

Creating High-Opportunity Neighborhoods: Evidence from the HOPE VI Program

THE OPPORTUNITY INSIGHTS TEAM



Can we bring opportunity to families by revitalizing the neighborhoods they live in?

Opportunities for upward income mobility vary sharply across [neighborhoods](#) in the United States. This finding has sparked interest in policies that help families [move to high-opportunity](#) areas to improve children's long-term outcomes. Yet moving isn't always possible or desirable. A complementary, potentially more scalable approach is to bring opportunity to where families live. Can low-opportunity neighborhoods be transformed into high-opportunity ones? If so, what mechanisms make that possible?

In a new study ([Chetty, Diamond, Foster, Katz, Porter, Staiger, Tach 2026](#)), we answer these questions by studying the HOPE VI program, one of the largest neighborhood revitalization efforts in U.S. history. HOPE VI spent \$17 billion to replace 262 high-poverty, public housing developments with mixed-income communities across the nation, from Centennial Place in Atlanta, GA to Rainier Vista in Seattle, WA (see here for a [list of revitalized projects](#)).

Using anonymized housing records linked to tax and Census data from 1995-2019, we study more than one million public housing residents to provide the first comprehensive picture of the effects of revitalization on families' outcomes. We do so by comparing HOPE VI sites to similar control housing projects that were not revitalized.

We find that HOPE VI did not simply change buildings—it changed neighborhoods' causal effects on children. **Children who grew up from birth in revitalized public housing units earn about 50% more as adults** largely because revitalization increased interaction with more affluent neighbors. Our results show how place-based investments that connect low-opportunity areas to surrounding neighborhoods can increase economic mobility—potentially offering a cost-effective path to opportunity for many children.

KEY FINDINGS

- **Adults Did Not Gain Economically from HOPE VI Revitalization.** Neighborhood poverty rates fell by 10 percentage points after revitalization, driven by higher-income residents moving into market-rate housing, but adults who lived in public housing units did not earn more.
- **Children who Grow up in Revitalized Neighborhoods Earn More as Adults.** Each year of childhood exposure to a revitalized public housing unit raised children's earnings in adulthood by 2.8%. Those living there from birth earned 50% more over their lifetimes.
- **Earnings Gains Exceed Costs of Revitalization.** Revitalizing a single public housing unit increases the future earnings of children who grow up there by \$500K (adjusting for inflation and interest rates), far exceeding the cost of \$170K borne by taxpayers.
- **Gains for Children were Driven by Stronger Social Connections with Higher-Income Neighbors.** Children in revitalized public housing interacted more with higher-income neighbors and benefited most when surrounded by more affluent peers.
- **We Can Increase Economic Mobility by Better Connecting Low-Opportunity Areas.** Many low-income neighborhoods remain disconnected from nearby high-opportunity areas. Connecting such neighborhoods, mapped [here](#), could increase economic mobility at scale.

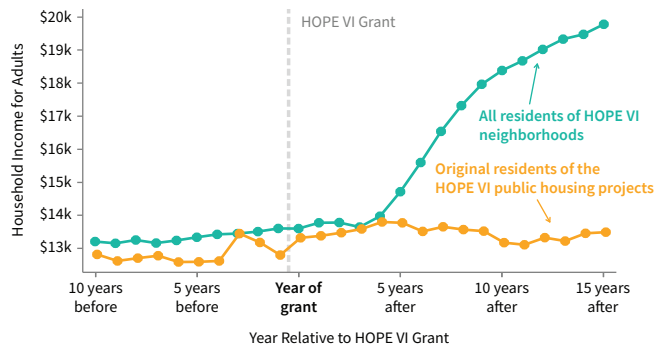
FINDING 1

Adults Did Not Gain Economically from HOPE VI Revitalization

HOPE VI led to large changes in who lived in revitalized neighborhoods. After revitalization, average household incomes in these areas rose by 45%. However, these gains came almost entirely from higher-income families moving into the new market-rate units—not from gains among the public housing residents. Adults who lived in the public housing projects before HOPE VI did not experience income gains as a result of the redevelopment (Figure 1).

In this sense, HOPE VI succeeded in creating more mixed-income communities, but it did not improve economic outcomes for the adults living in public housing. While adults may have benefited from revitalization in other ways, our results imply that improving their economic outcomes requires other interventions, such as workforce training programs.

Figure 1: Average Incomes in Revitalized Neighborhoods Increased, But Adults Living in Public Housing Saw No Income Gains



This figure shows the average household income of adults living in HOPE VI sites by year. The green series includes all adults living in a HOPE VI site in a given year (including those in market rate units), while the orange series considers only those who were living in public housing units before the grant. [Download Figure](#)

