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HUD AWARDS $716 MILLION TO 74 COMMUNITIES TO CONTINUE HISTORIC TRANSFORMATION OF PUBLIC HOUSING

WASHINGTON -- Housing Secretary Henry G. Cisneros today awarded $716 million to 74 communities around the country as part of "a major step forward in the Clinton Administration's historic and unprecedented transformation of public housing."

Cisneros said almost $477 million of the grants from the Department of Housing and Urban Development will pay for demolishing some of the nation's worst public housing, for improving public housing, and for building new public housing.

Nearly 17,000 substandard units of public housing will be demolished with the grants from HUD's HOPE VI program.

About 4,000 new units of public housing will be built, creating successful residential communities that will help revitalize surrounding neighborhoods, Cisneros said.

Another $239 million of the grants will fund assistance that will allow over 15,000 families displaced from public housing by demolitions and rehabilitation projects to rent apartments on the private market.

"For decades, our nation failed to launch a comprehensive and effective attack on the problems of public housing," Cisneros said. "The Clinton Administration changed that. We've come up with a successful strategy to fundamentally change public housing, and to give the people living there a real chance to improve their lives."

"These grants will allow us to continue transforming public housing developments from isolated ghettos of poverty, crime and despair into neighborhoods of hope and opportunity," Cisneros said.

Cisneros said the new federal budget sets aside another $550 million for public housing grants -- to be awarded in May. That assistance will come on top of the $716 million in grants announced today.

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FACT SHEET: HOPE VI GRANT PROGRAM AND HUD'S EFFORTS TO TEAR DOWN AND REPLACE PUBLIC HOUSING NATIONWIDE

HUD Replaces the Worst Developments Now. HUD has pursued two tracks to physically redesign public housing. First, HUD has aggressively implemented HOPE VI, a large-scale initiative to provide localities with maximum funds and flexibility to reshape public housing neighborhoods and to build lives through education and skills training, job placement and development, and other supportive services. It supplies up to $50 million to remake an entire development from A to Z.

Second, HUD has relaxed existing program and funding rules to speed the reconstruction of public housing. HUD sought and got the repeal of the one-for-one replacement law which forced housing authorities to replace each demolished unit with a new one – a very expensive mandate. HUD has also invested substantial time and effort to break the gridlock in court over major demolitions, such as the redevelopment plans for Chicago's Henry Horner Homes and Cabrini Green.

HOPE VI: The Funding Vehicle to Transform Public Housing from the Bottom Up. HOPE VI gives public housing authorities the tools to address the complex problems associated with decaying housing, social and economic isolation, and poverty and transform public housing into communities of opportunity. With HOPE VI, cities will be able to:

- tear down and replace deteriorated public housing with garden-style apartments that are indistinguishable from other private, rental housing in the neighborhood;
- reduce concentrations of poverty and promote mixed-income communities;
- establish positive incentives in public housing to reward working families, help welfare recipients transition to jobs and self-sufficiency, give schoolchildren and adults access to computers and the Information Superhighway, and enable families to eventually move out of public housing and rent in the private market or own their own homes; and
- crack down on gangs, drugs, and violent crime by implementing tougher screening and eviction procedures, community policing and other anti-crime programs.

Statistics on the FY 1996 HOPE VI Grant Program

Total HOPE VI grant amount:	$477 million
Total HOPE VI demolition and revitalization grant:	$403.3 million
Total HOPE VI demolition only grant:	$ 73.5 million
Total public housing developments receiving HOPE VI:	44
Total developments receiving HOPE VI demo/revitalization:	20
Total developments receiving HOPE VI demolition only:	24
# of units to be demolished by FY 1996 HOPE VI grantees:	17,000

Statistics on the National Movement to Replace Bad Public Housing

# of units to be demolished by December 31, 1996:	30,000
# of units to be demolished by the year 2000:	100,000
# of units demolished to date (approximate):	22,100
# of units approved for demolition to date:	46,500
# of cities tearing down and rebuilding America's public housing:	72
# of public housing developments undergoing bold transformation:	170

CONTINUING THE BOLD TRANSFORMATION OF PUBLIC HOUSING
HUD Launches New Administrative Actions for FY 1997

The Clinton Administration has implemented the most far-reaching changes in public housing in decades – tearing down and replacing deteriorated public housing, cracking down on bad management, rewarding working families and self-sufficiency, and weeding out drugs, gangs, and violent crime. Some of these changes were made possible by working with Congress to convert these much-need reforms into law. While the FY 1997 VA/HUD appropriations act provides one-year extensions of these reforms enacted in previous legislation, a comprehensive public housing reform bill – which would have made these improvements permanent – failed to be passed by Congress this year. Rather than wait for further action by the next Congress, HUD will launch a series of administrative actions to continue the Administration's successful transformation of America's public housing.

