



Choice Neighborhoods

What is Choice Neighborhoods? Choice Neighborhoods is HUD's signature place-based initiative and is a central element of the White House's Promise Zones Initiative, which builds on a federal partnership to transform high poverty neighborhoods into places of opportunity and economic growth. Choice Neighborhoods enables communities to revitalize struggling neighborhoods with distressed public housing or HUD-assisted housing. Local leaders, residents, and stakeholders, such as public housing authorities, cities, schools, police, business owners, nonprofits, and private developers, create a plan that revitalizes distressed HUD housing and addresses the challenges in the surrounding neighborhood. Through these grants, communities are replacing obsolete, distressed housing with vibrant mixed-income communities, leveraging investments to develop new retail and businesses, turning around failing schools, strengthening early education, preventing crime, improving transportation, ensuring basic neighborhood assets, and increasing access to jobs.

Why Choice Neighborhoods? Over 13.6 million Americans live in neighborhoods with a poverty rate of 40% or more. Many of these neighborhoods struggle with rampant crime, failing schools, and the impact of decades of disinvestment. High poverty neighborhoods also collectively have 105,000 units of distressed public and private HUD-assisted housing. Choice Neighborhoods recognizes the need to support local leaders in turning around these neighborhoods so that they can become centers of opportunity and economic growth.

What does Choice Neighborhoods do?

- *Builds upon two decades of HOPE VI innovations.* Choice Neighborhoods builds upon the bipartisan HOPE VI public housing revitalization program launched in 1993. HOPE VI has developed nearly 100,000 units of mixed-income housing in 260 communities. Many HOPE VI sites have not only rebuilt some of the most severely distressed public housing, but have also experienced sharp drops in poverty, crime, and unemployment; large rises in income and property values; and new investment, business growth, and jobs. Urban Institute has estimated that, with these gains, one typical, large HOPE VI redevelopment could save taxpayers \$22 million more than if HUD did nothing.
- *Transforms distressed housing and creates mixed-income communities.* The 12 Choice Neighborhoods Implementation Grantees will replace and rehabilitate 3,624 obsolete, isolated public and private HUD-assisted housing units with new, mostly privately managed units. These replacement units will be mixed with 7,790 new affordable and market-rate units to ensure communities attract a sustainable mix of incomes. For many grantees, construction is already well underway. For example, Boston has completed its housing construction, which is replacing a distressed Section 8, HUD-assisted housing site with 129 new and reconfigured units. San Antonio has also completed 208 new mixed-income units, including 49 replacement public housing units.
- *Catalyzes neighborhood transformation.* Choice Neighborhoods Grantees develop a comprehensive neighborhood plan that addresses the broader needs of the community, including nearby vacant private housing, public safety, local schools, employment, economic development, and other critical community improvements. Grantees can use up to 30 percent of their award to leverage these investments. For example, with \$500,000 in Choice Neighborhoods funds and \$13.5 million in leverage, the City of Boston and its partners converted an abandoned factory across the street from their housing site into a multi-tenant food production facility. This facility will support over 50 businesses and create more than 100 new jobs within the first three

years of operation. Along the same street, Boston will make strategic façade improvements to 10-15 businesses. These and other physical investments will be complemented with improvements in residents' education, safety, health, and employment.

- *Leverages other funding.* The 12 Choice Neighborhoods Implementation Grantees have leveraged over \$2.5 billion, more than 7 times their total grant award. This total includes new and refocused funds from private investors, banks, cities, universities, foundations, and a range of local partners.
- *Engages key stakeholders.* Mayors, local governments, nonprofits, tribal entities, developers, and public housing authorities can apply for Choice Neighborhoods Grants. In addition to applicants, Choice Neighborhoods Grantees have also formed partnerships with a range of local players, such as private investors, Chambers of Commerce, school districts, police departments, community health clinics, faith based organizations, and Workforce Investment Boards.
- *Builds capacity through Planning Grants.* It takes years to plan a neighborhood transformation effort and build a strong coalition of stakeholders. For this reason, Choice Neighborhoods provides smaller, two-year Planning Grants. Planning Grants include competitive preferences for rural communities and communities that have a Department of Education Promise Neighborhoods Grant.

How does Choice Neighborhoods fit in? Choice Neighborhoods is a central element of the President's Promise Zones initiative, which will revitalize up to 20 of America's highest-poverty communities by creating jobs, attracting private investment, increasing economic activity, expanding educational opportunity, and reducing violent crime. As part of the Promise Zones initiative, HUD is working alongside the Departments of Health and Human Services, Treasury, Justice, Commerce, Agriculture, and Education to align neighborhood-based programs and existing federal programs to achieve these goals. As a result of these agencies' efforts:

- 8 Choice Neighborhoods are included in areas designated as Promise Zones.
- 9 Choice Neighborhoods have Department of Education Promise Neighborhoods Grants, which are grants that focus on transforming a neighborhood's educational opportunities.
- 4 Choice Neighborhoods have received \$2 million from the Department of Justice to execute evidence-based, public safety strategies, and 9 Choice Neighborhoods have received Byrne Criminal Justice Innovation Grants.
- The Department of Health and Human Services' competition for community health center improvements prioritizes coordination between health clinics and Choice Neighborhoods Grantees.

What's next? Since 2010, Choice Neighborhoods has awarded competitive grants to 12 Implementation Grantees and 63 Planning Grantees across the country. Demand for Choice Neighborhoods has far outpaced supply. Choice Neighborhoods has been able to fund only 10% of Implementation Grant applications and 17% of Planning Grant applications. During Fiscal Years 2010 and 2011, Choice Neighborhoods was funded as a demonstration program within HOPE VI at \$65 million each year. Choice Neighborhoods has been funded in place of HOPE VI since then at \$120 million in Fiscal Year 2012, \$113.7 million (due to sequestration) in Fiscal Year 2013, \$90 million in Fiscal Year 2014, and \$80 million in Fiscal Year 2015. The President's FY16 Budget includes a request for \$250 million for the program. Choice Neighborhoods awarded a new round of Planning Grants in January 2015 and recently announced nine finalists for the Fiscal Year 2014 Implementation Grant competition.