



Brief No. 3, June 2007

HOPE VI:
*Where Do We Go
from Here?*

Housing Choice Vouchers

How HOPE VI Families Fared in the Private Market

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The success of the HOPE VI program partly depends on the success of relocation with a voucher.

The primary goal of the HOPE VI program is to improve living conditions for residents (see text box on page 11). The initial vision was that residents would temporarily relocate from distressed public housing developments so demolition and construction could proceed and, once reconstruction was complete, residents would move back to a new apartment in a mixed-income community. But after more than a decade, it is clear that most residents do not return to the revitalized developments, and others spend four or more years living elsewhere before moving back.¹ As a result, for many residents, the main effect of the HOPE VI program is moving away rather than returning to live at the revitalized site.

Many critics have asserted that relocation—or displacement—will inevitably leave residents worse off, sending them to communities that were little better than the distressed developments where they started.² Since a majority of these relocated residents receive Housing Choice Vouchers to enable them to rent apartments in the private market, how well the HOPE VI program succeeds in improving the life circumstances for original residents is partially a function of how well the voucher program succeeds in offering them better alternatives.

Using a voucher to move from distressed public housing to the private mar-

ket is a major undertaking for many residents. For long-time public housing residents, the prospect of negotiating the private market—apartment hunting, dealing with private landlords, passing tenant screening criteria, and paying utilities—can be daunting. The voucher system adds further complexity by requiring compliance with special procedures, including inspections to ensure that units meet program standards. These challenges can sidetrack residents with vouchers, leaving some in bad neighborhoods and others struggling to keep their assistance. Therefore, it is critical that policymakers and program operators understand what happened to families who used a voucher to relocate from their original HOPE VI developments to the private market.

The HOPE VI Panel Study (see text box on page 11) tracks the experiences of a sample of original residents from five severely distressed public housing developments that received HOPE VI grants in 1999 and 2000. The purpose of this brief is to understand what happened to original residents of these developments who used a voucher to relocate. To address this issue, we examine changes in a wide variety of quality-of-life outcomes for voucher holders after they relocate. We also compare changes in outcomes for voucher holders with changes for residents who relocated to other public

housing in order to assess the relative effectiveness of both relocation approaches.

Twice as Many Original Residents Relocated with a Voucher than Moved to Other Public Housing

In 2005, four years after relocation started, 464 of the 715 survey respondents (65 percent) had relocated and were still receiving housing assistance.³ Of those 464 respondents, two-thirds (302) were using a Housing Choice Voucher in the private rental market and one-third were living in a different public housing unit (162). That is, nearly twice as many original residents were using a voucher in 2005 as were living in another public housing development.

Voucher Holders Were Younger and More Likely to be Employed at Baseline

Most households in our sample were extremely poor long-term public housing residents headed by African American women. There are important differences, however, between the residents who relocated with a voucher and those who moved to another public housing development. Voucher holders were more likely to

be younger, female, and living with children than public housing movers (table 1). Although they were no more likely to have relatively high income (i.e., above \$10,000) in 2001, voucher holders were more likely to be employed and have a high school degree or equivalent education. Both groups had a substantial number of long-term public housing residents: approximately half of each group had lived in public housing for more than 10 years at the time HOPE VI relocation started.

Differences between voucher holders and public housing residents detected in 2001 could influence their outcomes after relocation in 2005. For example, persons with a high school degree may have better job opportunities. Since we are comparing changes over time, however, any initial differences between voucher holders and public housing residents are captured in their baseline (2001) measure of the outcome—that is, we compare the change in employment rate from 2001 to 2005 for public housing residents and voucher holders. This comparison focuses on which group saw a larger improvement in the employment rate, not which group has the higher employment rate in 2005.

Further, we also conducted regressions that controlled for differences in other observed baseline characteristics (e.g., age, gender, education, site, age and number of children) that might affect the change in the outcome. The results of the regression indicate whether the differences in the observed changes between voucher holders and public housing residents can be explained by differences in the characteristics of people in each group.

