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Poverty & Race Research Action Council

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May 2, 2013

Sandra B. Henriquez
Assistant Secretary for Public and Indian Housing
Mindy Turbov
Director, Choice Neighborhoods
U.S. Department of Housing and Urban Development
451 Seventh Street, S.W.
Washington, DC 20410

Re: Bringing the Choice Neighborhoods Initiative into Alignment with the AFFH
Mandate – Proposed Improvements in the CNI Implementation NOFA

Dear Assistant Secretary Henriquez and Ms. Turbov:

When the Choice Neighborhoods Initiative was introduced in 2010, we welcomed its emphasis on addressing the “spatial concentration of poverty” as a barrier to opportunity for low-income families, and its core goals of transforming outcomes for housing, people, and neighborhoods.¹ We also were pleased to see, in both the 2010 and 2012 Notices of Funding Availability, as well as the 2013 Planning NOFA, explicit references to Choice Neighborhoods (CNI) grantees’ obligation to Affirmatively Furthering Fair Housing (AFFH).² However, our preliminary monitoring of the CNI program reveals that by focusing almost exclusively on potential long-term neighborhood transformation, the program is missing opportunities to improve outcomes for low-income residents through off site replacement housing and through affirmative housing mobility programs.

We appreciated the opportunity recently to present a webinar to CNI planning grantees on best practices in assisted housing mobility, but we are concerned that if more robust housing mobility and off site replacement housing provisions are not included in the next

¹ HUD’s Fiscal Year (FY) 2010 NOFA for the Choice Neighborhoods Initiative – Round 1 NOFA (Aug. 25, 2010) at 2, available at http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_9823.pdf.

² *Id.* at 26; HUD’s Fiscal Year (FY) 2012 NOFA for the Choice Neighborhoods Initiative- Planning Grants at 39; available at http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph/cn/fy12funding; HUD’s Fiscal Year (FY) 2012 NOFA for the Choice Neighborhoods Initiative – Implementation Grants (Jan. 6, 2012) at 109, available at <http://portal.hud.gov/huddoc/fy12-implem-nofa.pdf>; HUD’s Fiscal Year (FY) 2013 NOFA– Planning Grants, available at http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph/cn/fy13funding.

CNI Implementation NOFA, the program will continue to underperform from a fair housing perspective.

Our initial findings on the current CNI program are detailed in the attached report, released in March.³ In the summer of 2012, the Poverty & Race Research Action Council (PRRAC) commissioned this qualitative research study to examine CNI's mobility-related aspects: HUD's and individual grantees' approach to tenant displacement and relocation, including siting decisions for replacement housing and in the type of supportive services provided. Our exploratory study documents how both HUD and the CNI grantees have so far tended to overlook mobility as an important complement to the program's neighborhood improvement aspects. These results point to a need for HUD to examine the program's AFFH performance, including whether its siting incentives tend to reinforce segregation in grantee communities.

Our first concern is our finding that none of the five current CNI implementation sites plan to build replacement housing outside of their target neighborhood, and that only three of 13 surveyed planning sites currently had plans to build any portion of replacement units outside their target neighborhoods.

There is currently no requirement in the CNI Implementation Grant NOFA that any portion of replacement housing be built off site. The 2012 Implementation Grant NOFA did offer a small four-point incentive for higher-opportunity replacement siting outside the target neighborhood.⁴ This was an improvement over the 2010 NOFA, in which those points could be attained by providing all replacement housing within the target neighborhood.⁵ However, the incentive remains minor (four out of 204 points) compared to the overall number of available points offered by the NOFA. Additionally, the NOFA still does not provide an upper limit on reconstruction with the target neighborhood, despite the likelihood that, in some urban contexts, such reconstruction would perpetuate segregation and conflict with HUD's and the grantees' AFFH duties. Context matters, of course, but the lack of any off site replacement guidance presents the possibility that 100% of replacement housing units could be placed right back into a metropolitan area's most high poverty, segregated neighborhoods, without regard to the needs or residential

³ Martha Galvez, *An Early Assessment of Replacement Housing, Relocation Planning and Neighborhood Mobility Counseling in HUD's Choice Neighborhoods Initiative* (March 2013, Poverty & Race Research Action Council), available at www.prrac.org/pdf/choiceneighborhoods-affh.pdf.