Highlights of Enacted Public Housing Reforms

1. Suspension of the one-for-one replacement law. Public housing authorities (PHAs) no longer need to meet the costly and burdensome mandate to replace each demolished unit with a new one. In the past, the high cost of replacement and lack of available sites for new units prevented PHAs from demolishing vacant and deteriorated public housing.

2. Increased flexibility for capital funds. PHAs are now allowed to use their public housing capital funds for all capital needs, including demolition and replacement, and for operating expenses. In the past, capital grants were restricted to specific uses.

3. Authority to create mixed-income communities. PHAs now have the authority to build public housing as part of private, mixed-income neighborhoods.

4. Flexibility to set rents that reward work, rather than penalize earned income. PHAs can allow for adjustments in income when calculating a resident's rent (e.g. not accounting for newly earned income), thus enabling residents to keep more pay and encouraging work. PHAs can also impose ceiling rents so that public housing rents will not exceed market rents.

5. Repeal of federal admissions requirements. Rather than be governed by federal rules that restricted public housing to the very poor, public housing authorities can now use locally-designed preferences for admissions, enabling more working families to live in public housing.

Highlights of New Administrative Actions to Further the Transformation of Public Housing

Replacing Deteriorated Housing

1. Address Partially Vacant Developments. HUD just published a notice requiring PHAs to develop solutions for improving large, partially vacant developments. If no viable options can be developed, HUD will stop subsidizing those buildings and require PHAs to help remaining tenants find housing in the private rental market with Section 8 assistance.

2. Help PHAs Adjust to New Operational Challenges as a Result of Demolitions. PHAs receive operating subsidies and capital funds based on the number of public housing units in their inventory. As a result, as PHAs demolish units, their subsidies decrease. HUD has published an interim rule to provide transitional operating funds for PHAs that must downsize as they demolish units. HUD will also publish a proposed rule to enable PHAs to retain their formula share of capital funds for a limited time so they can produce replacement housing.

3. Get Expert Advice on Improving Other Distressed Communities. HUD has dispatched two teams of public and private housing experts to provide an independent assessment of the viability of approximately 50 distressed public housing communities nationwide. The assessments will help PHAs and HUD determine the future of these communities.

4. Support Site-Based Waiting Lists. Today, families interested in living in public housing are put on a central waiting list; as apartments are opened up, families on the top of the list have no choice but to take that unit. HUD will issue a notice supporting PHAs' adoption of site-based waiting lists in communities where this raises no civil rights issues. This will empower families with choice in housing and force PHAs to meet consumer demand and determine the future of failing developments.

Improving Public Housing Management

5. Promote Private Management of Public Housing. HUD will promote private management of public housing as an alternative to traditional PHA management. Already, Chicago is working towards privatizing the management of 35 percent of its public housing developments; and Atlanta has put 50 percent of its developments under private management. HUD will produce and issue a "best practices" guidebook and video to provide PHAs with practical advice for moving towards effective private management of public housing.

6. Create a National Credentials Program for Public Housing Managers. One of the fundamental problems in public housing management is that in many communities, key professional staff do not have the background and qualifications necessary to run multimillion dollar real estate operations, such as housing management, maintenance, finance, modernization and security. In conjunction with PHA leaders, universities and other instructional institutions, HUD is developing a credentials program that will set and recognize the standard qualifications for public housing management positions nationwide.

Rewarding Working Families and Self-Sufficiency

7. Make Rent More Reasonable for Working Families. In recognition that working members of households have additional transportation and other expenses related to their jobs, HUD will issue a proposed rule to exclude the first $400 annually of their earned income from rent calculations.

8. Link Public Housing to Welfare Reform. PHAs and their residents need to become involved in statewide efforts to reform welfare to ensure that the needs of public housing residents are integrated into state plans. As an initial step, the Secretary will send letters to all PHA executive directors urging their involvement in welfare reform.

9. Implement "Move to Work" Jobs Programs for Residents. HUD will promptly publish a request for proposals to implement the "Move to Work" demonstration program which will provide thirty PHAs the flexibility to design programs that will promote resident self-sufficiency while experimenting with effective uses of federal funds. For instance, PHAs will have the unrestricted authority to mix federal funding streams, create new rent policies, or create new uses for current subsidies that still deliver housing assistance to the very poor. HUD will also provide for broad administrative flexibility on a demonstration basis.