This brief presents the actual change in the outcomes measures for voucher holders and public housing residents between 2001 and 2005. Unless otherwise noted, we confirmed all the statistically significant differences with multivariate analysis.

Greater Improvement in Housing Quality for Voucher Holders

Since the public housing developments targeted by the HOPE VI program are physi-

TABLE 1. *Baseline Characteristics of Movers with Housing Assistance, 2001 (percent)*

Baseline characteristic	Voucher holders	Other public housing
Female	91	79**
Elderly (age 62 or older)	6	17**
Children in household	86	58**
Employed full or part time	42	24**
HS degree or GED	58	45**
Household income > \$10,000	35	28
10 years or more in public housing	45	51

Source: 2001 HOPE VI Panel Study.

** Difference between voucher holders and other public housing movers significant at the 5 percent level.

cally distressed, we expected that most residents who relocated would find higher-quality housing. This expectation appears to hold true for voucher holders but less so for public housing movers. When asked in 2005 to compare their current housing with their original public housing unit, 70 percent of voucher holders reported their current housing unit was better, compared with only 40 percent of public housing residents (figure 1). In addition, compared with voucher holders, a larger proportion of public housing residents reported their current unit was worse than their original unit (25 versus 8 percent).

Comparing residents' responses to survey questions in 2001 and 2005 on specific housing quality conditions also shows that voucher holders' housing improved more than public housing residents' housing. Survey questions in both years covered such issues as leaking roofs, the operation of the heating system, mold on the walls, peeling paint, broken toilets, infestation of rats or mice, and infestation of cockroaches. Voucher holders consistently reported large improvements after relocation, whereas public housing residents reported either no improvement or only small improvements. For example, about 23 percent of both groups reported having an infestation of cockroaches in their original unit. After relocation, 13 percent of

voucher holders reported an infestation of cockroaches (a 10 percentage point decrease), whereas 29 percent of public housing residents reported this problem (a 6 percentage point increase).

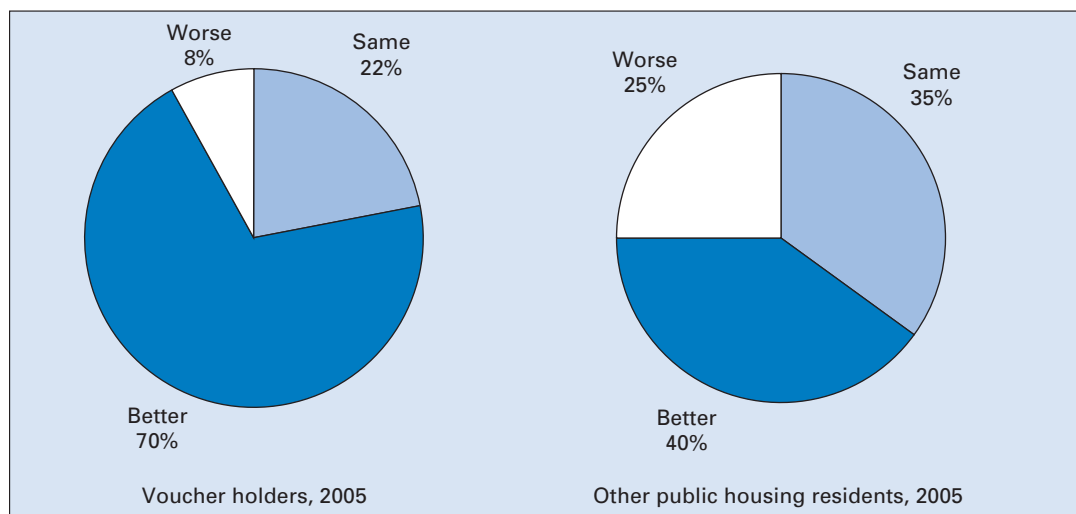
Voucher Holders Moved to Lower-Poverty, Safer Neighborhoods

Relocation also meant a change in neighborhood for most original residents. The original neighborhoods were extremely poor and, according to resident reports in 2001, had severe problems with criminal activity, particularly drug dealing. High-poverty neighborhoods are associated with a host of problems for the residents including low-performing schools, out-of-wedlock births, crime, and lower employment opportunities. Relocation provided an opportunity to improve neighborhood quality for the original residents.

