

University of Missouri, St. Louis

IRL @ UMSL

---

Dissertations

UMSL Graduate Works

---

6-10-2011

## A Comparative Analysis of the Effectiveness of the Hope Vi Program in Revitalizing Conventional Public Housing Sites: A Multiple Case Study in St. Louis

Uchechukwu Anthony Oluku

University of Missouri-St. Louis, [uche.a.oluku@hud.gov](mailto:uche.a.oluku@hud.gov)

Follow this and additional works at: <https://irl.umsl.edu/dissertation>



Part of the [Political Science Commons](#)

---

### Recommended Citation

Oluku, Uchechukwu Anthony, "A Comparative Analysis of the Effectiveness of the Hope Vi Program in Revitalizing Conventional Public Housing Sites: A Multiple Case Study in St. Louis" (2011). *Dissertations*. 433.

<https://irl.umsl.edu/dissertation/433>

This Dissertation is brought to you for free and open access by the UMSL Graduate Works at IRL @ UMSL. It has been accepted for inclusion in Dissertations by an authorized administrator of IRL @ UMSL. For more information, please contact [marvinh@umsl.edu](mailto:marvinh@umsl.edu).

**A COMPARATIVE ANALYSIS OF THE EFFECTIVENESS OF THE  
HOPE VI PROGRAM IN REVITALIZING CONVENTIONAL  
PUBLIC HOUSING SITES:  
A MULTIPLE CASE STUDY IN ST. LOUIS**

Uche A. Oluku

MA, Political Science, University of Missouri – St. Louis, 2008  
MBA, Business Administration, University of South Florida, 1999  
B.Sc., Economics and Statistics, University of Benin, Nigeria, 1989

Dissertation Submitted to the Department of Political Science  
at the University of Missouri-St. Louis  
in Partial Fulfillment of the Requirements for the Degree  
Doctor of Philosophy

April 7, 2011

**Advisory Committee:**

Nancy Kinney, PhD  
(Chairperson)

Lana Stein, PhD  
(Co-Chairperson)

Brady Baybeck, PhD

Andy Glassberg, PhD

© Copyright 2011; by Uche A. Oluku; All Rights Reserved

## **ACNOWLEDGMENTS**

My profound gratitude goes to Professor Nancy Kinney (Dissertation Committee Advisor) for the encouragement and overall guidance with the research and as a graduate student. Thanks also to the other members of my Dissertation Committee: Professor Emeritus Lana Stein, for the guidance as a graduate student and with choosing a compelling dissertation topic; Professor Brady Baybeck, for the suggestions with respect to the data analysis and obtaining crime data; and Professor Glassberg, for the overall support with the research paper. The members of my dissertation committee and other faculty members of the Political Science Department played an integral role in my learning experience at the University of Missouri-St. Louis including: Professors David Robertson, Brian Fogarty, Barbara Graham and David Kimball.

Without the assistance of the following individuals, I would not have access to the enormous amount of data needed for this research: Dr. David Chase and Dr. Lydia Taghavi of the Office of Policy Development and Research of the U.S. Department of HUD – Washington D.C.; Carolyn Watson, Susan Jeffery and Patricia Straussner of the Office of Public and Indian Housing of the U.S. Department of HUD - St. Louis; and Christopher White, the HOPE VI Coordinator of the St. Louis Housing Authority.

My sincere gratitude also goes to Kevin McCormack and Claudia Brodie of McCormack Baron Salazar for providing access to valuable data for my research. Ms. Brodie was especially accommodating to my incessant requests for data. The following individuals were also enormously helpful with providing data: Dr. Will Winter of the Public Policy Research Center, University of Missouri-St. Louis; Jennifer Dischbein, LaShona McGrew and Julie DeGraff Velazquez of McCormack Baron Salazar; Maria

Blaha and Angela Poyner of Camco Asset Management Company; and Angela Jones of Volunteers of America National Services.

In addition to my academic interest in the topic, conducting this research was made all the more interesting because of professional interest as a HUD employee. Furthermore, the following friends and mentors were always encouraging and supportive: Charles Hester, Herman Ransom, Vyllorya, Evans and Willie Spearmon. And most of all, thanks to my family; especially my lovely wife and daughter, Dr. Angela Okoludo and Chi Chi for their encouragement, support and patience.

## **ABSTRACT**

The study examines two groups of housing developments to ascertain to what extent HOPE VI policy objectives have been achieved in St. Louis. HOPE VI (King Louis, Blumeyer and Cochran) and HOPE VI-like (Murphy Park) interventions at these four mixed-income sites involved the demolition and redevelopment of severely distressed (high-rise) public housing developments. The other group includes three conventional public housing developments: Clinton Peabody and Carr Square underwent substantial rehabilitation involving limited demolition and the reconfiguration of existing units, while only more routine renovation of existing units occurred at LaSalle.

Two broad categories of indicators were used to compare both groups of housing developments before and after intervention, and across time. The first category, the demographic indicators measured the concentration of poverty and minority households, and the preponderance of female-headed households. The second category measured housing-focused, neighborhood-oriented objectives: crime rates; vacancy and turnover rates; and new business investment.

The study finds that to a limited extent, HOPE VI intervention achieved the housing-focused, neighborhood-oriented objectives. Post-intervention, crime rates at the four mixed-income developments were considerably lower when compared to the conventional public housing developments. The mixed-income developments are also currently performing well with respect to vacancy rates. Furthermore, neighborhoods adjoining some of the mixed-income developments have experienced modest rejuvenation as evidenced by new business investments. However, none of the HOPE VI objectives measured by the demographic indicators were achieved in St. Louis. Post

intervention, the high concentration of poverty and minorities, and the preponderance of female-headed households persist in both groups of housing developments.

## TABLE OF CONTENTS

CHAPTER 1: .....	11
INTRODUCTION AND RESEARCH QUESTION .....	11
IMPORTANCE OF THE PROBLEM .....	14
SIGNIFICANCE AND LIMITATIONS OF THE STUDY .....	16
Significance of the Study .....	16
Limitations of the Study .....	17
CHAPTER SUMMARY .....	18
CHAPTER 2: LITERATURE REVIEW (PART I).....	21
OVERVIEW OF U.S. HOUSING POLICY .....	21
Scope of the Federal Government Role and Expenditure in Housing .....	21
Rental Housing Policy Challenges .....	23
Categories of Rental Housing Programs .....	25
THE PUBLIC HOUSING PROGRAM .....	28
Politics of Housing in the U.S. ....	29
Different Eras of Public Housing and Legislations Shaping the Program .....	30
Great Depression Era .....	31
Before World War II .....	32
World War II and Immediately Afterwards .....	33
Post-World War II Era .....	33
Civil Rights Era .....	35
President Nixon to Present .....	36
The Failure of Public Housing .....	40

Physical Design and Location Issues .....	41
Eligibility Standards and the Persistence of Stigma.....	44
Management Problems .....	46
THE NATIONAL COMMISSION ON SEVERELY DISTRESSED PUBLIC	
HOUSING (NCSDPH) .....	48
Definition of Severely Distressed Public Housing.....	49
CONCLUSION.....	51
CHAPTER 3: LITERATURE REVIEW (PART II) .....	52
THE HOPE VI PROGRAM.....	52
Origins and Objectives of HOPE VI.....	52
HOPE VI Eligibility Criteria and Grant Application Process.....	53
Leveraging Private Funds – Early Emphasis on Mixed-income Communities .....	55
Scope and Status of HOPE VI Funding .....	56
Displacement of Public Housing Residents through the HOPE VI Program .....	58
Terminating the HOPE VI program .....	60
HOPE VI Improvement and Reauthorization Act of 2007 .....	61
LOW INCOME HOUSING TAX CREDITS (LIHTC) .....	63
PREVIOUS RESEARCH .....	68
CONCLUSION.....	75
CHAPTER 4: RESEARCH DESIGN.....	77
THEORETICAL FRAMEWORK .....	77
Concentration of Poverty .....	78
The Concentration of Minority Households in Conventional Public Housing .....	81



The Isolation of Female-headed Households in High Poverty Neighborhoods.....	83
Housing Vacancy Rates as an Indicator of Program Inadequacy .....	85
The Effects of Concentration of Poverty on Crime.....	87
The Effects of Revitalization on Neighborhoods .....	89
Public versus Private Management of Housing Developments .....	90
<b>HYPOTHESES TO BE TESTED .....</b>	<b>92</b>
<b>IMPORTANT CONCEPTS AND VARIABLES .....</b>	<b>99</b>
Overview of Methodology for Analyzing the Variables.....	99
Percentage of Residents in Poverty.....	103
Total Tenant Payment .....	103
Flat Rent Households .....	104
Crime .....	105
Ethnic Racial Mix and Female-headed Households .....	105
Vacancy Rates .....	105
Frequency of Move-outs and Move-ins .....	106
New Businesses.....	106
Type of Management .....	107
<b>EVIDENCE/DATA .....</b>	<b>107</b>
Data Sources.....	108
Qualitative Evidence .....	109
<b>CHAPTER 5: A DESCRIPTION OF THE PROCESS OF REVAMPING PUBLIC HOUSING IN ST. LOUIS .....</b>	<b>110</b>
Introduction .....	110

Background on the City of St. Louis and the St. Louis Housing Authority.....	110
The Public Housing Program in St. Louis Today .....	114
CONVENTIONAL PUBLIC HOUSING DEVELOPMENTS.....	119
Carr Square Village.....	120
Clinton Peabody Terrace .....	122
LaSalle Park Village.....	124
THE HOPE VI PROGRAM IN ST LOUIS.....	124
Murphy Park Apartments (formerly George L. Vaughn).....	125
<i>Other Neighborhood Improvements near Murphy Park</i> .....	128
King Louis HOPE VI Development (Formerly Darst-Webbe).....	128
<i>Substantial Rehabilitation of the Old St. Louis City Hospital</i> .....	130
<i>Resident Services at King Louis HOPE VI Development</i> .....	131
Blumeyer HOPE VI Development (formerly Arthur A. Blumeyer).....	132
<i>Resident Services at Blumeyer HOPE VI Development</i> .....	133
Cochran HOPE VI Development (Formerly John J. Cochran).....	133
<i>Resident Services at Cochran HOPE VI Development</i> .....	135
<i>Senior Living at Cambridge Heights (Replacement Housing for Cochran Elderly Towers)</i> .....	136
DEVELOPMENT TIMELINE OF HOPE VI DEVELOPMENTS AND MURPHY PARK.....	137
SOURCES OF FUNDS FOR HOPE VI IMPLEMENTATION IN ST. LOUIS .....	139
HOUSING UNITS MIX - HOPE VI DEVELOPMENTS AND MURPHY PARK....	142

CHAPTER 6: AN ASSESSMENT OF THE EFFICACY OF HOPE VI AND A SIMILAR INTERVENTION IN ST. LOUIS .....	148
Introduction: .....	148
Public Housing Neighborhoods in 1990 .....	149
CONCENTRATION OF POVERTY AT THE MIXED-INCOME DEVELOPMENTS IN ST. LOUIS .....	153
Percentage of Households Living in Poverty at the Mixed-income Developments .....	158
Percentage of Households Living in Poverty - Adjusted for Deductions .....	166
Income of Homeowners .....	171
CRIME IN THE SUBJECT DEVELOPMENTS .....	175
Crime Rates in Subject Housing Developments Compared to the City of St. Louis .....	179
A Comparison of Crime in HOPE VI and Conventional Public Housing Developments .....	182
CONCENTRATION OF MINORITIES IN PUBLIC HOUSING .....	190
THE PREPONDERANCE OF FEMALE-HEADED HOUSEHOLDS IN PUBLIC HOUSING.....	205
HOUSING VACANCY AND TURNOVER RATES .....	214
Vacancy Rates at the Conventional Public Housing Developments.....	215
Housing Turnover in the Subject Developments .....	221
NEW BUSINESSES IN MIXED-INCOME NEIGHBORHOODS .....	225
New Business Investments near the Mixed-income Developments .....	226
Survey of the Businesses Located Near the Mixed-income Developments.....	229

MANAGEMENT OF OPERATIONS AT THE SUBJECT DEVELOPMENTS .....	231
Management of Operations at the Mixed-income Developments.....	233
Management of Operations at the Conventional Public Housing Developments .	234
OVERALL PERFORMANCE OF THE MIXED-INCOME DEVELOPMENTS IN ST.	
LOUIS .....	241
CHAPTER 7: CONCLUSION .....	245
Introduction .....	245
Demographic Profiles of Residents of the Subject Developments .....	249
Housing-focused, Neighborhood-oriented Objectives for Measuring HOPE VI	
Success .....	254
Other Relevant Findings.....	262
ADDITIONAL DISCUSSION OF FINDINGS .....	265
FUTURE RESEARCH AND POLICY RECOMMENDATIONS .....	269
Future Research.....	269
Policy Recommendations.....	271
REFERENCES: .....	273
APPENDIX.....	296
Table 3.1: HOPE VI Funding History.....	296
Table 3.1 - HOPE VI Funding History ( <i>Continued</i> ) .....	297
Figure 4.1: Map of the Subject Housing Developments. ....	298
Table 4.1: Description of Subject Developments.....	299
Table 4.1: Data Description. ....	300
Figure 5.1: Now-demolished George L. Vaughn Public Housing Development..	303

Figure 5.1A: George L. Vaughn Public Housing Development (During Demolition). .....	304
Figure 5.2: Murphy Park in 1998 (After HOPE VI-like Revitalization).....	305
Figure 5.3: John J. Cochran Public Housing Development (During Demolition in 2007).....	306
Figure 5.4: Cochran (After HOPE VI Revitalization in 2009).....	307
Figure 5.5: Arthur A. Blumeyer High-rise Public Housing Development (Before Demolition). .....	308
Figure 5.6: Blumeyer in 2009 (After HOPE VI Revitalization). .....	309
Figure 5.7: Darst-Webbe High-rise Public Housing Development (Before Demolition). .....	310
Figure 5.8A: Elderly Housing at King Louis in 2010 (After HOPE VI Revitalization). .....	311
Figure 5.8B: Homeownership Units at King Louis HOPE VI Development in 2010. ....	312
Table 6.1: 1990 Census Data of Public Housing Neighborhoods/City of St. Louis. ....	313
Table 6.6: Poverty Thresholds in the U.S. and Income Limits for the St. Louis MSA. ....	315
Table 6.7: Time Framework for Data Analysis.....	316
Table 6.7: Time Framework for Data Analysis ( <i>Continued</i> ) .....	317
Table 6.12: Survey of Business Owners. ....	318
Table 6.13: Survey of Business Owners – Questions. ....	320

Table 6.13: Survey of Business Owners – Questions ( <i>Continued</i> ) .....	321
--	-----

LIST OF TABLES:

Table 5.1: City of St. Louis Public Housing Households in 2010 by Age Groups. .....	117
Table 5.2: City of St. Louis Public Housing Households in 2008 by Race. ....	118
Table 5.3: Implementation Timeline of Mixed-income Developments. ....	138
Table 5.4: Sources of Funding for the Mixed-Income Developments (in Thousands of Dollars). ....	140
Table 5.5: Unit Count (Demolished and Existing) at the Mixed-income Developments. ....	144
Table 6.2: Poverty Thresholds in the Mixed-income Developments, 2008. ....	160
Table 6.3: Proportion of Households Living Above the Poverty Line in 2008. ...	163
Table 6.4: Households Living Above the Poverty Line (2000, 2008 & 2009). ....	165
Table 6.5: TTP after Deductions and Poverty Thresholds in 2008 and 2009. ....	168
Table 6.8: Household Data Categories. ....	193
Table 6.9: Percentage of African American Households – Blumeyer HOPE VI Development. ....	198
Table 6.10: Percentage of African American Households at the Mixed-income Developments Between 2005 and 2010. ....	200
Table 6.11: Percentage of Female-headed Households at the Mixed-income Developments Between 2005 and 2010. ....	210
Table 7.1: Scope of HOPE VI Nationwide and in St. Louis. ....	247

LIST OF FIGURES:

Figure 5.1: City of St. Louis Public Housing Households in 2010 by Income  
Categories..... 116

Figure 6.1: City of St. Louis and Public Housing Neighborhoods – Demographic  
Profile, 1990..... 151

Figure 6.2: Households living Below the Poverty Line in the Mixed-income  
Developments, 1990, 2008 & 2009. .... 170

Figure 6.3: Crime Rates in Conventional Public Housing and Mixed-income  
Housing Developments Compared to the City of St. Louis..... 181

Figure 6.4: Crime Rates at the Mixed-Income Developments Compared to the  
Average for the Conventional Public Housing Developments. .... 184

Figure 6.5: Crime Rates at the Mixed-Income Developments Compared to the  
Average for the Conventional Public Housing Developments (Without Drug  
Crimes)..... 186

Figure 6.6: Average Crime Rates - Mixed-Income Developments and Conventional  
Public Housing Developments (Drug Crimes Only). .... 188

Figure 6.7: Difference in the Proportion of African American Households by  
Household Categories in the Mixed-income Developments (2008 - 2010)..... 195

Figure 6.8: Difference in the Proportion of African American Households Before  
and After Intervention (Mixed-income and Conventional Public Housing  
Developments)..... 202

Figure 6.9: Difference in the Proportion of Female-headed Households by  
Household Categories in the Mixed-income Developments (2008 - 2010)..... 208

Figure 6.10: Difference in the Proportion of Female-headed Households Before and After Intervention (Mixed-income and Conventional Public Housing Developments. ....	213
Figure 6.11: Rental Housing Vacancy Rates: Mixed-income Developments Compared to the Conventional Public Housing Developments and the St. Louis MSA (2003 – 2009). ....	218
Figure 6.12: Vacancy Rates at the Mixed-income Developments by Unit Type in 2008 and 2009. ....	220
Figure 6.13: Difference in Housing Turnover Rates in Mixed-income and Conventional Public Housing Developments (Before and after Intervention). ....	223
Figure 6.14: Crime Rates at the Before and After Change in Management. ....	238
Figure 6.15: Percentage of Female-headed households Before and After Change in Management. ....	239
Figure 6.16: Number of Housing Turnovers Before and After Change in Management. ....	240



## **CHAPTER 1:**

### **INTRODUCTION AND RESEARCH QUESTION**

Despite decades of massive expenditures, U.S. public housing efforts are subject to ongoing criticism. By the late 1980s, many public housing communities exemplified urban decay and uninhabitable living conditions. Neighborhoods adjoining public housing were often blighted and had high concentrations of people living in poverty (Grogan and Proscio 2000). Policy makers and the general public were increasingly concerned about socio-economic problems associated with public housing. Furthermore, the deteriorating physical condition of some conventional public housing developments was generally perceived as contributing significantly to the decline of adjoining neighborhoods (Turner et al. 2005).

The predicament prompted bold political action beginning with the creation of the National Commission on Severely Distressed Public Housing (NCSDPH) in 1989 to examine the problems plaguing public housing. The NCSDPH was charged with identifying public housing developments nationwide that were severely distressed (NCSDPH Report 1992, Vale 1993). Turner et al. (2005) define severely distressed public housing as “dilapidated, often largely vacant buildings that show the effects of poor construction, managerial neglect, inadequate maintenance, and rampant vandalism” (p. 2).

The NCSDPH was also tasked with developing a national action plan to improve the conditions of public housing through adopting the best practices of Public Housing Authorities (PHAs) and other government agencies (Vale 1993). In their final report in

1992, the NCSDPH categorized approximately 6 percent of the nation's 1.4 million public housing units as severely distressed (NCSDPH Report 1992). They also recommended federal funding to the tune of \$7.5 billion over a 10-year period to revitalize severely distressed public housing.

Based on the recommendations of the NCSDPH, Congress created the HOPE VI (Housing Opportunities for People Everywhere) program in 1993. The program is considered the most significant urban initiative in over 50 years (Katz 2009). It is also the most comprehensive initiative to transform public housing in its 73-year history. The HOPE VI program was expected to revitalize severely distressed public housing through the rehabilitation or demolition and replacement of obsolete units. It was also envisioned that the program would reduce the concentrated poverty in public housing and contribute to transforming adjoining neighborhoods (Popkin et al. 2002).

After 17 years of implementation, advocates of the HOPE VI program laud its success at achieving the objective of revitalizing<sup>1</sup> public housing sites and adjoining neighborhoods. Proponents argue for the continuance of the HOPE VI program, rationalizing that it would cost more to society to ignore problems associated with public housing. Conversely, critics contend that the initial objective of HOPE VI to revitalize 6 percent of the U.S public housing stock identified as severely distressed has been achieved and that the cost of continuing the program is prohibitive (Turner et al. 2007; Sard and Staub 2008). Meanwhile, skeptics express concerns regarding the decline in

---

<sup>1</sup> Revitalization in the HOPE VI context and for the purpose of this study refers to reversing the trends that epitomize the failure of conventional public housing developments such as: high concentration of poverty, high crime rates, low quality housing evidenced by high turnover rates, the paucity of businesses to serve those communities and the high proportion of minority and female-headed households.

available low-income housing stock resulting from the replacement of demolished public housing units with fewer HOPE VI units (Bratt 2002; Joseph 2006; Crowley 2009).

This study asks, to what extent have the policy objectives of HOPE VI been achieved? In particular, when compared to conventional public housing developments, has HOPE VI reduced concentrated poverty or its correlates of racial segregation and the isolation of female-headed poor households? Furthermore, has HOPE VI encouraged private investments in adjoining neighborhoods or helped reduce crime in them, as compared to conventional public housing developments that have undergone limited renovation?<sup>2</sup> This study attempts to answer these questions.

Policy analysts and critics have evaluated the efficacy of the HOPE VI program at revitalizing severely distressed public housing sites and adjoining neighborhoods primarily through case studies. Several studies examine individual or multiple HOPE VI sites to ascertain program outcomes. This study proposes to use a unique approach by providing a comparative analysis of HOPE VI developments<sup>3</sup> with existing conventional public housing developments in the same Midwestern city. This framework allows a comparison of transformations that have occurred during the same period in two similar groups of housing developments. One group received an intervention in the form of HOPE VI grants or similar funding, while more conventional public housing

---

<sup>2</sup> Substantial renovations of more than \$9 million occurred at one of the conventional public housing developments in this study. However, only regular maintenance (no such extensive renovation) occurred at the other two conventional housing developments.

<sup>3</sup> The term housing development in this study refers to a collection of similarly designed housing under a single management. "Development" is inclusive of HOPE VI and conventional public housing.

developments underwent less extensive, more routine renovation only. Comparing these two groups will provide more reliable causal inferences regarding the effects of the HOPE VI program than previously conducted case studies.

## **IMPORTANCE OF THE PROBLEM**

The public housing program was established in 1937, primarily to cater to victims of a nationwide economic collapse, the Great Depression. It was one of numerous New Deal programs and policies to promote economic recovery and social reform introduced by President Franklin Roosevelt. At its peak in 1996, there were 1.4 million public housing units across the country (Schwartz 2006). As of 2006, public housing was home to over 2.6 million (1.2 million households), including seniors, people with disabilities and low-income families. The estimated cost of replacing the entire public housing stock was \$160 billion (Econsult 2006).

Biles (2000) contends that by the late 1960s public housing was no longer considered a springboard to improve one's social status. Rather, public housing became an entitlement and, to the American public, it "had metamorphosed into a dumping ground for society's unfortunates" (p. 152). Atlas and Dreier (1994) similarly argue that many public housing projects especially high-rises in urban areas ceased to function as viable communities due to the concentration and isolation of "minorities dependent on welfare, suffering from high unemployment rates, teenage pregnancy, single parenthood and a climate of serious crime" (p. 1).

The HOPE VI program created by Congress in 1992 emerged as the primary vehicle to revamp the public housing program. By September 2008, almost \$6 billion in

grants had been awarded for 240 HOPE VI developments nationwide. The HOPE VI grants leveraged additional \$11 billion to revitalize severely distressed public housing developments. Approximately 72 percent of the leveraged funds came from private sources, while other federal outlays and Public Housing Authorities made up the remaining 28 percent. A total of 96,226 on-site conventional public housing units have been demolished through HOPE VI and upon completion, the available units at the developments will increase by more than 15 percent to 111,059 (Kingsley 2009a).

HOPE VI launched a new wave of innovation in public housing policy. Evaluating its impact and effectiveness will be important for future program development and facilitate more efficient allocation of limited housing resources. For instance, the Obama administration has replaced HOPE VI with a similar program, “The Choice Neighborhoods Initiative.” Congress authorized the use of \$65 million of the funds earmarked for HOPE VI in FY 2010 for a Choice Neighborhood Initiative (CNI) demonstration (HUD PIH 2010). The CNI is intended to:

Transform neighborhoods of extreme poverty into functioning, sustainable mixed-income neighborhoods by linking housing improvements with appropriate services, schools, public assets, transportation, and access to jobs (The White House 2009, p. 267).

The new initiative is expected to build on the successes and learn from the failures of the HOPE VI program. The CNI also underscores the continued significance of achieving the objectives of the HOPE VI program.

## **SIGNIFICANCE AND LIMITATIONS OF THE STUDY**

### Significance of the Study

Reducing the concentration of poverty, lowering crime rates and eliminating neighborhood decay associated with distressed public housing are all laudable goals. Since its establishment in 1993, the nearly \$6 billion spent on the HOPE VI program represents a substantial number of federal dollars. The expected benefits to the residents of conventional public housing and the improvements to adjoining neighborhoods are also essential. Ascertaining the efficacy of these enormous federal outlays in achieving the stated objectives cannot be overstated.

This study attempts to effectively measure the effects of the HOPE VI investments, by determining if the program has met expectations in one Midwestern U.S. city (St. Louis, Missouri). If there is no evidence that the HOPE VI program is more effective than the conventional public housing program that have experienced limited renovation at achieving the stated objectives, then the additional investments could be construed as questionable.

This study takes on added significance in light of the proposed new program, the Choice Neighborhoods Initiative. If the anticipated substantial investment in this initiative is to be successful, policy makers have to adopt the best practices of the HOPE VI program, while avoiding its pitfalls. Such a strategy would benefit from an analysis of the effectiveness of HOPE VI. Allocating the limited resources available for different housing programs would also be accomplished more effectively with knowledge of what

policies are achievable and the best strategies for achieving such objectives. This study will contribute to that knowledge.

### Limitations of the Study

The unit of analysis used in this study is the housing development, specifically seven mixed-income (including HOPE VI) and conventional public housing developments located in St. Louis. Generalizing the outcomes from the St. Louis cases to other HOPE VI developments nationwide could have its shortcomings. For instance, the City of St. Louis has unique demographic features such as the fact that African Americans make up approximately 50 percent of the city's population (US Bureau of Census, 2009). The demographic changes in the city's HOPE VI developments may not be representative of changes in cities with significantly lower proportions of minorities.

Time is also an important —and potentially limiting—factor in this comparative analysis. Neighborhood transformation takes time, and the neighborhoods where the HOPE VI developments existed were economically depressed for decades. Meanwhile, implementation of HOPE VI at King Louis and Blumeyer was completed in 2006 and 2009 respectively, while the HOPE VI-like revitalization of Murphy Park was completed in 2003. As of September 2010, the implementation of HOPE VI at Cochran was ongoing. Comparing transformations at the different developments in this study becomes more complicated since the timelines of HOPE VI implementation vary. These are some of the challenges involved in assessing neighborhood transformation.

Establishing causality between an intervention (HOPE VI) and neighborhood transformation is also complex given other factors that contribute to neighborhood

changes (Turnham and Bonjorni 2004; Zielenbach 2003). The conventional public housing developments Clinton Peabody and Carr Square also underwent substantial rehabilitation, while limited rehabilitation occurred at LaSalle. These renovations were not funded through the HOPE VI program but could significantly affect the outcome at the conventional public housing developments in this study.

## **CHAPTER SUMMARY**

Chapter 1 introduced conventional public housing and HOPE VI, the programs that make up the nucleus of the study. The chapter also presented the major research question, which is primarily to examine the extent to which implementation has successfully achieved stated public policy objectives of the HOPE VI program. Chapter 1 also included a summary of the importance of the problem, the significance of the research and the limitations of the study.

Chapter 2 provides a literature review, beginning with an overview of U.S rental housing policies to examine the various forms of federally funded rental assistance programs available for low-income families. The chapter includes a comprehensive overview of the history of public housing, the major legislation that has shaped the program since its establishment in 1937 and some of the problems associated with the program. I also examine the role of the NCSDPH in the establishment of the HOPE VI program.

Chapter 3 is a continuation of the literature review and presents an overview of the HOPE VI program. This chapter also covers the eligibility criteria for grant awards and the grant application process. The scope of the HOPE VI program, status of grants



awarded since the program was established in 1993 and criticisms of the program are also covered in this chapter. A discussion of the Low Income Housing Tax Credit (LIHTC) program is included in chapter 3 due to its pivotal role as a source of funds for HOPE VI revitalization. Chapter 3 also includes an assessment of previous research on HOPE VI.

The research design is outlined in Chapter 4. The theoretical framework begins with a discussion of the study's seven constructs that explain the potential effects of housing policy interventions. This chapter also includes an overview of the methodology; important concepts and variables in the study; and the evidence and data utilized to test the study's eight hypotheses about the comparative effects of HOPE VI.

Chapter 5 includes an overview of the public housing program in St. Louis. A description of the origin and subsequent rehabilitation of three conventional public housing developments, Clinton Peabody, Carr Square Village and LaSalle Park Village is included in this chapter. The same background of four mixed-income (Murphy Park, Blumeyer, Cochran, and King Louis) developments is also provided. The timelines of implementation and sources of funding of the mixed-income developments and pertinent aspects of the HOPE VI program in St. Louis are also provided in chapter 5.

Chapter 6 compares data and findings for two categories (mixed-income and conventional public housing) of housing developments. The comparative analysis of housing, crime and demographic data across time is used to evaluate the effects of HOPE VI (Blumeyer, Cochran, and King Louis) and HOPE VI-like (Murphy Park) interventions in St. Louis. The analysis in chapter 6 provides the basis for validating or rejecting the study's eight hypotheses.

Chapter 7 is the concluding chapter, which provides a synopsis of the inferences from the entire study. It includes an assessment of the associations between the research findings and the seven constructs from the theoretical framework. Chapter 7 also discusses the substantive findings from the multiple case studies of two groups of housing developments and other observations from the analysis of the data relevant to the research question. Furthermore, the chapter examines questions raised by the study and discusses opportunities for future research.

## **CHAPTER 2: LITERATURE REVIEW (PART I)**

### **OVERVIEW OF U.S. HOUSING POLICY**

#### Scope of the Federal Government Role and Expenditure in Housing

The American Dream of homeownership is a valued tradition. The home is regarded as the centerpiece of every individual's "personal and family life as well as the locus of mobility opportunities, access to community resources and societal status" (Stone 2004, p. 180). To policy makers in the U.S., advancing homeownership consistently ranks as a higher priority than supporting rental housing programs (Downs 2008). An overview of federal expenditures on homeownership and rental housing programs will illustrate this trend. This section also outlines a valuable framework for assessing the scope of the conventional public housing and HOPE VI programs relative to other rental housing programs in the U.S.

The scope of U.S. housing policy is underscored by the fact that the housing sector consistently accounts for more than 20 percent of the gross domestic product (Schwartz 2006). Rental subsidies for low-income housing, including public housing, constitute an increasingly smaller segment of government expenditure on housing. The lion's share of federal expenditures on housing is through tax breaks for homeowners (Dreier and Atlas 1996; Vale 2000; Schwartz 2006; Dreier 2006).

Tax subsidies for housing totaled approximately \$70.3 billion in 1986, consisting of \$61.5 billion and \$8.8 billion for homeowners and investors respectively. This was almost three times the size of direct expenditure by government agencies on rental subsidies for low-income households. The latter totaled \$24.7 billion, consisting of

approximately \$20 billion allocated through HUD and \$4.7 billion through the U.S. Department of Agriculture's Rural Development (USDA). By 2000, tax subsidies rose to \$103 billion and \$15 billion for homeowners and investors respectively. The combined \$118 billion in tax subsidies for homeowners and investors was almost four times the size of rental subsidies for low-income households totaling \$30.9 billion (Dreier 2006).

Regarding this disparity, Vale (2000) bemoaned the stigma attached to public housing residents, whereas, "no opprobrium attaches to the majority of American families who annually receive tens of billions of dollars in federal housing assistance in the form of tax deductions tied to homeownership" (p. 6). This gap in federal expenditure between homeownership and rental housing programs persists today. For instance, in FY 2009, the federal expenditure on housing increased dramatically to approximately \$300 billion following 2 years of economic crisis largely associated with the housing industry (CBO 2009). The subsidies for homeowners in FY 2009 totaled \$112 billion (Dietz 2009; CBO 2009). An additional \$14 billion was spent for the first-time homebuyer tax credit program which expired in April 2010. The combined \$126 billion spent on the homeownership programs in FY 2009 is more than three times approximately \$39 billion spent by HUD and USDA on rental subsidies (CBO 2009).

On the role of federal government in U.S. housing policy, Dreier and Atlas (1996) identify three turning points. The first occurred at the turn of the 20<sup>th</sup> century, when, "tenement reform laws set the precedent that local governments would set standards and regulate housing safety" (Dreier and Atlas 1996, p. 343). The second turning point was triggered by the Great Depression. Beginning with the growth of social welfare programs during the New Deal until the 1970s, the expansion of government role in housing policy

was the norm. Housing policy debate was often centered on the size of government expenditure and the degree of regulation of the housing industry.

Dreier and Atlas (1996) further contend that housing assistance increased during the administrations of every Republican and Democratic President between FDR and Jimmy Carter. In their view, the third and most recent turning point occurred with budget retrenchments for rental housing programs during the Reagan administration. This contraction in federal spending persisted during the Clinton administration with a Republican majority in Congress.

### Rental Housing Policy Challenges

Katz and Turner (2008) posit that “today’s rental housing market failures reflect a confluence of demographic, economic, and social forces that the current array of federal programs can no longer effectively address” (p. 321). They argue that the greatest challenges to housing policy consists of the problem of housing affordability, a shortage of rental housing in affluent neighborhoods and regions of the country, location issues in metropolitan areas and neighborhood distress in localities with an overabundance of rental housing. I will examine these challenges below.

For lower income renters as well as homeowners in the United States, housing expenditure is the single largest item in their budgets (Quigley and Raphael 2004; Stone 2006a; Hartman 2006; Katz 2006; Downs 2008; Lang et al. 2008). The conventional federal definition considers housing affordable if household expenditure on housing is equal to or less than 30 percent of gross income (Joseph and Lynn Jr. 1993; Stone 2006a; Schwartz 2006; Belsky and Drew 2008; Turner and Kingsley 2008). The affordability

problem is evidenced by the fact that a majority of renter households spend more than 30 percent of their incomes on housing costs (Katz and Turner 2008; Downs 2008). This trend is illustrated by a 2005 U.S. Bureau of Census survey, which indicated that “31.9 percent of all renter households had incomes of less than \$20,000 a year, and among them, 86.2 percent spent more than 30 percent of their incomes on housing” (Downs 2008, p. 2).

The second U.S housing policy challenge is the shortage of affordable rental housing in affluent neighborhoods and regions nationwide. Constraints to affordable housing production in affluent localities include regulatory barriers such as, local zoning laws and land use controls. Furthermore, rising demand for housing resulting from population growth combined with regulatory barriers exert additional pressure on home values and the cost of rental housing (Katz and Turner 2008; Belsky and Drew 2008). The burden of rising cost is more prevalent in affluent neighborhoods; consequently, low-income households are priced out of housing in such neighborhoods, even when their place of employment exists in these localities (Katz and Turner 2008).

The corollary to the above is the third U.S. housing policy challenge, that is, the concentration of affordable rental housing in central-cities. This situation is exacerbated by the fact that employment opportunities for low-income households are more frequently available in the suburbs (Katz and Turner 2008; Belsky and Drew 2008). This inference corroborates Kain’s 1968 “spatial mismatch” hypothesis. Kain observed that the workforce in central business districts was comprised of highly skilled professionals such as, lawyers and management consultants who commute long distances daily from the suburbs to the city. Kain further argued that,

At the urban periphery, on the other hand, employment in entry-level jobs with moderate education and skill requirements, such as routine manufacturing, retail, and data-entry positions, is growing rapidly, but exclusionary zoning often prevents low-wage workers from moving closer to such jobs (Drier et al. 2004, p. 67).

The final rental housing policy challenge is also a construct of the present study. Katz and Turner (2008) maintain that “the clustering of affordable rental housing in central-city neighborhoods has served to reinforce concentrations of poverty and exacerbate racial segregation” (p. 324). Negative externalities arising from this phenomenon include neighborhood decline and property abandonment (Belsky and Drew 2008). Federal policies contributed to this phenomenon by siting a preponderance of conventional public housing and other project-based programs for low-income renters in central-city neighborhoods. However, it was envisaged that HOPE VI would stem this trend by reducing poverty and minority concentration and other negative externalities ascribed to this predicament. This study examines the efficacy of HOPE VI to achieve this objective.

#### Categories of Rental Housing Programs

Other than public housing and HOPE VI, various subsidy programs exist for low-income renters in the U.S. Turner and Kingsley (2008) identify three broad categories of subsidized rental housing programs including,

(1) Programs that provide deep, gapfilling rent subsidies, earmarked either for particular buildings or for individual households; (2) tax credits that produce new housing with moderate (belowmarket) rent levels; and (3) block grants that provide flexible support for local affordable housing initiatives (p. 1).

The first two categories are relevant to this study. The first category consists of rent subsidies to low-income households provided primarily through HUD and to a lesser extent through the USDA in rural communities. Housing subsidies for public housing residents in the conventional and the HOPE VI programs fall into this category. The second category includes Low Income Housing Tax Credits (LIHTC), a significant source of funds for HOPE VI revitalization, to be discussed in greater detail in Chapter 3.

Despite the American Dream of homeownership, approximately one-third of all households in the U.S. are renters. Majority of low-income households are renters out of necessity because they do not possess adequate resources to purchase and maintain a home. Some households prefer renting to homeownership to avoid the responsibilities of owning a home or to facilitate mobility opportunities (Katz and Turner 2008). By 2005, there were 108.9 million households in the United States. Thirty-four million (31 percent) of these households were renters. Six and half million (21 percent) of the renter households were assisted under various subsidy programs. Approximately 13 million households with difficulties covering their housing costs did not receive any rental assistance (Turner and Kingsley 2008).

To be eligible for housing subsidies under most HUD programs, including public housing, the upper income limit for a family of four is 80 percent of area median income (AMI). Households earning between 50 and 80 percent of AMI are categorized as low-income<sup>4</sup>. The upper income limits for families of various sizes are adjusted accordingly,

---

<sup>4</sup> Households earning equal to or less than 30 percent of AMI are categorized as extremely low-income, while households earning between 30 and 50 percent of AMI are categorized as very low-income.



for example, the income limits for a family of one and eight are 70 and 132 percent of AMI respectively (Olsen 2003).

Rental subsidies for low-income households can also be categorized as either tenant-based or project-based. In both categories, subsidies are equivalent to the difference “between a rent contribution that is considered affordable —currently set at 30 percent of monthly income —and the actual rent for a house or apartment” (Turner and Kingsley 2008, p. 1). Public Housing Authorities (PHAs) attach the subsidies to specific housing units in a development such as public housing, under the project-based programs. The Housing Act of 1974 authorized long-term project rental assistance contracts (PRACS) between HUD and participating private sector landlords in a project-based program.

The Section 8 subsidy program, officially known as the Housing Choice Voucher (HCV) program since 1999, is a tenant-based program. Under the program, HUD allocates Section 8 vouchers to local Public Housing Authorities (PHAs) for distribution to low-income households. Public Housing Authorities are required by law to allocate 75 percent of their vouchers to extremely low-income households<sup>5</sup> (HUD HCV Factsheet). The Section 8 HCV program currently serves approximately 1.9 million households nationwide (Carlson et al. 2009), exceeding the approximately 1.2 million households served by the public housing program.

The amounts of rental subsidy available to households are the same under both the public housing and Section 8 HCV programs. In the latter program, an eligible

---

<sup>5</sup> Extremely low-income households are those earning equal to or less than 30 percent of the Area Median Income.

household receives a voucher to cover the difference between 30 per cent of their income and the contract rent. However, unlike public housing which is project-based, Section 8 vouchers are portable and can be used to subsidize private sector housing. The Section 8 HCV households choose the housing unit at any location as long as the units meet standards established by the PHA. More relevant to the present study, low-income households can utilize Section 8 HCVs to pay for a market-rate or LIHTC rental unit in a mixed-income (HOPE VI or HOPE VI-like) development.

## **THE PUBLIC HOUSING PROGRAM**

Public housing is the oldest and most widely known subsidized housing program in the United States. Established in 1937, it was also the largest subsidy program for rental housing until recently for low-income individuals and families. The program currently subsidizes housing for approximately 2.3 million low-income Americans, estimated at about 1.2 million households (HUD Renting 2007). HUD administers federal subsidy to more than 3,300 PHAs in approximately 14,000 public housing developments, located in more than 3,500 cities and towns nationwide (CBPP 2008).

Marcuse (1998) posits that the provision of housing for the needy has never been the central focus of public housing policy. Rather, “historically, public housing has always been the tail of some other dog” (p. 23). For instance, public housing emerged as part of an effort to create jobs to stimulate the economy during the Great Depression (Fisher 1959; Marcuse 1998). War efforts during World War II created a housing emergency, while post war focus was centered around the necessity to cater to the housing needs of returning veterans (Marcuse 1998; Szylvian 2000; Vale 2000).

In the 1960s, housing policy was linked to the anti-poverty program and attempts to quell racial unrests in the ghettos (Marcuse 1998; Metzger 2001). Meanwhile, contemporary housing initiatives are shaped by “the general drive for privatization of government functions and the reduction of big government” (Marcuse 1998, p. 23). Marcuse (1998) further asserts that the retrenchment of government role in housing was in some measure due to an ideological preference for the free market position during the Republican administrations of Presidents Nixon and Reagan. Budgetary constraints also contributed to this trend during the Democratic administration of President Clinton. Katz and Turner (2008) similarly contend that “at present, federal policy seems defined almost exclusively by the fiscal imperative —that is, the pressure to reduce domestic discretionary spending – rather than by about how best to address the nation’s housing concerns” (p. 320).

### Politics of Housing in the U.S.

In general, policymakers in the U.S. favor homeownership programs and the participation of the private sector in the provision of housing. However, some critical differences exist between the liberal and conservative approaches to housing policy in the context of American politics. Marcuse and Keating (2006) contend that the Republican Party favors the conservative approach and advocates limited government intervention. The Republican Party also prefers tenant-based subsidies, such as Section 8 vouchers and a greater reliance on the “private sector and its profit motives” (p. 140). The Democratic Party on the other hand, favors the liberal approach and advocates a greater role for government and non-profit organizations. The Democratic Party prioritizes social policy

to cater to the poor and also advocates more government regulation to curb “excess profits and price-gouging” (Marcuse and Keating 2006, p. 140).

Marcuse and Keating (2006) further maintain that the real estate industry and profit motivated housing providers are typically proponents of the conservative approach, while the liberal approach is championed by “tenants, labor unions and advocates for social housing” (p. 140). In the context of American politics, liberal policy initiatives are generally deemed progressive with respect to housing and poverty policies. Marcuse (1998) considers the conservative approach to housing policy retrogressive.

#### Different Eras of Public Housing and Legislations Shaping the Program

Based on this framework of progressive and retrogressive approaches to housing policy, Marcuse (1998) categorizes public housing into six eras since its establishment in 1937. The progressive eras were, during the Great Depression, World War II and immediately afterwards, and the Civil Rights era in the 1960s. The retrogressive eras include, “as the Great Depression was drawing to a close, in the post World War II period of redevelopment and urban renewal and in the swing to conservatism under President Nixon and thereafter” (Marcuse 1998, p. 26). Building on Marcuse’s paradigm of progressive and retrogressive eras, I will provide an historical and chronological assessment of public housing and the legislation that shaped public housing and eventually the HOPE VI program. However, the overview of public housing extends beyond 1998 when Marcuse’s work was published.

## Great Depression Era

The Wagner-Steagall Act of 1937 emerged as the first major public housing legislation in the United States and remains in the statutes today with some amendments. Fisher (1959) maintains that “the onset of the Great Depression brought a severe drop in housing construction as well as in other economic activity” (p. 79). High employment rates and economic hardships during this period created millions of candidates for federal housing assistance and a favorable political environment for housing reform (Dreier and Atlas 1996; Von Hoffman 1996). The public housing program emerged amongst numerous New Deal programs and policies introduced by FDR to promote economic recovery and social reform. During this era of public housing, residents were viewed as the working poor and deserving of public assistance (Freidman 1980; Von Hoffman 1996; Marcuse 1998; Vale 2000).

The 1937 legislation was influenced by housing reformers like Catherine Bauer. A renowned housing expert, Bauer helped draft the Wagner-Steagall Act of 1937 and hailed it as a progressive legislation (Radford 2000). The Act was passed despite intensive opposition from business groups, such as the National Association of Real Estate Boards (Hays 1995; Radford 2000; Von Hoffman 2000; Martens 2009). However, Radford (2000) posits that a long-term, two-tiered pattern of federal housing policy emerged from the 1937 Act. At the top tier, the federal government subsidized housing for the middle class through mortgage insurance and facilitated the availability of low cost capital for housing in the private sector. At the lower tier was the public housing program, which subsidized housing for low-income persons. The two-tiered approach to policy making extends to poverty policies in general and is corroborated by other urban

theorists in their assessment of U.S public housing policy, including Grogan and Proscio (2000) and Martens (2009).

### Before World War II

The period of progressive housing policies during the Great Depression was transitory. A retrogressive era of housing policies quickly ensued until the beginning of World War II. This was accredited to the fact that despite the passage of the 1937 Housing Act, conservative members of Congress were opposed to the public housing program out of concern that,

Public housing would compete with privately developed housing and foster dependency among the poor, limited the program to low-income people by placing a ceiling on the income of eligible tenants and the rents of public housing units (Von Hoffman 2000a, p. 302).

Consequently, with the election of several conservative, anti-New Deal politicians to Congress between 1938 and 1942, conservatives successfully cut-off funding for public housing (Von Hoffman 2000a).

Akin to Von Hoffman, Martens (2009) argues that compromises were made with regards to the public housing legislation to mollify powerful opponents led by the National Association of Real Estate Boards. As a result, three critical features emerged, including 1) the fact that the creation of new public housing units was linked to slum clearance; 2) eligibility for public housing was limited to low-income families; and 3) the design and construction of public housing units were encumbered by cost limits. Martens maintains that “the combination of the three requirements assured that public housing would be a separate and less equal housing product, hamstrung by the high cost of land purchase in the inner cities” (p. 11).

### World War II and Immediately Afterwards

This era was characterized by progressive housing policies, though these policies were primarily in response to emergencies during World War II and to cater to veterans immediately after the war. During the war, the National Defense Housing Act of 1940 (also known as the Lanham Act) authorized the construction of “twenty public housing developments for civilian employees of the armed forces and defense contractors, with funds originally appropriated for low-income public housing” (Szylvian 2000, p. 123). Public housing policy initiatives during the war also highlighted the needs of African American workers. Consequently, “by 1944, 11.2 percent of all public housing built for war workers was reserved for black occupancy” (Szylvian 2000, p. 131).

Local advocacy for public housing reemerged immediately after World War II. Political and public support for public housing was enhanced by the notion of patriotism associated with returning war veterans. Describing the situation in Boston, Vale (2000) contends that “given the desperate need and patriotic cause, no one seems to have questioned the incursion of public housing into valued parklands” (p. 183). The veteran populations of public housing projects of this genre were predominantly middle-income citizens with diverse ethnicities and occupations. Stringent eligibility standards included wartime service to the country, stable income, and moral rectitude such as, the lack of any children born out of wedlock (Vale 2000).

### Post-World War II Era

The most important post-war housing legislation was passed in 1949 (Szylvian 2000). Congress authorized the construction of more than 800,000 units of public housing with the 1949 Housing Act (Orlebeke 1993; Von Hoffman 2000; Biles 2000).

Nevertheless, housing policies were generally retrogressive during this era (Marcuse 1998). Von Hoffman (2000a) observes that, “11 years after the passage of the 1949 housing law, the government had built less than 40 percent of the act’s 6-year goal of 810,000 units” (p. 312). Construction of the 810,000 units authorized under the 1949 Act was not completed until 1972 (Biles 2000). Another noteworthy legislation during this period was the Housing Act of 1956, which made single elderly individuals eligible for public housing (Meehan 1979; Vale 2000a).

The Post-World War II era was also characterized by an increase in the public opprobrium towards public housing. By the end of the 1950s, the program had narrow political appeal (Hays 1995). Catherine Bauer, who hailed the Wagner-Steagall Act of 1937 as a progressive legislation later became critical of public housing. Bauer found little to extol about the program in a 1957 article titled, “The Dreary Dreadlock of Public Housing” (Freidman 1980, p. 475).

Radford (1984) asserts that a deterrent to public support was the “major post-war offensive against public housing mounted by real estate business groups that linked directly assisted construction with communism” (p. 200). Similarly, Von Hoffman (2000b) maintains that “the conservative real estate and banking industry adamantly opposed the funds for public housing as a socialistic intrusion in the private market” (p. 184). Furthermore, beginning in the late 1950s, the public increasingly viewed the public housing program as an entitlement. Friedman (1980) observes that “authorizations have often gone begging because local government agencies have not been interested in applying for federal grants” (p. 475). He characterized the fact that free federal money was spurned by local authorities as the biggest indicator of the program’s unpopularity.



### Civil Rights Era

By the 1960s, the stigma associated with public housing was intense further eroding public support. Von Hoffman (1996) maintains that “in the 1960s, public housing had begun to project an image of disaster” (p. 436). Notwithstanding, civil rights advocacy and urban rioting in the 1960s fostered housing policy reforms (Marcuse 1998; Biles 2000; Metzger 2001). During the 1960 presidential campaign, the issue of the federal government involvement in housing was on the agenda. President Kennedy subsequently “pledged that all federally financed housing would be desegregated by the stroke of the presidential pen” (Biles 2000, p. 151). National policies since the civil rights era have increasingly emphasized the racial and economic desegregation of public housing and other forms of project-based subsidized housing.

Funding for most public programs increased during the 1960s. Friedman (1980) observes that, “by the end of 1965 every state had some public housing units in planning or operation, and more than 2,100,000 people lived in public housing units built with the aid of federal, state and city money” (p. 473). This is only slightly less than the 2.3 million people residing in public housing developments nationwide in 2009, more than 40 years later. The Housing Act of 1965 authorized the creation of HUD as a cabinet department of the Federal Government and with the Housing Act of 1968, Congress established specific targets to increase the housing stock over a 10-year period. The ambitious targets, which included funding 26 million units of housing, with over 6 million units reserved exclusively for low and moderate income households were never achieved (Hartman 2006).

Funding the construction, maintenance and the operating costs of public housing has always been problematic. A study by the Urban Institute found that between 1965 and 1968, revenues from tenant rents were insufficient to cover operating costs in public housing developments in most large cities such as, St. Louis, New York, Chicago and Washington DC. (de Leeuw 1969). In 1969, Senator Edward Brooke's amendment to the Housing Act of 1968 exacerbated the situation by restricting tenant payments towards rent to a maximum of 25 percent of their income. More impoverished households moved into public housing as a result of Brooke's amendment and contributed to dwindling revenues for public housing developments (Meehan 1979). Furthermore, operating subsidies to supplement PHA revenues were inadequate and not authorized by Congress until 1972, three years after Brooke's amendment was enacted (Meehan 1979).

#### President Nixon to Present

Another era of regressive housing policies commenced during the Republican administration of President Nixon. Growing concerns regarding rising operating costs and the inefficacy of the public housing program and other publicly owned project based programs surfaced in the early 1970s (CRS Report 2008). President Nixon subsequently placed a moratorium on the production of all subsidized housing production, including public housing in 1973 (Meehan 1979; Quigley 2000; Galster 2008). Following the moratorium, the Section 8 Rental Assistance Program was enacted as part of the Housing and Community Development Act of 1974 (Vale 2000; Metzger 2001; Dreier 2004). The Act authorized HUD to enter "into housing-assistance payments contracts for up to forty years with private suppliers, guaranteeing a stream of rental payments for the dwellings"

(Quigley 2000, p. 64). The project-based contracts boosted private sector participation in the provision of subsidized housing during that period (Metzger 2001; Quigley 2000).

During the first year of his administration, President Reagan, a Republican, cut the budget authority for public housing and Section 8 by half. Dreier et al. (2004) maintain that “the most dramatic cut in domestic spending during the Reagan and Bush years was for low-income housing subsidies” (p. 140). Regarding the production of subsidized housing, Dreier et al. further assert that “during Reagan’s two terms, the average fell to about 100,000 a year, and during Bush’s term it fell further to 75,000 a year” (p. 145).

The policies of Republic Presidents since Nixon, including Reagan, George Bush and George W. Bush seem to corroborate Marcuse and Keating’s (2006) assertion that the Republican Party favors a conservative approach to housing policies. Nixon placed a moratorium on the production of subsidized housing and a higher priority on the use of tenant-based subsidies (Section 8 Vouchers) in private sector housing markets. All four Presidents favored limited government participation, while Presidents Reagan, George Bush and George W. Bush drastically reduced funding for housing subsidies. Additionally, President George W. Bush attempted without success to terminate the HOPE VI program.

With the election of President Bill Clinton, a Democrat in 1992, housing advocates expected a reversal of this trend. However, due to pressures from a Republican Congress, critics claim that no dramatic changes occurred with respect to subsidized housing production (Bratt 2002; Dreier et al. 2004). Despite the claim, several important public housing legislations were enacted during President Clinton’s administration

including, the Moving to Opportunity (MTO) Demonstration authorized by the Housing and Community Development Act of 1992, “One Strike You’re Out” in 1996 and the Quality Housing and Work Responsibility Act (QHWRA) of 1998. QHWRA and the “One Strike You’re Out” initiative still play an important role in the eligibility standards for residents of conventional public housing and HOPE VI developments. More significantly, HOPE VI, considered a progressive housing policy and the focus of this research was established in 1992 during President Clinton’s administration.

Like HOPE VI, the MTO program was authorized in 1992 in response to the public outcry over crime and concentrated poverty in public housing and the demand for reform of the most troubled public housing developments. The MTO was a social experiment authorized by Congress to test the efficacy of residential mobility in public housing. Under the program, HUD issued vouchers to a limited number of volunteer families to relocate from public housing projects to neighborhoods with less than 10 percent poverty rates (Duncan and Ludwig 2000; Kling et al. 2007; Briggs et al. 2008; Popkin et al. 2009).

President Clinton issued an executive order known as “One strike You’re Out” in 1996 to facilitate the eviction of felons or prevent them from moving into public housing projects (Vale 2000; Schwartz 2006). Schwartz (2006) contends that while the one-strike policy helped improve public housing by evicting criminals, it also resulted in the eviction of innocent children and other members of households where a criminal resided.

The QHWRA of 1998 provided more stringent eviction policies and changed the eligibility criteria for public housing. In general, household rent increases as incomes rise since households contribute a proportion (30 percent) of their incomes, rather than a fixed

amount towards rent. The QHWRA of 1998 established a ceiling (also known as flat rent), such that the proportion of a household's income contributed towards rent could not exceed a predetermined maximum value (Schwartz 2006; Gentry 2009). Vale (2000) contends that the QHWRA legislation "sought new ways to target federal obligation to those responsible deserving citizens who cannot provide fully for themselves because of temporary circumstances or factors beyond their control" (p. 383). Another objective of the 1998 Act was to reduce the concentration of poverty by limiting "the number of extremely low-income households<sup>6</sup> that can be admitted into public housing to 40% of all openings – or fewer" (Schwartz 2006, p. 124).

Not unlike other Republic Presidents since Nixon, George W. Bush favored the conservative approach to housing policies. Dreier (2004) argues that housing for the poor was a low priority for President George W. Bush, a fact which was underscored by the administration's proposal to slash funding for the Section 8 housing voucher program by 30 percent and "eliminating 250,000 vouchers in 2005 and 600,000 vouchers by 2009" (p. 62). Furthermore, the Bush administration attempted to abolish the HOPE VI program by cutting off funding in FY 2004 (Stone 2003) and FY 2005 (Turbov and Piper 2005; Sard and Staub 2008). These attempts were unsuccessful as Congress continued to fund HOPE VI, albeit with significant cuts between FYs 2004 and 2009.

The American Recovery Act of 2009 signed into law by President Obama, a Democrat, includes approximately \$14 billion in funding for HUD programs and projects. A substantial portion of these funds was allocated for public housing, including

---

<sup>6</sup> As previously defined, extremely low-income households are those earning 30 percent or less of the area median income (Khadduri & Wilkins 2008; HUD Admission and Occupancy FAQ)

\$4 billion for the Public Housing Capital Funds (PHCF) for energy efficient renovation and modernization of existing public housing stock (Solomon 2009; HUD Recovery 2009). As of September 2009, \$3 billion of the PHCF funds had been allocated to more than 3,100 PHAs by formula, while \$1 billion is slated for allocation through competitive grants to PHAs (NAHRO 2009; HUD 2009).

### The Failure of Public Housing

The public housing program is considered a failure by many in the general public, policy analysts, as well as politicians. The program evokes several, mostly negative images in the public's imagination including, concentrated poverty, high crime and unemployment rates, poor architectural designs and neighborhood distress. Meehan (1979) contends that policy flaws such as, "the fiscal arrangements made by Congress were the most important single factor in the eventual breakdown of the conventional public housing program" (p. 28).

Akin to Meehan, Turner et al. (2005) argue that with respect to the public housing program, "a combination of policy errors, insufficient funding, and failed management has caused some developments to spiral into severe distress" (p. 12). It is therefore imperative to discuss the various aspects of public housing that these policy failures are ascribed to, including —physical design, location issues, and the fiscal constraints and management problems arising from the eligibility standards of the program. Although these policy errors contributed to the failure of the conventional public housing program, policy changes have made these issues less problematic with respect to HOPE VI. Compared to conventional public housing, HOPE VI developments have better building

designs and are located in improved neighborhoods. HOPE VI also benefits from the participation of private sector ownership and management. Access to market-rate and Low Income Housing Tax Credit (LIHTC) renters also bolsters the opportunities to generate revenues at HOPE VI developments.

### Physical Design and Location Issues

Friedman (1980) maintains that “the first public housing projects were, in general, low-rise row houses; they blended in fairly well with their surroundings” (p. 477). By the 1950s, the physical design of public housing was a controversial issue (Fisher 1959; Von Hoffman 1996; Von Hoffman 2000a, Biles 2000). In 1957, Catherine Bauer bemoaned the physical attributes of public housing and the proclivity of large cities to construct unattractive, high density, high-rise buildings in order to save costs (Biles 2000). Meanwhile, Von Hoffman (2000a) maintains that “when deterioration and crime began to plague the large projects built under the 1949 act —especially the giant Pruitt-Igoe public housing complex in St. Louis —many blamed the architecture” (p. 315).

The growing resident population of public housing and economic factors such as the rising cost of land engendered modifications in building designs. In large cities like New York, Chicago (Friedman 1980), and St. Louis (Von Hoffman 2000b), the building designs evolved from low-rise to high-rise towers to accommodate more residents. Local housing authorities also increased the number of units in high-rise complexes and eliminated basic safety elements in buildings in response to federal cost ceilings. Construction costs also skyrocketed, often due to progressive price hikes by contractors and unions (Meehan 1979; Grogan and Proscio 2000).

Another persistent problem in public housing was site selection. Jackson (1985) maintains that “a suburb that did not wish to tarnish its exclusive image by having public housing within its precincts could simply refuse to create a housing agency” (p. 225). While Hays (1995) contends that “the devolution of authority to localities set the stage for battles over the siting of public housing projects which became a recurring feature of local politics over the next 40 years” (p. 92). HOPE VI developments merely replaced demolished public housing at the same site, so HOPE VI siting was not a political issue. However, the same sites were considered problematic for residents of replaced public housing developments and the neighborhoods adjoining these sites are still vulnerable today. These neighborhoods still present some challenges for the success of HOPE VI.

