HOPE VI AND MIXED-FINANCE REDEVELOPMENTS: A CATALYST FOR NEIGHBORHOOD RENEWAL
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EXECUTIVE SUMMARY

Across the United States, attractive mixed-income developments and revitalized neighborhoods are being created where distressed public housing once stood. One of the drivers of this transformation has been the U.S. Department of Housing and Urban Development’s HOPE VI program. By leveraging other public and private dollars, the HOPE VI program has converted the nation’s worst public housing projects into the foundations of healthy neighborhoods, providing quality affordable housing while attracting new market activities and radically changing the urban landscape.

Despite the program’s progress, however, it is under assault. The ten-year HOPE VI program was set to expire in 2003. In the subsequent two fiscal years, the Bush administration proposed to eliminate HOPE VI, but Congress restored funding at extremely reduced levels. This year seems to be a repeat: The program was once again slated for termination but with funding projected to be approved at an historic low. The future of HOPE VI remains tenuous.

This report aims to inform these federal deliberations while also setting the broader discussions about public housing reforms in a neighborhood context. Specifically, this study examines the HOPE VI program’s effectiveness in jump-starting wholesale neighborhood improvements, with HOPE VI funding as the catalyst for attracting other capital to financing large-scale neighborhood redevelopment.

Using four case studies—redevelopment projects in Atlanta, Louisville, Pittsburgh, and St. Louis—this paper explores the role and impact HOPE VI has had in rebuilding neighborhood economies.

Overall, the authors find that:

- **HOPE VI and mixed-finance redevelopments have been able to bring market activity and quality of life back to long-neglected neighborhoods.** Early evidence shows that there have been discernible market improvements in these formerly distressed neighborhoods, from the time of pre-redevelopment to as late as 2004. Household incomes in each of these case study projects grew at a faster pace than that of their city or region, after redevelopment. Unemployment and workforce participation rates have improved. Crime levels have dropped dramatically, as much as 93 percent in Atlanta’s Centennial Place. Where revitalization efforts focused on school quality, student test scores dramatically improved. Finally, these redevelopments were able to attract and retain residents with a broad range of income levels while still serving public housing families. With market-rate renters and homebuyers getting a foothold in these renewing neighborhoods, property values and new investments have also soared in these more viable, mixed-income communities.
• Improvements in HOPE VI developments and the surrounding neighborhoods were the result of well-planned and coordinated urban revitalization plans. While the specifics of each project may vary, lessons learned from the case studies show that there are consistent themes that ensure a successful project. Among other things, sustained leadership to shape the vision for the revitalization effort, and for the larger neighborhood, was critical. Coordination between housing authorities, city governments, and other public agencies is also crucial, as well as continuous engagement with existing public housing residents. New stakeholders also helped to sustain and enhance community improvements over time. Additionally, and notably in St. Louis, public housing redevelopments that respond to marketplace realities within a holistic neighborhood plan attract and boost credibility with private sector partners, investors, and philanthropies, facilitating the leveraging of public dollars. Beyond bricks and mortar, providing the integration of services the middle class expects, and low-income families need, into the revitalization effort is key. Such social and service needs include improved schools, recreational opportunities, and jobs and skills training.

• There are key policy recommendations, at both the federal and local levels, to ensure the success of revitalization efforts. Most fundamentally, the federal government must restore funding to HOPE VI to its previous levels to enable the program to evolve and build upon past success. It can then embark on other program improvements. The federal government can improve the leveraging of other resources to support these revitalization efforts. It can reinstate HOPE VI planning grants to greatly improve the redevelopment plans and provide needed time for community deliberation and consensus-building. More broadly, because these efforts generally require site assembly and substantial site and infrastructure improvements, the federal government can create incentives for better coordination of HOPE VI dollars with other federal economic development funds, such as Community Development Block Grants, to speed the completion of redevelopments. But local action must also be improved to fully carry out the vision of HOPE VI. Local housing agencies and their partners must meaningfully involve residents, neighbors, and other stakeholders throughout the planning and implementation of the redevelopment. They must make sure that good planning and design reflects market trends. And local housing agencies must engage new investors and owners in the ownership and management of the new development to ensure that the redevelopment remains a viable, mixed-income community for the long haul.

When used strategically, HOPE VI’s partnership with the private sector and holistic approach—integrating housing with schools, jobs, amenities, and social services—has great potential to remake distressed public housing and jumpstart wholesale neighborhood improvements. HOPE VI funds can attract new investment into places where the market was previously absent. Most importantly, HOPE VI ensures a permanent and quality home for low-income households in the midst of a neighborhood renaissance. While opponents present legitimate concerns that need to be addressed, they do not justify the elimination of a valuable program that works.
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HOPE VI AND MIXED-FINANCE REDEVELOPMENTS: A CATALYST FOR NEIGHBORHOOD RENEWAL

I. INTRODUCTION

Distressed public housing sites throughout the United States are being transformed into healthy neighborhoods, attracting private investment and radically changing the urban landscape. Hundreds of millions of public and private dollars are being invested in some of the most deteriorated locations in the urban core, creating new mixed-income communities and reinvigorating neighborhood markets that have experienced nothing but decline for more than 50 years. The intractable problems of concentrated poverty created by failed public housing policy are being addressed using market forces through carefully crafted public/private partnerships. Leading the way for these neighborhood transformations is the U.S. Department of Housing and Urban Development’s (HUD) HOPE VI program, a public housing revitalization program.

For decades, failed social policy, lack of funding, mismanagement, and segregation have conspired to create isolated enclaves of concentrated poverty, cut off from the mainstream. Public housing residents were stigmatized simply by what their houses looked like and the “projects” in which they lived. The public housing program degenerated from its original lofty goals of decent, safe, and sanitary housing into a program of despair and national shame in our largest cities. Over time, distressed public housing developments, and their attenuating management, financial, and social problems led to publicly-owned and operated slums. Ironically, it is these public housing developments, many of which created a climate of urban disinvestment and neglect that now are catalysts for major private sector reinvestment. Yesterday, these failed public housing developments ate away at their surrounding neighborhoods; today, they are serving to repair the fabric of their communities.

This dramatic turnaround is the result of a new strategy that has evolved over the past decade for replacing the nation’s most distressed public housing developments. The HOPE VI public housing redevelopment program has emerged as a tool that uses public housing as a catalyst for neighborhood transformation. In addition, HOPE VI grants have leveraged billions of dollars in public and private reinvestment in formerly distressed inner-city neighborhoods. HOPE VI–based redevelopments have radically changed the urban landscape in a handful of cities through investments not just in buildings and neighborhood amenities but also in quality of life for the residents and the larger communities. City governments that previously viewed public housing as a discrete function have become active partners in the redevelopment process, along with private sector developers and investors.

A. About HOPE VI

The HOPE VI program did not begin as a mechanism for neighborhood transformation. HOPE VI was born in 1993 of Congress’ frustration with conditions in severely distressed public housing developments and their impact on the lives of their residents. The program’s goal was to not
only address “bricks and sticks” but also the special needs of the families locked in concentrated poverty through a comprehensive approach to community and supportive services.

The HOPE VI program took a dramatic turn in 1995 when HUD created the mixed-finance development method, a radical departure from traditional public housing development. The mixed-finance approach enables public housing authorities to enter into partnerships with private developers to create new mixed-income communities by combining HUD funding with private financing. These new public/private partnerships allow public housing to be produced in privately owned and managed developments that include additional affordable and market-rate housing. For the first time in its history, the construction and management of public housing is rooted in market principles. By integrating public housing units into a larger non-public housing development, economics demand that the housing be of the quality, design, and management required to attract families who have other housing choices. In other words, it must be desirable within the marketplace. This “check and balance” enables public housing families to live in high-quality communities with a range of services.

The terms “HOPE VI” and “mixed-finance public housing” often are used interchangeably in this paper. However, not all HOPE VI developments use the mixed-finance approach – meaning they remain 100 percent public housing. Some mixed-finance developments are not HOPE VI projects and have used other sources of public housing development funding (including two of the case studies examined in this report). However, HOPE VI remains the primary vehicle for providing housing authorities with sufficient capital to undertake major public housing revitalization. It is the strategic use of that funding, using the mixed-finance development method to leverage other resources that creates the neighborhood transformations described in this paper. Exploring the issues and opportunities related to mixed-finance development is an important factor in evaluating a significant feature of the HOPE VI program.

With the introduction of the mixed-finance approach and other program adjustments, HOPE VI has evolved into a program that has revolutionized the way the federal government and its local partners produce affordable housing. When implemented optimally, HOPE VI has:

- fueled a holistic approach to housing as a platform for wholesale neighborhood revitalization by integrating housing with schools, jobs, amenities, and business and social services.
- transformed the government’s approach to the business of housing—rather than simply build subsidized housing that is isolated from the marketplace, HOPE VI has allowed the federal government and housing authorities to act as one agent in the larger development process, which includes public participation, comprehensive planning, partnering with the private sector, and leveraging other public and private sector investments.
B. Purpose of the Paper and the Case Studies

The HOPE VI program has grown to be arguably one of the most important tools ever created for remaking whole neighborhoods, yet it remains narrowly viewed as a public housing redevelopment program. The growing body of research on the HOPE VI program primarily focuses on its impacts on the public housing families, social service delivery systems, speed with which units are replaced, cost of replacement units, and issues related to the relocation of the residents. While these aspects of the program are critical, HOPE VI has not, however, been comprehensively evaluated for its role in larger neighborhood transformation. This report takes a first step in evaluating HOPE VI as a catalyst for neighborhood reinvestment that replaces dilapidated and often vacant housing with vital neighborhoods and viable markets.

This report examines the HOPE VI program’s effectiveness in jump-starting wholesale neighborhood improvements, with HOPE VI funding as the catalyst for attracting other capital to financing large-scale neighborhood redevelopment. This report, however, does not evaluate the program’s impact on resident outcomes or resident engagement. Although meaningful resident involvement is key to the success of HOPE VI, it is believed that the role of residents in the program is being well-documented elsewhere. This paper, and the four accompanying case studies, instead hopes to shed light on the value of HOPE VI in revitalizing places where the market was previously absent and in attracting new investments.

This report explores the experience of four of the most dramatic neighborhood revitalization efforts undertaken to date. These case studies used a mixed-finance approach, leveraging HOPE VI and other public housing development funds, to create new neighborhoods for low-income and middle-class families. These four seasoned cases are taken to be the “best practices” in mixed-income public housing redevelopment. They were chosen because they have sufficient operating history to permit assessment of the sustainability of the income mix within their developments, and to begin to show broader neighborhood revitalization impacts. (Detailed summaries of each these case studies are also available separately at www.brookings.edu/metro).

The cases are:

- **Centennial Place, Atlanta**: first of a series of successful neighborhood revitalization projects based on a vision to fundamentally transform public housing living
- **Park DuValle, Louisville**: a planned community containing both mixed-income rental and mixed-income homeownership options to serve households of all income levels
- **Manchester, Pittsburgh**: a small infill development in an existing neighborhood that fits explicitly into a comprehensive neighborhood plan and a broader housing authority portfolio improvement strategy
• **Murphy Park, St. Louis**: redevelopment in a significantly distressed neighborhood that sparked major resident, corporate, and civic involvement in improving the local school system

Through these case studies, this paper attempts to quantify the impacts that these redevelopments have had on their immediate and surrounding neighborhoods, particularly as compared to changes in the larger city and metropolitan area where the project is located. This evaluation uses readily available information to review outcomes including the stability of the income mix in the developments, additional public and private investment in the surrounding communities, and other factors that document neighborhood improvement. It also investigates how the interaction of the public and private collaborators helped to achieve these outcomes in these four case studies, and what other factors were important to the success of their redevelopment efforts. The report concludes with recommendations for local and federal policy and practice.

The early indications of the HOPE VI program point to its potential success in revitalizing neighborhoods. The program is still relatively new and thus it is too soon to evaluate its full impact. For instance, 10 years have passed since the HOPE VI program was first launched, a mere starting point for trying to reverse 50 years of concentrated poverty. Further, such large-scale redevelopments take anywhere from three to six years or more to plan and complete. Thus, as of March 31, 2005, just 42 of the 217 revitalization projects funded to date had been completed.¹ The dearth of seasoned projects has not only made it difficult to assess the HOPE VI program, due to a lack of data, but also highlights the difficulty of administering the program. The four model redevelopment projects in this study serve as exceptions, more than the rule. But they show that when thoughtfully implemented, HOPE VI and mixed-finance redevelopments can have a profound impact on neighborhoods and residents. This paper aims to provide important lessons for local leaders as they carry out their redevelopment efforts and for federal decisionmakers as they work to improve the environments for low-income and working families. This paper also indicates directions for future research and analysis that can go further and deeper than this preliminary review.

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¹ Office of Urban Revitalization in the Office of Public and Indian Housing, U.S. Department of Housing and Urban Development.
II. THE HISTORY AND EVOLUTION OF PUBLIC HOUSING AND HOPE VI

A. Conventional Public Housing Programs

Public housing was originally conceived as workforce housing, created and funded as part of the New Deal package of federal programs to provide temporary shelter for families during the hard times of the Depression. The 1937 Housing Act had a two-fold objective—to produce housing and to create jobs in the building industries.

The roots of public housing’s isolation from the private market were sown early in the history of the program. To satisfy private sector real estate interests that viewed public housing as direct competition to the private market, the earliest public housing had to replace on a one-for-one basis housing removed from the marketplace. The housing was also to be sturdy and functional, yet austere.²

The public housing development concept was a simple one: to create housing that was free of debt, requiring rental income to cover only project operations and no debt service. With little or no debt, public housing authorities (PHAs) were able to offer rents lower than most in the marketplace. Families were carefully screened and were required to have jobs, be married, and pay rent. In many large cities, public housing was the most desirable housing available to working families.

Major changes to the public housing system occurred with the 1949 Housing Act. The law attempted to stimulate the economy without competing with private markets and tied public housing development to the new urban renewal programs. The connection virtually assured that low-income housing would be built in distressed, often undesirable, urban locations. At the same time, the newly created Federal Housing Administration was expanding homeownership opportunities, often in suburban locations, fostering an urban exodus while imposing policies that discriminated against blacks and prohibited reinvestment in older urban dwellings.

The stresses on public housing as a break-even operation were evident within ten years. Rents simply were not covering operating costs. This situation was exacerbated by the fact that public housing began to be constructed as high-rise developments to save on land costs. The developments were built cheaply and to minimum housing standards, increasing maintenance costs. In 1961, Congress authorized operating subsidies for public housing authorities to offset the difference between tenant rents and operational costs, and to provide for proper maintenance while keeping rents low.

In 1968, the well-intentioned Brooke Amendment fundamentally changed public housing. In its effort to ensure that low-income public housing residents were not paying more than they could

afford, it restricted the amount paid for rent to 25 percent of household income. While protecting residents, it left housing authorities with extreme revenue shortages, causing them to significantly defer maintenance. Higher-income residents often faced higher rents and large rent increases, as rents were tied to their incomes. Many sought better housing for comparable rents in the private market. This led to a downward spiral of diminishing revenues, deferred maintenance, and higher concentrations of poor families. Public housing shifted from workforce housing to housing of last resort.

After the Brooke Amendment took hold, the federal budget problem grew geometrically. The amount required for operating subsidies rose from less than $5 million in 1968 to over $103 billion in 1971. While it sought to provide safe, decent, sanitary housing for society’s neediest families, the system that evolved after enactment undermined ordinary operating incentives for property management—to operate properties to standards that attract and keep tenants—and replaced them with reporting and regulation to ensure proper use of federal funds.

Public housing hit its lowest point in 1973 when the St. Louis Housing Authority imploded the infamous 2,800 unit Pruitt-Igoe public housing development, less than 20 years after it was built. The St. Louis Housing Authority petitioned HUD for permission to demolish Pruitt-Igoe after it could no longer operate the property. Its vacancy rate was soaring and HUD regulations required the housing authority to use all available funds from its other developments to keep Pruitt-Igoe afloat. The authority was faced with Pruitt-Igoe jeopardizing the fragile financial stability of its entire portfolio. Its only choice was to remove the project from its inventory. Many large housing authorities faced similar situations. To avoid additional disasters, Congress enacted a series of modernization programs in the 1970s and 1980s to address the backlog of maintenance needs in the public housing system.

