

**Annual Report to Congress on
Section 24 of the Housing Act of 1937
Choice Neighborhoods, HOPE VI, and
Main Street Programs**

FY 2023



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**U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
Office of Public Housing Investments**

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I. BACKGROUND

Pursuant to Section 24(l) of the U.S. Housing Act of 1937, as amended by the Quality Housing and Work Responsibility Act of 1998, the Secretary shall submit to the Congress an annual report setting forth— (1) the number, type, and cost of public housing units revitalized pursuant to this section; (2) the status of projects identified as severely distressed public housing; (3) the amount and type of financial assistance provided under and in conjunction with this section, including a specification of the amount and type of assistance provided under subsection (n); (4) the types of projects funded and number of affordable housing dwelling units developed with grants under subsection (n); and (5) the recommendations of the Secretary for statutory and regulatory improvements to the program established by this section Sec. 24(l) of the United States Housing Act of 1937 (42 U.S.C. 1437v(1)).

II. INTRODUCTION

The Department of Housing and Urban Development (HUD) must submit an annual report to Congress providing a status update on Section 24 activities. The following annual report will cover the Choice Neighborhoods Initiative, HOPE VI program, and HOPE VI Main Street (Main Street) program for the fiscal year (FY) 2023.

The Choice Neighborhoods program was launched in FY 2010 by the Consolidated Appropriations Act, expanding on HOPE VI in several key areas described below. Since FY 2012, only the Choice Neighborhoods program has been funded by Congress.

The HOPE VI program was launched in 1993 by the Department of Veterans Affairs and Housing and Urban Development Independent Agencies Appropriations Act in response to the findings of the National Commission on Severely Distressed Public Housing. In 1998, the Quality Housing and Work Responsibility Act established authorizing legislation for HOPE VI under Section 24. Through HOPE VI, funding was awarded to replace or renovate distressed public housing units. The last HOPE VI Grants were awarded in May 2011 with both FY 2010 and FY 2011 funding.

In 2003, Section 24 was amended by Title IV of the American Dream Downpayment Act to provide smaller communities with assistance to reconfigure obsolete commercial space in downtown areas into affordable housing termed the Main Street program.¹ Statutorily, Main Street grant funds cannot be used to support, develop, or rehabilitate public housing. Since 2012, when HOPE VI appropriations ended, the Main Street program has been funded by Choice Neighborhoods Initiative appropriations.

About Choice Neighborhoods

Choice Neighborhoods is designed to address struggling neighborhoods with distressed public housing and/or HUD-assisted housing through a comprehensive approach to neighborhood transformation. Choice Neighborhoods awards two types of competitive grants – Planning

¹ A smaller community is defined as one with a population of 50,000 or less that is not served by a public housing agency or that is served by a single public housing agency with 100 public housing units or less within the local government's jurisdiction.

Grants² and Implementation Grants. Planning Grants support the development of comprehensive neighborhood revitalization plans, while Implementation Grants support communities that have undergone a comprehensive local planning process and are ready to implement their “Transformation Plan.”

Recognizing that many neighborhoods of concentrated poverty still contain distressed public and/or HUD-assisted housing in need of significant repair or replacement, Choice Neighborhoods is helping to transform neighborhoods of poverty into sustainable mixed-income neighborhoods with long-term viability. The program expands on the HOPE VI model by:

- **Using housing investment as a catalyst for neighborhood revitalization:** In some cases, the HOPE VI investment moved beyond housing, transforming surrounding neighborhoods. In other cases, the public housing was revitalized but the surrounding neighborhood remains a distressed community with few amenities and limited opportunities for residents. Choice Neighborhoods provides additional technical assistance tools to enable Grantees to make lasting positive changes in their communities and leverage significant resources for the entire neighborhood.
- **Revitalizing HUD-assisted multifamily housing:** For the general public, public housing and HUD-assisted multifamily housing often appear indistinguishable. In many cases, HUD-assisted multifamily housing is in need of significant repair and replacement. Choice Neighborhoods provides an opportunity to invest in these dwellings, as well as improve the surrounding neighborhood.
- **Allowing for a greater pool of Grantees:** Because housing and neighborhood revitalization efforts are broader through Choice Neighborhoods, there is a need to allow for a more diverse set of applicants. Through Choice Neighborhoods, local governments, public housing authorities, nonprofits, and owners of HUD-assisted housing can apply for funding. These increased partnerships allow for stronger, more meaningful resource sharing and collaboration.
- **Supporting local planning efforts:** Planning for neighborhood transformation requires community support, time, and resources. Choice Neighborhoods Planning Grants provide the investment necessary for communities to develop realistic neighborhood revitalization strategies that identify critical resources and solutions for implementing revitalization activities with or without additional HUD funding. As of September 30, 2023, a total of 131 sites across the country have received a Choice Neighborhoods Planning Grant and have completed or are completing the Choice Neighborhoods planning process.³ A full list of Planning Grantees can be found in Attachment 3 of this report.

² Planning Grants include both Planning Only Grants and Planning and Action Grants. Planning Grants are two-year grants that assist communities with severely distressed public or HUD-assisted housing in developing a neighborhood transformation plan and building the support necessary for that plan to be successfully implemented. Planning and Action Grants are three-and-a-half-year planning grants that pair planning with action. Under these grants, the planning process takes place during the first 24 months of the grant period. The planning process will identify Action Activities that will be carried out during the latter portion of the grant period. Action Activities must build upon the planning for the target housing and neighborhood. Planning and Action Grants are no longer available as of FY 2020.

