



**Legislative Bulletin.....January 17, 2008**

**Contents:**

**H.R. 3524—HOPE VI Improvement and Reauthorization Act**

**Summary of the Bill Under Consideration Today:**

**Total Number of New Government Programs: 0**

**Total Cost of Discretionary Authorizations: \$6.4 billion over eight years**

**Effect on Revenue: \$0**

**Total Change in Mandatory Spending: \$0**

**Total New State & Local Government Mandates: 0**

**Total New Private Sector Mandates: 0**

**Number of Bills Without Committee Reports: 0**

**Number of Reported Bills that Don't Cite Specific Clauses of Constitutional Authority: 0**

**H.R. 3524—HOPE VI Improvement and Reauthorization Act (*Waters, D-CA*)**

**Note the Conservative Concerns on Page 5**

**Order of Business:** The bill is scheduled to be considered on Thursday, January 17<sup>th</sup>, subject to a likely structured rule. A summary of the rule and any amendments made in order will be provided in a separate RSC document.

**Background:** The HOPE VI Program, originally known as the Urban Revitalization Demonstration (URD), was developed as a result of recommendations by the National Commission on Severely Distressed Public Housing, which was charged with proposing a

National Action Plan to eradicate severely distressed public housing. The Commission recommended revitalization in three general areas: physical improvements, management improvements, and social and community services to address resident needs.

HOPE VI was created by the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1993 (Public Law 102-389), approved on October 6, 1992.

HOPE VI operated solely by congressional appropriation from FY1993-FY1999. The FY1999 appropriation included the \$600 million annual authorization of HOPE VI as Section 24 of the U.S. Housing Act of 1937. Section 24 was reauthorized in conjunction with the American Dream Downpayment Act of 2003 at the same \$600 million authorization level. Grants are governed by each fiscal year's Notice of Funding Availability (NOFA), as published in the Federal Register, and the Grant Agreement executed between each recipient and the Department of Housing and Urban Development (HUD).

Congress appropriated \$100 million for HOPE VI for FY2008 (in the omnibus, H.R. 2764), consistent with prior-year levels.

For more information on HOPE VI, please visit this webpage:  
<http://www.hud.gov/offices/pih/programs/ph/hope6/>.

**Summary:** H.R. 3524 would reauthorize and expand the HOPE VI housing program, despite Bush Administration attempts to eliminate the program altogether. Highlights of the legislation are as follows:

- Allows the HUD Secretary to waive the 5% matching requirement for public housing agencies (PHAs) that experience extreme distress or emergencies and gives the Secretary the authority to define the circumstances of such an emergency (as long as it includes presidentially-declared emergencies).
- Prohibits demolition-only grants under HOPE VI. Thus, HOPE VI funds could not be used to demolish public housing units unless they are replaced with other units (even if the original units were vacant).
- Eliminates the [Main Street Grant program](#), which provides assistance under HOPE VI to smaller communities to develop public housing in connection with a commercial revitalization effort.
- Includes as permissible uses of HOPE VI grant funds the costs associated with:
  - “green” developments;
  - temporary and permanent relocation of residents;
  - monitoring and tracking of displaced residents; and
  - acquisition and development of public housing dwelling units to meet the one-for-one replacement requirement.

- Allows up to 25% of grant funds (up from 15%) to be used for community and supportive services.
- Requires that the Secretary's selection criteria for HOPE VI grants must include, at a minimum:
  - physical and non-physical indicators of severe distress;
  - opportunities for resident involvement;
  - a plan for the temporary relocation of households occupying the public housing project to be revitalized;
  - expanded housing opportunities to relocated residents;
  - one-for-one replacement of all demolished or disposed units (regardless of whether the units were vacant);
  - compliance with fair housing standards; and
  - "green" building standards.
- Requires that additional priority be given to grant applications that:
  - have a demonstrated record and capability of managing modernization projects in a timely manner;
  - include partnerships with socially and economically disadvantaged businesses;
  - contain an effective plan for relocation and one-for-one replacement;
  - include an achievable and realistic revitalization plan;
  - leverage public and private funds;
  - involve state and local governments, private service providers, financing entities, and developers in the development and ongoing implementation of the revitalization plan;
  - cannot be accomplished without a HOPE VI grant;
  - provide replacement housing for families whose housing needs are difficult to fulfill, including eligible ex-offenders who have been crime-free for one year after completion of probation or parole and for whom housing is a critical need; and
  - address other factors as listed in the bill and as the Secretary deems appropriate.
- Requires HUD employees to conduct site visits for grant finalists for the purpose of determining if the applicable public housing project is indeed severely distressed.
- Requires the participation of residents in the application process and requires PHAs to inform residents about all stages of the grant and application process through four written notices.
- Requires PHAs to offer displaced residents comprehensive relocation assistance (including housing counseling) and community and supportive services until grant funding has been expended or two years after the end of the development period, whichever is longer.
- Requires each HOPE VI grant recipient to provide for the relocation of each displaced resident, including payment of relocation expenses, the right to remain in the housing to which they relocate, and assistance to residents with using a tenant-based voucher.