At the same time, Congress sought to preserve the availability of affordable housing for very low income people, and mandated that no unit could be demolished or disposed of without a unit being acquired, rehabilitated or built to replace it. Meeting this “one-for-one replacement” requirement was a difficult task for most housing authorities. The locations that met federal requirements for the placement of new units in areas with low concentrations of poverty and minority populations were often unavailable or inaccessible due to cost or neighborhood resistance. PHAs were faced with practical barriers to reconstruction that in many cases created a de facto ban against tearing down obsolete housing. Within these parameters, rehabilitation was the only viable route even if the developments had become unacceptable living environments.

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B. National Commission on Severely Distressed Public Housing

In 1989, in response to the growing frustration to the financial and human costs and overall failures of public housing, Congress established the National Commission on Severely Distressed Public Housing. This blue-ribbon, bipartisan commission represented various professions and regions of the country. The commission concerned itself with not only the physical conditions of the nation’s worst public housing, but also the hopelessness and waste of human potential of the residents there.

After 18 months of work, the commission developed a National Action Plan proposing a 10-year strategy to eliminate severely distressed public housing by 2000. The plan called for the revitalization of 86,000 distressed units and warned that a significant portion of the housing stock was at risk of becoming distressed as housing authorities juggled their limited capital funds between developments.

The commission called for new funding to address severely distressed public housing. It also made a series of recommendations including those to address the needs of residents, the poor physical conditions of the housing stock, and the problems with management and operations. The commission also identified regulatory barriers to address these issues. In a section titled Nontraditional Strategies, the commission recommended that housing authorities collaborate with private and nonprofit developers and leverage additional resources. The commission declared, “Working partnerships are essential in eliminating severely distressed public housing. Together, public housing residents; federal, state and local governments; housing authorities; and other public and private community-based organizations can change the landscape of severely distressed public housing developments. Separately, at best, each group can only make such housing more palatable.”

C. HOPE VI

In 1992, Congress acted on the commission’s recommendations and created the Urban Revitalization Demonstration program, later renamed HOPE VI. As a demonstration program, it was exempt from existing public housing regulations and was intended to be flexible and experimental, and to provide housing authorities with enough funding to comprehensively address an entire development, both physically and socially.

HOPE VI became operational in 1993, and provided both planning and implementation grants. Implementation grant awards were as high as $50 million. As part of this initial demonstration, both kinds of grants were issued competitively and were restricted to the 40 largest

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5 Ibid.
housing authorities and those considered “troubled,” as determined by management metrics set by HUD. Up to 15 percent of grant awards could be used for social service programs.

Over the past ten years, the HOPE VI program has evolved to better meet the goals of improving the quality of life and opportunities of the public housing residents. The changes took HOPE VI beyond a public housing rehabilitation program to one that more directly aims to lessen the concentrations of poverty, create mixed-income communities, integrate public housing into the broader neighborhood, and to leverage additional resources to do so. The program’s reach was expanded to include all public housing authorities. To provide more grants, maximum awards were lowered to $35 million and then $20 million. Annual appropriations remained fairly constant through 2003 at approximately $500 million per year, totaling over $5 billion. Since then, funding for the program has been cut dramatically, with $144 million approved for the program in Fiscal Year (FY) 2005. Meanwhile, the Bush administration called for the elimination of HOPE VI in its 2004, 2005, and 2006 budget proposals.

D. Mixed-Income, Mixed-Finance Public Housing

The most significant change to the HOPE VI program occurred between 1994 and 1996 with the introduction of the mixed-finance development method. The concept allows PHAs to work through private sector developers to leverage HOPE VI dollars with private financing to create new, economically integrated developments on former public housing sites. The mixed-finance development method permits housing authorities and developers to combine public housing units with non-public housing units in the same development, and often in the same financial transaction. These units typically include Low Income Housing Tax Credit (LIHTC) units, which are affordable to households earning up to 60 percent of area median income, and market rate units with unrestricted rents. The effect on the public housing is that the units must be designed, built and managed to market rate standards. The approach promised to bring significant private funding to the table to improve distressed public housing communities, reduce concentrations of poverty, and create a vehicle for the kinds of relationships between public housing authorities and other public agencies and private organizations that the commission had envisioned.

A major challenge to this approach, however, was that in order to use Low-Income Housing Tax Credits, the public housing units needed to be owned not by the PHA but by a private, taxpaying entity. Ownership by an entity other than a housing authority was not a situation considered in any public housing regulations, rules, or procedures at the time. In 1994, HUD’s general counsel ruled that public housing units could be privately owned if they continued to be operated as public housing and remained subject to all of the accompanying public housing operating rules and regulations. This unorthodox ownership structure opened opportunities for housing authorities, but it also radically changed the role of PHAs from producers, managers, and owners of low income housing to that of lenders, partners and regulators.
HUD immediately embraced the mixed finance concept and moved to deploy a portion of the 1995 HOPE VI implementation grants to be used in such a manner. In a letter to potential applicants, HUD stated:

“The department intends to utilize FY1995 HOPE VI implementation funds to support the dramatic transformation of severely distressed public housing, rewarding strategies that directly attack the isolation of public housing developments and residents by blending public housing units into economically integrated communities. The department encourages PHAs to work in partnership with organizations in the broader community to plan viable communities that will appeal to both subsidized and unsubsidized renters and homeowners in a competitive marketplace.

PHAs submitting proposals for FY 1995 HOPE VI funding should strive to achieve the following goals:

• Create communities of choice.
• Leverage additional public and private sources of capital.
• Establish collaborations.
• Establish innovative partnerships and approaches to owning and managing public housing.
• Establish innovative approaches to funding and delivery of supportive services.
• Establish community service programs.”

HUD focused on encouraging strong collaborations between public housing authorities, cities, and other public, private, and nonprofit organizations that had previously been impossible in revitalizing public housing communities. Selection factors for new proposals in the 1995 HOPE VI round reflected a sense that linking HOPE VI redevelopments with more comprehensive community planning processes and the formation of new relationships, innovative collaborations, and transaction structures could:

• greatly increase the resources available for both development and community and supportive services;
• break down the physical and psychological divisions in communities keeping public housing residents and others apart; and
• maximize neighborhood revitalization benefits for both public housing residents and the larger communities affected by the new development.

Meanwhile, as the HOPE VI application process was underway, HUD revised the public housing regulations to allow a mixed-finance approach to the use of public housing development or modernization funds. Several communities began exploring the mixed finance approach for their developments, including Murphy Park in St. Louis and Park DuValle in Louisville.

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E. Current Status of HOPE VI

The HOPE VI program was originally conceived as a ten-year program, set to expire in 2003. The debate to reauthorize HOPE VI in fiscal year 2004 was contentious. The Bush administration recommended eliminating the program. The administration and its allies voiced the following reasons for abolishing HOPE VI: the limited return and benefit to original public housing residents, the slow completion rates, and overall poor management and administration of the program.\(^7\) In addition, they pointed out that HOPE VI had accomplished its primary goal—the elimination of severely distressed public housing. Funding had already been provided for the demolition of over 100,000 units of public housing well above the original figure of 86,000 that was determined severely distressed by the commission. The critiques of HOPE VI were also bolstered by a number of studies that documented the shortcomings of the program in meeting the needs of original residents.\(^8\)

Despite this criticism, HOPE VI has strong bipartisan support. After much debate, Congress reauthorized the program in 2004, albeit at a much lower funding level. The fiscal year 2004 budget, approved by the president, appropriated $150 million for HOPE VI grants, far lower than the approximately $500 million that had been annually appropriated to the program from fiscal years 1993 through 2003.

The current administration continues to strive to eliminate the HOPE VI program. It recommended ending funding for the program in FY 2005. However, Congress ultimately restored funding at $144 million, just slightly less than the previous year appropriation. In FY 2006, Bush’s proposed budget again called for the elimination of HOPE VI. Proponents of the program in Congress continue to advocate for extension of the program, and it appears a minimal level of funding will be achieved. However, the future of HOPE VI remains unclear.

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\(^7\) Statement of Michael Liu, assistant secretary for Public and Indian Housing, U.S. Department of Housing and Urban Development, before the U.S. House Financial Services Subcommittee on Housing and Community Opportunity, April 29, 2003.

\(^8\) For instance, these studies argued that many HOPE VI efforts did not offer opportunities for many original residents to return to the developments, resulted in the net loss of affordable housing units in the marketplace, and did not solicit meaningful resident engagement. Susan J. Popkin and others, “A Decade of HOPE VI: Research Findings and Policy Changes” (Washington: Urban Institute, 2004).
III. METHODOLOGY

This study assesses the neighborhood impacts of public housing redevelopments in four cities: Centennial Place, Atlanta; Park DuValle, Louisville; Manchester, Pittsburgh; and Murphy Park, St. Louis and offers some insights as to how best to ensure the most successful redevelopment outcomes for all parties and investors involved, including the residents. The report and case studies gather readily available information to indicate the depth and scope of outcomes for affected communities.

A. Data Gathering and Interviews

1. Geography and Census Data Comparisons

The team collected and compared 1990 and 2000 census data for the development areas and surrounding neighborhoods. The study examined such demographic and market trends as:

- Population and racial composition
- Median income
- Poverty
- Labor force participation
- Unemployment
- Housing values and contract rents, particularly where they could be meaningfully compared with rents and sales within the new development

All dollar values were adjusted to 2002 values for comparability.

In all cases, trends for the redevelopment neighborhoods were compared with those for each city as a whole and its metropolitan statistical area. In some cases, data for the HOPE VI development was compared to those of the surrounding census tracts as well. For Atlanta, the Centennial Place neighborhood is a geographically distinct and defined neighborhood that does not border other residential neighborhoods, and therefore surrounding neighborhood data was not used. For Louisville, the Park DuValle community is part of a larger residential neighborhood, and consequently the data for the development itself is compared with data from that larger area to evaluate both the development’s progress and spillover effects. The Manchester development is a small infill development in a geographically distinct and defined neighborhood, for which census tract and neighborhood boundaries are congruent. Since other census tracts cover different neighborhood markets, surrounding tract data was not evaluated for Manchester. For St. Louis, the Murphy Park development area is located in a residential area too large to be affected by the submarket changes in and around the development. Thus in the St. Louis case, the census data for the surrounding area is used to compare the community with a similar community that has not experienced reinvestment.
2. **Non-Census Data**

The paper also turned to other data sources, where available, to better assess the impact that the HOPE VI and mixed-finance redevelopments were having on such key market and quality of life indicators as:

- Crime
- Rents for the unrestricted (market-rate) units in the developments
- Housing values and contract rents, particularly where they could be meaningfully compared with rents and sales within the new development
- Sales prices for homeownership units in the developments
- Assessed valuations of properties surrounding the developments
- Housing values and contract rents, particularly where they could be meaningfully compared with rents and sales within the new development
- Income levels of renters and buyers in the developments over time
- Unconnected, third party investment in surrounding areas
- School performance

These data on neighborhood impacts are less consistently available across case study project areas and cities. Atlanta has conducted some of the most intensive studies of economic and market impact of any of the public agencies reviewed. In other locations, a mix of HOPE VI grant applications, property tax valuation information, tracking of rent increases and sales in the market-rate housing in the developments, observations of new investment in the areas around the new developments, and information from interviews comprised the data that was readily available regarding improvements to the quality of life and economics of the subject neighborhoods.

For the projects that focused on school improvement as part of overall neighborhood revitalization (Centennial Park in Atlanta and Murphy Park in St. Louis), the paper relied on test scores and other performance indicators, plus interviews with individuals and school principals involved in education improvements. The manner in which school performance data is kept and what is measured varies from state to state, and depends in part on what systems have been put in place through either the school districts or the civic and community organizations engaged in school reform efforts.

3. **Interviews**

In addition to collecting and analyzing trend data, the research team conducted interviews with individuals involved in the redevelopment process or the new development, including:

- Public housing residents
- Other development residents
- Residents of the surrounding community
- Public housing authority officials (former and current)
• City agency officials (former and current)
• Representatives of developers and other private partners
• Leadership of community organizations involved in redevelopment

Additional interviews were conducted, as necessary, to understand economic and market outcomes for the surrounding neighborhood, and to understand how the project fits in with more comprehensive neighborhood and citywide strategies. Interviews also focused on what the practitioners see as important factors for success in their own project and for the future of mixed-income redevelopment efforts. A full list of interviewees is found in the Appendix.

In addition, on July 23, 2003, the Brookings Institution Metropolitan Policy Program hosted a one-day working session with leading practitioners, academics, and parties involved with the case studies, including developers, public housing and city officials, and residents, to discuss the four case studies.

The observations of all these leaders and practitioners became the basis of recommendations for refinements to the policy direction and program structure supporting large-scale neighborhood revitalization with a mixed-income residential component.

B. Data Issues

1. Census Timing Does Not Capture the Full Extent of Redevelopment

The relationship between the census timing and the redevelopment schedules is not optimal for evaluating the impacts of redevelopment. First phases of most of the case study developments began construction in 1996. Consequently, most of them have additional phases that continued to be developed after Census 2000. The census data can only provide a modest glimpse of the real changes that are occurring and can be expected to continue as new market conditions are more deeply established. In all cases, the census data reflects the demolition of public housing units and relocation of the former residents. The most significant changes were in Atlanta and Louisville, where more than 1,000 housing units with varying levels of occupancy were demolished. In Atlanta, over two-thirds of the new development was occupied by the time of Census 2000. All were rental units. In Louisville, one third of the units were completed in 2000, and almost all of them were rental units. In Pittsburgh, all of the rental housing and a portion of the for-sale housing were completed by the time of the census. In St. Louis, two thirds of the new units (more than were occupied in 1990) were occupied by Census 2000.

2. Measurable Improvements May Not Merely Result from the Removal of Low-Income Residents from the Neighborhood

Some may argue that removing the significant concentrations of poverty found in public housing would obviously lead to improvements in labor force participation, poverty levels, and incomes. In other words, simply relocating low-income people, demolishing public housing, and
leaving the previous public housing land fallow might lead to overall “improvement” in income, poverty, and employment indicators for a census tract. However, this is not necessarily true. Witness the Pruitt-Igoe site in St. Louis, where the vast majority of the demolished site has remained vacant and yet has continued to experience significant decline and disinvestment along with its surrounding neighborhood since 1973.

Further, where possible, the report distinguishes the impacts for the former public housing sites from those of census tracts and block groups for the surrounding neighborhoods in order to isolate the effects of redevelopment.

3. Overall Figures for Mixed-income Neighborhoods Will Never Match the Most Attractive Areas in a Region

It should also be noted that, when redevelopment does occur, mixed-income public housing developments are not likely to bring their neighborhood’s statistics into line with those of the most desirable communities in their regions. The fact that the developments have permanent units restricted for low- and very low-income people will always be reflected in median income levels, poverty, and, to a certain extent, labor force participation. The mixed-income developments studied for this report all contain a significant proportion of public housing units and affordable units financed with Low-Income Housing Tax Credits. Many also offer or plan to offer affordable homeownership opportunities. Resultantly, these neighborhoods will never “gentrify” completely and have the same median incomes and poverty levels as the most competitive areas in their regions.

However, comparing the developments’ market-rate rental and homeownership values with those of the city and region, and, if possible, with those of other comparable neighborhoods or developments, illustrates how attractive the new development is in relation to other options in its marketplace. For each case study, the team used whatever information was readily available, including census data, rent rolls, sales prices, and assessed values, as indicators of the development’s revitalization success.
IV. CASE STUDIES

This paper examines four sites—Centennial Place, Atlanta; Park DuValle, Louisville; Manchester, Pittsburgh; and Murphy Park, St. Louis—because they strategically used public housing redevelopment funds to catalyze private investment and create mixed-income developments and revitalize neighborhoods. These projects were among the first to utilize the mixed-finance method of public housing redevelopment. Some sites used HOPE VI funds and others used public housing development dollars. All four cases were among the first proposals made to HUD for mixed-income development, either in response to specific requests or as redirections of existing grants. They are among the most seasoned mixed-finance developments and thus can provide the best longitudinal data on development operations, income mix among tenants and homeowners over time, and impacts to the surrounding neighborhood. Although the cities and projects described in the cases have their own unique features and approach, they provide consistent lessons on the level of vision, leadership, and collaboration necessary to successfully implement large-scale mixed-income redevelopment to catalyze neighborhood reinvestment.

