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INTRODUCTION

I would like to thank Chairman Schumer, Ranking Member Crapo and members of the Housing, Transportation and Community Development Subcommittee for holding this important hearing on the reauthorization of the HOPE VI program.

My name is Charles F. Elsesser Jr., and I am a staff attorney at Florida Legal Services in Miami and a longtime board member of the National Low Income Housing Coalition (NLIHC), which I am representing today. Florida Legal Services is a statewide Florida law firm representing very low income families and individuals. I have been a housing attorney for over 35 years, and have spent the last 15 years working in Miami where I spend most of my time representing organizations of public housing and subsidized housing residents.

NLIHC's members include non-profit housing providers, homeless service providers, fair housing organizations, state and local housing coalitions, public housing agencies, private developers and property owners, housing researchers, local and state government agencies, faith-based organizations, residents of public and assisted housing and their organizations, and

concerned citizens. NLIHC does not represent any sector of the housing industry. Rather, NLIHC works only on behalf of and with low income people who need safe, decent, and affordable housing, especially those with the most serious housing problems. NLIHC is entirely funded with private donations.

HOPE VI IN MIAMI

I would like to share some particular experiences of families affected by the HOPE VI project in Miami, which I believe are illustrative of the HOPE VI program nationally. While some of the problems with the redevelopment of the site are unique to Miami, the problems which I am describing here are not. They are the result of flaws within the HOPE VI program, flaws which are largely not addressed by S. 829.

In 1999 the Miami Dade Housing Agency was awarded a HOPE VI grant for the Scott Homes/ Carver Homes public housing project in the Liberty City neighborhood of Miami. The two projects housed approximately 850 largely African American families. The initial configuration of the redeveloped project provided only 80 public housing units. While that number has since increased, the amount of units approved by HUD still dictates that the vast majority of the relocated families will remain unable to return to the redeveloped site.

At this point, all families (1,178 including family separations) have been relocated from the project, largely with Section 8 vouchers, and the buildings have been almost totally demolished.

Nevertheless, after almost seven years the site remains largely vacant, with only a small number of individual Habitat for Humanity homes having been constructed.

During the last 10 months my office and several community organizations have been involved in a concerted effort to find the families that were relocated from Scott Homes using Section 8 vouchers. What we found was that a significant number—up to 50%—had lost their vouchers and were no longer receiving any housing assistance. I have attached to this testimony a newspaper story stating that over 600 of the relocated families were no longer receiving housing assistance. Despite our continued efforts to locate these families, several hundred families remain lost to the housing system, which means that, despite having been relocated only a few years ago, they are no longer receiving any housing assistance.

For the past several months we have been locating these families through community outreach and their stories have been nothing short of horrific. Many, if not most, of these families have been rendered homeless - with children sometimes separated from their parents due to the economic circumstances. Many were living doubled up on friends or relatives floors. Others were in homeless shelters.

The following are two typical stories from former Scott Homes' households—both long time residents of public housing—who were recently located through community-based outreach.

Case Stories

Ms. B: Shortly after she relocated from Scott Homes due to HOPE VI, Ms. B lost her Section 8 voucher due to confusion regarding an appointment. Unable to find an affordable place to live, Ms. B and her three children —one of which is severely disabled— were homeless for two years. Ms. B kept her family off the streets only by doubling up in the already overcrowded homes of friends and family, often sleeping on the floor and relocating every few weeks.

Mr. P: Mr. P is a single father of four children. Mr. P relocated from Scott Homes with a Section 8 voucher which he lost when he was unable to locate a suitable rental. Forced into homelessness, Mr. P had no choice but to split up his family and move his children into the homes of different family members. After becoming separated from their father, all of Mr. P's children began to have trouble in school and subsequently developed behavior problems.

The families we are working with in Miami had lived in public housing without difficulty. However, they were unable to maintain their Section 8 vouchers for more than a brief period after relocation. The largest single reason for the loss of their voucher was their inability to find a *second* suitable, affordable rental after their lease at their initial relocation residence expired. While the housing agency provided a security deposit and search assistance to find the first dwelling, no assistance was provided for the second. And their initial landlords often refused to return the initial security deposit to the tenants or delayed that return for months. Thus, relocated

families with incomes ranging around $9,000 - $10,000 a year were forced to find a security deposit of often two to three thousand dollars in order to rent a second dwelling. Tenants who were unable to lease up a new dwelling within the Section 8 voucher time limits lost their voucher.