⁴ HUD's Fiscal Year (FY) 2012 NOFA for the Choice Neighborhoods Initiative – Implementation Grants (Jan. 6, 2012) at 82, available at <http://portal.hud.gov/huddoc/fy12-implem-nofa.pdf>. However, the 2012 NOFA softened the means by which applicants could demonstrate “access to opportunity.” For example, 2010 applicants gained 4 points for replacement housing in areas with a poverty rate under 15%, and 2 points for replacement housing in areas with a poverty rate under 20%; 2012 applicants gained 4 points for replacement housing in areas with a poverty rate under 20% and where the “total percentage of minority persons is less than 20 percentage points higher than the total percentage of all minorities for the MSA as a whole,” and could gain 2 points for replacement housing in areas with a poverty rate is less than 30 percent but “within the catchment area of a school with both reading and math scores better than the state averages in grades 4, 8, and any high school grade.” Replacement housing outside the neighborhood in areas that have a poverty rate above 40 percent is not permitted. *Id.*, 2012 Implementation NOFA at 82.

⁵ *Id.* at 25.

preferences of current families or future residents and their children. As our research findings indicate, guidelines incentivizing more balanced redevelopment are needed.⁶

Our second major concern is that many CNI grantees do not appear to have prioritized mobility counseling within their supportive services programming. HUD should examine this trend further, and strengthen CNI counseling requirements and incentives in order to ensure that residents are equipped to make informed choices. Currently, the 2012 Implementation NOFA awards 3 points for applicants' "Relocation and Re-occupancy" strategies.⁷ Although the NOFA makes encouraging references to choice and counseling, this section disappoints in several respects. The section's heavy emphasis on facilitating returns overlooks mobility as an important aspect of resident choice. Some level of mobility counseling should be required for all interested baseline residents, with a strong AFFH component, and with the provision of more intensive services incentivized.

Finally, the current Implementation NOFA's "Choice" outcome metric sets problematically low expectations for mobility programs. This outcome is assessed using two metrics: the number and share of residents who actually return to CNI sites compared to those who expressed an initial preference to return, and the share living in a "lower-poverty and higher-opportunity neighborhood than pre-transformation by household type."⁸ Considering that CNI sites are selected based in part on extreme poverty rates and distress at baseline, moving to a *lower* poverty rate area (as opposed to a low-poverty or high-opportunity area) sets an embarrassingly low bar – and does nothing to measure fair housing outcomes in any meaningful sense. Furthermore, the metric measuring returns overlooks the likelihood that counseling and exposure to previously-unfamiliar neighborhoods may alter many residents' preferences following redevelopment (or that residents may re-evaluate their preferences if promised commercial and service improvements lag behind residential redevelopment).

Our exploratory CNI study indicates that the program's focus on long-term redevelopment, without more balanced AFFH guidance, fails to broaden low-income residents' housing choices. This is a missed opportunity to synchronize mobility- and place-placed strategies and to acknowledge the diverse residential needs of low-income families. We hope that our findings will prompt HUD to improve CNI's fair housing performance, and we would welcome the opportunity to meet with your staff to explore these issues further.

⁶ See Letter from Philip Tegeler, Poverty & Race Research Action Council & John Powell, Kirwan Institute for the Study of Race and Ethnicity, to Carol Galante, Deputy Assistant Secretary for Multifamily Programs, Department of Housing and Urban Development (Jan. 14, 2011), available at www.prrac.org/pdf/fair_housing_comments_on_Choice_Neighborhoods_NOFA_1-14-11.pdf.

⁷ *Id.* at 95-96. Points are awarded "based on resident relocation and reoccupancy preferences (provide numbers and percentages) identified through [the applicant's] needs assessment, including the specific activities that have or will be undertaken to inform residents of the target public and/or assisted housing of their right to return" and in which the applicant must explain how it will "integrate comprehensive relocation and reoccupancy counseling and supports with [its] Supportive Services strategy so that residents of the target public and/or assisted housing receive the array of services they need to return to the revitalized housing or maintain stability in other housing of their choice." This section also specifies that regional mobility counseling be provided to accompany any tenant-based voucher program.

⁸ *Id.* at 96.

Sincerely,



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cc: Assistant Secretary John Trasviña
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