A. Atlanta: Centennial Place

The Atlanta case examines the transformation of the Techwood and Clark Howell public housing sites into the new Centennial Place neighborhood. It documents the strategy used by the Atlanta Housing Authority (AHA) to transform its portfolio from conventional public housing to high-performing, mixed-income real estate. Centennial Place was the first mixed-finance public housing development created under the HOPE VI program and serves as a model for public housing revitalization nationwide. The driving force behind Centennial Place was Renee Glover, the newly appointed (in 1995) AHA executive director who rejected the status quo of warehousing low-income families in severely deteriorated housing. Using the pending Olympics as a rallying point, Glover and the AHA development partner, the Integral Partnership, rallied the attention of local, state, and federal officials to expedite a new way of delivering mixed-income housing with quality services and amenities attractive to all households.

The Centennial Place neighborhood is located near downtown Atlanta and has institutional centers such as the Georgia Institute of Technology (Georgia Tech) and Coca-Cola. However, in spite of its proximity to such assets, the previous Techwood/Clark Howell neighborhood was considered one of the worst neighborhoods in Atlanta. Crime rates were among the highest in the city. In 1993, over one-third of the 1,195 barracks-style units at the twin developments of Techwood Homes and Clark Howell Homes were vacant and another third housed families in overcrowded conditions. Despite $15 million of repairs in 1981, the units had outdated heating, sewer, and plumbing systems as well as lead-based paint. More than 1,000 emergency work orders—nearly one per unit—remained outstanding. The public housing community was isolated with few services or amenities, a deteriorating elementary school, and little, if any, private investment. In fact, in 1995, when Federal Housing Administration (FHA) appraisers were considering insurance for the first mortgage of Centennial Place, they questioned the investment, believing no one would want to live there.
Today, Centennial Place is a privately-owned and managed mixed-income development of 738 townhouse and garden-style rental apartments, of which 40 percent are public housing units, 20 percent tax credit units, and 40 percent market-rate rentals. AHA describes the development as a market rate development that includes public housing. Centennial Place is much more than a rental housing development: It is a new neighborhood, including play lots, a pool, recreational facilities and a new school that grew from a master planning process based on elements needed in a healthy, competitive neighborhood. Centennial Place Elementary School is one of the most desirable in Atlanta. Hundreds of millions of dollars of new private investment in housing, hotels, and retail development surround the redeveloped site. Crime rates plummeted by 93 percent between 1993 and 2004. Incomes are rising, unemployment is down, and the Centennial Place neighborhood is desirable and competitive. In the midst of this renaissance, it maintains permanent public housing stock for low-income families.

AHA did not stop at Centennial Place; it has since transformed five additional public housing sites and developed partnerships to place off-site public housing units in mixed-income developments in a number of Atlanta neighborhoods. Rated “troubled” by HUD when it embarked on its mixed-income redevelopment strategy, the AHA has completely changed the way it does business and is now one of the nation’s higher-performing housing authorities. It operates as a holding company and asset manager, oversees all property management, and develops all housing through public/private partnerships.

B. Louisville: Park DuValle

The Louisville case examines the transformation of the Cotter and Lang public housing sites and the failed FHA-insured Algonquin Terrace into the new Park DuValle neighborhood. The vision was to create a new urban community of public housing renters, market-rate renters, and homeowners with a mix of services and amenities that meet all households’ needs. Through Park DuValle, public and private sector partners established close working relationships: These were the high-performing Housing Authority of Louisville (HAL), the city, The Community Builders and the Louisville Real Estate Development Corporation (developers of the rental and homeownership components, respectively). The development strategy was rooted in a planning process intended to obtain an Empowerment Zone designation that sought to concentrate resources on Louisville’s isolated and distressed communities. Failing to attain both the Empowerment Zone designation and their first request for a HOPE VI grant, the city and HAL refused to take “no” for an answer. Driven by Mayor Jerry Abramson, the established community planning group decided to use public housing redevelopment as the catalyst for larger-scale neighborhood revitalization, and cobbled together funding for the plan. Park DuValle used Home Ownership Zone, public housing development, and later HOPE VI funding to establish a mixed-income neighborhood that embraced new urbanism design principles.

This new vision for Park DuValle was in sharp contrast to the conditions at the original Cotter and Lang Homes. Cotter-Lang consisted of super blocks of bunker-style homes with internal streets separating the development from the surrounding city grid. The development was derisively
nicknamed “The Bricks,” contributing further to the sense of isolation among the residents. Worse, deferred maintenance over three decades hastened the development’s deterioration. Conditions were so bad that, while the housing authority kept vacancy rates low, 24 percent of the units turned over annually. Crime was so serious that the nearby corner of 34th and Lang was known as “the meanest corner in Louisville.” And like residents of many other seriously distressed public housing communities, the Cotter-Lang residents were predominantly poor and unemployed.

Today, the Park DuValle development is a planned community that will ultimately contain 613 rental and 450 homeowner units, with over 300 of those units to be occupied by public housing households. Landscaped boulevards line the development, connecting its signature gateways to the large urban parks on its borders. The desirability of the development is demonstrated by its success in selling homeownership units to higher-income buyers and by its market-rate rents, which have increased since initial lease up in 1997 and 1998 to 2002. Revitalization went far beyond housing: The shuttered neighborhood school was rehabilitated and reopened, new streets and parkways were built, a community center and major neighborhood park were improved, police and fire stations were renovated, and the neighborhood health center was improved. An attractive new community has emerged. The average annual crime rate for the six years after redevelopment fell 82 percent from the previous six years. Incomes are up and unemployment is down. The surrounding neighborhood is experiencing increases in home values, and an abandoned shopping mall has been renovated and reopened.

C. Pittsburgh: Manchester

The Pittsburgh case examines the Manchester HOPE VI project, a very small federal investment of only $7.5 million. Manchester follows an infill neighborhood revitalization strategy that replaced bunker-like, scattered-site public housing walkups with new rental and for-sale housing integrated into a broader community plan. The Manchester HOPE VI site represented a new way of doing business for the Housing Authority of the City of Pittsburgh (HACP) and the city. The strategy was driven by the newly elected Mayor Tom Murphy and his team, who saw the opportunity to use economically integrated public housing development as a catalyst for neighborhood renewal. The strategy relied on working with strong community partners, using quality private sector developers, and strong coordination between the city and HACP with the ultimate goal of portfolio reengineering.

The Manchester HOPE VI was built from a comprehensive neighborhood plan developed by a local community-based organization, the Manchester Citizens’ Corporation (MCC). The Manchester neighborhood is a National Register Historic District, with a rich history in the black community. The 107 units of public housing in unsightly, poorly managed and maintained 12- and 18-unit HACP buildings presented a major barrier to investment in the entire community. The HOPE VI redevelopment removed the buildings and replaced them with new rental and for-sale units, designed to fit into the historic character of the neighborhood, on the HACP sites and other vacant lots. The rehabilitation of a troubled FHA-insured development was also incorporated into the development. Today, property values are rising, particularly on blocks with HOPE VI development. Rents have stabilized, although they, along with property values, have not experienced the explosive
The growth of some other mixed-finance sites. Median incomes are up, and unemployment is significantly down. There is no visible distinction between the rental units and the for-sale units. Public housing families are integrated throughout the community and are not isolated by the housing type in which they reside. Increased services are available for public housing and other residents, in keeping with the overall neighborhood plan.

MCC, a strong neighborhood organization with more than 30 years of experience, is closely involved with the management of the public housing units, which are owned by a partnership including both MCC and the private developer, Pennrose Properties. MCC also functions as the developer and marketing agent for HOPE VI and other for-sale housing in the neighborhood, as well as the vehicle for community organizing around public safety, quality-of-life issues, and neighborhood service needs. It has set aside a seat on its governing board for a public housing resident, and committed itself to responding to public housing resident needs along with those of other residents. The intimate involvement of MCC with the rental housing, along with Pennrose’s operating experience, ensures that ongoing management of the public housing will remain consistent with overall neighborhood improvement efforts.

As part of its portfolio reengineering, HACP used Manchester as a prototype for its other HOPE VI and mixed-finance redevelopments. In six years, HACP has undertaken 12 mixed-finance transactions with private ownership and management, including two large HOPE VI redevelopments. Through this strategy and other reforms, HACP moved from being an agency at risk for troubled status to one of the highest-performing housing authorities in the country.

D. St. Louis: Murphy Park

The St. Louis case examines the transformation of the George L. Vaughn high-rises into the new Murphy Park neighborhood. It documents a process of civic engagement and investment through the creative use of Missouri state tax credits that not only transformed the public housing but also recreated a failing neighborhood school and led to a major public and private commitment to school reform in the North Side of St. Louis. The effort was begun by the newly elected mayor, Freeman Bosley, who determined that replacing high-rise public housing with low-rise public housing at the same location would not fundamentally address the problems of public housing and its concentrated poverty and rejected the original Vaughn housing replacement plan. The city and St. Louis Housing Authority (SLHA) selected developer Richard Baron to explore the concept of mixed-income housing on the site.

The original Vaughn development embodied all that was wrong with high-rise public housing. Developed as part of 1950s urban renewal activities, the 656-unit Vaughn development and its sister public housing projects cut a huge swath through the black Near North Side, concentrating thousands of units of public housing within a one-mile radius, destroying any sense of neighborhood, and leading to severe abandonment of surrounding private property. Vaughn’s four nine-story buildings were distinct eyesores to the surrounding single-family residential neighborhood. Furthermore, poor management, deferred maintenance, and lack of services contributed to the
community’s decline. These combined conditions propelled Vaughn’s remaining residents in 1990 to sue the housing authority, charging it with deliberate neglect so the projects would have to be demolished. Their case was strong enough to result in a consent decree that forced the housing authority to rebuild 222 public housing units on the site. Conditions continued to decline. By 1995, only 61 households remained.

Today, the Vaughn neighborhood has been recreated as the George L. Vaughn Residences at Murphy Park, a new neighborhood with quality amenities and a reconstituted neighborhood school where adult and child learning is taking place. Creating Murphy Park required a unique public/private partnership including the city, the housing authority, the state, the residents, the developer, and St. Louis’s corporate and philanthropic sectors. Murphy Park is a 413-unit rental development with 222 units reserved for public housing families, 57 units for tax credit families, and 132 market-rate units. The new community of townhouses, garden apartments, and single-family homes includes tot lots, a swimming pool, a community meeting facility, and a day care center. It stretches beyond the Vaughn footprint, incorporating large sections of formerly abandoned property. As in the other case study sites, incomes are up, unemployment is down, and new investment is taking place in the surrounding neighborhoods. Over 100 new, unsubsidized single-family homes have been developed immediately adjacent to Murphy Park. Modest retail investment and expansion of nearby light industrial facilities has been attributed to the increased health and perception of safety and value of the neighborhood market area.

The success of Murphy Park and its Jefferson Elementary School provided a new community development model. Neighborhood school reform became the centerpiece for broader engagement of community, civic and philanthropic stakeholders to improve St. Louis’ Near North Side. As a result of the demonstrated success with Murphy Park and Jefferson Elementary, over $50 million has been invested in schools and neighborhood improvements by a broader civic partnership, which in turn has led a system-wide school management reform initiative across the city.⁹

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⁹ The Vashon Education Compact, as the reform initiative is known, expands upon the Jefferson model to include a cluster of ten neighborhood schools. See also “Benchmarks for Success: A Plan for Improvement in the Vashon Compact Schools,” 2002.
E. Before and After Photos

1. Atlanta

   Before: Techwood/Howell Homes, 1993
   
   ![Before: Techwood/Howell Homes, 1993](source: Atlanta Housing Authority)
   
   After: Centennial Place
   
   ![After: Centennial Place](source: McCormack Baron and Associates)

2. Louisville

   Before: Algonquin Terrace; Cotter Homes
   
   ![Before: Algonquin Terrace; Cotter Homes](source: Urban Design Associates)
   
   After: Park DuValle
   
   ![After: Park DuValle](source: Urban Design Associates)
3. **Pittsburgh**

Before: Manchester

Source: Stanley Lowe

After: Manchester

Source: Stanley Lowe

4. **St. Louis**

Before: George L. Vaughn Homes, 1995

Source: McCormack Baron and Associates

After: Murphy Park

Source: McCormack Baron and Associates
V. FINDINGS: NEIGHBORHOOD IMPACTS OF HOPE VI AND MIXED-FINANCE REDEVELOPMENTS

Preliminary analysis of the neighborhood trends in each of the four case studies demonstrate that neighborhood markets have been restored in previously-neglected sites through the innovative use of HOPE VI and other public housing funds. The four sites appear to have achieved the goals articulated in HUD's 1995 letter introducing the mixed-finance approach to the HOPE VI program: “create communities of choice; leverage additional public and private sources of capital; establish collaborations; establish innovative partnerships and approaches to owning and managing public housing; establish innovative approaches to funding and delivery of supportive services; and establish community service programs.”10

The findings of improved demographic and market trends at these redevelopment sites and their surrounding communities are summarized below, and discussed in greater detail in the case studies themselves (The full case studies are available at http://www.brookings.edu/metro/metro.htm).

A. Increases in Household Incomes in the Redevelopment Areas Far Outpaced those of their Cities and Regions

In all four cases, median household incomes in the redevelopment neighborhood grew—by 23 percent to as high as 193 percent—between 1990 and 2000, far outstripping the household income growth rates in the city or region where the project is located (Charts 1 and 2).

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Source: US Census Bureau

Chart 2. Percentage Change in Median Household Income for all Four Redevelopment Areas and Surrounding Jurisdictions, 1990–2000 (in 2002 dollars)

Source: US Census Bureau
The higher incomes in the case study sites indicate that the redevelopment has deconcentrated poverty and successfully leased and sold housing units to households with a range of incomes. Increased labor force participation may also be a factor in achieving higher incomes.

- **Centennial Place**: Median household income increased 174 percent in the Centennial Place neighborhood between 1989 and 1999; it rose 16 percent in the city and 7 percent in the region. The neighborhood's 1999 median income of $19,866 was 53 percent of the city median, up from 22 percent in 1989.

- **Park DuValle**: Median household income rose 193 percent in the Park DuValle area; it rose 6.6 percent in the city and 10 percent in the region. The neighborhood's 1999 median income of $22,701 was 73 percent of the city median, up from 27 percent in 1989.

- **Manchester**: Median household income in the Manchester HOPE VI neighborhood increased 23 percent between 1989 and 1999, almost ten times the rate of that for the city of Pittsburgh and more than four times the rate of the larger metro area. Compared to the other case studies, the median incomes in the Manchester neighborhood in 1999 were relatively high at $25,975, or 84 percent of the median income of the city, up from 70 percent in 1989. By 2000, the median income was still below that of the city and region, but the gap had narrowed considerably.

- **Murphy Park**: Median incomes for the census tracts and block groups comprising the majority of the new Murphy Park development rose 33 percent in the ten years between 1989 and 1999; they rose 18 percent in the surrounding neighborhood. Meanwhile, median household income levels for St. Louis and the metro area each rose by approximately 4 percent. The Murphy Park development area median income was $12,912, 44 percent of the city median of $29,324.

The relative value of the median household incomes for the redevelopment neighborhoods as compared to that of their city and larger metro area varied substantially between the case studies, from as low as 44 percent in St. Louis to 84 percent in Pittsburgh. This reflects the differences in the market drivers of each neighborhood that make it more or less competitive on a regional scale and in the aggressiveness of the redevelopment strategy. The varying household income levels also reflect the extent to which each HOPE VI or redevelopment project maintained shares of permanent units for very low-income people.

**B. Unemployment Levels and Workforce Participation Rates Improved in the Redevelopment Neighborhoods**

Decreases in unemployment rates in the development areas and surrounding communities were impressive across the cases between 1990 and 2000 (Charts 3 and 4). This reflects a return of working families to the neighborhoods, as well as a requirement for public housing residents to be
working or in a training program, except seniors and people with disabilities. The provision of job skills training in the redeveloped areas may also be a factor in improved workforce participation and employment. Centennial Place provides a variety of job readiness and adult education services, while Manchester provides mandatory life skills training for its public housing residents, and several education and job programs are available to all Manchester residents.

- **Centennial Place:** The unemployment rate fell in the Centennial Place neighborhood between 1990 and 2000, while the city of Atlanta’s unemployment rate increased. Although the unemployment rate drop was small, the percentage of adults in the labor force rose from 35.6 percent in 1990 to 68.8 percent in 2000. The development area unemployment rate was 25 percent in 2000, compared to 14 percent in the city.

- **Park DuValle:** The Park DuValle neighborhood saw its unemployment rate fall by 27.4 percentage points between 1990 and 2000; the rate for the city of Louisville fell nearly 1 percentage point. This translates to an unemployment rate that dropped from a level of 35 percent in 1989 to one that mirrored the city’s rate of 7 percent in 2000. Labor-force participation in the Park DuValle saw an increase of 6.8 percentage points to 56.8 percent in 2000.