In addition, in Miami as elsewhere, the Section 8 voucher program imposed a plethora of new rules and regulations on families who were already traumatized by the relocation. No longer were they dealing with a locally situated public housing "rent office." Instead, they were required to negotiate a totally new, centralized Section 8 bureaucracy, to comply with rigorously enforced time limits for finding a new rental, to cope with the delays involved in HQS inspections, to comply with private landlord demands, etc. Failure to negotiate any of these demands often led to the loss of the voucher. When combined with the extremely low income (median $9,000) of the families who resided at Scott Homes, it is not hard to understand the extremely high failure rates.

Unfortunately, these are not the families studied when evaluating the success of a HOPE VI project. Indeed, these families are largely not heard from again - becoming an unevaluated statistic. Most importantly, I believe that these circumstances are hardly unique to Miami-Dade but rather are inherent in the HOPE VI process. It is only because of the efforts of Miami community organizations, the ex-Scott Homes tenants, and the new County Housing Agency management that these *lost* households are being located in Miami. These families, whose lives have been so disrupted, are the very families whose lives were supposed to be improved by the HOPE VI project.

HOPE VI SHOULD NOT BE REAUTHORIZED THROUGH S.829 IN ITS CURRENT FORM

Based on HOPE VI's track record in Miami and across the country, the NLIHC believes that the HOPE VI program should not be re-authorized through S. 829 in its current form. Opposition to HOPE VI remains very strong in the low income housing advocacy community that works with and represents public housing residents.

This opposition is not based on an objection to the revitalization of public housing or providing services to public housing residents. Instead, it is based on direct experience with the harm that HOPE VI has caused many public housing residents. The opposition to HOPE VI is visceral and deeply held. Therefore, NLIHC approaches the possibility of reauthorization with considerable caution.

NLIHC'S RECOMMENDATIONS

NLIHC developed a HOPE VI reauthorizing position in 2002 based on the impacts of HOPE VI projects in Miami and across the country. Our recommendations focus on two major aspects of the HOPE VI program: the loss of affordable housing stock and the impact of HOPE VI on residents.

While Senator Barbara Mikulski introduced S.829 with the best of intentions, NLIHC believes the proposed legislation fails to include key provisions that would alleviate many of the well-documented, serious problems with HOPE VI.

Specifically, S.829 fails to address the following key suggestions that we have proposed for how the program must be improved before it is reauthorized and additional federal resources are expended on it.

A. No Net Loss of Units; Require One-for-One Replacement of Public Housing

S. 829: The bill does not provide for the one-for-one replacement of public housing units. The bill does include language including sustaining or creating affordable project-based units as one of the selection criteria for HUD to consider in selecting grant applications. In addition to falling short of requiring one-for-one replacement of much-needed affordable housing for the lowest income households, the bill continues the current policy of allowing the HUD Secretary to not apply this, or any other, selection criteria when considering HOPE VI grant applications.

The one-for-one replacement of housing must be a "threshold issue" for approval of any HOPE VI grant application. HOPE VI grant funds must not result in the net loss of public housing units. The units do not necessarily have to be on the same geographic foot print of the original housing but they do have to be in the metropolitan area.

Authorizing the loss of units affordable to extremely low income people and redeveloping units affordable only to higher income people is not sound public policy. Across the nation the families who are most impacted by the high costs of housing—those paying more than 50% of their income in rent—are extremely low income families with incomes below 30% of median income. These are families that are often best served by public housing. According to NLIHC tabulations of 2005 American Community Survey PUMS data, in New York state, a very high cost housing state by any measure, only 10% of renters paying more than half of their incomes toward housing have incomes above 50% of area median; 69% are extremely low income, with incomes below 30% of area median. In Idaho, only 7% of renters paying more than half of their incomes toward rent have incomes above 50% of area median; 70% of families paying more than half of their incomes on rent are extremely low income. In Maryland, only 4% of renters paying more than half of their incomes for housing have incomes above 50% of median; 77% of families paying more than half of their incomes toward rent are extremely low income.

If there is any lesson to be taken from the experiences of the Miami families, it is the vital necessity to require a one-for-one replacement of public housing units. Without such a requirement it will be impossible to maintain a sufficient stock of public housing to provide for those households whose incomes are simply too low or who otherwise are unable to utilize Section 8 vouchers. For these families it is far more than a housing policy debate. It is quite honestly their ability to remain safely housed and together.

Indeed, it may be better to require that sufficient replacement housing be built before the relocation so that a true transition could occur. Since many HOPE VI projects would include

offsite replacement units, a requirement that those units be produced first would have several significant benefits. It would allow for a smooth early transition for fragile families, while dramatically shortening the relocation process. It would demonstrate the reality of the HOPE VI project to often skeptical tenants. It would prevent the type of stall of the HOPE VI project after relocation and before reconstruction as occurred in Miami. And finally, it would significantly lessen the possibility that the existing tenants, on whose behalf the HOPE VI grant is received, become victims of the redevelopment.