Some urban scholars contend that the public housing program reinforced racial segregation by giving local authorities discretion with respect to establishing PHAs and the siting of public housing developments (Jackson 1985; Schwartz 2006). Rohe and Freeman (2001) also provide two compelling perspectives regarding the siting of subsidized housing, including public housing in minority inner-city neighborhoods. The first perspective suggests that minorities had the weakest political power in urban American and consequently could not mount any significant resistance to the siting of subsidized housing. The validity of this argument however rests on the assumption that minorities are opposed to the siting of subsidized housing in inner-city neighborhoods.

Rohe and Freeman’s second perspective on the siting of subsidized housing is premised on the notion that neighborhoods close to central business districts are less desirable for residential spaces. They argued that, with suburbanization, more affluent residents and businesses fled to the suburbs, consequently, property values in inner-city



locations declined and in some instances properties were abandoned. These relatively cheaper sites became attractive locations for subsidized housing since the necessary infrastructure and public services remained intact.

Another legislation that has affected the availability and siting of public housing is the “equivalent elimination rule” of the Wagner-Steagall Act of 1937. The rule “required local governments to condemn, close, demolish, or enforce repair of one slum dwelling for each unit of public housing constructed” (Meehan 1975, p. 20). This provision thus limited the construction of new public housing units strictly to replace existing dilapidated housing units (Meehan 1975; Friedman 1980; Radford 2000; Goetz 2002).

As indicated earlier, demolished public housing is replaced with HOPE VI developments at the same sites that were considered problematic in the past. However, it was envisaged that significant improvements following revitalization would transform neighborhoods and improve the likelihood of success of HOPE VI developments. HOPE VI does not require the replacement of all demolished public housing units, but rather a mix of public housing, market-rate and LIHTC units to reduce the concentration of poverty. Additionally, HOPE VI developments have lower-density and innovative designs when compared to conventional public housing. These policy differences between HOPE VI and the conventional public housing program were intended to forestall earlier problems associated with siting and construction and the limitations placed on affordable housing production with the equivalent elimination rule.

### Eligibility Standards and the Persistence of Stigma

Bellush and Hausknecht (1980) posit that the critical difference between public housing and other welfare programs emerges when we pose the following questions, “whom do these programs affect, what proportion of the total population, and which strata of the society” (p. 120). All citizens, regardless of class, have a stake in the Medicare and scholarship programs. Bellush and Hausknecht maintain that the distinction between other welfare programs, such as the scholarship program and public housing, is that the former is linked to achievement and thus targeted towards the deserving, whereas public housing is not linked to any performance criteria. Bellush and Hausknecht conclude that, “it is precisely these programs that focus on the undeserving poor that become the targets for public criticism and legislative hostility” (p. 121).

Hays (1995) argues that while serving the neediest in society is perceived as a noble objective, the ideology penalized upward mobility, undermined political support and contributed to the negative image of public housing. Similarly, Vale (2000) asserts that public housing policies since the New Deal have been rooted in the principle that government has the obligation to care for the needy in society, “yet also conditioned by beliefs that ... evidence of personal irresponsibility undercut the necessity to care for such public neighbors” (p. 387). These viewpoints suggest a limited responsibility of government to provide for the needy, by distinguishing the deserving from the undeserving poor, a recurring theme in U.S. poverty policy.

When Wagner-Steagall Act of 1937 was initially enacted, the federal government was responsible for acquisition and development costs, while tenant rent payments covered the operating costs of the public housing program (Friedman 1980; Quercia and

Galster 1997). Friedman (1980) contends that the original tenants of public housing were the working poor since to be eligible for the program, a families' income could not exceed five times the rent. The 1949 Housing Act also established income limits for families residing in public housing (Quercia and Galster 1997). As a result of these income requirements, residents of public housing during the first 20 years of the program were often the poorest households in the U.S. (Friedman 1980; Hays 1995).

The Brooke amendment of 1969 mandated that tenants contribute a maximum of 25 percent of their income towards rent (Meehan 1979; Quigley 2000). The Omnibus Budget Reconciliation Act (OBRA) of 1981 later increased the proportion of a tenant's income contributed towards rent from 25 to 30 percent (Spence 1993). Public housing residents today are still subject to the OBRA standards of 1981. The Brooke Amendment and the OBRA of 1981 had unintended consequences, including the fact that public housing residents with rising incomes were penalized for a work ethic (Meehan 1979; Reingold 1997; Biles 2000; Gentry 2009). Unemployed households with zero income currently pay a maximum monthly rent of \$50 in public housing, most pay less (Stone 2003). The minimum rent charged by any PHA cannot be less than \$25 (HUD Notice 1996; Sard and Lubell 2000). Consequently, the demographics of conventional public housing residents evolved from the working poor in the early years to more dependent and predominantly unemployed residents today (Quigley 2000).

In contrast to conventional public housing, HOPE VI has a higher proportion of working class residents. On average, approximately one-third of the units in HOPE VI developments are LIHTC units (Abravanel et al. 2009). While approximately 54 percent of the total HOPE VI units are public housing units (Kingsley 2009a). We can surmise

that approximately 13 percent of HOPE VI units nationwide are market-rate. However, the unit-mix varies from one HOPE VI development to another. Conventional public housing is wholly publicly funded, while HOPE VI developments are quasi public-private entities and less encumbered by bureaucratic controls. Furthermore, HOPE VI developments utilize stricter eligibility standards to select tenants from a broader base of potential residents that includes market-rate and LIHTC households.

### Management Problems

The Brooke amendment of 1969 made PHAs entirely dependent on federal subsidies for survival. The combination of declining revenues (due to reduced tenant contributions towards rent), escalating operating expenses and inadequate subsidy payments from HUD contributed to severe management problems for PHAs. These circumstances made it impossible for the public housing program to operate efficiently.

Meehan (1979) asserts that the situation in cities like St. Louis was exacerbated as,

Rents declined, expenses soared, the meager reserves were soon expended; the financial position of the LHAs weakened rapidly and seriously. Declining revenues forced deferred maintenance, which led to deteriorating physical conditions, which stimulated vandalism, which further depressed the quality of the housing supply (p. 35).

Since the early 1960s, the public aversion to the public housing program has been primarily associated with the failures of large urban projects (Friedman 1980; Biles 2000). However, public housing is extremely diverse. Small sized PHAs located in rural and non-metropolitan areas administer 21 and 19 percent of the public housing stock respectively. Larger PHAs in urban centers administer the remaining 60 percent of the public housing stock (Schwartz 2006). Turner et al. (2005) argue that most public

housing projects still provide decent and affordable housing for its residents. Turner et al.'s 2005 conclusion parallels the NCSDPH's 1992 finding that 94 percent of the nearly 14,000 PHAs provided decent and affordable housing (NCSDPH Report 1992; Vale 1993; Grogan and Proscio 2000).

However, Grogan and Proscio (2000) challenged the NCSDPH's claim, which was based on an assessment of "developments." They argued that it was irrational to equate large urban developments, such as Cabrini Green with a small development comprised of 25 units in a rural community. Furthermore, the NCSDPH included, "public housing developments that accept only elderly tenants —nearly 40 percent of the total— where maintenance costs tend to be lower, social problems fewer, and disruptions necessarily less threatening than in housing for families" (Grogan and Proscio 2000, p. 9).

Due to growing concerns regarding management problems in public housing, HUD established a management evaluation system to rate the performance of PHAs. By 1996, 20 percent of the 40 largest PHAs nationwide were classified as troubled (Quercia and Galster 1997). On a scale of 1 to 100; PHAs were categorized as "troubled" for scores lower than 60. Scoring is based on several performance indicators including, physical condition, financial viability, PHAs management capacity and resident satisfaction (GAO Report 2002). Nonetheless, Quercia and Galster (1997) argue that HUD's evaluation of PHAs give prominence to their ability to adhere to federal guidelines and follow procedures, "not on their abilities as asset managers or their cost effectiveness" (p. 541).

## **THE NATIONAL COMMISSION ON SEVERELY DISTRESSED PUBLIC HOUSING (NCSDPH)**

The public interest and notoriety surrounding the conditions of public housing projects in the 1980s prompted Congress to create the National Commission on Severely Distressed Public Housing (NCSDPH) in 1989. The Commission issued a report in 1992 based on site visits, public testimony of residents and PHA staff, review of available literature and case studies of various public housing sites over an 18-month period. The Commission “recommended a 10-year, coordinated effort to address the full range of resident, development, management, and neighborhood issues” (Popkin et al. 2004, p. 13). These recommendations provided the rationale for the establishment of the HOPE VI program.

The bipartisan Commission of eighteen members was “led by Bill Green, a former Republican member of the House of Representatives, and Vincent Lane, the entrepreneurial chairman of the Chicago Housing Authority” (Katz 2009, p. 21). Other executives of large PHAs were members of the Commission, including Alphonso Jackson, the Executive Director of the Dallas Housing Authority. Jackson later served as Deputy Secretary, then Secretary of HUD under President G. W. Bush. Richard Baron of McCormack Baron Salazar, a St. Louis private housing development company also served with the Commission (NCSDPH Report 1992). Incidentally, McCormack Baron Salazar owns two and manages three of the HOPE VI developments in St. Louis—that became subjects for this study.

### Definition of Severely Distressed Public Housing

Part of the Congressional mandate to the NCSDPH was to provide a definition of “severely distressed public housing.” The NCSDPH defined severely distressed housing as that, which exhibited one or more of four categories of problems namely,

Families living in distress; rates of serious crime in the development or surrounding neighborhoods; barriers to managing the environment; and physical deterioration of buildings (NCSDPH Report 1992, p. B-2).

For each of these four categories, the Commission awarded a maximum of 60, 45, 45 and 80 points respectively. A development was identified as severely distressed if they had a combined score of 80 from all four categories. In addition, “obtaining the maximum points allowable in any one category will identify a development as severely distressed even if the total is less than 80” (NCSDPH Report 1992, p. B-3). In all categories, the worse off the conditions in the public housing development compared to the respective City’s average, the higher the points on the distress scale. In their 1992 report, based on this scoring system, the NCSDPH categorized approximately 86,000 (6 percent) of the nation’s 1.4 million public housing units as severely distressed (NCSDPH Report 1992).

The indicator families living in distress considered factors such as the unemployment rate and the average median income at the development. While the crime indicator was based on a comparison of the rate of violent and drug related crimes at the developments to the City average (NCSDPH Report 1992). Barriers to managing the environment measured variables, such as turnover and vacancy rates (Vale 1993), as well as inadequate funding of operations and lack of management skills to oversee the public housing developments (Lines 1993). Paradoxically, Lawrence Vale, a Professor at Massachusetts Institute of Technology and Jeffery Lines, President of Tag Associates,

Inc., both consultants to the NCSDPH, differed on the validity of the NCSDPH's definition of severely distressed housing.

Vale (1993) challenged the NCSDPH's definition of severely distressed public housing arguing that it was illogical to categorize public housing into distressed or problem free projects despite the fact that, "the socioeconomic conditions of the whole U.S. public housing population have declined precipitously in the past decade" (p. 149). Vale cautioned that such labeling would lead to an emphasis on remedying the physical shortcomings. Furthermore, such an approach would preclude a system wide reform and overlook equally significant social economic problems plaguing public housing communities. Vale also questioned the reliability of the NCSDPH's conclusion. He observed that in a 1979 study, 15 percent of public housing projects were categorized as distressed or troubled. In contrast, the 1992 NCSDPH report, 13 years later, estimated only 6 percent of public housing projects as distressed despite the fact that all the indicators suggested no improvements to the public housing stock during the intervening period.

In response to Vale's criticism, Lines (1993) contended that the unambiguous definition of severely distressed provided a framework for identifying data requirements needed to improve future evaluation and monitoring of the public housing program. Lines argued that the objective of the NCSDPH report, which he helped prepare, was to recommend solutions that would enhance the viability of public housing projects. Lines further asserted that contrary to Vale's claim, the NCSDPH report recommended a comprehensive approach to improve public housing, "that did not ignore the environment (or neighborhood) in which the public housing development was located" (p. 197).



## **CONCLUSION**

The overview of U.S. Housing policies portrayed a persistent and growing gap between government expenditures on homeownership relative to rental housing programs. The historical assessment of public housing also highlighted the differences in policy priorities of various Republican and Democratic administrations especially since the Nixon administration. The stigma and problems associated with public housing was attributed to several policies pertaining to siting, building designs, eligibility standards and management issues.

The NCSDPH established in 1989, provided unambiguous recommendations to Congress to improve public housing based on an extensive evaluation of the program. The recommendations presented in a 1992 report set the stage for the formulation of the HOPE VI program. The NCSDPH's definition of severely distressed housing was later adopted for categorizing public housing developments as such for the purpose of HOPE VI funding.

## **CHAPTER 3: LITERATURE REVIEW (PART II)**

### **THE HOPE VI PROGRAM**

The previous chapter revealed efforts to reform public housing through legislation and various initiatives. However, none of these efforts reached the scale of the HOPE VI program. The colossal expenditures exceeding \$16 billion from private and public sources makes HOPE VI the most comprehensive initiative to transform public housing since it was established in 1937. For the first time in the history of public housing, HOPE VI allowed public housing residents to reside alongside unsubsidized market-rate residents. This second chapter of the literature review provides an overview of various aspects of the HOPE VI program.

#### Origins and Objectives of HOPE VI

Between 1987 and 1992, reform efforts by a bipartisan group of four Democratic Senators and two Republican Senators culminated in the establishment of the HOPE VI program: Alan Cranston (D-CA), Barbara Mikulski (D-MD), Paul Sarbanes (D-MD), Don Riegle (D-MI), Alfonse D'Amato (R-NY) and Christopher Bond (R-MO). The Housing and Community Development Act of 1992 was signed into law in October 1992. Several weeks before legislation was passed for the Urban Revitalization Demonstration (URD) program, Congress appropriated \$300 million. The URD program was later renamed HOPE VI (Katz 2009).

Many of the NCSDPH's recommendations were incorporated into the HOPE VI program, which became the primary vehicle for revamping the most distressed public housing developments nationwide. HOPE VI facilitated partnerships between HUD,

PHAs and private entities. PHAs received federal grants from HUD, and leveraged the HOPE VI dollars with private funds to create mixed-income housing. Activities funded under HOPE VI included: demolition, rehabilitation and other physical improvements; improving management capabilities; planning and technical assistance; and community and supportive services to address the needs of residents. Furthermore, unlike the conventional public housing program, the HOPE VI program was intended to foster lower density housing (Bratt 2002; Popkin et al. 2004; Turbov and Piper 2005). This was intended to address the concentration problems attributed to high-density, high-rise conventional public housing developments in large urban areas.

Section 24(a) of the United States Housing Act of 1937 cites the objectives of the HOPE VI program, which are to assist PHAs to:

- (1) Improve the living environment for public housing residents of severely distressed public housing projects through the demolition, rehabilitation, reconfiguration, or replacement of obsolete public housing projects (or portions thereof);
- (2) Revitalize sites (including remaining public housing dwelling units) on which such public housing projects are located and contribute to the improvement of the surrounding neighborhood;
- (3) Provide housing that will avoid or decrease the concentration of very low-income families; and
- (4) Build sustainable communities (HOPE VI NOFA 2009, pgs. 5 - 6).

#### HOPE VI Eligibility Criteria and Grant Application Process

HOPE VI grants were awarded competitively by HUD to the most highly rated applications, based on rating criteria identified in an annual Notice of Funding Availability (NOFA). During the first three years of HOPE VI funding, grants were awarded to only public housing developments located in the “40 most populous U.S. cities, based on 1990 Census data, or included on HUD’s list of troubled housing

authorities as of March 31, 1992” (GAO Report 1997, p. 4). Initially, HOPE VI revitalization involved merely replacing severely distressed public housing units with new public housing units (Joseph 2008; Baron 2009). This changed in 1995 to include private investments to create mixed-income communities.

Only PHAs with severely distressed housing in their inventory were eligible to apply for HOPE VI funding. In addition, to be funded the conventional public housing development must exhibit at least one or more conditions of severe distress. As indicated earlier, these indicators of distress included management problems, deteriorating physical conditions and high rates of serious crime in the public housing development. The fourth condition was the number of families “living in distress” —measured by average levels of unemployment and income of residents in the public housing development (NCSDPH Report 1992).

Evaluation of HOPE VI proposals was based on a points scheme. For example, in FY 2009, applicants for HOPE VI grants could earn extra rating points for developing strategies to create mixed-income communities and for leveraging grants with Low Income Housing Tax Credits. Applicants were also awarded an extra point if the number of replacement public housing units is equal to or greater than the number of demolished units, and if the proposed unit mix includes market-rate units (HOPE VI NOFA 2009). Though minimal, an extra point could make the difference between success and failure as a grantee due to the competitive nature of the grant application process.

Points were also awarded for innovative designs and “a site plan that is compact, pedestrian-friendly, with an interconnected network of streets and public open space” (HOPE VI NOFA 2009, p. 159). The rating criteria for HOPE VI grants varied slightly

from year to year to reflect new policy initiatives. For instance, green development and energy efficient strategies are contemporary construction industry initiatives that have garnered extra points in recent years including FY 2009. Extra award points for new initiatives are identified in a comprehensive annual Notice of Funding Availability (NOFA) published several months before application deadlines. HUD also utilizes several outlets including webcasts, notices and conferences that are open to the general public to highlight such new initiatives.

#### Leveraging Private Funds – Early Emphasis on Mixed-income Communities

Flexible HOPE VI guidelines provided opportunities for localities and PHAs to execute capital improvements that would best serve their communities and residents (GAO Report 1997). As a result, HOPE VI evolved dramatically with respect to legislation, regulation, and implementation (Popkin et al. 2004). One of such trends entailed leveraging HOPE VI dollars with other sources of funds (Parkes and Wood 2001; Popkin et al. 2004). The emergence of mixed-income communities as a central feature of HOPE VI originated from the advocacy efforts of private developers such as, Richard Baron and Kevin McCormack of McCormack Baron Salazar (Baron 2009).

Until 1995, HOPE VI revitalization relied primarily on grants from HUD and involved the construction of precisely new public housing units. The revitalization of George L. Vaughn public housing development in St. Louis (now Murphy Park and one of the subject cases in this study) authorized and partially funded by HUD in 1995 served as a test case for the emphasis on mixed-income communities. Baron (2009) stated that,

The St. Louis Housing Authority was planning to redevelop Vaughn with all low-income public housing units until I asked Freeman Bosley, the

newly elected mayor, to stop the design work and rethink the project. Our company, McCormack Baron Salazar, designed a financial package for Vaughn's redevelopment that would test a HOPE VI-like mixed-income model using \$20 million of the \$35 million set aside as the leveraging funds to create a 413 unit mixed-income rental community. More than half of the units would be public housing units, nearly a third would be market-rate units, and the remainder would be tax credit units only (p. 35).

Other federal funds combined with HOPE VI grants include, HOME Investment Partnership Program (HOME), Community Development Block Grant (CDBG), and the Low Income Housing Tax Credit (LIHTC). The multiple layers of financing for HOPE VI revitalization involving public-private partnerships promote flexibility and innovation during implementation (Ambrose and Brent 1999; McIlwain 2002). Furthermore, "leveraged finance is a means to involve the community by incorporating public input and private sector development professionals while also shifting more responsibility for assisted housing from the federal level to the local level" (Ambrose and Brent 1999, p. 3).

The mixed-income strategy has since expanded beyond HOPE VI to other public housing development activities. As of August 2008, "HUD reported 641 mixed-finance closings for public housing, 154 occurring outside of HOPE VI" (Gentry 2009, p. 210). On the non-HOPE VI transactions, \$0.7 billion of public housing funds leveraged additional \$1.5 billion for public housing capital improvements (Gentry 2009).

#### Scope and Status of HOPE VI Funding

Since 2002, the dollar amounts awarded declined significantly relative to some of the earlier HOPE VI grants. When the program was initially established in 1993, the maximum grant awarded was \$50 million. Cabrini Green in Chicago, Pico Gardens in Los Angeles and Outhwaite Homes in Cuyahoga, OH were each awarded \$50 million in

1993. The largest HOPE VI grant in St. Louis was \$46.7 million in 1995 for the revitalization of Darst-Webbe, now King Louis Square (Kingsley 2009b).

By 2001, grants were capped at \$35 million and by 2002; the cap was reduced to \$20 million (Turnham and Bonjorni 2004). The HOPE VI grants for the revitalization of Blumeyer and Cochran Gardens, both subject developments in the present study illustrate the progressive dip in the size of the grants. Blumeyer received \$35 million in 2001, while Cochran Gardens was awarded \$20 million in 2003. In FY 2009, the maximum cap for HOPE VI grants increased slightly to \$22 million (HOPE VI NOFA 2009).

Table 3.1 (page 296 in the Appendix) illustrates the history of HOPE VI funding from 1993 through 2008. In 1993, the first year of the program, \$300 million was allocated. Appropriations for HOPE VI peaked in 1994 with approximately \$755 million and averaged approximately \$540 between 1995 and 2003. Beginning 2004, the Bush administration attempted to cut off funding for HOPE VI. However, Congress maintained the program, with substantial funding cuts. The annual allocation declined to an average of approximately \$120 million between 2004 and 2007. From 1993 through December 2008, \$6.4 billion had been allocated for the planning, demolition and revitalization of 247 housing developments nationwide. In FY 2009, \$113 million was allocated for HOPE VI grants (HOPE VI NOFA 2009).

As of September 2008<sup>7</sup>, the total development cost for 240 HOPE developments was \$16.31 billion (an average of \$68 million per development). This is three times higher than the \$5.53 billion of HOPE VI grants approved (a total of \$5.92 billion was

---

<sup>7</sup> The difference between September 2008 and December 2008 figures indicates that a total of 6 additional grants were awarded for FY 2008 (in the last quarter of the year).

awarded<sup>8</sup>) for the 240 developments. Seventy-two percent of the additional funding was leveraged from private sources, including tax credit investors, while the remaining 28 percent came from PHAs and other federal outlays (Kingsley 2009a). As the aforementioned figures reveal, every \$1 of HOPE VI grant leveraged more than \$2 from other sources including private sector investments to significantly increase the scope of the program. Furthermore, combining public housing, market-rate and LIHTC units in HOPE VI developments is another critical programmatic difference between conventional public housing and HOPE VI emanating from the fusion of public-private investments in the latter.

#### Displacement of Public Housing Residents through the HOPE VI Program

The mixed-income strategy of HOPE VI often results in a net loss of public housing stock, since 100 percent of the replacement units are not public housing. The National Low Income Housing Coalition estimated that the HOPE VI program would lead to a loss of some 45,000 public housing units (Bratt 2002). By the end of 2007, 240 HOPE VI grants awarded involved the demolition of 96,226 original public housing units and the creation of 111,059 housing units. Approximately 54 percent (59,951 units) of the total HOPE VI units are public housing units. The public housing total consists of 52,951 rental and 6,723 homeowner units. The implication is that approximately 45 percent of the original public housing units were lost, though a large proportion of the replaced units were uninhabitable and vacant. Furthermore, some of the replacement units include Low

---

<sup>8</sup> The total amount of HOPE VI grants awarded for the 240 HOPE VI developments as of September 2008 was \$5.92 billion. This is slightly higher than the \$5.53 billion of total budgets that had been approved at that stage. Typically, award funds are approved in stages until final completion of the development.



Income Housing Tax Credit units, which are also available to low-income households (Kingsley 2009a).

Although displacement is not evaluated in the present research, numerous studies have established that displacement of public housing residents is one of the policy dilemmas of the HOPE VI program. In a panel study of five HOPE VI sites in 2005, it was found that only 16 percent of original residents remained at the HOPE VI developments following revitalization, meaning that 84 percent of the original residents were displaced from the sites. Forty-three percent of the displaced residents relocated to private market housing using Section 8 vouchers, while another 10 percent relocated to private market housing without public assistance. Twenty-two percent of the displaced residents relocated to other conventional public housing developments. Four percent of the displaced residents became homeowners and “approximately 1 percent “of the HOPE VI Panel Study respondents were either homeless or in prison in 2005” (Popkin et al. 2009, p. 486).

In 2009, Professor Goetz<sup>9</sup>, a housing expert, testified before the House of Representatives on the state of academic research on the demolition of public housing and the displacement of its residents through HOPE VI. He maintained that since its establishment, the HOPE VI program had resulted in the demolition of more than 159,000 units, almost double the 86,000 units designated as severely distressed by the NCSDPH in 1992. Goetz argued that the displacement of residents was justified during

---

<sup>9</sup> Edward G. Goetz is a Professor of Urban and Regional Planning at the University of Minnesota and the Director of the Center for Urban and Regional Affairs.

the early years when severely distressed public housing units were targeted for demolition. Presently, however, greater emphasis on rehabilitation rather than demolition would obviate the need to displace public housing residents, and “where demolition is absolutely necessary, it could mean the construction of replacement housing prior to demolition rather than years afterward” (p. 16). Goetz also advocated a continuance and expansion of mobility alternatives, such as the MTO program<sup>10</sup> for public housing residents.

### Terminating the HOPE VI program

Popkin et al. (2004) maintain that the ongoing debate on the continuance or termination of the HOPE VI program has revolved around various political and socioeconomic arguments. These arguments include concerns on several levels of government intervention: 1) whether the program was the best approach for utilizing the limited resources available for affordable housing, 2) the appropriate role of the private and public sectors in providing affordable housing and 3) the role of race and ethnicity in limiting the choices of public housing residents. Furthermore, Popkin et al. highlighted the limited options available to residents categorized as “hard to house public housing residents including families with special needs and lease violators” (p. 4). Residents with “special needs” includes large families as well as some elderly and disabled residents, while lease violators refer to residents with criminal backgrounds, those owing back

---

<sup>10</sup> As indicated earlier in this study, the MTO program was authorized by Congress in 1992 to test the effect of residential mobility on households in public housing. Under the program, HUD issued vouchers to volunteer families to relocate from public housing projects to neighborhoods with less than 10 percent poverty rates (Duncan and Ludwig 2000; Kling et al. 2007; Briggs et al. 2008; Popkin et al. 2009).

rents, and illegal residents. The latter category of residents is more likely to encounter difficulties meeting the eligibility standards for residency at HOPE VI developments.

In contrast, the criticisms of the HOPE VI program by the Bush administration and attempts to terminate the program were based on several arguments. First, “the limited return and benefit to original public housing residents, the slow completion rates, and overall poor management and administration of the program” (Turbov and Piper 2005, p. 10). Another rationale, also echoed by Goetz (2009) was the fact that, the initial objective of HOPE VI revitalization had already been exceeded that involved the demolition of 86,000 units of severely distressed housing public housing units (Turbov and Piper 2005).

President George W. Bush’s efforts to eliminate HOPE VI in 2004 and 2005 were unsuccessful due to bipartisan support for the program. The U.S. Congress determines the total expenditure of each government agency and how much they can spend on individual programs (Wilson 1989). Hence with bipartisan support, Congress was able to authorize funding to preserve HOPE VI despite the opposition of the Executive branch. This underscores one of the powers of the Legislative branch in American government.

#### HOPE VI Improvement and Reauthorization Act of 2007

In June 2007, Senator Barbara Mikulski (D-MD), one of six Senators who championed reform efforts to introduce the HOPE VI program sponsored legislation to reauthorize the program. The House of Representative passed the HOPE VI Improvement and Reauthorization Act of 2007 on January 17<sup>th</sup>, 2008 to reauthorize the program for eight years at a funding level of 800 million a year (Jacobs 2007; Sard and Staub 2008).

The 2007 Act was approved by the House but “not enacted before the end of the 110th Congress” (CRS Report 2009). More relevant to this study, the bill included language to address various criticisms of the HOPE VI program and adopted in the proposed legislation for the new Choice Neighborhood Initiative program, a similar initiative that succeeded the HOPE VI program in FY 2010.

Criticisms and concerns regarding the loss of low-income housing units through HOPE VI implementation prompted a proposal in the 2007 Act for the “one for one” replacement of all demolished public housing units (Jacobs 2007; APA Advocate 2008; Sard and Staub 2008). Ironically, the requirement was previously repealed by Congress in 1995 to encourage lower density housing in HOPE VI developments (Turbov and Piper 2005; Sard and Staub 2008). The 2007 bill also authorized the provision of comparable housing<sup>11</sup> in other locations to meet the one-for-one replacement requirement, rather than replacing all demolished units at the same site. It was envisioned that this shift in policy would facilitate the dispersal of low-income units and reduce the concentration of these units in minority neighborhoods (Sard and Staub 2008).

The 2007 Act also included language to protect residents displaced due to the demolition of public housing, promote green housing initiatives and curtail prolonged delays in the construction phase of HOPE VI developments. Increased advocacy for tenant protection and concerns regarding the displacement of original public housing

---

<sup>11</sup> Only one-third of demolished public housing units had to be replaced at the original site. Off-site replacement units could “consist of public housing or Section 8 project-based vouchers (or other comparable housing assistance, which could be provided through state or local funds)” Sard and Staub 2008, p. 4). Additionally, off-site replacement units could include the acquisition or rehabilitation of existing units rather than new construction.

residents prompted new language that required HOPE VI grant recipients to develop strategies that guarantee comparable housing for all displaced residents. Another new initiative due to an increasing emphasis on energy efficiency in the construction industry was green housing (Sard and Staub 2008; APA Advocate 2008). Additionally, the bill required grant recipients to complete construction of HOPE VI projects within 54 months. This latter requirement was intended to address concerns regarding the slow pace of completion. For instance, by the end of 2007, HUD had awarded \$5.8 billion in HOPE VI Revitalization funds, and \$1.3 billion remained unspent (The White House, 2008).

### **LOW INCOME HOUSING TAX CREDITS (LIHTC)**

The significance of LIHTCs to the implementation of HOPE VI makes it essential to provide an overview of the LIHTC program for this study. One-third of all HOPE VI units nationwide are LIHTC units (Abravanel et al. 2009). Households residing in these units are subsidized under LIHTC rules, so familiarity with eligibility standards for the LIHTC program is important. HOPE VI and LIHTC are the largest existing federal programs for the construction of low-income rental housing. The LIHTC program is also a major source of funding for HOPE VI revitalization as illustrated by the fact that, “by 2005, 649 rental phases of development were planned across HOPE VI developments. Most (76%) of these phases included LIHTCs” (HUD Testimony 2007, p. 2).

The LIHTC program was initially established on a temporary basis by the Tax Reform Act of 1986 and subsequently made permanent in 1993. The program provides for profit and non-profit developers with tax incentives to invest in the provision of low-income rental housing. Between 1987 and 2003, more than 1.3 million units of rental

housing was produced under the LIHTC program, exceeding the public housing stock (Schwartz 2006; Khadduri et al. 2006). Between 1995 and 2006, approximately 103,000 units in 1,400 developments were placed into service annually under the LIHTC program nationwide. In the St. Louis, MO—IL MSA, 13,835 housing units in 203 developments were placed into service under the LIHTC program between 1995 and 2006 (Climaco et al. 2009).

Tax credits are allocated to State agencies annually by the U.S. Department of Treasury. Thereafter, state agencies allocated the federal tax credits to developers for new construction, rehabilitation or the acquisition of affordable rental housing. In Missouri, tax credits are allocated by the Missouri Housing Development Commission (MHDC). Until 2000, each state was granted \$1.25 per capita in tax credits per year. Congress expanded the LIHTC program by increasing the per capita cap to \$1.50 in 2001, then \$1.75 in 2002. Since 2003, the cap is adjusted annually for inflation (Quigley 2008; Climaco et al. 2009).

Developers who receive tax credits sell them to investors, who utilize the credits to offset their annual federal tax bills for 10 years. The money raised by developers is used to pay for the development (construction and financing) costs of affordable rental housing units, for the purpose of leveraging HOPE VI funds. The amount of tax credit allocated to each housing development depends on total development cost (excluding land), the proportion of low-income residents in the housing development and the

location of the development. Housing located in a difficult development area (DDA) or a qualified census tract (QCT)<sup>12</sup> receives additional credits (Schwartz 2006).

Housing developments that utilize LIHTCs must comply with federal regulations, including a set-aside of a proportion of the units for low-income residents. However, unlike the public housing program, the LIHTC program serves the working poor. McClure (2006) maintains that the LIHTC program is “not designed to directly serve the poorest of the poor” (p. 424). As a result, the stigma associated with the LIHTC program is negligible when compared to that attached to public housing and other subsidized housing programs.

Conversely, Freeman (2006) argues that the popularity of the LIHTC is based on other factors. He maintains that the reason it is politically popular is because it provides significant benefits for other constituencies, such as affluent housing developers. Moreover, LIHTCs are allocated to states proportionally based on population, rather than need; hence most members of Congress support the program because it benefits their constituents. Furthermore, unlike the public housing program, the private sector supports the LIHTC program because they are involved in the construction, management and ownership of LIHTC housing developments.

Similar to the public housing program, the subsidy under the LIHTC program is attached to the housing unit; hence they are both project-based programs. Consequently, a

---

<sup>12</sup> For FY 2009, DDAs are areas designated as warranting federal assistance due to the impact of Hurricanes Katrina, Rita and Wilma. QCTs are census tracts where 50 percent or more of the households meet specified income criterion, or 25 percent or more of the census tract are living in poverty (Federal Register 2009).

household would forfeit the LIHTC subsidy if they chose to relocate to another housing development. The eligibility standards for the different categories of households (market-rate, public housing and LIHTC) in mixed-income HOPE VI developments vary. Market-rate residents are not subsidized, while households earning less than 80 percent of the AMI are eligible for public housing. Households residing in LIHTC housing units in HOPE VI developments must qualify based on one of the following eligibility thresholds,

Either 20 percent of the units must be reserved for households with initial, qualifying incomes at or below 50 percent AMI, or forty (40) percent of units must go to households with initial, qualifying incomes at or below 60 percent AMI (HUD CPD).

In contrast to other subsidized housing programs, like public housing, where rent is set at 30 percent of their adjusted incomes, “residents of tax-credit housing with incomes below the program’s maximum limit<sup>13</sup> can face a rent burden well above 30%” (Schwartz 2006, p. 85). Khadduri and Wilkins (2008) contend that programs such as public housing and project-based Section 8 subsidized housing typically set rents that do not reflect extant private housing markets, whereas the LIHTC program “operates much closer to the market” (p. 162). Consequently, LIHTC housing units are often unaffordable for the neediest households.

Khadduri and Wilkins (2008) further argue that the fact that LIHTC rents are closer to the conventional market places a greater burden on LIHTC housing developments to compete with older market-rate rental housing. If not properly managed,

---

<sup>13</sup> “Under the LIHTC, the tenant’s maximum rent is 30 percent of the upper income limit for eligibility. Tenant rent within a project does not vary with income except for households who receive assistance from other programs that require it. As a result, the poorest households occupy relatively few LIHTC units” (Olsen 2003, p. 374).



tenants may choose to relocate from LIHTC units to market-rate housing with comparable rents. The market competition thus provides additional incentives for LIHTC property owners to manage more efficiently than other subsidized project-based housing with guaranteed clientele —households with fewer alternatives.

LIHTC properties are also more likely to be better managed because of the participation of private sector stakeholders, including investors who purchase the tax credits and have a financial stake in the success of the housing developments (Khadduri and Wilkins 2008). In general, the program is considered successful when measured in terms of occupancy levels, which are approximately 95 percent for LIHTC-funded rental housing compared to a national average of 90 percent for rental housing as a whole (McClure 2006).

Some of the limitations of the LIHTC program include the expiration of affordability restrictions. The tax credits are available to housing developers for a period of 10 years. Housing developers were initially required to rent the housing units to low-income households for only 15 years, 5 years beyond the expiration of the tax benefits to investors. This raised concerns that LIHTC housing could be converted to market-rate housing at the expiration of the 15-year affordability period. Consequently, the commitment period was extended from 15 to 30 years with the Omnibus Reconciliation Act of 1989 (Schwartz 2006; Melendez et al. 2008; Climaco et al. 2009).

Another shortcoming of the LIHTC program is the fact that the amount of tax credits are tied to the proportion of low-income housing units, hence the program is not considered very effective for deconcentrating poverty (Schwartz 2006). Moreover, most

developers tend to designate a majority of the units for low-income residents to maximize their LIHTC allocations (McClure 2007).

The Housing and Economic Recovery Act of 2008 authorized recent changes pertaining to the use of Section 8 tenant-based vouchers in LIHTC housing developments. PHAs can now authorize rents up to 110 percent of HUD's Fair Market Rents (FMRs) in LIHTC units rented to Section 8 tenants (Sard 2008). By regulation, rents were previously restricted to 100 percent of FMRs. This legislation could encourage greater utilization of Section 8 tenant-based vouchers to pay for LIHTC units in HOPE VI developments thus further curtailing the effectiveness of LIHTC's to reduce the concentration of poverty.

## **PREVIOUS RESEARCH**

Various studies of HOPE VI have evaluated overall neighborhood transformation ensuing revitalization (Zielenbach 2003; Turbov and Piper 2005; Engdahl 2009). Other existing studies tended to emphasize limited aspects of the HOPE VI program, such as its efficacy at reducing concentrated poverty by attracting mixed-income households (Verady et al. 2005), while tracking studies assessed resident satisfaction with HOPE VI developments (Gilderbloom et al. 2005; Boston 2005). Hartley (2008) examined the effects of HOPE VI on crime, while Duryea (2006) and Utt (2009) provided critical assessments of the HOPE VI program. I will examine these various categories of studies, their methodologies and accentuate distinct findings from extant research.

Previous research has compared the impact of HOPE VI with poor neighborhoods that don't include public housing. Zielenbach's (2003) evaluation of neighborhood

transformation in eight HOPE VI developments<sup>14</sup> in different cities included a comparison group of high-poverty neighborhoods in the same cities. He analyzed economic and housing data and interviewed participants in the respective communities. Zielenbach found that per capita incomes increased, while the rate of violent crimes declined in the HOPE VI neighborhoods. However, he maintained that the HOPE VI program was only one of several factors that contributed to the transformation of these neighborhoods. Zielenbach concluded that the “HOPE VI neighborhoods have shown considerable improvement but still fall far below their respective city economic averages” (p. 622).

Turbov and Piper (2005) evaluated neighborhood transformation at Murphy Park<sup>15</sup>, a revitalized multifamily housing development in St. Louis. This is also one of the subject developments in the present study. Residents at Murphy Park experienced rising incomes, declining rates of unemployment and a higher quality of life as a result of the revitalization. Turbov and Piper maintained that the neighborhood witnessed a growth in business investments following revitalization. Upon completion of the first phase of Murphy Park, “a new commercial strip was constructed with a small grocery store, laundry facility, and dry cleaner” (Turbov and Piper, p. 19). Their analysis was based primarily on 1990 and 2000 decennial census data.

---

<sup>14</sup> The subject HOPE VI developments in Zielenbach’s study were: Techwood, Atlanta; Hillside Terrace, Milwaukee; Holly Park, Seattle; Richard Allen Homes, Philadelphia; Orchard Park, Boston; Earle Village, Charlotte, NC; Quigg Newton, Denver; and Kennedy Brothers, El Paso, TX.

<sup>15</sup> Murphy Park is a test case of a HOPE VI like model. Sources of funds for the revitalization include a public housing mortgage of \$24 million from HUD. Subsequent HOPE VI developments were funded with grants rather than a mortgage. The test case served as a model for the financing mechanisms adopted for the HOPE VI program (Turbov and Piper 2005; Baron 2009).

Notably, Turbov and Piper's (2005) and Zielenbach's (2003) studies utilized some of the same socio-economic indicators that are included in the present study, such as poverty rates and household incomes. Additionally, Turbov and Piper evaluated the growth of new businesses and discussed the effect of public management in the demise of Vaughn public housing, while Zielenbach examined vacancy and crime rates. However, the use of census tracts as a proxy for neighborhoods in both studies casts doubts on the validity of their conclusions. In contrast to both studies, the neighborhood boundaries in the present study are more narrowly defined and confined to the subject housing developments.

Based on a site visit in 2007 and interviews of residents and Seattle Housing Authority staff, Engdahl (2009) examined the Holly Park HOPE VI development in Seattle. Upon completion, a total of 1,441 units at the new HOPE VI development will replace the previously existing 832 conventional public housing units. She identified some of the benefits resulting from the implementation of the HOPE VI program such as, more ethnic and economic diversity in the resident population; higher per capita income of the residents; improved access to a business district; the establishment of new businesses; and a decline in the rate of violent crimes. Engdahl's study was primarily descriptive and provided a comprehensive overview of the transformation of the Holly Park community. The present study also utilizes several of the same socio-economic indicators as Engdahl's study.

To examine the effectiveness of HOPE VI at attracting middle-income families, Verady et al. (2005) conducted multiple case studies of four HOPE VI developments in

four different U.S. cities<sup>16</sup>. Verady et al. found that the outcomes at the four developments varied. The Louisville and Washington DC developments were successful at reducing the concentration of poverty by attracting middle-income families including those with children. However, the Louisville development was still racially segregated since 99 percent of the residents were black. Cincinnati was less successful at attracting middle class families with children which Verady et al. attributed to the persistence of a crime problem. This study also examines household incomes at four mixed-income housing developments in St. Louis to determine if HOPE VI intervention is an effective strategy for reducing the concentration of poverty.

Gilderbloom et al. (2005) evaluated resident satisfaction at Park DuValle, a HOPE VI development in Louisville, Kentucky. They found that a majority of the residents preferred the new HOPE VI housing and neighborhood, to their previous homes and surroundings. Before HOPE VI intervention, Park DuValle and adjoining neighborhoods had high crime rates and concentrated poverty. Similar to Verady et al. (2005), Gilderbloom et al. found that the concentration of poverty reduced following HOPE VI intervention at Park DuValle. This was evidenced by an increase in “median yearly household income of about \$30,000” (p. 21). Furthermore, residents reported an improvement in security at Park DuValle.

Boston’s (2005) study entailed tracking public housing residents in Atlanta from 1995 through 2001. He compared the household characteristics of a treatment group of three revitalized HOPE VI developments with a control group of three conventional

---

<sup>16</sup> The subject developments were: City West in Cincinnati; Park DuValle in Louisville; The Terraces in Baltimore; and The Townhomes in Washington, DC.

public housing developments. Beginning 1995, the Atlanta Housing Authority developed HOPE VI communities and distributed vouchers to public housing residents in an effort to reduce the concentration of poverty. Boston found that both approaches resulted to positive outcomes for households. In his analysis, the following variables were statistically significant with respect to the control group (conventional public housing developments): “lower proportion of married households, higher proportion of black household heads, and higher incidence of crime” (p. 396). Professor Boston’s study is unique with respect to using a regression model, and like my study, its comparison of HOPE VI with conventional public housing developments.

Advocates of HOPE VI often tout a reduction in crime rates as one of the benefits of the program. Crime is also a critical indicator of HOPE VI revitalization in my study. Hartley (2008) examined the effects of public housing demolition (HOPE VI intervention) on crime rates in Chicago. In eight neighborhoods, he found that murder rates, rapes, assaults, robberies, crimes involving guns and personal crimes all declined dramatically. Hartley also estimated the effect of public housing demolition on murder rates in 121 cities nationwide and found that these demolitions “are associated with reductions in city-wide murder rates” (p. 2). He concluded that his findings were consistent with economics, urban and sociological theories associating crime with neighborhood factors.

In a critical assessment of the HOPE VI program, Duryea (2006) evaluated the program’s impact on race, gender and poverty concentration, three vital indicators in my study. She stated that, “HOPE VI has had far greater success in deconcentrating poverty than in deconcentrating racial segregation for African Americans” (p. 586). This assertion

is consistent with Verady et al.'s (2005) findings with respect to Park DuValle in Louisville. Duryea further maintained that, "HOPE VI original households are dramatically more likely to be headed by African American women" (p. 587). By 2004, of the original households remaining in HOPE VI developments after revitalization, 89 percent were headed by African Americans, while 66 percent of households with children were headed by women. Duryea concluded that available research has "essentially left uninvestigated HOPE VI's impact at the convergence of race and gender" (p. 587).

Utt (2009) provided another critique of the HOPE VI program. He acknowledged that the HOPE VI mixed-income strategy ameliorates problems associated with concentrated poverty. However, he argued that these benefits are short- to medium-term at best; furthermore, HOPE VI did not result in "self-betterment that would encourage program beneficiaries to become financially self-sufficient" (p. 257). Utt maintained that an issue seldom considered "is whether the presence of troubled, low-income households in mixed-income projects is likely to have a deleterious effect on families of other income classes, most notably on those just above them" (p. 256). He maintained that reduced crime in HOPE VI developments and adjoining neighborhoods is largely due to the demolition and dispersal aspects of the program. Utt concluded that positive outcomes attributed to the HOPE VI program can be accomplished through HUD's existing voucher program at a lower cost.

This study entails a comparative analysis of HOPE VI and conventional public housing developments in order to measure neighborhood changes resulting from an intervention. The comparative approach is similar to Boston's (2005) and Zielenbach's (2003) studies, though the comparison group in the latter is comprised of high poverty

neighborhoods. Verady et al.'s (2005) study also involved an evaluation of multiple HOPE VI developments. However, their study did not include a control group of comparable housing developments. Furthermore, utilizing various types of data including HUD housing and crime data for circumscribed boundaries in my study, rather than using census tracts as a proxy for neighborhoods<sup>17</sup> will permit more precise findings. The longitudinal analysis of the variables also provides a context for comparing changes in the HOPE VI developments prior to and after the intervention. This study combines many types of data similar to those used in these disparate studies to provide a more complex and comprehensive analysis.

In a 2009 testimony to the U.S House of Representatives, Professor Goetz,<sup>18</sup> a housing expert, provided an insightful overview of extant research on HOPE VI. He stated that research indicates that, “by and large, HOPE VI projects have achieved the neighborhood-level benefits” (p. 3). Several studies including, Zielenbach (2003), Turbov and Piper (2005), and Engdahl (2009) substantiate this assessment. Goetz (2009) further maintains that the new HOPE VI communities are relatively safer. Based on their studies, Verady et al. (2005), Gilderbloom et al. (2005) and Hartley (2008) agree that HOPE VI enhanced the safety of communities relative to the public housing developments that preceded them. Goetz (2009) also testified that significant private sector investments

---

<sup>17</sup> As indicated earlier, Zielenbach's (2003) and Turbov and Piper's (2005) studies used census tract as a proxy for neighborhoods.

<sup>18</sup> Edward G. Goetz is a Professor of Urban and Regional Planning at the University of Minnesota and the Director of the Center for Urban and Regional Affairs. Professor Goetz testified on the state of academic research on public housing demolition and issues relating to the displacement of public housing residents.



have occurred at some sites ensuing HOPE VI revitalization. Turbov and Piper (2005) and Engdahl (2009) also came to similar conclusions. Nevertheless, Goetz argued that HOPE VI has “not had any demonstrable positive effect on employment, earnings, or income of individuals” (p. 5). Utt (2009) and Popkin et al. (2009) corroborate this assertion.

More significant to this study, Goetz (2009) suggested the need for additional research to determine the relative importance of the following factors in neighborhood transformation resulting from HOPE VI:

Characteristics of the original public housing project (such as whether or not it was a high-rise, or the project’s size – in terms of acreage or units), and Characteristics of the redevelopment (such as whether it incorporates home ownership, the relative mix of market-rate and subsidized housing, and the existence of additional site amenities) (p. 4).

The revitalized public housing developments in St. Louis were all high-rises with a significant number of units. Meanwhile, all the HOPE VI developments incorporate a mix of market-rate and subsidized housing. This study will contribute to greater knowledge regarding the significance of these factors in neighborhood transformation.

## **CONCLUSION**

The HOPE VI program was terminated at the end of FY 2010. After seventeen years of implementation, more than 11 percent of the public housing stock in the worst shape nationwide have been demolished and replaced with HOPE VI developments. Innovative financing structures leveraged funds from private sources and LIHTCs investors to considerably increase the scope of HOPE VI. Private sector participation in HOPE VI introduced mixed-income communities in public housing for the first time.

Several policy initiatives implemented through HOPE VI were intended to address the conundrum of the conventional public housing program discussed in the previous chapter.

The HOPE VI Improvement and Reauthorization Act of 2007 reauthorized HOPE VI, though the Act was not enacted. However, it laid the groundwork for the Choice Neighborhoods Initiative (CNI). Congress authorized the use of \$65 million earmarked for HOPE VI for a CNI demonstration in FY 2010 (HUD PIH 2010). The CNI will continue the HOPE VI undertaking of revitalizing distressed housing and neighborhoods (HUD FY 2010 Budget). The scope of activities funded under the CNI is broader than HOPE VI and includes other federally subsidized project-based housing. Additionally, whereas, only PHAs were eligible for HOPE VI grants, local governments, community development corporations, assisted housing owners and other for profit and non-profit entities are eligible for the CNI.

## **CHAPTER 4: RESEARCH DESIGN**

### **THEORETICAL FRAMEWORK**

The theoretical framework for this study is drawn from seven constructs that help explain the potential impact of housing development interventions. They include, concentrated poverty (Wilson 1987; Goetz 2000; Jargowsky 2003; Jackson 1985; Lowi 1979; Spence 1993; Joseph 2008); concentration of minority households in public housing (Carter et al. 1996; Massey and Kanaiaupuni 1993; Jargowsky 2001); isolation of female-headed households in public housing (Howard 2007; Turner et al. 2005; Hoynes 1997; Zandvakili 2000); housing vacancy as an indicator of program inadequacy (Wilson and Kelling 1992; Epp 1996; Meehan 1979); the effects of concentrated poverty on crime (Sampson et al. 1997; Galster 2008); the effects of revitalization on neighborhoods (Turner et al. 2005; Dreier et al. 2004; Epp 1996); and the effect of the private versus public character of management on the success of housing programs (Kettl 1993; Weicher 1997; Meehan 1979).

Sampson et al. (1997) examine the effects of neighborhood characteristics on crime. More salient to this study, they underscore the additive and interactive effects arising from adverse neighborhood conditions in severely distressed public housing. They posit that:

Economic stratification by race and place thus fuels the neighborhood concentration of cumulative forms of disadvantage, intensifying the social isolation of lower income, minority, and single-parent residents from key resources supporting collective social control (p. 919).

HOPE VI is a comprehensive initiative to ameliorate the adverse socio-economic conditions in severely distressed public housing. This section examines causal theories that explain the deplorable conditions and the tenets behind the HOPE VI strategy.

### Concentration of Poverty

The term “concentration of poverty” describes the socio-economic status of a neighborhood with households whose incomes fall below the poverty thresholds. Essentially, it refers to the spatial concentration of people in neighborhoods “where the poverty rate is 40 percent or higher” (Jargowsky 2003, p. 1). The dramatic increase in the number of concentrated poverty census tracts in the U.S. during the 1980s and 1990s resulted to the ascendance of the issue in the housing agenda (Goetz 2000).

Public housing may actually contribute rather than reduce the problem of concentrated poverty in the US (Massey and Kanaiaupuni 1993; Spence 1993). The severity of the concentration of poverty is underscored by the fact that by 1994, only approximately 40 percent of non-elderly households in public housing were wage earners (Atlas and Dreier 1994). Furthermore, “by 1997, the median income of public housing households was below \$7,000, less than 20 percent of the national median income (Stone 2006b, p. 245). Additionally, 43 percent of public housing developments were located in census tracts with poverty rates of 40 percent or higher (Newman and Harkness 2002).

Wilson (1987) contends that until the 1960s, ghetto neighborhoods “featured a vertical integration of different income groups as lower-, working-, and middle-class professional black families” (p. 49). He argued that the suburbanization of middle-class professionals of all races resulted to a higher concentration and isolation of the most

disadvantaged segments of the black urban population. Wilson referred to the disadvantaged group as the urban underclass, with limited access to employment opportunities, lack of municipal services or other local institutions such as educational facilities and an absence of role models.

Urban scholarship theorizes that inner-city residents of depressed neighborhoods with high concentrations of poverty are exposed to a myriad of life disadvantages. These adverse circumstances include poor health, low levels of academic achievement, high unemployment rates, increased gang activity and increased exposure to crime (Carter et al. 1996; Goetz 2000; Jargowsky 2003; Galster et al. 2008; Katz and Turner 2008). Meanwhile, Goetz (2000) posits that, “the spatial concentration of poor people acts to magnify poverty and exacerbate its effects” (p. 159). Jargowsky (2003) corroborates this assertion stating that, the concentration of poverty intensifies social problems experienced by the poor, such as the lack of basic life necessities.

Contemporary federal policies, including HOPE VI, seek to alleviate the socio-economic problems plaguing high poverty neighborhoods. Ironically, earlier policies and programs contributed to poverty concentration in urban areas. For instance, Jackson (1985) contends that the emergence of the Federal Housing Administration (FHA) during the New Deal facilitated the growth of suburbs in the United States. He posits that, “the corollary to this achievement was the fact that FHA programs hastened the decay of inner-city neighborhoods by stripping them of much of their middle class constituency” (p. 206).

In general, scholars agree that the outmigration from metropolitan areas of most middle-class whites (Carter et al. 1996), as well as African Americans (Wilson 1987;

Fainstein and Campbell 1996; Jargowsky 2001) exacerbated the concentration of poverty in central cities. Lowi (1979) further maintains that federal policies such as the public housing and urban renewal programs enabled “cities to relocate and to sift the lower classes into appropriate ghettos” (p. 237). Akin to this view, Downs (2000) argues that the concentration of poverty was exacerbated by “federal and other government policies that focused most housing assistance and incentives on the very poorest households, in the poorest areas” (p. 3).

Policies such as the 1981 Omnibus Budget Reconciliation Act (OBRA) of 1981 further contributed to escalating the concentration of poverty in public housing. Spence (1993) states that the Community and Housing Development Act of 1974 required PHAs to “adopt tenant selection criteria that would ensure a broad income mix in assisted housing projects and avoid concentration of the most deprived families” (p. 359). He maintains that OBRA represented a significant departure from the 1974 Act. OBRA established income limits as an eligibility standard and targeted housing subsidies mostly towards households who earned 50 percent or less of area median income (AMI). Only a limited number of quotas were available to households earning between 50 and 80 percent of AMI. OBRA also increased the proportion of a tenant’s income contributed towards rent from 25 to 30 percent. The latter provision made public housing progressively less attractive to residents as their incomes increased (Spence 1993; Reingold 1997).

The concept of deconcentrating the poor became increasingly popular among housing reformers in the 1970s, yet economic segregation increased significantly between 1970 and 1990. However, evidence from census data indicates a decline in

poverty concentration between 1990 and 2000 (Dreier et al. 2004; Jargowsky 2003; Wilson 2003). In the United States and Europe, there is an increased emphasis on mixed-income developments as a strategy to reduce concentrated poverty (Joseph 2008). Joseph maintains that, this is “driven by the recognition on the part of policymakers that segregating low-income families in poorly maintained, high-density public housing is a flawed policy” (p. 230). This is one of the rationales for the HOPE VI mixed-income strategy to reduce the concentration of poverty in public housing sites.

#### The Concentration of Minority Households in Conventional Public Housing

Conventional public housing is concentrated in minority neighborhoods (Friedman 1980; Carter et al 1996; McDonald 2008). Popkin et al. (2004) corroborate this assertion stating that an analysis of HUD data indicates that almost 90 percent of residents of neighborhoods adjoining public housing projects were minorities. Consistent with the national trend, in 2005, approximately 98 percent of public housing residents in St. Louis were African Americans (City of St. Louis 2005). Federal housing policies, including HOPE VI, have increasingly sought to reverse this trend.

Massey and Kanaiaupuni (1993) assert that subsidized housing was historically located in black neighborhoods. Meanwhile, poverty is the primary criterion for eligibility in public housing. The cumulative effect is a high concentration of minorities and poverty in public housing. They maintain that concentrated poverty was already severe in minority neighborhoods in the Northeast and Midwest during the 1970s. With the out-migration of middle and upper income households from these neighborhoods, they became increasingly poorer in the 1980s, further reinforcing the trend. Massey and

Kanaiaupuni conclude that, “segregation concentrates poverty by confining high rates of black poverty to a small number of all-black neighborhoods and by restricting any increase in black poverty to geographically isolated ghettos” (p. 119).

Carter et al. (1996) attribute the concentration of minorities in public housing to several factors. They argue that public housing is a means tested program and on average white households have much higher incomes than black households, consequently, blacks are “overrepresented in public housing” (p. 1896). Slum clearance in the 1950s and 1960s was primarily targeted at minority inner-city neighborhoods. Carter et al. maintain that, minority residents displaced due to slum clearance subsequently received priority status with respect to access to public housing. They further assert that another factor that contributed to the concentration of minorities in public housing was the post World War II “disproportionate migration of white households to the suburbs” (p. 1896).

Jargowsky (2001) contends that after World War II several factors contributed to the increase in urban poverty, including the increased availability of automobiles, better transportation networks and other public policies that facilitated suburbanization. Home ownership amongst the middle class was also boosted by the GI bill and economic prosperity. He maintains that the consequence was increased segregation of poor minority households in urban centers. Jargowsky cites Massey and Denton’s 1993 study to explain the high concentration of poverty in African American neighborhoods. Jargowsky states that,

Historically, the single most important factor was racial residential segregation. African-Americans have poverty rates more than three times as high as non-Hispanic whites. At the same time, the vast majority of blacks live in relatively small number of highly segregated neighborhoods (p. 7).



Living in racially segregated minority neighborhoods intensifies the concentration of poverty (Massey and Kanaiaupuni 1993; Sidney 2003; Dreier et al. 2004). Studies show that the adverse conditions in these neighborhoods include high rates of unemployment, limited access to job networks, fewer health services, high rates of teenage pregnancy, increased crime (Denton 2006); lack of economic opportunities and limited access to high quality education (Snyder et al. 2006).

#### The Isolation of Female-headed Households in High Poverty Neighborhoods

The poverty rate among U.S. female-headed households with children was 45 percent in 1990, while that for two parent families was significantly lower at 8 percent (Hoynes 1997). The Congressional Budget Office (CBO) also reports that by 2005, female-headed households made up 54 percent of all low-income households with children (CBO 2007). The demographic profile of public housing also reveals a preponderance of female-headed households (Epp 1996; Atlas and Dreier 1994; NCSDPH Report 1992). By 2003, female-headed households made up 70 percent of total households in conventional public housing developments (HUD User 2008). However, this increasing trend in the number of female-headed households is more prevalent amongst minority groups, especially blacks and Hispanics (Warobey and Ronald 1990; Snyder et al. 2006).

Howard (2007) states that for several decades after public housing was established in 1937, eligibility standards prohibited unmarried couples from occupancy. She attributes the ascendance of female-headed households in public housing to a HUD regulation in 1968, which prohibited PHAs from denying occupancy to applicants on the

basis of marital status. Furthermore, since the regulation, “several state and federal courts have held that unmarried status cannot be the basis of exclusion from public housing” (p. 106). Other reasons include the broader and more inclusive contemporary definition of eligible families as “adults who evidence a stable family relationship regardless of marriage or blood ties.” (p. 104). Additionally, emancipated minors who are female heads of households are now eligible for subsidized housing.

Turner et al. (2005) argue that one of the particularly difficult problems resulting from the adverse conditions in severely distressed public housing is the high rate of teenage pregnancy. They maintain that studies show that teenagers with babies have a higher probability of dropping out of school thus “contributing to the cycle of unemployment, lost wages, and increased social cost” (p. 11). Furthermore, the likelihood of receiving public assistance (such as public housing) increases for teenage mothers.

Hoynes (1997) offers contemporary explanations for the increase in the number of female-headed households since the 1970s. She states that there are fewer marriageable men available due to higher rates of unemployment, incarceration, and mortality rates. Additionally, labor participation rates amongst women increased, while the wage differential between men and women declined. Zandvakili (2000) on the other hand provides explanations for income disparities between male and female heads of households, including discriminatory practices, “lower rate of return on education, career interruptions because of child bearing and other family responsibilities, and a lack of mobility relative to their male counterparts” (p. 77).

### Housing Vacancy Rates as an Indicator of Program Inadequacy

In its 1992 report, the National Commission on Severely Distressed Public Housing (NCSDPH) highlighted the significance of high vacancies in public housing developments. The report posits that when units remain vacant for extended periods of time, it creates opportunities for squatters and drug traffickers to move into a neighborhood (NCSDPH Report 1992). This phenomenon engenders increased vandalism and physical abuse of property in public housing. Consequently, PHAs spend substantial time and resources to “provide extra security, evict squatters, clean up graffiti and vandalism, and make building repairs” (Turner et al. 2005, p. 4). Essentially, high rates of vacancies result to a significant decline in rental revenues, while increasing the cost of operations.