- **Manchester:** The Manchester HOPE VI neighborhood saw its unemployment rate drop by 4.4 percentage points from 16 percent in 1990 to 11.6 percent in 2000. This is only slightly higher than Pittsburgh’s 2000 unemployment rate of 10 percent. In Manchester, the number of adults in the labor force fell 3.3 percentage points to 53.9 percent in 2000.

- **Murphy Park:** The unemployment rate in the Murphy Park development area fell 11.2 percentage points during the 1990s to 21.1 percent in 2000. The city of St. Louis saw a slight increase from 10.9 percent in 1990 to 11.3 percent in 2000. Unemployment in the neighborhood surrounding Murphy Park increased by 16.2 percentage points to 38 percent, indicating that the new Murphy Park development area withstood the overwhelming decline of its surrounding community. Labor force participation in the development area rose by 13.8 percentage points during the decade to 41.6 percent in 2000.

Source: US Census Bureau


Source: US Census Bureau
C. Crime Rates in the HOPE VI Redevelopments Dropped Dramatically

Crime statistics are an important indicator of neighborhood quality of life and have an enormous impact on new investment decisions. Statistics are not consistently available for each development area or neighborhood; in some cases, they are available only for districts drawn by police departments that do not precisely match the boundaries of the case study areas. In addition, slightly different groups of crimes are tracked as priority offenses in different cities. By whatever measures are used, however, reductions in crime are stunning in the cases for which data is available.

The improved designs, improved property management, creation of defensible spaces, and reductions of concentrated poverty in the redevelopment projects all played key roles in enhancing the public safety of these previously distressed neighborhoods. Other factors may include incorporating larger public safety activities as part of the overall neighborhood improvement strategy. For instance, in Manchester, the Manchester Citizens Corporation, the housing authority, and the Pittsburgh police department worked collaboratively on a public safety initiative that featured stepped-up police patrols, a public housing drug elimination program, a community public safety committee, and other activities, such as an anti-loitering campaign.

- **Centennial Place:** In Atlanta, the overall rate of Part I crimes in the Techwood/Clark Howell public housing site and its immediate area dropped 93 percent between 1993 and 2004. Crime reduction has utterly transformed the resident experience in the Centennial Place neighborhood.

- **Park DuValle:** In Park DuValle, the average annual rates of overall crime between 1990 and 1996 (prior to redevelopment) and between 1997 and 2002 (after redevelopment began) dropped 82 percent, as shown in Chart 5. These declines have transformed an area that previously had the most police reports per square mile in the state of Kentucky.

- **Manchester:** Between 1996 and 2001, Part 1 crimes, especially larceny-theft, fell significantly in the Manchester neighborhood. Between 2000 and 2001 Part I crimes dropped another 24 percent in the neighborhood; citywide they rose 2 percent. Overall, crime rates held steady in Manchester, which is attributed in part to better reporting of less serious Part 2 crimes.

- Crime data was not readily available for the Murphy Park area.

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11 Part I crimes include homicide, rape, robbery, aggravated assault, burglary, larceny, and auto theft.
12 City of Atlanta Police Department Government Housing Crimes Summary for Part-1Crimes,Vandalism and Narcotics provided by Atlanta Housing Authority.
13 Part I crimes reported by MCC in coordination with the Pittsburgh Police Department include murder/manslaughter, forcible rape, robbery, aggravated assault, burglary, larceny-theft, vehicle theft, and arson.
This paper does not attempt to quantify the cost savings to taxpayers associated with lower numbers of police calls and investigations, which could be a valuable topic for future research. Researchers might also assess whether crime rates increased in other parts of the cities as the redevelopment areas were stabilized. However, the benefits to residents of safe and stable living environments are clear.

Chart 5. Reduction in Type I and Other Crimes in the Park DuValle Neighborhood, 1990–2002

D. The Emphasis on School Quality in Two Redevelopments Resulted in Dramatic Educational Improvements

Two redevelopments—Centennial Place and Murphy Park—made improving school quality a cornerstone of their plans. In both communities, the rock-bottom quality of the public schools mirrored conditions in their distressed neighborhoods. But due to the redevelopment partners’ insistence on improving educational opportunities, both Centennial Place and Murphy Park have schools with modern technology, attentive management, and significant philanthropic and private-sector investment. Both schools serve a dual role as traditional school and community center. And while the student performance data for the two new schools cover only a short period of time, the schools are showing excellent outcomes.

**Centennial Place:** In Atlanta, Fowler Elementary was a poorly performing, deteriorating public school located in the middle of the Techwood and Clark Howell site. It almost exclusively served children from public housing families. The residents in the community cited the need to
improve the elementary school as a top priority. With that charge, the housing authority and its developer, The Integral Partnership of Atlanta, and representatives of Georgia Tech persuaded the Atlanta Public School Board to reject its original plan to rehabilitate the failing Fowler school and instead build a new, state-of-the-art Centennial Place Elementary School. In 1999, Centennial Place Elementary opened with a new principal and new teaching staff. Nearby Georgia Tech assisted with the development of a curriculum that focuses on science, math, and computing. All former Techwood/Clark Howell residents, regardless of whether they returned to Centennial Place, were given the opportunity to send their children to the new school.

In general, the state administered Georgia Criterion-Referenced Competency Tests show educational attainment levels at Centennial elementary to be one of the highest in the Atlanta school district, despite its inner-city location and high concentrations of poor and black students (74 percent and 93 percent, respectively). Chart 6 shows that test scores of Centennial Place fourth graders improved consistently from 2000 to 2003. By the 2002–2003 school year, the test scores of fourth graders (who were in first grade when the school opened) met or exceeded state performance levels and were outpacing the scores of the overall Atlanta School District, as well as the state. As Chart 7 shows, 97 percent of fourth graders met or exceeded performance standards in reading; 96 percent did so in English and language arts; and 91 percent met or exceeded performance levels in math.14 Today, Centennial Place Elementary School ranks among the top elementary schools in Atlanta.


![Chart 6](http://www.gaosa.org/)

Source: State of Georgia Governor's Office of Student Achievement, http://www.gaosa.org/

Murphy Park: In St. Louis, the redevelopment area's public schools were among the poorest performing in the city. In addition, a long-standing desegregation order required the vast majority of the neighborhood’s children (75 percent) to be bused to more than 40 schools throughout St. Louis and St. Louis County—some spending nearly three hours a day in transit.\textsuperscript{15} Parents’ ability to stay engaged in their children’s education was nearly impossible. Though the Jefferson Elementary School sat in the middle of the neighborhood, only 80 children from the neighborhood attended it. As in Centennial Place, community residents identified a quality neighborhood school as one of their greatest needs.

Converting the Jefferson Elementary School into a neighborhood-based, high-quality school was not an easy task. The initially arduous negotiations with the St. Louis School Board were led by developer Richard Baron, with the support of corporate investors in Murphy Park. Funding above and beyond the level provided by the school system was required, and was achieved by providing significant tax incentives to local corporations using a unique Missouri state tax credit. Ultimately Jefferson Elementary School re-opened in 1998 as a neighborhood-based school with a community

\textsuperscript{15} Interviews with Richard Baron, chairman and CEO McCormack Baron Salazar and Marlene Hodges, executive director, COVAM.
advisory board that has the power to hire the school principal. The advisory board is comprised of the developer, investors in the Murphy Park development and the school, and community residents. It is responsible for overseeing the performance of the school, raising additional funds for improvements to the physical plant, and enhanced programming. Corporate funding supports community liaisons to work with parents of children who are having difficulties. The school also serves as a neighborhood learning center. Its computer lab provides training and equipment for parents during evening and weekend hours, and school facilities provide after school programming in the arts and athletics.

Jefferson Elementary School now attracts 75 percent of the neighborhood’s children. Ninety seven percent of the student population is poor, according to official poverty definitions, and 100 percent is black.

The school operates year-round and is one of the most technologically-advanced school buildings in the St. Louis region, thanks to support from the University of Missouri and local philanthropy. The curriculum’s focus on math and science, with enhanced use of computers and technology, is beginning to result in significant improvements in student educational performance.

For instance, the Missouri Assessment Program (MAP) classifies student performance in key subject areas into five categories: “advanced,” “proficient,” “nearing proficient,” “advancing,” and “Step 1.” The most recent data from the MAP show that the share of Jefferson elementary’s third grade students whose test scores in science that met “advanced” and “proficient” levels rose from just 3.5 percent in 2000 to 43.8 percent in 2004.

This enormous progress contrasts the improvements among third graders across the state, where science test scores increased slightly from 44.9 percent to 51.3 percent over the same time period. Third-graders at Jefferson elementary also improved their test scores in communication arts. In 2000, 5.5 percent scored at advanced or proficient levels. Four years later, 52.1 percent of students did. Overall five-year progress in math, while more modest, can also be seen among fourth-grade students at Jefferson elementary (Chart 8). Just as encouraging, the share of third- and fourth-graders at Jefferson who are nearing state proficiencies in these subject areas has increased notably from 2000 to 2004, as the new school solidified its programming.
School improvement in the Centennial Place and Murphy Park communities occurred because new stakeholders involved with the real estate redevelopment process, led by the development partners, recognized that high-performing public schools are critical to improving quality of life for low income families and contribute to the overall success of the new development and neighborhood.
E. The Redevelopments Attracted and Retained Households with a Broad Range of Incomes

Improving the income mix of residents was an explicit goal for the rental redevelopments in Atlanta, Louisville, and St. Louis. In Pittsburgh, the rental housing remained 100 percent public housing while the for-sale units contributed to the income mix in an existing neighborhood that was already home to owners and renters with higher incomes than the public housing residents.

There are several ways to show the effectiveness by which these redevelopments were able to attract and retain an economically diverse mix of householders (and the data were not consistently available across the four cases). First, the rent levels at which market-rate apartments in the new developments were initially leased demonstrate the success of these properties in attracting households with choice to neighborhoods formerly considered undesirable. Sustained rent increases indicate a continued ability to attract families with other housing options. Second, the initial home sales prices for the developments with for-sale components test the willingness of individual buyers and mortgage lenders to invest in new neighborhoods that include public housing families. Finally, in some cases, a snapshot of the incomes of existing householders was available to demonstrate the array of families living in these redevelopments.

In short, the evidence shows that these developments were successful in building the early market momentum needed to achieve diverse income mixes, retaining families at a variety of income levels over time, and ultimately establishing a new identity for their communities.

- **Centennial Place**: Prior to the Centennial place redevelopment, the neighborhood was essentially home to the public housing developments and a smattering of institutional and industrial buildings. With nearly no other residential properties in the neighborhood, there were few market comparables available. In 1995, market rate rents in the development were reasonably set at a range of $590 for 1-bedroom units to $900 for 3 bedroom units. By 2004, those same 3-bedroom units rented for as high as $1490 per month, indicating strong market acceptance of the development (Chart 9).

<table>
<thead>
<tr>
<th>Chart 9: Market Rate Rent Increases, Centennial Place, 1995–2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>------------------</td>
</tr>
<tr>
<td>1 BR</td>
</tr>
<tr>
<td>2 BR/1BA</td>
</tr>
<tr>
<td>2 BR/2BA</td>
</tr>
<tr>
<td>3 BR</td>
</tr>
</tbody>
</table>

*Source: McCormack Baron Ragan Management Services*

The result is that by 2004, as Chart 10 demonstrates, Centennial Place had become home to renters with a range of income levels. Approximately 42 percent of the development’s households earned between $10,000 to $30,000 while 25 percent earned between $30,000 and $70,000. Two
percent of residents had incomes from $70,000 – $220,000. Many of the residents earning less than $10,000 per year were not public housing residents but students attending Georgia Tech and other schools, which skewed the income statistics downward.

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Number of Households</th>
<th>% of Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $10,000 (Predominately students)</td>
<td>212</td>
<td>32%</td>
</tr>
<tr>
<td>$10,001 to $20,000</td>
<td>124</td>
<td>19%</td>
</tr>
<tr>
<td>$20,001 to $30,000</td>
<td>154</td>
<td>23%</td>
</tr>
<tr>
<td>$30,001 to $40,000</td>
<td>85</td>
<td>13%</td>
</tr>
<tr>
<td>$40,001 to $50,000</td>
<td>37</td>
<td>6%</td>
</tr>
<tr>
<td>$50,001 to $60,000</td>
<td>25</td>
<td>4%</td>
</tr>
<tr>
<td>$60,001 to $70,000</td>
<td>11</td>
<td>2%</td>
</tr>
<tr>
<td>$70,001 to $220,000</td>
<td>16</td>
<td>2%</td>
</tr>
<tr>
<td>Total</td>
<td>664</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: McCormack Baron Ragan Management Services

- **Park DuValle**: At Park DuValle, initial income levels among renters were not readily available. However, initial rents in 1997 through 1998 ranged from $425 for a one-bedroom apartment to $680 for a four-bedroom. Initially, rents were set approximately 10 to 20 percent lower than market rate rents of comparable units and developments in the Louisville region, in order to generate market interest and momentum. After initial lease-up, Park DuValle’s market rate rents were raised several times, for a total increase of between 13 and 19 percent by 2005 (Chart 11).

<table>
<thead>
<tr>
<th>No. of Bedrooms</th>
<th>Type</th>
<th>Original Rent 1997-1998</th>
<th>Rent July 2000</th>
<th>Rent July 2002</th>
<th>Rent July 2005</th>
<th>Overall % Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Flat</td>
<td>$425</td>
<td>$450</td>
<td>$475</td>
<td>$505</td>
<td>18.8%</td>
</tr>
<tr>
<td>2</td>
<td>Flat</td>
<td>$525</td>
<td>$550</td>
<td>$567</td>
<td>$597</td>
<td>13.7%</td>
</tr>
<tr>
<td>2</td>
<td>Town house</td>
<td>$550</td>
<td>$575</td>
<td>$592</td>
<td>$622</td>
<td>13.1%</td>
</tr>
<tr>
<td>3</td>
<td>Town house</td>
<td>$625</td>
<td>$660</td>
<td>$680</td>
<td>$710</td>
<td>13.6%</td>
</tr>
<tr>
<td>3</td>
<td>SF house</td>
<td>$650</td>
<td>$685</td>
<td>$705</td>
<td>$735</td>
<td>13.1%</td>
</tr>
<tr>
<td>4</td>
<td>SF house</td>
<td>$680</td>
<td>$715</td>
<td>$740</td>
<td>$770</td>
<td>13.2%</td>
</tr>
</tbody>
</table>

Source: The Community Builders

Homeowners, who arrived at Park DuValle after the first phases of rental development were completed, had a diverse mix of incomes (Chart 11). Park DuValle’s income mixing strategy includes its renters but also three tiers of income groups in the for-sale units. The project focused on the lowest income buyers (80 percent or less of the area median income at time of sale) and the
highest buyers (more than 115 percent) in its first phase, and was successful in attracting buyers with incomes as high as 411 percent of area median income.

<table>
<thead>
<tr>
<th>Income Range (Based on Area Median Income)</th>
<th>Number of Households</th>
<th>Percentage of Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 80% AMI</td>
<td>40</td>
<td>43%</td>
</tr>
<tr>
<td>81% to 115% AMI</td>
<td>21</td>
<td>27%</td>
</tr>
<tr>
<td>More than 115% AMI</td>
<td>35</td>
<td>30%</td>
</tr>
<tr>
<td>Total</td>
<td>117</td>
<td>100%</td>
</tr>
</tbody>
</table>

* Income data was not provided for all homebuyers during this time. Between 1999 and 2002, there were 143 sales.
** As a point of reference, the 2000 area median income for the Louisville metro area was $44,080.
Source: Louisville Real Estate Development Corporation

The home sale prices were also higher than originally expected, further indicating the market confidence in Park DuValle among a range of homebuyers. For instance, many participants in the planning process doubted that Park DuValle home ownership units would achieve price points over $100,000. In Phase I, 52 percent of actual sales priced between $100,000 and $150,000, and 13 percent were higher than $150,000. The highest sales price achieved in Phase I was over $217,000. These were impressive values in a neighborhood where market activity had been less than robust.16

- **Manchester:** Unlike the other developments studied, Manchester pursued an infill development strategy in an existing neighborhood of homeowners and renters. The income mixing strategy involved the entire neighborhood, not only the units produced as a result of the development. All of the rental units in the development are public housing, with rents set at 30 percent of household income. The sales prices for home ownership units were set at $80,000 and $100,000 based on appraisals for the units in Phases I and II, respectively. These sales prices were impressive for the Pittsburgh marketplace in 2000, when the final units were sold, and demonstrated the ability for Manchester to create a neighborhood for public housing and market-rate housing residents.