B. Create a Universal Right to Return With No Reoccupancy Requirements

S. 829: The bill explicitly allows undefined "re-occupancy criteria" to be placed on residents of the public housing who wish to return to the revitalized housing. This additional screening of residents who will be allowed to return to their homes is unconscionable.

Congress should enact a universal right of return for displaced public housing residents. And, public housing agencies and any other managers of replacement housing should be prohibited from denying housing to any person who has been displaced by HOPE VI by the use of any eligibility, screening, occupancy or other policy or practice. As long as the resident's right of occupancy has not been lawfully terminated, the resident should have the right to return, regardless of the time of displacement. The universal right of return for displaced residents must also be a "threshold issue" for approval of any HOPE VI grant application.

C. Mandate Compliance with the Uniform Relocation Act

S. 829: The bill refers to the Uniform Relocation Act (URA), within the selection criteria that the Secretary can waive. The URA would be used as a reference to ensure that payments required under the URA are included in an applicant's budget for relocation costs. The bill does not require compliance with the URA.

The URA must apply to HOPE VI. A thorough relocation plan must be among the threshold issues that allow an application to be considered by the HUD Secretary. Each public housing resident should be provided adequate choices for replacement housing and relocating residents should not be placed into other public housing at the expense of families on the voucher or public housing waiting lists.

Since portions of residents at HOPE VI sites are "hard to house" (i.e., they are unlikely to thrive in the private market or in other public housing without additional assistance beyond what is usually provided in the voucher and public housing programs), these families must receive appropriate replacement housing. This might mean that their housing must come with the types of services they need to remain stable and to make progress toward greater independence. And, to the extent that a relocation plan relies on vouchers, any HOPE VI reauthorization must make clear that approval of a HOPE VI application is contingent upon the availability of sufficient vouchers, through new appropriations or otherwise.

D. Strengthen Definition of "Severely Distressed"

S. 829: The bill codifies current HUD practice of requiring an architect or engineer's certification regarding physical distress as part of the grant award selection criteria, which, again, the HUD Secretary has the authority to waive.

A stronger definition of severely distressed is needed to ensure that HOPE VI funds are not wasted and that viable public housing units are not lost. A stronger severely distressed definition would have to be met in order for the HUD Secretary to consider the application. A reasonable requirement would state that only public housing units that have been designated as "distressed" for purposes of required conversion at least one year prior to the HOPE VI application would be eligible for HOPE VI funds. This would ensure only the most severely distressed units are applying for HOPE VI funds. The public housing agency would eventually be required to take the units off-line even if it does not receive HOPE VI funds.

E. Require Resident Participation Beyond Pre-application Phase

S. 829: Like current practice, the bill only provides residents with participation opportunities in the pre-application phase of HOPE VI. Resident participation requirements should be strengthened beyond the pre-application phase of HOPE VI to encompass all phases of application, redevelopment, relocation, services, return of residents, monitoring of displaced residents and reporting to HUD and Congress.

F. Create a Private Right of Action

Absent from S. 829 and current statute is another needed HOPE VI reform: private right of action. NLIHC recommends that any new statutory provisions must be privately enforceable. This way, residents will be able to hold HUD and housing agencies legally accountable for non-compliance.

G. Implement fair housing requirements

The HUD Secretary should be required to obtain and analyze data on the potential impact on residents of the proposed HOPE VI project and to disapprove any proposed HOPE VI project that fails to affirmatively further fair housing.

H. Issue HOPE VI Regulations

NLIHC also recommends that the HUD Secretary issue regulations on the HOPE VI program, which it has never done. HUD currently administers the program by annual Notices of Funding Availability. A formal regulatory promulgation process would involve broad input from many stakeholders and would result in a formal regulatory structure for the program.

Prioritize Preservation of Public Housing

NLIHC would also like to express our concern that the revitalization of public housing units through the HOPE VI program is but one way that housing agencies can address the unmet needs of public housing. Today, housing agencies can also apply to HUD to demolish or dispose of their public housing units and they can redevelop units through mixed finance. We urge the subcommittee to review the potential loss of public housing units and/or the shifting of public housing units to higher income households through these practices. NLIHC recommends the same standards and practices be put in place for all HUD public housing demolition, disposition and revitalization programs, including HOPE VI.

Overall public housing is in desperate need of additional funding. The more than $20 billion backlog of public housing capital needs has been well-documented. In the past year, housing authorities have also been managing their 1.2 million units with historically low operating funds. Failure to provide for the capital needs of public housing contributes to its decline and potential for becoming severely distressed. Preserving the public housing we have that is in good condition seems to us to be a higher priority than a faulty HOPE VI program.

Thank you for the opportunity to present our views to you. We look forward to working with on this and other legislation.