

The Future of Public Housing: Public Housing Redevelopment

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Lack of investment and chronic underfunding in public housing have resulted in an urgent need for new strategies to ensure residents have safe, affordable homes. Preservation is an essential tool for conserving deeply subsidized housing units and improving housing quality.

The problem of aging, deteriorating public housing began to receive attention from policymakers in the early 1990s. Since then, Congress has authorized about \$7 billion for two major public housing redevelopment programs. **HOPE VI** (Housing Opportunities for People Everywhere) and **Choice Neighborhoods** have promoted demolition and redevelopment of public housing—often as mixed-income communities—rather than preservation. In contrast, newer financing tools such as the Rental Assistance Demonstration enable public housing authorities to refurbish existing units.

This fact sheet summarizes what we have learned from HOPE VI and Choice Neighborhoods and considerations for future public housing preservation efforts.

HOPE VI: 1992–2011

Congress authorized the HOPE VI program in 1992 to address a crisis in the nation's public housing system attributable to a combination of issues, including weak federal and local government oversight, inadequate funding, and poor management. As a result, in too many cities, public housing residents lived in deteriorating buildings that exposed them to serious health hazards. Redlining, discriminatory zoning, and other local policies meant that most developments were in neighborhoods that lacked well-resourced schools, grocery stores, and city services.

In response, Congress recommended testing a bold new approach. The HOPE VI program would combine major investments in physical infrastructure with funds for community services to address residents' needs—at a cost of \$6 billion over 20 years. The following are key features and outcomes of the HOPE VI program:

- **The US Department of Housing and Urban Development provided 260 HOPE VI revitalization grants of up to \$50 million to public housing authorities for physical revitalization, management improvements, and community support services.** However, even at its height in the late 1990s, HOPE VI funding was only a small fraction of total public housing funding (figure 1).
- According to research by Taryn Gress, Mark Joseph, and Seungjong Cho in 2019, **HOPE VI funded the demolition of 155,000 public housing units and the construction of 97,389 units**, a mix of public housing and other affordable and market-rate units. By some estimates, more than 100,000 public housing units were lost.
- **The number of units lost because of HOPE VI is similar to the total number of units lost in this period because of a policy known as Section 18 or “demo/dispo”; however, the HOPE VI program was more visible and remains controversial.** Section 18 of the Quality Housing and Work Responsibility Act of 1998 allows public housing authorities to close properties where the cost of rehabilitation exceeds the cost of providing vouchers to all tenants. The Center on Budget and Policy Priorities estimates a total loss of more than 200,000 public housing units since the mid-1990s, excluding Rental Assistance Demonstration conversions.

