



TESTIMONY OF

**MARIA MAIO
EXECUTIVE DIRECTOR**

JERSEY CITY HOUSING AUTHORITY

BEFORE THE

**SUBCOMMITTEE ON HOUSING, TRANSPORTATION AND
COMMUNITY DEVELOPMENT**

COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS

UNITED STATES SENATE

MARCH 27, 2012

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Chairman Menendez, Ranking Member DeMint and Members of the Subcommittee, my name is Maria Maio and I am the Executive Director of the Jersey City Housing Authority (JCHA) of Jersey City, New Jersey. The JCHA is the 2nd largest PHA in New Jersey serving nearly 20,000 low and moderate income seniors, families and persons with disabilities in its Public Housing and Housing Choice Voucher Programs.

I greatly appreciate your invitation and am honored to be here today to testify before the Subcommittee regarding, “The Choice Neighborhoods Initiative: A New Community Development Model.” As you are aware, the JCHA received one of the first Planning Grants awarded under the Choice Neighborhoods Initiative as funded through the fiscal year 2010 appropriations bill for the Department of Housing and Urban Development. Now, we are currently in the midst of preparing an application for an Implementation Grant under the Choice Neighborhoods program, and I will have more to say on that later in my testimony.

I also want to commend you, Chairman Menendez, for authoring the bill to establish and implement Choice Neighborhoods in S. 624, “the Choice Neighborhoods Initiative Act of 2011”, which would permanently authorize the program. Although the program has been funded for the last few years through the appropriations process, CNI has lacked the critical legitimacy of an authorized program conferred through the regular order of Congress. The hearings today will begin to rectify that deficiency.

As has been mentioned, Choice Neighborhoods builds upon the model and achievements of the HOPE VI program. HOPE VI has transformed communities by turning severely distressed public housing into mixed-income, mixed-use and revitalized communities that serve as long-term assets in their neighborhoods. HOPE VI has led the way in establishing new partnerships and leveraging additional resources. HOPE VI has also been a pioneer and laboratory for neighborhood place-based redevelopment.

In a MacArthur Foundation study commissioned by the Council of Large Public Housing Authorities, the study found that HOPE VI redevelopments have had significant economic and fiscal impacts on their surrounding areas. The HOPE VI neighborhoods in the study showed major drops in violent crime rates, increases in household income and rising home values. The study concluded that HOPE VI is a useful and cost-effective approach for catalyzing positive economic change in local communities. This has been true for us.

The JCHA has been awarded three HOPE VI Revitalization Program grants, which have resulted in 730 constructed units and 275 planned units in mixed income communities including public housing, affordable and market rate units. Our HOPE VI communities have served as a model for developing quality sustainable affordable housing, which has been applauded by City, State, and Federal officials and residents of public housing and the broader community and imitated by private and not-for-profit developers.

Our HOPE VI Programs met the goals of rebuilding severely distressed public housing, deconcentrating poverty, leveraging non-Federal funds and providing higher quality, efficient affordable housing with reduced operating costs through the physical transformation to mixed income developments and a Community and Supportive Services Program that focused on self-sufficiency initiatives, with a major goal of reducing unemployment.

The HOPE VI Program also began the organizational transformation of the JCHA from property manager to developer. Today the JCHA is regarded as the major affordable housing developer in the city. Severely distressed public housing has been replaced with lower density housing that compliments the existing neighborhood, new developments that are community assets and attracting a diverse economic resident population in well maintained housing. Critics of the stereotyped public housing have become the strongest supporters of our new HOPE VI developments.

Much of the success of our HOPE VI Program is also a result of our strong commitment to Section 3 local hiring initiatives. To date, 500 public housing/local residents have been hired and \$22 million has been targeted to Minority Business Enterprise businesses.

To date, 66% of the public housing units in HOPE VI developments have been leased to former relocatees. But perhaps the best indication of success comes from a public housing resident who returned to a HOPE VI development and expressed how her child can “sleep in peace, I don’t hear gun shots in the middle of the night”.

Choice Neighborhoods proposes to do the same by transforming neighborhoods of extreme poverty into mixed-income neighborhoods of long-term viability. It proposes to revitalize severely distressed housing, improve access to economic opportunities, leverage investments in well-functioning services, help foster effective schools and education programs, public assets, and help improve access to public transportation and improved access to jobs.

Whereas the major HOPE VI focus was on addressing severely distressed public housing, CHOICE capitalizes on the strengths of institutions and assets of the neighborhood, convenes all neighborhood stakeholders and encourages their input, and pulls together disparate developments in various stages to plan and implement a singular comprehensive neighborhood transformation plan through tried-and-true successful

public-private partnerships. It was with these goals in mind that the JCHA applied for and was awarded a CHOICE Planning Grant last March.

The CHOICE Neighborhood Initiative is a natural extension of the HOPE VI Program. It will allow us to expand on our successful public/private partnerships to develop a comprehensive plan for a neighborhood that includes the transformation of Montgomery Gardens, our remaining high rise family development within the broader McGinley Square – Montgomery Corridor Neighborhood. Montgomery Gardens is currently perceived as a liability to further renewed investment in the neighborhood.

Perhaps most importantly, the transformation of Montgomery Gardens to a new CHOICE community that guarantees one for one replacement housing, ensures that the inevitable gentrification that will accompany market rate development will be addressed by the inclusion of affordable housing resulting in a quality mixed income community. At the JCHA we made a commitment to one for one replacement housing, however we recognize it may not be a viable replacement policy for every community.

Properly implemented, we believe Choice Neighborhoods will be a broad place-based solution to help address the housing, transportation, energy, education, workforce, environmental, health, business and development needs of neighborhoods and communities. We hope that with passage of this legislation we can work towards a more

streamlined implementation process, and we stand ready to work with HUD on improving implementation of their current Choice Neighborhoods program.

For example, we must be sure to create the type of environment that encourages and incentivizes the private sector to participate, and we must be careful to not be overly prescriptive in the implementation process. Under HOPE VI, the implementation process was structured such that public and private partners could come to the table and develop unique solutions to local housing challenges.

We would like to see this same kind of successful structure adopted in the Choice Neighborhoods implementation process. We should also develop an implementation process that creates an intentional alignment of funding opportunities with other federal agencies. We believe Choice Neighborhoods can be vitally important to long-term livability and can be an effective strategy to promoting sustainable communities for succeeding generations.

One aspect of the legislation we believe is critically important—particularly as Choice Neighborhoods continues the legacy of HOPE VI—is the focus on public housing which we believe must be maintained. Three years ago, HUD acknowledged that there are three times the number of distressed developments in public housing as compared to assisted housing. We appreciate the legislation acknowledging this focus by designating not less

than two-thirds of the amounts made available in any fiscal year, or two-thirds of the units assisted under Choice Neighborhoods shall be public housing units.

We would further recommend that applicants for Choice Neighborhoods should either be, or partner with, a public housing agency; or, if no public housing agency is available or interested, then other eligible entities are subsequently considered.

In closing, I thank you for the opportunity to testify today on S. 624 authorizing the Choice Neighborhoods Initiative.