



TESTIMONY
of
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Before the
U.S. SENATE
SUBCOMMITTEE ON HOUSING, TRANSPORTATION
AND COMMUNITY DEVELOPMENT
of the
COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS

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TESTIMONY BEFORE THE
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Mr. Chairman, Ranking Member and Members of the Senate Subcommittee on Housing, Transportation and Community Development of the Banking, Housing and Urban Affairs Committee, I am Sandra B. Henriquez, Administrator and CEO of the Boston Housing Authority in Boston, Massachusetts. The BHA serves a total of 10% of the city's population: 5 % in its 12,000 public housing units, the remaining with rental assistance via 11,500 Section 8 Housing Choice Vouchers. We are the largest single landlord in the City of Boston.

I am also the President of the Council of Large Public Housing Authorities (CLPHA), whose 60 members represent virtually every major metropolitan area in the country. On any given day, CLPHA members are serving more than one million households. Together they manage almost half of the nation's multi-billion dollar public housing stock, and administer 30 percent of the Section 8 voucher program. They are in the vanguard of housing providers and community developers.

I am pleased to be invited here today to testify on "The Reauthorization of the HOPE VI Program" and, more specifically on S. 829, the HOPE VI Reauthorization and Improvement Act of 2007. I commend Senator Mikulski and all the sponsors for introducing this bill and showing such strong support for the program.

As you know, HOPE VI—the Revitalization of Severely Distressed Public Housing Program—is one of the most significant neighborhood reinvestment strategies of the last decade. This program has transformed communities of despair and unrelenting concentrations of poverty into mixed-income neighborhoods that will serve as long-term

assets in their communities. This is a program that appeals to urban, suburban, rural, metropolitan and non-metropolitan communities and the Senators representing those communities. It enjoys strong aisle-crossing bi-partisan support, most recently evidenced during the introduction of S. 829.

The numbers on this program are impressive. Since 1993, the HOPE VI Program has demolished over 76,250 units of public housing with over 103,600 new housing units to be created and over 48,000 units occupied to date. Also, the \$5.8 billion in HOPE VI grants awarded by HUD have leveraged an additional \$12.1 billion in other public and private investments.

HOPE VI grants serve as the critical seed capital to leverage additional public and private sector investment in distressed neighborhoods. This innovative “first money in” approach, combined with unprecedented regulatory flexibility, has allowed public housing authorities (PHAs) to build first-time partnerships with private developers, state governments and other partners. As a result, a new market has been created of private investors and lenders who now view mixed-income, mixed-finance public housing as a good investment.

The City of Boston has been awarded three HOPE VI Grants – Mission Main and Orchard Gardens in Roxbury, and Maverick Landing in East Boston – totaling \$115 million. Using these HOPE VI funds as a starting point for the redevelopment of these very distressed public housing sites, we were able to raise an additional \$293 million of non-HOPE VI funds to complete the redevelopment of these sites. For every \$1 of HOPE VI funds, BHA leveraged \$2.55 of non-HOPE VI funds (low income housing tax credit equity, city funds, state funds, other public housing funds, other private funds). We developed a total of 1,130 affordable rental units, 108 affordable homeownership units (this includes the 51 loan-to-purchaser transactions that occurred as part of Maverick), and 181 market-rate rental units.

Research has shown that this investment improves the lives and livelihoods of public housing residents, who without HOPE VI, would continue to live in isolated communities with high concentrations of poverty. Per capita incomes in HOPE VI neighborhoods have risen by 71 percent, while unemployment has declined by 8.4 percent. In addition, by increasing the supply of affordable housing through the provision of over 22,000 housing choice vouchers, HOPE VI has empowered relocated residents to integrate into neighborhoods with better jobs and better schools.

In Boston, the revitalization efforts have had a profound effect on the surrounding neighborhoods. Prior to the Orchard HOPE VI program, 30% of adult residents at Orchard were employed and 90% of the residents had incomes of less than \$20,000. Since the onset of the Orchard program, household income has increased by 70%; average assessed property values in the neighborhood has increased by 31.8%; and \$293.8 million has been invested in the neighborhood.

Prior to the completion of the Mission Main HOPE VI program, people were afraid to walk in or around the neighborhood. Now, the Mission Main neighborhood is one of the most vibrant and active neighborhoods in the City. Artists, doctors, students and other professionals are all eager to work and live here. Occupancy of the market-rate units at Mission Main has always been strong, with a waiting list for these units.