According to the 2000 Census, each of the original public housing neighborhoods had a poverty rate above 20 percent; three were located in extremely high-poverty neighborhoods (poverty rates above 40 percent), and another one had a poverty rate of 38 percent. After relocation, however, 47 percent of voucher holders lived in neighborhoods with poverty rates below 20 percent, and only 11 percent remained

HOPE VI has made significant progress in reducing poverty concentrations among original residents who moved with vouchers.

FIGURE 1. Current Housing Compared to Baseline



Source: 2005 HOPE VI Panel Study.

in extremely high-poverty neighborhoods. Many public housing residents also moved to lower-poverty neighborhoods, but only 12 percent lived in a neighborhood with poverty rates below 20 percent, and 34 percent still lived in extremely high-poverty neighborhoods (figure 2). Even though the HOPE VI program did not provide mobility counseling to encourage and assist people to move to low-poverty neighborhoods, HOPE VI has made significant progress toward meeting its objective of reducing poverty concentration for original residents who relocated with a voucher. Progress toward that goal was much more limited for the residents who moved to another public housing development.

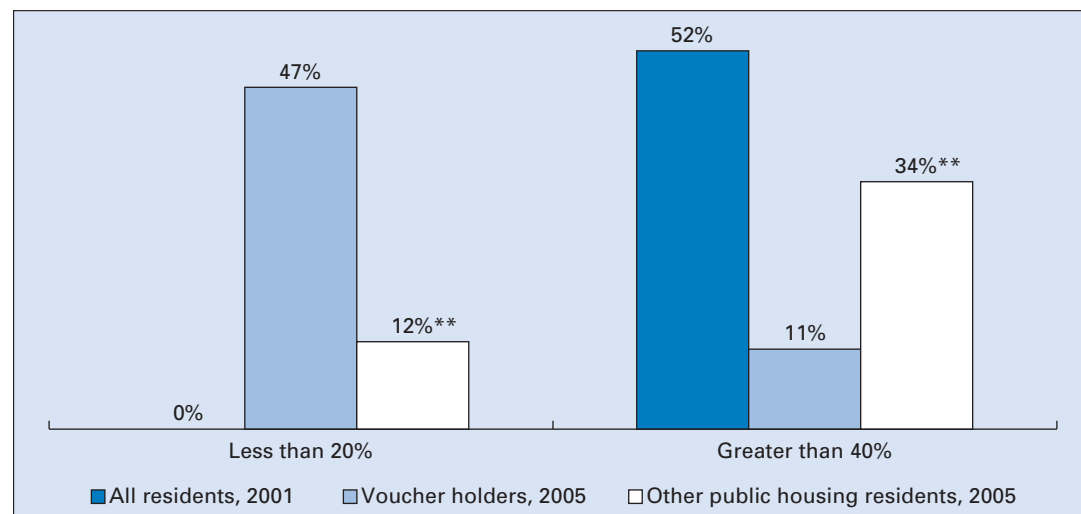
Unfortunately, relocation does not seem to have changed the racial composition of the neighborhoods where residents live. According to 2000 Census data, most of the original residents lived in predominantly minority neighborhoods (> 75 percent minority) before and after relocation.