The NCSDPH report affirms Wilson and Kelling’s (1992) “Broken Windows” hypothesis. Wilson and Kelling posit that when a broken window remains derelict in a building, the building (and, likely, neighborhood) will be further vandalized. The broken window sends a signal that there are no repercussions for malfeasance. It also leads to a progressive deterioration of the property or neighborhood. Wilson and Kelling contend that “untended behavior also leads to the breakdown of community controls” (p. 32). Heightened vandalism and the physical abuse of property in conventional public housing resulting from high vacancies as described in the NCSDPH report is analogous to the broken windows hypothesis.

The NCPSDH report also ascribed the dire conditions in severely distressed public housing developments in large urban areas to the underfunding of modernization needs (Epp 1996). In several cities visited, the NCPSDH found, “escalating vacancy rates

exacerbated by these deteriorated conditions, lack of funding for repairs, and replacement, and refusal of applicants to move into such conditions regardless of their current housing status” (Epp 1996, p. 568). This is reminiscent of Meehan’s (1979) observation regarding the state of public housing in St. Louis in 1974. All indicators suggested that the demand for public housing units far exceeded its supply in St. Louis. Meanwhile, the vacancy rate at Pruitt- Igoe housing project was high due to rampant vandalism and high crime rates. Meehan concludes that, “in those circumstances, significant vacancy levels in public housing clearly indicated program inadequacy” (p. 12).

In general, renters earning less than 50 percent of AMI are eligible for housing subsidies. In 1997, approximately 43 percent of all renters in the US were earning less than 50 percent of their AMI (Downs 2000). Moreover, in 2007, an estimated 49 percent of occupied housing units in St. Louis were rental housing (US Bureau of Census). The logical conclusion is that some households that are eligible to reside in public housing or HOPE VI developments at a subsidized rate, but choose not to, must consider both programs inadequate. Essentially, Meehan’s contention in 1979 associating high vacancies with program inadequacy is still valid today and germane to this study.

A high turnover rate reflects the frequency of move-outs from a housing development and is also indicative of rental disapproval. A high turnover rate in a housing development also evinces residential instability, which has negative consequences. For instance, Sampson et al. (1997) found a positive correlation between residential instability and crime.

### The Effects of Concentration of Poverty on Crime

Critics argue that one of the undesirable consequences of the concentration of poverty is a high rate of crime in public housing developments and adjoining neighborhoods (Meehan 1979). Spence (1993) highlights the scope of the crime problem in public housing during the 1990s. He states that the “only indigenous enterprise residents encounter are the criminal enterprise spawned by the drug industry” (p. 362). In 2000, a White House report also reveals that residents of subsidized housing were twice as likely as the general public to be victims of gun violence (The White House 2000).

Several theories explain how the character of a neighborhood affects crime rates. Sampson et al. (1997) posit that the “collective efficacy” of a neighborhood can explain variations in neighborhood crime rates. They define collective efficacy as “social cohesion among neighbors combined with their willingness to intervene on behalf of the common good” (p. 918). They argue that in neighborhoods where neighbors have mutual trust and solidarity, they are more likely to have informal social controls. They assert that these social and organizational attributes of a neighborhood, including —importantly for this study--concentrated poverty and residential stability, have significant effects on variations in neighborhood crime rates.

Galster et al. (2008) identify several mechanisms through which neighborhoods influence criminal behavior including socialization, social norms, social networks, exposure to crime and violence and limited access to institutions and public resources. They also discuss extant theories associating poverty concentration to crime. Korhauer’s 1978 “social strain theory” argues that individuals with limited resources are motivated to commit crimes when confronted with a society that places excessive value

on material possessions. In contrast, Aneshensel and Sucoff's 1996 "social disorganization perspective" argues that an individual's propensity to act on a criminal motivation depends upon the social order and cohesion in their immediate communities.

Federal policies to combat high crime in public housing evolved in the 1990s. One notable policy was President Clinton's "One strike You're Out". The law allowed PHA officials to evict tenants residing in public housing projects or receiving federal housing subsidies if they engaged in certain types of criminal activities. Residents could also be evicted if any guests or visitors under their control engaged in criminal activities. Furthermore, the law banned felons convicted of certain types of crimes including sex offences and drug related crimes from receiving federal housing subsidies (Schwartz 2006).

While previous federal policies attempted to influence individual behavior as a means of reducing crime in conventional public housing, the HOPE VI strategy also focuses on neighborhood level characteristics. Some reports indicate that this shift in strategy may be succeeding. For instance, HUD reports that in several sites in cities such as Oakland, Baltimore and Atlanta, crime rates reduced dramatically, by as much as 72 percent as a result of the HOPE VI program (HUD User 2005). The Housing Research Foundation also found sharp declines in violent crime rates in their study of eight HOPE VI developments in cities including Atlanta, Boston, El Paso and Seattle. The report reveals that crime rates declined 30 percent faster in the HOPE VI developments than in their respective cities (Turner 2009).

### The Effects of Revitalization on Neighborhoods

Turner et al. (2005) state that severely distressed public housing exacerbates neighborhood blight, impedes private investments and lowers property values. They hypothesize that some conventional public housing developments were deliberately located in poor racially segregated neighborhoods with limited access to employment opportunities and transportation. Due to the limited political power of the residents, these neighborhoods deteriorated further, as time progressed. Turner et al. maintain that,

HUD policies targeting public housing assistance to households at the lowest income levels and giving priority to those in the most extreme distress exacerbated the concentration of profoundly poor households in these developments (p, 6).

Blight constitutes a menace that is detrimental to public safety and the general welfare of residents of public housing and adjoining neighborhoods. As a consequence, there is an escalation of public expenditures for crime prevention, services and public facilities. Furthermore, the flight of middle-income households to the suburbs leads to a decline in the tax base of inner cities with the greatest needs for public services, which makes those neighborhoods more vulnerable to disinvestments (Jargowsky 2003; Dreier et al. 2004). The HOPE VI program invests substantial resources towards gentrifying blighted neighborhoods to forestall this trend.

Revitalization like that envisioned by HOPE VI interventions has been intended to improve the economic circumstances of poverty neighborhoods. For example, Dreier et al. (2004) argue that the undersupply of retail outlets in areas of concentrated poverty is a paradox that negates the economic theory of supply and demand. They maintain that “even taking reduced consumer spending per household into account, poor areas suffer

from an undersupply of grocery stores, banks, and pharmacies, while areas of concentrated wealth have an oversupply” (p. 85). Meanwhile, Epp (1996) argues that, “institutions, public agencies, and commercial businesses are more likely to invest in, rather than abandon, a mixed income neighborhood” (p. 577). If HOPE VI revitalization is effective, the convergence of outcomes, such as reduced crime and the in-migration of higher income residents are expected to create a more conducive environment for business investments in adjoining neighborhoods.

#### Public versus Private Management of Housing Developments

Property managers are responsible for tenant screening and selection, property maintenance, marketing activities, budgeting and a range of other activities that directly affect successful operations. HOPE VI developments are managed by privately owned companies, while public housing developments are managed by PHAs and in some cases non-profit entities. An important component of HOPE VI is greater utilization of private sector management expertise. The debate for privatization is often driven by the belief that PHAs are inefficient and private management will lead to better outcomes for the residents of public housing.

Kettl (1993) posits that competition provides an incentive for private sector managers to be more efficient, provide better quality services and to be more innovative. For private organizations to be viable, they have to continuously strive to be more efficient than the competition. Kettl maintains that in contrast,

Government managers, in normal operations, do not encounter the same pressures for efficiency that private sector managers do. They have few baselines for comparisons and do not face the constant threat of



competition. Moreover, Government managers many times face legislative and fiscal constraints that force them to operate inefficiently (p. 3).

Similarly, Weicher (1997) argues the case for privatization by comparing the incentive structure and outcomes in two types of subsidized housing programs namely, public housing and vouchers. He contends that, with respect to the conventional public housing program, to stay in business, PHAs merely strive to satisfy HUD, not the residents. Impoverished families will continue to reside in conventional public housing developments regardless of the quality of services provided. Weicher argues that, “there is no market discipline in this process” (p. 6). With the voucher program on the other hand, tenants have the flexibility to relocate if they are dissatisfied. In addition to their tenants, private project owners must also satisfy PHAs, who periodically inspect the occupied units to ensure that they meet established standards. Project owners under the voucher system are thus subject to market competition. Weicher argues that the latter option results to a better outcome for the tenants and cost savings for HUD.

Meehan (1979) however, argues that the “public-versus-private character of management is far less important to the quality of operations than the amount of resources available” (p. 155). PHAs depend mostly on proceeds from rent payments from subsidized tenants as well as HUD subsidies. HOPE VI developments in contrast, also generate revenues from market-rate tenants in addition to the aforementioned sources. The availability of additional resources to the HOPE VI developments should increase the likelihood that the private managers of these developments will operate more efficiently.

## **HYPOTHESES TO BE TESTED**

Based upon the theories and concepts outlined in the previous section, this study will examine eight hypotheses to evaluate the effectiveness of the HOPE VI program over conventional public housing programs in revitalizing severely distressed public housing sites. The hypotheses will examine the causal links between the variables and possible outcomes and test the validity of the theories discussed in the preceding section. This study entails the analysis of a variety of data to test the hypotheses. The quantitative analysis will also be integrated with qualitative evidence to examine other contextual factors that could affect the outcomes.

Hypothesis I: *The HOPE VI program is more effective at revitalizing severely distressed public housing sites than the conventional public housing program.*

For the purpose of awarding HOPE VI grants, HUD defines severe distress by four indicators namely, high concentration of poverty; high crime rates; inadequacy of management controls or failure to meet resident's needs; and the physical deterioration of the property (Engdahl 2009). Grants are awarded to revitalize public housing developments if at least one of these indicators of severe distress exists at the site. HOPE VI revitalization would therefore be characterized as effective if the problems associated with severe distress cease to exist following the implementation of the program. Accordingly, the indicators used in this study to measure the comparative effectiveness of the HOPE VI program, as mentioned earlier, include concentration of poverty; crime rates; vacancy rates; growth of new businesses; proportion of minority households; and proportion of female-headed households.

Hypothesis I is intended to be the over-arching benchmark for measuring program success at revitalization. Substantiating Hypothesis I will entail a concurrent examination of all the indicators, in contrast to subsequent hypotheses which measure the indicators individually. Success will be demonstrated by all the indicators moving in a favorable direction. In the conventional public housing subjects we expect all the indicators to either remain constant or trend negatively. Hypothesis I will provide a framework for making any broad generalizations regarding the success or failure of the HOPE program to revitalize neighborhoods.

Hypothesis II: *The HOPE VI program helps reduce the concentration of poverty by attracting mixed-income families to public housing sites.*

HOPE VI developments are required to set aside a proportion of their units for public housing tenants. The remaining units are then made available to market-rate tenants in order to realize the objective of a mixed-income development. I will examine tenant profiles to ascertain the proportion of tenants living below the poverty line in all the subject developments. At the HOPE VI developments, the proportion of tenants living in poverty is expected to decline following the implementation of the HOPE VI program. While at the public housing developments, we do not expect any significant variation.

The counter argument is that HOPE VI does not facilitate the creation of mixed-income developments. Critics argue that due to their inability to attract sufficient market-rate tenants, HOPE VI managers circumvent the rules by renting market-rate units to

subsidized tenants using Section 8 Housing Choice Vouchers<sup>19</sup>. To clarify this potential complication, I will examine the most recent 2-years of tenant rent rolls at the HOPE VI developments to determine the proportion of market-rate tenants. This will help verify whether the objective of income integration is being achieved at the HOPE VI developments

*Hypothesis III: The HOPE VI program facilitates a reduction of crime and violence in public housing.*

This hypothesis will examine the assertions associating higher crime rates to higher concentration of poverty. If hypothesis II is substantiated, the analysis ought to demonstrate a corresponding decline in crime rates at the HOPE VI developments. To validate hypothesis III, we also expect no significant variation in the crime rates at the conventional public housing developments. This hypothesis entails an analysis of the following crime categories: drug related crimes, property crimes, murders (homicides) and violent crimes. These types of crime are salient to the character of severely distressed public housing neighborhoods. Moreover, most policy initiatives to combat crime in public housing since the 1990s have highlighted these categories.

Existing theories associating crime rates with concentration of poverty suggest that if hypothesis II is not validated, then we do not expect a decline in crime rates at the HOPE VI developments. However, HOPE VI developments are nested in other neighborhoods. Furthermore, the possibility of multiple interventions exists in these

---

<sup>19</sup> Housing subsidy recipients use Housing Choice Vouchers (also known as Section 8 vouchers) for rentals or to purchase homes. The program is administered by local PHAs. By law, 75 percent of a PHA's vouchers must be awarded to applicants whose incomes do not exceed 30 percent of the AMI. In general, household income may not exceed 50 percent of the AMI (HUD 2009 – HCV Fact Sheet).

neighborhoods. In order to make causal inferences or contradict existing theories, I will examine available qualitative evidence regarding other contextual factors that could affect the outcomes.

Hypothesis IV: *The HOPE VI program facilitates a change in the proportion of minority residents in public housing.*

As previously discussed, historically, majority of the residents of conventional public housing nationwide are minorities. The ethnic racial mix is thus a pertinent measure of neighborhood transformation in the subject developments. A lower proportion of African Americans in HOPE VI developments would indicate more diverse communities, which is a federal policy initiative. To substantiate this hypothesis, we also expect no significant variation or perhaps an adverse trend in the conventional public housing developments.

Hypothesis V: *The HOPE VI program facilitates a change in the proportion of female-headed households.*

Since the 1970s, the proportion of female-headed households nationwide began to rise. By 2003, female-headed households made up 70 percent of public housing households. An increase in the proportion of female-headed households is not by itself a negative outcome, but would suggest that problems associated with distressed public housing including concentrated poverty would disproportionately affect female-headed households and in the case of St. Louis, predominantly African American women.

The preponderance of female-headed households in public housing is symptomatic of adverse conditions in public housing such as high rates of teenage pregnancy. Arguably, the predominance of black female-headed households in public

housing is also suggestive of the absence of fathers, a serious consequence for poor families. A lower proportion of female-headed households in HOPE VI developments would substantiate hypothesis V, while we would expect no significant variation in the conventional public housing developments.

*Hypothesis VI: The HOPE VI program has improved the character of public housing neighborhoods evidenced by lower housing vacancy rates and lower turnover rates.*

Vacancy rate is universally accepted as a performance indicator for multifamily housing developments. The U.S Bureau of Census provides quarterly estimates of nationwide vacancy rates as a measure of the performance of the housing sector. High vacancy rates in a housing development may also reflect national trends. The current housing crisis is a case in point. It is therefore necessary to distinguish high vacancy rates unique to a housing development from a nationwide trend resulting from an economic downturn. The comparative analysis of public housing with HOPE VI developments will corroborate or negate any claims regarding the effects of the HOPE VI program on vacancy rates.

Turnover rates at the HOPE VI relative to public housing developments will also facilitate an evaluation of the level of satisfaction with the quality of housing at the subject developments. Data on the frequency of move-outs and move-ins will be examined at the subject developments to determine turnover rates. A comparison of turnover rates prior to and following the implementation of the HOPE VI program will provide an insight on the effects of HOPE VI intervention. Significant variation between the rates of move-outs at the conventional public housing developments compared to the HOPE VI developments will examine the desired effects of the latter program.

Hypothesis VII: *The implementation of the HOPE VI program facilitates the establishment of new businesses in adjoining neighborhoods*<sup>20</sup>.

Annual business inventory data from the City of St. Louis from 1993 to date will be examined for the effects of the HOPE VI program on the establishment of new businesses in adjoining neighborhoods. Only new businesses within a ½ mile radius of the subject developments will be considered in the analysis. The available data will also consist of locations and the dates the businesses were established.

A potential complication with the analysis of Hypothesis VII is the proximity of some of the subject developments such as, King Louis Square (HOPE VI) to LaSalle Village and Clinton Peabody, both conventional public housing developments (Figure 4.1 on page 298 in the Appendix). I obtained the necessary Human Subjects review approval from the University to conduct a thorough investigation (involving phone or in-person interviews with business owners) of businesses established since HOPE VI revitalization commenced at King Louis Square in 1999. This was to help determine if HOPE VI played a role in the establishment of these businesses.

Similar to vacancy rates, the rate of business growth varies with the national economy. In order to establish causality, we expect a higher growth rate in neighborhoods adjoining the HOPE VI developments in comparison to the conventional public housing developments. We expect the availability of more service providers such as grocery stores, barbers shops, gas stations and restaurants to serve new middle income residents of the HOPE VI developments.

---

<sup>20</sup> Adjoining neighborhood in the context of Hypothesis VI is defined as ½ a mile radius adjoining each subject development.

Hypothesis VIII: *Private versus Public (PHA) management of HOPE VI and Public Housing developments have different effects on program success.*

Public housing developments are managed by PHAs and in some instances by private, non-profit organizations. HOPE VI developments on the other hand are managed by private profit-motivated entities. Private, non-profit organizations involved in managing subsidized housing developments (including HOPE VI and public housing) typically have a 501(c) 3 or tax-exempt status. However, they operate like private, profit-motivated entities. Non-profit entities cannot distribute any profits to owners or shareholders; however, they have to operate efficiently in order to cover their operating expenses, including employee salaries. Furthermore, similar to profit motivated entities, they compete with other private, non-profit organizations for business opportunities. Private, non-profits are also motivated to operate efficiently in order to generate surplus funds, which they utilize to further their missions of providing or supporting affordable housing initiatives.

PHAs are publicly owned housing authorities established by local governments. They are funded by tax payers and do not operate like private businesses, rather, they exist to serve a public purpose. Consequently, for the purpose of this study, private, non-profit and private profit-motivated enterprises are categorized as private management, while PHAs are referred to as public management. The assertion to be tested is that private, profit-motivated and non-profit organizations have greater incentives to be more efficient and hence more likely to be successful than publicly owned management entities.



I will examine the types of management during the period under review to identify changes (from private to public or vice versa) and analyze the effect on the success or failure of the subject developments. Program success is defined by the same indicators identified in hypothesis I: lower crime rates, lower vacancy rates, high turnover rates, reduced concentration of poverty, transformation of demographic profiles and the growth of new businesses. If all these indicators move in a favorable direction for one type of management and not the other, this would suggest that the variable has a desirable effect on program outcomes.

## **IMPORTANT CONCEPTS AND VARIABLES**

### Overview of Methodology for Analyzing the Variables

To test these eight hypotheses, I employed a multiple case study design that utilizes both quantitative and qualitative data from a purposive sample of housing developments. These developments are all located in St. Louis<sup>21</sup> and include four mixed-income housing developments (King Louis, Blumeyer and Cochran HOPE VI developments and Murphy Park). The others are three conventional public housing developments that have undergone more limited renovation namely, Clinton Peabody, Carr Square Village and LaSalle Park Village. Figure 4.1 (page 298 in the Appendix), is a map of the City of St. Louis showing the locations, while Table 4.1 (page 299 in the Appendix) is a description of the subject developments.

---

<sup>21</sup> The units of analysis are the seven housing developments - four mixed income (three HOPE VI and one HOPE VI-like) and three conventional public housing developments in the City of St. Louis.

For the most part, evaluations of the HOPE VI program by social science analysts have been conducted using case studies of single sites. A multiple case study was selected in this study as the preferred approach for evaluating the effects of the HOPE VI program. King et al. (1994) affirm that, “additional case studies can bring as much information to bear on our hypothesis as possible” (p. 52).

Yin (1994) argues that a case study can be regarded as a form of “analytical generalization, in which a previously developed theory is used as a template with which to compare the empirical results of the case study” (p. 31). He contrasts analytical from statistical generalization which involves using observations from a sample to make inferences about a population. Yin also maintains that analytical generalizations are considered more compelling if multiple cases support the same theory but do not support a credible rival theory.

This study incorporates comparative analysis of HOPE VI developments using a purposive sample of conventional public housing developments. The latter group will provide a baseline for evaluating the transformations that occur at the HOPE VI developments. Comparing and contrasting these two groups is also necessary to make reliable causal inferences regarding the effects of an intervention on one group. The intervention in this instance is the HOPE VI program. The treatment group includes four mixed-income (three HOPE VI and one HOPE VI-like) developments, while the comparison group is comprised of three conventional public housing developments. King et al. (1994) argue that,

The notion of unit homogeneity (or the less demanding assumption of constant causal effects) lies at the base of all scientific research. It is, for

instance, the assumption underlying the method of comparative case studies (p. 93).

With respect to this comparative study, we cannot assume unit homogeneity since the HOPE VI and/or conventional public housing developments are not identical in all respects. However, the weaker assumption of constant causal effects suggests that we attribute transformations at the HOPE VI developments (and possibly, lack thereof at the conventional public housing developments) to HOPE VI intervention.

Yin (1994) states that “multiple-case studies often contain both the individual case studies and some cross-case chapters” (p. 135). On the other hand, Yanow et al. (2008) assert that with respect to multi-site studies, comparison allows the researcher to “explore similarities and differences based on a predetermined classification of cases” (p. 6). Accordingly, this study will include a cross-case chapter to contrast the differences and compare the similarities between both categories of subject developments. The study will be conducted in two phases as follows:

1. The first phase entails single-case studies of the seven subject developments. All case studies will include detailed descriptions of the subject developments. In addition, the case studies of the four mixed-income (including three HOPE VI) developments will include: an overview of the high-rise public housing developments that were replaced; the timeline of HOPE VI (King Louis, Blumeyer and Cochran) and HOPE VI-like (Murphy Park) implementation; excerpts and information from written reports and events; program information such as the sources of funding and other relevant information

obtained from the St Louis Housing Authority, property managers at the mixed-income developments and HUD.

2. The second phase involves a comparative analysis of the mixed-income and conventional public housing developments. It involves an examination of baseline demographic data in neighborhoods where the two categories of housing developments were located as of 1990 (using census block group data); a comparative analysis of demographic profiles (poverty and the proportion of minority and female-headed households), crime and business data in both categories of housing developments over a 14-year period. The analysis will provide the evidence to support or negate any causal inferences made regarding the effects of HOPE VI (King Louis, Blumeyer and Cochran) and HOPE VI-like (Murphy Park) intervention.

This study covers a period of 14 years, beginning 1995 through 2009. The year 1995 will provide an adequate baseline to illustrate the conditions at the conventional public housing developments prior to the displacement of residents and the demolition and reconstruction of the subject developments through the HOPE VI program. The first HOPE VI grant in St. Louis was awarded in 1995 to revitalize Darst-Webbe into King Louis Square. However, the St. Louis Housing Authority did not proceed with demolition and reconstruction under the initial 1995 plan due to a lawsuit filed by the Darst-Webbe Tenant Association. Residents did not finally vacate Darst-Webbe until the end of 1998 and demolition began in 1999 (City of St. Louis 1999). The financing plan for the revitalization of Murphy Park (the second revitalization project) was not approved until the spring of 1995 (Baron 2009). The displacement of tenants and the construction of the

first phase of Murphy Park began shortly afterwards. The HOPE VI grants for the remaining two developments, Blumeyer and Cochran Gardens were awarded in 2001 and 2003 respectively.

The primary variables that will be used to examine the hypotheses include the following:

#### Percentage of Residents in Poverty

Annual data on the percentage of households living below the poverty line in the subject developments is available from HUD. Other pertinent variables include households earning equal to or less than 30 percent, 50 percent and 80 percent of the area median incomes. This data is collected by PHAs and HUD to target housing subsidies to specific income groups in accordance with federal guidelines. Analyzing the trends of percentage of residents living below the poverty line and the other income groups will illustrate any transformations with respect to economic segregation in the subject developments.

#### Total Tenant Payment

A mixed-income development signifies that a proportion of the tenants are market-rate while others are subsidized. Total Tenant Payments (TTP)<sup>22</sup> is an indicator of the proportion of subsidized residents in the subject developments. TTP is the tenant's contribution towards rent and is the greater of: 30 percent of tenant's adjusted monthly income; 10 percent of gross monthly income; welfare rent; or minimum rent charged by

---

<sup>22</sup> HUD programs use specific rent formulas to calculate a tenant's contribution towards rent (TTP). The formulas are based on a tenant's annual income and/or monthly adjusted income. Rental subsidies from other government sources are also considered income in calculating a tenant's contribution towards rent.

the PHA (HUD 2009, Renting). Welfare rent refers to rental subsidies from other government sources.

In the subject developments, total revenue is equivalent to the sum of TTPs from all households. Revenues will increase either due to an increase in household incomes or from an increase in the total number of tenants. If we control for the latter, an increase in PHA revenues can be attributed to an increase in the average TTP of each household. This also implies a reduction in the proportion of households in poverty in that development.

#### Flat Rent Households

An indicator of market-rate (unsubsidized) residents in the subject developments is the number of “Flat rent” households. These are typically higher income households who pay fair market rents (FMRs)<sup>23</sup>. If a household’s calculated TTP exceeds the FMR for the occupied unit, that household pays a flat rent equivalent to the FMR. Finkel and Lam (2008) found significant variation between the incomes of public housing households paying flat rents and other households. Between 2003 and 2005, flat rent households earned significantly higher incomes, averaging “\$28,150 per household compared with \$9,426 in other units” (Finkel and Lam 2008). An increase in the number of flat rent households therefore represents an increase in the proportion of market-rate tenants. Correspondingly, this also lowers the proportion of households in poverty.

---

<sup>23</sup> HUD publishes FMRs annually for 530 metropolitan areas and 2,045 nonmetropolitan county areas. Estimates are based on census data, the American Community Surveys and Telephone surveys. FMRs are used to determine HUD subsidy payments for the Housing Choice Voucher program and rental rates for the project-based Section 8 contracts (HUD User 2009).

### Crime

High crime rate is universally accepted as an indicator of declining neighborhoods. For the purpose of this study, there are four relevant crime variables namely, drug related crimes, violent crimes, murders (homicides) and property crimes. Violent crimes are comprised of aggravated assault, arson, burglary, kidnapping and robbery amongst others. Property crimes include destruction to property and stolen property. The latter category is necessary because of the perception of heightened vandalism at public housing developments.

### Ethnic Racial Mix and Female-headed Households

HUD data for the subject developments includes ethnic categories such as White, Black, Asian, Hispanic, American Indian and Native Hawaiian. However, since African Americans make up 98 percent of public housing residents in St. Louis, this is the only ethnic racial category germane to the analysis. Additionally, data on the total number of households and the number of female-headed households is available from HUD. Both variables (ethnic racial mix and female-headed households) will facilitate an analysis of demographic changes in public housing following HOPE VI intervention.

### Vacancy Rates

The numbers of total, occupied and vacant units are data variables collected by HUD for all public housing and HOPE VI developments. Generally, multifamily housing developments project a maximum level of vacancy rates in their revenue and expense reports. At this level of vacancy, they are expected to break even, that is, revenues from

all sources are adequate to cover operating expenses, mortgage payments and any escrow accounts for taxes and maintenance.

Significant deviations from this equilibrium could be problematic or beneficial depending on which direction vacancy rates are trending. When vacancy rates exceed the projected maximum, it results to difficulties covering operating expenses, late mortgage payments and inadequate funds for maintenance. If such a trend persists, it often results to severe management problems for housing developments in the public sector and typically foreclosure in the private sector. In contrast, at full occupancy or if vacancy rates fall below the projected level, multifamily developments are able to generate profits, or in the case of public sector housing developments, they generate excess reserves.

#### Frequency of Move-outs and Move-ins

In addition to vacancy rates, frequency of move-outs is another significant performance indicator for multifamily housing developments. Annual data is available for the number of move-ins and move-outs in the HUD data set from 1995 through 2008. High turnover rates (frequency of move-outs) typically beget high vacancy rates and results to additional operating costs to prepare units for new tenants.

#### New Businesses

I will also evaluate the efficacy of the HOPE VI program at attracting new businesses to revitalized neighborhoods. For the purpose of this study, this variable refers to all new businesses, especially service providers such as grocery stores, barbers shops, gas stations and restaurants within a ½ mile radius of the subject developments. The



annual data for the period between 1993 and 2009 will be obtained from the City of St. Louis for neighborhoods adjoining the subject developments.

### Type of Management

The variable, 'type of management' will differentiate publicly and privately managed properties to examine its effect on the success of the HOPE VI program. Public management refers to all those directly under the Housing Authority, while private management will also include private, non-profit management companies.

### **EVIDENCE/DATA**

This study will utilize historic/longitudinal quantitative data from business and government to draw causal inferences about the impact of the HOPE VI intervention. Yin (1994) states that "case studies can include, and even be limited to, quantitative evidence" (p. 14). King et al. (1994) maintain that social science data are prone to bias since interested stakeholders may be inclined to provide estimates that are consistently overstated or understated. For instance, "government officials may want to overstate the effects of a new program in order to shore up their claims for new funding" (King et al., p. 64). To minimize the effect of bias, Yin (1994) argues that using different sources of information in a case study renders ones findings and conclusions more credible and precise. Accordingly, the quantitative data for all cases will be drawn from a variety of sources.

## Data Sources<sup>24</sup>

- a) Annual housing data from 1995 through 2008 from HUD for the subject developments. Data variables will include: White; black; minority; female-headed households; total number of households; new admissions (move-ins); exits (move-outs); percentage of households in poverty; flat rent individuals; flat rent amounts; total tenant payment; tenant rent; total unit count; occupied units; vacant units; and number of households earning median (30, 50 and 80 percent of median) income.
- b) Annual crime data for the subject developments from the St. Louis Metropolitan Police Department. The data is available from 1993 through 2008 and includes various crime categories.
- c) Data on the type of entity (public versus private) managing the subject developments beginning 1993. The data will be obtained from the St. Louis Housing Authority, HUD and other program documents.
- d) Annual business inventory data from the City of St. Louis (Assessor's Office and License Collector's Office) from 1993 to 2009. The data will comprise of all businesses within a ½ mile radius of the subject developments. It will also include locations and the dates the businesses were established.
- e) Last two years of rent rolls<sup>25</sup> for the mixed-income (including three HOPE VI) developments. The data will include total tenant payment and unit information and will be obtained from the Management companies at the HOPE VI developments.

---

<sup>24</sup> See Table 4.2 (page 284 in the Appendix) for Data description. Note that HUD data is only available beginning 1995, while all other data are available from 1993. However, the first HOPE VI grant in St. Louis was not awarded until 1995.

- f) Demographic data by census tracts to facilitate an examination and overview of the neighborhoods adjoining the mixed-income (including three HOPE VI) developments based on the 1990 decennial census.

### Qualitative Evidence

The more comprehensive case studies of the mixed-income (three HOPE VI and one HOPE VI-like) developments will include qualitative evidence from various sources including the local HUD Office, the St. Louis Public Housing Authority and the property managers of these developments. The information will be used to describe the timeline of program implementation and an overview of the participation of community leaders. The sources of funding will also highlight the scope of private and nonprofit sector participation in the program.

Program documents will also provide historic information of the pre-existing public housing developments at these sites. Interviews will be conducted with Housing Authority staff and some HUD staff for their perceptions on program success or failure. Photo taken before and after the implementation of the HOPE VI program are also be used to portray changes in the physical structures. An examination of demographic data in the adjoining neighborhoods will highlight any neighborhood transformations that have occurred as a result of the implementation of the HOPE VI program.

---

<sup>25</sup> Tenant rent rolls specify tenant rental payments for each distinct housing unit. The proportion of market-rate and subsidized tenants can be ascertained from rent roles. The data will also serve as a means of validating the accuracy of HUD housing data during the same period.

## **CHAPTER 5: A DESCRIPTION OF THE PROCESS OF REVAMPING PUBLIC HOUSING IN ST. LOUIS**

### Introduction

Chapter 5 includes a brief overview of the City of St. Louis and its public housing program. The chapter also describes the origin and subsequent rehabilitation of three conventional public housing developments in St. Louis, Clinton Peabody, Carr Square Village and LaSalle Park Village. The same background of four mixed-income housing developments in St. Louis are also provided in this chapter: three HOPE VI developments (Blumeyer, Cochran and King Louis), and one HOPE VI-like development (Murphy Park). Additionally, details about the mixed-income developments and their timelines of implementation, sources of funding and other pertinent aspects of the HOPE VI program in St. Louis are included. Case studies are conducted through data in this chapter and next.

### Background on the City of St. Louis and the St. Louis Housing Authority

The City of St. Louis flourished by the mid-19<sup>th</sup> century due to the influx of German immigrants. Notwithstanding, its secession from the St. Louis County to become an independent City in 1876 later contributed to its fall (Stein 2000). After World War II, the increased availability of automobiles, better transportation networks and other public policies facilitated suburbanization (Jackson 1985; Jargowsky 2001). The consensus amongst urban scholars is that the outmigration from metropolitan areas of most middle-class whites (Carter et al. 1996), as well as African Americans (Wilson 1987; Fainstein and Campbell 1996; Jargowsky 2001) exacerbated the concentration of poverty in central

cities. Like most American cities, the population of St. Louis dwindled with the advent of suburbanization beginning in the 1950s.

The City of St. Louis is spread across 61 square miles and located within a bi-state metropolitan area in Missouri and Illinois, with an estimated population of more than 2.8 million (U.S. Census Bureau 2010). In 1910, St. Louis was the 4th largest, whereas today, it is ranked the 52nd largest city in the U.S. The population of the City of St. Louis was 348,189 in 2000, less than half of its population of 856,796 at its peak in 1950. Since 2000, there has been a modest growth in the City's population, estimated at 356,587 as of July 2009 and comprised of approximately 48 percent Whites and African Americans each (U.S. Census Bureau 2010).

The St. Louis Housing Authority (SLHA) was established in 1952 as a public body chartered by the State of Missouri. Though independent of the City of St. Louis, the City's Mayor maintains some control with the power to appoint five of seven members of the SLHA's Board of Commissioners (City of St. Louis 1994). The SLHA currently administers various subsidized housing programs for the City of St. Louis.

As of 2009, SLHA's portfolio included 3,021 public housing units; 7,291 Low Income Housing Tax Credit (LIHTC) units; 16,547 Section 8 Project-based units and 1,167 housing units subsidized through other programs. The SLHA also administers the Section 8 Housing Choice Voucher (HCV) program which serves 6,323 households in St. Louis (City of St. Louis 2009). With respect to the public housing program, the SLHA determines applicant eligibility and monitors the program to ensure compliance with federal, state and local guidelines.

Critics often attribute the failure of the conventional public housing program to policy flaws such as the fiscal constraints and management problems arising from eligibility standards (Meehan 1979; Turner et al. 2005). In St. Louis for instance, a policy change in 1957 adversely affected the public housing program. Meehan (1979) argued that an agreement between the Housing Authority and the Missouri Department of Welfare in 1957 increased the proportion of welfare dependent households in public housing. Meehan maintained that,

Welfare tenants proved a constant source of difficulty. Teen-age children from single-parent households played an important role in the physical deterioration of the premises. More importantly, they had a negative economic impact on the Authority's fiscal position (p. 80).

Following the policy changes, the Housing Authority had “many more delinquent accounts, larger unpaid balances in the books, increased accounts receivables ..., and higher collection losses” (Meehan 1979, p. 78). Due to its worsening financial condition the SLHA could no longer adequately maintain its properties, thus accelerating the physical deterioration of its public housing stock. By 1966, the Housing Authority had severe operating deficits.

The SLHA's problems persisted well into the 1990s. In FY 1997, HUD cited the SLHA for the sizeable number of tenant delinquent accounts and the slow turnover of vacant units —averaging 426 days despite high vacancy rates. HUD placed the SLHA on probation and classified the Agency as “troubled”<sup>26</sup> (City of St. Louis 1999). The SLHA

---

<sup>26</sup> HUD evaluates PHAs annually based on performance indicators including physical condition, financial viability, PHAs management capacity and resident satisfaction. PHA's are categorized as “troubled” for scores lower than 60, on a scale 1 to 100. The SLHA was troubled in FY 1987 and 89 with scores of 55 and 14 respectively. The SLHA's score improved to 85 (standard performer) in FY 1999 and 90 by FY 2008.

remained in the troubled category in FY 1998 and was “ranked the worst among the nation’s large housing authorities” (Iwanski 2001, p. 1). In 1998, HUD also required the demolition of 1,970 substandard public housing units in the City of St. Louis (about 40 percent of its total stock) within 7 years. Iwanski (2001) maintained that “the city was forced to realize that at a time when it was already facing a housing shortage, many of its low-income units would be taken out of service, with no units to replace them” (p.1).

The SLHA’s Board appointed Thomas Costello as Interim Executive Director in 1998 to revamp St. Louis’ public housing program. Costello had previously served in that capacity between 1968 and 1978. Under Costello, the SLHA began an extensive review of its standard operating procedures to determine the extent of its problems. The SLHA subsequently reorganized some of its operations in 1999 and appointed a new Executive Director, Cheryll Lovell (Iwanski 2001). Lovell remains the Executive Director as of December 2010.

As part of the restructuring efforts, the SLHA privatized the management of its entire public housing portfolio in 2000 at an annual cost of approximately \$10 million. Notably, the privatization of management in 2000 was budget neutral as it would have cost the SLHA about the same to self-manage the operations of its public housing inventory. The Habitat Company, a non-profit entity, was hired to manage Clinton-Peabody, LaSalle Park Village, Cochran Gardens and Blumeyer in 2000 (Iwanski 2001). All four of these housing developments are subjects in the present study.

In the aftermath of the SLHA’s reorganization in 2000, City officials were optimistic about the future of the public housing program in St. Louis. Nevertheless, the Habitat Company was unable to curtail the high crime rates at Clinton Peabody, LaSalle

Park Village, Cochran Gardens and Blumeyer. As a result of the persistent crime problems at these four housing developments, the security segment of the management contract was transferred from the Habitat Company to the St. Louis Metropolitan Police Department in February 2001 for \$2 million per year. Thirty-five police officers were assigned to oversee security at the sites as part of the contract (Shinkle 2002).

#### The Public Housing Program in St. Louis Today

The SLHA's total operating costs for the public housing program is expected to exceed \$47 million for the period between 2010 and 2014. Rental income from residents of public housing and supplementary revenues during the same period are estimated at approximately \$22.7 million and \$1.5 million respectively (City of St. Louis 2009). Subsidies from HUD are expected to cover the operating shortfalls of approximately \$4.5 million annually. For Public Housing Authorities such as the SLHA, their over-reliance on HUD funding due to persistent operating deficits underscores the complexity of effectively administering the public housing program.

The demolition of the aging stock has contributed to the shrinking number of public housing units in St. Louis over the last 25 years. In 2009, there were 3,021 public housing units in St. Louis (City of St. Louis 2009). The current inventory of 3,021 units represents a 24 percent decline from the 4,000 units that existed in 2005 (City of St. Louis 2005) and less than half of the 6,769 public housing units that existed in 1994 (City of St. Louis 1994).

Public housing currently provides for about one tenth of the City's low-income renter households. According to the SLHA's estimates, there were 37,047 low-income renter households in the City of St. Louis in 2009. Low-income households by definition



earn 80 percent or less of Area Median Income (AMI) and are eligible for public housing. Thirty-nine percent of this number were “extremely” low-income, earning 30 percent or less of AMI, while 26 percent were “very” low-income, earning between 30 and 50 percent of AMI. The housing affordability problem in St. Louis is further underscored by the fact that the SLHA’s public housing waiting list had 5,165 applicants in 2009. Another 5,164 applicants were on a waiting list for Section 8 HCVs (City of St. Louis 2009).

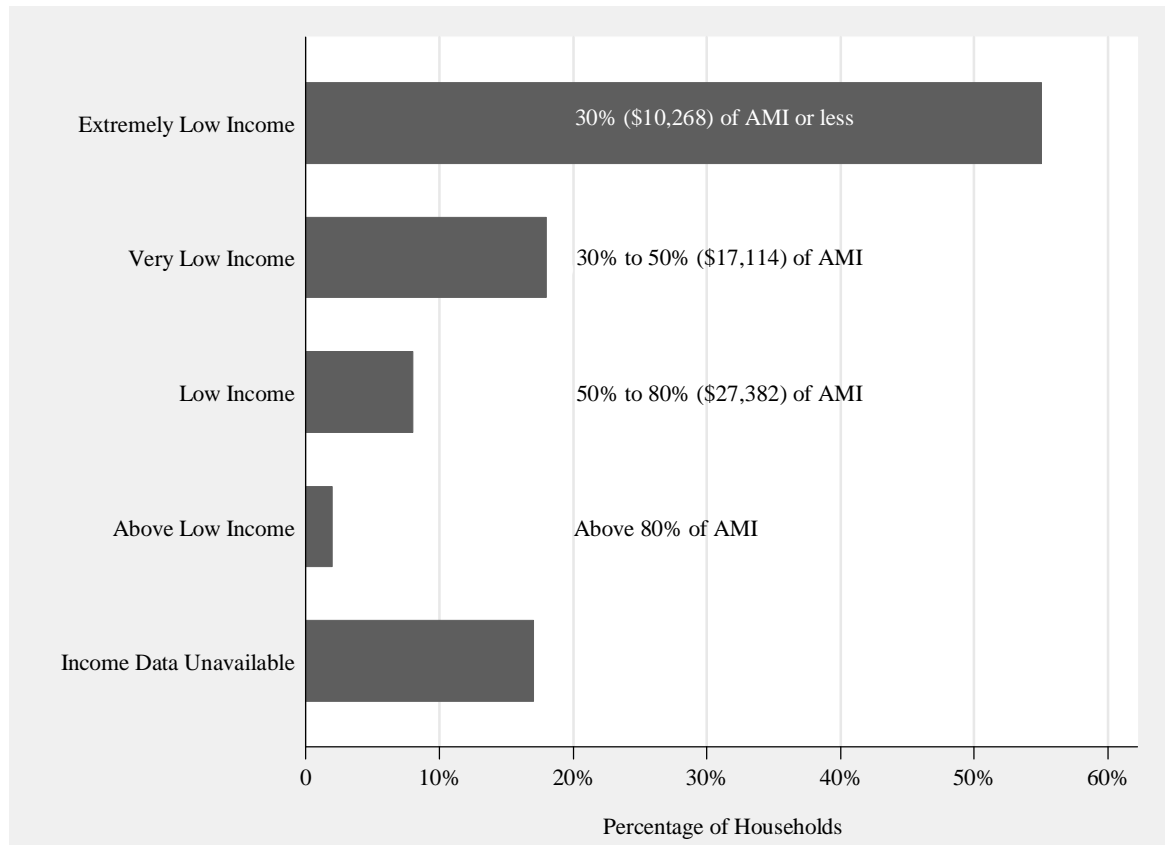
Figure 5.1 (page 116) illustrates the income distribution of public housing households in St. Louis as of September 2010. More than half of the households earned less than 30 percent of the AMI, while only 2 percent earned more than 80 percent of the AMI. Income information was not available for 17 percent of the public housing households. This latter category of residents would be considered to earn zero (0) dollars in income in determining household contribution towards rent. Figure 5.1 also indicates that more than half of public housing households in St. Louis earned less than \$10,268 annually as of September 2010.

The age distribution of St. Louis’ public housing residents as of September 2010 is provided on Table 5.1 (page 117). Thirty-nine percent of the residents were children, while elderly residents, 62 years and older made up approximately 16 percent of the public housing population in St. Louis as of September 2010. Table 5.2 (page 118) presents HUD’s data on the racial composition of St. Louis’ public housing households as of December 2008; 97 percent of public housing residents were African Americans, while whites were nearly 3 percent.

**Figure 5.1: City of St. Louis Public Housing Households in 2010 by Income**

**Categories.**

Household incomes categorized as a percentage of Area Median Income (AMI) of the City of St. Louis (\$34,227 in 2009).



Source: HUD's Resident Characteristics Report

**Table 5.1: City of St. Louis Public Housing Households in 2010 by Age Groups.**

Breakdown by Age Groups of Residents of St. Louis Public Housing as of September 2010.

---

Breakdown by Age	
Children (0-17 years)	39%
Adults (18-61 years)	45%
Elderly (over 62 years)	16%

---

Source: HUD's Resident Characteristics Report

**Table 5.2: City of St. Louis Public Housing Households in 2008 by Race.**

The Racial Composition of Heads of Households in Public Housing based on HUD Data as of December 2008.

---

Breakdown by Race	
African Americans	96.8%
Whites	2.9%
Other	0.3%

---

Source: HUD's Household Data

## **CONVENTIONAL PUBLIC HOUSING DEVELOPMENTS**

This study examines both mixed-income (including HOPE VI) developments, with market-rate and subsidized residents; and conventional public housing developments which consist of only subsidized households. To reside in a conventional public housing development, household income must be equal to or less than 80 of the AMI. As of 2005, there were 39 conventional public housing developments in the City of St. Louis. Twenty-seven of these developments served families, while “a total of 15 buildings are reserved for senior citizens and people with disabilities” (City of St. Louis 2005, p. 32).

The mixed-income developments are available to families; hence, three conventional public housing developments that also serve families (Clinton Peabody, Carr Square and LaSalle) were selected for the study. Furthermore, the aforementioned conventional public housing developments are the most comparable in size and location to the housing developments that underwent conversion into mixed-income population. However, an important distinction existed between the architectural structures in the two categories housing developments. The conventional public housing developments consist of lower density row-houses, while higher density, high-rise structures existed at the public housing sites that were later redeveloped into mixed-income developments.

By 2005, all the high-density, high-rise public housing developments in St. Louis built between 1953 and 1968 had been demolished and four were converted into the mixed-income housing developments in this study. The rapid wear and tear of the high-rise public housing developments nationwide was often attributed to flawed architectural designs (Meehan 1979; Von Hoffman 2000a). Essentially, the high-rise public housing structures in St. Louis existed for barely fifty years.

Carr Square and Clinton Peabody (conventional public housing developments) on the other hand are low-density, row-houses built in 1942; 26 years earlier than Arthur A Blumeyer, the most recently constructed high-rise public housing development in St. Louis. The latter was built in 1968 and demolished by 2003 to implement Blumeyer HOPE VI, whereas Carr Square and Clinton Peabody have survived, albeit with extensive rehabilitation and partial demolition in 1996 and 1997 respectively. The rest of this section describes pertinent features of all three conventional public housing developments, while the next section includes a similar discussion of the mixed-income developments.

#### Carr Square Village

Carr Square Village (Carr Square) is a fully subsidized (no market-rate or LIHTC rental units) conventional public housing development, originally built with 658 housing units and located across the street from the now infamous Pruitt-Igoe public housing development. Unlike the high-rise Pruitt-Igoe complex, Carr Square consisted of smaller, row-houses. Carr Square and Clinton Peabody, another conventional public housing development in this study, were similar in several ways.

Both Carr Square and Clinton Peabody were identical structures built in 1942 with the same number of housing units and located equidistant from Downtown St. Louis, to the northwest and southwest respectively. Occupancy at both developments was also initially segregated by race; Clinton Peabody was designated for white households, while Carr Square was designated for African American households (Meehan 1979).

Despite their location in economically distressed neighborhoods, Meehan (1979) maintained that until 1954, both Clinton Peabody and Carr Square “provided excellent service to their residents. The physical structures remained in good condition, turnover was slow, the waiting list for admission was long, the public image was favorable” (p. 63). For several decades after 1954, the physical conditions of the majority of the public housing developments in St. Louis deteriorated from lack of maintenance due to the Housing Authority’s worsening financial conditions<sup>27</sup>.

A total of \$20.4 million in HUD grants was awarded for the substantial rehabilitation of Carr Square in September 1992. Fifty-eight units were completely demolished and rebuilt while 124 units were substantially rehabilitated by 1996. The scope of the substantial rehabilitation included interior and exterior improvements and the replacement and repair of mechanical systems. All 124 units (not demolished) were substantially rehabilitated<sup>28</sup> and some unit sizes were reconfigured. Interior upgrades to existing units included: new carpets; painting; new kitchen cabinets and appliances; new floor tiles; new doors and windows; and new bathroom fixtures. Exterior improvements included: new sidewalks; pavement of parking lots; new landscaping; and upgrades of the

---

<sup>27</sup> As indicated in this chapter, the changing clientele of public housing in St. Louis beginning 1957 created financial difficulties for the SLHA. A higher proportion of welfare residents resulted to diminished revenues. Furthermore, the more single-parent households with children resulted to more rapid physical deterioration of the housing stock and higher cost of maintenance which exacerbated the financial difficulties.

<sup>28</sup> Supplemental information on the scope of the rehabilitation of Clinton Peabody, Carr Square and LaSalle was obtained from Form HUD 53001 “Actual Modernization Cost Certificate” for the period between 1995 and 2010. These forms are submitted periodically by the St. Louis Housing Authority to HUD’s St. Louis Office of Public and Indian Housing to provide details of expenditure of capital improvement grants at public housing sites in St. Louis.

exterior steps. Other improvements included new roofs; new heating systems; boiler upgrades; plumbing repairs; cable, phone and security systems; and electrical upgrades.

In 1996, as part of the improvement plan, ownership of 124 of the 182 units and management of the daily operations at Carr Square was transferred to Carr Square Tenant Management Corporation (TMC). Interestingly, Carr Square is the last public housing development under tenant management nationwide. Carr Square TMC provides a variety of social services for the residents of the housing development including infant and day care and transportation for elderly residents (City of St. Louis 1999). By 1997, all 182 rental units at Carr Square were re-occupied. The existing 182 rental housing units is less than 30 percent of the original 658 units built at the Carr Square site in 1942. The proposed second phase of the transformation at Carr Square, which never materialized, entailed the construction of new single-family homeownership units.

#### Clinton Peabody Terrace

Clinton Peabody Terrace (Clinton Peabody) is a fully subsidized conventional public housing development originally comprised of 658 units. As indicated, it was built in 1942 and similar in structure to Carr Square. Beginning in 1997, extensive rehabilitation and modernization occurred at Clinton Peabody initially involving the demolition of seven buildings comprised of 88 units. In 2006, the most recent phase of the rehabilitation of Clinton Peabody was completed involving the demolition of an additional 184 units and the reconfiguration of existing units. There are currently 358 rental housing units at Clinton Peabody, 54 percent of the original 658 units built at the site in 1942.



The total cost of the substantial rehabilitation of Clinton Peabody was approximately \$18.2 million (SLHA 2009). In addition to the demolition and rebuilding of 272 housing units, the scope of the substantial rehabilitation and reconfiguration of Clinton Peabody was comparable to that at Carr Square. Exterior improvements included: a new children's playground; street lighting and sidewalks; pavement of parking lots; new landscaping; and upgrades of the exterior steps and rails. Interior upgrades to existing units included: new carpets; painting; new kitchen cabinets and appliances; new floor tiles; new doors and windows; and new bathroom fixtures. Other improvements included new roofs, new heating systems, boiler upgrades, plumbing repairs, and electrical upgrades.

Although Clinton Peabody is a conventional public housing development, its rehabilitation was partly funded with \$13.2 million<sup>29</sup> in HOPE VI funds, a situation that resulted in litigation. The HOPE VI dollars spent on the rehabilitation of Clinton Peabody was initially earmarked for the revitalization of the nearby Darst-Webbe. Due to its proximity, Clinton Peabody absorbed 40 percent of the 220 families displaced from Darst-Webbe, following the latter's demolition and redevelopment to implement the HOPE VI program (USDC 2001).

---

<sup>29</sup> The SLHA's allocation of \$13.2 million in HOPE VI funds (earmarked for the revitalization of Darst-Webbe) for the rehabilitation of Clinton Peabody was not approved in advance by HUD. This act instigated a lawsuit against the SLHA and HUD by the Darst-Webbe Tenant Association Board. HUD retroactively approved SLHA's plan to utilize the HOPE VI funds in 1998 (USDC 2001).

### LaSalle Park Village

The LaSalle Park Village (LaSalle) is also a fully subsidized conventional public housing development originally comprised of 242 units. Like Clinton Peabody and Carr Square, LaSalle is made up of smaller, row-houses. Built in 1976, LaSalle is the most recently constructed of the subject conventional public housing developments and still comprised of the original number of units. By 1999, the SLHA had spent approximately \$8.1 million to rehabilitate and modernize the units at LaSalle (Harvard Study 2002). The SLHA plans to perform additional exterior renovations at the site within the next five years (City of St. Louis 2010).

No units were demolished at LaSalle and its rehabilitation in 1999 was less extensive than that undertaken at the other two conventional public housing developments in the present study, Carr Square and Clinton Peabody. The scope of the rehabilitation at LaSalle included exterior and interior renovations. The interior unit upgrades included, painting, replacement of kitchen cabinets, new floor tiles, and the installation of venetian blinds. The exterior renovations included, new address signs, new letter box hoods and sidewalk repairs. The other renovations at LaSalle included underground electrical installations, plumbing, and replacement of HVACs.

### **THE HOPE VI PROGRAM IN ST LOUIS**

By the 1990s, the state of the public housing stock, especially the high-rise developments in St. Louis had deteriorated. As previously indicated, the high crime rates, maintenance difficulties and rapid wear and tear of the high-rise conventional public housing developments were partly attributed to flawed architectural designs (Meehan

1979; Von Hoffman 2000a). By 1972, all 2,870 rental housing units at the now infamous Pruitt-Igoe public housing were demolished, only sixteen years after construction. Both high-rise complexes that made up Pruitt-Igoe were built in 1955 and 1956, at a cost of approximately \$36 million (SLCAH. 1969), nearly 290 million in today's dollars. The demise of Pruitt-Igoe epitomized the failure of a policy emphasis on constructing high-rise public housing developments in the 1950s and 1960s as a strategy to meet the increasing demand for public housing units.

To develop mixed-income communities (and implement HOPE VI) in St. Louis, the four remaining high-rise public housing developments, constructed between 1953 and 1968 were also demolished. Beginning 1995, Vaughn was demolished and redeveloped into Murphy Park, a mixed-income (HOPE VI-like) development. Darst-Webbe was demolished in 1999 and converted into King Louis HOPE VI, while Blumeyer and Cochran were also demolished in 2003 and 2005 respectively and converted into HOPE VI developments of the same names. Unlike conventional public housing which is available to only fully subsidized households, the HOPE VI developments and Murphy Park integrate public housing with market-rate and LIHTC housing units at the same site.

#### Murphy Park Apartments (formerly George L. Vaughn)

In the 1950s, the federal government embarked on ambitious urban renewal and slum clearance activities involving the construction of housing for low-income citizens (Quigley 2000; Duda 2001). Large conventional public housing developments such as George L. Vaughn public housing development (Vaughn) and several others in St. Louis were hallmarks of the urban renewal activities at the time. Vaughn was completed in

1957 and consisted of 656 rental housing units in nine buildings and was located just north of Downtown St. Louis. Vaughn belonged to the second generation of high-rise public housing developments in St. Louis alongside Pruitt-Igoe and Darst-Webbe. From the early 1950s until Pruitt-Igoe was demolished in 1972, the neighborhood just north of Downtown St. Louis contained nearly 5,000 public housing units within a one-mile radius, including Vaughn, Pruitt-Igoe and Carr Square Village.

Meehan (1979) contends that, “design, construction, and siting inadequacies in the second generation of conventional developments contributed heavily to their subsequent tribulations” (p. 68). He maintained that the features of the sites “opened the buildings to uncontrolled transient traffic that in time contributed significantly to both crime and vandalism” (p. 68). One of such design features that exacerbated the problems at Vaughn was the fact that, similar to Pruitt-Igoe, it was built with “skip stop” elevators that stopped only at the 1<sup>st</sup>, 3<sup>rd</sup>, 7<sup>th</sup> and 10<sup>th</sup> floors. This created difficulties for tenants and dangerous conditions in the stairwells. Without adequate maintenance staff and security, a lot of the crime in high-rise public housing occurred within the interior and exterior common public areas.

The SLHA relocated some families from Vaughn public housing due to significant maintenance problems in the 1970s. Drug wars in 1981 also left 13 people dead at Vaughn (Turbov and Piper 2005). In the late 1980s, four of nine towers at Vaughn were in very poor conditions and by the early 1990s; the towers were almost vacant due to the physical deterioration of the property. Turbov and Piper (2005) maintained that

These combined conditions propelled Vaughn's remaining residents in 1990 to sue the housing authority, charging it with deliberate neglect so the projects would have to be demolished. Their case was strong enough to result in a consent decree that forced the housing authority to rebuild 222 public housing units on the site (p. 19).

Although not an "official" HOPE VI development, Murphy Park Apartments (Murphy Park) served as a model for a new generation of public housing initiatives that led to mixed-income HOPE VI communities. Initially, HOPE VI revitalization involved merely replacing severely distressed public housing units with new public housing units (Joseph 2008; Baron 2009). Along with others such as Park DuValle in Louisville and Centennial Place in Atlanta, Murphy Park was instrumental to the progression of the HOPE VI program to a new paradigm. Modeled after these developments, HOPE VI communities subsequently combined public housing, LIHTC and market-rate units at one site under private ownership and management.

Several communities adopted the mixed-income approach after HUD revised the public housing regulations to permit public-private partnership in the financing of HOPE VI developments in 1995 (Baron 2009). In 1994, a task force was established by the Mayor of St. Louis to support the revitalization of Murphy Park—a mixed-income development that was financed in part with a \$23.6 million mortgage, guaranteed by HUD's public housing improvement funds. Subsequent mixed-income developments in St. Louis were funded with HOPE VI grants in lieu of a HUD guaranteed mortgage. The financing plan for Murphy Park was approved in January of 1995.

Vaughn public housing development was demolished in 1995 and replaced with Murphy Park. The construction of Phase I of Murphy Park was completed in November of 1997, while the remaining two phases were completed by January 2003. Phase III

replaced the building set-aside for lower- income senior residents (62 years and older) at the demolished Vaughn conventional public housing development (ULI 2005). Unlike the other mixed-income developments in St. Louis that include homeownership units, Murphy Park is comprised of only 413 rental housing units, comprised of: 225 (54 percent) public housing, 56 (14 percent) LIHTC and 132 (32 percent) market-rate units.

#### *Other Neighborhood Improvements near Murphy Park*

Rachide (2008) contends that a holistic approach to the revitalization of Murphy Park contributed to its success. He defined the holistic approach as that which “encompassed both education and mixed-income housing, along with several other community features that were all in play at the same time” (p. 14). The multifaceted approach to neighborhood revitalization facilitated the renovation of the nearby Jefferson school. Murphy Park’s private developer, Richard Barron of McCormack Barron Salazar worked closely with residents to raise additional funds from private and philanthropic interests to modernize the Jefferson school.

#### King Louis HOPE VI Development (Formerly Darst-Webbe)

The conventional public housing development known as Darst-Webbe was constructed in two phases. The Joseph M. Darst Apartments opened in 1956, while Antony M. Webbe Apartments opened in 1961. They each had four high-rise buildings with a total of 1,236 (fully subsidized) public housing units (SLCAH 1969). To the immediate west and east of Darst-Webbe were located Clinton Peabody and LaSalle respectively, two conventional public housing developments also in the present study.

King Louis HOPE VI development (as it is referred to throughout the study) is also known as the Near Southside HOPE VI development<sup>30</sup> and located to the immediate south of Downtown St. Louis. Of all City of St. Louis neighborhoods, the Near Southside lost the most population between 1990 and 2000. The neighborhood population declined 44 percent during this period primarily due to the demolition of Darst-Webbe (City of St. Louis, 2010). The SLHA received its first HOPE VI grant of \$46.7 million in 1995 to redevelop the Darst-Webbe conventional public housing development, now renamed King Louis. Only \$33.5 million of the grants awarded were utilized for the implementation of HOPE VI at this site. As previously indicated, the remaining \$13.2 million was used to demolish and rebuild some units at Clinton Peabody, located adjacent to King Louis.

A total of 758 family units and 242 elderly units were demolished at Darst-Webbe to implement HOPE VI. Though the HOPE VI grant was awarded in 1995, Darst-Webbe conventional public housing was not demolished until 1999. Construction of the first of four phases at King Louis was completed in December 2001. Construction of all rental and homeownership units at King Louis was completed in 2006. King Louis has a total of 629 units, comprised of 426 (68 percent) rental housing and 203 (32 percent) single-family homeownership units.