- **Murphy Park:** In 1997, market rate rents were set at a range of $494-$527 for 2-bedroom units to $629 for 4-bedroom units (no one-bedroom units were built). From 1997 to 2004, including the second and third phase of units coming on line, market-rate rents increased by 23 to 27 percent (Chart 13).

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16 Interview with Paul Brophy, principal, Brophy & Reilly, September 2004.
By 2002, households from a range of income levels lived at Murphy Park. For instance, 44 percent of the households at Murphy Park had incomes between $10,000 and $30,000, 16 percent had incomes between $30,000 and $50,000, and 9 percent earned more than $50,000 (Chart 14). Many of those earning less than $10,000 were senior citizens.

F. The Redevelopments Have Strengthened Residential Markets, Especially Property Values, in the Surrounding Neighborhoods

After the initial lease-up and sale of units established an economically diverse mix of residents in the redevelopment communities, the residential markets continued to strengthen, especially in their surrounding neighborhoods. Changes to property values in the surrounding neighborhood are demonstrated by recent tax assessments (in Pittsburgh where they are available) and home values as reported to the Census in 1990 and 2000.

Overall, the preliminary data shows that the HOPE VI and public housing redevelopments have enhanced the market value of properties in the surrounding neighborhoods.

- **Centennial Place.** As stated earlier, market rate rents have been increasing since the initial leasing in 1995. Centennial Place, a rental development community, created the market momentum to attract smaller scale developers to invest in loft conversions and condominium developments, creating a homeowner presence in the neighborhood. In 1990, the
neighborhood that is now home to Centennial Place had a less-than-one-percent homeownership rate. By 2000, the share of homeowners in the neighborhood had grown to 12 percent, primarily as a result of new condominium and loft developments built in the neighborhood with prices ranging from $100,000 to $750,000. The average home sale in 2001 was $243,667.17

- **Park DuValle**: Home values in the Park DuValle neighborhood have also improved, as measured by the 1990 and 2000 censuses. This reflects the impact that Park DuValle’s rental units and larger neighborhood improvements of the late 1990s, among other factors, had on homes in the surrounding neighborhood. The 2000 Census data did not capture the sales of new homes at Park DuValle because these occurred after the data for the 2000 Census was collected. However, median values among the existing homes in the development’s census tract increased by 69 percent during the ten year period; meanwhile, median home values rose 41 percent in the city and 37 percent in the region. In census tracts immediately surrounding the Park DuValle development, some net new homes were created and growth in median home values also outpaced those of the city and region.

<table>
<thead>
<tr>
<th>Chart 15. Housing Units and Median Home Values In and Around Park DuValle, 1990 and 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indicator</strong></td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>Number of Owner-Occupied Units</td>
</tr>
<tr>
<td>Change: 2.6%</td>
</tr>
<tr>
<td>Housing Values: Median Value</td>
</tr>
<tr>
<td>Change: 68.9%</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau

17 “Centennial Place Economic Impact of Redevelopment,” Strata Real Estate Alliance, LLP, September 2002.
**Manchester:** Before redevelopment, Manchester’s nine three-story public housing buildings were atypical of the neighborhood’s housing stock, and resembled concrete bunkers. The new construction was designed to complement the neighborhood’s existing structures. Perhaps reflecting the more attractive environment, assessed values of homes that shared streets with the HOPE VI development increased 25 percent from predevelopment levels: an average of $43,834 from 1990-1995 to $54,689 in 2002. Existing homes on other streets in the neighborhood lost value slightly during the same period, according to the tax assessments (Chart 16).

### Chart 16. Manchester Neighborhood Property Values, HOPE VI vs. Non-HOPE VI Blocks, 1990–2002*

<table>
<thead>
<tr>
<th>Year</th>
<th>Non HOPE VI Blocks</th>
<th>HOPE VI Blocks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990-95</td>
<td>$47,259</td>
<td>$43,834</td>
</tr>
<tr>
<td>1995-99</td>
<td>$45,031</td>
<td>$45,195</td>
</tr>
<tr>
<td>2002</td>
<td>$54,689</td>
<td></td>
</tr>
</tbody>
</table>

* These property values do not include HOPE VI rental or homeownership units, in order to show the impact of HOPE VI on surrounding properties.

Source: Allegheny County, Pennsylvania Office of Property Assessment

**Murphy Park:** While Murphy Park is strictly a rental development, it has had an impact on the neighborhood’s housing values. The redevelopment area’s housing values appreciated significantly between 1990 and 2000. The median house value increased 130.6 percent to $57,935 while lower-quartile and upper-quartile house values increased 123.1 percent and 219.6 percent respectively. In contrast, the city’s housing values fell across all three categories. According to the 2000 census, the development area’s lower-quartile house value ($46,063) was comparable to the city’s value ($46,176). The development area’s median house value was now 87 percent of the city’s median house value ($66,757). Even more striking, the development area’s upper-quartile house value ($123,716) was higher than that of the city ($92,666), and it was 78 percent of the region’s upper-quartile value ($158,588) (Chart 17).
Finally, Murphy Park has stabilized its neighborhood to the point that two private home builders have built over 100 market rate for-sale houses within one half mile of Murphy Park. These new homes had price points from $100,000 to $150,000 in the late 1990s.

G. The Racial Composition of the Redevelopment Neighborhoods Remained Majority Black

These case studies show that attracting mixed-income populations can mean attracting and retaining higher income African Americans. Following redevelopment, all neighborhoods maintained their high black majority populations. In the Park DuValle and Murphy Park neighborhoods, blacks accounted for 96.5 percent and 96.2 percent of the population in 2000, respectively. In Park DuValle this was just a slight decrease of 2 percentage points from 1990, while Murphy Park became proportionately more black during the decade. The exception was the Centennial Place neighborhood, which became much more diverse between 1990 and 2000. The size of the black population shrunk from 86.7 to 65.3 percent of the entire neighborhood population, while the white population nearly doubled, growing from 10.5 to 28 percent. The black out-migration and white in-migration resulted in a racial composition more similar to that of Atlanta overall.

H. The Mixed-Finance Redevelopments Have Catalyzed Market Investment in the Surrounding Neighborhoods

Preliminary indications are that the mixed-finance redevelopments have catalyzed substantial new investment in the surrounding community. Data were not consistent for all of the
cases due to variations in development types and neighborhood revitalization strategies, but they do indicate significant outcomes that can be measured for projects with similar characteristics.

In three of the four project sites, the redevelopment projects not only eliminated crime-ridden, deteriorated housing developments, but also replaced them with whole new, well-designed, and attractive neighborhoods. Pittsburgh pursued an infill strategy, integrating well-designed new public housing and home ownership units into an existing historic neighborhood with a mix of incomes. Also, all four redevelopment sites are located in close proximity to their cities’ central business districts. Thus, the public housing grants not only leveraged significant private sector investment in their specific housing development, but also sparked additional investments in the redevelopment areas and their surrounding neighborhoods. Public investments included neighborhood infrastructure improvements, parks and schools, and financial incentives for private sector investment, such as land contributions and property tax abatements. New private sector investments, those not included in the original redevelopment plans, yielded new residential, commercial, and retail developments in some of these long underserved markets.

1. **Centennial Place**

Centennial Place’s proximity to downtown Atlanta created potential for a wide variety of development types as market conditions improved. A study commissioned by the Atlanta Housing Authority estimated that $356 million has been invested in new development since the opening of Centennial Place, including $76 million in condominiums, $30 million in apartments, $100 million in office and mixed-use property, and $147 million in hotel property.¹⁸

Homeownership in the neighborhood grew from less than 1 percent in 1990 to 12 percent in 2000. The study estimated that at least 75 percent of the new housing would not have been developed if Techwood/Clark Howell had remained, and that the other 25 percent would have been significantly delayed and sold for much less.

Recently, Home Depot has announced plans to construct a $200 million aquarium, and Coca Cola is planning a World of Coca Cola Museum, both near Centennial Olympic Park. Business licenses for the area have increased by 165 percent from 1990 levels. SunTrust Bank opened a branch on the former Techwood site.

2. **Park DuValle:**

Park DuValle is adjacent to an interstate highway with direct access to both downtown and the airport, making commercial and light industrial development a possibility. In 1998, a vacant shopping center was purchased and converted to a commercial center, which now leases to 23

¹⁸ “Centennial Place Economic Impact of Redevelopment,” Strata Real Estate Alliance, LLP, September 2002.
tenants after selling half of its space to the public sewer authority. The owners are in the process of developing build-to-suit facilities on out-parcels for major tenants.

The city of Louisville has announced the development of a new soccer field near Park DuValle. In addition, the housing authority reports that retailers have expressed interest in leasing space on the ground floors of residential buildings nearing completion on the east end of Park DuValle. Mixed-use buildings, with retail establishments on the ground levels and housing above, are consistent with new urbanism principles for livable neighborhoods.

3. **Manchester**

In Manchester, MCC is embarking on a major new initiative to remove all remaining abandoned buildings and blighted vacant lots in the neighborhood. MCC has surveyed all of the properties in preparation for a major initiative to acquire them in conjunction with the city and Urban Redevelopment Authority, restore the buildings, and offer them for sale at market rates. An improvement strategy based on this scale of market-rate homeownership investment would have been extremely difficult—some would say inconceivable—without the successful revitalization of the public housing sites.¹⁹

4. **Murphy Park**

Murphy Park’s primarily residential neighborhood is located on the north side of St. Louis near downtown. As noted above, one hundred units of for-sale housing were built very near Murphy Park. They received no subsidies, but the city contributed land and up to $10,000 in site preparation and infrastructure expenses. City officials said the developer would not have undertaken the project with the Vaughn public housing high-rises there. Houses sold in 1998 for price points from $100,000 to $150,000. A second for-sale development project, with similar sales prices, located approximately half-a-mile away from Murphy Park, also successfully sold out.

Two new commercial warehouses were built two blocks from Murphy Park. A new strip mall that was built adjacent to the site includes a convenience grocery store, laundry facility, and dry cleaner. Both of the neighborhood’s existing businesses—Brinks and a lumberyard—have announced plans to expand, creating new jobs suitable for local residents. Also, a 19th century neighborhood church added a large new community center and expanded its church campus. Because the church serves a mostly suburban population, its investment signals confidence in the long-term vitality of the neighborhood by a non-resident congregation.

¹⁹ Information on the initiative currently underway to restore vacant lots and abandoned buildings for market-rate homeownership derived from an interview with Stanley A. Lowe, former executive director of the Housing Authority of the City of Pittsburgh, currently with the National Trust for Historic Preservation.
Except in Atlanta, private investment data is not being consistently gathered and analyzed by HUD, the housing authorities, or the cities. This type of private sector investment information is critical to determining how these newly configured communities are received by private sector investors, potential residential and commercial tenants, and potential new homeowners. Additional studies in these and other communities should be conducted to understand the full scope of neighborhood revitalization benefits of the mixed-finance public housing redevelopments.
VI. LESSONS LEARNED

This report identifies success factors based on the experiences of practitioners responsible for the case study projects. Although the specifics of the approach to large-scale redevelopment vary from place to place, consistent themes are clear.

A. Vision, Leadership, and Risk-Taking Are Critical

A clear champion shapes the vision and clears the way. Creating communities of choice in distressed areas often requires major investment of public resources and services that might otherwise go elsewhere. The challenge of leadership is to build consensus around a new vision for neighborhoods, make it happen, and sustain that consensus and continued investment over time to create a new market condition.

In Atlanta, PHA Executive Director Renee Glover used the Olympic deadline to focus neighborhood and government attention on finding a more positive and sustainable solution for Techwood and Clark-Howell. In Louisville, Mayor Jerry Abramson challenged the Housing Authority of Louisville to think more broadly about the neighborhood and charged his city agencies to fulfill the Empowerment Zone vision and expand on an initial approach for mixed-income rental redevelopment at Cotter and Lang Homes. In Pittsburgh, Mayor Tom Murphy recognized the blighting influence that public housing can have on communities but saw that mixed-income public housing redevelopment could be an asset. He and his team moved quickly to conceive a Manchester HOPE VI proposal based on a comprehensive community plan. In St. Louis, Mayor Freeman Bosley put a stop to reinvestment in failed policy. Developer Richard Baron engaged the civic community to rally around education as a driver of urban redevelopment.

Fundamental change requires gaining ground before momentum can fail. Truly changing the institutional relationships that created large concentrations of very low-income public housing requires that new stakeholders see self-interest in investing energy and capital in former public housing neighborhoods. Fundamental change takes time to implement. The housing component of a large redevelopment project can easily take more than five years to complete—more if homeownership units are involved and even longer if schools, parks, and other institutions are engaged. The effects of social programming may take longer to establish.

The review of available data for the four cases at this point—at approximately ten years after groundbreaking and up to twelve years since initial planning—shows clear outcomes, but they are less quantifiable than would be expected from a longer-term survey. In three cases, there was significant housing authority board turnover and several housing authority directors during the planning and implementation period for the project. All of the cases but Pittsburgh have seen changes in mayoral administrations prior to completion.

Given this mismatch between leadership tenure and tangible outcomes, the most important challenge for stakeholders is to establish consensus for a neighborhood plan and a momentum
toward completion before leadership changes can threaten the focus and financial support for the project. In Atlanta, Renee Glover did not allow momentum to slip once Centennial Place had gotten under way. She put in place a private program management team with capacities that were not available in AHA’s line staff at the time, and moved quickly to expand the concept to other family developments with large allocations of modernization funding.

In Louisville, Mayor Abramson focused his senior staff on Park DuValle and hired high-level consultants, community master planners, and market analysts to work with all parties on an aggressive neighborhood revitalization plan and financing strategy. The mayor personally chaired monthly leadership meetings as the project, reconceived following failed attempts at both an Empowerment Zone designation and a HOPE VI grant, got under way. By the time he left office as mayor of the city (he is now mayor of a consolidated city-county government), the initial phases were completed and public funding was in place for the entire project.

In Pittsburgh, a concept for reinvented public housing articulated in an Empowerment Zone application became a blueprint for a long-term strategy to change the entire housing authority portfolio. Still in office as of this writing, Mayor Murphy has presided over ten years of this transformation, and the housing authority is building on the success of Manchester to implement a large-scale infill redevelopment project at Bedford Homes.

In St. Louis, Mayor Bosley opened the door to transformation, rejecting an existing plan to rebuild 100 percent public housing. Development firm McCormack Baron Salazar finished the job. Planning and initial construction occurred during Mayor Bosley’s term, but additional planning and activity spanned the terms of two more mayors and five executive directors at the St. Louis Housing Authority. Recent system-wide reform efforts have led to new board and executive leadership of the St. Louis school district.

B. Leveraging Resources, and Ensuring They Are Targeted and Sustained, Is Paramount for Success

Neighborhood revitalization requires far more money than the grant amounts available under the HOPE VI program or any other public housing capital program. Costs for new infrastructure, land assembly for off-site development, and demolition—all typically required for large redevelopment projects—can easily range in the tens of millions of dollars. In addition, high-quality design and construction, informed by strong assessments of regional market trends, are necessary to attract a range of incomes.

Before a new market is proven by the early phases of a development, subsidized funding sources, such as Community Development Block Grants (CDBG) or HOME funds, city capital funds, Low-Income Housing Tax Credit (LIHTC) equity, and HOPE VI or other public housing capital may make up the bulk of the funding. In markets with higher construction costs, soft debt may be necessary to produce enough tangible development to reposition the neighborhood in the regional marketplace. LIHTC and private activity bond allocations, the state-controlled vehicles that bring tax-
credited equity investments to the table, are also critical. Competition for these allocations is fierce, and projects of the magnitude of most mixed-finance public housing developments require multiple, large allocations to reach full build-out. The amounts needed for neighborhood revitalization projects are far in excess of and much more varied than what it takes to develop 100 percent public housing; however, as the outcomes catalogued for each case show, the benefits reach beyond the public housing units as well.

In Atlanta, AHA loaned the city funds to build new infrastructure in the early phases of Centennial Place, to be “repaid” before the funds were needed for construction in later phases. After the success of Centennial Place became apparent, AHA was able to secure a preference for mixed-income developments under the Georgia Housing Finance Authority’s tax credit program. AHA was also a credible partner for large private funders such as the Cousins Foundation at East Lake Meadows.