Resident perceptions of their neighborhood confirm the improvements in neighborhood quality suggested by the reduced poverty rate. Most residents—whether voucher holders or residents in other public housing developments—felt safer and reported fewer problems with criminal activity after moving from their original

public housing development (see Popkin and Cove 2007). Voucher holders, however, reported significantly larger improvements than those who relocated to other public housing. The largest improvement is in the percentage of residents reporting drug selling in the neighborhood. When families who relocated using vouchers were still in public housing, 80 percent said drug selling was a big problem in the neighborhood. After these families moved, only 16 percent (a 64 percentage point decrease) reported drug selling was a big problem in their new neighborhood. Public housing residents reported a more modest decline of 21 percentage points. Voucher holders also consistently reported significant improvements on a wide variety of other neighborhood indicators including the amount of trash in public areas and quality of schools while public housing residents tended to report more modest improvements. Nicole, a voucher holder from Richmond's Easter Hill, described the best things about her new neighborhood in 2005 as

There's no gun violence. There's no drugs. There is no alcohol. There's no bottles, broken glass, and everything and everywhere. . . . You know you see a piece of glass here and there every blue moon.

FIGURE 2. Poverty Rate of Neighborhood before and after Relocation



Sources: 2001 and 2005 HOPE VI Panel Studies and 2000 Census.

** Difference between voucher holders and public housing residents is statistically significant at the 5 percent level.

Forty Percent of Voucher Holders Moved Again after Relocation

Another important aspect of a person's housing situation is the stability of the housing. One of the trade-offs in deciding between public housing and a voucher is the higher risk of having to move again in the voucher program. Voucher holders could have to move if the landlord finds them unacceptable tenants, takes the unit off the market, or raises the rent too high. A public housing resident can be evicted for cause or nonpayment of rent, but eviction does not appear to happen as much as in the private market and there is considerably less risk of the unit being taken off the market or of the housing agency raising its rent beyond families' means. Multiple moves and the fear of having to move can be very stressful for families and disruptive to children's schooling.

The "risk" of having to move more often in the voucher program is borne out in the data. By 2005, two-fifths (40 percent) of the voucher holders moved again after relocation, including 9 percent that moved three or more times. Only 9 percent of the public housing residents moved again after 2001, including 2 percent that moved three or more times.

It is important to acknowledge that not all moves are bad. Having the flexibility to move while retaining housing assistance is a strength of the voucher program. It gives recipients more control over where they live, it allows them to move to better neighborhoods and be closer to job opportunities. To understand possible reasons for the subsequent moves, we explored data from in-depth interviews.

The voucher holders we interviewed who reported multiple moves generally talked about moving out because of problems with their landlords or poor housing conditions. For example, in two instances the landlord was foreclosed upon and the tenants learned of the foreclosure when they were about to be evicted. In other cases, the landlord stopped accepting vouchers or decided to sell the property. Poor housing conditions included serious

problems such as strong sewer smells, lack of heat, and mold severe enough to aggravate a respondent's asthma and lead to three hospitalizations. For these respondents, moving once or twice since the initial relocation enabled them to find better-quality housing and responsible landlords.⁴

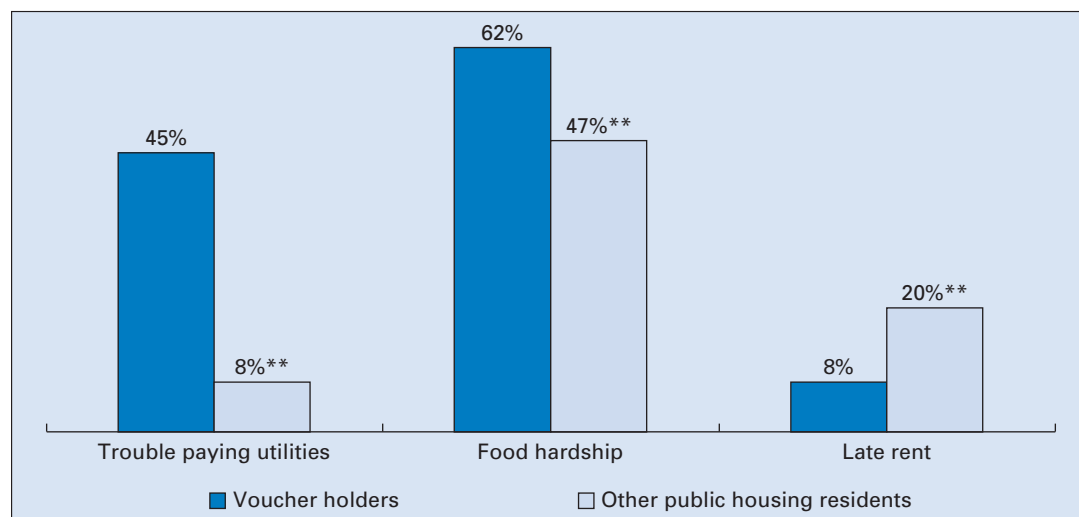
Voucher Holders Appear to Make Financial Trade-offs to Pay Rent