---

<sup>30</sup> The more inclusive name, the Near Southside HOPE VI development encompasses Clinton Peabody (a conventional public housing development reconfigured in part with monies earmarked for the demolition of Darst-Webbe). Most HUD documents refer to it as King Louis, while the SLHA primarily refers to the subject as the Near Southside HOPE VI development. I chose the former in order to distinguish between King Louis and Clinton Peabody, which is one of the conventional public housing developments included in the present study.

The 426 rental housing units at King Louis include: 144 (34 percent) public housing units, 62 (15 percent) “Section 202” units, 49 (12 percent) LIHTC units and 171 (40 percent) market-rate units. King Louis is the only HOPE VI development in St. Louis with Section 202 units. One household member must be 62 years or older at initial occupancy to be eligible for the Section 202 program. Like public housing, Section 202 units are available to only low-income households (earning 80 percent or less of AMI). Phase IVB of King Louis includes 203 single-family homeownership units. Forty-four (22 percent) of the homeownership units are designated as “affordable” and available to only low-income households. The remaining 159 (78 percent) homeownership units are market-rate and accessible to the general public.

*Substantial Rehabilitation of the Old St. Louis City Hospital*

King Louis HOPE VI development is comprised of 159 market-rate homeownership units, including newly constructed units (on-site) and substantially rehabilitated condominium units located at the old St. Louis City Hospital site (Figure 5.8B, page 312 in the Appendix), bordering the rental housing units. The old St. Louis City Hospital was built in 1845 and closed after nearly 140 years (Tucci 1999; Allen 2003; Crocker 2006). HOPE VI implementation on the Near Southside of St. Louis included the redevelopment of the old public hospital (Tucci 1999; Allen 2003). The \$28.2 million redevelopment of the old St. Louis City Hospital (partly funded with the \$46.7 million HOPE VI grants allocated for King Louis) is also part of the City of St. Louis’ Near Southside (6 to 10-year) revitalization plan estimated at \$160 million (Tucci 1999). Currently, the former City Hospital includes 348 redeveloped market-rate



homeownership (condominium) units owned by private housing developers<sup>31</sup> (PPRC UMSL Report 2007). A portion of these condominium units at the old City Hospital are designated as HOPE VI market-rate homeownership units<sup>32</sup>.

#### *Resident Services at King Louis HOPE VI Development*

An important aspect of the HOPE VI program is the provision of supportive services to its residents. The three HOPE VI developments in St. Louis (King Louis, Blumeyer and Cochran) include a supportive services center, whereas Murphy Park, the fourth mixed-income development does not include a similar facility. The Al Chappelle Community Center, a recreational facility was purchased and rehabilitated in 2009 as part of King Louis HOPE VI development at a cost of \$5.8 million. It is independently operated by the SLHA<sup>33</sup> and offers computer training, GED classes, various mentoring programs and sporting and recreational activities to residents.

The Al Chappelle Community Center also includes office space for Clinton Peabody Tenant Affairs Board and the SLHA's Resident Initiatives Department (City of St. Louis 2009; SLHA 2009). Services offered by the supportive services centers at HOPE VI developments are typically not available to residents of conventional public housing developments. Though, because of the proximity of King Louis HOPE VI development to Clinton Peabody and LaSalle (conventional public housing

---

<sup>31</sup> Equity from private developers involving tax credits is typically involved in the funding of HOPE VI developments for an ownership stake in the project.

<sup>32</sup> This information was confirmed by Chris White, the Coordinator of the HOPE VI program for the St. Louis Housing Authority (SLHA).

<sup>33</sup> Operations at the King Louis HOPE VI development are privately managed whereas the Al Chappelle Center is publicly operated by the SLHA.

developments), the Al Chappelle Community Center is accessible to residents of all three housing developments.

Blumeyer HOPE VI Development (formerly Arthur A. Blumeyer)

The Arthur A. Blumeyer conventional public housing development (Blumeyer) was constructed in 1968 with 1,162 rental housing units. It was comprised of 4 high-rise buildings with 874 units and 42 low-rise buildings with 288 units. Nearly half of the units were set-aside for elderly residents, with one household member at least 62-years or older at initial occupancy.

Blumeyer conventional housing development served households with diverse socioeconomic backgrounds until high crime rates and lack of adequate maintenance contributed to high vacancy rates and its eventual demise. The SLHA was awarded a second HOPE VI grant of \$35 million in 2001 to revitalize the Blumeyer conventional public housing development. Another \$1.6 million was awarded for the demolition of Blumeyer for a total of \$36.6 million in HOPE VI funds. The demolition of the conventional public housing development and construction of Phase I of Blumeyer did not commence until 2003, two years after the HOPE VI grant was awarded. The first of four rental phases was completed in June of 2005. By April of 2009, eight years after the HOPE VI grant was awarded, all rental and homeownership units at Blumeyer were completed.

Blumeyer HOPE VI development has 789 housing units, including 512 (65 percent) rental and 277 (35 percent) homeownership units. Two hundred and forty-five (48 percent) of the rental units are public housing, 116 (23 percent) are LIHTC and 151

(29 percent) are market-rate. Thirty (11 percent) of the 277 homeownership units are designated as affordable, while 247 (89 percent) are market-rate.

#### *Resident Services at Blumeyer HOPE VI Development*

The Blumeyer HOPE VI development includes a Community Supportive Services (CSS) Program. Services provided to residents through the CSS program include child care, child mentoring services, youth recreation, access to health care information and career training. On-line GED preparation assistance and computer training services are also available through the CSS program. In February 2009, HUD approved additional funding of \$750,000 for the CSS program at Blumeyer. Until December 2008, the Blumeyer CSS program was administered by Urban Strategies, Incorporated (SLHA 2009b).

#### Cochran HOPE VI Development (Formerly John J. Cochran)

John J. Cochran (Cochran) was the first high-rise public housing development built in the City of St. Louis in 1953 on the near North side of Downtown St. Louis. It was comprised of 757 housing units —531 units at Cochran Gardens (289 of the original 531 units were demolished in 2002); 94 units at Cochran Plaza; and 132 units at Cochran Elderly Towers. At least one member of the household had to be 62 years or older (at initial occupancy) to reside at Cochran Elderly Towers.

In 2005, the remaining 242 units at Cochran Gardens and 94 units at Cochran Plaza were demolished and replaced with the Cochran HOPE VI development. Cochran Elderly Towers, which was converted into elderly housing in the 1980s, was not

demolished as part of the HOPE VI development. The latter is slated for demolition by the SLHA in 2011 (City of St. Louis 2009).

In the late 1960s, Cochran was rife with crime and in very poor conditions not unlike most high-rise public housing developments in St. Louis or nationwide. In the aftermath of the public housing rent strikes of 1969 in St. Louis, the conditions at Cochran were deplorable. Occupancy was as low as 65 percent in 1970 and “by FY 76 it was hovering around 82 to 83 percent” (Meehan 1979, p.100). The SLHA subsequently transferred the management of Cochran and some of its public housing developments to Tenant Management organizations.

Beginning 1976, Cochran Tenant Management successfully managed Cochran for over 20 years and was credited for having transformed the conditions at the site. Bertha Knox Gilkey, a resident of the development helped establish Cochran Tenant Management. Gilkey was later renowned as a fierce advocate of tenant management of public housing properties (Wilkerson 1988). President George W. Bush visited Cochran in 1991 and touted it as a model of tenant-managed public housing (DeParle 1992).

Between 1978 and 1992, Cochran received more than \$33 million in renovation grants, more than any other public housing development in St. Louis. This allowed all the original buildings at the complex to be modernized (DeParle 1992). In 1998, Cochran Tenant Management Association threatened another rent strike. Later that year, the SLHA’s Director accused members of the association of misappropriating funds. The SLHA subsequently terminated its management contract with the tenant association (City of St Louis 2005).

The conditions at Cochran public housing development deteriorated in the 1990s and, by 1999, it had failed HUD's viability assessment. The Omnibus Reconciliation Act of 1996 required viability assessments of large public housing developments with vacancy rates at 10 percent or higher. As a consequence of failing the assessment, 289 of the 531 units at Cochran Gardens were demolished in 2002 under a Conversion Plan approved by HUD (City of St. Louis 2005). The 2002 demolition occurred prior to the implementation of the HOPE VI program at the site.

In July of 2004, the City of St. Louis was awarded its most recent HOPE VI grant of \$20 million for the reconstruction of Cochran. A demolition grant of \$583,070 was also awarded for a total of \$20.6 million towards HOPE VI implementation at Cochran. Phases I and II of Cochran are comprised of 243 rental housing units, including 90 (37 percent) public housing units, 76 (31 percent) LIHTC units and 57 (23 percent) market-rate units. The third phase of Cochran is comprised of 20 affordable homeownership units. Construction of Phase I began in December 2005 and was completed by June 2007. Both rental phases were completed by August 2009. The expected completion date of the homeownership units was May 2010 (SLHA 2010).

#### *Resident Services at Cochran HOPE VI Development*

Like Blumeyer, Cochran offers resident services through a Community and Supportive Services program, currently administered by Better Family Life (BFL). HUD approved the CSS Plan in December 2004. The CSS program is operated by three full time case managers, one outreach coordinator, one receptionist/data analyst, and a project manager. As of May 2009, the CSS program had assisted more than 145 Cochran HOPE

VI residents with job placement. Other activities undertaken by BFL include employment training, job outreach, youth programs, health and wellness services and education, and art and cultural activities (SLHA 2009a).

The staffs of BFL also offer homeownership counseling to prepare current residents of the rental units at Phases I and II of Cochran for homeownership opportunities at Phase III. Additionally, a community room with computers for the use of residents; known as the Neighborhood Networks Center (NNC) was opened in April 2008. As of May 2009, the SLHA reported a total attendance of 4,415 to the NNC, an average of nearly 45 visits per day. Adult computer training sessions are also offered to Cochran residents at the NNC (SLHA 2009a).

*Senior Living at Cambridge Heights (Replacement Housing for Cochran Elderly Towers)*

The implementation of HOPE VI at the Cochran site fostered supplementary public-private investments in rental housing. The SLHA and McCormack Baron Salazar, a private housing developer completed plans in 2009 to demolish and redevelop the Cochran Elderly Towers. The new housing development, known as the Senior Living at Cambridge Heights includes 117 rental housing units and will replace the existing 132 units at Cochran Elderly Towers. Seventy five units (65 percent) of the units at the Senior Living at Cambridge Heights will be set-aside for public housing residents, while the remaining 42 units (35 percent) will be LIHTC rental units. Construction of the Senior Living at Cambridge Heights began in 2009 and the Cochran Elderly Towers is slated for demolition in 2011 upon completion of the former (City of St. Louis 2009).

The public-private partnership to develop the Senior Living at Cambridge Heights is expected to cost \$20.5 million and does not involve HOPE VI dollars. The financing sources include, the SLHA, Missouri Housing Development Commission, Enterprise Bank and Trust and Business Bank of St. Louis. HUD will also provide grants towards the construction of the development (McCormack Baron 2010). Upon completion of the Senior Living at Cambridge Heights, the entire site of the old Cochran public housing development would be replaced with 360 new (HOPE VI and non-HOPE VI) housing units, including 340 rental and 20 homeownership units.

#### **DEVELOPMENT TIMELINE OF HOPE VI DEVELOPMENTS AND MURPHY PARK**

Table 5.3 (page 138) outlines the timeline of demolition and the commencement of construction of each phase at the HOPE VI (King Louis, Blumeyer and Cochran) and HOPE VI-like (Murphy Park) developments. Blumeyer and Murphy Park were both completed within 8 years, while Cochran is nearly complete approximately 6 years after the SLHA was awarded the HOPE VI grant. Cochran also has the least number of housing units amongst the four mixed-income developments.

The HOPE VI grant to revamp King Louis was awarded in 1995. The rehabilitation of the Al Chappelle Community Center (part of the King Louis HOPE VI development, not included in Table 5.3), was finalized in 2009, fourteen years later. The delay in the completion of King Louis due to a lawsuit and multiple bureaucratic hurdles at the federal and local levels underscore criticisms of the lengthy timeline of HOPE VI implementation.

**Table 5.3: Implementation Timeline of Mixed-income Developments.**

Table shows the construction timeline of all rental and homeownership phases of the mixed-income developments. Murphy Park was partly funded with a HUD mortgage (to be repaid from project revenues), while King Louis, Blumeyer and Cochran HOPE VI developments were partly funded with HUD’s HOPE VI grants in lieu of a mortgage.

Phase	Murphy Park	King Louis	Blumeyer	Cochran
HUD HOPE VI Grant/Mortgage	1995	1995	2001	2004
Year Demolished	1996	1999	2003	2005
Phase I	Nov-97	Dec-01	Jun-05	Jun-07
Phase II	Nov-99	Feb-03	Jun-06	Aug-09
Phase III	Jan-03	May-05	Sep-06	N/A
Phase IV	N/A	Oct-04	Sep-08	N/A
Homeownership Units	N/A	Dec-06	Apr-09	Under Construction

*Sources:* SLHA 2009; Baron 2009.



## **SOURCES OF FUNDS FOR HOPE VI IMPLEMENTATION IN ST. LOUIS**

Table 5.4 (page 140) is a detailed description of the sources of funds for all four mixed-income developments in St. Louis. The federal funding which accounted for 43 percent of the total development cost of Murphy Park was a mortgage guaranteed by funds from HUD, not a grant. After Murphy Park, the other developments were funded with HOPE VI grants in lieu of a mortgage. HOPE VI grants accounted for 24, 35 and 40 percent of the total development costs of King Louis, Blumeyer and Cochran respectively.

Other HUD grants utilized in the development of the subject developments include CDBG funds, HOME funds, Empowerment Zone and the Section 202 grant. CDBG and HOME are formula grants awarded to States and localities. Both are designed to promote the development of housing for low and moderate income persons. Economically distressed communities designated as “Empowerment Zones” also benefit from federal grants to help provide low income housing. The Section 202 grant is awarded by HUD to non-profit housing developers for the provision of subsidized housing units for very low-income elderly persons, including the frail elderly.

**Table 5.4: Sources of Funding for the Mixed-Income Developments (in Thousands of Dollars).**

Includes All Public (Federal, State and Local) and Private Funding Sources.

	Murphy Park	King Louis	Blumeyer	Cochran
<b>Public Funds:</b>				
<i>Federal:</i>				
HOPE VI Grant/HUD	23,625	33,542	21,687	20,583
HOME Funds (HUD)	N/A	4,200	3,200	2,000
CDBG (HUD)	N/A	2,355	N/A	N/A
Section 202 Grant (HUD)	N/A	4,945	N/A	N/A
Empowerment Zone	N/A	600	100	250
<i>State:</i> MHDC/AHAP	7,164	3,636	1,585	N/A
<i>City of St. Louis:</i>				
SLHA	N/A	N/A	11,365	1,279,
Grants	4,650	N/A	N/A	318
Affordable Housing Comm.	N/A	N/A	N/A	300
<b>Total Public Funds</b>	<b>35,439</b>	<b>49,278</b>	<b>37,938</b>	<b>24,730</b>
<b>Private Sources:</b>				
LIHTC Equity	15,800	17,074	24,780	18,490
FHL Bank	N/A	3,300	N/A	N/A
1st Mortgage	N/A	28,305	8,848	8,694
Developer Equity	N/A	441,008	149	32
Homebuyer's Mortgage	N/A	N/A	2,846	31
Community Loans	3,476	N/A	6,137	N/A
Construction Loan	N/A	N/A	4,704	N/A
<b>Total Private Sources</b>	<b>19,276</b>	<b>49,120</b>	<b>47,464</b>	<b>27,247</b>
<b>Total Development Costs</b>	<b>54,715</b>	<b>98,398</b>	<b>85,402</b>	<b>51,977</b>

Sources: SLHA 2009; McCormack and Baron (property managers); Baron 2009.

The Affordable Housing Assistance Program (“AHAP”) is a tax credit awarded by the State of Missouri to private Housing Developers as an incentive to provide housing in distressed communities. The AHAP was a source of funds for the construction of King Louis and Blumeyer. The Missouri Housing Development Corporation (MHDC) also issued a mortgage for the development of Murphy Park. Essentially, the federal and state funds for the development of Murphy Park were mortgages that will be repaid from rental revenues. In contrast, the federal and state funds used in the construction of King Louis, Blumeyer and Cochran HOPE VI developments were grants. The City of St. Louis and the SLHA also contributed funds through several grants towards the construction of all four mixed-income housing developments as shown on Table 5.4.

The private funds used in the construction of all four developments were mostly in the form of equity raised from the LIHTCs. As indicated in chapter 3, Housing Developers who receive LIHTC allocations sell the credits to private investors, who utilize the credits to offset their annual federal tax bills for 10 years. The funds are generated from the private sector; hence LIHTC is categorized as a private source of funds. For the benefit of utilizing these funds, the LIHTC Housing Developers must set-aside a proportion of the units for low-income households.

Mortgages were also issued through private sector financial institutions to provide funding for the developments. The mortgage payments on the rental units are serviced from rental revenues. Monthly payments generated from homeowners will service the debt on the source of funds labeled, “Homebuyer’s Mortgage Program” for the construction of Blumeyer and Cochran as shown on Table 5.4. Other private sources of funds include contributions from the Housing Developers and charitable grants.

The financing structures underscore the significance of funds leveraged through public-private partnerships in HOPE VI implementation. The private sources account for approximately half of the funds used in the construction of the HOPE VI developments (King Louis, Blumeyer and Cochran) and 35 percent of the total cost of Murphy Park. Furthermore, public funding used in the construction of all four mixed-income housing developments was secured from a combination of federal, state and local sources.

By 2001, every HOPE VI dollar leveraged an additional \$1.85 from other sources nationwide (GAO 2002a). In St. Louis, every HOPE VI dollar leveraged an additional \$2.03 from other sources. Approximately \$78 million in HOPE VI funds and \$158 million from other sources was utilized in the construction of three HOPE VI Developments (King Louis, Blumeyer and Cochran).

#### **HOUSING UNITS MIX - HOPE VI DEVELOPMENTS AND MURPHY PARK**

Affordability restrictions are not limited to specific housing units or buildings within each HOPE VI (King Louis, Blumeyer and Cochran) and HOPE VI-like (Murphy Park) development. The number of units set aside for public housing, LIHTC and market-rate residents in each development are specified in regulatory agreements. The ratio of unit types varies for each mixed-income development. These proportions must be maintained in accordance with program documents, regardless of which physical units the households reside. For instance, a public housing household can be converted into a market-rate household while residents remain in the same housing unit, if the household's subsidies are terminated. This situation could arise when a household's income rises above the mandatory income limits necessary to be eligible for public housing.

Public housing rental units at the mixed-income developments are available to households earning less than 80 percent of the AMI. Similarly, the affordable homeownership units in the HOPE VI developments are offered to only households earning less than 80 percent of AMI. In a housing development funded with LIHTCs, program guidelines require a proportion of the units to be made available to low-income households: either 20 percent of the units for households earning 50 percent of AMI or less; or 40 percent of the units for households earning 60 percent of AMI or less. Market-rate units in a HOPE VI development are accessible to the general public.

Table 5.5 (page 144) compares the demolished conventional public housing units with the existing multi-family rental housing and single-family homeownership (HO) units at the subject developments in St. Louis. The entire inventory of market-rate units at Murphy Park and Cochran are rental housing units, while 62 and 48 percent of the market-rate units at Blumeyer and King Louis respectively are homeownership units.

**Table 5.5: Unit Count (Demolished and Existing) at the Mixed-income Developments.**

The second column shows all original units demolished at the previously existing public housing sites. The remaining columns include the replacement rental and homeownership (HO) units. King Louis, Blumeyer and Cochran are HOPE VI developments, while Murphy Park is a HOPE VI-like development.

Housing Development	Original Demolished Units	Existing Mixed-income/HOPE VI Units Count						% Change from Original	
		Rental Housing			Market Rate	Market Rate (HO)	Affordable (HO)		TOTAL HOPE VI
		Public Housing	LIHTC	Market Rate					
Murphy Park	656	225	56	132	N/A	N/A	413	-37%	
King Louis	1,000	206	49	171	159	44	629	-37%	
Blumeyer	1,162	245	116	151	247	30	789	-32%	
Cochran	336	90	76	57	N/A	20	243	-28%	
<b>TOTAL</b>	<b>3,154</b>	<b>766</b>	<b>297</b>	<b>511</b>	<b>406</b>	<b>94</b>	<b>2,074</b>	<b>-34%</b>	

*Sources:* City of St. Louis 2005; SLHA 2009; Baron 2009

Skeptics of the HOPE VI program deplored the loss of affordable housing units ensuing program implementation. The four mixed-income developments in St. Louis currently consist of 766 public housing units, only 24 percent of the number of demolished public housing units that existed at the same sites. If we include LIHTC and affordable homeownership with public housing units in the subsidized housing category, the total represents only 34 percent of the 3,154 demolished public housing units. The entire inventory of rental and homeownership units of 2,074 at the four sites is 66 percent of the 3,154 original public housing units demolished at the same sites.

For decades, the general public and politicians disparaged high-density, high-rise conventional public housing, while the lower-density structures now associated with HOPE VI were considered superior. Policy makers sought to reduce the high density in public housing through HOPE VI. Moreover, prior to the revitalization of the mixed-income developments, vacancy rates were considerably high at the now-demolished conventional public housing developments.

For instance, only 220 households resided in 1000 units at Darst-Webbe (now King Louis) just prior to its demolition in 1999, a vacancy rate of 78 percent. More than half of the 531 units at Cochran Gardens were also demolished in 2002, preceding HOPE VI implementation due to dilapidated conditions and high vacancy rates. Similar conditions also existed at Vaughn, now Murphy Park. In these contexts, the blending of public housing with LIHTC and market-rate units rather than the replacement of 100 percent of the demolished conventional public housing units at the same site was considered a more desirable outcome.

## CONCLUSION

The high-rise public housing developments in St. Louis embodied the squalor associated with severely distressed public housing. The approximately 5,000 public housing units including Vaughn (now Murphy Park), that existed on the near North-side of Downtown St. Louis from the early 1950s until Pruitt-Igoe was demolished in 1972 contributed significantly to the decline of that neighborhood. Vaughn was dilapidated with a sizeable proportion of obsolete units long before it was demolished and converted into Murphy Park in 1995. The extremely high vacancy rates at Darst-Webbe (now King Louis) prior to its demolition in 1999 can only be attributed to squalid living conditions. Housing units were also demolished at Cochran in 2000, prior to HOPE VI implementation in 2005 due to uninhabitable living conditions.

Furthermore, crime was rampant at Cochran, Vaughn, Darst-Webbe and Blumeyer before they were demolished and converted into mixed-income developments. The HOPE VI program was expected to revamp severely distressed public housing through demolition and replacement of obsolete units. The approximately \$290 million spent to revitalize Murphy Park, King Louis, Blumeyer and Cochran represents a substantial number of public and private dollars. The next chapter will evaluate the efficacy of HOPE VI and similar interventions at achieving some of the stated program objectives in St. Louis.

Between 1994 and 2009, the City of St. Louis lost 3,748 public housing units. Meanwhile, 3,154 conventional public housing units were demolished and replaced with only 766 units set-aside for public housing residents at the mixed-income developments, a net loss of 2,388 units. The number of public housing units lost through HOPE VI



intervention at King Louis, Blumeyer and Cochran and a similar intervention at Murphy Park thus accounts for 64 percent of the total units lost in St. Louis between 1994 and 2009.

The photographs on Figures 5.1 (page 303) through 5.8 (page 312) in the Appendix portray the conditions of the demolished high-rise public housing developments redeveloped into mixed-income developments. Photographs of the new housing developments at the sites are also provided in the Appendix. The photographs demonstrate that HOPE VI implementation in St. Louis is an exemplar of the evolution of public housing nationwide from high-density, high-rise buildings in the 1950s to the current emphasis on lower-density, low-rise structures. Incidentally, all the new housing developments are now similar in structure to Carr Square, Clinton Peabody and LaSalle, the rehabilitated conventional public housing developments in the study.

## **CHAPTER 6: AN ASSESSMENT OF THE EFFICACY OF HOPE VI AND A SIMILAR INTERVENTION IN ST. LOUIS**

### Introduction:

This chapter presents comparison data and findings from the multiple public housing cases examined in the study. It begins with an assessment of pertinent 1990 census data in neighborhoods abutting the existing and demolished public housing developments. The units of analysis in the study include two categories of housing developments: four mixed-income (King Louis, Blumeyer and Cochran HOPE VI developments and Murphy Park) and three conventional public housing (Carr Square, LaSalle and Clinton Peabody) developments. To evaluate the HOPE VI and other interventions, variables related to income, race, gender and crime are examined across time. The analysis in chapter 6 provides the evidence to substantiate or refute the seven hypotheses in the present study.

Hypothesis I constitutes the over-arching benchmark for measuring program success at revitalization and proposes that HOPE VI intervention is more effective at revitalizing severely distressed public housing sites than rehabilitation of conventional public housing developments. To test Hypothesis I, multiple indicators are used to measure program success: the concentration of poverty, crime rates, demographic profiles (proportion of African American and female-headed households), vacancy and turnover rates, new businesses investments and the privatization of management. Overall program success will be demonstrated by all the indicators moving in a favorable direction.

Accordingly, the assessment of Hypotheses II through VIII together will offer the evidence needed to evaluate Hypothesis I.

#### Public Housing Neighborhoods in 1990

As previously discussed, all four mixed-income housing developments (King Louis, Blumeyer and Cochran HOPE VI developments and Murphy Park) replaced demolished high-rise public housing developments that were located within a few miles of Downtown St. Louis. The conventional public housing developments (Clinton Peabody, Carr Square and LaSalle) are also located in close proximity as illustrated in Figure 4.1 (page 298 in the Appendix) and all underwent significant reconfiguration or rehabilitation. This section compares selected demographic and housing indicators in the census block groups where all seven housing developments are located with the City of St. Louis using 1990 census data. The discussion of neighborhood character in 1990 provides a benchmark for the assessment of post-intervention neighborhood improvements.

The category “Mixed-income neighborhoods”<sup>34</sup> on Table 6.1 (page 313 in the Appendix) and Figure 6.1 (page 151) represents the sites where the mixed-income developments currently exist. In 1990, these sites contained the high-rise public housing

---

<sup>34</sup> The Mixed-income developments are located in the following census blocks in St. Louis: Murphy Park, formerly Vaughn (Census Tract 1213 – Blocks 1 & 5); Cochran (Tract 1257– Blocks 2 & 7); Blumeyer (Tract 1211– Block 4 and Tract 1212 – Block 3); King Louis, formerly Darst-Webbe (Tract 1224 – Block 4). The column “Mixed-income Neighborhoods” on table 6-1 represents combined/weighted data for all census blocks. The totals for each census block are added together to show the population and household numbers. Median Household Income, Percent Living in Poverty and Percent of Female-headed Households are weighted averages (divided by the number of households in each census block), while Median Rent is weighted by the number of occupied housing units in each census block.

developments that were subsequently demolished to implement HOPE VI or in the case of Murphy Park, HOPE VI-like intervention.

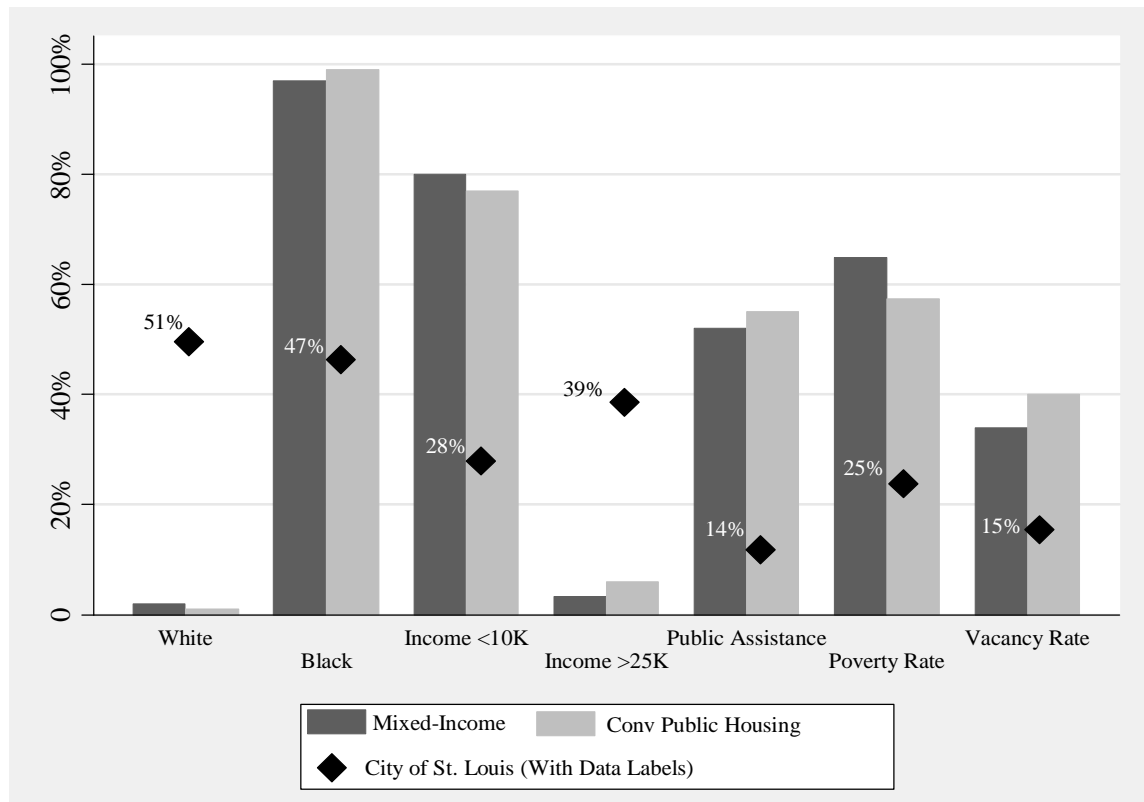
The category “Conventional public housing neighborhoods”<sup>35</sup> refers to the second group of housing developments. As discussed in chapter 5, rehabilitation (all three) and partial demolition (Clinton Peabody and Carr Square only) of the conventional public housing developments occurred at their original sites. Table 6.1 in the Appendix compares census block group data of the mixed-income and conventional public housing neighborhoods with the City of St. Louis, while Figure 6.1 illustrates the variables graphically and highlights the statistics for the City of St. Louis with dots and data labels.

---

<sup>35</sup> The conventional public housing developments are located in the following census block groups: Carr Square (Tract 1257– Block 4); Clinton Peabody (Tract 1224 – Block 6); LaSalle (Tract 1224 – Block 4). The column “Conventional Public Housing Neighborhoods” on table 6-1 represents combined/weighted data for all census blocks. Similar to the mixed-income category, the totals for each census block are added together to show the population and household numbers. Median Household Income, Percent Living in Poverty and Percent of Female-headed Households are weighted averages (divided by the number of households in each census block), while Median Rent is weighted by the number of occupied housing units in each census block.

**Figure 6.1: City of St. Louis and Public Housing Neighborhoods – Demographic Profile, 1990.**

The mixed-income category represents 1990 statistics of the census block groups where the now-demolished public housing developments were located: Vaughn (now Murphy Park); Darst-Webbe (now King Louis); Blumeyer and Cochran. The conventional public housing category represents 1990 statistics of the census block groups where Clinton Peabody, LaSalle and Carr Square are located.



Source: Census Data - US Census Bureau 1990

All the statistics underscore the high concentration of minorities and poverty in the neighborhoods where all seven subject housing developments existed. In 1990, whites were 51 percent, while African Americans were 49 percent of the City's population. However, the racial composition of all seven communities of the study's subject developments had far higher minority residents. The proportion of African American households in the mixed-income and conventional public housing neighborhoods exceeded ninety-six percent in 1990. In addition, more than half of the households in the conventional public housing and mixed-income neighborhoods were living below the poverty line in 1990, compared to 25 percent citywide.

In 1990, before any intervention occurred, only 3.4 percent of households in the mixed-income and 6 percent of the conventional public housing neighborhoods earned more than \$25,000. The median household income in the neighborhoods where both categories of housing developments were located was less than 30 percent of the City's overall household median income in 1989. Furthermore, more than half of the households in both categories of neighborhoods were on public assistance income in 1990.

The intensity of neighborhood distress adjoining the subject developments is further evidenced by the high proportion of vacant housing units at more than double the rate citywide. Median gross rents in the public housing neighborhoods (both groups), was approximately 35 percent of the City's median gross rents in 1990, an indication that a majority of the housing units in these neighborhoods were subsidized under the public housing program. The rental rates on public housing units are established by HUD and

typically lower than conventional market-rate rents which are determined by the forces of supply and demand.

## **CONCENTRATION OF POVERTY AT THE MIXED-INCOME DEVELOPMENTS IN ST. LOUIS**

An important goal of HOPE VI was to reduce the concentration of poverty in distressed public housing developments and in the neighborhoods where they are located. It was envisioned that the integration of public housing with market-rate (and to lesser extent LIHTC) units would help realize this objective. Preceding HOPE VI (King Louis, Blumeyer and Cochran) and HOPE VI-like (Murphy Park) intervention, all inhabitants of the demolished housing developments were fully subsidized public housing households.

In chapter 4, the concentration of poverty was defined as the spatial concentration of people in neighborhoods “where the poverty rate is 40 percent or higher” (Jargowsky 2003, p. 1). Most analysts use Jargowsky’s definition of concentrated poverty (including HUD in the 1990s) as a “rule of thumb, for example, in a proposed site and neighborhood regulation that would have prohibited the construction of new assisted housing projects in such areas” (Khadduri 2001, p. 70). The proportion of households living below poverty in 1990 in the census tracts where the mixed-income developments are now located were as follows: Murphy Park, 72 percent; Cochran, 54 percent; Blumeyer, 72 percent; and King Louis, 62.5 percent. In 1990, no intervention had occurred at any of the future mixed-income development sites. The percentage of households living below the poverty line in the neighborhoods adjoining the mixed-income developments as of 1990 clearly exceeded Jargowsky’s 40 percent threshold.

To achieve the objective of reducing the concentration of poverty, policy makers anticipated that unsubsidized market-rate and LIHTC residents in HOPE VI developments would be relatively higher income households when compared to the public housing households. Meanwhile, another policy challenge involved the provision of an adequate number of subsidized units in HOPE VI developments to replace the public housing units demolished at the original sites. Currently, a high proportion of the rental units in the mixed-income developments in St. Louis are public housing units and are as follows: Murphy Park (54 percent); King Louis HOPE VI (48 percent)<sup>36</sup>, Blumeyer HOPE VI (48 percent) and Cochran HOPE VI (40 percent). The remaining rental units at each mixed-income development are either market-rate or LIHTC units.

Hypothesis II of this study examines the effectiveness of HOPE VI intervention at King Louis, Blumeyer and Cochran and the HOPE VI-like intervention at Murphy Park to reduce the concentration of poverty. In general and in the present study, reducing the concentration of poverty is not considered an objective with respect to the conventional public housing program. Public housing is a means tested program targeted towards low-income households. Post-intervention, all residents of the conventional public housing developments (Carr Square, Clinton Peabody and LaSalle) remained fully subsidized.

No data were available that would allow a simple assessment of household incomes in the subject developments. To overcome this data challenge, household

---

<sup>36</sup> As described in chapter 5, a portion of the subsidized rental units (62 of 206) at the King Louis site are subsidized under the Section 202 program. Subsidies under this program are similar to public housing units designated as “elderly” whereby a minimum age of 62 for one member of household is required at initial occupancy.



incomes of residents of the mixed-income developments are estimated from their monthly tenant payments in the 2008 and 2009 rent rolls. The percentage of households living below the poverty line in each development is derived from the calculated household incomes. The deductive reasoning for this methodology is based on extant research and HUD guidelines associating housing expenditures with household incomes that will be discussed in this section.

In the present study, households in the mixed-income developments are categorized as “subsidized” and “unsubsidized”. The subsidized households include all families residing in public housing units as well as those utilizing Section 8 Housing Choice Vouchers (HCVs) to pay for LIHTC or market-rate units. Under the Section 8 HCV program, an eligible household receives a voucher from a Public Housing Authority (PHA) to cover the difference between 30 per cent of their income and the contract rent. The Section 8 households choose the housing unit (including market-rate and LIHTC units) at any location as long as the units meet standards established by the PHA. Conversely, unsubsidized households include families residing in the market-rate and LIHTC rental housing units and paying full contract rents at the mixed-income developments.

Several studies reveal that expenditure on housing is the largest household budget line item and a proxy for household income. For instance, the American Community Survey (ACS) indicates that in 2006 “46 percent of renters nationwide pay 30 percent or more of their income on housing costs” (Schwartz and Wilson 2006, p. 1). Similarly, the Department of Labor estimates that in 2007, expenditure on housing was 34.1 percent of

total household expenditures in the U.S. (US Dept. of Labor 2010). The Department of Labor estimate includes homeowners and renters.

Households that spend between 30 and 50 percent of their incomes on rent have a “moderate” cost burden, while households that spend more than 50 percent of their incomes on rent have a “severe” cost burden (Quigley and Raphael 2004; Schwartz and Wilson 2006; City of St. Louis 2009). In a study of eighteen major metropolitan areas (MSAs) in the U.S., Schwartz and Wilson (2006) found that more than 50 percent of renter households in thirteen of the MSAs experienced moderate or severe cost burdens. The City of St. Louis similarly reports that 50 percent of renter households in the City experienced moderate or severe cost burdens in 2008 (City of St. Louis 2009).

The foregoing discourse of household expenditure on housing is germane only to unsubsidized renters in the mixed-income developments. For subsidized households, federal guidelines specify the proportion of income contributed towards rents such that we can calculate income based on a household’s monthly rent. As previously defined in chapter 4, for subsidized (including public housing) households, total tenant payment (TTP) is the greater of,

- a) 30 percent of tenant’s adjusted monthly income less deductions;
- b) 10 percent of gross monthly income;
- c) Welfare rent; or
- d) Minimum rent charged by the PHA.

In calculating TTP, PHAs are allowed to exclude \$480 for each dependent in a subsidized household. Four hundred dollars per family and medical deductions are also allowed for subsidized households headed by an elderly person or a person with a

disability (HUD Renting 2009). Welfare assistance designated for shelter is considered household income in determining TTP, while the SLHA charges subsidized households with zero income a minimum rent of \$50.

### Estimating Household Income in the Mixed-income Housing Developments

Based on the aforementioned guidelines for determining TTP, most subsidized households with earned income contribute 30 percent of their adjusted monthly income towards rent. For a household earning \$38,000 (St. Louis MSA's upper income limit in 2009 for households receiving rental subsidies)<sup>37</sup>, 30 percent of adjusted monthly income is equal to \$950 (with \$0 in adjustments), while 10 percent of gross monthly income is only \$317. Under most circumstances, unless a household has a significant number of deductions and minimal income, the determining criterion for TTP is "30 percent of adjusted monthly income". For instance, if household income is \$7,000 annually, deductions would have to exceed \$4,670 in order for 10 percent of gross monthly income to be greater than 30 percent of adjusted monthly income, less deductions.

Given the contract rents of unsubsidized households or the TTP for subsidized households, we can derive valid estimates of household incomes in this way:

$$(i) Y = [(c \div p) \times 12]$$

---

<sup>37</sup> Household income is an important factor in determining eligibility for housing subsidies. For instance, only households earning 80 percent of AMI or less are eligible to reside in public housing units in the mixed-income developments or utilize Section 8 HVCs to pay for market-rate or LIHTC rental housing units. To determine eligibility standards for housing subsidies, local Public Housing Authorities nationwide, including the SLHA utilize HUD's annual income guidelines. HUD publishes "income limits" annually based on family sizes. For instance, the 2009 upper income limit for the St. Louis MSA for a family of one was \$38,000 (HUD's estimate of 80 percent of AMI). The upper income limits are adjusted for families of various sizes, for example, the upper limit for a family of two in 2009 was \$43,450 and \$71,700 for a family of eight (HUD User 2009a).

Where ( $Y$ ) is annual household income; ( $c$ ) is contract rent or TTP; and ( $p$ ) is the percentage of gross monthly income spent on rent. As already established, for most of the subsidized households in the subject developments with earned income,  $p$  is equal to 30 percent after deductions. When  $p$  is 30 percent; from (i) above, then  $Y = [(TTP \div 0.3) \times 12]$ ; or  $12Y = TTP/0.3$ ; or  $40 Y = TTP$  which can also be re-written as,

$$(ii) TTP = Y/40.$$

#### Percentage of Households Living in Poverty at the Mixed-income Developments

Using the formulas (i) and (ii) above, this section calculates the percentage of households living below the poverty line in 2008 and 2009, based on the actual contract rents of unsubsidized households and TTPs of subsidized households in the mixed-income developments. The official government thresholds to be considered living in poverty in 2008 were \$10,400 for a family of one; \$14,000 for a family of two; and \$17,600 for a family of three (Federal Register 2008). Table 6.2 (page 160), column A presents the average family size in the census tracts where the housing developments were located based on 2000 census data. Column B shows the official government threshold income levels for families living in poverty in 2008 adjusted by the average family sizes.

The minimum TTP's in column C are calculated using the formula ( $TTP = Y/40$ )<sup>38</sup>. All subsidized households with TTP equal to or greater than the dollar amounts in column C would be considered to be earning at least the income levels in column B at

---

<sup>38</sup> If a household spent exactly 30 percent of their adjusted monthly income towards rent then  $TTP = Y/40$ ; if annual household income is \$16,448 ( $Y$ ) at King Louis and Cochran, TTP would be equal to \$411.

the subject developments. As previously indicated, under any other criteria for determining TTP, or if the household had at least one eligible item to deduct from the adjusted income, the same household would pay less than \$411 towards rent at King Louis and Cochran. For that reason, all subsidized households paying the TTP's in column C or higher, based on an assessment of the rent rolls for each subject developments would be considered to be living "above" the poverty line.

Additionally, all unsubsidized households in the subject developments paying full contract rents for their housing unit at least equal to or greater than the minimum TTP levels in column C of Table 6.2 would also be considered to be living above the poverty line. The rationale is that, any household earning below the minimum poverty thresholds in column B of Table 6.2 and living at the subject developments would be eligible (based on income) for public housing or other housing subsidies. For that reason, we would expect a household (earning below the minimum poverty thresholds) to reside in a public housing unit at the same housing development or several comparable subsidized housing developments nearby and pay less towards rent.

For instance, based on available data, Murphy Park had more than 40 vacant public housing units in 2008. Carr Square, a conventional public housing development and O'Fallon Apartments are comparable substitutes bordering Murphy Park. O'Fallon Apartments, while not a public housing development, also has project-based Section 8 units available to subsidized households. Furthermore, Murphy Park and O'Fallon Apartments are both owned and managed by McCormack Baron Salazar.

**Table 6.2: Poverty Thresholds in the Mixed-income Developments, 2008.**

Column A represents the average family size of the census tracts (2000 census) where the mixed-income developments are located. Column B is the official government poverty threshold adjusted by the average family sizes in column A. Column C represents the calculated monthly TTP equal to 30 percent of Column B.

	2000 Census - Average Family Size	2008 Poverty Level: Adjusted by "A"	Minimum TTP Paid By Subsidized Household Earning "B"
	<b>A</b>	<b>B</b>	<b>C</b>
Murphy Park	2.25	\$14,900	\$373
King Louis	2.68	\$16,448	\$411
Blumeyer	1.6	\$12,560	\$314
Cochran	2.68	\$16,448	\$411

We can surmise that any unsubsidized household paying \$373 or more towards rent for a market rate or LIHTC unit at Murphy Park earned \$14,900 or higher in 2008. Otherwise, they would be eligible to pay less than \$373 as a public housing household (or by means of a Section 8 subsidy) for the same unit at Murphy Park or a comparable unit at Carr Square and O’Fallon Apartments. This analogy also applies with respect to King Louis, Blumeyer and Cochran HOPE VI developments<sup>39</sup>. For a family of two, HUD’s upper income limit in 2008 for the St. Louis MSA was \$26,350 to be considered a “very” low-income household (earning 50 percent or less of AMI), thus qualifying for public housing or other rental housing subsidies (HUD User 2008a).

Based on the foregoing assessments and an examination of the 2008 rent rolls at the subject developments, Table 6.3 (page 163) shows the number and categories of households living “above” the poverty line in 2008. Column A on Table 6.3 includes unsubsidized households paying full contract rents equal to or higher than the minimum levels previously identified on Table 6.2. Additionally, subsidized households with TTPs equal to the minimum contract rent or higher for each subject development are included in column B of Table 6.3.

Column D of Table 6.3 shows the percentage of households in the developments living above the poverty line in 2008. This is equivalent to the number of households living above the poverty line (column C) as a proportion of the total number of households residing in each subject development as of 2008. The percentage of

---

<sup>39</sup> Clinton Peabody and LaSalle are conventional public housing developments that are contiguous to King Louis. Cochran and Blumeyer also exist within a few miles of Murphy Park and are also managed by McCormack Baron Salazar. Furthermore, several project-based subsidized housing developments exist in the Downtown area of St. Louis near Cochran and Blumeyer HOPE VI developments.

households living in poverty in 2008 (the inverse of column D on Table 6.3) based on the assessment in the present study was 41, 42 and 49 percent at Murphy Park, King Louis and Blumeyer, respectively. Additionally, in 2008, 67 percent of the households at Cochran were living below the poverty line. Only Phase I of Cochran was completed and occupied as of 2008 hence the comparatively higher rate at Cochran as will be shown later in this section.



**Table 6.3: Proportion of Households Living Above the Poverty Line in 2008.**

Columns A through C show the number of households paying TTPs or Contract Rents to be considered living above the poverty line. Column D shows the number of households in C as a percentage of total households in each mixed-income development. The inverse of column D is the percentage living below the poverty line.

	# of Unsubsidized Households Paying Full Contract Rent	# of Subsidized Households Living above Poverty Line	Total # of Households Living above Poverty Line (A+B)	(C ) as a Proportion of Total Households
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
Murphy Park	107	74	181	59%
King Louis	203	26	229	58%
Blumeyer	149	67	216	51%
Cochran*	33	4	37	33%

\* Only Phase I of two rental phases was completed and occupied at Cochran HOPE VI development as of December 2008.

Using the same methodology described above and the 2009 rent rolls, the proportion of households living below the poverty line in 2009 at the mixed-income developments was also estimated. Compared to 2008, the official government thresholds to be considered living in poverty in 2009 were slightly higher and are as follows: \$10,830 for a family of one; \$14,570 for a family of two; and \$18,310 for a family of three (Federal Register 2009a). The 2009 poverty thresholds adjusted for average family sizes<sup>40</sup> and the corresponding minimum TTPs (in parenthesis) were as follows: Murphy Park, \$15,505 (\$388); Blumeyer HOPE VI, \$13,074 (\$327); Cochran and King Louis HOPE VI developments, \$17,113 (\$428).

Table 6.4 (page 165) presents the estimates of households living in poverty in 2008 and 2009 compared to the 1990 pre-intervention benchmarks. The latter represents the percentage of households living in poverty in the census block groups where the now-demolished public housing developments existed as of 1990. Compared to 1990, the percentage of households living in poverty in 2008 was lower at King Louis and Blumeyer HOPE VI developments as well as Murphy Park. At all three mixed-income developments (King Louis, Blumeyer and Murphy Park), conditions worsened in 2009 when compared to 2008. At Cochran, with both rental phases completed and occupied by 2009, conditions improved slightly when compared to 2008. Nonetheless, the percentage of households living in poverty at Cochran was lower in 1990 (pre-intervention) when compared to 2008 or 2009.

---

<sup>40</sup> The official government thresholds to be considered living below the poverty line in 2009 were also adjusted by the average family-sizes in the census tracts where the subject developments were located as of 2000 (provided on Table 6.2, page 159).

**Table 6.4: Households Living Above the Poverty Line (2000, 2008 & 2009).**

The percentage of households living in poverty in 2008 and 2009 are estimated from the rent rolls of the mixed-income developments using the formula ( $TTP = Y/40$ ) and assuming “\$0” in deductions. The 1990 pre-intervention benchmarks represent the percentage of households living in poverty in the census block groups where the now-demolished public housing developments existed as of 1990.

	1990 (Census Block Group)	2008 (Rent Rolls)	2009 (Rent Rolls)
Murphy Park	72%	41%	60%
King Louis	63%	42%	49%
Blumeyer	72%	49%	62%
Cochran	54%	67%*	60%

\* Only Phase I of two phases at Cochran HOPE VI development was occupied in 2008.

By December 2009 both phases were completed and occupied.

### Percentage of Households Living in Poverty - Adjusted for Deductions

The preceding estimates of percentage of households living below the poverty line assumed that all subsidized housing residents paid 30 percent of their income towards TTP (with \$0 dollars in deductions). However, as previously indicated, families can deduct \$480 for each dependent. Meanwhile, available household data shows that nearly 80 percent of the households residing in the mixed-income developments as of 2009 were female-headed households, while 39 percent of all residents of St. Louis public housing were children as of 2010 (Table 5.1 on page 117). Furthermore, a proportion of the units in the mixed-income housing developments are designated as “elderly” units. As previously indicated, \$400 per family and medical deductions are allowed for an elderly family (with one household member at least 62 years old).

Based on HUD’s occupancy requirements, the number of bedrooms occupied by each household and the units designated as elderly, it is possible to make reasonable assumptions regarding the minimum amount of deductions available to each household. The public housing occupancy standards require that,

Generally, two people are expected to share each bedroom, except that units will be so assigned that: It will not be necessary for persons of different generations or opposite sex, other than husband and wife, to occupy the same bedroom, although they may do so at the request of the family (PH HB 2003, p. 65).

The Missouri Landlord Tenant Law similarly limits occupancy to two persons per bedroom, with certain exceptions (Mo. Rev. Stat. § 441.060. 2).

The second scenario entails a less conservative approach to estimating household incomes that incorporates these occupancy requirements to make some assumptions regarding family sizes (based on the number of bedrooms) and the number of dependents

per family. Table 6.5 (page 168) illustrates the annual dollar amount of deductions from income per household and the official government thresholds to be considered living below the poverty line in 2008 and 2009.

Under the second scenario for estimating household incomes,

$$(iii) TTP = (Y - Deductions) / 40,$$

Where Y is total income and TTP is the total tenant payment per month for a household spending 30 percent of income on rent. As shown on Table 6.5, when deductions are considered, the applicable TTPs for elderly households and families with one or two members are lower than in the first scenario. Given the demographic composition of the mixed-income developments, the second scenario (with deductions) appears to provide more realistic estimates of persons living below the poverty line at each subject development<sup>41</sup>.

---

<sup>41</sup> Using the second scenario, the estimates in the present study indicates that 35 percent earned less than the poverty thresholds in 2008 (\$10,400 for a family of one; \$14,000 for a family of two; and \$17,600 for a family of three). This estimate appears consistent with household income data for Murphy Park in 2004 provided by McCormack and Baron (Property Manager) and also cited in Turbov and Piper (2005). The income data shows that 26 percent of Murphy Park's households earned below \$10,000, while 23 percent earned between \$10,000 and \$20,000 in 2004.

**Table 6.5: TTP after Deductions and Poverty Thresholds in 2008 and 2009.**

The TTPs in the second scenario are calculated as  $TTP = (Y - Deductions)/40$ . A two-bedroom unit is assumed to include at least one dependant thus allowing a deduction of \$480. The number of deductions per family is equal to  $n-1$  where  $n$  represents the number of bedrooms. Elderly units are also allowed a deduction of \$400.

Category of Household	Elderly	Family	Family
# of Bedrooms/Family size	1	2	... $n$
# of Dependants	0	1	... $n-1$
Minimum Deductions	\$400	\$480	...\$480 $_{(n-1)}$
<u>2008:</u>			
Poverty Threshold	\$10,400	\$14,000	...\$10,400 + \$3,600 $_{(n-1)}$
Minimum TTP After Deductions	\$250	\$338	...338 + 78 $_{(n-2)}$
<u>2009:</u>			
Poverty Threshold	\$10,830	\$14,570	...\$10,830 + \$3,740 $_{(n-1)}$
Minimum TTP After Deductions	\$261	\$352	...\$352 + 82 $_{(n-2)}$

“ $n$ ” represents the number of bedrooms, while the number of dependants is equivalent to  $(n-1)$

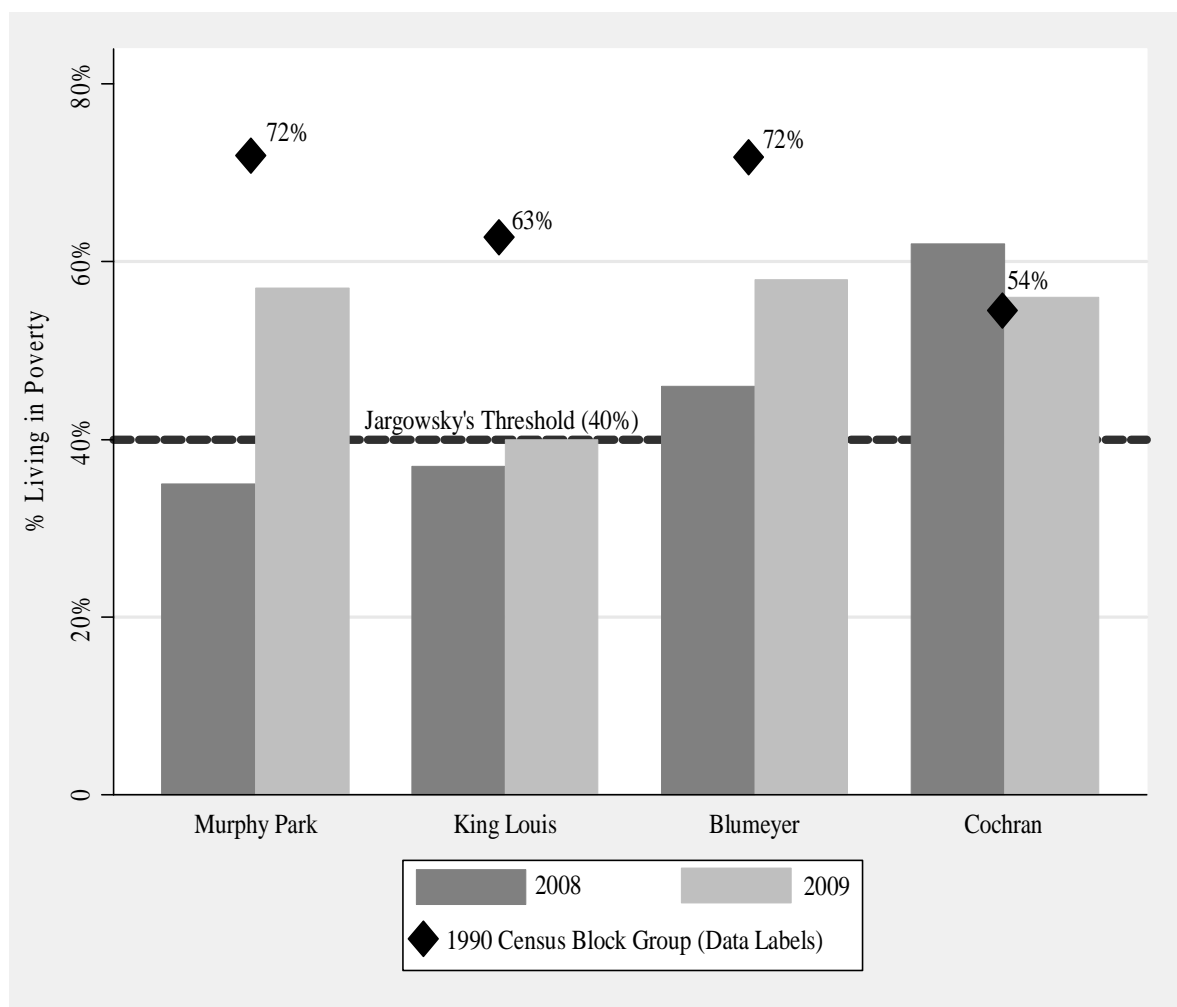
Deductions from household income are generally applicable when determining TTP of subsidized households residing in public housing units or using Section 8 HCVs to pay for market-rate and LIHTC units. Deductions are not offered to unsubsidized households residing in the market-rate and LIHTC rental housing units. Nonetheless, if the income and rental payment of an unsubsidized household were lower than the poverty thresholds and TTPs on Table 6.5, they would be eligible for subsidized units in the same housing developments or nearby substitutes (as previously discussed in this section) and per se the same deductions.

Households earning less than 80 percent of AMIs are eligible for public housing. Generally, however, household income may not exceed 50 percent of AMI in order to receive Section 8 HCVs and by law, 75 percent of a PHA's vouchers must be awarded to applicants whose incomes do not exceed 30 percent of the AMI (HUD 2009 – HCV Fact Sheet). Even under the stricter eligibility standards for Section 8 HCVs, households earning less than the poverty income thresholds in 2008 and 2009 would be eligible since all would earn less than 50 percent and most would earn less than 30 percent of AMI as shown on Table 6.6 (page 315 in the Appendix).

Figure 6.2 (page 170) illustrates the percentage of households living below the poverty line in 2008 and 2009 based on the calculations in the second scenario (with deductions). Figure 6.2 also compares these proportions to the percentage living below the poverty line in 1990 (before intervention) and more importantly, the “Jargowsky” threshold of 40 percent which defines the concentration of poverty in the present study. Only Murphy Park and King Louis in 2008 were below the 40 percent threshold.

**Figure 6.2: Households living Below the Poverty Line in the Mixed-income Developments, 1990, 2008 & 2009.**

The statistics for 1990 represents the poverty rate in the census block groups where the now-demolished public housing developments were located. The statistics for 2008 and 2009 were derived from the rent rolls of the mixed-income (Murphy Park and King Louis, Blumeyer and Cochran HOPE VI) developments.





At all four mixed-income developments, the trend in the percentage of households living in poverty worsened in 2009 when compared to 2008. The negative trend in 2009 is consistent with recent reports indicating that poverty levels have been on the rise in the U.S. since the economic recession in December 2007 (Eckholm 2010; CRS Report 2010). A Congressional Report (2010) further indicates that there were 43.6 million poor people nationwide in 2009; the “largest number of persons counted as poor in the measure’s 50-year recorded history” (CRS Report 2010, p. 1).

### Income of Homeowners

The HOPE VI strategy for creating mixed-income communities also involved the integration of homeownership with rental housing units at the same sites. Occupancy of the market-rate homeownership units by higher income households was expected to help reduce the concentration of poverty at HOPE VI sites. The three HOPE VI (King Louis, Blumeyer and Cochran) developments in St. Louis include homeownership units, while the HOPE-VI-like (Murphy Park) development consists of only rental housing units. As previously indicated, two categories of homeownership units exist; the affordable units which are available to only low-income (80 percent of Area Median Income or less) households, and the market-rate units which have no income restrictions.

Blumeyer includes 30 affordable and 247 market-rate homeownership units, while King Louis includes 44 affordable and 157 market-rate homeownership units. Cochran includes 20 affordable and no market-rate homeownership units. All the homeownership units at Cochran and a proportion of those at King Louis are located on-site (with the rental housing units). The remaining homeownership units at King Louis are comprised of condominium units located at the City Hospital site, contiguous to the rental housing

units at King Louis. The Blumeyer HOPE VI homeownership units are also located off-site and adjacent to the rental units.

By December 2009, seventy-three of the seventy-four affordable homeownership units at Blumeyer and King Louis were occupied (City of St. Louis 2009). The SLHA reports that as of March 2011, all seventy-four affordable homeownership units at King Louis and Blumeyer; and four out of eight available affordable homeownership units at Cochran (twelve units are still under construction) had been sold and occupied. No data was available on the number of market-rate homeownership units sold at King Louis and Blumeyer. The sales price of the affordable homeownership units averaged approximately \$105,000, while the market-rate units ranged between \$170,000 and \$220,000<sup>42</sup>. Correspondingly, the official website of the National Association for Realtors, a popular resource for real estate listings shows several condominiums units available for sale at the City Hospital (King Louis HOPE VI) site for approximately \$200,000 as of March 2011.