Choice Neighborhoods ensures that current public and assisted housing residents will benefit from transformation by preserving affordable housing or providing residents with the choice to move to affordable and accessible housing in another neighborhood of opportunity. Choice Neighborhoods is focused on three core goals:

- **Housing:** Replacing distressed public and HUD-assisted housing with high-quality mixed-income housing that is well-managed and responsive to the needs of the surrounding neighborhood;
- **People:** Improving outcomes for households living in the target housing related to employment and income, health, and children’s education; and,
- **Neighborhood:** Creating the conditions necessary for public and private reinvestment in distressed neighborhoods to offer the kinds of amenities and assets – including safety, good schools, and commercial activity – that are important to families’ choices about their community.

Through Choice Neighborhoods, local leaders, residents, and stakeholders – such as public housing authorities, cities, schools, police, business owners, nonprofits, and private developers – come together to create a plan that transforms distressed HUD housing and addresses the challenges in the surrounding neighborhood. Ultimately, the program seeks to help communities transform neighborhoods by revitalizing severely distressed public and/or HUD-assisted housing and investing and leveraging investments in well-functioning services, high quality public schools and education programs, high quality early learning programs and services, crime prevention strategies, public assets, public transportation, and improved access to jobs.

III. OVERVIEW OF REPORTING REQUIREMENTS

This report highlights the number, type, and cost of public housing units revitalized or planned under HOPE VI and Choice Neighborhoods; the status of projects identified as severely distressed public housing; the amount and type of financial assistance provided in conjunction with Choice Neighborhoods, HOPE VI, and Main Street; the types of projects funded; and the number of affordable housing units developed under HOPE VI, Choice Neighborhoods, and Main Street Grants.

In fulfillment of this requirement for FY 2023, this report provides summary information on the required reporting elements as of September 30, 2023.

Detailed Choice Neighborhoods program activity information can be found in the following attached reports:

- *FY 2010-2022⁴ Choice Neighborhoods Implementation Grant Awardees – Grant Amounts and Leveraged Funds (Attachment 1);*

⁴ The FY 2023 Choice Neighborhood Implementation Grant awardees will be awarded in FY 2024 and will be included in the FY 2024 Annual Report to Congress.

- *FY 2010-2022 Planned Units for Choice Neighborhoods Implementation Grantees* (Attachment 2);
- *FY 2010-2023 Choice Neighborhoods Planning Grant Awardees* (Attachment 3)

Detailed HOPE VI program activity information can be found in the attached reports:

- *HOPE VI Revitalization Grant Program: National Dashboard* (Attachment 4);
- *HOPE VI Revitalization Grant Program: Financial Summary Report* (Attachment 5); and,
- *HOPE VI Revitalization Grant Program: Production Summary Report* (Attachment 6).

Detailed Main Street program activity information can be found in the attached reports:

- *Main Street Grant Program: National Dashboard* (Attachment 7).

IV. Reporting Requirement 1: Number, Type, and Cost of Public Housing Units

Choice Neighborhoods

Choice Neighborhoods Implementation Grant funds were first awarded at the end of FY 2011. As of September 30, 2023, a total of 52 Choice Neighborhoods Implementation Grants had been awarded using FY 2010 through FY 2022 appropriations.⁵ Choice Neighborhoods Implementation Grantees propose to replace and rehabilitate obsolete, isolated public and private HUD-assisted housing with 16,896 new, mostly privately managed replacement units. These replacement units will combine with 20,943 new affordable and unrestricted/market rate units to ensure communities attract a sustainable mix of incomes.

The Choice Neighborhoods Initiative competitively awarded Implementation Grants using funds from FY 2010/2011 through FY 2022. The earliest three cohorts of grants awarded with FY 2010/2011 - FY 2014/2015 funds have completed the construction of or are continuing to complete the construction of their housing units. The FY 2016 – FY 2022 Grantees are also making progress in implementing their housing plans, with housing phases that are either under construction or are completing pre-development activities. Attachment 2 shows that the 52 Implementation Grantees have completed a total of 13,285 units as of September 30, 2023, of which 6,514 are replacement units.

As of September 30, 2023, Choice Neighborhoods Grantees in total had expended \$3,862,859,882 to construct or rehabilitate new housing units. This total includes the full costs of the 13,285 completed units, as well as partial costs of an additional 3,859 units that were under construction as of September 30, 2023. Of the \$3.8 billion in total housing expenditures spent on these units, only \$561,575,717 came from Choice Neighborhoods grant funds. Thereby, every \$1 of Choice

⁵ The Choice Neighborhoods program also awarded supplemental grants to grantees in FY19 and FY22. Please see Attachment 1 for a list of these awards.

Neighborhoods funds spent on housing costs has leveraged more than \$6.87 from private and other public sources.

The FY 2014/2015 Grantees are the most recent set of grantees to conclude their grant period. The five FY 2014/2015 Grantees– including Atlanta, GA; Kansas City, MO; Memphis, TN; Milwaukee, WI; and Sacramento, CA – have completed a combined 1,721 units. Highlights of their accomplishments are described below.

The Atlanta Housing Authority (Atlanta Housing) and City of Atlanta, GA are currently constructing their final phase of Choice Neighborhoods rental housing to replace the vacant University Homes public housing site. This phase will add another 122 units (including 90 replacement units) to the 267 units (including 139 replacement units) that have already been completed. A homeownership phase will follow. As a result of the grant, there is now vibrant housing and a host of neighborhood improvements, including the rehabilitation of more than 15 homeowner occupied houses, acquisition of lots for future affordable housing, and new streetscaping and placemaking improvements. Additionally, Roosevelt Hall, a historic community center that had fallen into disrepair, has been restored to a bustling amenity featuring valuable services for residents, partnerships with local HBCUs, and economic opportunities for the community. Atlanta Housing has also worked intensively with Atlanta Public Schools, the Urban League, and Morehouse School of Medicine to improve resident outcomes. For example, during the grant period, the percentage of school-aged children participating in positive youth development activities nearly doubled, and the percentage of residents who have access to a dedicated healthcare provider increased dramatically, rising from 72 percent to 100 percent.

