LEGISLATIVE DIGEST
HOUSE REPUBLICAN CONFERENCE | CHAIRMAN ADAM PUTNAM
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H.R. 3524 – HOPE VI Improvement and Reauthorization Act of 2007

EXECUTIVE SUMMARY

H.R. 3524 was introduced by Representative Maxine Waters (D-CA) on September 11, 2007. The Committee on Financial Services approved this legislation with an amendment by voice vote on September 26, 2007. The House is expected to consider the HOPE VI Improvement and Reauthorization Act of 2007 (H.R. 3524) under a structured rule on January 17, 2008.

The HOPE VI program, administered by the Department of Housing and Urban Development (HUD), provides grants to public housing authorities (PHAs) to revitalize or demolish existing severely distressed public housing and replace it with mixed-income housing.

H.R. 3524 extends the HOPE VI program authorization through September 30, 2015, and makes a number of changes to the program including the elimination of demolition-only grants and the Main Street Revitalization grant program. In addition, H.R. 3524 requires one-for-one replacement of public housing units, mandatory compliance with the Green Communities rating system and the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) rating systems, and a 12-month timeline for the replacement of demolished units.

Republicans on the House Committee on Financial Services have expressed concerns about the legislation because "the overly prescriptive and potentially burdensome reforms contained in H.R. 3524 threaten to do more harm than good to the HOPE VI program." In addition, the White House has issued a Statement of Administration Policy expressing their opposition to the bill.

The Congressional Budget Office estimates that H.R. 3524 will cost $900 million through 2012, with additional amounts spent in later years.

FLOOR SITUATION

H.R. 3524 is being considered on the floor pursuant to a structured rule. The rule:

- Provides one hour of general debate equally divided and controlled by the Chairman and Ranking Minority Member of the Committee on Financial Services.
- Waives all points of order against consideration of the bill except for clauses 9 and 10 of rule XXI.
- Provides that the amendment in the nature of a substitute recommended by the Committee on Financial Services, now printed in the bill, shall be considered as an original bill for the purpose of amendment and shall be considered as read.
- Waives all points of order against the amendment in the nature of a substitute except for clause 10 of rule XXI. This waiver does not affect the point of order available under clause 9 of rule XXI (regarding earmark disclosure).
- No amendments shall be in order except those amendments printed in the Rules Committee report accompanying the resolution.

- Provides that the amendments made in order may be offered only in the order printed in the report, may be offered only by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole.

- Waives all points of order against the amendments printed in the report except for clauses 9 and 10 of rule XXI.

- Provides one motion to recommit with or without instructions.

- Provides that, notwithstanding the operation of the previous question, the Chair may postpone further consideration of the bill to a time designated by the Speaker.

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BACKGROUND

In response to the declining state of public housing in the United States, Congress established the National Commission on Severely Distressed Public Housing in 1989. The Commission was charged with developing a National Action Plan to improve the condition of severely distressed public housing. In 1992, the Commission reported their findings and made recommendations for improvements, including encouraging public housing authorities (PHAs) to explore opportunities with private and non-profit groups to attract additional resources to public housing.

Congress took the Commission's recommendations under consideration and created the Urban Revitalization Demonstration program in 1992. This demonstration program allowed the Secretary of Housing and Urban Development (HUD) to choose 15 cities to receive grants of up to $50 million to revitalize severely distressed public housing.

In 1999, the Urban Revitalization Demonstration program, now known as HOPE VI, was authorized as a part of the HUD Appropriations bill for fiscal year 1999. This legislation also codified the purposes of the HOPE VI program which are to revitalize public housing, provide incentives and public services that empower public housing residents, lessen concentrations of poverty, and encourage public-private partnerships.

According to a 2003 Government Accountability Office Study, neighborhoods that had received HOPE VI grants in 1996 have seen improvements in education, per capita income, and housing, although GAO could not attribute these improvements specifically to the HOPE VI program. Studies by the Urban Institute and the Housing Research Foundation echo these findings.

The President has recommended terminating the HOPE VI program in each of the Administration's last five budget requests to Congress citing that the HOPE VI program has reached its goal of demolishing 100,000 severely distressed units, as well as the high cost and the extended length of time it takes to complete HOPE VI projects.

**Note: During a June 21, 2007, hearing held by the House Subcommittee on Housing and Community Opportunity, Orlando Cabrera, Assistant Secretary for Public and Indian Housing, stated that, "Of the 237 HOPE VI revitalization grants awarded by HUD, only 72 (30%) sites are complete (100% of total unit construction and rehabilitation completed), with another 30 nearing completion (80% or more of total unit construction and rehabilitation completed).*

However, Congress has continued to appropriate funding for this program. HOPE VI was funded at $100 million for fiscal year 2008 and at $99 million for fiscal years 2006 and 2007.

**Note: During the 109th Congress, the House passed the HOPE VI Reauthorization Act of 2006 (H.R. 5347) by voice vote. This bill would have extended the HOPE VI program through September 30, 2007, without making additional changes. H.R. 5347 was not considered by the Senate.*

SUMMARY

H.R. 3524 extends HOPE VI authorization through September 30, 2015.

**Note: HOPE VI authorization expired at the conclusion of fiscal year 2006, but has been funded through fiscal year 2008.*

Demolition Only Grants: H.R. 3524 prohibits the Secretary of Housing and Urban Development from making demolition only grants under the HOPE VI program. Demolition only grants are used to demolish existing severely distressed public housing and to relocate affected tenants.