Cracking Down on Crime

10. Bar Evicted Tenants from Receiving Additional Housing Assistance. HUD will propose that households evicted from public housing or Section 8 tenant-based units for serious lease violations be barred from reentering public housing units or receiving Section 8 assistance for appropriate periods of time.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
TRANSFORMING PUBLIC HOUSING
Summary of FY 1996 HOPE-VI and Section 8 Replacement Award Winners (By State)

City (74)	Name of Development (if applicable)	HOPE VI: Demolition and Revitalization	HOPE VI: Demolition Only	Section 8 Relocation and Replacement [1] Dollars (# of Units)	Total
Ozark, AL	N/A	0	0	$188,068 (26)	$188,068
Tucson, AZ	Connie Chambers	$14,600,000	0	$147,640 (10)	$14,747,640
Los Angeles, CA	N/A	0	0	$7,264,112 (350)	$7,264,112
San Francisco, CA	North Beach Eddy Street	$20,000,000 0	0 $360,000	0	$20,360,000
Bridgeport, CT	N/A	0	0	$1,533,660 (107)	$1,533,660
Hartford, CT	Harriet Beecher Stowe	0	$5,025,000	$8,011,512 (566)	$13,036,512
Middletown, CT	N/A	0	0	$1,284,936 (80)	$1,284,936
New Haven, CT	McConaughy Terrace	0	$1,380,000	$8,442,888 (405)	$9,822,888
Stamford, CT	N/A	0	0	$1,574,018 (64)	$1,574,018
Pueblo, CO	Sangre de Cristo	0	$109,550	0	$109,550
District of Columbia	Fort Dupont	0	$1,995,000	$23,024,948 (971)	$25,019,948
Jacksonville, FL	Durkeeville	$21,552,000	0	0	$21,552,000
Ocala, FL	Forest View/N.H. Jones	0	$1,642,957	0	$1,642,957
Tampa, FL	Riverview Terrace	0	$873,000	$811,496 (70)	$1,684,496
Atlanta, GA	Perry Homes Carver Homes	$ 20,000,000 0	0 $ 9,720,520	$ 16,114,488 (1,074)	$ 45,835,008
Fulton County, GA	N/A	0	0	$1,216,274 (71)	$1,216,274
Savannah, GA	Marcus Stubbs Tower	0	$2,336,140	0	$2,336,140
Hawaii	N/A	0	0	$383,332 (18)	$383,332

City (74)	Name of Development (if applicable)	HOPE VI: Demolition and Revitalization	HOPE VI: Demolition Only	Section 8 Relocation and Replacement [1] Dollars (# of Units)	Total
Chicago, IL	Robert Taylor Homes Henry Horner Homes[2] ABLA (Brooks Extension)	$25,000,000 $18,435,300 $24,483,250	0 0 0	$54,303,774 (3,340)	$122,222,324
East St. Louis, IL	North Park Tower	0	$1,000,000	0	$1,000,000
Topeka, KS	N/A	0	0	$979,540 (100)	$979,540
Louisville, KY	Cotter & Lang Homes	$20,000,000	0	$3,091,188 (250)	$23,091,188
New Orleans, LA	St. Thomas	$25,000,000	0	$7,256,558 (495)	$32,256,558
Brockton, MA	N/A	0	0	$982,080 (56)	$982,080
Holyoke, MA	Jackson Parkway	$15,000,000	0	0	$15,000,000
Baltimore, MD	Hollander Ridge Fairfield Homes	$20,000,000 0	0 $2,500,000	$3,349,700 (200)	$25,849,700
Westbrook, ME	N/A	0	0	$144,534 (10)	$144,534
Detroit, MI	Herman Gardens Jeffries	$24,224,160 0	0 $10,000,000	0	$34,224,160
Saginaw, MI	Daniels Heights	0	$1,413,200	0	$1,413,200
Minneapolis, MN	N/A	0	0	$983,488 (88)	$983,488
Winona, MN	N/A	0	0	$272,904 (40)	$272,904
Columbia, MO	Bear Creek	0	$169,200	0	$169,200
Kansas City, MO	T.B. Watkins	$13,000,000	0	0	$13,000,000
Saint Louis, MO	Cabanne Court	0	$675,000	0	$675,000
Charlotte, NC	Dalton Village	$24,501,684	0	0	$24,501,684
Mid-East Region, NC	N/A	0	0	$726,404 (99)	$726,404
Sanford, NC	N/A	0	0	$195,264 (18)	$195,264
Wilmington, NC	Robert S. Jervay Place	$11,620,655	0	0	$11,620,655