In 2008, 84 percent of moderate-income (50 to 80 percent of AMI) households and 97 percent of middle-income (81 to 95 percent of AMI) households in St. Louis spent 30 percent or less of their income on housing<sup>43</sup> (City of St. Louis 2009). The estimated monthly household expenditures (mortgage payments and homeowners insurance,

---

<sup>42</sup> Information was obtained from Chris White, the HOPE VI Coordinator for the St. Louis Housing Authority.

<sup>43</sup> The income definitions for all (homeowners and renters) moderate income (50 – 80 percent of AMI) and all middle-income (81 – 95 percent of AMI) households in St. Louis (City of St. Louis 2009) suggests that the latter group are ineligible to purchase HOPE VI affordable homeownership units. Only households earning 80 or less of AMI are eligible to purchase these homes.

excluding real estate taxes) for HOPE VI homeowners in St. Louis is approximately: \$610 (for a \$105,000 home); \$980 (for a \$170,000 home); and \$1,270 (for a \$220,000 home).<sup>44</sup> Based on the foregoing estimates; if a household spends 30 percent of their income on housing, then annual household income is approximately: \$24,400 (for a \$105,000 home); \$39,200 (for a \$170,000 home); and \$50,800 (for a \$220,000 home).

In 2009, the poverty threshold for a family of five was \$24,800 (Table 6.6 on page 315 in the Appendix). Accordingly, approximately 84 percent of affordable homeowners and 97 percent of market-rate homeowners at King Louis, Blumeyer and Cochran would have incomes above the poverty line. Essentially, when the homeownership units are considered, the percentage of households living in poverty at Blumeyer and King Louis would be lower. The effect on the percentage of households living in poverty at Cochran would be negligible since only four affordable homeownership units are currently occupied at the site.

The findings from the present study indicate that post intervention; the percentage of households living in poverty at all four mixed-income developments was below that at the conventional public housing developments. As previously illustrated in Figure 5.1 (page 116); in 2009, 55 percent of all public housing households in St. Louis (including Clinton Peabody, Carr Square and LaSalle) earned 30 percent of AMI (\$10,268) or less,

---

<sup>44</sup> Principal and interest payments on 30-year mortgage, 5 percent interest plus homeowner insurance adds up to monthly payments of approximately \$610 (\$105,000 home); \$980 (\$170,000 home); and \$1,270 (\$220,000 home). The City of St. Louis offers real estate tax abatements for up to 10 years to housing developers for the new construction of residential homes. Real estate investors frequently transfer these tax incentives to homebuyers (including HOPE VI homes) to facilitate the sales of their homes (SLDC -Tax Benefits Programs).

while 18 percent earned between 30 and 50 percent of AMI (\$17,113). In comparison, the percentage of renter households living in poverty at the mixed-income developments was as follows: Murphy Park (57 percent); King Louis (40 percent); Blumeyer (58 percent); and Cochran (56 percent). However, the percentage of households living below poverty at only three of the mixed-income developments (Murphy Park, King Louis and Blumeyer) was less in 2009 when compared to the 1990 (pre-intervention) levels. Cochran, the most recently developed of the mixed-income developments had 56 percent of households living below the poverty in 2009, slightly higher than the 54 percent in 1990.

Furthermore, with respect to the rental housing units, the overall analysis suggests that despite the integration of market-rate and LIHTC with public housing households, the concentration of poverty persisted at King Louis, Cochran and Blumeyer HOPE VI developments as well as Murphy Park. Consequently, the findings do not support Hypothesis II of the present study, that HOPE VI and similar intervention would reduce the concentration of poverty at the mixed-income developments in St. Louis. Notwithstanding, the analysis of the incomes of homeowner suggests that if the homeownership units are considered, the percentage of households living in poverty at both King Louis and Blumeyer would be lower than the 2009 estimates of 40 and 58 percent respectively. These findings are encouraging with respect to the future prospects for achieving the objective of reducing the concentration of poverty at the mixed-income developments in St. Louis.

The counter argument to Hypothesis II is the perspective that property managers experience difficulties attracting sufficient market-rate tenants in HOPE VI

developments. To ameliorate potential vacancy problems, they offer market-rate rental units to subsidized households using Section 8 HCVs (tenant-based rental subsidy) which impedes efforts to reduce the concentration of poverty. An examination of the rent rolls indicated that several market-rate and LIHTC households were utilizing Section 8 HCVs. For instance in 2008, the numbers of market-rate and LIHTC units paid for with some form of tenant-based rental subsidy were as follows<sup>45</sup>: Murphy Park (21); King Louis (2); Blumeyer (15) and Cochran (3). The practice of renting market-rate and LIHTC units to subsidized households, though sanctioned by HUD, could certainly complicate efforts to reduce the concentration of poverty at the subject developments. Although, property managers would be better off renting vacant units to Section 8 HCV users since high vacancy rates typically results to deteriorating conditions in a housing development as cost of operations rise while rental revenues decline.

### **CRIME IN THE SUBJECT DEVELOPMENTS**

High crime rates in public housing developments and adjoining neighborhoods is often regarded as one of the undesirable consequences of concentrated poverty (Meehan 1979). Theories associating the spatial concentration of poverty with high crime rates were discussed in chapter 4 of the present study. The preceding analysis did not provide sufficient evidence to suggest a reduction in the concentration of poverty at the mixed-income communities following HOPE VI (King Louis, Blumeyer and Cochran) or HOPE

---

<sup>45</sup> Murphy Park had the highest proportion with 21 of 98 market-rate units occupied by residents using Section 8 HCVs. The numbers were obtained by counting the number of market-rate and LIHTC units in each mixed income development whereby TTP was less than contract rent. If a household is not paying full contract rent for a market-rate or LIHTC unit, this was an indication that some type of housing subsidy (typically the Section 8 HCV) was used to cover the difference between the tenant's payment and the contract rent.

VI-like (Murphy Park) intervention. This section examines crime trends at the aforementioned mixed-income developments as well as the conventional public housing developments (Carr Square, Clinton Peabody and LaSalle).

Hypothesis III of this study states that “the HOPE VI program facilitates a reduction of crime and violence in public housing”. To validate this hypothesis, we expect a decline in crime rates at the mixed-income developments following intervention and no commensurate decrease in crime rates at the conventional public housing developments. This hypothesis entails an analysis of the following crime categories: aggravated assaults, drug related crimes, homicides and robberies. These types of crime are salient to the character of a neighborhood. Furthermore, most policy initiatives to combat crime in public housing since the 1990s have highlighted some of these crime categories.

Annual crime data on the aforementioned categories from St. Louis Metropolitan Police Department’s records between 1990 and 2008 was used in the analysis. GIS technology was used to map the crime data and segregate crime by category, per year for each subject housing development tracking their actual physical boundaries. A limited amount of crime data was missing and had to be estimated for the analysis<sup>46</sup>. Additionally, in order to calculate the crime rates (per 1,000 persons), the population of the subject housing developments was estimated.

---

<sup>46</sup> All crime data was missing for 2006. The 2006 numbers were estimated by averaging the statistics for 2003, 2004, 2005 and 2007. Drug crime data was also missing for 2003. Drug crime estimate for 2003 was obtained using the same methodology indicated above. Drug crime data for 2008 was also missing and excluded from the analysis.

Most of the household data obtained from the property managers and HUD were grouped by “number of households”. Only more recent year’s (2008) data used in the analysis also included the actual resident population of the mixed-income developments. Furthermore, post-intervention, three categories of households (public housing, market-rate and LIHTC) reside at the mixed-income developments, whereas, HUD data includes in its tallies, only the public housing households. HUD data thus includes all households residing in both categories of housing developments before intervention. HUD data also includes all post-intervention households in conventional public housing, but does not include two categories of post-intervention (market-rate and LIHTC) households in the mixed-income developments. Notwithstanding, limited multi-year data on all three categories of post-intervention households at the mixed-income developments was available from the property managers and a variety of other sources, including program documents and published articles<sup>47</sup>.

Accordingly, some of the annual post-intervention household numbers for the mixed-income developments were estimated based on construction timelines, lease-up rates and census data. The development timeline on Table 5.3 (page 138) was utilized, in conjunction with information on the actual construction start and end dates of each rental phase of the mixed-income developments provided by the SLHA. Historic data on tenant absorption (lease-up) rates for multifamily rental housing in the Downtown St. Louis area

---

<sup>47</sup> Data on “all” households obtained from reports from Property Manager for Murphy Park, Cochran and Blumeyer (McCormack Baron) for 2008 – 2010; and for King Louis (Camco) for 2010. Supplementary data on all households for Murphy Park: McCormack and Baron; Turbov and Piper (2005); King Louis and Clinton Peabody: PPRC UMSL Report (2007); King Louis: Hasan (2001); Blumeyer: Blumeyer HOPE VI Report (2009) and Cochran: PPRC UMSL Cochran HOPE VI Report (2009)

in general and more importantly, for Murphy Park and Blumeyer, were also available from HUD program documents. The number of people residing in each housing development was calculated as equal to the number of households multiplied by the average family sizes for each subject housing development<sup>48</sup>. The population estimates were cross-referenced with all other aforementioned sources to verify accuracy.

To ascertain the effects of HOPE VI and other interventions on crime, the analysis in this section will be predicated on the implementation timelines provided on Table 5.3 in chapter 5. Time ( $t$ ) for the mixed-income developments represents the year when the pre-existing conventional public housing developments were demolished. Thus the year intervention occurred ( $t$ ) was 1995, 1999, 2003 and 2005 for Murphy Park Apartments; and King Louis, Blumeyer and Cochran HOPE VI developments respectively. For each of the subject developments, the years before intervention occurred are represented by:  $t_{-1}, t_{-2}, \dots, t_{-n}$ , while the years after intervention are represented by:  $t_{+1}, t_{+2}, \dots, t_{+n}$ . The time frames for the conventional public housing developments are similarly defined and  $t$  represents the year when substantial rehabilitation and in some instances limited demolition occurred. For Carr Square, Clinton Peabody and LaSalle,  $t$  was 1996, 1997 and 1999 respectively<sup>49</sup>. Table 6.7 (page 316 in the Appendix) provides the time framework used in the analysis of crime and other variables in chapter 6.

---

<sup>48</sup> Average family sizes were based on the information provided for Property Managers of all persons residing in the mixed-income developments as of 2010 (and the number of households), while the average family sizes of the conventional public housing developments was based on the family sizes of the census block groups where the subjects are located as of 2000 used in the previous analysis of concentration of poverty.

<sup>49</sup> At Carr Square, major rehabilitation occurred between 1992 and 1997 (the actual demolition of units occurred in 1996) leading to a reduction in the density of the housing development. At Clinton Peabody, 88



### Crime Rates in Subject Housing Developments Compared to the City of St. Louis

The analysis of crime rates begins with an assessment of the longitudinal trends in conventional public housing and mixed-income developments compared with the City of St. Louis. The initial analysis covers the period between 1993 and 2008 using three of the four crime categories: aggravated assaults, robberies and homicides<sup>50</sup>. Until 1995, none of the mixed-income and conventional public housing developments had undergone any intervention. Each of the four charts in Figure 6.3 (page 181) depict the crime trends at the mixed-income developments between 1993 and 2008 compared to the average crime rate at the conventional public housing developments (Clinton Peabody, Carr Square and LaSalle) and the City of St. Louis.

The annual average crime rate at the conventional public housing developments in 1993 and 1994 was 102 per thousand, more than three times higher than the rate of 33 per thousand citywide. During the two-year period, the crime rates at all four mixed-income developments were more than double the rate citywide. In 1993 and 1994, the average annual crime rates per thousand at the high-rise public housing developments that were later demolished and replaced with mixed-income developments were as follows: Vaughn (now, Murphy Park), 66; Darst Webbe (now King Louis HOPE VI), 116; Blumeyer (now Blumeyer HOPE VI), 99 and Cochran (now Cochran HOPE VI), 79.

---

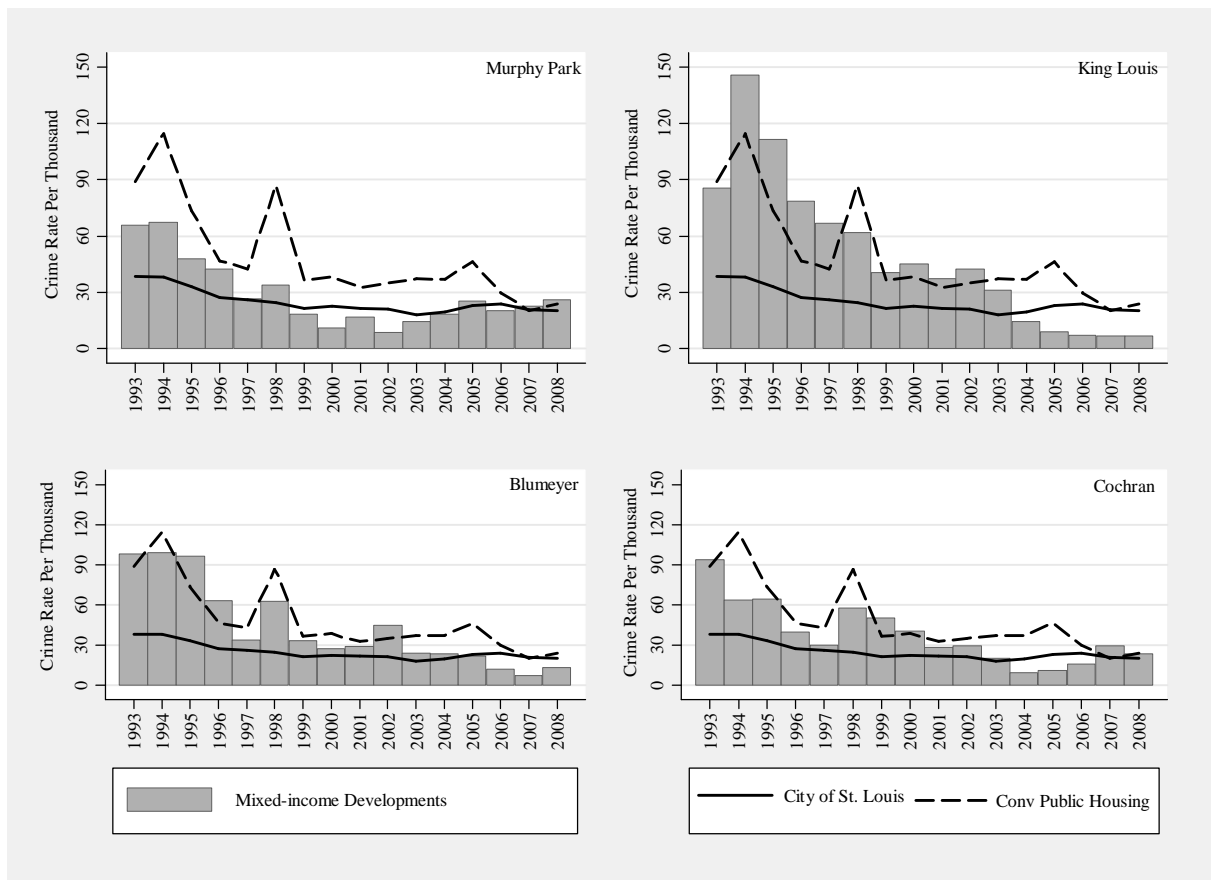
units were initially demolished in 1997. At LaSalle, by 1999 major rehabilitation also occurred though no units were demolished at LaSalle.

<sup>50</sup> Only these three categories of crime (aggravated assaults, homicides and robberies) were available for the City of St. Louis (between 1993 and 2008) for analysis in the present study.

There is a notable improvement in the crime rates across board in recent years as illustrated in Figure 6.3. For instance, the average crime rate per thousand at the conventional public housing developments in 2007 and 2008 was 22 compared to 20.5 for the City of St. Louis. The average crime rate at King Louis and Blumeyer HOPE VI developments was less than the average for the City, while Cochran HOPE VI and Murphy Park (mixed-income development) were slightly higher than the City's average crime rate. The statistics represent a remarkable decline in crime rates at all seven subject housing developments in 2007 and 2008 when only three (aggravated assaults, robberies and homicides) categories of crimes are considered.

**Figure 6.3: Crime Rates in Conventional Public Housing and Mixed-income Housing Developments Compared to the City of St. Louis.**

Crime (aggravated assaults, robberies and homicides) rates for the mixed-income (Murphy Park, King Louis, Blumeyer and Cochran) developments compared to the average crime rate of three conventional public housing developments (Clinton Peabody, LaSalle and Carr Square) and the City of St. Louis.



### A Comparison of Crime in HOPE VI and Conventional Public Housing Developments

Figure 6.4 (page 184) compares the crime rates at each mixed-income development to the average crime rate at the conventional public housing developments. The second illustration of crime rates includes all four (aggravated assaults, robberies, homicides and drugs) crime categories. The horizontal axis in each of the charts in Figure 6.4 represents the time (before and after) intervention framework discussed in the introduction to this section. To highlight the comparison between the two groups of housing developments, the crime rate at each the mixed-income developments are portrayed with bars.

The crime rate at Vaughn (now Murphy Park) prior to intervention in 1995 ( $t$ ) was approximately the same as the average for the conventional public housing developments. Since intervention, the crime rates have remained relatively low at Murphy Park and declined progressively through year seven after intervention ( $t_{+7}$ ). Thereafter, there is a slight elevation in crime rates at Murphy Park, beginning in year eight after intervention ( $t_{+8}$ ) through ( $t_{+10}$ ).

The crime rate at Darst-Webbe (now King Louis HOPE VI) throughout the period before the year of intervention, 1999 ( $t$ ), exceeded the rate at the other mixed-income developments (Blumeyer and Cochran HOPE VI and Murphy Park). The crime rate at Darst-Webbe during some of the periods before  $t$  was also higher than the average for the conventional public housing developments (Clinton Peabody, Carr Square and LaSalle). After intervention, more so, beginning in year three after intervention ( $t_{+3}$ ), the crime rate at King Louis was considerably lower than the mean average for the conventional public housing developments.

Until intervention at Blumeyer, the crime rate fluctuated but was mostly lower than the average for the conventional public housing developments. Crime rates at Blumeyer peaked in years nine and five before intervention ( $t_{.9}$  and  $t_{.5}$ ), at approximately 140 crimes per thousand, less than the peak of 160 for Darst-Webbe (King Louis) or nearly 160 for the conventional public housing developments. In the year intervention occurred at Blumeyer, 2005 ( $t$ ), crime rates declined and it remained below the mean average for the conventional public housing developments thereafter.

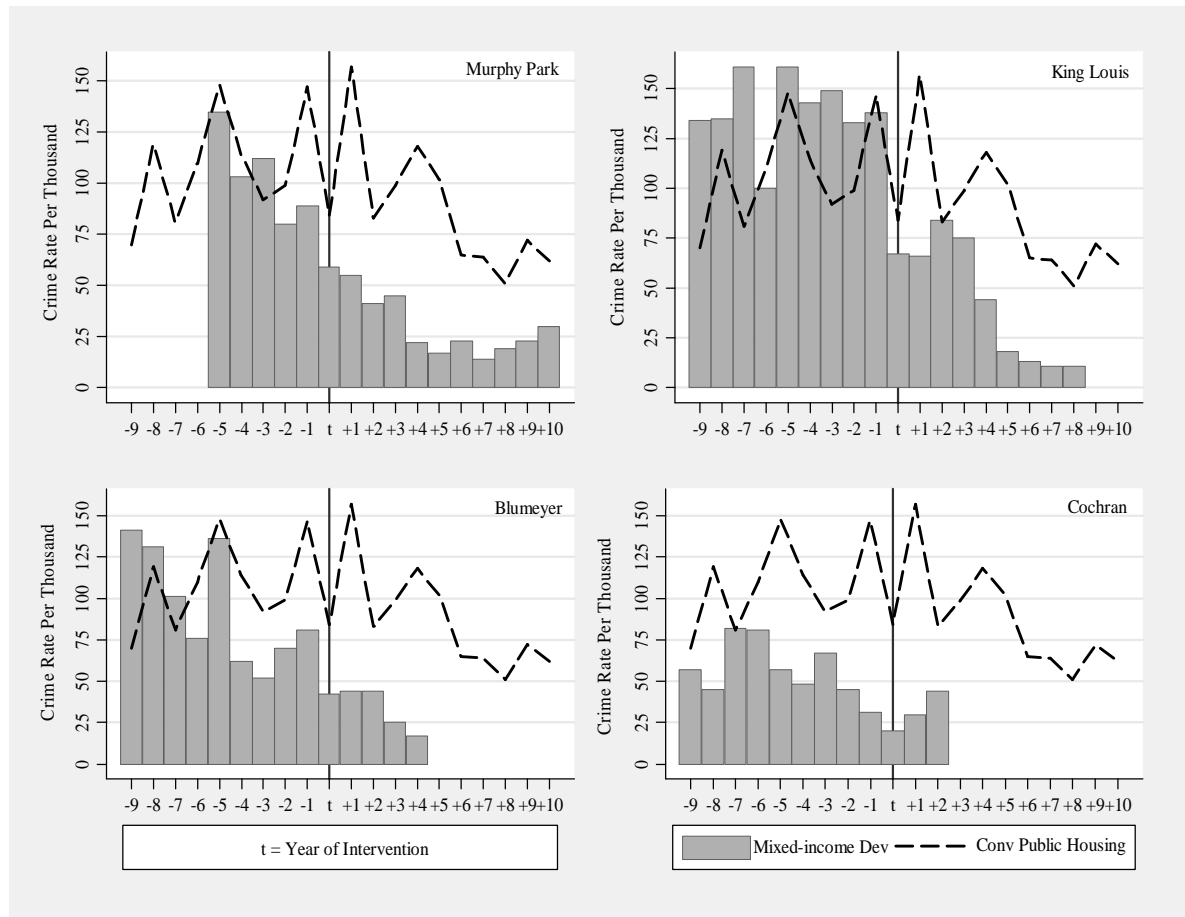
Until year five before intervention ( $t_{.5}$ ), the crime rate at Cochran (now Cochran HOPE VI) was also comparable to the average for the conventional public housing developments. The year 2000, ( $t_{.5}$ ) at Cochran, coincides with the period leading up to the initial demolition and rehabilitation of some units at the site<sup>51</sup>. Compared to the rates in the preceding years, crime rates remained relatively lower at Cochran after 2000. Following intervention at Cochran in 2005 ( $t$ ), crime rates seemed to decline even further, then rose slightly in 2007 ( $t_{+2}$ ), with the completion of the first phase of Cochran HOPE VI development.

---

<sup>51</sup> As previously indicated, Cochran Gardens, one of three segments at Cochran failed HUD's viability assessment in 1999. As a result, 289 of the original 531 units at Cochran Gardens were demolished in 2002, preceding HOPE VI implementation.

**Figure 6.4: Crime Rates at the Mixed-Income Developments Compared to the Average for the Conventional Public Housing Developments.**

Crime (aggravated assaults, robberies, homicides and drugs) rates for four mixed-income (Murphy Park, King Louis, Blumeyer and Cochran) developments compared to the average crime rate of three conventional public housing developments (Clinton Peabody, LaSalle and Carr Square). The time frame represents periods before and after the year of intervention ( $t$ ).

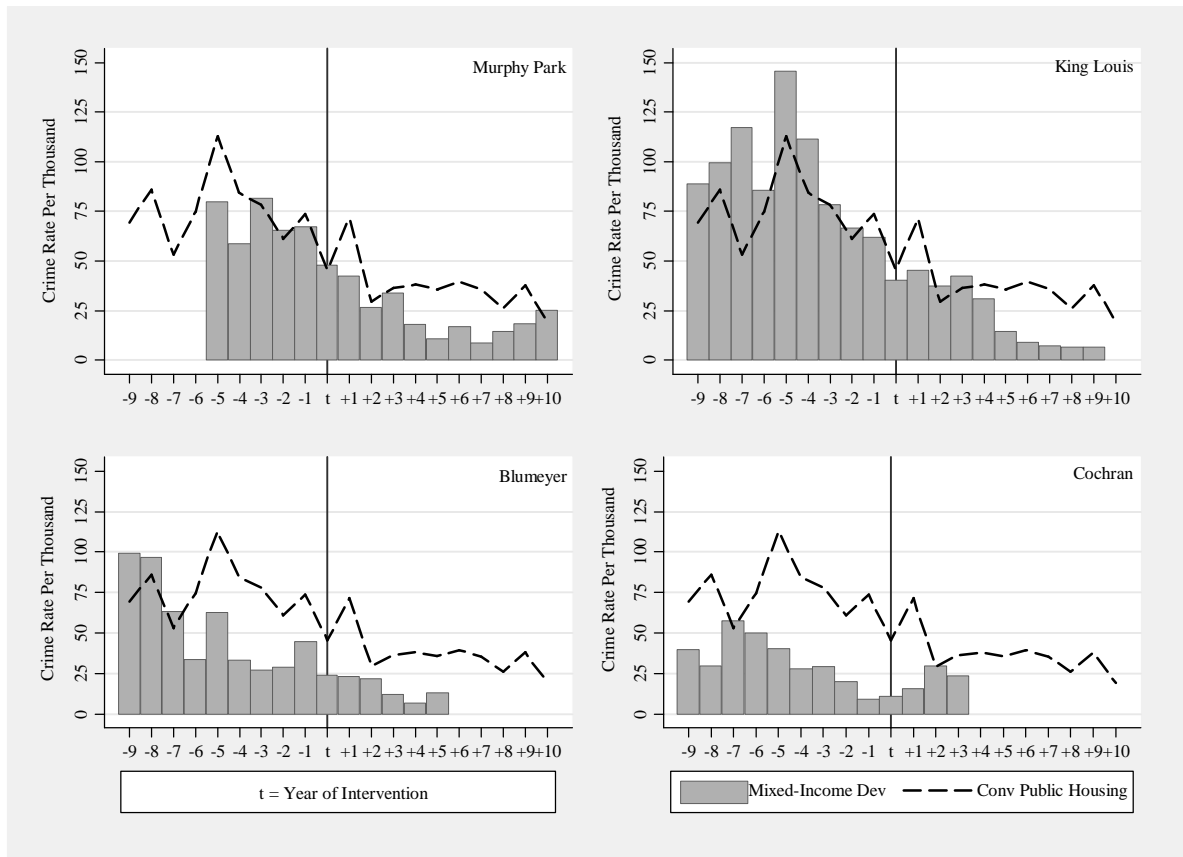


The foregoing assessment, illustrated in Figure 6.4 on page 184 seems to indicate that crime rates have declined to a greater extent at the mixed-income developments when compared to the conventional public housing developments. However, one can also draw a different inference from the initial evaluation of crime based on calendar year (Figure 6.3 on page 181). The latter indicated that between 2006 through 2008, crime rates declined at the conventional public housing as much as or greater than the mixed-income developments and was comparable to the crime rates Citywide. The vital distinction between both assessments is the inclusion of drug crimes in the illustration in Figure 6.4. Drug crime data for the City of St. Louis was not available for analysis hence Figure 6.3 did not include that crime category.

To further examine the variation in crime rates between the two groups of housing developments, Figure 6.5 (page 186) illustrates the crime rates using the time framework but without drug crimes. Figure 6.5 presents a different outlook from Figure 6.4. Other than in year one after intervention  $t_{+1}$ , crime rates at the conventional public housing developments declined at a nearly comparable rate to each of the mixed-income developments. For the conventional public housing developments, the outlier in  $t_{+1}$  for the most part reflects a sharp increase in the crime rate at Clinton Peabody from 1997 to 1998 ( $t_{+1}$ ) which will be discussed further with the next assessment of only drug crimes.

**Figure 6.5: Crime Rates at the Mixed-Income Developments Compared to the Average for the Conventional Public Housing Developments (Without Drug Crimes).**

Crime (aggravated assaults, robberies and homicides) rates for four mixed-income (Murphy Park, King Louis, Blumeyer and Cochran) developments compared to the average crime rate of three conventional public housing developments (Clinton Peabody, LaSalle and Carr Square). The time frame represents periods before and after the year of intervention ( $t$ ).



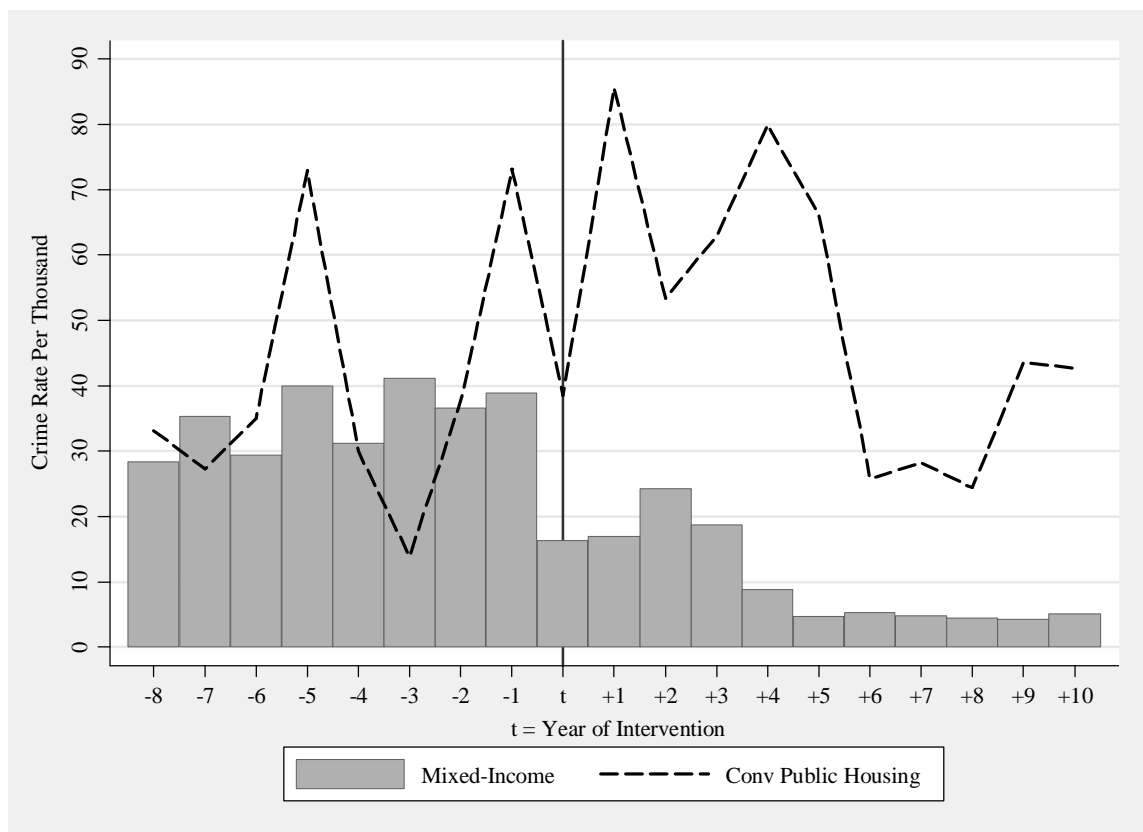


The illustration of only drug crimes in Figure 6.6 (page 188) provides additional insight regarding the trends at Clinton Peabody and LaSalle (conventional public housing developments). In 1998, year one before HOPE VI intervention ( $t_{-1}$ ) at Darst-Webbe (now King Louis), most of its former residents were relocated to Clinton Peabody and LaSalle because of their proximity. Consequently, in 1998, drug crime rates increased by 130 percent at LaSalle and 250 percent at Clinton Peabody. The year, 1998 also coincides with ( $t_{-1}$ ) at LaSalle, and ( $t_{+1}$ ) at Clinton Peabody. The sharp rise in drug crime rates at the conventional public housing developments in 1998 are thus portrayed by the outliers ( $t_{-1}$ ) and ( $t_{+1}$ ) in Figure 6.6.

The other outliers for the conventional public housing developments in periods ( $t_{+1}$ ,  $t_{+2}$ ) correspond to 2001 and 2002 at LaSalle; while ( $t_{+3}$ ,  $t_{+4}$ ) represent 2001 and 2002 at Clinton Peabody. A thorough examination of the crime data also indicates that in just two years (2001 and 2002), there were 131 drug arrests within two city blocks (1400 through 1600) of Chouteau Avenue at the location of Clinton Peabody. During that two-year period (2001 and 2002), the annual average crime rate at Clinton Peabody and LaSalle combined was 121 crimes per thousand. During the same two-year period, the crime rate at Carr Square (the third conventional public housing development) was 41 per thousand, approximately a third of the rate at Clinton Peabody and LaSalle.

**Figure 6.6: Average Crime Rates - Mixed-Income Developments and Conventional Public Housing Developments (Drug Crimes Only).**

The average crime (drugs only) rates for four mixed-income developments (Murphy Park, King Louis, Blumeyer and Cochran) compared to the average for three conventional public housing developments (Clinton Peabody, LaSalle and Carr Square). The time frame represents periods before and after the year of intervention ( $t$ ).



The plausible explanation for the increase in crime at Clinton Peabody and LaSalle in 1998 was the relocation of former Darst-Webbe (now King Louis HOPE VI) residents. The crowded conditions at Clinton Peabody and LaSalle arising from the aforementioned event and the additive effect of another occurrence in 2001 may also explain the high incidence of drug arrests in 2001 and 2002 at these sites. As previously indicated, the St. Louis Metropolitan Police Department was contracted to oversee security at four public housing developments in 2001, including Clinton Peabody and LaSalle. The constant presence of Police Officers<sup>52</sup> at Clinton Peabody and LaSalle probably increased the likelihood and frequency of arrests for criminal activities at both sites.

The analysis in the present study shows that post-intervention, crime rates declined at the mixed-income developments when compared to the conventional public housing developments. This was largely due to the higher incidence of drug crimes at the conventional public housing developments. For instance, the initial analysis of crime (without drug crimes)<sup>53</sup> in Figure 6.3 (page 181) indicates that from 2006 through 2008, crime rates at the conventional public housing declined as much as or greater than at the mixed-income developments and was comparable to the crime rates Citywide. However,

---

<sup>52</sup> As indicated in Chapter 5, as part of the security contract, 35 Police Officers were assigned to the four public housing sites in 2001: Clinton Peabody and LaSalle; as well as Blumeyer and Cochran. The latter two were converted into HOPE VI developments.

<sup>53</sup> The initial analysis covers the period between 1993 and 2008 using three of the four crime categories: aggravated assaults, robberies and homicides. Drug crime data for the City of St. Louis was not available for analysis hence Figure 6.3 did not include that crime category. Subsequent analysis comparing the two categories of housing developments includes all four categories of crime (aggravated assaults, robberies, homicides and drug crimes).

subsequent assessments of crime (including drug crimes) illustrated in Figures 6.4 (page 184) and 6.6 (page 188) revealed that post intervention crime rates at the conventional public housing developments was considerably higher than at the mixed-income developments. Additionally, the longitudinal analysis of crime shows that, post-intervention, crime rates at the mixed-income developments were considerably less when compared to the crime rates at the now-demolished public housing developments that existed at the same sites.

The analysis of data in the present study supports Hypothesis II, the assertion that HOPE VI would facilitate a reduction in crime rates at the subject housing developments. Whilst it was conjectured that a reduction in the concentration of poverty would presage a reduction in crime rates, the latter occurred without the former as indicated by the analysis of concentrated poverty in the previous section. HOPE VI intervention at King Louis, Blumeyer and Cochran and a similar intervention at Murphy Park appear to have contributed to reducing crime rates at the mixed-income developments.

### **CONCENTRATION OF MINORITIES IN PUBLIC HOUSING**

Historically, conventional public housing was concentrated in minority neighborhoods (Friedman 1980; Carter et al. 1996; McDonald 2008). Consistent with the national trend, data provided by HUD for this study indicates that as of December 2008, African Americans households made up 97 percent of public housing residents in St. Louis. Federal initiatives, such as HOPE VI have increasingly sought to reverse this trend and promote the placement of residents in more diverse communities.

Hypotheses IV of the present study is intended to explore the efficacy of HOPE VI and other interventions at fostering racial diversity in the mixed-income developments. Hypothesis IV posits that, the HOPE VI program facilitates a change in the proportion of minority residents in public housing. A lower proportion of African Americans at the four mixed-income developments (King Louis, Blumeyer and Cochran HOPE VI developments and Murphy Park) following intervention would indicate more diverse communities. To substantiate this hypothesis, we expect no significant variation in the proportion of African American households in the conventional public housing developments (Clinton Peabody, Carr Square and LaSalle).

Table 6.8 (page 193) offers a summary of the data collected and the categories of households residing in the mixed-income and the conventional public housing developments prior to and after intervention. Before intervention, all residents of the seven housing developments were fully subsidized under the public housing program. Post-intervention, the status quo was maintained at the conventional public housing developments. HUD data includes all households in the seven housing developments before intervention, as well as all households at the three conventional public housing developments after intervention as illustrated by segments A, C and D on Table 6.8. Post-intervention, three categories of households (public housing, market-rate and LIHTC) resided at the mixed-income developments, whereas, HUD data includes only public housing households. Obtaining adequate multi-year data on market-rate and LIHTC households for the mixed-income housing developments (segment B on Table 6.7) was a challenge.

Data on the gender and race of heads of “all” (public housing, market-rate and LIHTC) households from 2008 to 2010 was provided by the property managers for Blumeyer and Cochran HOPE VI developments as well as Murphy Park. Data on all categories of households was also provided by the property managers for King Louis HOPE VI development as of September 2010<sup>54</sup>. Supplemental data on all three categories of African American households was also available for Blumeyer between 2004 and 2008 and for Murphy Park in 2000<sup>55</sup>.

---

<sup>54</sup> Several attempts including four site visits to obtain additional household data for King Louis from the Property Managers were unsuccessful. The Property Managers indicated that their software could only provide data at a point in time and not historic data.

<sup>55</sup> Data on all (public housing, LIHTC and market-rate) African American households at Blumeyer HOPE development was obtained from a report prepared for the SLHA (Blumeyer HOPE VI Report 2009). The proportion of all African American households residing at Murphy Park as of 2000 was cited in a Brookings Institute study of Murphy Park (Turbov and Piper 2005).

**Table 6.8: Household Data Categories.**

The table describes data available for the different categories of households.

	Before Intervention	After Intervention
	<b>A</b>	<b>B</b>
Mixed-income Developments:	<i>Inhabitants:</i>	<i>Inhabitants:</i>
1. Vaughn (Murphy Park)	Public Housing	<ul style="list-style-type: none"> <li>• Public Housing</li> <li>• Market Rate</li> <li>• LIHTC</li> </ul>
2. Darst-Webbe (King Louis HOPE VI)		
3. Blumeyer (Blumeyer HOPE VI)	<i>Data Available:</i> HUD Data on public housing households from 1995-2008	<i>Data Available:</i> Management Data*:
4. Cochran (Cochran HOPE VI)	(Includes all residents)	<ul style="list-style-type: none"> <li>• Public Hsg: 2008 – 2010</li> <li>• Market-rate: 2008 – 2010</li> <li>• LIHTC: 2008 – 2010</li> </ul> HUD Data on public housing households from 1995-2008
	<b>C</b>	<b>D</b>
Conventional Public Housing Developments:	<i>Inhabitants:</i>	<i>Inhabitants:</i>
5. Clinton Peabody	Public Housing	Public Housing Households Only
6. Carr Square		
7. LaSalle	<i>Data Available:</i> HUD Data on public housing households from 1995-2008 (Includes all residents)	<i>Data Available:</i> HUD Data on public housing households from 1995-2008 (Includes all residents)

\* Data for King Louis HOPE VI development is as of September 2010 only.

To resolve the potential complications across data categories, the analysis begins with a comparison of the market-rate and LIHTC with the public housing households residing in the mixed-income housing developments to examine the variation with respect to the proportion of African American households. The box plot diagram in Figure 6.7 (page 195) illustrates the differences in the proportion of African American households (by unit type categories) residing in the mixed-income developments between 2008 and 2010. During the three-year period, the degree of dispersion is greatest amongst the market-rate households with a spread of approximately 9 percent.

More importantly, collectively, the spread in the proportion of all (public housing, LIHTC and Market-rate) African American households is only 2 percent, equal to the spread for only public housing households. There are far more public housing units than LIHTC or market-rate units at the four mixed-income developments<sup>56</sup>. Moreover, a greater proportion of the public housing units were occupied compared to the LIHTC and market-rate units<sup>57</sup>. As a result, the proportion of public housing households exerts more leverage on the aggregate proportion of all three categories of households.

---

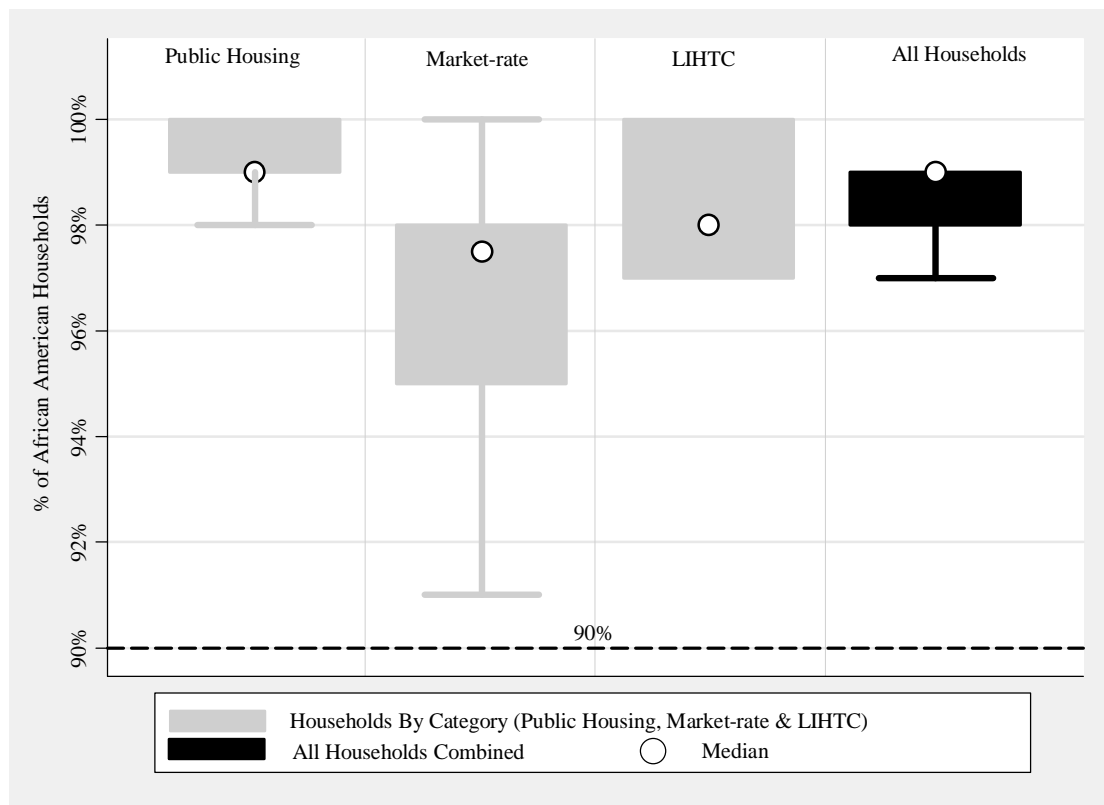
<sup>56</sup> Public housing units as a percentage of the total rental units at the mixed-income developments are as follows: Murphy Park (54 percent); King Louis (48 percent); Blumeyer (48 percent) and Cochran (40 percent).

<sup>57</sup> The vacancy rate by unit type at the mixed-income developments is discussed in greater detail in the next section of chapter 6.



**Figure 6.7: Difference in the Proportion of African American Households by Household Categories in the Mixed-income Developments (2008 - 2010).**

The data includes the percentage of African American households residing in three categories of housing units in the mixed-income (Murphy Park, King Louis, Blumeyer and Cochran) developments. “All Households” represents all three (public housing, market-rate and LIHTC) categories of households combined. The chart includes a 90 percent marker to highlight the minimum value on the vertical scale. The boxes without whiskers indicate that most of the values are clustered around the box.



*N* (Number of housing developments, unit types and time periods represented ( $n$ ) = 30

Sources: Property managers (McCormack Baron; Camco; Volunteers of America) and the SLHA. Data for King Louis was only available as of September 2010.

Data from published sources were also compared to HUD and management data to further examine the differences in the proportion of the different (public housing, LIHTC and market-rate) categories of African American households. The household data obtained from the different sources were cross checked for accuracy. This was necessary to ensure that household estimates were neither overstated nor understated since the entities that collect and own the data are also interested stakeholders<sup>58</sup>.

HUD's count for African American public housing households at Blumeyer in 2008 was 268 of 272 (99 percent). This was consistent with the data obtained from the property managers for Blumeyer, which showed that 266 of 269 (99 percent) of public housing households in 2008 were African American. HUD's tally for the percentage of African American public housing households at King Louis in 2008 was 100 percent. Likewise, management data for King Louis as of September 2010 indicated that 100 percent of the public housing households were African American. HUD's data on the proportion of African American public housing households at both Murphy Park and Cochran in 2008 was 99 percent, also matching the information provided by the property managers.

In a case study of Murphy Park, Turbov and Piper (2005) found that 96.2 percent of all (public housing, LIHTC and market-rate) households at the subject mixed-income development were African Americans as of 2000. In comparison, HUD's tally of only African American public housing households at Murphy Park in 2000 was 99 percent.

---

<sup>58</sup> As indicated in chapter 4, King et al. (1994) maintain that social science data are prone to bias since interested stakeholders may be inclined to provide estimates that are consistently overstated or understated. For instance, "government officials may want to overstate the effects of a new program in order to shore up their claims for new funding" (King et al., p. 64).

The difference of approximately 3 percent between the proportion of all and only public housing African American households is consistent with the trend illustrated in the box plot diagram in Figure 6.7 (page 195).

Table 6.9 (page 198) further corroborates the household data for Blumeyer HOPE VI development by comparing data from three sources. The row, “CSS Interviews” on Table 6.9 represents data obtained through interviews by the administrators of the Community and Supportive Services (CSS) program at Blumeyer (Blumeyer HOPE VI Report 2009). The percentage of all African American households at Blumeyer in 2008 is the same from two sources (the CSS interviews and property managers). HUD data also indicates that 99 percent of only public housing households were African Americans in 2008. The difference of 2 percent between all households and only public housing households in 2008 is also consistent with the illustration in Figure 6.7.

**Table 6.9: Percentage of African American Households – Blumeyer HOPE VI Development.**

Data from three different sources showing the percentage of African American households at Blumeyer between 2005 and 2008. The right column represents the categories of households: public housing (PH), market-rate (MR) and low income housing tax credit (LIHTC).

Data Source	2005	2006	2007	2008	Household
					Categories
CSS Interviews	98%	98%	97%	97%	PH, MR & LIHTC
Property Managers	n/a	n/a	n/a	97%	PH, MR & LIHTC
HUD	98%	99%	99%	99%	PH only

*Sources:* Demographic Reports from property manager (McCormack Baron), Blumeyer HOPE VI 2009; and HUD.

Table 6.10 (page 200) presents a comparison of post-intervention data on the percentage of African American households at the four mixed-income developments between 2005 and 2010. Cochran was the most recently converted into a HOPE VI development in 2005<sup>59</sup>. The HUD data includes “public housing households only” from 2005 through 2007, while the management data includes all (public housing, LIHTC and market-rate) households residing at the mixed-income housing developments between 2008 and 2010. When the 3-year average of only public housing is compared to that of all categories of African American households, Table 6.9 indicates no difference at Cochran and Murphy Park, a spread of 2 percent at Blumeyer, and 1 percent at King Louis<sup>60</sup>.

The foregoing analysis demonstrated that there is little variation in the racial composition of heads of households residing in the different categories (public housing, LIHTC and market-rate) of housing units. The trend was the same at all four mixed-income developments (King Louis, Blumeyer and Cochran HOPE VI developments and Murphy Park). Furthermore, matching data was obtained from different sources, HUD, property managers and published documents. Accordingly, the next section combines the data from all three sources for the before- and after-intervention assessment of the proportion of African American households.

---

<sup>59</sup> Intervention (or the demolition) at Cochran HOPE VI occurred in 2005, and at the other three mixed-income developments, the year of intervention occurred was: 1995, George L. Vaughn (now Murphy Park); 1999, Darst-Webbe (now King Louis HOPE VI); and 2003, Arthur A. Blumeyer (now Blumeyer HOPE VI).

<sup>60</sup> The variance of 1 percent at King Louis is based on the percentage of African American households in 2010 only

**Table 6.10: Percentage of African American Households at the Mixed-income Developments Between 2005 and 2010.**

Data showing the percentage of African American households at the HOPE VI (King Louis, Blumeyer and Cochran) and HOPE VI-like (Murphy Park) developments between 2005 and 2010. Data covers post-intervention periods only and includes HUD data (public housing households only) between 2005 and 2007, and management data on all (public housing, market-rate and LIHTC) households between 2008 and 2010.

	Public Housing Households Only				All Households			
	2005	2006	2007	3-yr Avg.	2008	2009	2010	3-yr Avg.
Murphy Park	99%	99%	99%	99%	99%	99%	99%	99%
King Louis	100%	100%	100%	100%	n/a	n/a	99%	n/a
Blumeyer	98%	99%	99%	99%	97%	98%	97%	97%
Cochran	100%	100%	99%	100%	99%	98%	99%	99%

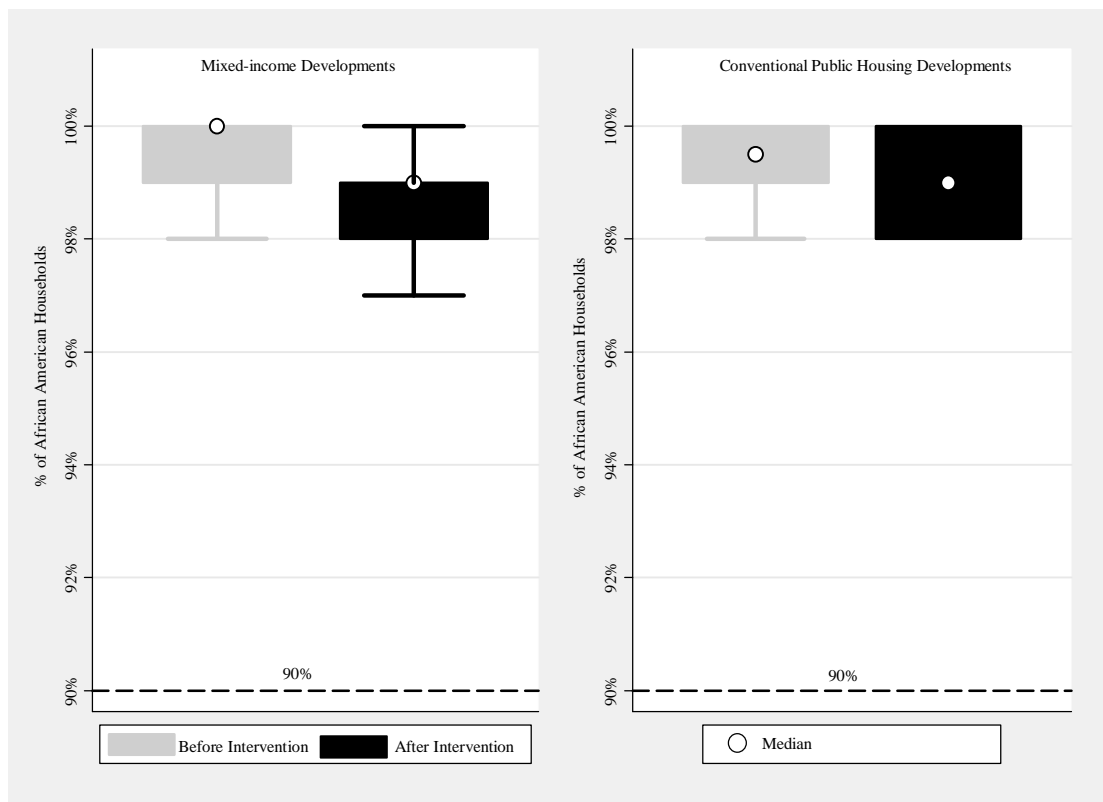
*Sources:* Demographic reports from property managers (McCormack Baron; Camco; Volunteers of America), HUD and the SLHA.

As previously stated, all households residing in the conventional public housing developments (Clinton Peabody, Carr Square and LaSalle) were fully subsidized prior to and after intervention and are included in HUD's data. The proportion of African Americans households at each of the conventional public housing developments averaged 99 percent between 1996 and 2008, with very little variation year to year, or before and after intervention. The high proportion is also consistent with SLHA's reports indicating that 98 percent of all public housing residents in St. Louis were African Americans as of August 2004 (City of St. Louis 2005).

The box plots in Figure 6.8 (page 202) illustrate the differences in the proportion of African American households in both categories of housing developments. Each box plot is comprised of the annual percentages of African American households in each category of housing development, before and after intervention. Intervention time frames were previously discussed and illustrated on Table 6.7 (page 316 in the Appendix). The concentration of minorities in both categories of housing developments is underscored by values of the box plots which range from a minimum of approximately 96 to a maximum of 100 percent as shown in Figure 6.8.

**Figure 6.8: Difference in the Proportion of African American Households Before and After Intervention (Mixed-income and Conventional Public Housing Developments).**

The percentage of African American households residing in the mixed-income (Murphy Park, King Louis, Blumeyer and Cochran) developments compared to the conventional public housing developments (Clinton Peabody, LaSalle and Carr Square). The chart includes a 90 percent marker to highlight the minimum value on the vertical scale. The boxes without whiskers indicate that most of the values are clustered around the box. The time frame represents periods before and after the Year of Intervention (t).



*N* (Number of housing developments and time periods represented ( $n$ ) = 105



In both categories of housing developments, the post-intervention spread in the difference in the proportion of African American households is slightly greater than before intervention. Additionally, the spread in the proportion of African Americans in the mixed-income developments is greater than that at the conventional public housing developments both before and after intervention. A wider spread in the box plots post intervention, combined with a lower minimum value would suggest more racial diversity. However, post-intervention, the proportion of African American households exceeds 96.5 percent in both categories of housing development. Neighborhoods with a minority population of 90 percent or higher are considered “predominantly minority” neighborhoods (Turner and Rawlings 2009).

Policy makers envisioned that: a) income integration at HOPE VI developments would result to; b) an influx of middle-income families of all races to the subject sites and adjoining neighborhoods. The previous analysis in this chapter showed that concentrated poverty still exists at the mixed-income developments in St. Louis. Essentially, the a priori expectation with respect to income integration did not occur. Accordingly, we would not expect a significant variation in the racial composition of the mixed-income developments after intervention. African Americans make up approximately half of the population of the City of St. Louis but 97 percent or higher of the household population of the mixed-income developments. With three years worth of data on Blumeyer and Cochran HOPE VI developments and Murphy Park, there appears to be no significant variation between the proportions of African American households in the public housing units when compared to the LIHTC or market-rate units.

While multi-year data on public housing households was available for King Louis HOPE VI development, data on all (public housing, LIHTC and market-rate) households was only available as of September 2010. A significant variation in the proportion of African Americans residing in the LIHTC and market-rate units at only King Louis (out of four mixed-income developments) would still not suffice to reach a different conclusion regarding Hypothesis IV of this study. Besides, the limited data available on all households showed that the proportion of African Americans at King Louis was consistent with the other mixed-income developments. In addition, the property managers revealed that since HOPE VI intervention at King Louis in 1999, the proportion of African American households residing in all unit types has remained continuously high (approximately 98 percent), consistent with HUD's multi-year data on only public housing households at the site.

The racial composition of the mixed-income developments before and after intervention remained essentially unchanged. Additionally, post-intervention, the difference between the proportion of African American households residing in the mixed-income and the conventional public housing developments was negligible. The analysis in this study does not support Hypothesis IV that HOPE VI intervention at King Louis, Blumeyer and Cochran, or similar intervention at Murphy Park reduced the concentration of minorities, specifically, African Americans at the housing developments.

## **THE PREPONDERANCE OF FEMALE-HEADED HOUSEHOLDS IN PUBLIC HOUSING**

The demographic profile of public housing reveals a preponderance of female-headed households (Epp 1996; Atlas and Dreier 1994; NCSDPH Report 1992). By 2003, female-headed households made up 70 percent of total households in conventional public housing developments (HUD User 2008). Furthermore, this trend is more prevalent amongst minority groups, especially blacks and Hispanics (Warobey and Ronald 1990; Snyder et al. 2006). While this in itself is not a negative outcome, with respect to St. Louis's public housing and the convergence of race and gender, it suggests that problems associated with concentrated poverty in public housing would disproportionately affect African American, female-headed households.

Hypothesis V states that the HOPE VI program facilitates a change in the proportion of female-headed households. This section examines changes in the proportion of female-headed households at the mixed-income housing developments (King Louis, Blumeyer and Cochran HOPE VI developments and Murphy Park) following intervention. To substantiate hypothesis V, the analysis should demonstrate a decline in the proportion of female-headed households in the mixed-income developments after intervention compared to the conventional public housing developments (Clinton Peabody, Carr Square and LaSalle).

The data challenges discussed with regards to the analysis of African American households and illustrated on Table 6.8 (page 193) is germane to the analysis of female-headed households. Only limited data from 2008 through 2010 was available for the LIHTC and market-rate households residing in the mixed-income developments after

intervention. Accordingly, the section begins with an assessment of the variation amongst all (public housing, market-rate and LIHTC) female-headed households at the mixed-income developments.

The box plot diagram in Figure 6.9 (page 208) illustrates the difference in the proportion of female-headed households in all three unit types. The diagram includes the annual percentages between 2008 and 2010 at Blumeyer, Cochran and Murphy Park and as of September 2010 at King Louis. During the three-year period, the spread in the percentage of heads of households by unit type is much greater by gender (nearly 50 percent as illustrated in figure 6.9) than by race (less than 10 percent as shown in figure 6.7). The spread is greatest, and the proportions of female-headed households lowest in the market-rate units as shown in Figure 6.9. In contrast, the spread is smallest and the proportions of female-headed households highest in the public housing units. Since there are more public housing households in the mixed-income developments<sup>61</sup>, the aggregate (public housing, LIHTC and market-rate) proportions of female-headed households are relatively high, with a median value of 85 percent between 2008 and 2010.

The proportion of female-headed households also appears to correlate with the extent to which the different categories of housing units are subsidized. For instance, public housing units are fully subsidized and consist of the highest proportions of female-headed households. LIHTC units are also partially subsidized and include a higher proportion of female-headed households than the market-rate units which are typically

---

<sup>61</sup> As discussed in the previous section, compared to the market-rate and LIHTC units, the proportion of public housing units at the four mixed-income developments are higher: Murphy Park (54 percent); King Louis (48 percent); Blumeyer (48 percent) and Cochran (40 percent). Additionally, a higher proportion of the public housing units are occupied than the market-rate and LIHTC units.

not subsidized<sup>62</sup>. Housing subsidies are based on need and as previously discussed in chapter 4; the poverty rate amongst female-headed households with children in the U.S. is higher than for two parent families<sup>63</sup>.