- Requires PHAs to make available to each displaced household a newly revitalized public housing unit, either on the original site, if possible, or in the jurisdiction of the PHA. Priority for HOPE VI housing would have to be given to displaced households prior to being offered to other eligible households.
- Requires PHAs to replace all units that are demolished or disposed of through HOPE VI grants and requires that at least 33% of units comprising the revitalized development built on site (or within the PHA's jurisdiction, if there are reasons the existing site cannot be used) to be public housing units. Revitalization would have to be done in ways that decrease the concentrations of poor people.
- Requires units be replaced within 12 months of demolition (or allocation of low-income housing tax credits). Requires that, to the greatest extent practicable, HOPE VI developments be built in phases and that assisted dwelling units be provided for occupancy before unassisted dwelling units.
- Requires all HOPE VI residential construction to be in compliance with the national Green Communities criteria checklist or a substantially equivalent standard, as determined by the Secretary. All non-residential HOPE VI construction would have to be certified to the Silver Level under the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) ratings system, or any substantially equivalent standard, as determined by the Secretary.
- Prohibits PHAs from holding displaced residents or new residents to the HOPE VI development to a different eligibility standard than other households. The use of any criteria, including credit checks, to limit the ability of public housing residents to re-occupy HOPE VI units, or to receive housing choice vouchers, would be prohibited, except to the extent that residents are otherwise ineligible under federal law.
- Requires each PHA receiving HOPE VI grants to create performance benchmarks and directs HUD to impose sanctions, including monetary penalties, on PHAs that fail to meet the benchmarks (subject to extensions, for certain listed reasons).
- Requires HUD to use not less than two percent of funds to assist grant recipients in obtaining planning and technical assistance to carry out their revitalization programs.
- Requires HUD to annually report to Congress on the progress of HOPE VI grants and to make all details relating to such grants publicly available.
- Reauthorizes HOPE VI from FY2008 through FY2015, at **\$800 million a year**, for a total of \$6.4 billion—a 25% increase over current authorization level and a 700% increase over the current appropriations level. The legislation would affirmatively sunset HOPE VI after September 30, 2015.

**Additional Background:** The Bush Administration has, in its last five budget proposals to Congress, sought to eliminate HOPE VI altogether, citing completion of the program’s mission and ongoing inefficiencies within the program. Specifically, the Administration’s Program Assessment Rating Tool (“PART”) has deemed HOPE VI to be “not performing” and “ineffective.” HOPE VI “is more costly than other programs that serve the same population” and also has “an inherently long, drawn-out planning and redevelopment process.” Furthermore, the PART assessment notes that, “the program has accomplished its stated mission of demolishing 100,000 severely distressed public housing units.”

The assessment notes that **HOPE VI already has a remaining balance of two billion unspent dollars** that can be used to complete funded projects.

Read the full PART assessment here:

<http://www.whitehouse.gov/omb/expectmore/summary/10001162.2003.html>.

A similar program to HOPE VI, the Public Housing Capital Fund, was funded by the omnibus appropriations bill (H.R. 2764, 110<sup>th</sup> Congress) at \$2.44 billion for FY2008. The federal funding of affordable housing overall has almost doubled, a 99 percent increase, from \$15.4 billion to \$30 billion, over about an 11-year period.

**Committee Action:** On September 11, 2007, the bill was referred to the Financial Services Committee, which, on September 26<sup>th</sup>, marked up and ordered the bill reported to the full House by voice vote.

**Possible Conservative Concerns:** Some conservatives may be concerned about several aspects of this legislation, as follows:

Reauthorization and Expansion of a Program that Has Completed Its Mission. As the Administration has noted, HOPE VI has already accomplished its stated mission of demolishing 100,000 severely distressed public housing units.

Reauthorization and Expansion of a Program that the Administration Wants to Terminate. The Administration has tried to terminate HOPE VI because the program “is more costly than other programs that serve the same population” and also has “an inherently long, drawn-out planning and redevelopment process.”

Possible Expansion of Public Housing. The prohibition on demolition-only grants and the one-for-one replacement requirement, in which all demolished public housing units—even vacant units or ones in completely dilapidated neighborhoods—would have to be replaced with brand new ones, could actually yield a net increase in public housing units and thus further encourage reliance on the federal government for housing.

Authorization Increase. Although:

- the FY2008 appropriation for HOPE VI is \$100 million (consistent with recent years);
- the authorization level for HOPE VI has been \$600 million for nine years;
- there is a \$2 billion backlog of unspent HOPE VI funds; and

- a similar program (Public Housing Capital Fund) is already funded at \$2.4 billion for FY2008;

this legislation would increase the authorization level to \$800 million a year, showing Congress' intent to pour more money into this program.

**Right of Return.** This bill would create a right-of-return for displaced residents of demolished public housing when new units are built, even if the returning residents are less needy than other families.

**Green Buildings.** Some conservatives have expressed concerns at the “green” buildings requirements for revitalized housing, citing increased costs, construction delays, and unreasonable federal mandates.

**Administration Position:** A Statement of Administration Policy (SAP) expressing some level of opposition to the bill is expected.

**Cost to Taxpayers:** CBO confirms that this bill would authorize \$800 million a year from FY2008 through FY2015.

**Does the Bill Expand the Size and Scope of the Federal Government?:** Yes, the bill would expand a federal housing program and the federal authorities within the program.

**Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?:** No.

**Does the Bill Comply with House Rules Regarding Earmarks/Limited Tax Benefits/Limited Tariff Benefits?:** The Financial Services Committee, in [House Report 110-507](#), asserts that, “H.R. 3524 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9 of rule XXI.”

**Constitutional Authority:** The Financial Services Committee, in [House Report 110-507](#), cites constitutional authority in Article I, Section 8, Clause 1 (the congressional power to provide for the general welfare of the United States) and Clause 3 (the congressional power to regulate interstate commerce).

**Outside Organizations:** The following organizations are opposing the legislation, mainly because of the “green” building requirements: The National Association of Homebuilders (key-voting), the National Multi-Housing Council, the National Apartment Association, the National Affordable Housing Management Association, and the Institute of Real Estate Management.

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