The Memphis Housing Authority and City of Memphis, TN were first awarded a Choice Neighborhoods Planning Grant for the Foote Homes public housing project in 2011. They then received a \$29.75 million Choice Neighborhoods Implementation Grant in 2015 and an additional \$4 million in supplemental Choice Neighborhoods funding in 2019. A total of 599 units have been completed at Foote Park, a new South City development. This development is split into six phases and includes family townhouses, garden-style apartments, and a senior building. A true mixed-income community, it features 340 replacement units and 259 mixed-income units. The completed project includes voluntary supportive services designed to address resident needs in healthcare, wellness, education, and employment. Partly as a result of these services, average household income rose by 75% for the original target housing residents. The grant also launched a variety of neighborhood improvements including façade improvements to owner-occupied housing and local small businesses, park improvements, and placemaking efforts through public art installations.

The Housing Authority of Kansas City and City of Kansas City, MO will complete the final redevelopment phase for the former Chouteau Courts public housing project in Spring 2024. This final phase is part of a new Samuel Rodgers Healthy Living Campus, providing 62 new mixed-income units adjacent to the Samuel Rodgers Federally Qualified Health Center. The campus will also include a community building with event space, a community garden, and greenspace to promote resident health and wellness. In total, the Housing Authority and City created 246 new mixed-income units across multiple development phases. One redevelopment phase is in suburban Kansas City, offering families a housing option in an area with high performing schools. Grant funds were used towards homeowner façade and business façade grants to improve the “look and feel” of the Paseo Gateway Choice Neighborhoods area. The grant also funded

significant improvements to Independence Plaza Park, including the installation of a futsal court and universally accessible playground.

The Housing Authority of the County of Sacramento and City of Sacramento, CA are continuing to redevelop the Twin Rivers public housing site and revitalize the larger River District area. Two development phases with 227 new mixed-income units are complete and occupied. Two more phases are under construction to fully replace Twin Rivers. A fifth and final phase of rental housing is planned, though it will not include public housing replacement units. Case management and voluntary supportive services were provided to residents in the areas of employment, health, and education. Strikingly, average household income for residents nearly doubled over the grant period from \$10,741 to just over \$20,000. The River District is geographically isolated and separated from other parts of the city by railroad tracks, levees, and two rivers. The City will soon begin to improve North 12th Street to better connect the new Choice Neighborhoods development to downtown Sacramento. This will include a new light rail station, co-located with the fifth housing phase. Choice Neighborhoods Grant funds were also used for a series of large-scale public art projects along 12th Street to honor the neighborhood's past and celebrate its future. This includes six large murals and a 40-foot gateway sculpture at the neighborhood's entrance. The grant also supported the establishment of a new multisport park and improvements to the existing Robert T. Matsui Park.

The Housing Authority of Milwaukee and the City of Milwaukee, WI were awarded a Choice Neighborhoods Implementation Grant focused on the Westlawn neighborhood. The original public housing site – Westlawn West – was built in 1952 and was Wisconsin's largest public housing development. The \$30 million Choice Neighborhoods Grant has enabled the Housing Authority and the City to redevelop Westlawn into a mixed-income community by developing 382 new housing units, including 298 replacement units. In addition to the newly built housing, the Housing Authority, the City, and its partners initiated a comprehensive set of redevelopment strategies focused on increasing employment opportunities, creating retail and amenities, and catalyzing broader transformation in the neighborhood and the adjacent commercial corridor. Outcomes of these efforts include a new grocery store, a successful business loan and façade improvement program, an onsite community garden, and a Sportsplex developed in partnership with the Milwaukee Public Schools. The new Westlawn Gardens redevelopment received the first LEED ND (Neighborhood Development) certification in the state of Wisconsin, and the first LEED for Homes Platinum certification in Milwaukee.

Table 1 identifies the number of planned units proposed among the FY 2010/2011 through FY 2022 Choice Neighborhoods Implementation Grantees.

**Table 1: Planned Units for All Fifty-Two
Choice Neighborhoods Implementation Grantees⁶**

Award Year	City/State	Target Housing Type	Number of Replacement Units	Number of Non-Replacement Units	Total Planned Units
2010/11	Boston, MA	Multifamily	129	73	202
2010/11	Chicago, IL	Multifamily	372	714	1,086*
2010/11	New Orleans, LA	Public Housing	859	690	1,549
2010/11	San Francisco, CA	Public Housing	376	870	1,246
2010/11/12	Seattle, WA	Public Housing	561	3,014	3,575
2012	Cincinnati, OH	Multifamily	140	179	319
2012	San Antonio, TX	Public Housing	246	376	622
2012	Tampa, FL	Public Housing	611	836	1,447*
2013	Columbus, OH	Public Housing	208	242	450
2013	Norwalk, CT	Public Housing	136	137	273
2013	Philadelphia, PA	Public Housing	147	155	302
2013	Pittsburgh, PA	Multifamily & Public Housing	155	179	334
2014/15	Atlanta, GA	Public Housing	229	283	512
2014/15	Kansas City, MO	Public Housing	141	167	308
2014/15	Memphis, TN	Public Housing	516	331	847*
2014/15	Milwaukee, WI	Public Housing	394	314	708
2014/15	Sacramento, CA	Public Housing	268	221	489
2016	Boston, MA	Public Housing	182	374	556*
2016	Camden, NJ	Public Housing	248	17	265*
2016	Denver, CO	Public Housing	333	401	734*
2016	Louisville, KY	Public Housing	1253	871	2,124*
2016	St. Louis, MO	Multifamily	342	353	695
2017	Baltimore, MD	Public Housing	629	731	1,360
2017	Flint, MI	Public Housing	217	105	322*
2017	Phoenix, AZ	Public Housing	577	610	1,187*
2017	Shreveport, LA	Public Housing	220	179	399

⁶ Planned units are established at the time of application but may be slightly adjusted as a result of an amendment to a grantee's housing plan. Changes in planned units during FY 2023 are denoted with an asterisk.

