



U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-0001

THE SECRETARY

September 10, 2008

The Honorable Barney Frank
Chairman, Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515-6050

Dear Mr. Chairman:

Thank you for your letter of August 13, 2008, regarding public housing demolition and disposition activities managed by the Department of Housing and Urban Development. The Department's intent in this response is to provide additional information to clarify HUD's demolition and disposition authority and the activities of public housing agencies mentioned in your letter.

The authority for HUD to receive and approve applications for public housing demolition and disposition from public housing agencies was enacted by Congress (through Section 18 of the United States Housing Act of 1937). Under the law, the Department must consider and make decisions on demolition and disposition applications submitted by public housing agencies.

Demolition and disposition approvals are not automatic. The public housing agency must demonstrate that the project or a portion of the project is consistent with the requirements of Section 18. Principally, the housing agency must demonstrate that the project is unsuitable for housing purposes, no program or modifications would be cost effective to return the property to useful life, or the disposal of the property allows for the acquisition, development, or rehabilitation of other properties.

In your letter you raised concerns that the demolition and disposition applications approved for public housing agencies in Atlanta, Las Vegas, and San Diego would adversely affect the availability of subsidized housing in these cities. However, each agency plans to continue providing subsidized housing to low-income families in their jurisdiction.

Over the last 15 years, the Department has approved 11,405 units for demolition by the Atlanta Housing Authority (AHA). To date, AHA has demolished 8,494 units and continues to manage a large public housing portfolio of 7,999 units. In connection with the approvals, the Department has provided AHA with 4,775 tenant protection vouchers for residents relocated from demolished or disposed properties. With some of these tenant protection vouchers, AHA created 1,445 project-based units, with commitments to add another 1,538. Under its designation as a Moving to Work agency, AHA has created 22,419 housing opportunities – comprised of

public housing units, tenant based vouchers, and project-based units – compared to the 20,198 housing opportunities it offered low-income families in 1996.

The situation is similar for Las Vegas, where the Department has approved 924 units for demolition. The local public housing agency has demolished 876 of these units since 1996, but also continues to manage a large public housing portfolio of 2,056 units. The Department provided the housing authority with 217 tenant protection vouchers for residents relocated from demolished or disposed properties. As a result, the total number of families receiving housing assistance remains the same.

Finally, while it is true that the San Diego Housing Commission (SDHC) has disposed of all the public housing units under its authority, the agency continues to operate these same units for low-income families earning 80 percent or less of area median income. This includes public housing families who were issued housing choice vouchers and can use the voucher toward rent in their current unit or any other rental housing unit in the city that accepts vouchers. The Department provided SDHC with 1,354 tenant protection vouchers for residents as a result of this disposition. As a condition of the disposition approval, SDHC will create 350 additional affordable housing units, by leveraging its disposed public housing assets. The net result is more low-income families will be served in San Diego.

The Department ensures that all units occupied at the time of demolition or disposition are replaced by new housing opportunities in affected cities. Public housing agencies awarded HOPE VI funding between Fiscal Year (FY) 1999 and FY 2006 are using HOPE VI funds and related leveraged resources to construct 33,006 public housing units and 18,986 other affordable rental (e.g., Low-Income Housing Tax Credit or LIHTC) and affordable homeownership units. As part of these efforts, housing agencies will also construct 18,210 market rate rental and homeownership units as part of a strategy to create mixed-income communities. Beyond the HOPE VI program, public housing agencies are constructing 9,326 public housing and other affordable rental or affordable homeownership units as part of mixed-finance development proposals approved since FY 2002 under the Department's Mixed-Finance Development Program. Further, since FY 2000, HUD has provided 64,210 new Housing Choice Vouchers to public housing agencies as replacement housing.

The new vouchers are permanently issued to the public housing agency, thereby increasing the annual voucher allocation and the overall number of families served. The vouchers assist both families relocating from sites with approved demolition or disposition applications and others on the agency's waiting list. As you know, these vouchers represent an important housing opportunity for many public housing families who are looking for a way to transition out of public housing or are on waiting lists.

Demolition and disposition of distressed or obsolescent public housing creates opportunities for public housing authorities to leverage funds from public and private sources to rehabilitate and redevelop public housing properties. Over the long term, these demolition and disposition efforts create housing opportunities that offer a greater variety of housing choices and produce higher quality units for low-income families.

Thank you for your interest in the Department's programs. If I can further assist you, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven C. Preston". The signature is fluid and cursive, with the first name "Steven" written in a stylized, connected manner, followed by "C" and "Preston".

Steven C. Preston



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WASHINGTON, D.C. 20410-0001

THE SECRETARY

September 10, 2008

The Honorable Maxine Waters
Chairwoman, Subcommittee on Housing
and Community Opportunity
U.S. House of Representatives
Washington, DC 20515-6050

Dear Madam Chairwoman:

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