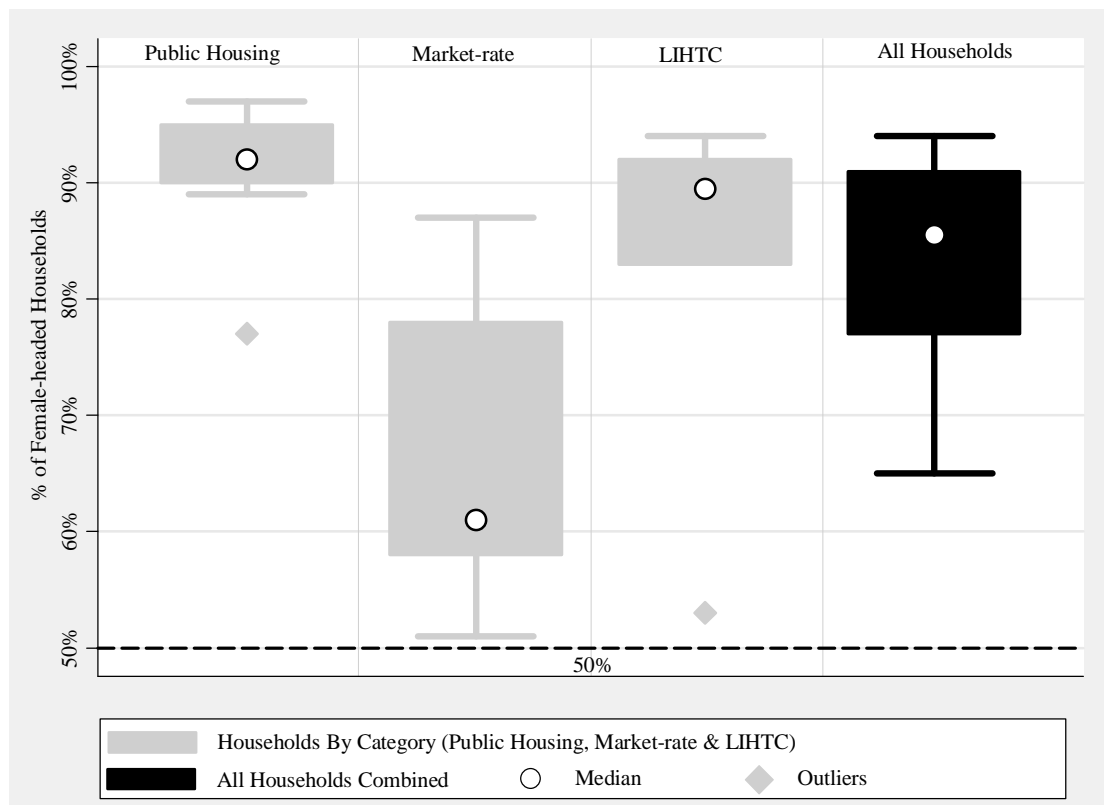
---

<sup>62</sup> LIHTC credit is indirectly subsidized because of the affordability (rent) restrictions imposed on units built with funds generated from the tax credits which are intended to make the units more affordable. As previously indicated, though market-rate units are not subsidized, some households utilize Section 8 HCVs to pay a portion of their rents in market- rate units as well in LIHTC units.

<sup>63</sup> The poverty rate among U.S. female-headed households with children was 45 percent in 1990, while that for two parent families was significantly lower at 8 percent (Hoynes 1997). The Congressional Budget Office (CBO) also reports that by 2005, female-headed households made up 54 percent of all low-income households with children (CBO 2007).

**Figure 6.9: Difference in the Proportion of Female-headed Households by Household Categories in the Mixed-income Developments (2008 - 2010).**

The data includes the percentage of female-headed households residing in three categories of housing units in the mixed-income (Murphy Park, King Louis, Blumeyer and Cochran) developments. “All Households” represents all three (public housing, market-rate and LIHTC) categories of households combined. The chart includes a 50 percent marker to highlight the minimum value on the vertical scale. The box without a minimum whisker indicates that most of the values are clustered around the box.



*N* (Number of housing developments, unit types and time periods represented) = 30

Sources: Demographic Reports from property managers (McCormack Baron; Camco; Volunteers of America). Data for King Louis was only available as of September 2010.

Table 6.11 (page 210) compares a cross section of post-intervention data on female-headed households in the mixed-income developments. As previously indicated, Cochran HOPE VI development was the most recently revamped in 2005. Table 6.11 includes HUD's data on only public housing households between 2005 and 2007, and management data on all (public housing, LIHTC and market-rate) households between 2008 and 2010.

At Blumeyer, the proportion of female-headed households was lower in 2005, the year intervention occurred, but otherwise relatively stable thereafter. For instance, between 2006 and 2010 at Blumeyer, the spread is only 3 percent across board, whether only public housing or all female-headed households are considered. In contrast, at King Louis, the aggregate proportion of all female-headed households in 2010 is considerably less than the 3-year average of only public housing households between 2005 and 2007. Meanwhile, at Murphy Park and Cochran, the proportion of female headed households in the public housing units (2005 through 2007) is less than the aggregate percentage of female-headed households (2008 through 2010). This latter trend differs from the pattern in Figure 6.9 (page 208) which demonstrated that the public housing units had relatively higher proportions when compared to the aggregate percentage of female-headed households in the mixed-income developments.

**Table 6.11: Percentage of Female-headed Households at the Mixed-income Developments Between 2005 and 2010.**

Data showing the percentage of Female-headed households at the HOPE VI (King Louis, Blumeyer and Cochran) and HOPE VI-like (Murphy Park) developments between 2005 and 2010. Data covers post-intervention periods only and includes HUD data (public housing households only) between 2005 and 2007, and management data on all (public housing, market-rate and LIHTC) households between 2008 and 2010.

	Public Housing Households Only				All Households			
	2005	2006	2007	3- Year Average	2008	2009	2010	3- Year Average
Murphy Park	82%	88%	86%	86%	91%	92%	94%	93%
King Louis	79%	77%	85%	81%	n/a	n/a	65%	65%
Blumeyer	67%	76%	78%	75%	77%	77%	76%	76%
Cochran	78%	72%	57%	70%	86%	85%	88%	87%

*Sources:* Demographic reports from property managers (McCormack Baron; Camco; Volunteers of America), HUD and the SLHA. All households - includes public housing, LIHTC and market-rate households.



However, further examination provides additional clarification on the divergent trend at Murphy Park and Cochran. Vaughn public housing was redeveloped into Murphy Park (a mixed-income development) in 1995 and nearly ten years older than the nearby HOPE VI developments, Cochran and Blumeyer. As a result of its aging amenities, Murphy Park's property manager's may be retaining (or targeting) a higher proportion of subsidized households<sup>64</sup> with fewer choices. Consequently, the proportion of female-headed households at Murphy Park is relatively higher in comparison to the other mixed-income developments.

HOPE VI implementation at Cochran on the other hand began in 2005 and the first rental phase was completed in 2007. The increased proportion of female-headed households in 2008 is consistent with Duryea's (2003) assertion that, "HOPE VI original households are dramatically more likely to be headed by African American women" (p. 587). Accordingly, the displaced residents of the demolished Cochran public housing development would more likely make up a greater proportion of the original households at the redeveloped Cochran HOPE VI development.

As previously indicated, all households residing at the conventional public housing developments (before and after intervention) are included in HUD's household data. The proportion of female-headed households in the conventional public housing developments was consistently high between 1995 and 2008, with an average of 88

---

<sup>64</sup> As previously indicated, the rent rolls revealed that a sizeable number, 21 of the 98 market-rate households at Murphy Park were utilizing Section 8 HCVs as of 2008. Like public housing, Section 8 HCV is a means tested program targeted towards households in need. For instance, in 2009, 81 percent of households receiving Section 8 HCVs nationwide were female-headed households, while 51 percent were families with children (HUD 2010).

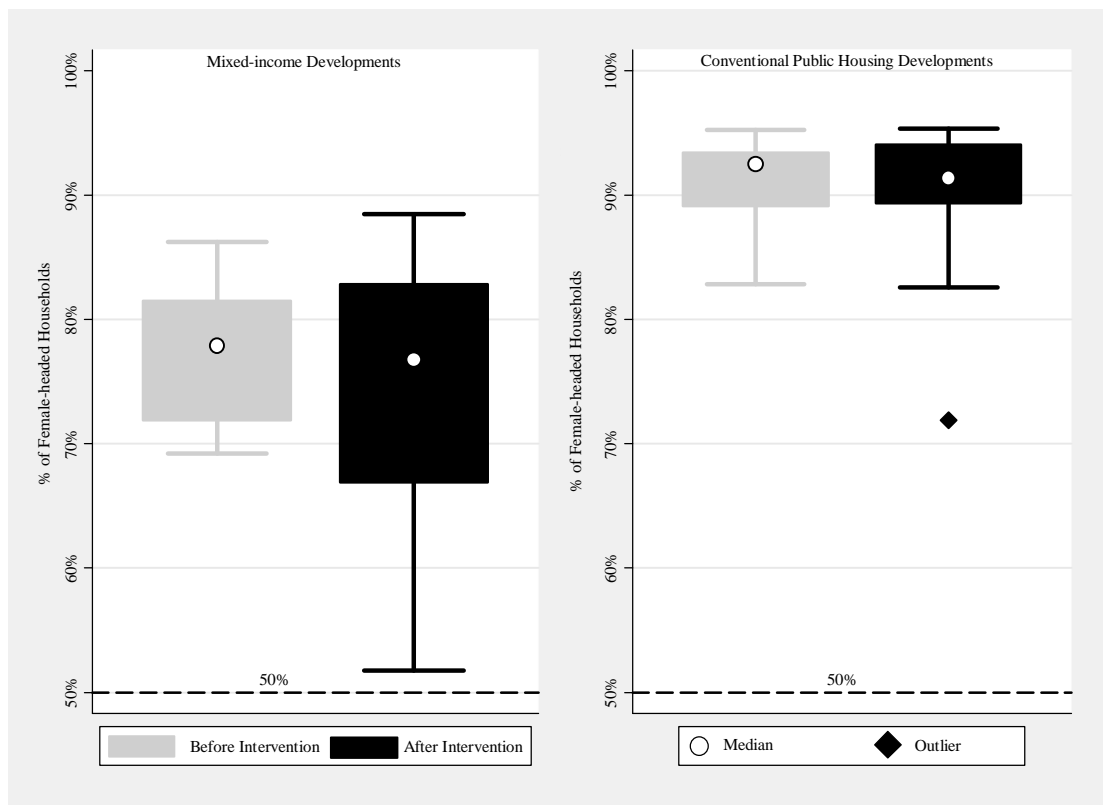
percent at Carr Square; and 92 percent at both Clinton Peabody and LaSalle. Additionally, the proportion of female-headed households in the conventional public housing developments had far less variation year to year when compared to the mixed-income developments.

Figure 6.10 (page 213) compares the before- and after-intervention difference in the proportion of female-headed households in the conventional public housing and mixed-income developments using a box plot diagram. The percentage of female-headed households in the mixed-income developments is less than that at the conventional public housing developments, before and after intervention. The spread in the percentage of female-headed households is also greater at the mixed-income developments compared to the conventional public housing developments, before and after intervention. Additionally, the spread in the percentage of female-headed households is greater post-intervention compared to before intervention in both categories of housing development.

Unlike the case with the proportion of minority households, the data does not present irrefutable evidence to demonstrate greater diversity or lack thereof with respect to the post-intervention proportion of female-headed households. Furthermore, the assessment in the present study did not portray any consistent trend when the aggregate (public housing, LIHTC and market-rate) proportion of female-headed households in the mixed-income developments is compared to only public housing households.

**Figure 6.10: Difference in the Proportion of Female-headed Households Before and After Intervention (Mixed-income and Conventional Public Housing Developments).**

The percentage of female-headed households residing in the mixed-income (Murphy Park, King Louis, Blumeyer and Cochran) developments compared to the conventional public housing developments (Clinton Peabody, LaSalle and Carr Square). The chart includes a 50 percent marker to highlight the minimum value on the vertical scale. The time frame represents periods before and after the Year of Intervention (t).



*N* (Number of housing developments and time periods represented ( $n$ ) = 105

While the proportion of female-headed households in the mixed-income developments is lower than that at the conventional public housing developments; this trend is consistent both before and after intervention. Furthermore, the difference in the median proportion of female-headed households before and after intervention is negligible, a change of less than 5 percent for both categories of housing developments. In summary, Hypothesis V is not supported with respect to the study, as there is no conclusive evidence that HOPE VI (King Louis, Blumeyer and Cochran) or HOPE VI-like (Murphy Park) intervention resulted to a reduction in the proportion of female-headed households when compared to the conventional public housing developments.

#### **HOUSING VACANCY AND TURNOVER RATES**

The dire conditions in public housing developments in large urban areas in the 1970s and 1980s preceding HOPE VI were generally attributed to high rates of vandalism and crime as well as lack of maintenance (Meehan 1979; NCSPDP Report 1992). Meehan (1979) referred to the situation in St. Louis in 1974 wherein vacancy rates were excessively high in spite of a large pool of eligible candidates for public housing as a clear indication of “program inadequacy” (p. 12). The contemporary equivalent of Meehan’s assessment is the more than 10,000 applicants on the SLHA’s waiting list for public housing and Section 8 HCVs. Equal or higher vacancies at the mixed-income developments than at the conventional public housing developments would be an indication of program inadequacy with respect to the present study.

Belsky (1992) defines the equilibrium vacancy rate as “the level of rental vacancies needed to accommodate normal turnover rates and search times for rental units

in a market” (p.799). As a rule of thumb, HUD considers a multifamily housing development with a 93 percent occupancy (7 percent vacancy) rate to be performing well in most housing markets nationwide (Belsky 1992). This view of successful performance is consistent with contemporary guidelines with respect to housing occupancy at HUD (Ascierto 2010). While equilibrium vacancy rate may vary from one locality to another, a housing development in equilibrium is expected to generate sufficient rental revenues to cover all operating expenses and debt service payments. Low vacancy rates and positive turnovers (new admissions less the number of exits) are therefore indicative of successful performance.

Hypothesis VI of the present study examines vacancy and turnovers rates to evaluate the performance of the mixed-income developments relative to the conventional public housing developments. After intervention, we expect an improvement in vacancy and turnover rates at the mixed-income developments (King Louis, Blumeyer and Cochran HOPE VI developments and Murphy Park). To validate hypothesis VI, we do not expect an equivalent improvement in both indicators at the conventional public housing developments (Clinton Peabody, Carr Square and LaSalle) after they were rehabilitated.

#### Vacancy Rates at the Conventional Public Housing Developments

Data on vacancy rates for the conventional public housing developments (Carr Square, Clinton Peabody and LaSalle) was only available for the period between 2003 and 2008. Despite their proximity, the annual vacancy rate at LaSalle was consistently lower by an average of 4 percent than at Clinton Peabody between 2004 and 2008.

Another noteworthy observation was the progressive improvement of occupancy rates at both LaSalle and Clinton Peabody during this period. By the end of 2008, vacancy rates at LaSalle and Clinton Peabody were 9 and 11 percent respectively which compared favorably to the average of 12 percent in the Downtown St. Louis rental market in 2008 (Housing Report 2008).

Unlike the trend at Clinton Peabody and LaSalle, the vacancy rate at Carr Square increased every year during the same period, from 2 percent in 2003 to 20 percent by 2008. The declining occupancy rate at Carr Square may be as a consequence of vigorous competition for public housing residents with Murphy Park, Cochran and Blumeyer, three newer mixed-income developments located nearby. Furthermore, elevated crime rates at Carr Square especially after 2003<sup>65</sup> probably contributed to the site being considered less desirable than other available choices by potential residents.

#### Vacancy Rate at the Mixed-income Developments

With the limited amount of data available, Figure 6.11 (page 218) presents the vacancy rates for the mixed-income developments (King Louis, Blumeyer and Cochran HOPE VI developments and Murphy Park) compared to the mean average for the conventional public housing developments between 2003 and 2008. The four charts also include the vacancy rates for conventional rental housing in the St. Louis MSA. HUD vacancy data was only available for both categories of housing developments for the

---

<sup>65</sup> An examination of the crime rates at Carr Square indicates that the average annual crime rate during the six-year period just before intervention at Carr Square was 105 per 1,000 persons. The crime rate reduced to 38 per thousand between 1996 and 2001 (six-year period following intervention in 1996). Between 2003 and 2007 a more recent six-year period, the crime rate rose to an annual average of 76 per thousand. The crime rate is based on the analysis of crime data (aggravated assaults, robberies, homicides and drug crimes) in chapter 6 of this study.

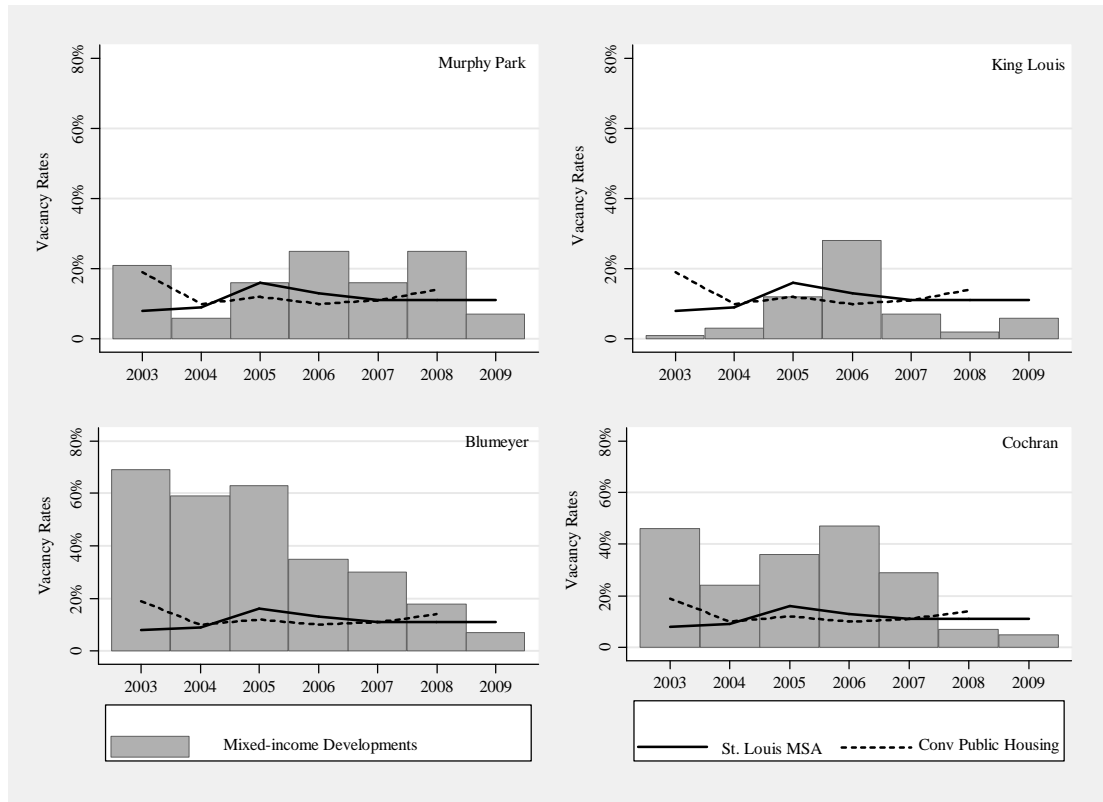
period between 2003 and 2008. Additionally, the 2008 and 2009 rent rolls of the mixed-income developments were examined to verify HUD's 2008 data and to provide supplemental vacancy statistics for the subject developments.

Less than 30 percent of the existing units at Vaughn public housing (now Murphy Park) were occupied in 1995, the year of intervention (Turbov and Piper 2005). By 2004, Murphy Park was performing remarkably well with a low vacancy rate of 6 percent as illustrated in Figure 6.11. However, between 2006 and 2008 the vacancy rate at Murphy Park exceeded the rate for the St. Louis MSA and the average for the conventional public housing developments. By 2009, the occupancy rate at Murphy Park improved again to 93 percent (7 percent vacant).

Darst-Webbe public housing, now King Louis HOPE VI development had only 256 families by 1993 and by 1998 only 116 remained at the site (Hasan 2001). Essentially, out of the existing 1000 housing units at Darst-Webbe, approximately 74 and 88 percent were vacant in 1993 and 1998 respectively. The relocation of residents from Darst-Webbe prior to its demolition in 1999 may have contributed to the high vacancy rate in 1998. The post-intervention occupancy rates at King Louis HOPE VI development have been impressive as illustrated in Figure 6.11, with the exception of 2006 (seven years after intervention), with an unusually high vacancy rate of 28 percent. Construction of all phases at King Louis was completed in 2006, which may account for the high vacancy rate that year, during the lease-up period.

**Figure 6.11: Rental Housing Vacancy Rates: Mixed-income Developments Compared to the Conventional Public Housing Developments and the St. Louis MSA (2003 – 2009).**

Rental vacancy rates for the mixed-income (Murphy Park, King Louis, Blumeyer and Cochran) developments compared to the average rate at three conventional public housing developments (Clinton Peabody, LaSalle and Carr Square) and the St. Louis MSA.





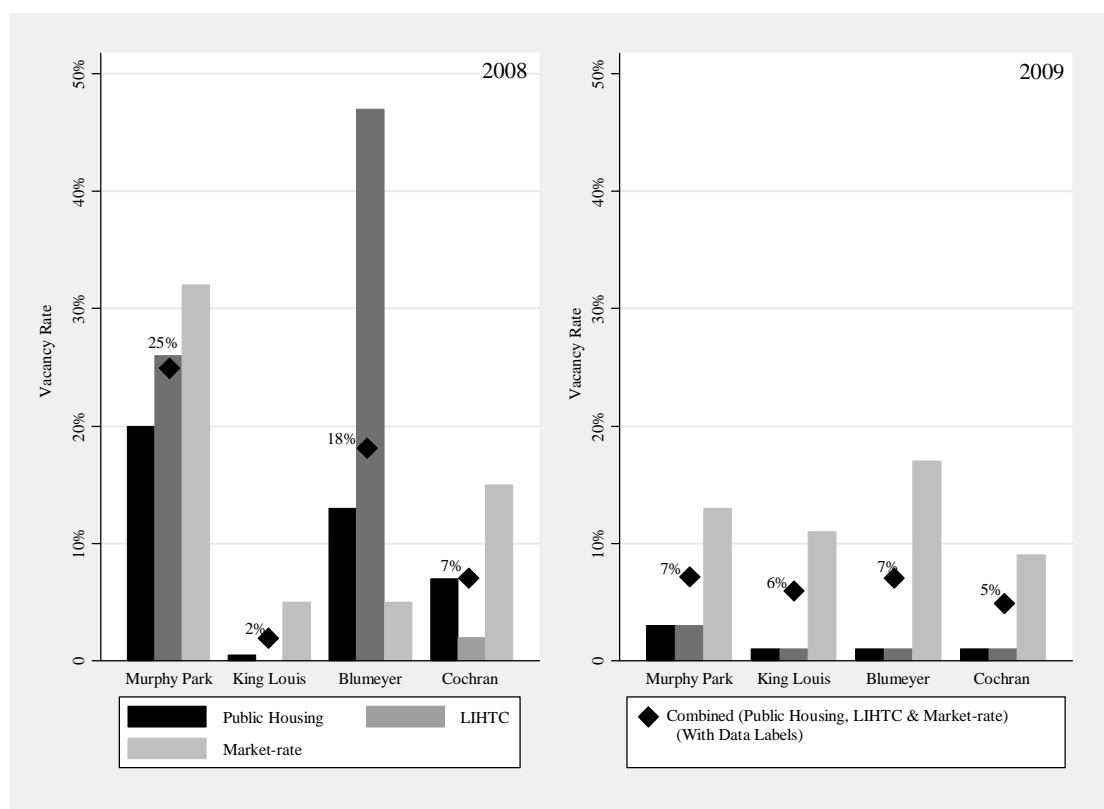
The vacancy rates at Blumeyer and Cochran HOPE VI developments reported by HUD were unusually high between 2003 and 2007. Further examination of the data revealed that HUD's tallies appeared to include demolished units, which were counted as vacant at Blumeyer and Cochran. However, the statistics for 2008 and 2009 in Figure 6.6 for Cochran and Blumeyer as well as the other two mixed-income developments were based on the rent rolls obtained from the property managers.

By 2008, the vacancy rate at Blumeyer was 16 percent, which was high but explicable since the construction phase of HOPE VI implementation was completed that year. The lease-up phase begins after construction and its duration depends on the strength of demand for rental housing and other project and neighborhood specific factors. By 2009, after lease-up, the vacancy rate at Blumeyer further declined to 7 percent. In 2008, only Phase I of Cochran HOPE VI development was completed and 93 percent of the units were occupied. The construction of Phase II of Cochran was completed in May of 2009 and within seven months all the units in Phase II were occupied.

By the end of 2009, all the mixed-income developments were performing well and the vacancy rates were as follows; Murphy Park (7 percent); King Louis HOPE VI (6 percent); Blumeyer HOPE VI (7 percent); and Cochran HOPE VI (5 percent). However, the 2008 and 2009 rent rolls of the mixed-income developments further revealed that the property managers experienced their greatest challenge leasing-up the market-rate and LIHTC units. Figure 6.12 (page 220) presents the vacancy rates by unit type in 2008 and 2009 to illustrate this predicament. The dots with data labels show the vacancy rates for all (public housing, LIHTC and market-rate) units combined at each site.

**Figure 6.12: Vacancy Rates at the Mixed-income Developments by Unit Type in 2008 and 2009.**

Rental vacancy rates in all three categories (public housing, LIHTC and market-rate) of housing units at the mixed-income (Murphy Park, King Louis, Blumeyer and Cochran) developments. All includes the aggregate (combined) vacancy rates represented by dots with data labels in both charts for 2008 and 2009.



Despite the low vacancy rate at the mixed-income developments in 2009 for all unit types combined, a sizeable proportion of the market-rate units were vacant, ranging from 9 percent at Cochran to 17 percent at Blumeyer. Nearly half of the LIHTC units at Blumeyer and 26 percent at Murphy Park were vacant in 2008. The proportion of vacant LIHTC units at all four mixed-income developments declined by 2009, though still noticeably higher than the proportion of vacant public housing units. For instance, in 2009, less than 1 percent of the public housing units at King Louis, Blumeyer and Cochran HOPE VI developments and 7 percent at Murphy Park were vacant. The high ratio of vacant market-rate and LIHTC to public housing units at the mixed-income developments clearly impedes the ability to attain the objective of poverty deconcentration.

#### Housing Turnover in the Subject Developments

Turnover is defined as the number of move-ins, less the number of move-outs in the present study. A positive turnover rate thus equates to a net gain in residents and a decline in the vacancy rate, while negative turnovers result to a rise in the vacancy rates. Figure 6.13 (page 223) compares the before- and after-intervention difference in housing turnovers at the mixed-income and conventional public housing developments using a box plot diagram.

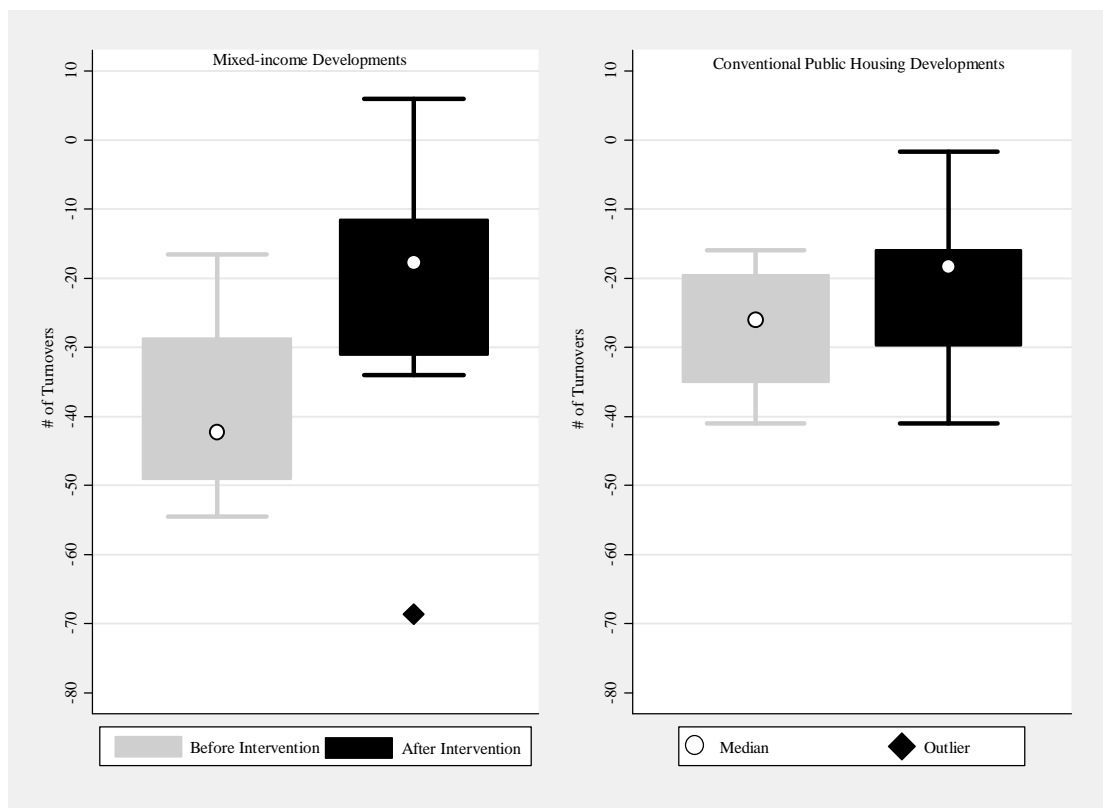
Not surprisingly, the mixed-income developments had the highest net loss of residents in time  $t$ , the period that represents the demolition of the pre-existing conventional public housing developments. On Figure 6.13, the minimum value in the box plot for the mixed-income (after) category, (-70) corresponds to  $t$ . There was no corresponding sizeable net loss of residents at  $t$  for the conventional public housing

developments. Unlike the mixed-income developments where most of the existing units were demolished and residents were relocated at intervention, two of the conventional public housing developments (Carr Square and Clinton Peabody) experienced limited demolition, while at the third (LaSalle), no demolition occurred.

Post-intervention, there is some improvement in the number of turnovers at the mixed-income developments as illustrated by Figure 6.13. There was no noticeable improvement in the number of turnovers at the conventional public housing developments after intervention. However, post-intervention, the median values in both categories of housing development are approximately the same (-20), since the number of pre-intervention turnovers at the mixed-income developments far exceeded that at the conventional public housing developments.

**Figure 6.13: Difference in Housing Turnover Rates in Mixed-income and Conventional Public Housing Developments (Before and after Intervention).**

Number of turnovers (move-ins minus exits) at the mixed-income (Murphy Park, King Louis, Blumeyer and Cochran) developments compared to three conventional public housing developments (Clinton Peabody, LaSalle and Carr Square). The time frame represents periods before and after the Year of Intervention ( $t$ ).



*N* (Number of housing developments and time periods represented ( $n$ ) = 98

This section examined the frequency of turnovers and vacancy rates, two key performance indicators of a rental housing development. Post-intervention, the frequency of turnovers at the mixed-income developments seemed to improve. However, to some extent, the improvement was evidence of the high pre-intervention turnovers at the mixed-income developments; another indication of the dire conditions at the now-demolished public housing developments before HOPE VI (King Louis, Blumeyer and Cochran) and HOPE VI-like (Murphy Park) intervention. Consequently, despite the improvement, the frequency of turnovers at the mixed-income developments after intervention was comparable to that at the conventional public housing developments.

The analysis in the present study shows that as of 2009, performance had clearly improved at the mixed-income developments when measured in terms of vacancy rates. Based on some of the historic vacancy statistics provided in the study, the mixed-income developments performed better in 2009 when compared to the now-demolished public housing developments that existed at the same sites. Furthermore, as of 2009, the vacancy rates at the mixed-income developments were lower than the average for the conventional public housing developments and other private sector rental housing developments in the Downtown St. Louis area<sup>66</sup> and the St. Louis MSA. However, until 2009, conditions were reversed as average vacancy rates at the conventional public housing developments and in the St. Louis MSA were lower than the rate at the mixed-income developments, including Murphy Park which was completed in 2003.

---

<sup>66</sup> The average rental housing vacancy rate for Downtown St. Louis in 2009 was 11 percent (Housing Report 2009), same as the rate for the St. Louis MSA as illustrated in Figure 6.11 on page 219.

The low vacancy rates at the mixed-income developments in 2009 are impressive. All four mixed-income developments are located near Downtown St. Louis and have to compete for residents with private sector rental housing developments that also have LIHTC units and charge comparable rents for their market-rate units. Notwithstanding, Hypothesis VI was not supported as stated in the study because lower vacancy rates have not been sustained for a lengthy period of time at the mixed-income developments when compared to the conventional public housing developments. Furthermore, as previously indicated, the post intervention turnover rates in both categories of housing developments are comparable.

#### **NEW BUSINESSES IN MIXED-INCOME NEIGHBORHOODS**

HOPE VI and similar interventions are intended to improve the economic circumstances of poverty neighborhoods. A priori expectations were that a reduction in crime rates would make it safer for businesses to invest in a revitalized neighborhood. Furthermore, Epp (1996) argues that both public and private enterprises would be more likely to “invest in, rather than abandon, mixed-income neighborhoods” (p. 577). The analysis in the present study found one of these preconditions to be true with respect to the mixed-income (King Louis, Blumeyer and Cochran HOPE VI and Murphy Park) developments in St. Louis. The previous analysis in this chapter demonstrated that post-intervention, crime rates were lower; however, poverty rates were still relatively high (nearly 40 percent or higher) at all the mixed-income developments.

Hypothesis VII states that the implementation of the HOPE VI program facilitates the establishment of new businesses in adjoining neighborhoods. This section examines

the extent to which HOPE VI (King Louis, Blumeyer and Cochran) and HOPE VI-like (Murphy Park) intervention have achieved this objective in St. Louis. To support this hypothesis, only new businesses located within a ½ mile radius of the mixed-income developments were considered. All the new businesses were initially identified through a “windshield survey”. The dates the businesses were established was verified using a list of all businesses in selected Community Development Agency (CDA) districts in St. Louis as of September 2009 provided by the City’s Assessor’s Office.

King Louis HOPE VI development is located between two conventional public housing developments, LaSalle to its east and Clinton Peabody to its west. Carr Square, another conventional public housing development is located to the immediate south of Murphy Park (HOPE VI-like development). These five housing developments share common boundaries. Consequently, a survey of businesses was conducted to determine if their siting could be ascribed to HOPE VI or similar intervention.

#### New Business Investments near the Mixed-income Developments

The neighborhood just north of Murphy Park has witnessed a rebirth since Vaughn conventional public housing was demolished in 1995 and redeveloped into Murphy Park. The neighborhood now consists of several fenced off streets, with new single-family residences built within the last fifteen years. Middle-income families have migrated to this neighborhood in recent years. This is in sharp contrast to the ubiquitous presence of old abandoned buildings in the neighborhood prior to the demolition of Vaughn.

For more than 20 years, Salama, a small grocery store existed near Vaughn, now Murphy Park. In 2009, Salama expanded and relocated to a new shopping plaza within ½



a mile of Murphy Park. The three new shops in the plaza, owned by the same entity include a Mobil Gas Station with a Crown Food Mart; Top Shelf, a clothing store; and Salama Beauty Shop. Additionally, Empire Motors (a used car dealership) is now located at the site where Salama was previously located. These new businesses — especially the mid-size grocery store, auto dealership and clothing store— are not typically established in such close proximity to conventional public housing developments.

The neighborhood adjoining King Louis has also undergone gentrification with investments of new infrastructure. The City of St. Louis invested \$3.4 million to fund public improvements such as streets, alleys, lighting, utilities, sidewalks and green spaces to sustain the HOPE VI development. Other investments of new infrastructure include the construction of a new 13th Street and Carroll Street within the HOPE VI development (CAPER 2001). Furthermore, discussions regarding the construction of a new conventional market-rate apartment complex just south of King Louis are currently in the early planning stages. This could bolster efforts to attract higher income households to the neighborhood.

New businesses have also been established near King Louis since HOPE VI implementation commenced in 1999. A Walgreens pharmacy store opened in 2008, while 2001 Hair Designs, a beauty salon, was established in 2010 in a rehabilitated office building near the King Louis site. Other new businesses sited near King Louis since 1999 include Statefarm, an insurance firm; Butler's Pantry, a catering business; and Ella's Little Angel's, a nursery school affiliated with the Perpetual Life Church, which is also located next door.

Blumeyer HOPE VI development includes off-site affordable and market-rate homeownership units. Several middle-income families have migrated to this neighborhood in recent years to occupy the new homeownership units. The neighborhood is currently experiencing a rebirth in contrast to the neighborhood distress that existed prior to the demolition of the Blumeyer conventional public housing development in 2003.

The construction of a new 33,000 square feet office building adjacent to the Blumeyer HOPE VI site was completed in August 2009 at a cost \$8.6 million. The public-private investment is owned by the SLHA and McCormack Baron Salazar. The building is a segment of the Blumeyer HOPE VI Revitalization plan and serves as office space for the SLHA's 90 employees. It also includes a National City Bank branch and a café (City of St. Louis 2009). The office building further enhances the physical environment surrounding the former Blumeyer conventional public housing site.

Several businesses exist near Cochran; however, these businesses all existed before 2005<sup>67</sup>, preceding HOPE VI intervention at the site. Due to Cochran's proximity to St. Louis' Downtown Business District, these businesses have existed for several years and include gas stations, McDonalds, an auto repair shop, a drycleaner, and the Edward Jones Dome. However, the construction of the homeownership phase of Cochran HOPE VI is still ongoing as of September 2010 and based on the history at Murphy Park; it could take several years for new businesses to migrate to the neighborhood.

---

<sup>67</sup> The dates were verified from the list of businesses of select CDA districts provided by the St. Louis Assessor's Office.

The existence of Cochran HOPE VI development has fostered additional investments in rental housing at the site. The Senior Living at Cambridge Heights, a \$20.5 million investment will replace Cochran Elderly Towers. The public-private investment involving the SLHA should considerably improve the physical environment at the site. Furthermore, new residents for the new housing development could bolster the potential market for new businesses.

#### Survey of the Businesses Located Near the Mixed-income Developments

The retail businesses located near Cochran were all established before 2005, prior to HOPE VI intervention, thus no survey of these businesses was necessary. The new investment in housing (Senior Living at Cambridge Heights) will eventually replace Cochran Elderly Towers (part of the demolished Cochran public housing development). Though not funded with HOPE VI dollars, the Senior Living at Cambridge Heights is located at the same site as Cochran HOPE VI development. Similarly, the new office building owned by the SLHA and McCormack Baron Salazar was deliberately sited as part of the Blumeyer HOPE VI Revitalization plan. Similar to Cochran, no other new businesses exist near Blumeyer.

As previously indicated, the new businesses located within ½ a mile of the mixed-income developments were initially identified through a windshield survey. Proximity to Murphy Park was measured from 1705 Cass Avenue, the address of a building located within the housing development. Proximity to King Louis was also measured from the address of a building within the HOPE VI development, 1300 Park Avenue. Since it was

a small inventory of new businesses, the distances from the HOPE VI developments were verified using three web tools<sup>68</sup>.

The names of the businesses, the distance from the housing developments and a summary of the responses to the survey questions is provided on Table 6.12 (page 318 in the Appendix). The purpose of the survey was to ascertain if HOPE VI (King Louis) or HOPE VI-like (Murphy Park) intervention played any role in the decision of the business owners to site their businesses nearby. Six of the existing eight business entities located near King Louis and Murphy Park responded to the survey after three visits—a response rate of 75 percent. Three of the businesses were owned by the same entity.

All the survey respondents were familiar with the demolished conventional public housing developments, Darst-Webbe and Vaughn, and their replacements King Louis and Murphy Park respectively. Five of the six survey respondents (to Question 7C on Table 6.13, page 320 in the Appendix) indicated that they established their businesses at the current locations because the neighborhoods had improved when compared to the era of the now-demolished high-rise public housing developments. Additionally, one respondent indicated that the business would not exist at its current location if the now-demolished high-rise public housing development, Darst-Webbe (redeveloped into King Louis HOPE VI) still existed nearby.

The survey also asked the respondents to rate the relevance of the removal of the high-rise public housing and their redevelopment into mixed-income housing developments in their decision to site their business at their current locations. The rating

---

<sup>68</sup> The distances between the businesses and HOPE VI developments were measured using MAPQUEST, GOOGLE Maps and Yahoo. All 3 sites were utilized in order to verify the accuracy of the distances. In all instances the distances were within fractions of one another using all three web sites.

scale ranged from 1 to 5; 1 indicating “no relevance”, and 5 “very important”. The weighted average response from all six respondents was 3.3, signifying that to some extent the owners attributed their business motivation to the demolition of the pre-existing high-rise public housing developments. However, no survey respondent conceded that the improvements at either Murphy Park or King Louis HOPE VI developments were the sole reason they established their new businesses nearby.

In general, the survey responses revealed that the revitalized neighborhoods contiguous to two mixed-income developments, King Louis and Murphy Park contributed to the siting of the new businesses nearby. However, the gentrification of these neighborhoods also involved the substantial rehabilitation of two conventional public housing developments, Carr Square (adjacent to Murphy Park) and Clinton Peabody (adjacent to King Louis). Furthermore, other than the direct investments by the SLHA in partnership with McCormack Baron near Cochran and Blumeyer, no new retail businesses exist near these HOPE VI developments. Based on the foregoing reasons, Hypothesis VII of the present study is not supported.

#### **MANAGEMENT OF OPERATIONS AT THE SUBJECT DEVELOPMENTS**

An important aspect of the private-public partnerships in the provision of mixed-income housing is the greater utilization of private sector management expertise. In general, private sector managers are motivated to operate efficiently in order to remain viable and competitive. Public sector managers on the other hand are often encumbered by “legislative and fiscal constraints that force them to operate inefficiently (Kettl 1993, p. 3). Private sector participation in the management of the mixed-income developments following intervention at Murphy Park, King Louis, Blumeyer and Cochran is expected

to enhance operations. In 2000, the SLHA privatized the management of its entire public housing portfolio. Thereafter, private non-profit entities<sup>69</sup> have also managed the daily operations of the conventional public housing developments (Clinton Peabody, LaSalle and Carr Square).

Hypothesis VIII posits that, private versus public (PHA) management of HOPE VI and public housing developments have different effects on program success. This section examines this assertion with respect to the subject housing developments in the present study. More efficient private management and the overall success of the mixed-income developments (and HOPE VI) are both measured by the same indicators examined in this chapter, namely, reduction in the concentration of poverty, lower crime rates, lower vacancy rates, higher turnover rates, transformation of demographic profiles and new businesses investments. Therefore, to avoid replication, the discussions to substantiate or invalidate Hypotheses I (overall program success) and VIII (success of private management) will be consolidated in the next section on the overall performance of the mixed-income developments.

In the prior assessments of all the variables, no distinction was made regarding the privatization of management that preceded intervention at the subject developments. Meanwhile, intervention was conceptualized as HOPE VI (and similar) intervention at the mixed-income developments or the rehabilitation of the conventional public housing developments. In order to examine any ancillary outcomes from privatization of

---

<sup>69</sup> Non-profit sector managers are also categorized as “private” for the purpose of this study, while the St. Louis Housing Authority (SLHA) is categorized as public. Chapter 4 included a comprehensive discussion of the distinction between private and public sector managers.

management, a distinction between the timelines of intervention and privatization in both categories of housing developments is essential.

#### Management of Operations at the Mixed-income Developments

HOPE VI intervention at King Louis and the similar intervention at Murphy Park occurred before 2000, whereas HOPE VI intervention at the other two developments, Cochran and Blumeyer were post-2000 events. This distinction is imperative since the SLHA privatized the management of its entire portfolio of public housing in 2000. At King Louis and Murphy Park, the years of intervention were 1995 and 1999 respectively; at both sites, the privatization of management occurred simultaneously with intervention *t*, (pre-2000). Conversely, the years of HOPE VI intervention were 2003 at Blumeyer and 2005 at Cochran; at these sites, privatization of management (in 2000) preceded intervention *t*. From 2000 until HOPE VI intervention at Blumeyer and Cochran, both sites were managed by the Habitat Company, a private, non-profit entity.

Intervention at Murphy Park and Blumeyer HOPE VI involved a private-public partnership between McCormick Baron Salazar and the SLHA in the ownership of both mixed-income developments. McCormick Baron Salazar also manages the aforementioned sites along with Cochran HOPE VI development. The former is independently owned by another private entity in partnership with the SLHA. Furthermore, McCormick Baron Salazar is the private investor in an office building (part of the Blumeyer HOPE VI Revitalization Plan) and the Senior Living at Cambridge Heights, the new non-HOPE VI housing (at the Cochran HOPE VI site). McCormick Baron Salazar thus has a sizeable stake in the success of the mixed-income developments (and HOPE VI) in St. Louis.

Since 1999 (*t*), Camco Asset Management Company, a private entity has managed the King Louis HOPE VI development. However, among the mixed-income developments, King Louis is unique in being funded under two autonomous HUD programs, HOPE VI and Section 202. The Section 202 segment of King Louis is separately owned and managed by Volunteers of America National Services (VOANS), a national non-profit affordable housing provider.

#### Management of Operations at the Conventional Public Housing Developments

The substantial rehabilitation of Carr Square in 1996 (*t*) was one facet of an extensive improvement plan. The management of Carr Square was also transferred from the SLHA to Carr Square Tenant Management Corporation (TMC) in 1996 as part of that undertaking. Thus, similar to King Louis and Murphy Park (two mixed-income developments); the transition to private management at Carr Square occurred simultaneously with intervention (*t*), and before 2000. Carr Square remains the only public housing development still under tenant management nationwide.

At the other two conventional public housing developments, Clinton Peabody and LaSalle, *t* occurred before privatization. The substantial rehabilitation of Clinton Peabody occurred in 1999 (*t*), while the more routine rehabilitation of LaSalle was in 1998 (*t*). The daily management of operations at Clinton Peabody and LaSalle was later transferred from the SLHA to the Habitat Company, a non-profit entity in 2000.

#### The Effects of Change in Management on the Success of the Housing Developments

At three sites, Murphy Park and King Louis (mixed-income); and Carr Square (conventional public housing) developments where intervention and change in management were concurrent, any post-intervention outcomes can also be ascribed to



privatization of management. For that reason, additional analysis of the same data to evaluate the effects of privatization is unnecessary. In 2000, the Habitat Company was hired by the SLHA to manage four of the housing developments in the present study. At these four sites, Blumeyer and Cochran (HOPE VI); Clinton Peabody and LaSalle (conventional public housing) developments, privatization and intervention did not occur in tandem.

Previous analysis in this chapter mostly involved a comparison of the mixed-income to the conventional public housing developments. The assessment of the variables in this section merely attempts to ascertain any ancillary effects resulting from the change in management at the four aforementioned sites where the timeline of intervention and privatization differ. Crime, housing turnover and the proportion of female-headed households will be examined since there was some dispersion in the values of these variables in the previous analysis based on the intervention framework. The proportion of African American households was relatively stable before and after intervention and from year to year; hence further analysis is not necessary. Vacancy data was available for a limited period of time which also renders further analysis infeasible.

The evaluation of privatization outcomes is based on a similar framework used for intervention in this chapter. Time period  $m$  represents the year management changed from public (the SLHA) to private (profit motivated or private non-profit entity<sup>70</sup>). Years after privatization of management occurred are represented by  $m_{+1}$ ,  $m_{+2}$ ...  $m_{+n}$ , while

---

<sup>70</sup> As discussed in chapter 4, in the present study, private non-profit and profit-motivated enterprises are categorized as private management, while the SLHA is classified as public management.

years before privatization are represented by  $m_{-1}$ ,  $m_{-2}$ ...  $m_{-n}$ . Figures 6.14 through 6.16 (pages 238 to 240) illustrate any changes in the variables as a result of change in management (privatization). The average for the conventional public housing developments (Clinton Peabody and LaSalle) are represented by lines, while Blumeyer and Cochran (HOPE VI developments) are differentiated using bars.

In time period  $m_{-2}$ , there was an elevation in the crime rate at the conventional public housing developments. As previously discussed, this coincides with the relocation of Darst-Webbe (now King Louis) residents to both conventional public housing developments in 1998 ( $m_{-2}$ ) to implement HOPE VI at King Louis in 1999. The other outliers in time periods  $m_{+1}$  and  $m_{+2}$  for the conventional public housing developments (LaSalle and Clinton Peabody) was also previously ascribed to the likely convergence of two events; overcrowding at both sites after absorbing a majority of Darst-Webbe residents and the increased presence of Police Officers<sup>71</sup>.

Crime rates started to decline at Blumeyer in 2001 ( $m_{-1}$ ), whereas at Cochran, the decline began in 2000 ( $m$ ), the year management change occurred. In addition to the change in management at Cochran, some housing units were demolished at the site in 2000, unconnected with and preceding HOPE VI intervention in 2005 ( $m_{-3}$ ). More importantly, crime rates receded at Blumeyer and Cochran following privatization, and

---

<sup>71</sup> To address the crime problem in public housing, the security segment of the management contract with the Habitat Company to manage Clinton Peabody, LaSalle, Blumeyer and Cochran was transferred to the St. Louis Metropolitan Police Department for \$2 million per year in February 2001. Thirty-five police officers were assigned to oversee security at the sites as part of the contract (Shinkle 2002).

ahead of HOPE VI intervention. To the extent that management had any effect on crime rates at the four sites, there seems to be more evidence to suggest that it was limited to the two HOPE VI developments (Blumeyer and Cochran).

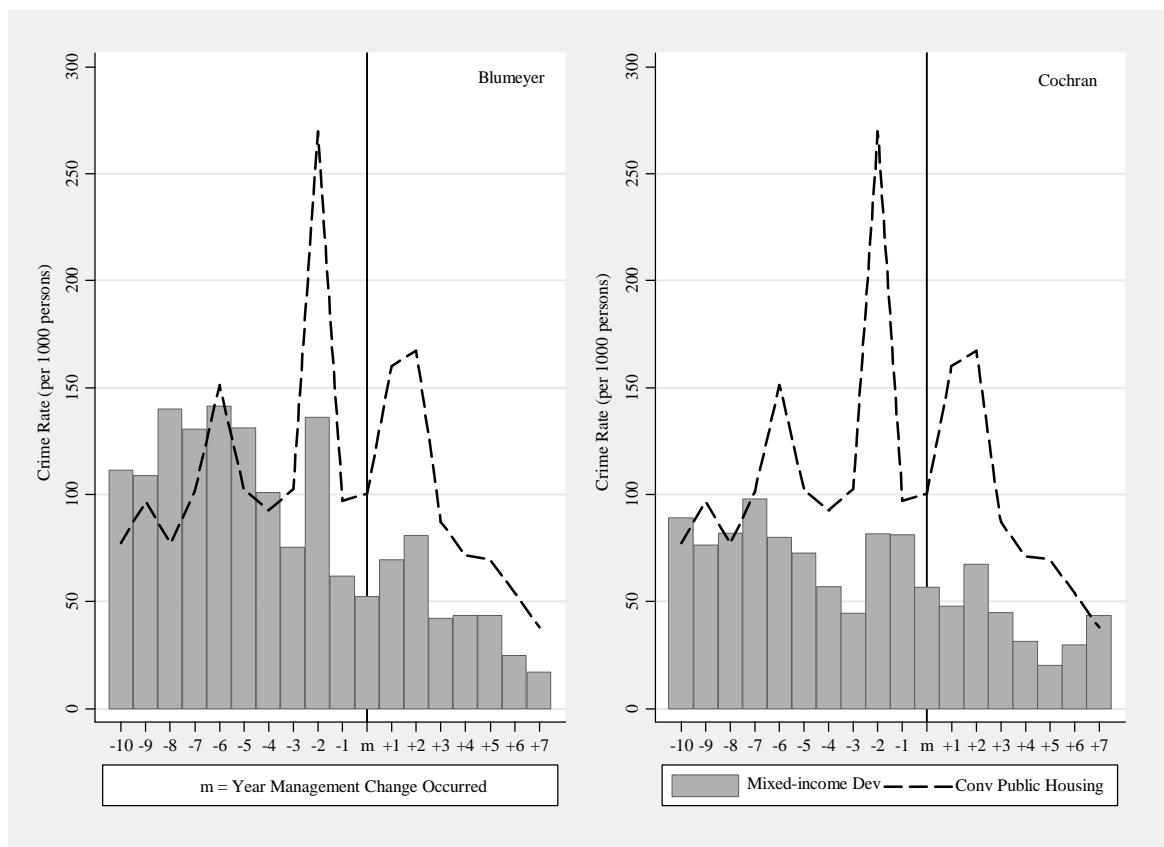
Neither Figures 6.15 (page 239) nor 6.16 (page 240) portray any substantive changes on the proportion of female-headed households and housing turnovers respectively as a result of privatization. There is no evidence of a variation in the proportion of female-headed households after  $m$  as shown in Figure 6.15. However, Figure 6.16 illustrates that both HOPE VI developments (Blumeyer and Cochran) as well as the conventional public housing developments posted net gains in residents in 1999 ( $m_{-1}$ ), a rare occurrence. The previous year, 1998 was a tumultuous period<sup>72</sup> for the SLHA. A concerted effort was made to improve operations by Thomas Costello, appointed as the Interim Executive Director of the SLHA in 1998. Mr. Costello began reorganizing the SLHA and restructuring its operations the following year. The efforts may have resulted to improving occupancy in 1999 ( $m_{-1}$ ).

---

<sup>72</sup> In 1998, the SLHA was categorized as troubled by HUD and “ranked the worst among the nation’s large housing authorities” (Iwanski 2001, p. 1). That year, HUD also determined that 1,970 units, about 40 percent of St. Louis’ public housing units were substandard and needed to be demolished within 7 years.

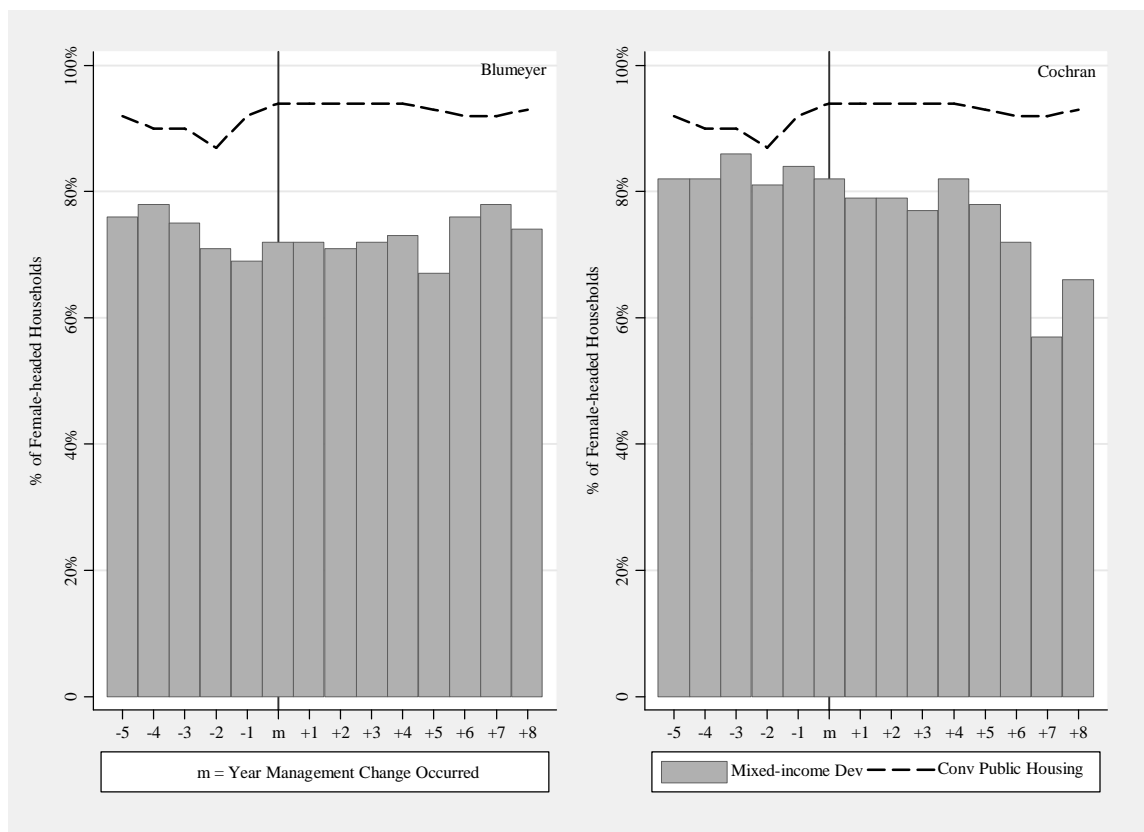
**Figure 6.14: Crime Rates at the Before and After Change in Management.**

The crime (aggravated assaults, robberies, homicides and drugs) rates at two mixed-income (Blumeyer and Cochran HOPE VI) developments compared to the average at two conventional public housing developments (Clinton Peabody and LaSalle). Time frame represents periods before and after the year management change occurred ( $m$ ).



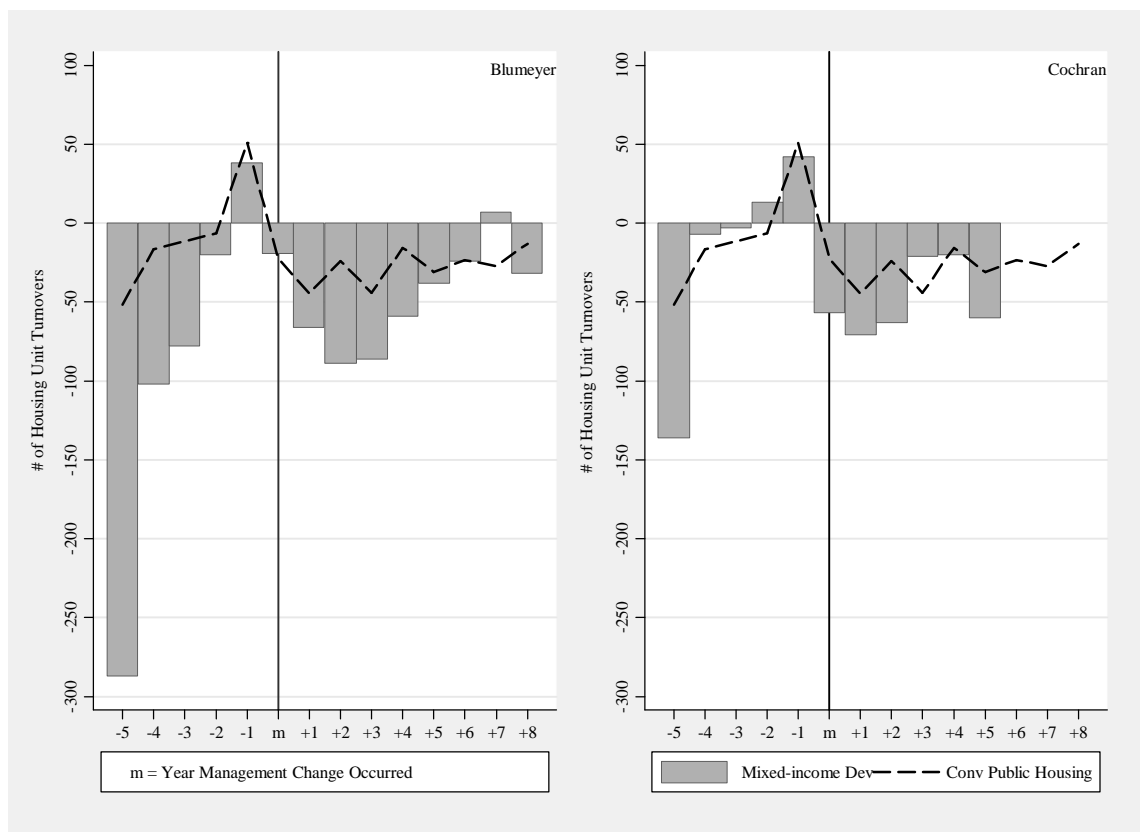
**Figure 6.15: Percentage of Female-headed households Before and After Change in Management.**

The percentage of female-headed households at two mixed-income (Blumeyer and Cochran HOPE VI) developments compared to the average at two conventional public housing developments (Clinton Peabody and LaSalle). Time frame represents periods before and after the year management change occurred (m).



**Figure 6.16: Number of Housing Net Turnovers - Before and After Change in Management.**

The number of turnovers (move-ins minus exits) at two mixed-income (Blumeyer and Cochran HOPE VI) developments compared to the average at two conventional public housing developments (Clinton Peabody and LaSalle). Time frame represents periods before and after the year management change occurred (m).



## **OVERALL PERFORMANCE OF THE MIXED-INCOME DEVELOPMENTS IN ST. LOUIS**

HOPE VI and similar interventions were conceived as more effective at revitalizing severely distressed public housing sites than the limited rehabilitation of existing conventional public housing developments. This is Hypothesis I of the study, the over-arching benchmark for measuring program success. The indicators for measuring success were examined in this chapter and include: the concentration of poverty, crime rates, housing vacancy and turnover rates, racial and gender composition of heads of households, new businesses investments and the privatization of management.

Substantiating Hypothesis I entails all the aforementioned indicators to trend positively at the mixed-income developments, while either remaining constant or not improving positively as much at the conventional public housing developments. A corresponding assessment is needed to validate Hypothesis VIII, about the success of the privatization of management. The rest of this section discusses these indicators in relation to Hypotheses I and VIII.

