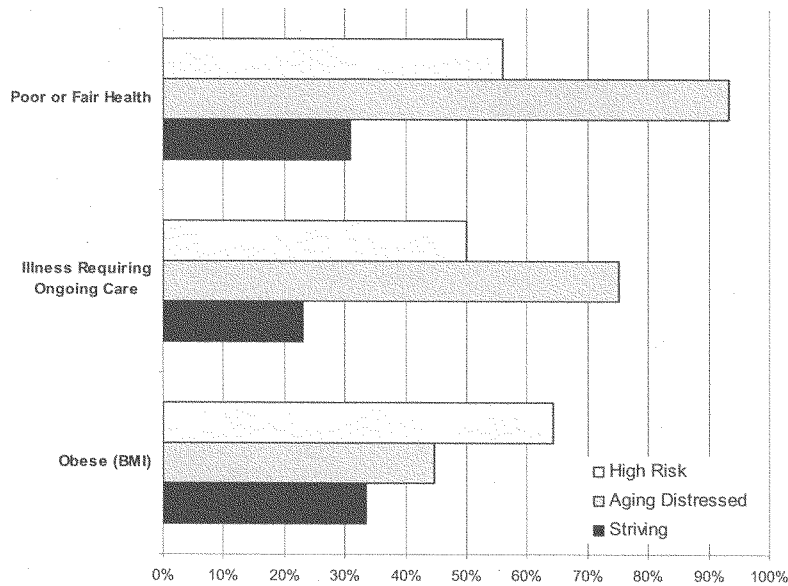


Figure 3. Physical Health for Residents in the Chicago Family Case Management Demonstration, by Group



The striking differences among the three groups of residents in the demonstration population suggests a need for a range of service approaches and a strategy for identifying those most likely to need—and benefit from—an intensive case management model. Clearly, the “striving” group is very different from the other two: they have their high school diplomas; are connected to the labor market, even if they cycle in and out of low-wage jobs; and, most significantly, are in good mental and physical health. Case managers have commented that this group is often the most difficult to engage in the intensive services, both because they are often uninterested or simply unavailable during work hours. Although they are long-term public housing residents, very few of these residents are interested in staying in traditional public housing: at

baseline, nearly two-thirds (60 percent) said they wanted a voucher, and another 25 percent indicated that they hoped to move to a mixed-income development. There is considerable evidence from our other research on HOPE VI relocation in Chicago and other cities that residents who move with vouchers or to mixed-income end up in better housing in dramatically safer neighborhoods, and report lower levels of anxiety (Buron, Levy, and Gallagher 2007; Popkin, Levy, and Buron 2009). Our qualitative interviews with striving residents suggest that demonstration participants will likely experience the same gains (Theodos et al. 2009).

However, while striving residents are likely to benefit considerably from relocation, simply helping them to move will not ensure their long-term stability. Although they are better off on many indicators, these striving residents are also very long-term public housing residents with little experience in dealing with landlords or the stresses of living in the private market. Indeed, evidence from the demonstration baseline survey shows that striving residents were nearly twice as likely as those in the high-risk group to report difficulty in paying their rent while they were still living in public housing, suggesting they may continue to experience trouble after relocation. Likewise, other research on HOPE VI relocatees also shows that private-market movers report experiencing significant hardship, especially difficulty paying utility bills and affording food (Buron, Levy, and Gallagher 2007; Popkin, Levy, and Buron 2009). "Striving" families will continue to need "light-touch" support to ensure that they can maintain the gains they made in leaving distressed public housing. This includes the following:

- Long-term follow up, with monthly visits from a case manager for the first year, and quarterly contact for at least two years.
- Access to employment services, including transitional jobs, job search assistance, job training, and education.
- Financial literacy, particularly budgeting and saving.

- Second-mover counseling to help striving families make subsequent moves to communities that will offer greater opportunities for themselves and their children.