In Louisville, the desire to execute a grand vision, despite losing a $100 million Empowerment Zone grant competition and being disqualified for a $50 million HOPE VI grant, meant that the city and HAL had to go on a fundraising campaign to build on HAL’s public housing development grant. They ultimately received a HOPE VI grant, a Homeownership Zone grant, and several other awards to improve a neighborhood health center, parks, and community facilities. In addition, the city committed more than $10 million in CDBG funding over five years for infrastructure on the project. The Kentucky Housing Finance Authority made a rare multi-year commitment of tax credits, and PNC Bank made its largest ever equity investment for Park DuValle rental units.

In Pittsburgh, Manchester required relatively little infrastructure reconfiguration because it was an infill project with significant land available at relatively low cost in the neighborhood. HACP, the Manchester Citizens Corporation, and the private development partner they selected for the rental component of the project were systematic in raising additional private funds for construction as the HOPE VI grant was only $7.5 million out of a possible $50 million award. MCC and HACP are in the process of trying to sustain supportive service and public safety programs as initial pilot grants from HOPE VI, other public housing funding sources, and local foundation grants run out.

In St. Louis, tireless work to engage civic leadership to raise corporate contributions helped to fill gaps in the real estate development budget, and also created a pool of funding for Jefferson School and other service and quality of life programming. McCormack Baron Salazar’s work with public housing and neighborhood residents made heavy use of three state tax credit programs designed to provide tax benefits to corporations making contributions to nonprofit organizations for community development purposes. The city of St. Louis has supported the development with funding for infrastructure reconfiguration and by moving an underused park via a land swap to create a better layout for both the park and the housing.
C. The Redevelopment Plan Should Be Part of a Larger Neighborhood Vision that is Developed and Sustained with the Active Involvement of All Stakeholders

The new development should be part of a long-range, comprehensive plan for the neighborhood. Communities that are consistently chosen as good places to live have more than nice housing. Residents feel safe, can get to their jobs easily, have access to quality schools, and enjoy parks and recreational facilities as well as other amenities. For a mixed-income community, access to services that support public housing residents is important in addition to the things that make a neighborhood attractive to higher income groups.

In Atlanta, planning for the Centennial Place neighborhood began prior to Renee Glover’s taking the helm as AHA’s CEO, when public housing resident leaders began working with Georgia Tech on public safety and other issues of mutual interest. Developers, the Integral Group and McCormack Baron Salazar worked with AHA, the residents, and Georgia Tech to build on this early work, and envisioned an entirely new community that identified education, child care, recreation, and jobs as critical elements of the new community. All of these issues are addressed in the new Centennial Place neighborhood through partnerships with the school district, YMCA, AHA, and the developers.

In Louisville, the neighborhood master plan for Park DuValle was grounded in an earlier Empowerment Zone planning process that covered comprehensive improvements to the physical environment and services in Louisville’s distressed neighborhoods. When the Empowerment Zone application failed, HAL was able to move ahead with mixed-income development at Park DuValle using public housing development funds, but had no access to funds for mixed-income homeownership or services. Additional planning and fundraising brought a Homeownership Zone, a HOPE VI grant and an improved park and recreation center, police and fire station, health center, and other amenities that helped attract households of all incomes.

In Pittsburgh, Manchester Citizens Corporation’s comprehensive plan identified distressed public housing as the biggest barrier to revitalization of the Manchester community. It also identified initiatives and services that would improve the quality of life in the neighborhood. HACP’s HOPE VI application in 1995 was based on the MCC plan, and proposed to turn public housing from a barrier to an asset in the community, through redevelopment and services for public housing residents and others.

In St. Louis, a park and infrastructure reconfigurations were combined with strong unit and streetscape designs and major improvements to neighborhood schools to transform the neighborhood. A new community-based organization, COVAM (a CDC named for each of the housing developments in the neighborhood—Carr Square, O’Fallon Place, Vaughn And Murphy Park) was created to represent residents in redevelopment and social service activities in the community. They have served as a critical element in coordination and fundraising, especially for school improvements and other services and programming.
The process for planning neighborhood improvements, and for guiding ongoing work after redevelopment is done, should include meaningful involvement of all community stakeholders. Mixed-income communities with permanent public housing cannot be successful without the meaningful and continuous involvement of community residents. As one of the major stakeholders in the new neighborhood, and the group that faces the biggest changes through the redevelopment process, public housing resident concerns and views must be central to the planning and implementation process.

Often, public housing and other neighborhood residents insist that quality of life and social service issues are addressed alongside narrower real estate development concerns. These services and amenities are crucial for lower income households to adjust to living in new communities, and sometimes meet new requirements for occupancy. The services and amenities are also often important to neighborhood market recovery, which supports both the value of the original development and additional real estate investment over time.

In Atlanta, residents were skeptical at first that a plan with fewer public housing units would be in their interest. Techwood/Clark Howell residents explored with AHA and the development team several options, including 100 percent public housing rehabilitation, low-income new construction, and mixed-income new construction. They also visited other developments with characteristics such as those proposed for the mixed-income community. At the end of the process, residents voted for a new mixed-income community and a written agreement covering rights of return.

In Louisville, HAL convened Cotter and Lang residents, local agencies, and other stakeholders from the surrounding community as a special committee within the Empowerment Zone planning process to focus on changes to Park DuValle. The strategy to create a mixed-income community instead of redeveloping 100 percent public housing was made in this context, with the income mix being broadened through the addition of a homeownership component during revised master planning following Phase I.

When HACP based a HOPE VI application and strategy on MCC’s comprehensive plan for the neighborhood, it took advantage of a preexisting planning process that included a cross-section of neighborhood residents. Although MCC itself had not represented public housing residents prior to the HOPE VI planning process, they were both involved in selecting Pennrose Properties as developer for the new rental units. MCC has set aside a seat on its governing board for a public housing resident, and now functions as a service and information provider specifically for public housing residents. This level of communication and explicit representation for public housing residents has achieved a consistent level of attention to their needs and concerns, and included them in the planning and organization for new community improvements.

In St. Louis, public housing residents worked closely with McCormack Baron Salazar in the design and planning of the new mixed-income development. Residents were also required to approve major changes under the consent decree, which resulted from their successful lawsuit to demolish the Vaughn site. Their influence is seen in specific design elements in the new Murphy
Park units, including a study nook for children and single-family units designed for particularly large families, and a right of return for prior residents. Vaughn residents and their neighbors are represented specifically in ongoing planning for neighborhood improvements through COVAM.

D. Engaging New Investors and Civic Stakeholders Helps Stabilize and Sustain Neighborhood Improvements

Mixed-income public housing development not only allows public housing units to be combined with non-public housing units, it also creates an opportunity for non-public housing stakeholders to invest in public housing communities. Housing investors and other institutions invested in non-housing components of the plan are at significant financial risk if the neighborhood revitalization is not successful. This set of interests, and the strong working relationships that can be built through the redevelopment process, support ongoing efforts to sustain revitalization. These relationships are often created during the initial planning process.

In Atlanta, AHA emerged from the intensive planning process that led to the Centennial Place neighborhood strategy as a credible public partner, with comprehensive vision and the ability to operate in a business-like fashion while satisfying the concerns of its residents. These relationships, and the vision shared among stakeholders, simplified actions such as influencing the school board to rebuild and reconstitute a new school and convincing the YMCA to build a new state-of-the-art facility on site. As the AHA continued its work at other public housing sites, public, private, and civic partners have a new appreciation for working with AHA as a legitimate partner.

In Louisville, the Empowerment Zone planning process was intensive and inclusive. Although the application was not successful, Mayor Abramson and his senior staff felt obligated to pursue its vision. Had the earlier process not been in place to establish a broader group of stakeholders for fundamental neighborhood restructuring and revitalization, the immense commitment of senior staff time, city resources, and private fundraising assistance would have been less likely.

In Pittsburgh, MCC had identified obsolete public housing as its biggest barrier to revitalization, but had no direct way to assist in improving it. Relationships with public housing residents were also indirect at best. Through the planning process for the HOPE VI application, and the process of refining the plan and selecting a rental development partner once the grant was awarded, MCC took the interests of public housing residents as one of its charges as a community organization. MCC advocates for continued improvements and funding for them on behalf of the entire neighborhood population. Services for all residents of the neighborhood have improved as a result.

In St. Louis, by successfully soliciting funds from corporate contributors and investors in the mixed-income public housing real estate project at Murphy Park, McCormack Baron Salazar created a new set of stakeholders for the neighborhood. Residents of surrounding communities, as well as former residents of Vaughn housing, have become involved in addressing neighborhood-wide quality-of-life issues. Both investors and residents have a stake in the neighborhood’s continued...
improvement. Through COVAM, they have secured substantial funding and have influenced major improvements to facilities and programming at the neighborhood elementary school. Its success as a privately organized effort in influencing, and working with, public sector delivery systems for services and education has inspired a much larger civic project, the Vashon Compact, focused on the JeffVanderLou neighborhood of St. Louis’ North Side.

E. The Plan Should be Firmly Grounded in an Assessment of Regional Market Trends

To reposition a neighborhood in its regional marketplace, a redevelopment must have housing that is attractive to households at competitive prices and include attractive amenities. To capture new market segments effectively, planning should be firmly grounded in an assessment of city and regional market trends and the neighborhood characteristics that families seek.

In Atlanta, master planning for Centennial Place was conducted with the input of the selected development team, which prepared a series of potential scenarios for discussion with AHA, public housing residents, and other stakeholders. Because the development team was to be responsible for working with the group to detail the selected scenario and then build, own, and operate the development, it had a direct economic incentive to ensure the marketability and feasibility of what it was proposing. Atlanta continued to balance community needs and concerns with market assessments in other neighborhoods by engaging its Centennial development partner, The Integral Partnership of Atlanta, as a program manager for other early Olympic Legacy Program developments. In this role, part of The Integral Partnership of Atlanta’s explicit contribution to the program was mixed-income marketing knowledge based on the experience at Centennial Place and other projects in which the firm was involved.

In Louisville, Mayor Abramson insisted that a new and bolder master plan be created for Park DuValle. Urban Design Associates, the master planning team selected, brought in the market assessment firm of Zimmerman/Volk Associates. The methodology used by the planners was to work from an assessment of broad market trends, examining what types of housing product and neighborhood situations people with income and choices were selecting in the Louisville metropolitan area, and what prices and rents those homes were achieving. Although a developer was not involved at the time the master planning was done, the city realized that to fulfill its goal of neighborhood revitalization the development had to be positioned to capture new segments of the market.

In Pittsburgh, MCC prepared a comprehensive strategic plan for its neighborhood that identified not only initiatives and improvements that would make the neighborhood more livable, but also identified public and assisted housing as the major barrier to enhancing the investment climate and quality of life in the area. The rental housing was ultimately all public housing, and therefore not subject to marketing issues in the same way as rental transactions including units for a mix of incomes. However, MCC’s role as the for-sale developer of HOPE VI and other homes in the neighborhood gives it a vested interest in the marketability of the overall community.
In St. Louis, McCormack Baron Salazar was responsible for organizing the planning process. With its strong understanding of the St. Louis real estate market, it articulated tradeoffs between elements of design, marketing, and feasibility. As the party responsible for owning and managing the rental housing, it has clear self-interest in creating a feasible package and creating vehicles for additional grants and other soft financing where the market would not immediately cover development costs.

F. New Ways of Doing Business Require Changes for All Agencies

Close coordination between city agencies and housing authorities is important. Close city/PHA coordination is necessary to plan and implement the predevelopment and development activities necessary to build new communities. In most cases, coordination takes the form of regular project meetings among all public and private implementers to keep the project moving.

In Atlanta, infrastructure reconfiguration for Centennial Place required close coordination between city agencies, developers, and AHA to advance funding to the city for some improvements. AHA development staff coordinated weekly meetings among affected agencies and AHA departments, developers, and stakeholders.

In Louisville, the city and HAL were both involved in the planning that led to the Empowerment Zone application and the mixed-income plan for Park DuValle within it. The initial planning process resulted in a much less lucrative Enterprise Community designation and a public housing development grant, which provided no funding for community and supportive services. Working without the targeted subsidy for city services and investment that the Empowerment Zone would have brought, HAL began to move forward with a mixed-income development. However, when it appeared that working from the public housing side alone would not allow the neighborhood to reach its potential, both organizations renewed the master planning process. Creating a combined rental and homeownership development makes close coordination necessary on an ongoing basis between HAL, which funded and oversees the rental and part of the homeownership components of the development; the city, which funded the remainder of the homeownership component; and the two developers that constructed and manage various phases of the community.

In Pittsburgh, coordinated planning and action between the city and HACP was one of Mayor Murphy’s earliest initiatives. To ensure that cooperation, he named himself chair of the housing authority board, and appointed top staff to the daily operations of the housing authority and the Urban Redevelopment Authority (URA), which was responsible for land acquisition and disposition to facilitate development. Among other things, URA runs weekly project meetings between residents, HACP, developers, and all affected agencies.

In St. Louis, McCormack Baron Salazar convened weekly project planning meetings involving residents, SLHA, and city agencies. They also convened regular project coordination meetings as the implementation process got underway.
Structural changes are often necessary for the PHA to play a new type of role. After the experience with Centennial Place, AHA was challenged to build immediately upon the momentum, even though it was restructuring its conventional public housing management operation and had yet to gain in-house development expertise to plan new developments and negotiate the necessary transactions. AHA therefore engaged The Integral Partnership of Atlanta to craft the second generation of Olympic Legacy projects. Over time, AHA built an internal development staff that manages its involvement and resources for public/private developments. This staff now assesses development opportunities both on and off AHA's current sites, sometimes with the assistance of third-party technical consultants. The development department also crafts requests for proposals, using its initial assessment and feasibility analysis, to offer opportunities to the development community and request ideas for improvements on the initial assessment. It also assigns staff to analyze and negotiate financial terms with the developer, other investors, and lenders as financing is assembled, and to close the transaction.

In Louisville, after the failure of the Empowerment Zone application and its receipt of public housing development funds instead of a HOPE VI grant, HAL worked to detail a mixed-income, mixed-finance rental development to replace Cotter and Lang Homes. Initially concerned that private developers would not share its central mission of serving very low income people, HAL worked through an affiliated nonprofit to plan, develop, and manage the rental housing. The consistently high-performing HAL senior management became concerned about their ability to pay sufficient attention to the day-to-day activities of running a housing authority as they realized that a great deal of senior management time and energy was needed to oversee the redevelopment process and negotiate its positions in a new, public/private mode of ownership and financing. When the city initiated a new planning process that introduced a mixed-income homeownership component to the project, HAL shifted from a more operational role to a guidance, oversight, and investing role, hiring consultants and working with specialized developers for the homeownership and rental components of the development.

Based on the vision originally articulated in the Empowerment Zone application, Pittsburgh developed a portfolio-wide strategy to replace all obsolete developments with mixed-income redevelopment which included public housing, tax credit and market rate components. To pursue this strategy, HACP created a special projects office charged with working with stakeholders to formulate new strategies for developments, crafting solicitations, and contracting with developers and consultants to further define HACP's opportunities. This office worked closely with the URA, developers, neighborhood stakeholders, and public housing resident groups to refine plans for new projects, and negotiated with all project investors and developers to arrange appropriate financing and protections for the public housing families in the redevelopments.

Current SLHA senior leadership compares the Vaughn experience, in which one developer was charged with master planning and developing the entire project, with another large project in which a plan was done by a third-party program manager with multiple development partners. SLHA currently operates in a negotiation, management, and oversight role and prefers to keep its central operating expenses lean so more funding can be provided to resident housing and services. After
comparing these two experiences, SLHA prefers having one developer per neighborhood to manage and oversee a development, provided that roles, incentives and accountability are aligned so the developer is responsible for daily activities in the development.
VII. POLICY AND PROGRAM RECOMMENDATIONS

The developments in Atlanta, Louisville, Pittsburgh, and St. Louis show the potential of successful mixed-income, mixed-finance developments in starting major neighborhood revitalization. These cases also demonstrate the important role that HOPE VI grants can play in leveraging or catalyzing such wholesale revitalization.

The early signs of renewal in the mixed-income neighborhoods studied are clear: drops in unemployment, increases in household income, improved student performance, less crime and fewer police calls, rising property values, and additional investment around the developments.

Over time, such improvements can result in more supportive, positive living environments for low-income families. All taxpayers and businesses in the city and region benefit when the array of costs associated with concentrated poverty are reduced and replaced with healthy, safe “neighborhoods of choice” where families and businesses want to locate.