Moving out of public housing presents additional financial management challenges for former residents. Private-market property managers might be less forgiving on late rents than public housing managers, making it imperative that rent is paid on time. Also, since utilities are generally included in the rent in public housing, many former public housing residents are inexperienced in paying utility bills. They can find coping with seasonal variation in utility costs, particularly heating costs in the winter, or spikes in gas costs very daunting.⁵

In 2005, voucher holders were significantly more likely than public housing residents to report financial hardships related to paying utilities and providing adequate food for their family. As shown in figure 3, 45 percent of voucher holders reported trouble paying their utility bills, compared with just 8 percent of residents in other public housing. Likewise, voucher holders (62 percent) were more likely than public housing households (47 percent) to report financial hardships paying for food. On the other hand, voucher holders were significantly less likely than public housing residents to be late paying their rent. In-depth interviews indicate that voucher holders had to decide about the trade-offs of paying their utilities, rents, and other expenses. For example, Shenice, a voucher holder from Chicago's Wells, spoke to us in 2005 of the challenge of paying her heating bill:

We really had to use our gas, and it was high, and got behind and I was at risk. . . . I did end up getting on the

FIGURE 3. Financial Hardship in 2005



Sources: 2001 and 2005 HOPE VI Panel Studies.

** Difference between voucher holders and public housing residents is statistically significant at the 5 percent level.

payment plan. But this is the school season, so what am I going to do about uniforms and everything? . . . My kids have school fees, my high school kids, and it's hard on me right now.

The survey findings suggest that, when faced with the trade-offs, most voucher holders chose to pay their rent on time to avoid risking their housing and instead delayed their utility payments and cut back on food or other items.

Voucher Holders Appear to Have Improved Mental Health

The mental health of voucher holders could be affected by the HOPE VI relocation in several ways. The stress of the move, adjustment to a new neighborhood and the private market, and increased financial hardship could adversely affect it. On the other hand, improvements in housing and neighborhood quality could favorably affect mental health by reducing stress and anxiety. For example, Theresa, who moved from Richmond's Easter Hill, explained to an interviewer in 2005 what moving to a neighborhood with less violence meant to her:

Once you get to—once your stress level reaches a certain level, it's hard to feel relaxed and do things normally.

So, it's like, now I'm normal. I can say, well, if I want to sit here all day I can do that. If I want to go take my dog for a walk, I can do that without having to worry about what's going on outside.

Survey respondents were asked about their mental health in the previous year and within the previous month. Voucher holders showed a statistically significant decrease (from 30 to 21 percent) in anxiety episodes over the previous 12 months between 2001 and 2005. Public housing residents showed a small, but not statistically significant, decrease in anxiety episodes. However, even though the improvement was larger for voucher holders, the difference in the 2001 to 2005 trend for voucher holders and public housing residents was not statistically significant in the multivariate analysis. In other words, we are statistically confident that voucher holders had a reduction in anxiety episodes between 2001 and 2005, but we are not statistically confident that the improvement was larger for voucher holders than for public housing residents.