In contrast, “aging and distressed” residents have very different service needs. As figures 2 and 3 show, they face stark physical and mental health challenges. Nearly all of them rate their health as “fair or poor,” indicating an extreme level of vulnerability. As a point of comparison, 65 percent of residents 65 and older in the five-site HOPE VI Panel Study reported fair or poor health, as did 58 percent of those age 45 to 64; these figures for the respondents were already twice as high as for black women nationally—and black women as a group are in poorer health than average (Manjarrez, Popkin, and Guernsey 2007). Further, the aging and distressed group were twice as likely to report anxiety and depression than HOPE VI Panel Study respondents, which means they are experiencing these problems at a rate *more than four times* that for black women nationally. For these residents, attaining self-sufficiency is an unattainable goal; in addition to their fragile health status, most have not worked in decades and are truly disconnected from the labor market and the world outside public housing. A better approach for these extremely vulnerable residents is to focus on “harm reduction,” helping them remain stable and avoid becoming either homeless or ending up in nursing homes—and their children from ending up in the child welfare system. Appropriate strategies for the aging and distressed include the following:

- Enhanced senior housing, essentially converting some existing senior housing into an assisted-living model that provides sufficient care (meals, housekeeping, activities, health care, case management) to help frail residents remain in the community. To accommodate the needs of the public housing population, this service would need to be available to residents under 60 that have enough physical and mental health challenges to be in the aging and distressed group.

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- Permanent supportive housing that provides the same service package as assisted living for those who have custody of children or grandchildren and adds parenting support, child care, and after-school services for youth.

High-risk residents share characteristics with both striving and aging and distressed residents. Like the striving group, they generally are younger and have children in their household. And, like the striving group, at baseline, the vast majority of high-risk residents indicated that they did not want to remain in traditional public housing. While not yet as frail as the aging and distressed, they already have serious physical and mental health challenges, with high rates of poor health, depression, anxiety, and substance abuse. Notably, they are the group most likely to report being obese, which places them at risk for other serious health problems, like hypertension and diabetes. With their multiple challenges, High-Risk families are the group for whom intensive case management models are most likely to pay off in terms of keeping them out of the homelessness, child welfare, and criminal justice systems; assisted them to achieve their housing goals (vouchers or mixed-income developments); and helping them move toward self-sufficiency. These families need the type of services that the Chicago Family Case Management Demonstration provides, including

- Permanent family supportive housing like that provided by Heartland Alliance and the Corporation for Supportive Housing (Javits 2005), with such services on site as access to health care, mental health, and substance abuse counseling; educational and literacy services; transitional jobs and other employment and training services; financial literacy; parenting support; child care; and after-school services.

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- Integrated supportive housing—a CSH model which incorporates small numbers of permanent family supportive housing units into mixed-income developments, with case management and services provided on site (Javits 2005).
- Vouchers with Wrap-Around Services—case managers go into the community to provide the same package of services delivered in permanent family supportive housing to voucher holders.
- Incorporating best practices like the incentives model from Project Match's Pathways to Rewards program in Chicago that helps families move toward self-sufficiency through providing rewards for achievements like paying their rent on time, getting their children to school, and volunteering (Herr and Wagner 2009).<sup>3</sup>

#### **Informing the next generation of public housing reform**

Many policymakers and scholars regard the HOPE VI Program as one of the nation's most successful urban redevelopment programs (see Katz 2009; Cisneros 2009). But despite its very real accomplishments, the HOPE VI program's record in meeting the needs of the original residents who endured the worst consequences of the failures of public housing is mixed. While many ended up relocating with vouchers to better housing in safer neighborhoods or moving into the new developments, too many others were simply relocated to other, traditional public housing. The residents who ended up in these developments were disproportionately the most vulnerable—those who had been most damaged by the distressed environment and were least able to cope with the challenges of relocation. With so many troubled families concentrated in one place, the remaining traditional developments have the potential to become even worse than the distressed communities these families came from.

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<sup>3</sup> The demonstration uses the incentives model for its Get Paid to Save financial literacy program, but that is targeted primarily at residents in the striving group.



With its proposed Choice Neighborhoods initiative, the Obama administration has the opportunity to build on the experiences of nearly two decades of experience with HOPE VI. HUD Secretary Shaun Donovan recently stated that “There is no excuse, any longer, if there ever was, to fail to house and support every family now living in a distressed or assisted housing project” (Donovan 2009). Incorporating intensive case management and permanent supportive housing for the most vulnerable into Choice Neighborhoods and any other comprehensive redevelopment effort is one way to ensure these initiatives truly meet the needs of *all* public housing families.

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