However, despite these successes, federal leaders are proposing to eliminate the HOPE VI program. Opponents allege the program’s failure to adequately meet the needs of public housing residents and its overall sluggish pace in implementation and expenditure of funds. While these are legitimate concerns, they do not justify the elimination of a valuable program that works. This paper and the accompanying case studies show that the HOPE VI program has clear benefits in bringing market activity and quality of life back to long-neglected neighborhoods—benefits that should not be overlooked. HOPE VI should be preserved and improved upon as a true neighborhood renewal program.

As the program evolves, it is important to recognize that not all public housing developments or distressed neighborhoods are ripe candidates for a mixed-income revitalization strategy. Overall market conditions or assets may not be present for sustaining success. For instance, in the absence of market drivers, such as proximity to downtown, employment centers, anchor institutions, and other amenities, it may be preferable for public housing strategies to focus solely on providing better quality, better managed housing and access to needed services within the current public housing community without converting to a mixed-income environment.

Also, understanding the dynamics of the surrounding neighborhood is paramount so that already revitalizing neighborhoods are not mistaken for crippling concentrations of poverty. In those cases, the best efforts may be to focus on rehabilitating or constructing high quality units, providing services and supporting community building mechanisms—without a broader mix of incomes within the development itself.

The bottom line: Local and federal leaders must evaluate target neighborhoods and developments carefully to ensure that the substantial amount of time, public funds, and private resources necessary for large-scale mixed income redevelopment be expended for realistic goals and expectations.
This section of the paper provides recommendations on how to ensure that the successes found in these four developments can be sustained and replicated in other mixed-income developments or neighborhood revitalization strategies, while also preserving a place for very low-income families.

Specifically, the discussion that follows is intended to help local leaders take the lessons from these four cases and adopt planning and implementation practices to ensure the best outcomes from these complex, mixed-income, mixed-finance developments. The discussion also makes recommendations for how the federal government can better support and encourage innovative and inclusive approaches to mixed-income redevelopment efforts, both by preserving and improving the HOPE VI program and also leveraging other important resources to make large scale neighborhood redevelopment more possible and more commonplace.

A. Recommendations for Local Action

The lessons from the four mixed-income case studies suggest several key recommendations for local agencies and their partners to best plan, organize, and implement successful neighborhood redevelopment.

1. **Planning and development should include meaningful involvement of all stakeholders, especially public housing residents, and a strong collaboration between the city and the housing authority.**

   The case studies demonstrate that public agencies, private investors and developers, public housing residents, surrounding neighborhood residents, politicians and other community stakeholders must all work together to produce a successful development. In addition to establishing strong working relationships, firm commitments must be made by all stakeholders. These parties must continue to collaborate to ensure that the development performs over time and improves the quality of life in the neighborhood in a sustainable way. They have to develop relationships and a forum that allow stakeholders to honestly discuss issues and solve problems on an ongoing basis.

   A strong collaboration between the city and the housing authority, with their influence and funding, is central to successfully engaging all of the necessary stakeholders. Cities and housing authorities should work together from the inception of the planning processes. They should develop consensus goals among all of the stakeholders (including their own public housing and city goals and parameters) and articulate those goals in physical redevelopment recommendations.

   Public housing residents should have meaningful voice in the planning of the redevelopment, particularly with the development’s design, operations, and the availability and character of neighborhood services and amenities. Redevelopments should embrace, not isolate, public housing residents and connect them to surrounding neighbors, parks, shops, and services. Implementation plans should also include measures to ensure that property managers and service providers for the
whole community will continually serve and respond to public housing residents’ input, without segregating them from other residents or stakeholder groups.

2. **Good planning and design matter and should reflect market trends.**

   All of the cases demonstrate that strong design and master planning matters. Creating a new community identity, particularly in distressed neighborhoods once dominated by obsolete housing, is a critical success factor. The new homes and public spaces should address the needs of contemporary families and seniors, creating a pleasant, positive and useful environment with defensible public spaces and attractive amenities. Cities and housing authorities should scope the planning and design components of the project with these objectives in mind, including in solicitations to select development teams.

   Good planning and design are even better when they are firmly grounded in assessments of market trends. Indeed, the marketability of the new mixed-income development depends upon a range of unit types, services and amenities that are in demand by renters and buyers who have economic choices.

   Price points for rents and homeownership units should be set according to realistic estimates of what the market will pay for units in formerly distressed areas. Physical planning and design, scheduling and funding phases of the development should be geared to build early momentum for the project and improve market confidence as soon as possible. In some cases, this may mean setting affordable, competitive prices and/or offering incentives in the early phases to attract new consumers.

   Sources of these market assessments vary among communities. In some communities, civic organizations or the local government makes such market analyses available outside the context of the specific development. In many cases, the development partner, who has significant economic stake as the future owner, provides the market assessments for the specific property. In Louisville, the public agencies were diligent in contracting directly for serious market assessments in conjunction with community master planning.

3. **Developments should be part of long-range, comprehensive plans that fit into the vision of the larger community, city, or region.**

   The cases demonstrate that mixed-income public housing developments need to fit into a larger neighborhood, city and/or regional context in order to be successful. These projects are not simply homes but represent broader efforts to revitalize neighborhoods. To be successful, these neighborhoods must be repositioned in the regional marketplace and contribute to a new perception of the central city as a whole. They reconnect neighborhoods to existing infrastructure and help renew underused land and buildings.
To ensure that the redeveloping neighborhood is reconnected to its larger community, cities and housing authorities should ensure that key agencies and stakeholders are at the planning table, such as school boards, parks and recreation officials, police and transit authorities. Quality comprehensive plans may already have been generated by community-based organizations, resident groups, or civic groups; their goals should be incorporated in new or updated planning.

4. **Developments should address social and service needs.**

Large-scale revitalization efforts also require comprehensive plans that include the provision of services to address the social and support needs of existing and new households. The cases clearly show that for a project to create a high quality of life, it needs to address school improvements, recreational opportunities, public safety, jobs and skills training, child care, and other issues. In addition, the actual reconfiguration of family and senior housing and the changing income mix in affected neighborhoods directly affect the role of public and private service providers. Thus, service providers and other neighborhood organizations should be involved throughout the planning and development stages. Information related to new services and their providers should also be made available to residents.

5. **Engaging new investors and new owners in the ownership and management of mixed income developments is essential to ensuring their long-term viability.**

Mixed-finance developments establish market checks and balances that must be preserved in order to ensure the developments’ long-term viability. The developments not only bring occupants of various income levels, they also bring new sources of capital. Traditional mortgage lenders and equity investors become active partners in the development. These private sector investors underwrite the projects for the long term and demand quality maintenance, management and operations to protect their investments. If the higher income households are not satisfied with the development, they are free to leave, unlike families receiving subsidies tied to their units. If the households with choice leave, the economics of the project will begin to unravel, triggering various actions by lenders and investors to possibly replace current owners or managers. In short, these market-rate owners and renters serve as a protection for lower-income households so that the project will maintain high quality standards for everyone.

Thus, cities and housing authorities must establish an effective ownership structure involving equity investors, developers and sometimes civic or neighborhood stakeholders in ways that create the right economic risk and incentives for them to perform quality long-term management. This kind of stake ensures that the development continues to be a valuable neighborhood asset, a good place to live for low-income families, and a good investment.
6. **The public housing components of neighborhood revitalization projects should be part of an overall strategy for the local housing authority portfolio.**

Finally, the most successful mixed-income redevelopment efforts will be those that occur as part of a larger vision for improving the housing opportunities for all low-income households served by the local housing authority and city. There are many different kinds of low-income households, such as multi-generation families, frail elders, and single parents, requiring different housing and service needs. Housing authorities and cities should support an array of housing options to serve their disparate clients. Mixed-income redevelopments can create positive living environments for families and seniors, but they may not be well-suited for some households with special needs. Housing authorities and cities that use HOPE VI to create mixed-income neighborhoods for their clients should also think through the role of their entire housing portfolio to ensure proper transitions or relocations for all families during the redevelopment. At the same time, housing authorities should pursue efforts to improve the quality and management of all their housing services, be they supportive housing, traditional public housing, Section 8 vouchers, or elderly housing and not simply focus on the mixed-income redevelopment. This vision and understanding of their housing portfolio also helps ensure that housing authorities and cities are not simply lowering public housing density in one neighborhood and shifting concentrations of distress to other parts of the community. A more comprehensive approach to publicly-assisted housing should ensure that all public housing and other assisted residents are being treated fairly, not just those who are benefiting from the mixed-income redevelopment.

Housing authorities and cities should also recognize that incorporating mixed-income approaches as part of a whole housing portfolio requires new ways of doing business within and among public agencies responsible for housing, human services and other public functions. The shift in role from housing operators to developers/investors is particularly intense for housing authorities. The need for extensive coordination affects other public partners. Public agencies that recognize these changes and shift their ways of doing business to accommodate mixed-income redevelopment will be more successful in achieving their goals.

**B. Recommendations for Federal Reforms**

The cases clearly show that successful mixed-income, mixed-finance redevelopments are the result of strong local processes and partnerships that begin in the early planning stages for the development, and create relationships that allow for problem-solving on an ongoing basis. The cases also show that creating new mixed-income neighborhoods requires more funding and different sources of funding than is provided through the HOPE VI program alone.

However, these local successes tend to be the exception, more than the rule. The federal government can help replicate more of these models by better rewarding and facilitating the innovative activities of cities, housing authorities, and their private sector partners to ensure that viable public housing can be integrated with market rate housing to improve whole neighborhoods. The following recommendations focus on how the federal government can preserve and then
strengthen the HOPE VI program, and better leverage Low-Income Housing Tax Credits and other resources to support these redevelopments.

1. **Restore the HOPE VI program to its prior annual funding level of $500 million.**

   As stated earlier, the HOPE VI program was a ten-year demonstration program set to expire in 2003. That year, the administration proposed to eliminate the program, but it was restored by Congress and ultimately approved in FY 2004 at an anemic level of $150 million, down drastically from its previous annual appropriation of approximately $500 million. The Bush administration again proposed to terminate the program in FY 2005, but Congress ultimately restored funding to HOPE VI, albeit at an even smaller level of $144 million.

   Now, for FY 2006, the future of HOPE VI is again tenuous, with the Bush administration advocating an end to the program and minimal funding proposed by Congress. Given HOPE VI’s demonstrated effectiveness in serving as a catalyst for reforming public housing and entire inner city neighborhoods, Congress and the administration should restore the program at its prior annual funding level of at least $500 million.

   The current HUD administration advocates eliminating HOPE VI primarily because it is perceived as being inefficient. It appears to take too long to produce new housing units and to integrate public housing into a broader vision for neighborhood revitalization, especially due to delays in planning, assembling land, realigning infrastructure, and acquiring tax credit financing.\(^{20}\) While this is true relative to past practices, history has also starkly illustrated what happens when the nation efficiently builds public housing—we get concentrated, isolated, poorly designed public housing communities. It is faster to simply rehabilitate dilapidated public housing developments. It is faster to build 100 percent public housing neighborhoods. However, faster does not necessarily mean better. The long term costs of such actions are now well understood.

   To create quality public housing and quality neighborhoods takes time. To do so without solely depending on federal subsidies, but in partnership with private sector investors and other city leaders is complex. It also takes time to achieve a true and durable consensus among community stakeholders and public housing residents, which is imperative to ensuring long-term support and success for the revitalization project. And as these case studies suggest, the results can literally rebuild viable urban neighborhoods containing permanent public and other affordable housing opportunities and also improve outcomes for families and children.

   Without question, some HOPE VI projects are problematic and others have languished for years. Rather than eliminate the program, HUD should evaluate the reasons for these delays or problems and put in place reforms to improve the program’s results. Hopefully a smarter, more

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strategic HOPE VI program would emerge, one that puts public housing in a neighborhood context, with the checks and balances of mixed-finance development and creates new opportunities for the difficult to house populations.

In sum, HOPE VI should be improved but not ended. It is a crucial funding source for addressing distressed public housing and creating healthier, mixed-income communities. HOPE VI should be restored at its original funding level so it can continue as a fundamental tool for the federal government to partner with local leaders to remake neighborhoods that work for families of all income levels.

2. **Refine the HOPE VI grant process to support better planning and implementation of mixed-income, mixed-finance redevelopments and size grants appropriately to match local circumstances.**

   a. **Reinstall planning grants, which in turn will improve the quality of revitalization/implementation grant proposals.**

   The cases clearly show that planning for true neighborhood revitalization is a complicated, time consuming and expensive exercise. It is also extremely necessary. The planning process often serves as a first step in engaging all of the parties with a stake in the neighborhood. As the HOPE VI program’s goals have grown to include not just public housing revitalization but neighborhood redevelopment as well, the planning process has become more important and more expensive. Over time, the intensity and level of expense has become a barrier for communities in undertaking this kind of inclusive planning process without special funding. These expenses have also proven to be a deterrent for housing authorities applying for HOPE VI grants at all. Planning grants of up to $500,000 were provided during the first three years of the program to help defray such costs.

   The federal government should reinstall planning grants of up to $500,000. This would help localities to undertake the important steps of planning and consensus-building. This would also allow communities to come together with the market information and design expertise that they need to envision an attainable, healthy new neighborhood and create a realistic financial plan to achieve it.

   A formally funded planning process could also produce significant savings to the HOPE VI program as revitalization/implementation grants would only be awarded to those communities that have demonstrated that they are ready to advance to the next step. Implementation grants would only be awarded after a consensus is reached on the purpose and scope of the plan and when commitments of key stakeholders and funding are in place. With planning grants able to fund better predevelopment work, implementation proposals should be of higher quality in general, and more “ready to go”. By closely evaluating the success factors in detailed redevelopment proposals, federal decision-makers can award fewer, but better, HOPE VI implementation grants and make the neighborhood revitalization program as a whole more consistently successful.
b. **Award planning grants based on important elements of success.**

A renewed planning grants process would require that funding be based on certain proven success factors. Winning planning grants should demonstrate:

- **Involvement of critical stakeholders in the planning process, including public housing residents and private development partners.** Grant award criteria should include minimum requirements for the types of partners that must commit to the planning process as a high priority. At least the housing authority, city, public housing residents, representative organizations from the surrounding communities, and other large neighborhood institutions should be included. If possible, private development partners should also be included so that all of the parties with a long-term stake in the neighborhood are represented in the details of the plan.

- **Coordination with the state tax credit allocating agencies.** Low-Income Housing Tax Credits (LIHTCs), allocated by state housing finance agencies (HFAs), are the single most important subsidy other than public housing funds in most mixed-income public housing developments. The scale of these developments is much larger than typical tax credit proposals, which mean engagement of these agencies on the front end will help the state work with mixed-income projects. In Louisville and Atlanta, city and housing authority officials worked closely with the state HFAs to include preferences for public housing and HOPE VI developments in their qualified allocation plans, which was critical to their ultimate funding award and success.

- **Clear roles, responsibilities and timing.** Planning grant proposals should include specifics regarding how the planning process will be structured, which parties will be involved when, and what types of issues are expected to be covered at each stage of the planning and predevelopment process. Roles, responsibilities and deliverables should be scoped for each member, including any professionals engaged to provide technical planning and predevelopment services.

- **Planning and design objectives that promote community renewal and marketability.** Scopes for planning, design, and predevelopment should include elements that are important for creating a new community identity, such as new housing and public spaces that meet the needs of modern families and seniors, and attractive amenities.

- **Assessment of regional market trends.** Planning grant proposals should include efforts to use regional market trends data to clearly identify the characteristics that are needed to turn a long-neglected area into a neighborhood of choice for households with a range of incomes.

- **Assessment of relocation and permanent housing needs of hard-to-house residents.** Planning grant proposals should include assessments of household needs for public housing residents and others who would require relocation as a result of the redevelopment process. They should also identify housing alternatives that might be accessible and appropriate for
both temporary and permanent situations. Planning grant proposals should also include assessing available funding for appropriate housing and services, identifying gaps and developing strategies for supporting relocating residents.

c. **Award fewer, but better, implementation grants.**

Many HOPE VI developments have faltered when leadership transitions or other conditions change the priorities of one of the major stakeholder groups. Each of the four case studies had at least one clear champion who would not let the project stall. All parties, including public housing residents, city and housing authority leadership, and private partners took significant risks to approach their projects in fundamentally new ways.

Having separate grants for planning and implementation rewards local commitment and sustainability of effort and vision. It also reduces the federal government’s “leadership risk” by allocating large implementation grants only after a consensus vision, commitment between key stakeholders, and commitments of key funding sources can be demonstrated. It may take some communities longer than others to reach a stable consensus with appropriate financial and other commitments. Implementation grants would not lie idle in the meantime.