2017	Tulsa, OK	Multifamily & Public Housing	229	206	435*
2018	East Baton Rouge, LA	Public Housing	93	341	434
2018	Newport News, VA	Public Housing	186	230	416
2018	Norfolk, VA	Public Housing	270	484	754*
2018	Omaha, NE	Public Housing	117	237	354
2019	Fort Worth, TX	Public Housing	289	598	887*
2019	Los Angeles, CA	Public Housing	669	826	1,495*
2019	Philadelphia, PA	Public Housing	276	370	646
2019	Winston-Salem, NC	Public Housing	199	207	406
2020	Camden, NJ	Public Housing	306	119	425
2020	Detroit, MI	Multifamily	212	629	841*
2020	Cleveland, OH	Public Housing	472	166	638*
2020	Fort Myers, FL	Public Housing	199	266	465
2020	Lewiston, ME	Multifamily & Public Housing	92	93	185
2021	Durham, NC	Public Housing	214	331	545
2021	Knoxville, TN	Public Housing	196	283	479
2021	Omaha, NE	Public Housing	358	388	746
2021	Tulsa, OK	Public Housing	271	274	545
2022	Atlanta, GA	Public Housing	251	505	756
2022	Birmingham, AL	Public Housing	456	464	920
2022	Lake Charles, NC	Public Housing	240	322	562
2022	Miami, FL	Public Housing	220	225	445
2022	Philadelphia, PA	Public Housing	500	108	608
2022	Pittsburgh, PA	Public Housing	411	412	823
2022	Tucson, AZ	Public Housing	408	158	566
2022	Wilmington, DE	Public Housing	273	279	552
Totals			16,896	20,943	37,839

HOPE VI

As of September 30, 2023, the HOPE VI program has constructed or rehabilitated 58,158 units of public housing. Of these units, 52,752 units are rental units, and 5,406 units are homeownership units available to public housing-eligible families. The type of public housing constructed under HOPE VI consists of low-rise buildings, garden apartments, townhomes, and scattered site units.

Across all years and all units (including public housing, affordable, and unrestricted “market rate” rental and homeownership units), the average cost per unit is \$179,407. This includes all elements of real estate development, including hard construction costs, relocation, demolition, planning and professional services, financial syndication services, and site improvements.⁷

On average, HOPE VI funds pay \$59,421 per unit,⁸ which is only 33% of the development costs per unit. The balance of the costs is covered by other Federal, state, local, and private sector funds in the form of debt, equity, and grants.

As of September 30, 2023, the total amount of HOPE VI funds expended is \$6.26 billion. In turn, HOPE VI Grantees have leveraged a total of \$12.55 billion in other Federal, state, local, and private sector funds. For every \$1 of HOPE VI funds spent on housing, Grantees have leveraged over \$2 from private and other public sources.⁹

V. Reporting Requirement 2: Status of Projects Identified as Severely Distressed Public Housing

Choice Neighborhoods

HOPE VI was a first step in transforming neighborhoods with severely distressed public housing into revitalized mixed-income neighborhoods. However, the nation’s stock of public housing has continued to deteriorate beyond what can be properly maintained with annual Capital Funds alone.

Choice Neighborhoods continues to meet production goals among the Implementation Grantees. FY 2023 marks the ninth consecutive year that cumulative data related to relocation, demolition, and construction or rehabilitation is presented. Table 2 highlights Grantees’ cumulative fiscal year achievements to date in relation to the total relocation, demolition, and units planned and percent completed.

⁷ This average was calculated by dividing the total amount of funding that Grantees will expend on HOPE VI projects closed through FY 2023 (\$18,901,980,118) for construction/rehabilitation, demolition, planning/professional services, and site improvements from all sources by the total number of units that will be constructed by projects closed through FY 2023 (105,358) across all unit types (including public housing, affordable, market rate, and homeownership).

⁸ This average was calculated by dividing the total amount of HOPE VI funds spent on projects by the total number of units built.

⁹ This leverage calculation includes leverage invested in completed grants and leverage invested in projects that have some revitalization activities that are not yet complete.

**Table 2: Cumulative Achievements for Choice Neighborhoods
FY 2010 - FY 2022 Implementation Grantees as of September 30, 2023**

Choice Neighborhoods Activity	FY 2010-2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total Planned	Percent Complete
Households Relocated	1,415	1,289	2,470	3,504	4,129	5,104	6,244	7,099	7,912	13,073	54.30%
Units Demolished	2,002	1,117	1,888	2,845	3,524	4,459	6,300	7,388	8,524	14,659	50.40%
Units Completed (all units)	3,054	2,700	3,368	4,783	6,160	7,652	9,138	11,273	13,285	37,933	29.72%
Units Occupied (all units)	1,467	2,022	2,632	3,635	4,824	5,673	8,835	10,197 ¹⁰	11,992 ¹¹	37,933	29.05%

Choice Neighborhoods catalyzes the development of additional unrestricted/market rate and affordable housing units utilizing leveraged funds. Table 3 highlights the successes in housing production activities completed in FY 2023 and years prior. For more information regarding replacement and non-replacement unit production among each Choice Neighborhoods Implementation Grant site, please see Attachment 2.

¹⁰ This number was updated to reflect accurate data from grantees that were closed out and were no longer reporting.

¹¹ This number includes all completed units from grantees that have been closed out and are no longer reporting data.