HOPE VI (King Louis, Blumeyer and Cochran) and similar intervention (Murphy Park) to create mixed-income communities did not have the predicted effect on the concentration of poverty. The proportion of households living below poverty reduced at King Louis, Blumeyer and Murphy Park in 2008 when compared to 1990. However, there was no parallel improvement at Cochran in 2008. Furthermore, by 2009, the trends worsened and at least 40 percent or more of renter households at all four mixed-income developments were living below poverty. The concentration of poverty also persisted at the mixed-income developments despite the privatization of management. It was not

envisioned that intervention (rehabilitation) or the privatization of management at the conventional public housing developments would reduce the concentration of poverty because of the continued status quo (fully subsidized housing).

Hypothesis III examined the relationship of HOPE VI, and similar interventions to crime. The study showed that post-intervention, crime rates declined at the mixed-income developments, or when compared to the conventional public housing developments. In addition, crime rates receded at two HOPE VI developments (Blumeyer and Cochran) beginning in 2000 (*m*), year of change in management, and preceding HOPE VI intervention at both sites. Meanwhile, there was no evidence of a comparable decline in crime rates at LaSalle and Clinton Peabody (conventional public housing developments) following the privatization of management in 2000.

Hypotheses IV and V examined the relationship of HOPE VI and similar interventions with the racial and gender composition of heads of households respectively. The proportion of African American households in both categories of housing developments was constantly high throughout the period under review. There were slightly fewer female-headed households at the mixed-income developments when compared to the conventional public housing developments, although this trend was consistent before and after intervention. Essentially, there was no evidence to demonstrate that HOPE VI (and similar) intervention or privatization had any substantive effects on the racial and gender diversity of heads of households at the mixed-income developments.

The analysis of vacancy rates indicates that in 2009, the mixed-income developments performed better than the conventional public housing developments and



other rental housing developments in Downtown St. Louis and the St. Louis MSA. The improvement in occupancy rates can also be attributed to more efficient private sector management. This trend is still short-lived, as vacancy rates at the mixed-income developments exceeded that at the conventional public housing developments or for the St. Louis MSA until 2008.

New investments in real estate and infrastructure have occurred near Blumeyer and Cochran HOPE VI developments. The survey conducted also revealed that neighborhood revitalization motivated some business owners to establish new retail outlets and other small businesses near Murphy Park and King Louis, but revitalization was not limited to these mixed-income developments. The substantial rehabilitation of Clinton Peabody and Carr Square (conventional public housing developments) also contributed to the gentrification of the neighborhoods adjoining King Louis HOPE VI and Murphy Park respectively.

In summary, there was no evidence to support either Hypotheses I (overall program success) and VIII (success of private management), since all the indicators did not improve as defined in the present study. HOPE VI and similar intervention achieved only a few of the objectives outlined in the study. Compared to historic high rates in the early 1990s; crime rates have declined at the mixed-income developments following HOPE VI (King Louis, Blumeyer and Cochran) and HOPE VI-like (Murphy Park) intervention. New businesses have also been established in close proximity to two of the mixed-income developments, Murphy Park and King Louis.

If measured in terms of lower vacancy rates, performance has improved at the mixed-income developments. This is impressive considering the existence of a plethora

of rehabbed conventional rental housing units in Downtown St. Louis financed in part with LIHTCs. The mixed-income developments are compelled to vie for residents with conventional market-rate housing developments that also have LIHTC units and charge comparable rents for their market-rate units. However, until the last year under review, the conventional public housing developments performed as well or better than the mixed-income developments with respect to housing vacancy rates.

Another objective of HOPE VI was to leverage private dollars to develop mixed-income communities. One aspect of that objective was achieved in St. Louis as illustrated by the sources of funds and the housing unit-mix (market-rate, LIHTC and public housing) at the mixed-income developments. Importantly, however, the rental housing created through the public-private partnerships has not reduced the concentration of poverty at the four sites. Meanwhile, like the conventional public housing developments, the concentration of minorities and female-headed households persists at the mixed-income developments.

## **CHAPTER 7: CONCLUSION**

The final chapter begins by restating the significance of the research problem and the research question. The chapter also discusses the substantive findings from the multiple case studies of two groups of housing developments. Other observations from the analysis of the data unrelated to the study's hypotheses but germane to the research question are also discussed in this chapter. Finally, opportunities for future research and policy recommendations regarding HOPE VI-like interventions are also discussed.

### Introduction

Severely distressed public housing developments in the U.S. exemplified urban decay and uninhabitable living conditions. In the 1980s, before HOPE VI, the worst high-rise public housing developments in urban areas were deteriorated, inadequately maintained and crime havens. Neighborhoods adjoining these developments in large urban centers were often blighted. The Moving to Opportunity (MTO) program in 1992 and later the HOPE VI program in 1993 were created in response to the demand for reform of severely distressed public housing developments and neighboring communities.

As of FY 2009, more than \$5.5 billion in HOPE VI funds and another \$11 billion in leveraged funds had been spent to redevelop 240 severely distressed public housing developments nationwide. Table 7.1 (page 247) shows that the ratio of funds leveraged from other public sources and the private sector for the development of the four mixed-income developments in St. Louis are comparable to that nationwide. However, the mixed-income developments in St. Louis include a higher proportion of market-rate units compared to HOPE VI developments nationwide. Table 7.1 also indicates that HOPE VI implementation nationwide resulted in a 15 percent increase in the total number of

replacement housing units at the sites of the now-demolished public housing developments nationwide compared to a 34 percent reduction in St. Louis.

Nevertheless, despite the massive expenditures for HOPE VI and similar housing programs since 1993, there is no consensus amongst policy analysts that HOPE VI intervention achieved all stated policy objectives. Although HOPE VI was terminated in FY 2010, a similar program, the Choice Neighborhood Initiative (CNI) succeeds it. Congress authorized the use of 65 percent of the \$100 million earmarked for HOPE VI for a CNI demonstration in FY 2010 (HUD PIH 2010).

The study examined to what extent the policy objectives of HOPE VI intervention at revitalizing severely distressed public housing have been achieved in St. Louis when compared to the less extensive rehabilitation of existing conventional public housing developments. HOPE VI (King Louis, Blumeyer and Cochran) and HOPE VI-like (Murphy Park) interventions at these four sites involved the demolition and redevelopment of severely distressed public housing developments. The transformations that occurred following intervention at the aforementioned mixed-income developments were compared to the same indicators in a similar group of housing developments. The latter group includes three conventional public housing developments; Clinton Peabody and Carr Square underwent substantial rehabilitation involving limited demolition and the reconfiguration of existing units, while only more routine renovation of existing units occurred at LaSalle.

**Table 7.1: Scope of HOPE VI Nationwide and in St. Louis.**

HOPE VI funding and housing unit-mix nationwide compared to the City of St. Louis.

	Nationwide	City of St. Louis
Total HOPE VI Expenditure:	\$16.3 billion by FY 2009	\$290.5 million
HOPE VI Grant/HUD Funds	\$5.5 billion (34%)	\$99.4 million (34%)
Other Public Funds	\$3 billion (18%)	\$47.9 million (16%)
Private Funds	\$7.8 billion (47%)	\$143.2 million (49%)
Demolished Public Housing:		
Total # of Developments	240	4 *
Total # of Housing Units	96,226	3,154
Total # of Replacement Units:	111,059 (15% increase)	2,074 (34 % decrease)
Public Housing Units (%)	52,951 (48% of 111,059)	766 (37% of 2,074)
LIHTC Units (%)	36,650 (33% )	297 (14%)
Market-rate Units (%)	14,450 (13% )	917 (44%) **
Homeownership Units (%) ***	26,287 (24%)	500 (24%)

*Sources:* Kingsley (2009a); SLHA 2009; McCormack and Baron (property managers); Baron 2009.

\* Includes three HOPE VI and one HOPE VI-like (Murphy Park) developments.

\*\* 406 (44 percent) of 917 market-rate units in St. Louis are homeownership units. A proportion of the market-rate units nationwide are also homeownership units.

\*\*\* 6,723 (26 percent) of the 26,287 homeownership units nationwide are affordable, while the rest are market-rate.

## **SUBSTANTIVE FINDINGS OF THE RESEARCH**

Eight hypotheses were used for determining program success in St. Louis based on several constructs that explain the desired effects of housing policy interventions and findings from existing studies of HOPE VI and similar interventions. Hypothesis I of this study is the over-arching benchmark for measuring program success and, along with Hypothesis VIII (success of private management), involved the collective examination of all other six hypotheses. The remaining variables used for measuring program success can also be classified into two broad categories.

Three of the hypotheses used indicators to measure whether HOPE VI and other interventions fostered diversity by income, race and gender of heads of households in the subject developments. This category (demographic indicators) measured the concentration of: poverty (Hypothesis II); minority households (Hypothesis IV); and female-headed households (Hypothesis V). All three demographic indicators are interconnected because on average, poverty rates amongst minority and female-headed households are higher in the U.S. than non-minority and male-headed households. Essentially, greater diversity in the racial and gender composition of heads of households would be expected to result in the reduction of the concentration of poverty in the subject developments.

The remaining three indicators measured the quality of housing in the subject developments and the character of the adjoining neighborhoods. This category included indicators that measured housing-focused, neighborhood-oriented objectives: crime (Hypothesis III); vacancy and turnover rates (Hypothesis VI); and new business investment (Hypothesis VII). The two broad categories of indicators merely provide a

framework to highlight the interrelationships amongst the various variables used to measure HOPE VI success. More notably, the housing-focused, neighborhood-oriented objectives were achieved to a limited extent, albeit the hypotheses were not supported in all cases.

#### Demographic Profiles of Residents of the Subject Developments

Neither the quality of housing nor the character of the neighborhoods where the subject housing developments exist is measured by any of the indicators in this first category. Instead, these indicators measured the demographic profiles of residents including, household poverty rates and the proportion of minority and female-headed households. Furthermore, none of the demographic indicators pertaining to the socio-economic characteristics of residents were achieved in St. Louis based on the analysis in the present study.

As previously indicated, urban scholarship theorizes that residents of neighborhoods with a spatial concentration of poverty are exposed to adverse conditions, including poor health, low levels of academic achievement, high unemployment rates, increased gang activity and increased exposure to crime (Carter et al. 1996; Goetz 2000; Jargowsky 2003; Galster et al. 2008; Katz and Turner 2008). Policy makers envisioned that demolishing and redeveloping severely distressed public housing developments into mixed-income communities would reduce concentrated poverty at the sites. The strategy involved reducing the proportion of subsidized units at each mixed-income development by integrating public housing with market-rate and LIHTC units.

The overall analysis in the present study did not support Hypothesis II, that HOPE VI (King Louis, Cochran and Blumeyer) and HOPE VI-like (Murphy Park) intervention

would reduce the concentration of poverty at the mixed-income developments. Although two of the subject developments (Murphy Park and King Louis) had poverty rates slightly below 40 percent in 2008, the percentage of renter households living below poverty exceeded 40 percent by 2009 at all four mixed-income developments in St. Louis. The worsening trend in 2009 was consistent with a rise in poverty levels nationwide following the economic recession in December 2007.

Under certain circumstances, reducing the concentration of poverty by integrating market-rate and LIHTC housing units with public housing units may be unattainable. Concentration of poverty in the study was defined using Jargowsky's threshold of poverty rates of 40 percent or higher (Jargowsky 2003). Meanwhile, more than 40 percent of the rental housing units in the mixed-income developments in St. Louis are set-aside<sup>73</sup> for public housing residents, a program based on need, with poverty as the primary criterion for eligibility. In addition, as discussed in Chapter 3, the LIHTC program is not an effective means of reducing concentrated poverty because the amount of tax credits for developers is tied to the proportion of low-income housing units. Consequently, housing developers are inclined to designate a majority of the units for low-income households to maximize their LIHTC allocations (Schwartz 2006; McClure 2007). Furthermore, the practice of renting market-rate and LIHTC units to subsidized

---

<sup>73</sup> As previously indicated in Chapter 6, public housing units as a percentage of the total rental units at the mixed-income developments are as follows: Murphy Park (54 percent); King Louis (48 percent); Blumeyer (48 percent) and Cochran (40 percent).



(low-income) households using Section 8 HCV's<sup>74</sup> is sanctioned by HUD. The conundrum thus entails combining these nearly mutually exclusive goals of providing housing for low-income households and reducing the concentration of poverty.

The counter argument to Hypothesis II was the viewpoint that property managers experience difficulties attracting sufficient market-rate tenants to HOPE VI developments. As illustrated in Figure 6.12 (page 220), this argument was supported as the proportion of vacant market-rate and LIHTC units was considerably higher than the proportion of vacant public housing units at the mixed-income developments in 2008 and 2009. To ameliorate potential vacancy problems, property managers offer market-rate and LIHTC units to subsidized households using Section 8 HCVs which further impedes efforts to reduce the concentration of poverty.

Hypotheses IV and V of the study examined the effectiveness of HOPE VI or similar interventions to facilitate racial and gender diversity of heads of households respectively in the subject developments. Nationwide, 90 percent of residents of neighborhoods adjoining public housing developments are minorities (Popkin et al. 2004). In 2003, female-headed households made up 70 percent of total households in conventional public housing developments nationwide (HUD User 2008). In St. Louis, African Americans make up 97 percent of the public housing households and contemporary federal policies have sought to promote neighborhood diversity. The preponderance of female-headed households in St. Louis's public housing suggests that

---

<sup>74</sup> Under the Section 8 HCV program, an eligible household receives a voucher from a Public Housing Authority (PHA) to cover the difference between 30 per cent of their income and the contract rent. Household subsidies under the Section 8 program are exactly the same as in the public housing program.

adverse conditions in public housing would disproportionately affect African American, female-headed households.

The analysis in the study did not support Hypothesis IV that HOPE VI (King Louis, Blumeyer and Cochran) and HOPE VI-like (Murphy Park) intervention would lead to greater diversity in the racial composition of heads of households in the mixed-income developments. African Americans make up approximately half of the population of the City of St. Louis but 97 percent or higher of the household population at all four mixed-income developments. The racial composition of the mixed-income developments before and after intervention remained essentially unchanged. Additionally, post-intervention, the difference between the proportion of African American households residing in the mixed-income and the conventional public housing developments was negligible.

Hypothesis V was also not supported with respect to the study, as there was no conclusive evidence that HOPE VI (King Louis, Blumeyer and Cochran) and HOPE VI-like (Murphy Park) intervention resulted in reducing the proportion of female-headed households at the housing developments. The proportion of female-headed households in the mixed-income developments was lower than that at the conventional public housing developments; however, this trend was consistent both before and after intervention. Furthermore, the difference in the median proportion of female-headed households before and after intervention was negligible in both categories (mixed-income and conventional public housing) of housing developments.

It was anticipated that income integration at the mixed-income developments would lead to an influx of middle-income families of all races to the subject sites and

adjoining neighborhoods. However, the analysis in the present study indicates that the concentration of poverty persisted at all four mixed-income developments. Therefore, the likelihood of attaining greater racial or gender diversity of heads of households at the mixed-income diminished absent of income integration following intervention.

There are other viewpoints that seem to explain the lack of racial diversity in the mixed-income developments and adjoining neighborhoods. Turner and Fortuny (2009) contend that, there are fewer barriers to neighborhood integration today; nevertheless, “neighborhoods that are predominantly white or predominantly minority tend to stay that way” (p. 2). They maintain that research attributes this trend to individual preferences. Additionally, whilst neighborhoods in the U.S. are becoming increasingly racially and ethnically diverse, Turner and Rawlings (2009) associate this trend to a greater extent with the outmigration of minorities to predominantly white neighborhoods rather than the reverse.

Turner and Rawlings (2009) further contend that in general, predominantly minority neighborhoods lack adequate access to public infrastructure and private business investments when compared to other options available to white households. The mixed-income developments in St. Louis merely replaced now-demolished public housing developments at the same sites with high concentrations of poverty and minorities as shown through the examination of the 1990 census data in chapter 6. The same sites and neighborhoods are still vulnerable today and present some challenges for achieving some of the HOPE VI objectives in St. Louis and nationwide in general.

### Housing-focused, Neighborhood-oriented Objectives for Measuring HOPE VI Success

Unlike the first category of indicators, this group more closely explores the quality of housing and the character of the neighborhoods adjoining the subject housing developments. Hypotheses III, VI and VII examined the relationship between HOPE VI (King Louis, Blumeyer and Cochran) and HOPE VI-like (Murphy Park) intervention with crime; housing vacancy and turnover rates; and new business investments respectively. Vacancy and turnover rates and new business investments improved at the mixed-income developments in St. Louis, although, the hypotheses as stated in the study were not supported. Of this group, only Hypothesis III, pertaining to crime was supported by the analysis in the present study.

As of 2009, the vacancy rates at the mixed-income developments were lower than the average for the conventional public housing developments and other private sector rental housing developments in the Downtown St. Louis area or the St. Louis MSA. However, until 2009, the conditions were reversed. The frequency of turnovers at the mixed-income developments also seemed to improve, though the post-intervention turnovers in both categories of housing developments were comparable. With respect to vacancy rates and turnovers, the mixed-income developments also currently perform considerably better than the now-demolished public housing developments that existed at the same sites. Notwithstanding, Hypothesis VI was not supported because, compared to the conventional public housing developments, the mixed-income developments only performed better in 2009 with respect to vacancy rates.

Overall, the survey responses revealed that the revitalized neighborhoods contiguous to two mixed-income developments (King Louis and Murphy Park) in St.

Louis contributed to the siting of the new businesses nearby. However, as previously indicated, establishing causality between an intervention (HOPE VI) and neighborhood transformation is complex given other factors that contribute to neighborhood changes (Turnham and Bonjorni 2004; Zielenbach 2003). For instance, the gentrification of these St. Louis neighborhoods also involved the substantial rehabilitation of two conventional public housing developments, Carr Square (adjacent to Murphy Park) and Clinton Peabody (adjacent to King Louis). Furthermore, in recent years, the City of St. Louis has invested a significant number of dollars to revitalize the Downtown area including the redevelopment of the old City Hospital (near King Louis); part of the Near Southside (6 to 10-year) revitalization plan estimated at \$160 million (Tucci 1999). Neighborhood investments by the City were not considered in the study; although, they contributed to the overall gentrification of neighborhoods adjoining the mixed-income developments.

Hypothesis VII which examined the relationship between HOPE VI (King Louis, Blumeyer and Cochran) and HOPE VI-like (Murphy Park) intervention with the establishment of new businesses nearby was not supported in the present study. The expectation was that lower crime rates and a reduction in the concentration of poverty following intervention would facilitate new business investments. While crime rates reduced at all four mixed-income developments, there was no evidence to support that the objective of income integration was achieved. The two mixed-income developments that have existed the longest, King Louis and Murphy Park have the lowest proportions of households living in poverty and these are also the only sites that have attracted new retail establishments.

Nevertheless, the overall objective of revitalizing the depressed neighborhoods near Murphy Park and King Louis was achieved. New investments in housing as well as a 33,000 feet office space also exist near Cochran and Blumeyer HOPE VI developments respectively; though no new business establishments exist in close proximity to these sites. The neighborhoods adjoining all four mixed-income developments are clearly improved today when compared to the era of the high-rise public housing developments.

Several theories associating crime with poverty were discussed in Chapter 4, including Korhauser's 1978 "social strain theory" which argues that individuals with limited resources are motivated to commit crimes when confronted with a society that places excessive value on material possessions (Galster et al. 2008). The concentration of poverty still exists in both categories of housing developments. As shown in the study, by 2009 the poverty rate of renter households at all the mixed-income developments exceeded 40 percent, meanwhile, the conventional public housing developments maintained the status quo of providing housing for only low-income households. Other than concentrated poverty, high crime rates were also attributed to the high-density and the flawed architectural designs of the now-demolished high-rise public housing developments (Meehan 1979; Von Hoffman 2000a). Post-intervention, the architectural designs and the density of both categories of housing developments are all low-rise and lower-density.

Nevertheless, crime rates reduced post-intervention at the mixed-income developments when compared to the conventional public housing developments. Additionally, the longitudinal analysis of crime illustrated that, post-intervention, crime rates at the mixed-income developments were considerably less when compared to the

rates at the now-demolished high-rise public housing developments that existed at the same sites. For instance, between 1990 and 2005, crime rates declined by, 70 percent (Murphy Park); 92 percent (King Louis); 85 percent (Blumeyer); and 51 percent (Cochran). By 2005, HOPE VI or similar intervention had occurred at all four mixed-income developments in St. Louis.

Federal policies to combat high crime rates in subsidized housing evolved in the 1990s, most notably the “One Strike You’re Out” law. Federal regulations prohibit several categories of criminals from residing in public housing, including drug offenders for a minimum of three years (GAO Report 2005) and sex offenders for life (OIG Report 2009). Despite these prohibitions, the Office of the Inspector General reports that as of 2009, “HUD subsidized an estimated 2,094 to 3,046 households that included lifetime registered sex offenders” (OIG Report 2009, p. 1). More recent estimates indicate that the number of households in subsidized housing developments with registered sex offenders remained fairly stable between 2009 and 2011 (Ross et al. 2011). Approximately 3,000 households represents a small fraction of the total number of households in subsidized housing nationwide. Nevertheless, information on registered sex offenders is readily available to the general public; hence, if subsidized housing is accessible to sex offenders, then we can surmise that lease violations frequently occur with respect to other categories of criminal offenders.

Hypothesis VIII of the present study examined how private versus public (PHA) management of mixed-income and conventional public housing developments could have different effects on program success. Property managers are generally responsible for the daily operations of a housing development. Although, crime within the boundaries of a

rental housing development may be committed by non-residents, the capacity of property managers to effectively perform the tasks of tenant selection and eviction would certainly affect crime rates and accordingly the success of a multifamily housing development.

Both categories of housing developments in the study are currently privately managed; however, two key distinctions exist. Firstly, the mixed-income developments are managed by profit-motivated private entities, while the conventional public housing developments are managed by non-profit private entities<sup>75</sup>. Secondly, the mixed-income developments are privately owned, while the conventional public housing developments are publicly owned. These features of private management (for profit versus non-profit) and ownership (private versus public) may have different effects on: 1) the motivation of property owners and or managers to strictly enforce lease violations; and 2) the amount of resources and enforcement capacity available to property managers to cope with lease violators —residents with criminal backgrounds, those owing back rents, and illegal residents.

Public Housing Authorities (PHAs) have the authority to “deny admission or to terminate the lease of individuals with a history of use or abuse of drugs or alcohol, or of criminal behavior” (Roman and Travis 2004, p. viii). The St Louis Housing Authority’s (SLHA’s) lease agreement which applies to all public housing residents in St. Louis includes language on the residency restrictions for criminal offenders (SLHA Lease 2007). However, policies regarding lease violations resulting from criminal activities are not uniformly enforced nationwide as PHAs (such as the SLHA) “have discretion in

---

<sup>75</sup> As discussed in chapters 4 and 6, both private for profit and private non-profit entities were categorized as private management for the purpose of the present study, while management under the St. Louis Housing Authority (SLHA) was categorized as public management.



determining the behaviors that could lead to loss of certain federal housing benefits” (GAO Report 2005, p. 7). For instance, the SLHAs Tenant Handbook provides information regarding the grievance procedures for lease violators, a lengthy five-step process that involves: requests for a hearing; a prerequisite to the hearings; and the selection and scheduling of a panel (SLHA Tenant HB). A sample rental lease agreement for McCormack Baron rental properties (including Murphy Park, Blumeyer and Cochran) on the other hand includes very strict language regarding criminal lease violations stating that, “any criminal activity in violation of this Section shall be immediate cause for termination of this lease and for eviction from the unit” (Murphy Park II 2010, p. 1352).

Schwartz et al. (1996) distinguish between asset management and housing management. They maintain that the latter is the responsibility of property managers and involves overseeing the daily operations of the property including tasks such as tenant selection and eviction, rent collection and property maintenance. Asset management on the other hand is the owner’s responsibility and it involves “long-term capital and financial planning, monitoring the physical and financial condition of the property, and overseeing the property manager” (Schwartz et al. 1996, p. 395). The private owners of the mixed-income housing developments thus have a greater incentive to screen out or immediately evict criminal offenders since they have a long-term stake in the viability and overall reputation of the housing development.

Non-profit managers of the publicly owned conventional public housing developments on the other hand are accountable to public officials who may prioritize compliance with policies and procedural guidelines over the long-term viability or reputation of a single public housing development. In addition, the non-profit property

managers of the conventional public housing developments have short-term contracts and are probably less motivated to consider the long-run benefits to the housing development. For instance, non-profit property managers of conventional public housing in St. Louis would be obligated to implement or participate in the SLHA's lengthy grievance procedures. The additional manpower necessary to partake in the grievance procedures could further serve as a deterrent to strict enforcement of lease violations by non-profit property managers. Incidentally, in a comparative assessment of large privately managed and publicly managed conventional public housing developments in Miami, Florida; Bowie (2001) found no evidence of a significant difference in resident's perception of the level of crime.

Schwartz et al. (1996) states that, "one of the frustrating perennial difficulties facing nonprofit housing organizations is the shortage of funds" (p. 391). Meanwhile, Diaz (2004) contends that "nonprofits either own and manage fewer properties or take on more challenging properties than for-profit managers" (p. 22). Managing any of the three largest conventional public housing developments in St. Louis (Clinton Peabody, Carr Square and LaSalle) would certainly be considered challenging. As indicated in Chapter 4, Meehan (1979) argues that "public-versus-private character of management is far less important to the quality of operations than the amount of resources available" (p. 155). Therefore, the greater amount of resources available to profit-motivated private owners and managers of mixed-income developments may actually enhance their effectiveness in enforcing criminal lease violations relative to the non-profit managers of conventional public housing.

McCormack Baron Salazar owns two of the mixed-income developments in St. Louis (Murphy Park and Blumeyer HOPE VI) and self-manages both along with Cochran HOPE VI which is owned by a third party entity. As of 2010, McCormack Baron Salazar owned more than 56 Phases of HOPE VI developments consisting of nearly 7,400 units<sup>76</sup> nationwide. Furthermore, McCormack Baron Salazar pioneered the mixed-income (HOPE VI) strategy nationwide through its ownership of Murphy Park, the HOPE VI-like development in St. Louis (Baron 2009). Undeniably, McCormack Baron Salazar has a sizeable stake in the success of HOPE VI in St. Louis and nationwide in general. The private company also has more than 40 years experience as developers (137 developments) and property managers (14,970 units) of residential housing,<sup>77</sup> which suggests the availability of extensive resources and enforcement capabilities to cope with lease violators.

The type of private management (for profit versus non-profit) and ownership (private versus public) appears to play a role in the availability of resources, capacity and motivations with respect to enforcing lease violations. The foregoing arguments support the findings in the present study and may actually explain why crime rates at the mixed-income developments in St. Louis reduced relative to the conventional public housing developments although all other indicators remained comparable. Only Hypothesis III, which examined the relationship between HOPE VI (King Louis, Blumeyer and Cochran) and HOPE VI-like (Murphy Park) intervention with crime, was truly supported in the

---

<sup>76</sup> Data on HOPE VI housing developments and number of units provided by McCormack Baron.

<sup>77</sup> Obtained from the profile of the company available on the McCormack Baron Salazar website: <http://mccormackbaron.com/HTML/executivestaff.html>

present study. Ergo, Hypothesis I (overall program success) and Hypothesis VIII (the success of private management) were not supported since the other five hypotheses (other than Hypothesis III on crime) were not substantiated. Both Hypotheses I and VIII depended on all the other variables moving in a favorable direction as defined in the present study.

#### Other Relevant Findings

The analysis of the data revealed other important outcomes regarding HOPE VI (King Louis, Blumeyer and Cochran) and HOPE VI-like (Murphy Park) intervention in St. Louis. The high ratio of funds leveraged in the implementation process, the high cost per unit to redevelop Cochran and the slow completion rate, especially with respect to King Louis. Furthermore, the before-and-after intervention photographs of the mixed-income developments clearly demonstrate an improvement in the physical landscape of the sites and Downtown St. Louis in general. Public investments in infrastructure and office building have also enhanced the physical environment of King Louis and Blumeyer respectively. The construction of a new rental housing complex near Cochran will further contribute to gentrifying its immediate surroundings.

Every HOPE VI dollar leveraged approximately \$2.03 from other sources to finance the construction of three HOPE VI developments in St. Louis. The public funds used in the construction of Murphy Park (a HOPE VI-like) development similarly leveraged a significant amount of private dollars. The expenditure of more than \$290 million in public and private funds accomplished the objective to demolish and redevelop the four largest public housing developments in St. Louis and rejuvenate impoverished

neighborhoods adjoining Downtown St. Louis. In addition, more than \$13 million in HOPE VI dollars earmarked for King Louis was spent for the substantial rehabilitation of Clinton Peabody, a conventional public housing development. More than \$8 million dollars was also spent to modernize LaSalle. Though the funds were not HOPE VI dollars, most of the rehabilitation of LaSalle (conventional public housing development) occurred in part to upgrade the units to absorb incoming residents relocated from Darst-Webbe (now King Louis) to implement HOPE VI at the latter site in 1999.

One consequence of the massive outlay of public and private dollars for HOPE VI implementation in St. Louis is the relative high cost per unit of redeveloping Cochran and to a lesser extent King Louis. The per unit construction cost for the rental and homeownership units at each of the sites were: Murphy Park, \$132,482; King Louis, \$156,436; Blumeyer, \$108,241; and Cochran, \$213,897. Cochran, the site with the lowest number of units (243 units) cost twice as much to build as Blumeyer, the largest mixed-income development in St. Louis with 789 units. Cochran and Blumeyer HOPE VI developments were funded and constructed within two years of each other. Meanwhile, the building structures at all four developments are similar as illustrated by the photographs in the Appendix.

Interestingly, the substantial rehabilitation of Carr Square (conventional public housing development) also cost slightly more than \$110,000 per unit. Essentially, the cost per unit for the substantial rehabilitation of Carr Square was higher than the cost per unit of demolishing and rebuilding Blumeyer HOPE VI development. In comparison to Carr Square, the rehabilitation of the other two conventional public housing developments cost

less. The substantial rehabilitation of Clinton Peabody cost \$50,558 per unit, while the less extensive rehabilitation of LaSalle cost \$34,710 per unit.

Notably, the HOPE VI and other housing interventions associated with public housing developments in St. Louis were relatively cheaper when compared to other recent projects in Downtown St. Louis or nearby. For instance, the substantial rehabilitation and conversion of five historic buildings into apartment complexes in Downtown St. Louis or nearby in 2009 and 2010 cost approximately \$421,000 per unit<sup>78</sup>. Several of these private sector housing developments involved a significant amount of low income housing and other forms of tax credits<sup>79</sup>. The high cost of construction of projects involving several layers of funding, including LIHTC credits often elicits criticisms in the housing industry. Ironically, the LIHTC program remains politically popular not because it increases the affordable housing stock but due to the significant tax benefits available to affluent housing developers (Freeman 2006).

Another major criticism of the HOPE VI program was the slow completion rate of initial construction (Turbov and Piper 2005). This was one of the rationales for the Bush administration's attempts to terminate the program. The process of HOPE VI implementation often involves several government agencies (federal, state and local), as well as private non-profit and profit motivated stakeholders. The involvement of

---

<sup>78</sup> Council Tower Apartments, Coca Cola Syrup Plant, Park Pacific Apartments, The Laurel Apartments and York House on Lindell all cost approximately \$339 million to for a total of 804 housing units, approximately \$421,296 per unit. Data was obtained from HUD in St. Louis.

<sup>79</sup> The construction of all five aforementioned private sector housing developments located in Downtown St. Louis or nearby involved several layers of funding including: LIHTCs and/or historic tax credits, and tax increment financing (TIFs). Data was obtained from HUD in St. Louis.

numerous participants in program implementation often results to delays. With respect to King Louis, the situation was exacerbated by a lawsuit by the Darst-Webbe Tenant Association (discussed in chapter 5) further prolonging implementation for nearly fourteen years. Blumeyer and Murphy Park were both completed within eight years, while Cochran with the least number of housing units amongst the four mixed-income developments is nearly complete after seven years.

### **ADDITIONAL DISCUSSION OF FINDINGS**

Ex-ante public housing policy initiatives contributed to the problems later associated with severely distressed public housing developments. Policy initiatives in the 1950s to create high-rise, high-density public housing developments as a result of demand pressures later resulted in faster rates of deterioration of the buildings and higher crime rates. The problems related to the concentration of poverty and minorities were also due to several policy initiatives regarding site selection and eligibility standards that have been implemented since the public housing program was established.

These policies have been difficult to reverse in St. Louis or nationwide and subsequent incremental choices have been made that are not necessarily optimal. This is analogous to North's (1990) description of institutional change. Borrowing the concept of path-dependence, North argued that "the consequence of small events and chance circumstances can determine solutions that, once they prevail, lead one to a particular path" (p. 94). With respect to public housing policy, the HOPE VI program seemed like the optimal option given the conditions of the now-demolished severely distressed public housing developments. However, as previously discussed in this chapter, the HOPE VI

approach of integrating public housing with LIHTC and market-rate units does not appear to be an optimal strategy to reduce the concentration of poverty in public housing.

For decades, local politicians often battled over the issue of the location of public housing (Hays 1995). Suburban neighborhoods avoided creating public housing agencies to prevent the siting of public housing developments in their localities (Jackson 1985). The ramifications of the politicization of location resulted in public housing developments being clustered in predominantly central-city neighborhoods thus reinforcing the concentrations of poverty and minorities. The mixed-income developments in St. Louis merely replaced now-demolished public housing developments at the same sites. It is difficult to reverse the historic concentration of minorities and poverty at these sites or in the adjoining neighborhoods.

In the 1950s, the physical design of public housing was a controversial issue (Fisher 1959; Von Hoffman 1996; Von Hoffman 2000a, Biles 2000). As previously indicated, the growth in the resident population of public housing and the rising cost of land resulted to an emphasis on high-rise developments in large cities. In St. Louis, the problems associated with Pruitt-Igoe were often attributed to the architectural designs. Similarly, Vaughn and Darst-Webbe that were later demolished to create Murphy Park and King Louis respectively experienced similar maintenance and crime related problems as a result of the architectural designs.

The social and economic costs of the policy choice to build high-rise, high-density public housing developments in the 1950s and subsequent initiatives to alleviate problems associated with that era of public housing have been considerable. As previously indicated, all the high-rise public housing developments in St. Louis have



since been demolished. Pruitt-Igoe, built at a cost of \$36 million (\$290 million in today's dollars) in 1955 and 1956 was demolished only 16 years later. The other high-rise public housing developments in St. Louis have also been demolished and replaced by the subject mixed-income developments in the present study at a cost of approximately \$290 million in public and private investments.

Eligibility standards in public housing have also evolved since the program was established in 1937. Policies such as the 1981 Omnibus Budget Reconciliation Act (OBRA) of 1981 contributed to escalating the concentration of poverty in public housing. OBRA also increased the proportion of a tenant's income contributed towards rent from 25 to 30 percent thus making public housing progressively less attractive to residents as their incomes increased (Spence 1993; Reingold 1997).

Meanwhile, in St. Louis, Meehan (1979) contends that an agreement between the Housing Authority and the Missouri Department of Welfare in 1957 increased the proportion of welfare dependent households in public housing. Meehan further argues that this agreement was a factor in the financial difficulties of the St. Louis Housing Authority (SLHA) for several years afterwards. The fiscal constraints created by the eligibility standards still affects the capacity of the SLHA to effectively administer the public housing program today. For instance, as indicated in chapter 5, the projected operating expenses of the SLHA exceed revenues by approximately \$4.5 million every year between 2011 and 2014 and this shortfall is expected to be funded by HUD in the form of tenant subsidies and other types of grants (City of St. Louis 2009).

The Section 8 Housing Choice Voucher (HCV) is pivotal to the implementation of the HOPE VI program. For instance, as of 2005, 43 percent of the residents displaced

from severely distressed public housing redeveloped into HOPE VI developments nationwide relocated to private market housing using Section 8 vouchers (Popkin et al. 2009). Furthermore, HUD guidelines permit the use of Section 8 vouchers to subsidize market-rate and LIHTC housing units in HOPE VI developments. The integration of market-rate and LIHTC units with public housing units at HOPE VI sites is the key distinction between HOPE VI and the conventional public housing program. Incidentally, the use of Section 8 vouchers to pay for market-rate and LIHTC units undermines the efficacy of the HOPE VI strategy to reduce the concentration of poverty. Like public housing, the Section 8 HCV program is targeted towards low-income households. Accordingly, the income eligibility standards for public housing and Section 8 HCVs are identical.

As discussed in Chapter 6, Murphy Park is the oldest of the four mixed-income developments in St. Louis and has the most number of Section 8 HCV households residing in market-rate and LIHTC units. It is foreseeable that with the aging of its housing stock nationwide; HOPE VI developments would become less competitive with newer private sector rental housing developments. Like homeowners, renters likely consider the age and condition of the housing stock amongst other factors in choosing a place of residence. A shrinking pool of potential renters for market-rate and LIHTC units in HOPE VI developments could result in the greater utilization of Section 8 HCVs to subsidize these units further inhibiting the effectiveness of HOPE VI at reducing the concentration of poverty. Paradoxically, because Section 8 HCVs are portable, it also served as a means of reducing the concentration of poverty (Devine et al. 2004). For instance, in 1992, under the Moving to Opportunity (MTO) program, Congress

authorized the use of Section 8 vouchers for a limited number of volunteer families to relocate from public housing projects to neighborhoods with less than 10 percent poverty rates (Duncan and Ludwig 2000; Goetz 2004; Kling et al. 2007; Briggs et al. 2008; Popkin et al. 2009).

## **FUTURE RESEARCH AND POLICY RECOMMENDATIONS**

### Future Research

The findings from the present study regarding the effect of HOPE VI (King Louis, Blumeyer and Cochran) and HOPE-VI-like (Murphy Park) intervention on crime presents some opportunities for future research. The analysis showed that crime rates at the aforementioned mixed-income developments reduced following intervention when compared to the conventional public housing developments. Meanwhile, other indicators of program success were comparable in both categories of housing developments after intervention: concentrated poverty, a high proportion of minorities and female-headed households and lower vacancy rates. Furthermore, post intervention crime rates were significantly lower at all four mixed-income developments when compared to the crime rates at the now-demolished high-rise public housing developments that previously existed at the same sites. This was in spite of the sustained high rates of poverty following intervention at all four mixed-income developments. This belies the prevalent notion that high crime rates in public housing were largely due to the concentration of poverty.

The present study did not distinguish between private sector property managers of privately-owned (mixed-income) and the publicly-owned (conventional public housing)

developments. The reduction in crime rates at the mixed-income developments relative to the conventional public housing developments seems to suggest that this distinction may have made a difference in the capacity of property managers to contend with lease violators, especially residents with criminal backgrounds. This presents opportunities for further research to examine how public versus private ownership affects the capacity and motivation of Property Managers to: 1) Reject potential applicants for subsidized housing with criminal backgrounds that violate HUD rules; 2) Evict lease violators with criminal backgrounds that violate HUD rules. Additional research can also examine whether strict screening standards can deter criminals (especially drug offenders) from applying for subsidized housing. As shown by the analysis, the high incidence of drug crimes in the conventional public housing developments was the major difference in crime rates between the mixed-income and former category of housing developments.

The squalid surroundings emblematic of severely distressed public housing nationwide (including the now-demolished public housing developments in St. Louis) may have been conducive for criminals and fostered criminal activities. However, crime rates declined with the improved living conditions following intervention at the mixed-income developments despite the persistence of high poverty rates. The convergence of environmental factors<sup>80</sup>, lax enforcement of lease violations and high poverty rates may have resulted in higher crime rates in the existing conventional public housing developments and the now-demolished high-rise public housing developments. Further

---

<sup>80</sup> Environmental factors refer to the physical deterioration of the environment including evidence of abandonment such as graffiti, dilapidated buildings and littered streets and sidewalks. As Wilson and Kelling (1992) posit, “broken windows” send a signal that there are no repercussions for malfeasance which leads to a progressive deterioration of the property or neighborhood.

research to determine what aspects of concentrated poverty contribute to higher crime rates in public housing would be beneficial.

### Policy Recommendations

Striving to integrate the provision of safe and affordable housing with attaining socio-economic objectives such as reducing the concentration of poverty and minorities in neighborhoods is a laudable undertaking. However, a more efficient use of HUD's limited resources would involve prioritizing the housing-focused, neighborhood-oriented objectives<sup>81</sup> of housing intervention initiatives. Programs to reduce the concentration of poverty and foster neighborhood diversity are broader socio-economic objectives that may be more effectively executed as separate programs or by different organizations.

The Community Supportive Services and Neighborhood Networks programs, the HOPE VI initiatives targeted towards improving job opportunities for residents at the mixed-income developments, are probably inadequate. Comprehensive programs to increase the earning power of existing residents as a means of reducing concentrated poverty that require the participation of educators, communities as well as the residents themselves may be more effective. Neighborhood diversity can also be attained in the long-run through investments in public infrastructure and private businesses in neighborhoods adjoining public housing. Furthermore, public campaigns to alleviate concerns about living in minority neighborhoods could also contribute to promoting neighborhood diversity.

---

<sup>81</sup> Earlier in the chapter these category of objectives were referred to as those focused on reducing crime, vacancy rates and attracting new businesses to neighborhoods adjoining public housing developments.

Problems such as the concentration of poverty and important objectives like neighborhood diversity are complex issues that require significant investments of public and private resources and expertise. However, such initiatives should not be core objectives of a housing intervention program like HOPE VI. Education and job training (to reduce the concentration of poverty) or infrastructure and business investments, and public campaigns (to improve neighborhood diversity) can be more effectively achieved through coordination by federal, state and local governments as well as intra-agency participation. Coordinated efforts should be targeted towards investing in public infrastructure; providing tax incentives to stimulate businesses investments in these communities; and adopting eligibility standards and providing incentives that promote educational and job training opportunities for existing residents of public housing.

## REFERENCES:

- Abravanel, Martin, D., Diane K. Levy and Margaret McFarland. 2009. "The Uncharted Uncertain Future of HOPE VI Redevelopments – The Case for Assessing Project Sustainability" Metropolitan Housing and Communities Center – Urban Institute [http://www.urban.org/uploadedpdf/411935\\_uncharteduncertain.pdf](http://www.urban.org/uploadedpdf/411935_uncharteduncertain.pdf) (assessed January 31, 2010)
- Allen, Michael, R. 2003. "A Short History of the City Hospital" St. Louis City Hospital. <http://www.stlouiscityhospital.org/history.htm> (assessed February 27, 2011)
- Ambrose, Brent, W and William Grigsby. 1999. "Mixed Income Housing Initiatives in Public Housing". Wharton School of Business, University of Pennsylvania. <http://knowledge.wharton.upenn.edu/papers/439.pdf> (December 30, 2009)
- APA Advocate 2008. "House Passes HOPE VI Reauthorization: Green Housing Provisions Survive". The American Planning Association's Update on Legislative & Policy Issues. <http://myapa.planning.org/apadvocate/2008/january30.htm> (assessed December 23, 2009)
- Atlas, John and Peter Dreier. 1994. "Public Housing: What went wrong?" *Shelterforce Online*. Issue No. 74, September/October 1994. National Housing Institute. <http://www.nhi.org/online/issues/77/pubhsg.html> (assessed January 28, 2010)
- Ascierto, Jerry. 2010. "Sizing Up the FHA's Recent and Proposed Changes" Housing Finance News. Housing Finance.com. <http://www.housingfinance.com/news/aft/072910-aft-Sizing-Up-the-FHAs-Recent-and-Proposed-Changes.htm> (assessed October 7, 2010)
- Baron, Richard, D. 2009. "The Evolution of HOPE VI as a Development Program". In *From Despair to Hope: HOPE VI and the New Promise of Public Housing in America's Cities*, eds. Henry G. Cisneros and Lora Engdahl. Washington, DC: The Brookings Institution Press, 31 - 47
- Bellush, Jewel and Murray Hausknecht. 1980. "Public Housing: The Context of Failure". In *Housing Urban America*, eds. Jon Pynoos, Robert Schafer, Chester W. Hartman. 2<sup>nd</sup> Ed. Hawthorne, NY: Aldine Publishing Company, 120 – 124
- Belsky, Eric, S. 1992. "Rental Vacancy Rates – A Policy Primer" *Housing Policy Debate*. Vol. 3, Issue 3. Fannie Mae Foundation: 793-813

- Belsky, Eric, S. and Rachel Bogardus Drew. 2008. "Overview: Rental Housing Challenges and Policy Responses" In *Revisiting Rental Housing: Policies, Programs, and Priorities*, eds. Nicolas P. Retsinas and Eric S. Belsky. Washington, DC: The Brookings Institution, 14 – 56
- Biles, Roger. 2000. "Public Housing and the Postwar Urban Renaissance, 1949 - 1973". In *From Tenements to Taylor Homes: In Search of an Urban Housing Policy in Twentieth Century America*, eds. John F. Bauman, Roger Biles and Kristin M. Szylyan. University Park, PA: The Pennsylvania State University Press, 143 – 162
- Blumeyer HOPE VI Report 2009. Blumeyer HOPE VI Redevelopment Project Evaluation – Concluding (2008) Report. Prepared By: Harris-Stowe State University Center for Neighborhood Affairs. Submitted January 20, 2009
- Boston, Thomas, D. 2005. "The Effects of Revitalization on Public Housing Residents: A Case Study of the Atlanta Housing Authority". *Journal of the American Planning Association*, Vol. 71, No, 4, 393 – 407
- Bowie, Stan L. 2001. "The Impact of Privatized Management in Urban Public Housing Communities: A Comparative Analysis of Perceived Crime, Neighborhood Problems, and Personal Safety" *Journal of Sociology and Social Welfare*, December, 2001, Volume XXVIII, No. 4: 67 – 87
- Bratt, Rachel G. October 2002. "Housing for Very Low-Income Households: The Record of President Clinton, 1993-2000". *Joint Center for Housing Studies*, Cambridge, MA: Harvard University
- Briggs, Xavier de Souza, Kadija S. Ferryman, Susan J. Popkin, and María Rendon. 2008 "Why Did the Moving to Opportunity Experiment Not Get Young People into Better Schools?" *Housing Policy Debate*, Vol. 19, Issue 1. Fannie Mae. 53 – 91
- CAPER 2001. The 2001 Consolidated Annual Performance and Evaluation Report" <http://stlouis.missouri.org/government/ConsPlan/Eval01/caper-01.pdf> (assessed August 15, 2010).
- Carlson, Deven, Robert Haveman, Tom Kaplan and Barbara Wolfe. 2009. "Long-Term Effects of Public Low-Income Housing Vouchers on Labor Market Outcomes" Institute for Research on Poverty Discussion Paper no. 1363-09 <http://www.irp.wisc.edu/publications/dps/pdfs/dp136309.pdf>
- Carter, William H., Michael H. Schill, and Susan M. Wachter. 1997. "Polarization, Public Housing and Racial Minorities in U.S Cities". *Urban Studies*, Vol. 35, No. 10, 1889 - 1911



- CBO 2007. “Changes in the Economic Resources of Low-Income Households with Children” Congressional Budget Office. May 2007.  
<https://www.cbo.gov/doc.cfm?index=8113&type=0&sequence=1>.
- CBO 2009. “An Overview of Federal Support for Housing” Economic and Budget Issue Brief. A series of issue summaries from the Congressional Budget Office. November 3, 2009.  
<http://www.cbo.gov/ftpdocs/105xx/doc10525/11-03-HousingPrograms.pdf>  
 (assessed on December 19, 2009).
- Center on Budget and Policy Priorities (CBPP). 2008. “Policy Basics - Introduction to Public Housing”  
<http://www.cbpp.org/files/policybasics-housing.pdf> (assessed November 28, 2009)
- City of St. Louis, Missouri 1994. “Public Housing - Five Year Consolidated Plan Strategy”. <http://stlouis.missouri.org/5yearstrategy/1994/chapIVa3.html>
- City of St. Louis, Missouri 1999. “Housing Needs - Five Year Consolidated Plan Strategy”. [http://stlouis.missouri.org/5yearstrategy/1999/ch3\\_hous.html](http://stlouis.missouri.org/5yearstrategy/1999/ch3_hous.html)
- City of St. Louis, Missouri 2005. “Public Housing and Rental Assistance - Five Year Consolidated Plan Strategy”.  
<http://stlouis.missouri.org/5yearstrategy/2005/5YrChptr3A.pdf>
- City of St. Louis, Missouri 2009. U.S. Dept. of HUD – Re: City of St. Louis Five Year Consolidated Plan. Office of the Mayor, City of St. Louis, Missouri.  
<http://stlouis.missouri.org/5yearstrategy/2010/2010-14ConsolidatedPlan.pdf>
- City of St. Louis, Missouri 2010 - Peabody, Darst, Webbe Neighborhood  
<http://stlcin.missouri.org/nbr/neighborprofile.cfm?neighnum=33> (assessed August 15, 2010)
- Climaco, Carissa, Meryl Finkel Bulbul, Kaul Ken Lam and Chris Rodger. 2009. “Updating the Low-Income Housing Tax Credit (LIHTC) Database: Projects Placed in Service Through 2006”. Prepared by: Abt Associates Inc. for: U.S. Department of Housing and Urban Development Office of Policy Research and Development.  
[http://www.novoco.com/low\\_income\\_housing/resource\\_files/research\\_center/hud\\_user\\_lihtcdatabase\\_report\\_0109.pdf](http://www.novoco.com/low_income_housing/resource_files/research_center/hud_user_lihtcdatabase_report_0109.pdf) (assessed January 2, 2010)

- Cocker, Walt. 2006. The Georgian - the Former St. Louis City Hospital - is Completed: Renovation Will Feature Condos, Retail, Office, and Restaurant Space. Associated Network.com. A Yahoo Contributor Network.  
[http://www.associatedcontent.com/article/75928/the\\_georgian\\_the\\_former\\_st\\_louis\\_city.html](http://www.associatedcontent.com/article/75928/the_georgian_the_former_st_louis_city.html) (assessed February 27, 2010)
- Crowley, Sheila. 2009. "HOPE VI: What Went Wrong". In *From Despair to Hope: HOPE VI and the New Promise of Public Housing in America's Cities*, eds. Henry G. Cisneros and Lora Engdahl. Washington, DC: The Brookings Institution Press, 229 – 247
- CRS Report 2008. Congressional Research Services. "Overview of Federal Housing Assistance Programs and Policy". Report Prepared for Members and Committees of Congress  
<http://www.wikileaks.org/leak/crs/RL32236.pdf> (assessed December 28, 2009)
- CRS Report 2009. Congressional Research Services. "HOPE VI Public Housing Revitalization: Program, Background, Funding and Issues". Report Prepared for Members and Committees of Congress  
<http://www.wikileaks.org/leak/crs/RL32236.pdf>
- CRS Report 2010. Congressional Research Services. "Poverty in the United States: 2009". Report Prepared by Thomas Gabe, Specialist in Social Policy for Members and Committees of Congress  
<http://www.fas.org/sgp/crs/misc/RL33069.pdf>
- deleeuw, Frank (assisted by Eleanor Littman Jarutis). 1969. *Operating Costs in Public Housing: A Financial Crisis*. Washington D.C.: The Urban Institute
- Denton, Nancy, A. 2006. "Segregation and Discrimination in Housing". In *A Right to Housing: Foundation for a New Social Agenda*. Eds. Rachel G. Bratt; Michael E. Stone and Chester Hartman. Philadelphia: Temple University Press, 61 - 82
- DeParle, Jason. 1992. "Cultivating Their Own Gardens" New York Times. Published: January 5, 1992  
<http://www.nytimes.com/1992/01/05/magazine/cultivating-their-own-gardens.html> (assessed June 21, 2010)
- Devine, Deborah J., Robert W. Gray, Lester Rubin and Lydia B. 2004. "Housing Choice Voucher Location Patterns: Implications for Participant and Neighborhood Welfare". U.S. Department of Housing and Urban Development - Office of Policy Development and Research  
[http://www.novoco.com/low\\_income\\_housing/resource\\_files/research\\_center/Location\\_Paper.pdf](http://www.novoco.com/low_income_housing/resource_files/research_center/Location_Paper.pdf)

- Diaz, Marc. 2004. "Assessing Property Management for Affordable Housing: Comparing self-management and third-party property management of nonprofit-owned, affordable multifamily rental housing" Joint Center for Housing Studies of Harvard University - Fellowship Program for Emerging Leaders in Community and Economic Development.  
[http://www.jchs.harvard.edu/publications/markets/w04-9\\_diaz.pdf](http://www.jchs.harvard.edu/publications/markets/w04-9_diaz.pdf) (assessed March 1, 2011).
- Dietz, Robert D. 2009. "The Tax Benefits of Homeownership" *Special Studies*. Website of the National Association of Home Builders (NAHB)  
<http://www.nahb.org/generic.aspx?sectionID=734&genericContentID=113542&channelID=311> (assessed December 19, 2009)
- Downs, Anthony. October 3, 2000. "Housing Policies in the New Millennium" HUD conference on Housing Policies for the Millennium. Washington D.C.  
[http://www.brookings.edu/speeches/2000/1003metropolitanpolicy\\_downs.aspx](http://www.brookings.edu/speeches/2000/1003metropolitanpolicy_downs.aspx)
- Downs, Anthony. 2008. "Introduction: Why Rental Housing is the Neglected Child of American Shelter" In *Revisiting Rental Housing: Policies, Programs, and Priorities*, eds. Nicolas P. Retsinas and Eric S. Belsky. Washington, DC: The Brookings Institution, 1 – 13
- Duda, Mark. 2001. "Federally Sponsored Rehabilitation Activity" Joint Center for Housing Studies, Harvard University. July 2001
- Dreier, Peter and John Atlas. 1996. "US Housing Policy at the Crossroads: Rebuilding the Housing Constituency" *Journal of Urban Affairs*. Vol. 18, No. 4, 341 – 370
- Drier, Peter, John Mollenkopf, and Todd Swanstrom. 2004. *Place Matters: Metropolitanism for the Twenty-first Century*. 2<sup>nd</sup> ed. Lawrence, KS: University Press of Kansas
- Dreier, Peter. 2004. "George W. Bush and the Cities: The Damage Done and the Struggle Ahead" *Social Policy*, Vol. 34 Issue 4, 60 – 65
- Dreier, Peter. 2006. "Federal Housing Subsidies: Who Benefits and Why?" In *A Right to Housing: Foundation for a New Social Agenda*, Eds. Rachel G. Bratt, Michael E. Stone and Chester Hartman. Philadelphia: Temple University Press, 177 – 192
- Duncan, Greg J. and Jens Ludwig. 2000. "Can Housing Vouchers Help Poor Children?" The Brookings Institution, Washington, D.C.  
[http://www.brookings.edu/~media/Files/rc/papers/2000/07metropolitanpolicy\\_duncan/issue3.pdf](http://www.brookings.edu/~media/Files/rc/papers/2000/07metropolitanpolicy_duncan/issue3.pdf) (assessed December 20, 2009)

- Duryea, Danielle, Pelfrey. 2006. "Gendering the Gentrification of Public Housing: HOPE VI's Disparate Impact on Lowest-Income African American Women". *Georgetown Journal on Poverty Law & Policy*. Vol. XIII, No. 3, Fall 2006
- Eckholm, Erik 2010. "Recession Raises Poverty Rate to a 15-Year High" New York Times. Published: September 16, 2010.<http://www.nytimes.com/2010/09/17/us/17poverty.html>
- Econsult Corporation. 2006. "Assessing the Economic Benefits of Public Housing" Final Report submitted to: The Council of Large Public Housing Authorities. Washington, DC  
[http://clpha.org/uploads/final\\_report.pdf](http://clpha.org/uploads/final_report.pdf)
- Engdahl, Lora. 2009. "New Holly, Seattle". In *From Despair to Hope: HOPE VI and the New Promise of Public Housing in America's Cities*, eds. Henry G. Cisneros and Lora Engdahl. Washington, DC: The Brookings Institution Press, 93 - 119
- Epp, Gayle. 1996. "Emerging Strategies for Revitalizing Public Housing Communities" *Housing Policy Debate*. Vol. 7, Issue 3. Fannie Mae Foundation: 563-588
- Examiner. 2010. "Section 8 Waiting List reopens - April 24, 2010" Examiner.com. St. Louis.  
<http://www.examiner.com/healthy-living-in-st-louis/section-8-waiting-list-reopens-april-24-2010> (assessed August 23, 2010)
- Fainstein, Susan and Scott Campbell. 1996. eds. *Readings in Urban Theory*. Cambridge, Massachusetts: Blackwell Publishers Inc.
- Federal Register. 2008. Notices "Annual Update of the HHS Poverty Guidelines" Department of Health and Human Services. Vol. 73, No. 15 /Wednesday, January 23, 2008. <http://www.hapnetwork.org/assets/pdfs/2008-fpl.pdf>
- Federal Register. 2009. Notices. "Statutorily Mandated Designation of Difficult Development Areas and Qualified Census Tracts for 2010". Vol. 74, No. 192 / Tuesday, October 6, 2009.  
[http://www.huduser.org/Datasets/QCT/DDA2010\\_Notice.pdf](http://www.huduser.org/Datasets/QCT/DDA2010_Notice.pdf)
- Federal Register. 2009a. Notices "Annual Update of the HHS Poverty Guidelines" Department of Health and Human Services. Vol. 74, No. 117 / Friday, June 19, 2009 / Notices  
<http://edocket.access.gpo.gov/2009/pdf/E9-14491.pdf>

- Finkel, Meryl and Ken Lam. 2008. "Use of Flat Rents in the Public Housing Program" *Cityscape: A Journal of Policy Development and Research*. U.S. Department of Housing and Urban Development - Office of Policy Development and Research. Vol. 10, No. 1: 91 – 116.  
<http://www.huduser.org/periodicals/cityscpe/vol10num1/ch4.pdf>
- Fisher, Robert, Moore. 1959. *20 Years of Public Housing: Economic Aspects of the Federal Program*. Westport, CT: Greenwood Press, Publishers
- Freeman, Lance. 2006. "Comment on Kirk McClure's - The Low-Income Housing Tax Credit Program Goes Mainstream and Moves to the Suburbs" *Housing Policy Debate*, Vol. 17, Issue 3. Fannie Mae. 419 – 446
- Friedman, Lawrence, M. 1980. "Public Housing and the Poor." In *Housing Urban America*, ed. Jon Pynoos, Robert Schafer, and Chester W. Hartman. Updated 2<sup>nd</sup> ed. Hawthorne, NY: Aldine Publishing Company, 473-484
- Galster, George, C. 2008 "U.S. Housing Scholarship, Planning and Policy since 1968" *Journal of the American Planning Association*, Vol. 74, No. 1, 5 – 16
- Galster, George C., Jackie M. Cutsinger and Ron Malega. 2008. "The Costs of Concentrated Poverty: Neighborhood Property Markets and the Dynamics of Decline". In *Revisiting Rental Housing: Policies, Programs, and Priorities*, eds. Nicolas P. Retsinas and Eric S. Belsky. Washington, DC: The Brookings Institute, 93-143
- GAO Report. 1997 - United States General Accounting Office. "Public Housing – State of HOPE VI Demonstration Program" Report to the Subcommittee on VA, HUD, and Independent Agencies, Committee on Appropriations, House of Representatives.  
<http://www.gao.gov/archive/1997/rc97044.pdf> (assessed November 30, 2009)
- GAO Report 2002. United States General Accounting Office. "Public Housing: New Assessment System Holds Potential for Evaluating Performance". Report to the Ranking Minority Member, Subcommittee on Housing and Transportation, Committee on Banking, Housing, and Urban Affairs, U.S. Senate  
<http://www.gao.gov/new.items/d02282.pdf>
- GAO Report 2002a. United States General Accounting Office. "Public Housing: HOPE VI Leveraging Has Increased, But HUD Has Met Annual Reporting Requirement". Report to the Chairman, Subcommittee on Housing and Transportation, Committee on Banking, Housing, and Urban Affairs, U.S. Senate.  
<http://www.gao.gov/new.items/d0391.pdf>