In addition, this structure would give the major stakeholders incentives to focus and commit time, money, and resources at each stage of the project. A separate implementation grant, for instance, can be extremely helpful in enabling local leaders to galvanize additional support. With planning grants able to fund better predevelopment work and naturally weed out those communities who are not ready, implementation grants should be fewer and should reward higher quality applications.

d. **Award implementation grants based on strength of planning and other winning components.**

Solid implementation proposals should build on the successes of the planning efforts and thus exhibit the following characteristics or sets of criteria:

- **Evidence of completed strong planning processes.** Implementation proposals should include, in the proposal itself and in supporting documentation, evidence that the planning processes had continual, meaningful involvement of key stakeholders, that consensus on the redevelopment plan has been achieved, and that financial backing exists from investors. City and other public sector commitments, especially financial ones, should be articulated.

- **Evidence that the grant applicants are “ready to go.”** There should be clear specifics of the roles and responsibilities of each party involved in the implementation; designation of the organizations, offices, and individuals that will carry out the activities; and designation of the development partners. Development partners should be selected by the time of the implementation grant award in order to demonstrate consensus on a selection of partner;
otherwise, there can be significant delays in project implementation. There should be evidence of financial commitments to the extent possible, with particular emphasis on grants, soft loans and other below-market sources which are the hardest sources to secure. Finally, necessary city approvals should be in hand, to ensure that the project will not be delayed after funding is granted.

• **A realistic plan for gaining Low-Income Housing Tax Credits on a timely basis.** State HFAs are forbidden by federal regulation from making firm commitments of tax credits prior to an application being submitted. In addition, LIHTCs are required to be the last funds committed to a development. However, state HFAs can provide statements that the proposed project meets their general threshold criteria and the priorities of their funding goals and therefore can realistically expect to receive tax credit allocations. HUD has used this method in the past to assess the readiness of HOPE VI proposals.

• **Clearly stated ownership structures that engage new investors and civic stakeholders to stabilize and sustain neighborhoods.** Implementation grant proposals should include proposed ownership structures for the public housing and other units in the development. Federal decision-makers should review this information to assess whether the economic interests of the developers and the other private and public investors are aligned with the federal goals for neighborhood revitalization. Proposals should articulate how they will create a situation in which both permanent affordability and a broader income mix is sustained, in which neighborhood improvements benefit lower-income households, and in which segregation between public housing residents and other income groups is not reinforced. Paying close attention to these proposed legal and management structures before the large infusion of federal investment would mean less regulation and “micromanagement” during implementation to ensure the stated neighborhood outcomes sought in the plan are achieved.

e. **Consider redevelopment strategies of varying shapes and sizes and then match the amount of the grant awards to fit local conditions.**

Small grants can produce a significant impact, as demonstrated by the Manchester project, and thus should be considered alongside more aggressive approaches, such as Centennial Park and Park DuValle. There is no “standard” project. While the costs for engaging in highly inclusive planning processes tend to be similar among localities, the size of the implementation grant should be tailored to match what is needed to achieve revitalization, ensure permanent affordability, and leverage a significant portion of private investment.

Implementation grants should also vary because development costs vary widely across market areas. Applying the same cap in grant amount to older industrial cities and sunbelt areas, with different costs for labor and construction materials ignores the practical reality reflected in HUD’s total development cost caps and the market standard surveys from which they are derived. The construction portion of implementation grants allocated for public housing units in new
communities should be sized according to the number of units that are proposed to be constructed and to the estimated local development costs. There should not be a set nationwide cap on individual grant amounts.

f. **Consider funding for non-construction uses.**

   The success of a number of the redevelopment projects was dependent upon an aggressive marketing campaign to rebrand these formerly distressed neighborhoods as attractive, mixed-income housing developments for a range of household types (such as Park DuValle’s aggressive marketing campaign and incentive programs for home buyers). Public funds should be allowed to be used to mount such marketing campaigns and other non-construction uses if they are needed to build market confidence and momentum in a redevelopment project.

g. **Allow additional and separate funds to be included in implementation grants to support the provision of housing and services for hard-to-house relocatees and to track relocated residents.**

   Mixed-income redevelopment is intended to improve the quality of life and opportunities for low-income residents as it revitalizes neighborhoods. However, there is much concern about the housing opportunities for those residents who are not qualified to live in mixed-income settings. These may be households with residents who struggle with mental illness or drug and alcohol abuse, who may be ex-criminal offenders or involved in criminal activity, who cannot maintain the cleanliness or orderliness of their home without disrupting others, or who cannot discipline troubled youth.

   The minimum aim is to do no harm to existing residents of distressed public housing developments. Federal regulations require that relocating residents who are lease compliant be provided with comparable housing units. However, the hard-to-house are the least likely to be lease compliant.

   Ideally, additional funding should be made available to cities, housing authorities, and their public and private partners to ensure that redevelopment plans take into account the needs of these fragile households to minimize the negative consequences of displacement (i.e., homelessness or deepening spiral of social and economic distress). Generally, the public and private agencies that serve the hard-to-house are different from those who are involved in mixed-income developments. Both sets of players need to work together for the planning and redevelopment of replacement units or relocation options. Funds can be used to produce or identify temporary and longer-term housing options for these households. However, planning and implementation requirements should also recognize that some individuals and households might not respond to the opportunities offered, no matter how well-targeted or sensitively offered.

   Ideally, separate funding should also be available to allow housing authorities to put in place quality tracking and feedback systems for relocated public housing residents and to evaluate the
quality of their experiences. Supporting staff and contractor resources to do this well, while also ensuring that relocations are going smoothly (e.g., ability to use vouchers, tracking choices that households make) should be required and funded separately so that implementation grants can be targeted to creating new units and providing services to residents.

3. **Leverage HOPE VI through better coordination with the Low-Income Housing Tax Credit (LIHTC) program.**

   LIHTC equity typically provides the largest source of non-public housing funding in the mixed-income rental component of public housing transactions. But tax credits also provide an integral incentive for sound management. Through their tax credit investments, private equity investors have a vested interest in the ongoing operations and long-term maintenance of the property. In addition to whatever pride of ownership developers and equity investors may have in participating in neighborhood change, they also risk foreclosure and recapture of their tax credits if management does not adhere to the conditions of its regulatory and operating agreement with the housing authority. The use of LIHTCs provides a critical set of checks and balances on the long-term viability of the rental housing at every income level.

   Yet, states receive limited amounts of tax credits and private activity bond cap to allocate annually. Thus, some states cap amounts of credits available for public housing redevelopment transactions; others cap total amounts per award at levels that do not allow the neighborhood revitalization projects to create their desired critical mass. In other states, the number of HOPE VI awards has created such a demand backlog that while the HUD dollars are in hand, the project must wait as long as three or four years before the state can award the tax credits. While LIHTCs are a fundamental element of the mixed-finance public housing program, some state housing finance agencies practically prohibit approvals for these types of developments.

   The federal government can pursue several options to ensure that the size and availability of the Low-Income Housing Tax Credits are expanded to match the increasing demand for tax credits to help finance a new generation of mixed-income and affordable housing projects.

   **a. Create a national pool of neighborhood revitalization tax credits and bond cap.**

   The characteristics that make mixed-income neighborhood revitalization projects successful are significantly different from those of the standalone projects that are typically addressed in state allocation plans. A national pool of tax credits could be allocated alongside implementation grants or when individual development phases are ready to go. Establishing such a national pool would create the most straightforward way to coordinate the pipeline of capital for mixed income projects and tax credits.
b. **Require local coordination with the state allocating agencies as part of the redevelopment planning process.**

As mentioned above, HUD could require cities and housing authorities to work with the state HFAs in the planning and implementation phase of the redevelopment project to ensure that the state HFAs are familiar with the proposals and can act (and approve) tax credits in a more expedited manner.

4. **Better coordinate flexible economic development funds with HOPE VI grants to maximize investments in large-scale neighborhood redevelopment.**

The HOPE VI program began as a demonstration program for housing authorities to address the multiple challenges of severely distressed public housing with large grants for physical modernizations and supportive services. Today, HOPE VI has evolved into the only program offering large-scale targeted investment to support the creation of economically integrated neighborhoods.

Yet, the cases clearly demonstrate that creating new mixed-income neighborhoods requires more funding and different kinds of resources than HOPE VI alone. In addition to the expense of constructing new public housing, large infusions of capital are needed from cities, public agencies, and private lenders and investors to cover the costs of public infrastructure, land assembly, site preparation, public facilities improvements, non-public housing units, supportive services, and other services to recreate the larger neighborhood in ways that will attract additional investments.

There are limited federal dollars that cover the costs of basic land and infrastructure improvements that are so critical to remaking neighborhoods. HUD programs like the Community Development Block Grant (CDBG) and Economic Development Initiative (EDI) grants do provide flexible funds for localities to support such activities. Unfortunately both of these programs, allocated directly to cities, are generally needed to address issues across jurisdictions and often are not considered or allocated in conjunction with public housing dollars. In fact, both at the federal level and local level, public housing funds and community block grant funds are administered separately and often not coordinated to more optimally meet local priorities.

Thus, HUD should make explicit efforts to better coordinate and fuse public housing and community development funds and target them to redesigning whole neighborhoods for the benefit of low-income and working families and the greater local economy.
VIII. CONCLUSION

Revitalizing neighborhoods with mixed-income, mixed-finance developments is tough work. It takes leadership, good partners, plenty of patience and perseverance, and a load of creativity. The local leaders in Atlanta, Louisville, Pittsburgh, and St. Louis show that such concerted efforts can pay off. Taken together, the new redevelopments in these cities stand in stark contrast to their long history of distress and disinvestment. Today, among their many assets, these successful mixed-income redevelopments:

• provide attractive homes, landscapes, public spaces and overall social environments for families and individuals of all income levels;
• include attractive homes that are permanently affordable to low income households;
• include homes that serve a range of income levels to allow greater mobility within the neighborhood;
• offer services to assist lower income households move toward greater self-sufficiency;
• address such key neighborhood services as public safety, schools and recreation;
• enable more confident market conditions that draw new investment, retailers, and residents to the area; and
• professionally maintain and manage the properties so they continue to add value to neighborhoods over time.

These tangible improvements are often overlooked in the debate about the future of HOPE VI, and, no doubt, there are improvements that can be made to the program. However, the fundamentals of the mixed-income approach—to use limited public monies to leverage private resources and remake whole neighborhoods to better the lives and opportunities for all residents—are not broken. Local leaders, including many public housing residents, want these kinds of wholesale improvements in their communities.

We hope this report provides a baseline for further research and discussion about the role of HOPE VI and other public housing investments in neighborhood redevelopment, but also the potential role of HOPE VI in facilitating future mixed-income, mixed-finance developments. As mentioned at the outset, further review is needed to provide more consistent measures of neighborhood improvements and market change around these mixed-income developments, and to track longer-term impacts of these public-private investments.

Early evidence points to the fact that HOPE VI grants have great potential to remake distressed public housing, jumpstart wholesale neighborhood improvements, and help attract new investment into places where the market was previously absent.
APPENDIX: LIST OF INTERVIEWEES

Centennial Place, Atlanta, GA

- Branchford Arthur, former Centennial Place property manager, McCormack Baron Ragan Management Services, Inc.
- Richard D. Baron, chairman and CEO, McCormack Baron Salazar, Inc.
- Dr. Thomas “Danny” Boston, professor, Georgia Institute of Technology
- Claudia Brodie, vice president, McCormack Baron Ragan Management Services, Inc.
- Renee Lewis Glover, chief executive officer, and senior staff, Atlanta Housing Authority
- Michael Goeke, former vice president, McCormack Baron Salazar, Inc.
- Dr. Norman Johnson, former special assistant to the president, Georgia Institute of Technology, and former member, Atlanta School Board
- Dr. Cynthia Kuhlman, principal, Centennial Place Elementary School
- Kevin J. McCormack, president, McCormack Baron Salazar, Inc.
- Carol Naughton, East Lake Foundation and former general counsel, Atlanta Housing Authority
- Dovie Newell, former Techwood and Centennial Place resident leader
- Egbert Perry chairman and CEO, The Integral Group, LLC
- Eric Pinckney, vice president, Integral Properties
- Michele Schauf, The Alisias Group
- Carla Smith, councilwoman, Atlanta City Council
- Aaron Swain, vice president, McCormack Baron Ragan Management Services, Inc.
- Rick White, president, The Alisias Group

Park DuValle, Louisville, KY

- Jerry Abramson, mayor of Metro Louisville
- Barry Alberts, executive director, Downtown Development Corporation and former official Abramson administration
- Tim Barry, executive director, and senior staff, Housing Authority of Louisville
- Earl Beason, Park DuValle homeowner
- Paul C. Brophy, principal, Brophy & Reilly LLC
- Charles C. Cash, director, Louisville Metro Planning and Design Services Department, formerly director of Louisville Development Authority
- Kelly Downard, Louisville Real Estate Development Corporation
- Andrea Duncan, former executive director, Housing Authority of Louisville
- Carolyn Gatz, director, Greater Louisville Project and President, Gatz Associates
- Nelly Gray, Park DuValle public housing resident
- Jennifer Head, vice president, Louisville Real Estate Development Corporation
- Darnell L. Jackson, assistant office director, The Community Builders
- Willie Jones, senior vice president, The Community Builders
- E. Gail Kaukus, assistant director of law, Metro Louisville
Tonya Y. Moore, former property manager, The Community Builders
Diana Pack, U.S. Department of Housing and Urban Development
Joan Riehm, Deputy Mayor, Metro Louisville, and public issues management and communication, and former official, Abramson administration
Fran Thomas, property manager, The Community Builders
Stephen R. Ward, administrator of budget/grants management, Department of Finance & Budget, Metro Louisville

Manchester, Pittsburgh, PA

Rhonda Brandon, executive director, Manchester Citizens’ Corporation
Roberta Bower, Manchester Citizens’ Corporation Board member and Manchester public housing resident
Dr. Morton Coleman, faculty emeritus, Social Work Graduate Program, University of Pittsburgh
Dennis Davin, Urban Redevelopment Authority, City of Pittsburgh
Jane Downing, senior program officer, The Pittsburgh Foundation, and former Director, City of Pittsburgh Planning Department
Duane Hampton, Pennrose Property Management
Colin Kelley, program coordinator, Manchester Citizens Corporation
Keith Kinard, executive director, Housing Authority of the City of Pittsburgh
Macy Kisilinsky, formerly with Office of Special Projects and Planning, Housing Authority of the City of Pittsburgh
Stanley Lowe, former, executive director, Housing Authority of the City of Pittsburgh
Christopher Shea, former director Office of Special Projects and Planning, Housing Authority of the City of Pittsburgh

Murphy Park, St. Louis, MO

Kathy Bader, Chairman U.S. Bankcorp Community Development Corporation
Richard D. Baron, chairman and CEO, McCormack Baron Salazar, Inc.
Claudia Brodie, vice president, McCormack Baron Ragan Management Services, Inc.
Kathy Feil Brown, executive director, St. Louis Development Administration
Bill Carson, executive director, Vashon Compact
Jill Claybour, St. Louis Community Development Administration
Erika Dobreff, executive director, Missouri Housing Finance Authority
Michael Goeke, former vice president, McCormack Baron Salazar, Inc.
Pam Hawkins, Murphy Park property manager, McCormack Baron Ragan Management Services, Inc.
Marlene Hodges, executive director, COVAM CDC
Polly Kinslowe, senior vice president, McCormack Baron Salazar, Inc.
Dr. Robert Koff, former executive director, Danforth Foundation
Ann Lever, Director of Litigation, Legal Services of Eastern Missouri, Inc.
• Cheryl Lovell, executive director, St. Louis Housing Authority
• Dr. Anne Meese, former principal Jefferson Elementary School
• Marion Miller, St. Louis Community Development Administration
• Steven Novik, chief financial officer, Edward Jones, St. Louis, MO
• Steve Ramsel, Missouri Housing Finance Authority
• Stephanie Riven, executive director, Center of Contemporary Arts
• Tim Schaemel St. Louis Community Development Administration

**HUD**

• Dominique Blom, director, HOPE VI, U. S. Department of Housing and Urban Development
• Michael Liu, assistant secretary, Office of Public and Indian Housing, U. S. Department of Housing and Urban Development
• Bill Russell, special assistant to the assistant secretary, Office of Public and Indian Housing, U. S. Department of Housing and Urban Development