**Table 3: Choice Neighborhoods FY 2010 – FY 2022 Implementation Grantee
Program Productivity by Unit Type as of September 30, 2023**

Program Productivity by Unit Type	FY2010 - 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Cumulative Units
Public Housing/ACC	208	70	0	247	61	75	55	15	19	750
Project Based Voucher	813	356	218	287	331	283	471	758	651	4,168
HUD-Assisted Multifamily	149	81	39	35	75	0	0	36	82	497
PBV/PBRA via RAD	-	0	69	75	162	147	332	207	107	1,099
Total Replacement Units	1,170	507	326	644	629	505	858	1,016	859	6,514
Low-Income Housing Tax Credit Only	399	57	239	264	183	331	166	492	351	2,482
Income Restricted	113	29	27	111	251	150	222	194	94	1,191
Unrestricted Rental	345	92	26	379	314	506	240	399	708	3,009
Unrestricted Homeownership	0	8	38	9	0	0	0	34	0	89
Total Non-Replacement Units	857	186	330	763	748	987	628	1,119	1,153	6,771
Total Units Completed	2,027	693	656	1,407	1,377	1,492	1,486	2,135	2,012	13,285

HOPE VI

According to the National Commission on Severely Distressed Public Housing’s 1992 report, there were 86,000 severely distressed public housing units at that time. In response, in 1993 Congress initiated the HOPE VI Demonstration to replace or renovate distressed public housing units. In most cases, this housing was so severely distressed and obsolete that it had to be demolished and new units were constructed both on-site and on other available land. One-for-one unit replacement was voluntary on the part of the Grantee.

In total, 98,680 public housing units have been demolished under 260 HOPE VI Revitalization Grants awarded by HUD.¹² Of the 260 HOPE VI Revitalization Grants awarded, 237 grants have

¹² As of FY 2022, there are a total of 262 HOPE VI Revitalization Grants; however, grants from two public housing agencies (PHAs) (New York, NY’s Arverne Homes and Edgemere Homes, and Bradenton, FL’s Rogers Garden Park/Rogers Addition and Zoller Apartments) were combined for reporting purposes, making 260 HOPE VI Grants.

completed all unit construction, both on-site and off-site¹³ and 13 are near completion,¹⁴ for a total of 250 sites that are complete or near completion. A total of 247 sites have completed all public housing unit construction and rehabilitation. All 260 sites have completed tenant relocation¹⁵ and all planned demolition.¹⁶ Additionally, from 1996 to 2003, HOPE VI also funded 287 Demolition Only Grants to 125 housing authorities for the demolition of 57,593 units.¹⁷

As of September 30, 2023, HOPE VI revitalization activities have led to the development of a total of 105,055 units, including 58,158 public housing units; 32,382 affordable units; and 14,515 market rate units. In FY 2023, no new units were completed. However, several projects were under construction in FY 2023, and HUD anticipates that 354 units will be completed in FY 2024. Table 4 further clarifies the number and type of units HOPE VI Grantees have developed over time.

Table 4: HOPE VI Grantees Cumulative Housing Production by Unit Type

	FY 2018 and Prior Years	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Public Housing Units	57,670	57,840	57,955	58,049	58,158	58,158
Affordable Units	31,817	32,158	32,223	32,241	32,382	32,382
Market Rate Units	14,234	14,308	14,490	14,490	14,515	14,515
Total Units	103,721	104,306	104,668	104,780	105,055	105,055

While many projects are complete or near completion, activity continues. The HUD office that manages HOPE VI continues to emphasize accountability in the implementation and completion of the remaining HOPE VI Grants to achieve the program’s goals. The Department stresses vigilant management and monitoring of grants by grant managers and public housing agency (PHA) accountability across deadlines and program schedules.

¹³ These are sites that have completed 100% of planned unit construction, including public housing units, Low Income Housing Tax Credits units, market rate units and all homeownership units. This total includes all projects that have completed 100% of unit construction as of September 30, 2023.

¹⁴ HUD considers projects “Near Completion” when 80 percent or more of total unit construction and rehabilitation are completed. Many grants complete all rental construction but are then slowed by market conditions that affect the construction and sale of homeownership units.

¹⁵ This total includes sites that completed relocation prior to grant award.

¹⁶ This total includes sites that completed demolition prior to grant award or did not plan to demolish units as part of their grant (e.g., rehabilitation projects).

¹⁷ In cases where a Grantee received both HOPE VI Revitalization and HOPE VI Demolition funds, planned demolition and units demolished are reported in the total for each program; however, while PHAs were not double funded for demolishing the same units, data reported by the PHA does not clearly delineate between units demolished using HOPE VI Revitalization Grants and units demolished using HOPE VI Demolition Grants.

A summary of cumulative achievements relative to planned program activity through FY 2023 is provided in Table 5. This comparison shows that HOPE VI Grantees continue to make progress across these performance metrics.

Table 5: Cumulative Achievements for HOPE VI Grantees as of September 30, 2023

HOPE VI Activity	FY 2019	FY 2019	FY 2020	FY 2021	FY 2023	Total Planned	Percent Complete
Households Relocated	75,525	75,525	75,525	75,525	75,525	75,525	100%
Units Demolished	98,680	98,680	98,680	98,680	98,680	98,680	100%
Units Completed (all units)	101,151	101,231	101,343	105,055	105,055	106,449	98.69%

VI. Reporting Requirement 3: Amount and Type of Financial Assistance Provided

Choice Neighborhoods

Between FY 2010 and September 30, 2023, HUD awarded \$1.91 billion in Choice Neighborhoods funding. Of this amount, \$1.84 billion was awarded to Choice Neighborhoods Implementation Grants and \$63.03 million to Planning Grants. In 2012 only, HUD also awarded an additional \$2 million in Public Safety Enhancement funding through Choice Neighborhoods. These funds were provided by the Department of Justice to the first 5 Implementation Grantees for a variety of activities and technical assistance efforts to improve neighborhood safety outcomes.