Choice Neighborhoods: 2009–Present

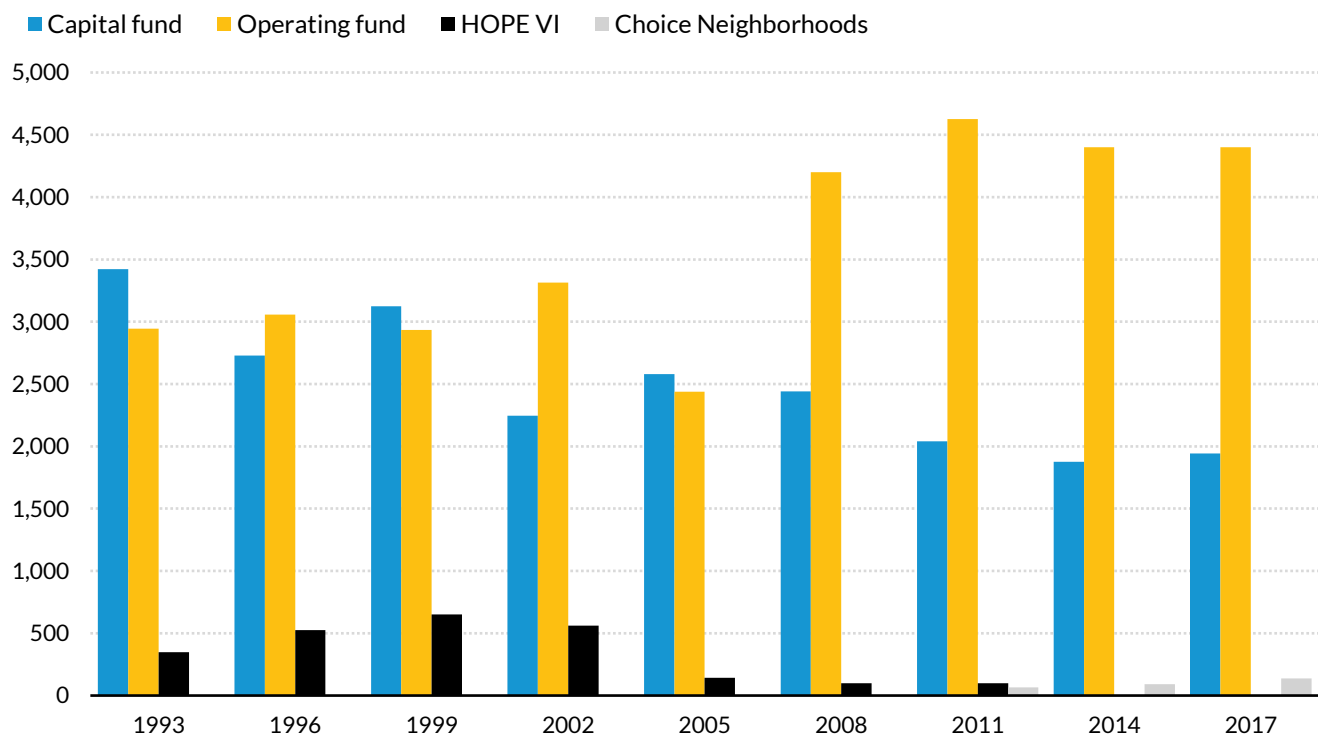
Congress authorized the Choice Neighborhoods initiative in 2009 and awarded the first grants in 2011. The new program was intended to address some of HOPE VI's shortcomings. As figure 1 shows, funding for Choice Neighborhoods—totaling about \$1 billion since 2010—has been significantly lower than the funding for HOPE VI was. The following are key features of the Choice Neighborhoods program:

- **Between 2011 and 2019, HUD awarded 89 Choice Neighborhoods planning and 35 implementation grants**—the implementation grants ranged from \$10 million to \$35 million—to communities across the US.
- **Unlike HOPE VI, Choice Neighborhoods provides grants to city governments and private and nonprofit housing developers, in addition to public housing authorities.** Choice Neighborhoods funding does not exclusively target public housing; it may fund other redevelopment projects, including multifamily housing.
- **Choice Neighborhoods requires grantees to develop a comprehensive revitalization plan for the surrounding neighborhood;** this approach involves coordinating with local leaders, service providers, institutions, and community members to foster improvements in public safety, education, job training, and transportation.
- **To avoid the mistakes of HOPE VI, Choice Neighborhoods also requires one-for-one replacement of units and offers original residents the right to return to new developments.**

FIGURE 1

Public Housing and Redevelopment Funding

Millions of dollars



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Source: US Department of Housing and Urban Development.

What Do We Know about HOPE VI and Choice Neighborhoods?

The research on HOPE VI paints a mixed picture. The program largely succeeded in funding the redevelopment of hundreds of distressed developments. While few original residents moved into the new mixed-income communities, most reported they lived in higher-quality housing and felt less anxious and worried. However, little evidence exists that these efforts improved residents' economic circumstances or—at least in the short term—that they led to positive outcomes for children. Also, thousands of deeply subsidized units were lost.

We do not yet know whether Choice Neighborhoods will prove more successful in creating inclusive communities that allow original residents to benefit from the neighborhood-wide changes; the only evidence to date is a baseline evaluation that documents early implementation in five communities.

Implications for the Rental Assistance Demonstration and Public Housing Preservation

We cannot build our way out of the public housing crisis. And previous efforts indicate that redevelopment often facilitates a loss of deeply subsidized units. Furthermore, preserving severely distressed developments will require greater investment than housing agencies currently receive through the Rental Assistance Demonstration and other programs. Although the Rental Assistance Demonstration provides opportunities for public housing authorities to fund maintenance repairs, it is not sufficient to address the public housing stock's larger and more severe capital needs. For this reason, **any new federal policy efforts must provide enough resources to address the dire need for safe and healthy housing that is affordable to low-income households and must prioritize creating inclusive communities.**