- GAO Report 2005. Drug Offenders: Various Factors May Limit the Impacts of Federal Laws That Provide for Denial of Selected Benefits”. Report to Congressional Requesters. United States Government Accountability Office. September 2005 <http://www.gao.gov/new.items/d05238.pdf> (assessed March 1, 2011)
- Gentry, Richard, C. 2009. “How HOPE VI Has Helped Reshape Public Housing”. In *From Despair to Hope: HOPE VI and the New Promise of Public Housing in America’s Cities*, eds. Henry G. Cisneros and Lora Engdahl. Washington, DC: The Brookings Institution Press, 205 - 226
- Gilderbloom, John, Michael D. Brazley and Zhenfeng Pan. 2005. “HOPE VI: A Study of Housing and Neighborhood Satisfaction”. In: *A Journal of Environmental and Sustainability Issues*. Issue 11, (Fall/Winter 2005) <http://sun.louisville.edu/articles/HopeVI0706.pdf>
- Goetz, Edwards, G. 2000. “The Politics of Poverty Deconcentration and Housing Demolition” *Journal of Urban Affairs*. Vol. 22, Issue 2, 157 – 173
- Goetz, Edward, G. 2002. “Deconcentrating Poverty in Minneapolis; Hollman v. Cisneros” *Cura Reporter*, Vol. 3, No. 4. University of Minnesota - Center for Urban and Regional Affairs. <http://www.cura.umn.edu/reporter/02-Fall/goetz.pdf>
- Goetz, Edward. 2004. “The Reality of Deconcentration” *Shelterforce Online*. Issue No. 138, November/December 2004. National Housing Institute.
- Goetz, Edward, G. 2009. “Testimony to United States House of Representatives Committee of Financial Services – Subcommittee of Housing and Opportunity Hearing on: Academic Perspectives on the Future of Public Housing”. July 29, 2009. [http://www.house.gov/apps/list/hearing/financialsvcs\\_dem/goetz.pdf](http://www.house.gov/apps/list/hearing/financialsvcs_dem/goetz.pdf) (assessed January 28, 2010)
- Grogan, Paul, S. and Tony Proscio. September 2000 “The Fall (and Rise) of Public Housing” September 2000. Joint Center for Housing Studies Harvard University. [http://www.jchs.harvard.edu/publications/communitydevelopment/grogan\\_w00-7.pdf](http://www.jchs.harvard.edu/publications/communitydevelopment/grogan_w00-7.pdf)
- Hartley, Daniel, A. 2008. “The Effect of High Concentration Public on Crime, Construction, and Home Prices: Evidence from Demolitions in Chicago”. *Job Market Paper*. University of California, Berkeley. [http://www.ocf.berkeley.edu/~dhartley/research\\_docs/Hartley\\_Job\\_Market\\_Paper\\_Public\\_Housing\\_Demolition\\_20081122.pdf](http://www.ocf.berkeley.edu/~dhartley/research_docs/Hartley_Job_Market_Paper_Public_Housing_Demolition_20081122.pdf)

- Hartman, Chester. 2006. "The Case for a Right to Housing" In *A Right to Housing: Foundation for a New Social Agenda*, Eds. Rachel G. Bratt, Michael E. Stone and Chester Hartman. Philadelphia: Temple University Press, 177 – 192
- Hasan, Najeeb. 2001. "No Place Like Home" Riverfronttimes  
<http://www.riverfronttimes.com/2001-07-18/news/no-place-like-home/>
- Havard Study 2002. "Public Housing Operating Cost Study: St. Louis – LaSalle Park Property Information". Harvard Design School  
[http://www.gsd.harvard.edu/research/research\\_centers/phocs/Final%20Field%20Test%20Budgets.htm](http://www.gsd.harvard.edu/research/research_centers/phocs/Final%20Field%20Test%20Budgets.htm) (assessed August 4, 2010)
- Hays, Allen, R. 1995. *The Federal Government and Urban Housing: Ideology and Change in Public Policy*. Albany, NY: State University of New York Press
- HOPE VI NOFA 2009. Notice of HUD's Fiscal Year (FY) 2009 Notice of Funding Availability for HUD's HOPE VI Revitalization Grants Program"  
<http://www.hud.gov/offices/pih/programs/ph/hope6/grants/fy09/nofa.pdf>  
 (assessed November 20, 2009)
- Housing Report 2008. 2008 Housing Report Downtown St. Louis. Downtown Community Improvement District.  
<http://www.downtownstl.org/docs/2008%20Housing%20Report.pdf> (assessed June 25, 2010)
- Housing Report. 2009. "Residential Occupancy Report- December 2009". Downtown St. Louis Community Improvement District.  
<http://www.downtownstl.org/docs/DowntownSTLResidentialOccupancyReport2009.pdf.pdf> (assessed October 10, 2010)
- Howard, Madeline. 2007 "Subsidized Housing Policy: Defining the Family" *Berkeley Journal of Gender, Law*.
- Hoynes, Hilary Williamson. 1997 "Does Welfare Play Any Role in Female Headship Decisions?" *Journal of Public Economics*. Vol. 65, No. 2: 89 - 117
- HUD User 2005: "Publications - Hope VI: Community Building Makes a Difference"  
<http://www.huduser.org/publications/pubasst/hope2.html>
- HUD User 2008: "Characteristics of HUD-Assisted Renters and Their Units in 2003".  
[http://www.huduser.org/Publications/pdf/Hud\\_asst\\_renters\\_report\\_p1.pdf](http://www.huduser.org/Publications/pdf/Hud_asst_renters_report_p1.pdf)
- HUD User 2008a: "FY 2008 Income Limits –State: Missouri"  
[http://www.huduser.org/portal/datasets/il/il08/mo\\_fy2008.pdf](http://www.huduser.org/portal/datasets/il/il08/mo_fy2008.pdf) (assessed October 2, 2010)

- HUD User 2009: “Fair Market Rents: Overview - Fair Market Rents For the Section 8 Housing Assistance Payments Program”  
<http://www.huduser.org/datasets/fmr.html> (last assessed September 4, 2010)
- HUD User 2009a: “FY 2009 Income Limits –State: Missouri”  
<http://www.huduser.org/portal/datasets/il/il09/mo.pdf> (assessed October 2, 2010)
- HUD User 2010. “US Housing Market Conditions” 2<sup>nd</sup> Quarter, August 2010. A quarterly publication of the U.S. Department of Housing and Urban Development, Office of Policy Development and Research.  
[http://www.huduser.org/portal/periodicals/ushmc/summer10/USHMC\\_Q210.pdf](http://www.huduser.org/portal/periodicals/ushmc/summer10/USHMC_Q210.pdf) (assessed September 3, 2010)
- Iwanski, John. 2001. “Making a Private Case for Public Housing” *Journal of Property Management*. FindArticles.com. 05 Aug. 2010.  
[http://findarticles.com/p/articles/mi\\_qa5361/is\\_1\\_66/ai\\_n28822989](http://findarticles.com/p/articles/mi_qa5361/is_1_66/ai_n28822989) (assessed July 10, 2010)
- Jackson, Kenneth, T. 1985. *Crabgrass Frontier: The Suburbanization of the United States*. New York: Oxford University Press, Inc.
- Jacobs, Barry, G. 2007. “Veto Threat Clouds HUD Funding Proposal” *Affordable Housing Finance*. November 2007.  
<http://www.housingfinance.com/ahf/articles/2007/nov/VETO1107.htm> (assessed December 21, 2009)
- Jargowsky, Paul A. 2001. “Sprawl, Concentration of Poverty, and Urban Inequality” In Gregory Squires, ed., *Urban Sprawl: Causes, Consequences and Policy Responses*. <http://urbanpolicy.berkeley.edu/pdf/census2000/jargowsky.pdf>
- Jargowsky, Paul A. 2003. “*Stunning Progress, Hidden Problems: The Dramatic Decline of Concentrated Poverty in the 1990s*” Center on Urban and Metropolitan Policy – Living Cities Census Series. The Brookings Institution. May 2003
- Joseph, Lawrence, B. and Laurence E. Lynn, Jr. 1993. “Introduction”. In *Affordable Housing and Public Policy: Strategies for Metropolitan Chicago*, ed. Lawrence B. Joseph. Chicago, IL: University of Chicago Press, 1 – 23
- Joseph, Mark L. 2006. “Is Mixed-Income Development an Antidote to Urban Poverty?” *Housing Policy Debate*. Vol. 17, Issue 2, 209 – 234
- Joseph, Mark L. 2008. “Early Resident Experiences at a New Mixed-Income Development in Chicago” *Journal of Urban Affairs*, Vol. 30, No. 3, 229 – 257



- Katz, Bruce. 2006. "Housing and the 2008 Election" A Presentation at the 2006 NAHRO Legislative Conference on March 13, 2006. *The Brookings Institution*, Washington D.C.  
[http://www.brookings.edu/metro/speeches/20060313\\_Housing.pdf](http://www.brookings.edu/metro/speeches/20060313_Housing.pdf)
- Katz, Bruce and Margery Austin Turner. 2008. "Rethinking U.S. Rental Housing Policy: A New Blueprint for Federal, State, and Local Action". In *Revisiting Rental Housing: Policies, Programs, and Priorities*, eds. Nicolas P. Retsinas and Eric S. Belsky. Washington, DC: The Brookings Institute, 319-358
- Katz, Bruce. 2009. "Origins of HOPE VI". In *From Despair to Hope: HOPE VI and the New Promise of Public Housing in America's Cities*, eds. Henry G. Cisneros and Lora Engdahl. Washington, DC: The Brookings Institution Press, 299 – 306
- Kettl, Donald, F. 1973. *Sharing Power: Public Governance and Private Markets*. Washington, D.C.: The Brookings Institute
- Khadduri, Jill. 2001. "Deconcentration: What Do We Mean? What Do We Want?" *Cityscape: A Journal of Policy Development and Research*. Vol. 5, No. 2, 213 - 233. U.S. Department of Housing and Urban Development.
- King, Gary, Robert O. Keohane, and Sidney Verba. 1994. *Designing Social Inquiry: Scientific Inference in Qualitative Research*. Princeton, New Jersey: Princeton University Press.
- Kingsley, Thomas, G. 2009a. "Appendix A. Scope and Status of the HOPE VI Program". In *From Despair to Hope: HOPE VI and the New Promise of Public Housing in America's Cities*, eds. Henry G. Cisneros and Lora Engdahl. Washington, DC: The Brookings Institution Press, 299 - 306
- Kingsley, Thomas, G. 2009b. "Appendix B. HOPE VI Revitalization Program Grants, 1993 - 2008". In *From Despair to Hope: HOPE VI and the New Promise of Public Housing in America's Cities*, eds. Henry G. Cisneros and Lora Engdahl. Washington, DC: The Brookings Institution Press, 299 – 306
- Kling, Jeffrey R., Jeffrey B. Liebman and Lawrence F. Katz. 2007. "Experimental Analysis of Neighborhood Effects" *Econometrica*, Vol. 75, No. 1, 83 –119
- Khadduri, Jill, Larry Buron and Carissa Climaco. 2006. "Are States Using the Low Income Housing Tax Credit to Enable Families with Children to Live in Low Poverty and Racially Integrated Neighborhoods?" Prepared by: Abt Associates Inc. for: Poverty and Race Research Action Council and the National Fair Housing Alliance.  
[http://www.prrac.org/pdf/LIHTC\\_report\\_2006.pdf](http://www.prrac.org/pdf/LIHTC_report_2006.pdf)

- Khadduri, Jill and Charles Wilkins. 2008 “Designing Subsidized Rental Housing Programs: What Have We Learned?” In *Revisiting Rental Housing: Policies, Programs, and Priorities*, eds. Nicolas P. Retsinas and Eric S. Belsky. Washington, DC: The Brookings Institution, 161 – 190
- Lang, Robert, E., Katrin B. Anacker and Steven Hornburg. 2008. “The New Politics of Affordable Housing” *Housing Policy Debate*, Vol. 19, Issue 2. Fannie Mae. 231 – 248
- Lines, Jeffrey. K. 1993. “Comments on Lawrence, J Vale’s Beyond the Problem Projects Paradigm: Defining and Revitalizing Severely Distressed Public Housing” *Housing Policy Debate*, Vol. 4, Issue 2. Fannie Mae, 183 - 198
- Lowi, Theodore, J. 1979. *The End of Liberalism: The Second Republic of the United States*. 2<sup>nd</sup> ed. New York: W. W. Norton & Company.
- Marcuse, Peter and W. Dennis Keating. 2006. “The Permanent Housing Crisis: The Failures of Conservatism and the Limitations of Liberalism”. In *A Right to Housing: Foundation for a New Social Agenda*. Eds. Rachel G. Bratt; Michael E. Stone and Chester Hartman. Philadelphia: Temple University Press, 61 - 82
- Marcuse, Peter. 1998. “Mainstreaming Public Housing: A Proposal for a Comprehensive Approach to Housing Policy”. In *New Directions in Urban Public Housing*, eds. David Verady, Wolfgang F.E. Preiser and Francis P. Russell. New Brunswick, NJ: Center for Urban Policy Research. Rutgers – The State University of New Jersey, 23 – 44
- Martens, Betsey. 2009. “A Political History of Affordable Housing” *Journal of Housing & Community Development*, Vol. 66, Issue 1, 6 – 12
- Massey, Douglas, S. and Shawn M. Kanaiaupuni. 1993 “Public Housing and the Concentration of Poverty”. *Social Science Quarterly*, Vol. 74, No. 1, 108 – 112
- McClure, Kirk. 2006. “The Low-Income Housing Tax Credit Program Goes Mainstream and Moves to the Suburbs” *Housing Policy Debate*, Vol. 17, Issue 3. Fannie Mae. 419 – 446
- McClure, Kirk. 2007. “Deconcentrating Poverty With Housing Programs” *Journal of American Planning Association*, Vol. 74, Issue 1. 90 – 99
- McCormack Baron.com. 2010. “Senior Living at Cambridge Heights” McCormack Baron Salazar.  
[http://www.mccormackbaron.com/HTML/documents/Cambridge\\_Closing.pdf](http://www.mccormackbaron.com/HTML/documents/Cambridge_Closing.pdf)

- McDonald, John, F. 2008. *Urban America: Growth, Crisis and Rebirth*. New York: M.E. Sharpe, Inc.
- McIlwain, John. 2002. "Foreword" In, *Engaging the Private Sector in HOPE VI*. The Urban Land Institute. Washington, D.C.  
<http://www.uli.org/ResearchAndPublications/Reports/~media/Documents/ResearchAndPublications/Reports/Affordable%20Housing/HOPEVI.ashx> (assessed January 10, 2010)
- Meehan, Eugene J. 1975. *Public Housing Policy: Convention Versus Reality*. New Brunswick, NJ: Center for Urban Policy Research. Rutgers – The State University of New Jersey
- Meehan, Eugene. J. 1979. *The Quality of Federal Policymaking: Programmed Failure in Public Housing*. Columbia, MO: University of Missouri Press
- Melendez, Edwin, Alex F. Schwartz and Alexandra De Montrichard. 2008. "Year 15 and reservation of Tax-Credit Housing for Low-Income Households: An Assessment of Risk" *Housing Studies*, Vol. 23, No. 1. 67 – 87
- Metzger, John T. 2001. "Michigan's Affordable Housing Crisis". Urban and Regional Planning Program. Michigan State University.  
<https://www.msu.edu/~cua/pubs%20hsg%20report/housing%20report%20metzger2.htm> (assessed December 20, 2009).
- Missouri Revised Statutes (Mo. Rev. Stat. § 441.060. 2.) Chapter 441 – Landlord and Tenant. August 28, 2010  
<http://www.moga.mo.gov/statutes/chapters/chap441.htm>
- Murphy Park Phase II. 2010. "McCormack Baron: George L. Vaughn Residences at Murphy Park – Residential Lease". Application for Mortgage Insurance for Purchase or Refinancing of Existing Multifamily Rental Housing: Sections 207/223(F). Application Submitted by Gershman Mortgage to the US Department of Housing and Urban Development – St. Louis Office.
- NAHRO. 2009. National Association of Housing & Redevelopment Officials. "The American Recovery and Reinvestment Act of 2009: A Primer for the HCD Practitioner" *Journal of Housing & Community Development*, Vol. 66 Issue 2, 30 – 35
- NCSDPH Report. August 1992 "The Final Report of the National Commission on Severely Distressed Public Housing" A Report to the Congress and the Secretary of Housing and Urban Development. Washington, DC  
<http://www.hud.gov/offices/pih/programs/ph/hope6/aug92.pdf>

- Newman, Sandra, J and Joseph M. Harkness. 2002 “The Long-Term Effects of Public Housing on Self-Sufficiency” *Journal of Policy Analysis and Management*, Vol. 21, No. 1 (Winter 2002), 21 – 43
- North, Douglas, C. 1990. *Institutions, Institutional Change and Economic Performance (Political Economy of Institutions and Decisions)*. New York, NY: Cambridge University Press
- OIG Report 2009. “HUD Subsidized an Estimated 2,094 to 3,046 Households That Included Lifetime Registered Sex Offenders”. Audit Report Number 2009-KC-0001 to the Deputy Assistant Secretary for Multifamily Housing Programs” August 14, 2009  
<http://www.hud.gov/offices/oig/reports/files/ig0970001.pdf> (assessed March 3, 2011).
- Olsen, Edgar O. 2003. “Housing Programs for Low-Income Households” In *Means-Tested Transfer Programs in the United States*. Ed. Robert A. Moffitt. Chicago, IL: University of Chicago Press, 365 – 442.  
<http://papers.nber.org/chapters/c10259.pdf>
- Orlebeke, Charles, J. 1993. “Federal Housing Policies”. In *Affordable Housing and Public Policy: Strategies for Metropolitan Chicago*, ed. Lawrence B. Joseph. Chicago, IL: University of Chicago Press, 105 – 126
- Parkes, Rhae and Heather Wood. 2001. “Successful Transitions - Sustaining Supportive Services beyond HOPE VI”. Prepared by: Abt Associates Inc. for: U.S. Department of Housing and Urban Development.  
[http://www.abtassociates.com/reports/2001362559277\\_68720.pdf](http://www.abtassociates.com/reports/2001362559277_68720.pdf) (assessed December 22, 2009)
- PH HB. 2003. Public Housing Occupancy Guidebook. U.S. Department of Housing and Urban Development - Office of Public and Indian Housing Office of Public Housing and Voucher Programs. Public Housing Management and Occupancy Division. June 2003.  
<http://www.hud.gov/offices/pih/programs/ph/rhiip/phguidebooknew.pdf>
- Pinoli, Nicolo. 2007. “HUD Office of Inspector General Issues Audit Report on LIHTC/Section 8 Overlapping Subsidies” *Property Compliance Report. A Monthly Publication on Low-income Housing Tax Credit*. Vol. X, Issue I, 1-2.
- Popkin, Susan J., Diane Levy, Laura Harris, Jennifer Comey, Mary Cunningham, and Larry Buron. 2002. “HOPE VI Panel Study: Baseline Report” *The Urban Institute*, Washington D.C.

- Popkin, Susan. J, Bruce Katz, Mary K. Cunningham, Karen D. Brown, Jeremy Gustafson, and Margery Austin Turner. 2004. "A Decade of HOPE VI - Research Findings and Policy Challenges" (May). Washington D.C.: Urban Institute. [http://www.urban.org/UploadedPDF/411002\\_HOPEVI.pdf](http://www.urban.org/UploadedPDF/411002_HOPEVI.pdf) (assessed December 28, 2009)
- Popkin, Susan. J, Diane Levy, and Larry Buron. 2009. "Has HOPE VI Transformed Residents' Lives? New Evidence from the HOPE VI Panel Study" *Housing Studies*, Vol. 24, No. 4, 477 – 502.
- PPRC UMSL Report 2007. Near Southside Darst-Webbe HOPE VI Evaluation. Submitted By: Public Policy Research Center - University of Missouri-St. Louis. Submitted To: St. Louis Housing Authority.
- PPRC UMSL Cochran HOPE VI Report. 2009. "Evaluation of the Cochran HOPE VI Revitalization Final Year Report (2008). Prepared By: Jeanne Ortega and Will Winter; Research Assistance (Rose Rhymes): Public Policy Research Center. University of Missouri-St. Louis.
- Quercia, Roberto, G. and George C. Galster. 1997. "The Challenges Facing Public Housing Authorities in a Brave New World" *Housing Policy Debate*, Vol. 8, Issue 3. Fannie Mae. 535-569
- Quigley, John, M. 2000. "A Decent Home: Housing Policy in Perspective" *Brookings-Wharton Papers on Urban Affairs*, 53 - 99 [http://urbanpolicy.berkeley.edu/pdf/Q\\_BW00PB.pdf](http://urbanpolicy.berkeley.edu/pdf/Q_BW00PB.pdf)
- Quigley, John M. and Steven Raphael. 2004. "Is Housing Unaffordable? Why Isn't It More Affordable?" *Journal of Economic Perspectives*, Vol. 18, No. 1, 191–214
- Quigley, John, M. 2008. "Just Suppose: Housing Subsidies for Low-Income Renters" In *Revisiting Rental Housing: Policies, Programs, and Priorities*, eds. Nicolas P. Retsinas and Eric S. Belsky. Washington, DC: The Brookings Institution, 300 – 318
- Rachide, Mary. 2008. "Revitalizing Urban Communities – The Story of Eastlake". In *Revitalizing Urban Communities – The Story of Eastlake*, ed. Phillipa Strum. 2008 Woodrow Wilson International Center for Scholars, Washington, D.C.
- Radford, Gail. 2000. "The Federal Government and Housing During the Great Depression". In *From Tenements to Taylor Homes: In Search of an Urban Housing Policy in Twentieth Century America*, eds. John F. Bauman, Roger Biles and Kristin M. Szylvian. University Park, PA: The Pennsylvania State University Press, 102 – 120

- Reingold, David, A. 1997. "Does Inner City Public Housing Exacerbate the Employment Problems of its Tenants" *Journal of Urban Affairs*, Vol. 19, No. 4, 469 – 486
- Rohe, William, M. and Lance Freeman. 2001. "Assisted Housing and Residential Segregation: The Role of Race and Ethnicity in the Siting of Assisted Housing Developments" *Journal of the American Planning Association*, Vol. 67, No.3, 279 – 292
- Roman, Caterina, Gouvis and Jeremy Travis. 2004. "Taking Stock: Housing, Homelessness, and Prisoner Reentry" Justice Policy Center – Urban Institute: Final Report Prepared for The Fannie Mae Foundation.  
[http://www.urban.org/UploadedPDF/411096\\_taking\\_stock.pdf](http://www.urban.org/UploadedPDF/411096_taking_stock.pdf) (assessed February 26, 2011)
- Ross, Brian, Avni Patel, John Solomon, and Laurel Adams. 2011. "Public Housing, Private Frustration". *The Center for Public Integrity*.  
<http://www.publicintegrity.org/articles/entry/2865/>(assessed January 27, 2011).
- Sampson, Robert, J., Stephen W. Raudenbush and Felton Earls. 1997. "Neighborhoods and violent crime: A multilevel study of collective efficacy". *Science*, Vol. 277: 918 - 924.
- Sard, Barbara and Jeff Lubell. 2000. How the Statutory Changes Made by the Quality Housing and Work Responsibility Act of 1998 May Affect Welfare Reform Efforts. Center on Budget and Policy Priorities  
<http://www.cbpp.org/cms/?fa=view&id=923> (assessed December 11, 2009)
- Sard, Barbara and Leah Staub. 2008. "House Bill Makes Significant Improvements in HOPE VI Public Housing Revitalization Program" *Center for Budget and Policy Priorities*. Washington, DC  
<http://www.cbpp.org/files/1-16-08hou.pdf> (assessed January 12, 2010)
- Sard, Barbara. 2008. "Center on Budget and Policy Priorities Analyzes New Housing Bill Signed By President Bush"  
<http://www.scanph.org/node/603> (assessed on December 15, 2009)
- Schwartz, Alex, Rachel G. Bratt, Avis C. Vidal and Langley C. Keyes. 1996. Nonprofit Housing Organizations and Institutional Support: The Management Challenge" *Journal of Urban Affairs*. Vol. 18, Issue 4, 389–407 (assessed February 27, 2011).
- Schwartz, Alex. F. 2006. *Housing Policy in the United States: An Introduction*. New York: Routledge Taylor and Francis Group.

- Schwartz, Mary and Ellen Wilson. 2006. "Who Can Afford To Live in a Home? A look at data from the 2006 American Community Survey". US Census Bureau <http://www.census.gov/hhes/www/housing/special-topics/files/who-can-afford.pdf> (assessed June 26, 2010)
- Shinkle, Peter. 2002. "Public Housing Residents Accuse Police of Verbal Abuse and Improper Arrests" *The St. Louis Post-Dispatch*, Sunday, Published July 21, 2002. [http://thefrictioninstitute.org/cpph\\_digest/cpph23.txt](http://thefrictioninstitute.org/cpph_digest/cpph23.txt) (assessed July 10, 2010)
- Sidney, Mara, S. 2003. *Unfair Housing – How National Policy Shapes Community Action*. Lawrence, KS: University Press of Kansas
- SLCAH. 1969. "Operating Guidelines for the St. Louis Civic Alliance for Housing" November 10, 1969. HUD's Public Housing Division, HUD – Program Documents.
- SLDC - Tax Benefit Programs "Tax Abatement". St. Louis Development Corporation – City of St. Louis: <http://stlouis.missouri.org/slhc/busdev/abate.html>
- SLHA Tenant HB. "The St. Louis Housing Authority Tenant Handbook" [http://www.slha.werremeyer.com/wp-content/uploads/2010/07/Tenant\\_Handbook.pdf](http://www.slha.werremeyer.com/wp-content/uploads/2010/07/Tenant_Handbook.pdf) (assessed February 28, 2011)
- SLHA Lease. 2007. "Part II of the Residential Lease Agreement: Terms and Conditions - St. Louis Housing Authority" <http://www.slha.werremeyer.com/wp-content/uploads/2010/03/ResidentialLeaseAgreement2007.pdf> (assessed February 28, 2011)
- SLHA 2009. "HOPE VI Project Summaries as of June 24, 2009". The St. Louis Housing Authority
- SLHA 2009a. "HOPE VI John Cochran HUD Progress Update" The St. Louis Housing Authority - May, 2009 Report.
- SLHA 2009b. "2008 Annual Report Narrative Blumeyer HOPE VI CSS Program" St. Louis Housing Authority HOPE VI Near Southside Redevelopment Area: HUD Progress Update-May, 2009.
- SLHA 2010. "HOPE VI Project Summaries: October 26, 2010". The St. Louis Housing Authority
- Snyder, Anastasia R., Diane K. McLaughlin and Jill Findeis. 2006. "Household Composition and Poverty among Female-Headed Households with Children: Differences by Race and Residence". *Rural Sociology*, Vol. 71, No. 4, 597– 624

- Solomon, Rod. 2009. "The 2009 Public Housing Investment Update" *Journal of Housing & Community Development*, Vol. 66, Issue 5, 22 – 26
- Spence, Lewis, H. 1993. "Rethinking the Social Role of Public Housing" *Housing Policy Debate*, Vol. 4, Issue 3. Fannie Mae. 355-368
- Stein, Lana. 2002. *St. Louis Politics: The Triumph of Tradition*. St. Louis, MO: Missouri Historical Society Press
- Stone, Adam. 2003. "Housing Advocates Are Seeing Red" *Journal of Housing & Community Development*, Vol. 60 Issue 3, 19 - 22
- Stone, Michael, E. 2006a. "What Is Housing Affordability? The Case for the Residual Income Approach" *Housing Policy Debate*, Vol. 17, Issue 1. Fannie Mae. 151 – 184
- Stone, Michael, E. 2006b. "Social Ownership". In *A Right to Housing: Foundation for a New Social Agenda*. Eds. Rachel G. Bratt; Michael E. Stone and Chester Hartman. Philadelphia: Temple University Press, 241 - 260
- Szylvian, Kristin M. 2000. "The Federal Housing Program During World War II". In *From Tenements to Taylor Homes: In Search of an Urban Housing Policy in Twentieth Century America*, eds. John F. Bauman, Roger Biles and Kristin M. Szylvian. University Park, PA: The Pennsylvania State University Press, 121 - 142
- The White House. February 16, 2000. "President Clinton Announces New Report on Gun Violence in Public Housing".  
<http://clinton4.nara.gov/WH/New/html/20000216.html>
- The White House. January 16, 2008. "Statement of Administration's Policy - H.R. 3524 – HOPE VI Improvement and Reauthorization Act of 2007"  
<http://www.whitehouse.gov/omb/legislative/sap/110-2/saphr3524-r.pdf> (assessed November 25, 2009)
- The White House. 2009. "Department of Housing and Urban Development FY 2010 Budget".567-630  
<http://www.whitehouse.gov/omb/budget/fy2010/assets/hud.pdf> (assessed October 10, 2009)
- Tucci, Linda. 1999. "Old City Hospital site gets \$28 million cash infusion"  
St. Louis Business Journal. *Sunday, December 19, 1999*.  
<http://www.bizjournals.com/stlouis/stories/1999/12/20/focus1.html> (assessed February 27, 2011)



- Turbov, Mindy, and Valerie Piper. 2005. "HOPE VI and Mixed-Finance Redevelopments: A Catalyst for Neighborhood Renewal" (September), *The Brookings Institute Metropolitan Policy Program*. Washington, D. C.
- Turner, Margery Austin, Susan J. Popkin, G. Thomas Kingsley, and Deborah Kaye. 2005. "Distressed Public Housing - What It Costs to Do Nothing" *The Urban Institute*, Washington D.C.
- Turner, Margery Austin, Mark Woolley, G. Thomas Kingsley, Susan J. Popkin, Diane Levy, and Elizabeth Cove. 2007. "Estimating the Public Costs and Benefits of HOPE VI Investments: Methodological Report" (June), *The Urban Institute*, Washington D.C.
- Turner, Margery, Austin and G. Thomas Kingsley. 2008. "Federal Programs for Addressing Low-Income Housing Needs: A Policy Primer" *The Urban Institute*, Washington D.C.
- Turner, Margery Austin. 2009. "HOPE VI, Neighborhood Recovery, and the Health of Cities". In *From Despair to Hope: HOPE VI and the New Promise of Public Housing in America's Cities*, eds. Henry G. Cisneros and Lora Engdahl. Washington, DC: The Brookings Institution Press, 169 – 189
- Turner, Margery Austin and Karina Fortuny. 2009. "Residential Segregation and Low-income Working Families" The Urban Institute. Washington, DC.  
[http://www.urban.org/UploadedPDF/411845\\_residential\\_segregation\\_liwf.pdf](http://www.urban.org/UploadedPDF/411845_residential_segregation_liwf.pdf)
- Turner, Margery Austin and Lynette Rawlings. 2009. "Promoting Neighborhood Diversity Benefits, Barriers, and Strategies" The Urban Institute. Washington, DC.  
<http://www.urban.org/UploadedPDF/411955promotingneighborhooddiversity.pdf>
- Turnham, Jennifer, and Jessica Bonjorni. 2004. "Review of Neighborhood Revitalization Initiatives". Report prepared for Calece Johnson Neighborhood Reinvestment Corporation. Abt Associates, Inc.: Cambridge, MA  
<http://www.nw.org/network/pubs/studies/documents/revitalizationReview.pdf>
- Urban Land Institute (ULI) 2005. "Murphy Park – St. Louis, Missouri" Vol. 35, No. 5. Urban Land Institute, Washington, DC  
<http://volusia.org/growth/smartgrowth/46.%20Affordable%20Housing%20Murphy%20Park%20St.%20Louis.pdf>
- Utt, Ronald, D. 2009. "The Conservative Critique of HOPE VI". In *From Despair to Hope: HOPE VI and the New Promise of Public Housing in America's Cities*, eds. Henry G. Cisneros and Lora Engdahl. Washington, DC: The Brookings Institution Press, 249 – 261

- US Census Bureau. 1990. "Census Data: 1990 Summary Tape File 3 (STF 3) - Sample Data"  
[http://factfinder.census.gov/servlet/DTGeoSearchByListServlet?ds\\_name=DEC\\_1990\\_STF3\\_&\\_lang=en&\\_ts=304626692093](http://factfinder.census.gov/servlet/DTGeoSearchByListServlet?ds_name=DEC_1990_STF3_&_lang=en&_ts=304626692093)
- US Bureau of Census. 2009. "St Louis City, Missouri: 2005-2007: Population Factfinder". [http://factfinder.census.gov/home/saff/main.html?\\_lang=en](http://factfinder.census.gov/home/saff/main.html?_lang=en)
- US Census Bureau. 2010. "St Louis City, Missouri: 2006-2008 American Community Survey 3-Year Estimates - Data Profile Highlights"  
[http://factfinder.census.gov/home/saff/main.html?\\_lang=en](http://factfinder.census.gov/home/saff/main.html?_lang=en) (assessed June 25, 2010)
- USDC 2001. "Darst-Webbe Tenant Association Board, et al. vs. St. Louis Housing Authority, et al. United States District Court Eastern District of Missouri  
[https://ecf.moed.uscourts.gov/documents/opinions/DARSTWEBBE\\_TENENT\\_ET\\_AL\\_V\\_ST\\_LOUIS\\_HOUSING\\_ET\\_AL-SNL-155.PDF](https://ecf.moed.uscourts.gov/documents/opinions/DARSTWEBBE_TENENT_ET_AL_V_ST_LOUIS_HOUSING_ET_AL-SNL-155.PDF) (assessed August 19, 2010)
- U.S. Dept. of HUD. CPD. "LIHTC Program Occupancy Rules". Community Planning and Development  
<http://www.hud.gov/offices/cpd/affordablehousing/training/web/lihtc/complying/lihtcrules.cfm> (assessed December 30, 2009)
- U.S. Dept. of HUD. HCV Factsheet. "Housing Choice Vouchers Fact Sheet" Public & Indian Housing  
[http://www.hud.gov/offices/pih/programs/hcv/about/fact\\_sheet.cfm](http://www.hud.gov/offices/pih/programs/hcv/about/fact_sheet.cfm) (assessed December 23, 2009)
- U.S. Dept. of HUD. Notice PIH 96-81 (HA). 1996. "Public Housing, Indian Housing and Section 8 Fiscal Year 1997 Appropriations Act Provisions, and Extensions of Certain Fiscal Year 1996 Appropriation Act Notices". Office of Public and Indian Housing.  
<http://www.hud.gov/offices/pih/publications/notices/96/pih96-81.pdf> (assessed December 21, 2009)
- U.S. Dept. of HUD. 2007. HUD Testimony. "HOPE VI" Statement of Orlando J. Cabrera - Assistant Secretary for Public & Indian Housing U.S. Department of Housing and Urban Development: Hearing before the Committee on Banking, Housing, and Urban Affairs Subcommittee on Housing and Transportation.  
[http://www.novoco.com/low\\_income\\_housing/resource\\_files/advocacy/cabrera\\_052407.pdf](http://www.novoco.com/low_income_housing/resource_files/advocacy/cabrera_052407.pdf)

- U.S. Dept. of HUD. HUD Recovery 2009. HUD Implementation of the Recovery Act. <http://portal.hud.gov/portal/page/portal/RECOVERY/about> (assessed December 16, 2009)
- U.S. Dept. of HUD. HUD 2009 “HUD Announces \$500 Million in Recovery Act Grants to add Affordable Rental Housing, Green, Existing Public Housing” [http://portal.hud.gov/portal/page/portal/HUD/press/press\\_releases\\_media\\_advisories/2009/HUDNo.09-185](http://portal.hud.gov/portal/page/portal/HUD/press/press_releases_media_advisories/2009/HUDNo.09-185) (assessed December 16, 2009)
- US Dept of HUD. 2009. HCV Factsheet. Public and Indian Housing. “Housing Choice Vouchers Fact Sheet”. [http://www.hud.gov/offices/pih/programs/hcv/about/fact\\_sheet.cfm](http://www.hud.gov/offices/pih/programs/hcv/about/fact_sheet.cfm)
- US Dept of HUD. 2009. Renting. “HUD’s Public Housing Program” <http://www.hud.gov/renting/phprog.cfm>
- U.S. Dept. of HUD. “FY 2010 Budget - Road Map for Transformation” <http://www.hud.gov/budgetsummary2010/fy10budget.pdf> (assessed December 23, 2009)
- U.S. Dept. of HUD. 2010. “Public and Indian Housing Tenant-Based Rental Assistance 2011 Summary Statement and Initiatives: Housing Choice Voucher Tenant Characteristics 2009” US Department of Housing and Urban Development. <http://hud.gov/offices/cfo/reports/2011/cjs/tenant-based-assistance2011.pdf>
- U.S. Department of HUD. HUD’s Resident Characteristics Report – As of September 2010. <https://pic.hud.gov/pic/RCRPublic/rcrcity.asp> (assessed September 25, 2010)
- Vale, Lawrence, J. 1993. “Beyond the Problem Projects Paradigm: Defining and Revitalizing Severely Distressed Public Housing” *Housing Policy Debate*, Vol. 4, Issue 2. Fannie Mae
- Vale, Lawrence, J. 2000. *From the Puritans to the Projects: Public Housing and Public Neighbors*. Cambridge, MA: Harvard University Press.
- Verady, David, P., Jeffrey A. Raffel, Stephanie Sweeney and Latina Denson. 2005. “Attracting Middle-income Families in the HOPE VI Public Housing Revitalization Program”. *Journal of Urban Affairs*, Vol. 27, No. 2, 149 – 164
- Von Hoffman, Alexander. 1996. “High Ambitions: The Past and Future of American Low-Income Housing Policy” *Housing Policy Debate*, Vol. 7, Issue 3. Fannie Mae. 423 – 446

- Von Hoffman, Alexander. 2000a. "A Study in Contradictions: The Origins and Legacy of the Housing Act of 1949" *Housing Policy Debate*, Vol. 11, Issue 2. Fannie Mae. 299 – 326
- Von Hoffman, Alexander. 2000b. "Why They Built Pruitt-Igoe". In *From Tenements to Taylor Homes: In Search of an Urban Housing Policy in Twentieth Century America*, eds. John F. Bauman, Roger Biles and Kristin M. Szylvian. University Park, PA: The Pennsylvania State University Press, 180 – 205
- Warobey, Jacqueline Lowe, and Ronald J. Angel. 1990. "Poverty and Health: Older Minority Women and the Rise of the Female-headed Household" *Journal of Health and Social Behavior*, Vol. 31, No. 4, 370 – 383
- Weicher, John, C. 1997. *Privatizing Public Housing*. Washington, DC: AIE Press. Publishers for the American Enterprise Institute.
- Wilkerson, Isabel. 1988. "From Squalor to Showcase: How a Group of Tenants Won Out" *New York Times.com*. Published: June 11, 1988  
<http://partners.nytimes.com/library/national/061188stlouis-housing.html> (assessed June 22, 2010)
- Wilson, James Q. 1989. *Bureaucracy: What Government Agencies Do and Why They Do It*. United States: Basic Books
- Wilson, James Q., and George L. Kelling. March 1992. "Broken Windows". *The Atlantic Monthly*, Vol. 249, No. 3; 29-38
- Wilson, William Julius. 1987. *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy*. Chicago & London: University of Chicago Press.
- Wilson, William Julius, "There Goes the Neighborhood", *The New York Times*, 16 June, 2003. <http://www.nytimes.com/2003/06/16/opinion/there-goes-the-neighborhood.html> (accessed September 13, 2009).
- Yanow, D., P. Schwartz-Shea and M. J. Freitas (2008). "Case Study Research in Political Science". In *Encyclopedia of Case Study Research*. Eds. Albert J. Mills, Gabrielle Durepos and Elden Wiebe. Sage Publications  
[http://cesrt.hszuyd.nl/files/NEWS/Case%20Study%20Research%20in%20Political%20Science%20Yanow%20Schwartz\\_Shea%20Freitas%20final.pdf](http://cesrt.hszuyd.nl/files/NEWS/Case%20Study%20Research%20in%20Political%20Science%20Yanow%20Schwartz_Shea%20Freitas%20final.pdf)
- Yin, Robert, K. 1994. *Case Study Research: Design and Methods*. Applied Social Research Methods Series, Vol. 5. Thousand Oaks, London, New Delhi: Sage Publications.

Zandvakili, Sourushe. 2000. "Dynamics of earnings inequality among female-headed households in the United States". *Journal of Socio-Economics*, Vol. 29: 73 – 89

Zielenbach, Sean. 2003. "Assessing Economic Change in HOPE VI Neighborhoods"  
*Housing Policy Debate*. Vol. 14, Issue 4, Fannie Mae Foundation 2003.

## APPENDIX

**Table 3.1: HOPE VI Funding History.**

Nearly \$6.5 billion in revitalization, planning and demolition grants was awarded for HOPE VI implementation nationwide between 1993 and 2008.

FY	Planning/ Demolition	# of Grants	Revitalization	# of Grants	Total	# of Grants
1993	\$1,000,000	2	\$299,000,000	6	\$300,000,000	8
1994	2,725,472	6	752,674,507	20	755,399,979	26
1995	11,026,609	27	485,850,863	13	496,877,472	40
1996	69,571,850	22	403,463,070	20	473,034,920	42
1997	955,000	4	497,355,108	23	498,310,108	27
1998	57,084,319	50	531,565,222	28	588,649,541	78
1999	40,738,389	32	571,287,001	21	612,025,390	53
2000	49,994,536	26	513,805,464	18	563,800,000	44
2001	74,964,992	43	491,774,238	16	566,739,230	59
2002	42,379,319	41	494,267,265	28	536,646,584	69
2003	59,634,870	69	447,750,000	24	507,384,870	93
2004			126,884,932	7	126,884,932	7
2005			156,895,528	8	156,895,528	8
2006			71,900,000	4	71,900,000	4
2007			89,000,000	5	89,000,000	5
2008			97,000,000	6	97,000,000	6
<b>Total</b>	<b>410,075,356</b>	<b>322</b>	<b>6,030,473,198</b>	<b>247</b>	<b>6,440,548,554</b>	<b>569</b>

**Table 3.1 - HOPE VI Funding History (Continued)**

---

Sources: Data for 1993 – 2006: HOPE VI Program Authority and Funding

History:<http://www.hud.gov/offices/pih/programs/ph/hope6/about/fundinghistory.pdf>

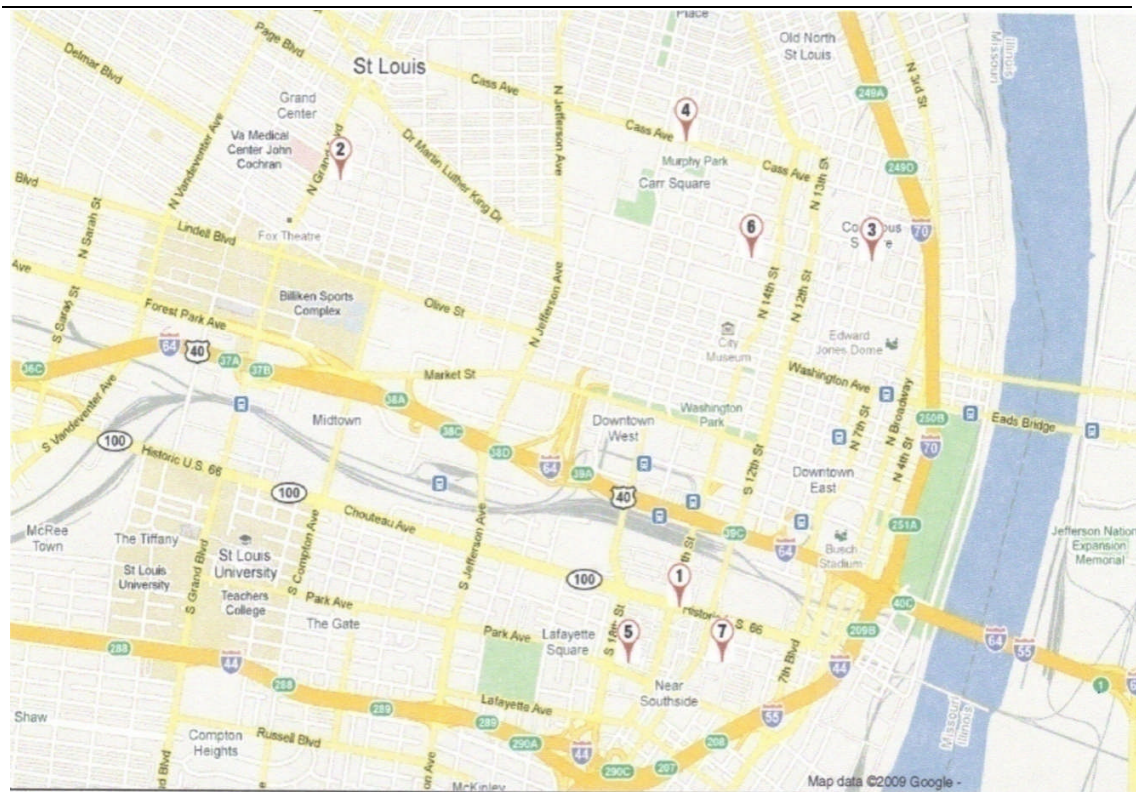
Data for 2007 & 2008: CRS Report 2009. “HOPE VI Public Housing Revitalization: Program, Background, Funding and Issues

<http://www.wikileaks.org/leak/crs/RL32236.pdf>

- The total for 1998 includes revitalization funding of \$24,565,222 for 6 developments designated for elderly residents only.
  - Planning grants only awarded in 1993 – 1996; Demolition grants only awarded in 1996- 2003; 2008 & 2009 revitalization grant numbers are rounded in millions.
-

**Figure 4.1: Map of the Subject Housing Developments.**

Three mixed-income developments (Murphy Park, Cochran HOPE VI and King Louis HOPE VI) and all three conventional public housing developments are located at the outskirts of Downtown St. Louis. Blumeyer HOPE VI is also located within 2 miles of Downtown St. Louis.



Source: Google Map

HOPE VI

- ① King Louis Square
- ② Blumeyer
- ③ Cochran Gardens
- ④ Murphy Park

Conventional Public Housing

- ⑤ Clinton Peabody
- ⑥ Carr Square
- ⑦ LaSalle Park Village



**Table 4.1: Description of Subject Developments.**

Key dates and information regarding the mixed-income and conventional public housing developments. Includes when the subject developments were built, demolished, rehabilitated, and the original and existing number of units.

Development Name	Year HOPE VI Grant Awarded	Year Built (Conventional Public Hsg.)	Year Demolished (HOPE VI only)	Year Revitalization Completed	# of Original Units	Current # of Units
<u>HOPE VI Developments</u>						
King Louis Square	1995	1957	1999	2003	758	629
Blumeyer	2001	1968	2003	2010	1162	789
Cochran	2004	1953	2005	2009	531	243
Murphy Park*	1995	1957	1995	2000	656	411
Clinton Peabody	N/A	1942	N/A	2006	658	358
Carr Square Village	N/A	1942	N/A	N/A	658	182
LaSalle Park Village	N/A	1976	N/A	N/A	N/A	242

\* Test case of HOPE VI like model. Revitalization was funded with a HUD mortgage in lieu of HOPE VI grant

The names of the demolished conventional public housing developments at the HOPE VI sites are shown in italic

**Table 4.1: Data Description.**

Comprehensive information on the data sources, the date range for the data collected, and the scope of the data collected. The right column specifies whether the data was collected based on the unit of analysis (subject housing developments) or at the neighborhood level (using census block group as a proxy for neighborhood).

Data Category	Variables	Data Sources	Data Begins	Data Ends	Subj. Dev.	Scope
Housing (Annual)	Ethnicity, Female-headed households, Total households, Percent in poverty, Move-ins, Move-outs, # of Flat rent individuals, Flat rent amounts, Total tenant rent, # of Total units, # of Occupied units, Household median income, # of Households earning (30%, 50%, 80% ) of median income	HUD (HQ)	1995	2008	All seven	Development
Crime (Annual)	All crime categories available in the data. More importantly for the analysis - sex crimes, drug related crimes, violent crimes, murders (homicides) and property crimes	St. Louis Metropolitan Police Department	1990	2008	All seven	Development

**Table 4.1: Data Description** *(Continued)*.

Data Category	Variables	Data Sources	Data Begins	Data Ends	Subj. Dev.	Scope
Management Data	Type of management entity (private, non-profit or PHA)	SLHA -Program documents, HUD (local), Property Managers	1993	2009	All seven	Development
Business Inventory	All new businesses within a half mile radius of subject developments	City of St. Louis (Assessor's Office and License Collector's Office), Verify through drive-by	1993	2009	All seven	Neighborhood
Rent Rolls	Tenant profiles (unit occupied, total rent) for all non-subsidized tenants only	Property Managers	2008	2009	HOPE VI Only	Development

**Table 4.1: Data Description** (*Continued*).

Data Category	Variables	Data Sources	Data Begins	Data Ends	Subj. Dev.	Scope
Interviews (in-person and telephone)	Management Agents, St. Louis Housing Authority staff, HUD (local) staff, Business owners	St. Louis Housing Authority, Program documents, HUD	1993	2009	HOPE VI only	Development
Miscellaneous	Program documents - site photographs, source of funds, development timeline, other pertinent information	SLHA- Program documents, HUD (local staff), Management agents,	1990	2008	All seven	Development
Demographic Data *	Population, Ethnicity, Poverty Rates, Median Income, Housing characteristics	1990 and 2000 Census Data	1990	2000	HOPE VI	Census Tract

\*Demographic data is to provide a geospatial examination of neighborhoods adjoining the HOPE VI developments using 1990 and 2000 census data

**Figure 5.1: Now-demolished George L. Vaughn Public Housing Development.**

Redeveloped into Murphy Park mixed-income development in 1995.



Source –: Picture by Ryan Hildebrand obtained from the Emporis website  
<http://www.emporis.com/application/?nav=building&lng=3&id=3501franklinavenue-streetslouis-mo-usa>

**Figure 5.1A: George L. Vaughn Public Housing Development (During Demolition).**

Redeveloped into Murphy Park mixed-income development in 1995.



Source: Provided by McCormack Baron Salazar 2010

**Figure 5.2: Murphy Park in 1998 (After HOPE VI-like Revitalization).**

Replaced the George L. Vaughn public housing development.



Source: Provided by McCormack Baron Salazar 2010



**Figure 5.3: John J. Cochran Public Housing Development (During Demolition in 2007).**

Redeveloped into Cochran HOPE VI development.



Source: Obtained from Built St. Louis website:  
<http://www.builtstlouis.net/cochrangardens01.html>



**Figure 5.4: Cochran (After HOPE VI Revitalization in 2009).**

Replaced John J. Cochran high-rise public housing development.



Source: Provided by McCormack Baron Salazar 2010

**Figure 5.5: Arthur A. Blumeyer High-rise Public Housing Development (Before Demolition).**

Redeveloped into Blumeyer HOPE VI development.



Source: Picture by Ryan Hildebrand. Obtained from Emporis website:  
<http://www.emporis.com/application/?nav=building&lng=3&id=3501franklinavenue-streetlouis-mo-usa>

**Figure 5.6: Blumeyer in 2009 (After HOPE VI Revitalization).**

Replaced the Arthur A. Blumeyer public housing development.



Source: Provided by McCormack Baron Salazar 2010



**Figure 5.7: Darst-Webbe High-rise Public Housing Development (Before Demolition).**

Redeveloped into King Louis HOPE VI development.



Source: Urban View – Picture of Darst-Webbe Conventional Public Housing Development in 1990 by Steve Patterson. Obtained from website: [http://farm4.static.flickr.com/3300/3599753822\\_96a6f6e52a\\_o.jpg](http://farm4.static.flickr.com/3300/3599753822_96a6f6e52a_o.jpg)

**Figure 5.8A: Elderly Housing at King Louis in 2010 (After HOPE VI Revitalization).**

Replaced the Darst-Webbe public housing development.



Source: EM Harris Construction: <http://www.emharris.com/projects/projectslist/darst/>

**Figure 5.8B: Homeownership Units at King Louis HOPE VI Development in 2010.**

Replaced the Darst-Webbe public housing development.



Source: Wikipedia – 2009 photograph of the rehabilitated City Hospital, a segment of King Louis HOPE VI Development:

[http://en.wikipedia.org/wiki/File:STL\\_Darst\\_Webbe\\_02.JPG](http://en.wikipedia.org/wiki/File:STL_Darst_Webbe_02.JPG)

**Table 6.1: 1990 Census Data of Public Housing Neighborhoods/City of St. Louis.**

Demographic profiles of neighborhoods where the mixed-income developments are now located and the conventional public housing developments are still located. Data is based on 1990 census block data for both categories of neighborhoods and the City of St. Louis.

	City of St. Louis		Mixed- Income		Conv. Pub Hsg	
<b>Population:</b>						
White	202,276	(51%)	133	(2%)	38	(1%)
Black	187,995	(47%)	6,008	(97%)	3,216	(99%)
Others	6,414	(2%)	33	(1%)	6	(0.2%)
<b>Household Income Range:</b>						
Less than \$5,000	20,613	(13%)	1,286	(51%)	662	(55%)
\$5,000 to \$9,999	25,173	(15%)	724	(29%)	261	(22%)
\$10,000 to \$24,999	54,237	(33%)	406	(16%)	216	(18%)
\$25,000 to \$49,999	45,092	(27%)	84	(3%)	67	(6%)
\$50,000 or more	19,289	(12%)	10	(0.4%)	0	(0%)

---

**Table 6.1 (Continued)**

---

	City of St. Louis		Mixed- Income		Conv. Pub Hsg	
<b>Public Assistance:</b>						
With Public Assistance	22,417	(14%)	1,312	(52%)	667	(55%)
No Public Assistance	141,987	(86%)	1,198	(48%)	539	(45%)
<b>Housing Units - Occupancy Status:</b>						
Occupied	164,931	(85%)	2,444	(66%)	1,213	(60%)
Vacant	29,988	(15%)	1,273	(34%)	811	(40%)
<b>Median Household Income</b>						
(1989)	\$19,458		\$5,569		\$5,090	
Percent Living in Poverty	24.6%		64.9%		57.4%	
Median Contract Rent	\$342		\$120		\$119	

---

Source: US Bureau of Census - 1990 Census Data



**Table 6.6: Poverty Thresholds in the U.S. and Income Limits for the St. Louis MSA.**

Income limits are used for determining eligibility of applicants for Public Housing, Section 8, and other subsidized housing programs and published by HUD annually for different MSAs and family sizes. The official government poverty thresholds are issued annually and are also based on family sizes.

2008						
Family Size	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
2008 Poverty Thresholds	\$10,400	\$14,000	\$17,600	\$21,200	\$24,800	\$28,400
30 % of AMI	\$13,850	\$15,800	\$17,800	\$19,750	\$21,350	\$22,950
50 % of AMI	\$23,050	\$26,350	\$29,650	\$32,950	\$35,600	\$38,200
2009						
2009 Poverty Thresholds	\$10,400	\$14,000	\$17,600	\$21,200	\$24,800	\$28,400
30 % of AMI	\$14,250	\$16,300	\$18,300	\$20,350	\$22,000	\$23,600
50 % of AMI	\$23,750	\$27,150	\$30,550	\$33,950	\$36,650	\$39,400

Sources: HUD User 2008a; HUD User 2009a; Federal Register 2008 and 2009a.

**Table 6.7: Time Framework for Data Analysis.**

Year of intervention ( $t$ ) is the year demolition (mixed-income) or rehabilitation (conventional public housing) developments occurred. For each development, the years before intervention are represented by:  $t_{-1}$ ,  $t_{-2}$ ...  $t_{-n}$ , and after intervention:  $t_{+1}$ ,  $t_{+2}$ ...  $t_{+n}$ .

	Before Intervention									
	$t-9$	$t-8$	$t-7$	$t-6$	$t-5$	$t-4$	$t-3$	$t-2$	$t-1$	$t$
Demolished Conventional Public Housing - Before HOPE VI										
Vaughn					1990	1991	1992	1993	1994	<b>1995</b>
Darst-Webbe	1990	1991	1992	1993	1994	1995	1996	1997	1998	<b>1999</b>
Blumeyer	1994	1995	1996	1997	1998	1999	2000	2001	2002	<b>2003</b>
Cochran	1996	1997	1998	1999	2000	2001	2002	2003	2004	<b>2005</b>
Conventional Public Housing - Before Rehabilitation										
Carr Square				1990	1991	1992	1993	1994	1995	<b>1996</b>
Clinton										
Peabody			1990	1991	1992	1993	1994	1995	1996	<b>1997</b>
LaSalle	1990	1991	1992	1993	1994	1995	1996	1997	1998	<b>1999</b>

**Table 6.7: Time Framework for Data Analysis (Continued)**

	Post Intervention									
	<i>t+1</i>	<i>t+2</i>	<i>t+3</i>	<i>t+4</i>	<i>t+5</i>	<i>t+6</i>	<i>t+7</i>	<i>t+8</i>	<i>t+9</i>	<i>t+10</i>
Housing Developments - After HOPE VI Intervention										
Murphy Park	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
King Louis	2000	2001	2002	2003	2004	2005	2006	2007	2008	2007
Blumeyer	2004	2005	2006	2007	2008					
Cochran	2006	2007	2008							
Conventional Public Housing - After Rehabilitation										
Carr Square	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Clinton Peabody	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
LaSalle	2000	2001	2002	2003	2004	2005	2006	2007	2008	

**Table 6.12: Survey of Business Owners.**

List of new business located within a ½ mile radius of Murphy Park and King Louis.

Name of Business	Type of Business	Distance (Miles)	Person Interviewed	Year Established
Businesses near Murphy Park				
Mobil Gas Station*	Grocery/Gas	0.33	Owner	2009
Top Shelf*	Clothing Store	0.33	Same as above	2009
Salama Beauty Shop*	Retail	0.33	Same as above	2009
Empire Motors	Used Car Sales	0.31	Owner's Son	2009
Businesses near King Louis				
2001 Hair Design	Hair Saloon	0.24	Owner	2010
Ella's Little Angel	Daycare	0.06	Employee	2005
Walgreens	Pharmacy	0.27	Employee	2008
State Farm	Insurance	0.47	Employee	2003
Butler's Pantry	Bakery	0.08	No Response	

**Table 6.12: Survey of Business Owners (Continued).**

The second segment of the Table 6.2 below shows the responses to survey questions 7 and 8 (Questions are listed on Table 6.13).

	Q7-A	Q7-B	Q7-C	Q7-D	Q8- Scale
Salama*	N/A	N/A	Yes	N/A	3
Empire Motors	N/A	N/A	Yes	N/A	4
2001 Hair Design	No	N/A	Yes	N/A	5
Ella's Little Angel	N/A	N/A	Yes	N/A	5
Walgreens	N/A	N/A	N/A	Yes	1
State Farm	N/A	N/A	Yes	N/A	2

\* Same Entity (Salama) owns the Mobil Gas Station, Top Shelf and Salama Beauty Store

**Table 6.13: Survey of Business Owners – Questions.**

The survey questions helped determine whether HOPE VI (King Louis) and HOPE VI-like (Murphy Park) intervention played any role in the siting of new business nearby.

---

1. Name of Business \_\_\_\_\_
2. What type of service/good do you provide? \_\_\_\_\_
3. What is your role with the organization? \_\_\_\_\_
4. When was this business established?
  - After 1995 (Vaughn)/1999 (Darst-Webbe): Yes or No (if no, discontinue survey)
5. Were you familiar with the Vaughn/Darst-Webbe Public Housing Project that existed nearby?
  - Yes or No \_\_\_\_\_
6. Are you familiar with the Murphy Park Apartments/King Louis that replaced Vaughn/Darst-Webbe public housing project in 1995/1999?
  - Yes or No \_\_\_\_\_

**Table 6.13: Survey of Business Owners – Questions** (*Continued*)

---

7. If your business was established after 1995/1999, please select any of the following that helps explain why your business was cited at this location (you can select more than one option):
- A. If Vaughn/Darst-Webbe public housing development still existed, this business would not have been established.
  - B. If Murphy Park /King Louis was not built nearby, the business would not have been established.
  - C. The business was established because the neighborhood has improved today compared to before 1995/1999 when Vaughn/Darst-Webbe Public Housing Project still existed.
  - D. None of the above reasons apply.
8. On a scale 1 to 5 (5 very important; 1 not relevant); how important would you say the demolition of Vaughn/Darst-Webbe and/or the building of Murphy Park/King Louis contributed to the establishment of this business at this location.
-