As of September 30, 2023, Grantees have expended approximately \$828 million of Choice Neighborhoods funds. The total amount and type of Federal funds expended for both Choice Neighborhoods Implementation and Planning Grants is summarized in Table 6 below. For the purpose of this table, funds expended are the actual amount of Choice Neighborhoods funds expended by September 30, 2023. Therefore, these figures do not necessarily reflect all resources that are committed to the projects.

**Table 6: Federal Funds Expended by Choice Neighborhoods Grantees
as of September 30, 2023**

	Expenditures through FY 2019	FY 2020 Expenditures	FY 2021 Expenditures	FY 2022 Expenditures	FY 2023 Expenditures	Total Expenditures	Total Awarded
Implementation Funds	\$386,419,894	\$120,467,977	\$68,869,409	\$83,284,643	\$125,411,469	\$784,453,392	\$1,849,964,667
Planning Funds	\$25,671,321	\$3,072,172	\$3,432,978	\$3,658,294	\$6,384,787	\$42,219,552	\$63,035,500
Public Safety Enhancement Funds	\$1,973,362	\$0	\$0	\$0	\$0	\$1,973,362	\$2,000,000
Total Choice Neighborhoods and Public Safety Funds	\$414,064,575	\$123,540,149	\$72,302,388	\$86,942,937	\$131,796,256	\$828,646,305	\$1,915,000,167

Choice Neighborhoods leverages additional funding from local partners. Like HOPE VI, leverage includes other Federal, state, local, and private sector funds. Leverage not only provides for more investment across targeted neighborhoods but further displays civic support and engagement in the revitalization process. Grantees work with public and private agencies and organizations (including philanthropic and civic organizations) to gather and leverage the financial and human capital resources needed to support the sustainability of transformation activities. These efforts build community support for and involvement in the development and implementation of the plan.

With a \$1.84 billion investment across the 52 Choice Neighborhoods Implementation sites, more than \$15.97 billion in leveraged funding and/or services was committed at the time of grant application. Based on these commitments, HUD estimates that for every \$1.00 in Choice Neighborhoods funding, more than \$8.63 of public and private investment are leveraged. These committed funds may not account for any additional leverage committed after grant award. For example, communities such as Pittsburgh, PA and Seattle, WA are actively engaging philanthropic partners for significant additional resources. HUD is working with Grantees to determine the full scope of public and private investment across each site. As of September 30, 2023, Choice Neighborhoods Implementation Grantees have expended more than \$6.79 billion of leveraged funds. Leverage commitments across each of these sites are detailed in Attachment 1.

Choice Neighborhoods Technical Assistance

In addition to funding Implementation and Planning Grants, HUD utilizes technical assistance (TA) funds to help Grantees tackle challenges and achieve stronger outcomes. In FY 2023, HUD completed 6 webinars to provide best practices and guidance to the FY 2021 and FY 2022 cohorts of Planning Grantees and active Implementation Grantees. Webinars featured HUD guidance and grantee panelists and included topics on foundational planning elements, resident and community engagement, assets and needs assessments, people strategies, case management, and preparing for implementation. HUD also completed individual technical assistance engagements to build the Knoxville Implementation Grantee’s capacity to develop and implement their people strategies, to

strengthen the Houston Grantee’s planning grants’ partnerships and plans for implementation, and to help the newest cohort of nine FY 2022 Planning Grantees launch their planning processes. Additionally, HUD completed two promising practices toolkits, one on innovative workforce development strategies and one on increasing residents’ access to the internet. Lastly, HUD published monthly newsletters featuring funding opportunities and relevant resources, as well as eight promising practices case studies from Choice Neighborhoods Grantees. Through each of these forms of technical assistance, HUD connects Choice Neighborhoods Grantees with practical tools and information to improve program outcomes.

HOPE VI

Between FY 1993 and FY 2011, HUD awarded \$6.28¹⁸ billion in HOPE VI Revitalization funds. As of September 30, 2023, housing authorities had expended \$6.26 billion.¹⁹ HUD continues to monitor Grantees’ expenditure of HOPE VI funds through tracking the disbursement of HOPE VI funds from HUD’s Line of Credit Control System (LOCCS) system.

The \$6.28 billion includes amounts appropriated for the HOPE VI program from FY 1993 through FY 2011. Starting in FY 2012, Congress ceased funding new HOPE VI awards and began appropriating funds for the Choice Neighborhoods Initiative. The FY 2023 Appropriations Act included \$350 million for the Choice Neighborhoods Initiative.

The technical assistance contract which provided HUD’s online HOPE VI Grantee reporting system – the Grants Management System – expired on February 29, 2020. Therefore, HOPE VI Grantees no longer have a mechanism through which to report on quarterly expenditures of non-HOPE VI funds. However, HUD continues to track HOPE VI grantees’ overall expenditure of non-HOPE VI funds through its review and approval of projects’ development budgets and drawdowns from HUD’ LOCCS system. The total amount and type of Federal and non-federal funds that will be expended by all 260 HOPE VI grantees is summarized in Table 7 below.

¹⁸ A total of \$6.28 billion was awarded for all 260 HOPE VI Revitalization Grants. To date, \$6.26 billion has been spent. Another \$10 million in HOPE VI Grant funds was recaptured by HUD. As of September 30, 2023, five grantees had a total of \$3.8 million between them left to spend. HUD is working diligently with each of these grantees to ensure that they will spend their remaining HOPE VI grant funds as soon as possible.