The Maverick Landing development was named “Best Overall Housing Development” by Affordable Housing Finance Magazine, 2006, and was the recipient of the Massachusetts Governor’s Smart Growth Award in 2005. Maverick Landing combines renewable energy and innovative urban design. The redevelopment of Maverick has lead the market in East Boston and has opened up several acres of underutilized urban land for housing production, which will create several hundred more units of housing in this neighborhood. According to the findings from a study that is being conducted of the impact that the Maverick HOPE VI program is having on the surrounding neighborhood, the Maverick redevelopment program has helped to reinforce nearby developers’ commitment to their high-end residential projects.

In Boston, we have linked the HOPE VI program with educational opportunities in a variety of forms including: computer training classes; providing low-income middle school youth access to college-based education and training in video production, fashion design, civil engineering and social activism; providing education and training for hundreds of front line workers in the health care and research sector; and linking high school students with college opportunities. I mention this, because the schools aspect is a significant feature of S. 829 and its linkage with education reform. It is based upon research findings that if community revitalization is linked with education reform, the outcomes and impacts on the families and the neighborhoods are substantially greater and more sustainable.

While I understand and appreciate the sentiments which gave rise to the provisions of the legislation's linkages to education, I do think the provisions are too restrictive in mandating a comprehensive educational reform and achievement strategy for any and all HOPE VI applicants. Just as education districts are locally funded—most often through property taxes—education strategies should be locally designed without the added burden of coordinating housing and development objectives and strategies. Perhaps a better approach to retaining the educational objectives in the legislation would be to encourage educational linkages and give added weight to HOPE VI applications that develop an education strategy.

Generally, I support the provisions of the legislation protecting residents experiencing displacement and relocation due to revitalization and redevelopment of public housing units; and I am generally supportive of the provisions regarding performance benchmarks. In Boston, we place a high value on coupling resident's relocation needs with services. We create a relocation plan for each HOPE VI property in concert with the development's tenant leaders, hold community meetings, building meetings and individual family meetings around that plan, and provide guarantees of the right to return to the newly-constructed development for relocates who are lease compliant. We create a

basket of services around each family in order to facilitate their moves, school assignments, transportation requirements and other needs that might arise.

In addition, in Boston we are working on a Birth to Five School Readiness Initiative. We know that housing that is not distressed, that fits within the landscape of the surrounding neighborhood and is seen as a safe refuge for even the youngest of children, among other factors, increases the likelihood of success of those children in later years.

I contend that we will not know fully the benefits of the HOPE VI program, unless and until we calculate the decreases in health care (due to use of healthier building materials), the decreases in utility costs due to the use of energy technologies in construction, the decreases in pollution when redevelopment is also transit-oriented, and rising household incomes that allow greater opportunities for families and their children. Perhaps we will never be able to calculate the transformative impact HOPE VI has on the human potential.

I also want to take this opportunity to comment on the disturbing approach to the HOPE VI program and funding that the current Administration has taken. Beginning in 2004, the Bush administration began to severely limit funding for the HOPE VI program. In its 2006 and 2007 budgets, the administration proposed zeroing out the program and rescinding the previous year's appropriation. Congress rejected those proposals, although in 2006, there was only enough money to fund 4 grants out of 26 applications. With smaller HOPE VI grant sizes and fewer grantees, the wide-scale revitalization of previous years is not possible. This is a troubling trend especially in light of the fact that there are over 189,000 public housing units that are most likely distressed and in need of HOPE VI revitalization. It is worth noting that this large number of distressed units is also in part due to the continued underfunding of the Public Housing Capital Fund which has intensified over the last several years.

HUD takes the position that the original intent of HOPE VI has been completed and that any remaining properties in need of modernization and redevelopment should use

alternative programmatic and financing strategies. I reject the view that the original intent of HOPE VI has been completed. This legislation—S. 829—recognizes that the revitalization and redevelopment work of public housing is not complete, is still underway, and requires a strong federal commitment to finish the work that has begun.

I want to commend the sponsors of S. 829 for authorizing the program at an amount sufficient to make a real difference and to have a real impact in revitalization and redevelopment strategies. At \$600 million, the program would be able to operate at sufficient size and volume to begin to whittle down the tremendous backlog of modernization need.

In conclusion, thank you for the opportunity to testify before the Subcommittee today and I hope you will give my remarks careful consideration as you move forward with the reauthorization of this very necessary and vital program.