

OVERVIEW OF HOPE VI

Purpose and History of HOPE VI

HOPE VI is based on the efforts of the National Commission on Housing which reported to Congress in 1992 as to conditions of Public Housing and provided recommendations for the revitalization of that housing. In 1993, HUD issued Notices of Funding Availability as to a competitive process for the award of multi-million dollar revitalization grants.

In the summer of 1993 the first HOPE VI grants were awarded based on this competition. Original HOPE VI Grants were limited to the revitalization of a single development and included funding for the entire project. Since then the program has evolved to include the revitalization of the greater neighborhood surrounding the development, the use of mixed sources of financing, the inclusion of residents with a variety of incomes in the completed units, home ownership opportunities, and the mixture of on-site and off-site replacement of public housing units.

Uniqueness of HOPE VI

HOPE VI is unique from other redevelopment projects in that it is the first comprehensive redevelopment program that specifically includes the provision of economic development and social services that benefit residents and further requires the inclusion of resident participation in the development of the HOPE VI application and plans.

Who Benefits from a HOPE VI Program

The beneficiaries of a HOPE VI project include first and foremost the residents of the HOPE VI development, the neighborhood where the HOPE VI development is located, owners of other properties in that neighborhood, and the City where the development is located. The HHA will benefit through the addition of HOPE VI funds to its overall capital program and opportunities for participation in development fees and cash flow.

In many cases a successful HOPE VI encourages other private investment and development in a HOPE VI community including property improvements, new development, and introduction or improvements in retail opportunities.

Activities funded by HOPE VI

HOPE VI can be used to fund the demolition of units, the creation of replacement units, site improvements, renovation of existing community services buildings, and the provision of social and economic services to the residents of the HOPE VI community.

Benefit to HOPE VI Communities

HOPE VI communities receive the benefit of the removal of old or worn out housing with its replacement by new housing. This activity generates new investment in the target community by other investors and property owners through the revitalization of other properties and often the development of retail opportunities for the target community.

Most Commonly Asked Questions

What does HOPE VI stand for?

-Housing Opportunities for People Everywhere. The VI is because there were five prior programs also titled HOPE but the programs were very different from HOPE VI.

What is a HOPE VI Application?

-A HOPE VI application is the first step in a HOPE VI project to receive the funds from HUD to do the project. Each year there is an annual competition for these funds and nationally about one third of the applicants are funded in any year.

What is a HOPE VI Revitalization Plan?

-A HOPE VI Plan is a more detailed version of the HOPE VI Application and serves as the blueprint for the entire project. It includes construction plans as well as how the resident services and economic development portions of the HOPE VI will be accomplished. In the event of a successful HOPE VI application a detailed Revitalization Plan will be submitted to HUD for approval.

How is a HOPE VI Plan developed?

-A HOPE VI Plan is developed in partnership with the HHA, the residents of the HOPE VI development, City representation, and neighborhood stakeholders.

What does mixed finance mean?

-HOPE VI requires the project receive additional funding from other sources so that the HOPE VI Grants are made intentionally smaller and the Housing Authority is expected to identify other funding sources such as City community development funds, Low Income Housing Tax Credits, HOME funds, private mortgage funds, housing authority Capital Funds contributions, grants, and contributed resident services.

What does mixed income mean?

-HOPE VI programs usually include an income mix. This means that residents with higher incomes will be allowed to live in the new development. In most projects there is a spread of affordable units from very low income up to 60% of area median income. In some developments there are market rate apartments. The higher rent market rate units can often help to subsidize the cost of operations for the very low income units.

Is demolition required?

-In most cases some or all of the development is demolished, as in most cases the condition of the existing development forms the basis of a new development and HOPE VI funding. In the case of HHA, units are not yet demolished and approval will be sought from HUD upon notice of award.

Is relocation required?

-Generally redevelopment requires relocation at least temporarily during development.

What is Leverage and Why is it Important in a HOPE VI application?

-Leverage comes in four categories and is the major single point scoring section of a HOPE VI application. The categories include Development, Community Services, Anticipatory, and Collateral leverage. The leverage is mostly other people's money and can include Low Income Housing Tax Credits, donated land, donated services, City development funds such as CDBG and HOME programs, City construction funding, in-kind services, etc.

What is a Memorandum of Understanding (MOU)?

-A MOU is a document that everyone agrees to. This can be a relocation agreement, a re-occupancy agreement, a social services agreement, or an agreement that describes the roles of residents and other participants in the HOPE VI.

What is severely distressed and why should it be applied to my community?

-The HOPE VI awards are granted only to "severely distressed" communities. HUD evaluates the extent of severe physical distress of a public housing community when reviewing for grant awards. Major design deficiencies in the project's infrastructure, project site and design receive points. HUD recognizes that public housing projects that meet the criteria of severe distress have a negative impact on their surrounding neighborhood. Therefore, HUD will evaluate the extent of distress existing in the surrounding neighborhood.