



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-1000

OFFICE OF CONGRESSIONAL AND  
INTERGOVERNMENTAL RELATIONS

JUL 16 2008

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

Dear Chairman Frank:

Thank you for your letter of June 4, 2008, requesting current data on the status of the nation's public housing stock. This response answers the questions raised in your request for which data was readily available and includes several enclosures that provide additional information on the location of demolished public housing units.

- (1) *How many applications, representing how many public housing units, has HUD approved to date for demolition or disposition since 2000? Where are these units located? How many units which were affordable to extremely low and very low-income people were rebuilt or are planned to be rebuilt, from these applications? How many units which were rebuilt or are planned to be rebuilt are within the same area as the demolished units?*

The Department has approved 1,466 demolition or disposition applications since 2000, representing 99,032 public housing units. The public housing authorities (PHAs) making these requests and their locations are provided in Enclosure A.

HUD and PHAs have made every effort to ensure that all units occupied at the time that relocation assistance was provided are replaced by new housing opportunities in impacted cities. PHAs awarded HOPE VI funding between Fiscal Year (FY) FY 1999 and FY 2006<sup>1</sup> 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 units) LIHTC and affordable homeownership units to replace demolished public housing units. As part of these efforts, housing authorities are also constructing 18,210 market rate rental and homeownership units to create mixed-income communities where previously there were distressed public housing developments. Beyond the HOPE VI program, PHAs are also constructing 9,326 public housing and other affordable rental (e.g., LIHTC units) or affordable homeownership units as part of mixed-finance development proposals approved since FY 2002 under the Department's Mixed-Finance Development Program.

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<sup>1</sup> Demolition and disposition applications for FY 1999 HOPE VI grantees were approved in FY 2000 or later and are included in the analysis of replacement housing.

In addition to new construction, HUD has provided 64,210 new housing choice vouchers to PHAs as replacement housing since FY 2000. The vouchers are permanently issued to the PHA, which increases their annual voucher allocation and the number of families to whom they are able to provide subsidized housing in their community. The vouchers are used to serve both families relocating from sites with approved demolition or disposition applications and others on the PHA's waiting list. 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 Housing Choice Voucher (HCV) waiting lists.

Regarding your question on the number of units rebuilt within the same area as the demolished units, the Department does not have a system that currently captures this information. In order to provide this information, HUD would have to map the location of demolished units relative to the location of new construction.

- (2) *How many additional applications for demolition or disposition, representing how many public housing units, have been submitted and are pending a decision by HUD? Where are these units located?*

There are 89 demolition or disposition applications pending approval by HUD, representing 16,672 public housing units. The PHAs making these requests and their locations are provided in Enclosure B.

- (3) *Since 2000, on average how many applications, representing how many public housing units, does HUD approve for demolition and disposition? On average, what percentage of received applications for demolition and disposition does HUD reject?*

From FY 2000 through FY 2008, the Department has approved an average of 162 demolition and disposition applications per year, representing 11,000 units. On rare occasion, applications do not meet the statutory and regulatory requirements related to public housing demolitions and dispositions, causing the Department to disapprove them.

- (4) *Please provide information on the relocation of residents from projects that have been demolished or disposed. Indicate to what type of housing residents are typically moved to following relocation (i.e., Section 8 tenant protection voucher, public housing etc.).*

Residents from developments impacted by these actions are provided with relocation assistance as part of the demolition or disposition process. Across demolition and disposition applications approved since 2000, over 60,000 residents have been relocated and were provided with approximately \$300,000,000 in relocation counseling and moving assistance. Relocation assistance is provided through a combination of federal funds and other sources, including leverage from community partners. Many of the residents were relocated via tenant protection vouchers, while others were relocated to existing public housing developments. For example, under the HOPE VI program 52 percent of all residents have been relocated to other public housing developments, 31 percent have been relocated via tenant protection vouchers, 12 percent have been relocated to non-assisted housing and 5 percent have been evicted for cause prior to relocation.

- (5) *Since 2000, what have been the occupancy rates of public housing properties approved to date for demolition or disposition? For each property, please list its occupancy rate prior to demolition or disposition, location, and administering housing authority.*

Public housing properties approved for demolition are generally obsolescent, uninhabitable or unsustainable properties that are not appropriate for continued occupancy, modernization or rehabilitation. Based on the number of families relocated from units approved for demolition or disposition since 2000, the estimated average occupancy rate across these properties was 60 percent (approximately 60,000 units). Many of the unoccupied units were likely long standing vacancies when PHAs submitted their applications. Although a small number of these units were vacant due to tenant turnover, a majority of the vacant units were uninhabitable with very low expectations that modernization efforts would bring them back to useful life. HUD is reviewing data collected in the Public and Indian Housing Information Center (PIC) and other sources to determine if actual occupancy rates can be provided.

- (6) *Please provide an estimate of unmet capital needs at each project for which an application for demolition or disposition was approved since 2000.*

The estimated unmet capital needs at each project approved for demolition or disposition since 2000 is difficult to quantify. However, given that these properties were not appropriate for continued occupancy, modernization or rehabilitation, the cost of replacing these units provides a good proxy for the unmet capital need. Rather than taking the full value of replacing these units as a measure of unmet capital need, the Department has calculated estimated unmet need as 57 percent of expected total development costs for a new unit<sup>2</sup>. This yields a conservative estimate of the real unmet capital need at the time of demolition. Based on the Department's Total Development Cost (TDC) limits for constructing a new public housing unit (two bedroom walk-up unit) of \$158,418<sup>3</sup>, and after applying the 57 percent factor for determining unmet capital needs for obsolescent units, the estimated total unmet capital need for all projects approved for demolition or disposition since 2000 would be \$8.9 billion. The average unmet capital need per unit during this same period is estimated at \$90,520.

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<sup>2</sup> CFR 970.15(b)(2): HUD generally shall not consider a program of modifications to be cost effective if the costs of such program exceed 62.5 percent of total development cost for elevator structures and 57.14 percent of TDC for all other types of structures in effect at the time the application is submitted to HUD.

<sup>3</sup> The TDC for St. Louis, MO was used for this analysis as an average TDC because this market is considered representative of the housing stock and locations included across demolition and disposition applications since 2000.

When aggregating all affordable housing opportunities generated by the Department since FY 2000, including 64,210 HCVs, there will be a total of 125,528 new affordable housing opportunities for low-income families to replace demolished or disposed units. This represents a net gain of 26,496 affordable housing opportunities relative to the number units approved for demolition or disposition since 2000. Over the long-term, the Department will expand affordable housing options for families in most participating cities through this combination of hard public housing units, LIHTC units and HCVs.

This model for replacement housing provides a one-for-one replacement of public housing units demolished or disposed of by the Department since 2000, while creating more housing options for families beyond the traditional public housing stock. While these efforts are not budget neutral, the long-term costs of maintaining obsolescent properties far outweighs those for removing these units from the inventory in favor of new housing opportunities.

Families served by the Department have greater choice under this model, and greater opportunity to climb a housing ladder from public housing to LIHTC or voucher units and out of subsidized housing to market units in the same community. Access to new vouchers alone, considering multi-year waiting lists in most large cities, represents a significant infusion of hope and opportunity for families served by the Department. These resources, coupled with the new developments constructed under the HOPE VI Program and the Department's Mixed-Finance Development Program, provide better quality housing in safer communities for families residing in deteriorating units and distressed neighborhoods.

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

Sincerely,



Mark A. Studdert  
For General Deputy Assistant Secretary  
for Congressional and  
Intergovernmental Relations

Enclosures