Survey respondents were also asked whether they had an episode of depression lasting longer than two weeks in the previous 12 months and about their level of depression in the previous month. On these two measures, neither voucher hold-

ers nor public housing residents showed a statistically significant change between 2001 and 2005. Nonetheless, in this case, the multivariate analysis indicated that the trend in the share of people depressed in the previous month was better for voucher holders (a 1 percentage point decrease in depression) than for public housing residents (a 5 percentage point increase) between 2001 and 2005. That is, we are statistically confident that the trend from 2001 to 2005 on this mental health measure was better for voucher holders than for public housing residents.

The mental health findings are not definitive because we do not find consistent and statistically significant patterns across mental health measures from the analysis of the survey responses (table 2). Findings from the in-depth interviews, however, suggest that these improvements in mental health are real. In particular, many voucher holders like Theresa reported their new living conditions were less stressful or they felt less anxious than before relocation. Further, while not definitive, the survey responses hint at improvements in mental health for voucher holders relative to public housing households: voucher holders had a significant decrease in anxiety episodes over the past year in 2005 compared to 2001, and they exhibited a more positive trend than public housing

residents with regard to depression over the past month. Taken together, the in-depth interviews and survey results suggest there were likely to have been mental health gains for voucher holders in general and relative to people who moved to other public housing.

These effects may become more evident over time as residents recover from the initial stresses of relocation and adjust to the challenges of using a voucher. Research on the Moving to Opportunity demonstration, another program involving relocating residents from distressed public housing with vouchers, found strong and significant improvements in mental health five to seven years after relocation (Orr et al. 2003); in 2005, the HOPE VI Panel Study relocatees had only been in the private market for one to four years.

Voucher Children Exhibit Improvements in Behavior

Relocation can benefit children by improving the quality of their home and neighborhoods, but it can also be difficult for children. For example, moving often requires children to adapt to a new school, meet new friends, and learn how to get along in a new neighborhood. The HOPE VI Panel Study sample included questions on parental reports of children's behavior to see how children were affected by relo-

TABLE 2. *Mental Health Changes, 2001–05*

	Share in 2001 (%)	Share in 2005 (%)	Change (% points)
In past 12 months, anxiety episode of one month or longer			
Voucher holder	30	21	-9**
Public housing resident	28	24	-4
In past 12 months, depression episode of two weeks or longer			
Voucher holder	15	16	+1
Public housing resident	12	14	+2
Depressed in previous month			
Voucher holder	27	26	-1
Public housing resident	27	32	+5

Sources: 2001 and 2005 HOPE VI Panel Studies.

** Difference between 2001 and 2005 is statistically significant at the 5 percent level.

cation. Overall, children whose families received vouchers are faring better after relocation than those who moved to other traditional public housing developments.

In 2001 and 2005, we asked respondents whether their children exhibited certain negative behaviors in the previous three months, such as trouble getting along with teachers, being disobedient at home, and bullying. Although voucher holder parents reported declines in behavior problems for both boys and girls, only the declines for girls were statistically significant. In contrast, parents of children in public housing reported no significant reduction in negative behaviors by their children. For example, the share of girls in voucher households exhibiting two or more negative behaviors declined from 47 to 33 percent between 2001 and 2005, while the share of girls in public housing households with negative behaviors remained essentially unchanged.

Parents in voucher households were also more likely to report that their children exhibited positive behavior than parents who had moved to other public housing. Positive behaviors included such items as whether the child is usually in a good mood, shows concern for other people's feeling, shows pride when s/he does something well, and is helpful and cooperative. At baseline, about 60 percent of respondents reported that their children exhibited five of the six positive behaviors. However, by 2005, voucher-holding parents were significantly more likely to report positive behavior than those who moved to other public housing (62 versus 43 percent).⁶

No Improvement in Physical Health or Employment for Either Group

We also looked at other outcomes that might be indirectly affected by the HOPE VI relocation: physical health (moving to a better neighborhood may allow more physical activity and reduce stress) and employment (moving may allow resident to move closer to job opportunities or job networks). We found that voucher holders

started out healthier and with higher employment rates than public housing residents, but neither group had significant improvements in either outcome.

