



# PUBLIC HOUSING

## HUD's Oversight of HOPE VI Sites Needs to Be More Consistent

Highlights of [GAO-03-555](#), a report to the Ranking Minority Member, Subcommittee on Housing and Transportation, Committee on Banking, Housing, and Urban Affairs, U.S. Senate

### Why GAO Did This Study

Congress established the HOPE VI program to revitalize severely distressed public housing. In fiscal years 1993 to 2001, the Department of Housing and Urban Development (HUD) awarded approximately \$4.5 billion in HOPE VI revitalization grants. The Ranking Minority Member, Subcommittee on Housing and Transportation, Senate Committee on Banking, Housing, and Urban Affairs, asked GAO to examine HUD's process for assessing grant applications, the status of work at sites for which grants have been awarded, and HUD's oversight of HOPE VI grants.

### What GAO Recommends

To improve its selection and oversight of HOPE VI grants, GAO recommends that HUD (1) continue to include past performance as an eligibility requirement in each year's notice of funding availability; (2) clarify the role of HUD field offices in HOPE VI oversight and ensure that the offices conduct required annual reviews of HOPE VI grants; and (3) develop a formal, written enforcement policy to hold public housing authorities accountable for the status of their grants.

HUD found this report to be fair and accurate, and it agreed with the three GAO recommendations.

[www.gao.gov/cgi-bin/getrpt?GAO-03-555](http://www.gao.gov/cgi-bin/getrpt?GAO-03-555).

To view the full report, including the scope and methodology, click on the link above. For more information, contact David G. Wood at (202) 512-8678.

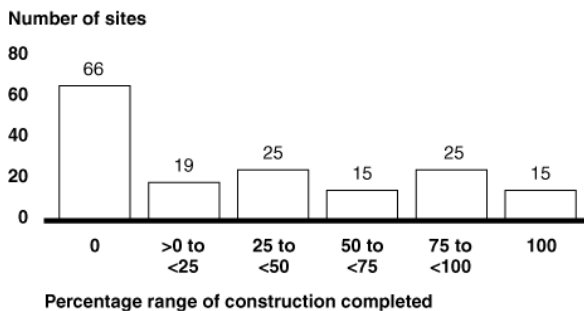
### What GAO Found

HUD has generally used the same core rating factors to assess HOPE VI grant applications—need, capacity, quality, and leveraging. However, HUD has, over time, increased the requirements that housing authorities must meet for each of these factors in order to make better selection decisions. Although authorities' historical program performance had been considered under various rating factors, it was not until fiscal year 2002 that past performance became a threshold requirement that an applicant must meet to be eligible for a grant.

The status of work at HOPE VI sites varies greatly, with construction complete at 15 of the 165 sites. As of December 31, 2002, grantees had completed 27 percent of the total planned units and spent approximately \$2.1 of the \$4.5 billion in HOPE VI revitalization funds awarded. However, the majority of grantees have not met their grant agreement deadlines. For example, the time allowed for construction has expired for 42 grants, yet grantees completed construction within the deadline on only 3 grants. Several factors affect the status of work at HOPE VI sites, including the development approach used and changes made to revitalization plans.

HUD's oversight of HOPE VI grants has been inconsistent, due partly to staffing limitations and confusion about the role of field offices. Both headquarters and field office staff are responsible for overseeing HOPE VI grants. However, HUD field offices have not systematically performed required annual reviews. Additionally, despite grantees' inability to meet key deadlines, HUD has no formal enforcement policies. Instead, the agency determines if action should be taken against a grantee on a case-by-case basis. Although HUD has declared 9 grants to be in default and issued warnings regarding 3 grants, it has not done so for other grants in a similar situation.

Percentage of Construction Completed at 165 HOPE VI Sites



Source: GAO.

Note: This figure is based on GAO analysis of data from HUD's HOPE VI reporting system as of December 31, 2002.