

VIEWS & ESTIMATES / WATT

Measure VIEWS & ESTIMATES

Amendment No. 2

AMENDMENT TO COMMITTEE PRINT OF VIEWS AND ESTIMATES OF THE COMMITTEE ON FINANCIAL SERVICES ON MATTERS TO BE SET FORTH IN THE CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2004

Agreed To?	YES ✓	No	Wdm
Voice Vte ✓	Yeas	Nays	

Offered by Mr. Melvin Watt

Page 10, strike the paragraph entitled "HOPE VI"
and the 2 paragraphs that follow and insert the following:

HOPE VI. The Administration is committed to encouraging public-private partnerships. In that regard, it is proposing a new program, the "Public Housing Reinvestment Initiative" (PHRI). This new program would allow PHAs to use Operating Fund and Capital Fund grants to facilitate the private financing of capital improvements while encouraging development-based financial management and accountability. This is accomplished by guaranteeing up to 80 percent of the principal of loans made to provide capital to the PHRI (estimating \$1.715 billion loan cap). In addition it will permit case-by-case conversion of public housing developments into the project-based voucher program.

At the same time, the Administration proposes to discontinue the HOPE VI program. The success of the original ten-year program is laudable, but concerns have been expressed about management challenges, displacement of original public housing tenants in some areas and concerns that only a small group of PHAs received HOPE VI grants. The Committee agrees that changes are warranted in the HOPE VI program. Last year, the Committee approved H.R. 3995, which included significant reforms to the HOPE VI program designed to allow eligibility for small PHAs along with accountability and management improvements. H.R. 5499 passed the House by unanimous consent, including the changes to HOPE VI incorporated in H.R. 3995.

According to HUD's own findings, since its inception HOPE VI has relocated approximately 41,000 families to better housing, demolished 51,000 distressed and obsolete units, and built and/or rehabilitated approximately 19,000 public and non-public housing units.

Abolishing this program would contradict the action taken by this Committee and the House, which included section 522 re-authorizing HOPE VI through FY 2004. And, the proposal contradicts the Oversight Plan, adopted two weeks ago by this Committee (after the Administration budget release), a plan which promised "a comprehensive review of the HOPE VI program to facilitate a meaningful re-authorization process".

The Committee agrees that improvements to the program are in order. The bill the House passed last year (H.R. 5499) would have made these improvements, including giving priority to grant proposals that protect tenants during and after the revitalization period, that sustain or create more low-income housing units where there is demand for such units, and that demonstrate the ability to complete a project expeditiously. These reforms directly address the changes that HUD recommended in their June 2002 report on HOPE VI. The Committee will hold hearings on HOPE VI reauthorization and on how best to serve distressed communities.