Conclusion

Overall, original residents who have been relocated from the five HOPE VI sites have improved their living conditions or are no worse off on most quality-of-life measures. Those who have received vouchers, however, are substantially better off than those who have moved to other traditional public housing developments on most measures, particularly on those outcomes directly affected by HOPE VI relocation: the quality of their housing, their neighborhoods, and their perceptions of safety. But while the story is generally positive, it is also clear that many voucher holders are struggling to cope with the financial challenges of living in the private market.

These differences between voucher holders and public housing movers hold even when we control for the initial differences in 2001 between the two groups. It is possible that voucher holders and public housing movers might also have differed in some ways we could not measure. For example, a person with a poor rental payment history might feel he or she will not be successful in the private market with a voucher, so might choose to move to other public housing. Or a person may prefer public housing because he or she feels there is a lower risk of losing assistance or of having to move than with a voucher. If these types of factors result in unobserved differences in people who choose public housing rather than vouchers, it is possible that the differences we observed may not truly be the result of the benefits of receiving a voucher.

It is extremely unlikely, however, that the positive outcomes for voucher holders are simply the result of unobserved differences. Like the respondents who ended up in traditional public housing, most of those who received vouchers had lived in public housing for many years, were extremely low income, and lacked the resources to move into the private market on their own.

It is hard to imagine that these residents would have been able to find a way to move to housing that was so much better and neighborhoods that were so much safer and lower poverty without the vouchers they received through the HOPE VI revitalization.

What the differences between voucher holders and those who remain in traditional public housing do show is that the most vulnerable households have ended up in the least desirable situations. These older, less healthy residents who are less connected to the labor market are still living in housing that is only a little better than the distressed developments where they started. This finding suggests a need for new and creative thinking about how best to serve the housing needs of this vulnerable population.

Policy Implications

The policy implications from these results suggest a continuation of two current practices.

Continue to revitalize distressed public housing developments. This research clearly shows that residents' lives improve when they move out of distressed public housing. This finding underscores the importance of continuing to address the problems at physically and socially distressed public housing developments through HOPE VI or other mechanisms. Based on a recent analysis, between 47,000 and 82,000 distressed public units still need to be redeveloped (Turner et al. 2007); these residents also deserve a chance to live in better housing and safer neighborhoods.

Continue to use Housing Choice Vouchers as the primary way to relocate residents in the HOPE VI program. Since voucher holders had better outcomes than public housing movers on most outcome measures, vouchers should be the preferred—although not only—relocation approach.

Based on our findings, we also recommend the following three actions.

Seek solutions for serving the hardest to house. Since residents who moved to other public housing appear more disad-

vantaged than those who moved with a voucher (lower employment, worse health, lower education), it appears that the more disadvantaged residents were least likely to see an improvement in their housing and neighborhood from the relocation. We must find ways to help the most disadvantaged population to live in affordable, quality housing in good neighborhoods. Solutions include continuing to work on improving conditions in traditional public housing developments and potentially developing relatively small public housing developments with intensive supportive services to provide the most disadvantaged residents a better long-term living environment.

Make sure utility allowances for voucher holders keep pace with heating costs. Many voucher holders reported trouble paying utility bills or buying enough food in what appear to be trade-offs in order to pay their rent. During interviews, residents talked about high heating costs in particular. Though voucher holders receive a utility allowance, costs can soar above the amount of this assistance during especially hot summers or cold winters, or when energy costs rise in general. HUD and local housing authorities should collect information on actual utility costs and assess whether the utility allowance is sufficient. Workshops on weatherproofing might also help voucher holders who rent older houses or apartments. If the utility burden can be addressed, it might help reduce the level of food hardship residents have reported.

