



Highlights of [GAO-07-1025T](#), a testimony to the Subcommittee on Housing, Transportation, and Community Development, Committee on Banking, Housing, and Urban Affairs, U.S. Senate

Why GAO Did This Study

Since fiscal year 1992, the Department of Housing and Urban Development (HUD) has awarded more than \$6 billion in HOPE VI program grants to public housing authorities to revitalize severely distressed public housing and provide supportive services to residents. HUD has encouraged housing authorities to use their HOPE VI grants to attract, or leverage, funding from other sources, including other federal, state, local, and private-sector sources. Projects funded with public and private funds are known as mixed-finance projects.

This testimony is based primarily on three reports that GAO issued between November 2002 and November 2003, focusing on (1) the financing of HOPE VI projects, including the amounts of funds leveraged from non-HOPE VI sources; (2) HUD's oversight and administration of the program; and (3) the program's effects on public housing residents and neighborhoods surrounding HOPE VI sites. As requested, the statement summarizes the key findings from these reports, the recommendations GAO made to HUD for improving HOPE VI program management, and HUD's actions in response to the recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-07-1025T.

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

PUBLIC HOUSING

Information on Financing, Oversight, and Effects of the HOPE VI Program

What GAO Found

In its November 2002 report, GAO found that housing authorities expected to leverage—for each HOPE VI dollar received—\$1.85 in funds from other sources, and that the authorities projected generally increasing amounts of leveraged funds. GAO also found that even with the general increase in projected leveraging, 79 percent of the budgeted funds in mixed-finance projects that HUD had approved through fiscal year 2001 came from federal sources. GAO recommended that HUD provide the Congress with annual reports on the HOPE VI program, as required by statute, and provide data on the amounts and sources of funding used at HOPE VI sites. HUD has submitted these reports to Congress since fiscal year 2002. According to the 2006 report, HOPE VI grantees have cumulatively leveraged, from the program's inception through the second quarter of fiscal year 2006, \$1.28 for every HOPE VI grant dollar expended.

In its May 2003 report, GAO found that HUD's oversight of the HOPE VI program had been inconsistent for several reasons, including a shortage of grant managers and field office staff and confusion about the role of field offices. A lack of enforcement policies also hampered oversight; for example, HUD had no policy regarding when to declare a grantee in default of the grant agreement or apply sanctions. GAO made several recommendations designed to improve HUD's management of the program. HUD concurred with these recommendations and has taken actions in response, including publishing guidance outlining the oversight responsibility of field offices and notifying grantees that they would be in default of their grant agreement if they fail to meet key deadlines.

In its November 2003 report, GAO found that most of the almost 49,000 residents that had been relocated as of June 2003 had moved to other public or subsidized housing; small percentages had been evicted, moved without giving notice, or vacated for other reasons. Grantees expected that about half of the original residents would return to the revitalized sites. Limited HUD data and information obtained during GAO's site visits suggested that the grantee-provided community and supportive services had yielded some positive outcomes, such as job training and homeownership. Finally, GAO's analysis of Census and other data showed that neighborhoods surrounding 20 HOPE VI sites (awarded grants in 1996) experienced improvements in several indicators used by researchers to measure neighborhood change, such as educational attainment levels, average household income, and percentage of people in poverty. However, for a number of reasons, GAO could not determine the extent to which the HOPE VI program was responsible for the changes.