**Note: Committee Republicans oppose this provision and support HUD's authority to make demolition only grants.*

Main Street Revitalization Grants: The bill eliminates this grant authority, which was established in 2003 and is unrelated to public housing. These grants are awarded to local governments in communities with a population of less than 50,000 that have active historic main street revitalization efforts.

**Note: HUD capped Main Street Revitalization grants at $1,000,000 each and funds can be used to develop affordable housing in the area that is undergoing revitalization.*

One for One Replacement: This legislation requires one-for-one replacement of units that are demolished under the proposed plan on the original site or within the jurisdiction of the public housing authority. H.R. 3524 mandates that one-third of the units that are constructed as a part of the mixed-income community revitalization plan remain public housing units.

**Note: According to the Republican Dissenting Views, "the one-for-one replacement requirement is inconsistent with the larger objective of the HOPE VI program which is to demolish obsolete public housing units and develop sound strategies to redevelop not only the property but in many cases an entire community. The promotion of a mix of incomes for families that will reoccupy the site and the "de-concentration" of poverty are fundamental to the core mission of the HOPE VI program, and one-for-one replacement impedes the achievement of that mission."*

Timeline for Rebuilding: H.R. 3524 requires units to be replaced within 12 months of demolition or disposition, and within 12 months of allocation of tax credits for developments that use low-income tax credits.

Eligibility Standards: This legislation prohibits PHAs from holding displaced or new residents to a HOPE VI development to different eligibility standards than other households and prohibits them from using any criteria, including credit checks, to limit residents to re-occupy HOPE VI units or receive other housing vouchers, unless the residents are otherwise ineligible by Federal law.

In addition, H.R. 3524 gives preference to revitalization plans that meet the needs of hard-to-house families receive priority in the grant award process. Hard-to-House families include individuals who have been released from a State or Federal correctional facility and have not been arrested within a year of their release.

Mandatory Site Visits: H.R. 3524 requires HUD to visit public housing sites that will be affected by a HOPE VI revitalization plan.

**Note: HUD has expressed concerns regarding this provision due to the additional time and cost that would be necessary to conduct these site visits.*

Green Development Compliance: This legislation requires the proposed revitalization plan to comply with the mandatory and non-mandatory items of the National Green Community checklist for residential construction and the mandatory and non-mandatory components of version 2.2 of the Leadership in Energy and Environmental Design (LEED) green building system for New Construction and Major Renovations.

**Note: According to Committee Republicans, "While we agree with the goal of building greener and more energy and resource efficient affordable housing, we question the wisdom of codifying a specific privately developed rating tool such as Green Communities or LEED for a government program. Many credible and accredited green building standards and programs exist in the marketplace today or are in the process of being developed. Codifying green targets to the proprietary preference of one organization in lieu of other viable standards is misguided. Not only will it stifle innovation, but it will also artificially inflate costs for green building materials."*

AMENDMENTS

Reps. Maxine Waters (D-CA)/Barney Frank (D-MA)/Melvin Watt (D-NC): **(REVISED)** The amendment makes a number of technical and conforming changes as well as enhancements to the bill, including the following: (1) redefines the scope of the 1 for 1 replacement requirement by requiring the replacement of all units in existence as of January 1, 2005, and provides a limited waiver from the replacement requirement; (2) extends the timeline for rebuilding replacement housing units to 54 months from the date of execution of the grant agreement, consistent with current HUD practice; (3) clarifies procedural requirements for making any significant amendments or changes to a revitalization plan; (4) removes specific references to LEED for non-residential construction and excludes costs associated with green development compliance from HUD's Total Development Cost calculation; (5) clarifies eligibility and occupancy standards; and (6) clarifies that no person not lawfully permitted to be in, or remain in, the United States is eligible for housing assistance under this bill.

Rep. Randy Neugebauer (R-TX): The amendment would apply the one-to-one replacement requirement for units demolished under a HOPE VI grant only to units that are occupied prior to demolition.

Rep. Tim Mahoney (D-FL): The amendment restores the set-aside for the Main Street grant program.

Rep. Pete Sessions (R-TX): The amendment maintains HUD's authority to issue demolition-only grants.

Rep. Barbara Lee (D-CA): The amendment will safeguard the rights of tenants of HOPE VI housing from eviction based on the criminal activities of others if the tenant is elderly or disabled, and did not or should not have known of the activity, or if they were the victims of a criminal act.

Rep. Steve King (R-IA): The amendment prevents appropriations for Davis-Bacon wages.

Rep. Shelley Moore Capito (R-WV): The amendment substitutes the green building requirement, which is part of the mandatory core component of the underlying bill , with a provision that includes green building as part of the mandatory graded section. It also strikes references in the bill to specific green building standards and instead requires the Secretary of HUD to select a rating system, standard, or code for green buildings. This standard shall meet certain criteria and the Secretary shall conduct a study every 5 years to evaluate and compare third party green building standards to see if they meet the criteria.

COST

According to the Congressional Budget Office, "Assuming appropriation of the authorized amounts, CBO estimates that implementing this bill would cost $900 million through 2012, with additional amounts spend in later years." (CBO Cost Estimate, 10-11-2007)

**Note: H.R. 3524 authorizes $800 million for each of fiscal year 2008 to 2015.*

ADDITIONAL VIEWS

"The Administration is strongly committed to providing safe, decent, and affordable public housing to those citizens least able to care for themselves and recognizes the contribution made by the HOPE VI program toward the revitalization of public housing. However, because the program has proven over time to be less cost-effective and efficient than other public housing programs, the Administration strongly opposes H.R. 3524, the HOPE VI Improvement and Reauthorization Act of 2007." (Statement of Administration Policy for H.R. 3524)

STAFF CONTACT

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