Emphasize relocation assistance in the HOPE VI program. Most original residents will not return to the revitalized development, so for them, any impact of HOPE VI on their quality of life is through relocation. In our in-depth interviews, some residents spoke of feeling rushed and taking the first unit that was offered rather than finding a unit that was more appropriate for them. Original residents need time to find a new unit and assistance in how to search for housing. With careful relocation planning and mobility assistance, more households might make successful first moves, thereby reducing the need for subsequent moves.

Housing agencies should also work with residents after their first move to provide assistance in a second move if the first move does not work out.

Notes

1. For studies that have examined rates of return to revitalized HOPE VI developments, see Holin et al. (2003), Buron et al. (2002), and National Housing Law Project (2002).
2. See, for example, Goetz (2003), Keating (2001), and National Housing Law Project (2002).
3. The other 251 respondents to the 2005 survey were either no longer receiving assistance (103), still living in their original public housing development (113), or living in a revitalized HOPE VI unit (35).
4. For more information on residents who move multiple times, see Comey (2007).
5. See, for example, Buron et al. (2002) and Orr et al. (2003).
6. For more information about how children in the HOPE VI Panel Study are faring, see Gallagher and Bajaj (2007).

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HOPE VI Program

Created by Congress in 1992, the HOPE VI program was designed to address not only the bricks-and-mortar problems in severely distressed public housing developments, but also the social and economic needs of the residents and the health of surrounding neighborhoods. This extremely ambitious strategy targets developments identified as the worst public housing in the nation, with problems deemed too ingrained to yield to standard housing rehabilitation efforts. The HOPE VI program is now up for reauthorization; if reauthorized, it will run for another 10 years.

The program's major objectives are

- to improve the living environment for residents of severely distressed public housing by demolishing, rehabilitating, reconfiguring, or replacing obsolete projects in part or whole;
- to revitalize the sites of public housing projects and help improve the surrounding neighborhood;
- to provide housing in ways that avoid or decrease the concentration of very low income families; and
- to build sustainable communities.

Under the \$6.3 billion HOPE VI program, HUD has awarded 609 grants in 193 cities. As of June 2006, HOPE VI revitalization grants have supported the demolition of 78,100 severely distressed units, with another 10,400 units slated for redevelopment. Housing authorities that receive HOPE VI grants must also develop supportive services to help both original and new residents attain self-sufficiency. HOPE VI funds will support the construction of 103,600 replacement units, but just 57,100 will be deeply subsidized public housing units. The rest will receive shallower subsidies or serve market-rate tenants or homebuyers.

HOPE VI Panel Study

The HOPE VI Panel Study tracks the living conditions and well-being of residents from five public housing developments where revitalization activities began in mid- to late 2001. At baseline in summer 2001, we surveyed a sample of 887 heads of households and conducted in-depth, qualitative interviews with 39 adult-child dyads. We conducted the second wave of surveys in 2003 (24 months after baseline) and the third and final wave in 2005 (48 months after baseline). In 2003, we surveyed 736 heads of household and interviewed 29 adults and 27 children; in 2005, we surveyed 715 heads of households and administered 69 interviews. We also interviewed local HOPE VI staff on relocation and redevelopment progress, analyzed administrative data, and identified data on similar populations for comparative purposes. The response rate for each round of surveys was 85 percent. We were able to locate, if not interview, nearly all sample members; the largest source of attrition was mortality.

The Panel Study sites are Shore Park/Shore Terrace (Atlantic City, NJ); Ida B. Wells Homes/Wells Extension/Madden Park Homes (Chicago, IL); Few Gardens (Durham, NC); Easter Hill (Richmond, CA); and East Capitol Dwellings (Washington, DC). These sites were selected as typical of those that had received HOPE VI grants in 1999 and 2000 but that had not yet begun revitalization activities.

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