City (74)	Name of Development (if applicable)	HOPE VI: Demolition and Revitalization	HOPE VI: Demolition Only	Section 8 Relocation and Replacement [1] Dollars (# of Units)	Total
Atlantic City, NJ	N/A	0	0	$2,945,850 (199)	$2,945,850
Jersey City, NJ	N/A	0	0	$1,970,900 (100)	$1,970,900
Newark, NJ	Hayes Homes	0	$9,010,400	0	$9,010,400
New Brunswick, NJ	N/A	0	0	$6,427,988 (323)	$6,427,988
Paterson, NJ	Dean McNulty	0	$2,047,000	$14,074,724 (658)	$16,121,724
Perth Amboy, NJ	N/A	0	0	$2,518,436 (111)	$2,518,436
Buffalo, NY	Commodore Perry	0	$6,304,000	0	$6,304,000
New York, NY	Edgemere/Arvene	$20,000,000	0	$1,959,360 (100)	$21,959,360
Cincinnati, OH	N/A	0	0	$1,796,154 (179)	$1,796,154
Cleveland, OH	Riverview	$29,733,334	0	0	$29,733,334
Dayton, OH	N/A	0	0	$346,122 (50)	$346,122
Chester, PA	Lamokin Village McCaffery Village	$14,949,554 0	0 $839,860	0	$15,789,414
Chester County, PA	N/A	0	0	$1,418,876 (85)	$1,418,876
McKeesport, PA	N/A	0	0	$839,640 (70)	$839,640
Montgomery County, PA	N/A	0	0	$987,044 (59)	$987,044
Philadelphia, PA	N/A	0	0	$12,542,944 (638)	$12,542,944
Pittsburgh, PA	Bedford Additions Allequippa Terrace	$26,592,764 0	0 $8,140,000	$10,397,182 (933)	$45,129,946
Charleston, SC	N/A	0	0	$1,206,280 (106)	$1,206,280
Spartanburg, SC	Tobe Hartwell Courts	$14,620,369	0	$452,680 (50)	$15,073,049
Memphis, TN	Foote Homes	0	$4,542,867	$9,806,458 (1,016)	$14,349,325

City (74)	Name of Development (if applicable)	HOPE VI: Demolition and Revitalization	HOPE VI: Demolition Only	Section 8 Relocation and Replacement [1] Dollars (# of Units)	Total
Nashville, TN	N/A	0	0	$716,500 (50)	$716,500
Dallas, TX	N/A	0	0	$1,691,648 (138)	$1,691,648
El Paso, TX	N/A	0	0	$1,722,492 (120)	$1,722,492
Fort Worth, TX	N/A	0	0	$990,576 (77)	$990,576
Lubbock, TX	N/A	0	0	$1,225,116 (121)	$1,225,116
Mercedes, TX	N/A	0	0	$397,190 (34)	$397,190
San Antonio, TX	Menchaca Homes	0	$840,726	$3,744,724 (325)	$4,585,450
Danville, VA	N/A	0	0	$608,896 (76)	$608,896
Newport News, VA	N/A	0	0	$1,338,060 (100)	$1,338,060
Petersburg, VA	N/A	0	0	$541,100 (365)	$541,100
Portsmouth, VA	N/A	0	0	$6,190,662 (523)	$6,190,662
Richmond, VA	N/A	0	0	$2,559,628 (175)	$2,559,628
Roanoke, VA	N/A	0	0	$989,940 (126)	$989,940
Seattle, WA	Roxsbury Village	0	$788,570	0	$788,570
Tacoma, WA	Hillside Terrace	0	$1,757,940	$2,686,640 (254)	$4,444,580
Charleston, WV	N/A	0	0	$1,901,440 (160)	$1,901,440
Total		$ 403,313,070	$ 73,470,930	$ 239,278,056 (15,499)	$ 716,062,056

1. Section 8 relocation and replacement provides two-year rental assistance for households that need to be temporarily relocated or wish to move to housing in the private, rental market. Section 8 assistance can be renewed after two years. Section 8 relocation and replacement is not limited to the developments noted above.

2. The $43 million HOPE VI grants for Henry Horner Homes and ABLA have been awarded to the Chicago Housing Authority in order to meet HUD's obligation under the Gatreaux Consent Decree requiring HUD to provide comparable relief when HUD cannot provide Section 8 New Construction assistance.