¹⁹ The amount HOPE VI funds disbursed from LOCCS increased from \$6,254,882,526 on September 30, 2021, to \$6,259,750,447 on September 30, 2022.

**Table 7: Federal and Non-Federal Funds Expended by HOPE VI Grantees
as of September 30, 2023**

	Funds Expended as of FY 2021²⁰	Additional Funds Expended as of FY 2022	Additional Funds Expended as of FY 2023	Cumulative Funds Expended
HOPE VI Funds	\$6,259,260,447	\$490,000	\$755,222	\$6,260,505,669
Other Public Housing Funds	\$1,921,379,729	\$5,950,811	\$24,659,999	\$1,951,990,539
Other Federal Funds	\$1,769,195,156	\$0	\$0	\$1,769,195,156
Non-Federal Funds	\$8,676,438,112	\$45,736,235	\$198,114,407	\$8,920,288,754

VII. Reporting Requirement 4: The Types of Projects Funded and Number of Affordable Housing Units Developed under the HOPE VI Main Street Program

Main Street

Section 535 of the American Dream Down Payment Act of 2003 was intended to provide smaller communities with economic development funds to rejuvenate deteriorating downtown commercial areas. For many smaller communities, the Main Street grant funds are the only funds available to produce both downtown rejuvenation and affordable housing. Grant applications must include a designated “Main Street Area” to ensure that the units will be located downtown. The Main Street grants often stabilize deteriorating commercial or public space, and historic buildings, by replacing no-income obsolete space with income-producing housing. In most cases, the units have been developed through the reconfiguration of obsolete space, such as commercial office space (e.g. second and third-floor offices above retail), city property (e.g. abandoned schools), and private property (e.g. abandoned churches). Monticello, NY, for example, is using its FY 2018 grant to reconfigure the upper floors of a retail and office building at the town’s main intersection.

As of September 30, 2023, HUD awarded \$20.5 million to 31 Main Street Grantees, as shown in Table 8. A total of \$17.2 million has been expended by Main Street Grantees to construct or rehabilitate new housing. Additionally, Main Street Grantees have leveraged \$95.4 million from other public and private sources. For every \$1 of Main Street funds spent on housing costs, Grantees have leveraged \$5.56 dollars from other public and private sources.

²⁰ The HOPE VI program’s Grants Management System expired in FY 2020. Therefore, since there is no longer an online portal through which to capture grantees’ quarterly leverage expenditures, the program now counts a project’s leverage as having been expended in the year in which HUD approves its development proposal.

The first five HOPE VI Main Street Grants were awarded on September 28, 2005. The maximum grant amount for the FY 2005 and FY 2006 Main Street Grants was \$500,000. From FY 2007 through FY 2010, the maximum grant amount was increased to \$1 million, the statutory maximum. From FY 2013 through FY 2019, as the Choice Neighborhoods Initiative's appropriations decreased, the maximum grant was reduced to \$500,000, and grant awards were limited to one grant each year.

Main Street projects have ranged in size from three to 223 units, reflecting the diversity of America's small towns. Kit Carson, a ranching community in Eastern Colorado with a population of 250, has received two Main Street grants over the life of the program. Kit Carson's FY 2014 Main Street grant helped it develop workforce housing units for teachers who previously had to commute 50 miles or more to get to school. Kit Carson successfully applied for another \$500,000 Main Street grant in FY 2019, which enabled it to complete three additional homeownership units in FY 2023 utilizing high-quality, factory-built modular housing. Indeed, Kit Carson's second Main Street grant was so successful that the State of Colorado provided it with additional funds to create two more units. Between these two grants, Main Street funds have helped develop nearly all the new housing built in Kit Carson over the past forty years.

In addition to Kit Carson, two other Main Street grantees completed projects in FY 2023. By using its \$500,000 Main Street grant to leverage \$900,000 in additional funds, Batesville, Arkansas transformed its oldest building – a condemned, former opera house – into eight units of affordable housing. The City of Bartlesville, Oklahoma used its \$500,000 Main Street grant to leverage \$700,000 in other funds to transform an historic boarding house into seven affordable rental units. The first floor of this new development features two successful restaurants, creating jobs in the community. In FY 2024, HUD expects to approve additional development proposals for projects in El Cerrito, California; Monticello, New York; and Stayton, Oregon.

Main Street funds are also used as gap financing on larger developments in small communities that have not been able to assemble sufficient financing from private sources. The largest of these developments completed to date was produced by Lake Elsinore, CA. It provided 113 affordable housing units using the Main Street funds, equity from the Low-Income Housing Tax Credits (LIHTCs), and other private funds. Total leverage on this development was \$10,915,900. In the FY 2020 competition, the City of El Cerrito, CA received funding to help produce 223 housing units, of which 67 will be affordable and 156 will be market rate units. These projects showcase how Main Street funds can be used to leverage a variety of more traditional funding sources, such as LIHTC equity and state and local sources.

Interest in the Main Street program continues to grow. During the FY 2022 / FY 2023 competition, HUD received 11 applications totaling over \$5.5 million in requests, a fivefold increase from the previous competition.²¹ As of September 30, 2023, Main Street projects have completed a total of 511 units.

²¹ On February 13, 2024, HUD announced \$2 million in FY 2022 / FY 2023 Main Street grant awards to three communities: Emporia, KS and Caney, KS were awarded \$500,000 each for two projects that will develop 13 units. The Municipality of Manati in Puerto Rico was awarded \$1 million to develop 14 units. As these three grants were announced in February 2024, they are not included in this report's unit and leverage calculations. However, they will be included in the FY 2024 report.

Table 8: HOPE VI Main Street Grant Awards

City	State	Project Name/Activity	Planned Units	Completed Units	Award Year	Award Amount
Aibonito ²²	PR	New Affordable Homeownership	24	0	2005	\$462,309
Bastrop	LA	Historic High School	76	76	2005	\$500,000
Clinton	OK	Over Retail	4	4	2005	\$500,000
Hinton	WV	Scattered Sites Rehab	5	5	2005	\$500,000
Okolona	MS	Rehab Vacant Warehouse	3	3	2005	\$497,200
Burrillville	RI	Stillwater Mill	47	47	2006	\$500,000
Henderson	NC	Barnett Street Revitalization	12	12	2007	\$1,000,000
Oskaloosa	IA	Restore burned out building	6	6	2007	\$1,000,000
West Sacramento	CA	Parkside at City Center	62	62	2007	\$1,000,000
Henderson	NC	HOPE VI Main Street Phase II	12	12	2008	\$1,000,000
Silver City	NM	Vistas de Plata	6	6	2008	\$1,000,000
Biddeford	ME	Residences at Riverdam	66	66	2008	\$1,000,000
Lake Elsinore	CA	Pottery Court Main Street	113	113	2008	\$1,000,000
Coamo	PR	Historic Town Center	0	0	2009	\$650,000
Hawkinsville	GA	Cotton Mill Lofts	10	10	2009	\$1,000,000
Kit Carson	CO	Main Street Residences	5	5	2009	\$1,000,000
Martin ²³	SD	Gambles Building	0	0	2009	\$0
Marshalltown	IA	Iowa Wholesale Building	28	28	2010	\$1,000,000
Wrangell	AK	SNO Building	8	8	2010	\$869,000
El Dorado	KS	Ellet Opera House and Gish Bldg	12	12	2011	\$500,000

²²Aibonito, PR has not expended any HOPE VI Main Street funds and has not produced any Main Street units. Therefore, HUD will recapture its \$462,309 grant.

²³ Martin, SD was awarded \$977,500 in 2009 but later declined the grant award. The \$977,500 for Martin was de-obligated in 2011 and returned to the U.S. Treasury.

Mayesville ²⁴	SC	Bland Stable Building	4	4	2012	\$500,000
Bartlesville ²⁵	OK	Memorial Hospital Lofts changed to The Apartments at Hotel Phillips	9	9	2013	\$500,000
Kit Carson	CO	Main Street II	3	3	2014	\$500,000
Xenia	OH	Litt Bros. Building	5	0	2015	\$500,000
Bartlesville ²⁶	OK	309 -311 South Dewey Street	4	7	2016	\$500,000
Monticello	NY	Strong Building	16	0	2017	\$500,000
Kit Carson	CO	The 2020 Kit Carson Affordable Housing Project	3	5	2019	\$500,000
Thomas	OK	Five Historic Buildings	4	0	2019	\$500,000
El Cerrito	CA	The Mayfair Project	223	0	2020	\$500,000
Batesville	AR	Adler Building	8	8	2020	\$500,000
Stayton	OR	The Diedrich Building and the former Jensen-Krietzer Dept. Store	7	0	2020	\$500,000
TOTAL			785	511		\$20,478,509

VIII. Reporting Requirement 5: Recommendations of the Secretary for Statutory and Regulatory Improvements to the Program

During FY 2023, no statutory or regulatory changes were proposed for Choice Neighborhoods.

IX. Conclusion

Currently, there are 183 active and previously completed Choice Neighborhoods grants representing over \$1.9 billion in investment in communities across the country. Choice Neighborhoods and its predecessor, HOPE VI, have funded competitive grants to transform neighborhoods of concentrated poverty into sustainable, mixed income communities with a focus on improved housing, successful residents, and vibrant neighborhoods. Through FY 2023, HOPE VI grantees produced 105,055 housing units, including 58,158 public housing units. Through FY 2023, Choice Neighborhood grantees produced 13,325 units, including 6,514 replacement housing units. The program office will continue to work with current Grantees to use existing

²⁴ Mayesville, SC's original target site for its Main Street grant's activities was the Historic Kineen Hotel. However, this site's owner ultimately chose not to participate, and therefore the target site has changed.

²⁵ In FY 2014, Selma, the original FY 2013 Grantee, was found to be an ineligible Grantee, and the grant funds were de-obligated in FY 2015 and re-awarded to Bartlesville, OK. Bartlesville also applied under the FY 2013 NOFA and was rated and ranked as the second-highest applicant. Bartlesville, OK's original target site for its Main Street grant's activities was the Memorial Hospital Lofts. However, this site's owner backed out of the project and therefore a different site has been chosen.

²⁶ Bartlesville, OK's original target site for its Main Street grant's activities was the Bartlesville Methodist Church. However, when the original plans for the church's redevelopment changed, the grantee had to choose another site.

grants effectively and to accomplish the program's goals. Additionally, HUD continues to support the revitalization of smaller communities through the Main Street program, which has leveraged \$5.56 dollars for every federal dollar invested to complete 511 units, with more expected to start construction in 2024.

Given that HUD has provided the requested information on the public housing units revitalized, the status of projects identified as severely distressed public housing, the amount and type of financial assistance, the types of projects funded, and number of affordable housing dwelling units developed with grants, and the recommendations of the Secretary for statutory and regulatory improvements to the program, HUD believes it has satisfied this congressional directive.

Thank you for continuing to work with the Department to improve public and assisted housing programs. This report is being sent to the Chair and Ranking Members of the Senate Committee on Banking, Housing and Urban Affairs; the Senate Subcommittee on Housing, Transportation, and Community Development; the House Committee on Financial Services; the House subcommittee on Insurance, Housing and Community Opportunity; the Senate Subcommittee on Transportation, Housing and Urban Development and Related Agencies; the Senate Committee on Appropriations; the House Subcommittee on Transportation, Housing and Urban Development, and Related Agencies; and the House Committee on Appropriations.