FINDING 2

Children who Grow up in Revitalized Neighborhoods Earn More as Adults

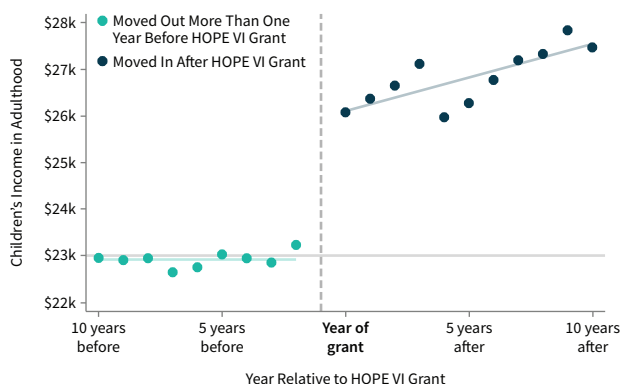
While HOPE VI did not raise adults' incomes, it improved children's outcomes substantially. Children who moved into the revitalized public housing units **earned 16% more** at age 30 (Figure 2), were **17% more likely to attend college**, and, among boys, were **20% less likely to be incarcerated**. These are large improvements, especially given that children spend only about five years growing up in these neighborhoods on average.

Each additional year a child spent growing up in a revitalized neighborhood increased their **earnings in adulthood by 2.8%**. These results hold even when comparing siblings within the same family: younger siblings, who naturally spend more time in the revitalized projects, go on to earn more than their older siblings who spent less time there (Figure 3).

These within-family comparisons establish that the earnings gains reflect genuine improvements in the neighborhoods' **causal effects** on children—meaning that growing up in revitalized neighborhoods actually changes children's long-term trajectory, rather than simply attracting a different mix of families to the neighborhood.

Our estimates imply that growing up from birth in a revitalized public housing project instead of an unrevitalized one would increase a child's earnings in adulthood by 50%.

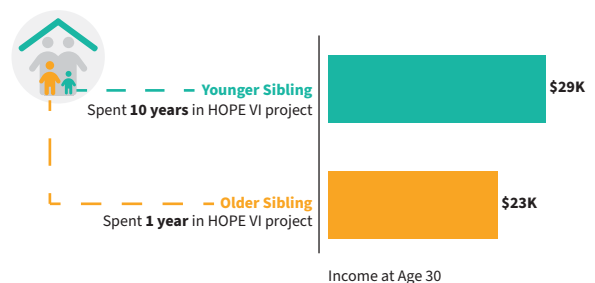
Figure 2: Impacts of HOPE VI Revitalization on Children's Earnings in Adulthood



This figure shows the average earnings at age 30 of children growing up in sites revitalized by the HOPE VI program, by year relative to the point of revitalization. [Download Figure](#)

Figure 3: Effects of Exposure to Revitalized Projects on Earnings in Adulthood: Sibling Comparisons

A family moves in with two children who are 7 and 17 years old.



This figure shows the impact of spending more of one's childhood in a revitalized project by comparing siblings who spend different amounts of time in HOPE VI communities. [Download Figure](#)

FINDING 3

Earnings Gains Exceed Costs of Revitalization

The HOPE VI program cost the federal government about **\$170,000** per revitalized unit. While substantial, this cost is considerably smaller than the resulting earnings gains for children raised in these units. Each year a family spends in a revitalized public housing unit generates roughly **\$25,000 in lifetime earnings gains** in present value (adjusting for interest rates and inflation) for their children.

If the improvements in neighborhood conditions last for 30 years, this would translate into a lifetime earnings gain of \$500,000 in present value—considerably larger than the up-front cost. Moreover, the increased income tax revenues and reduced transfer payments over children’s lives offset most of the up-front cost to taxpayers.

FINDING 4

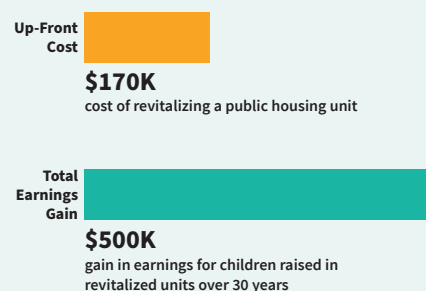
Gains for Children were Driven by Stronger Social Connections with Higher-Income Neighbors

Why did children’s outcomes improve so much in revitalized neighborhoods? Echoing findings from our [earlier research](#) using social network data, we find that increased interaction with more affluent peers in surrounding neighborhoods was a key driver of the gains from HOPE VI. HOPE VI generated **larger gains in places where nearby peers were thriving**. Children gained the most in sites where their peers in nearby neighborhoods had better outcomes and came from higher-income families (Figure 5a). By contrast, HOPE VI had **no effect** in neighborhoods where the surrounding communities were themselves deeply disadvantaged—suggesting that improving housing quality alone is not enough to expand opportunity.

To look more directly at how HOPE VI changed social interaction, we draw on several data sources, including decennial Census records, anonymized location data from cell phone pings, and friendship networks from Facebook. Across these measures, children in HOPE VI neighborhoods became more connected to the surrounding community: they were more likely to spend time with, befriend, and ultimately live with higher-income peers (Figure 5b). These connections likely exposed them to new ideas, opportunities, and role models that supported upward mobility, especially if their peers in surrounding areas were more affluent themselves.

For policymakers, these results imply that revitalization strategies should focus not only on improving housing quality, but also on **creating opportunities for meaningful cross-class interaction**—through schools, community programs, shared public spaces, and other efforts that help integrate low-income neighborhoods with the communities around them.

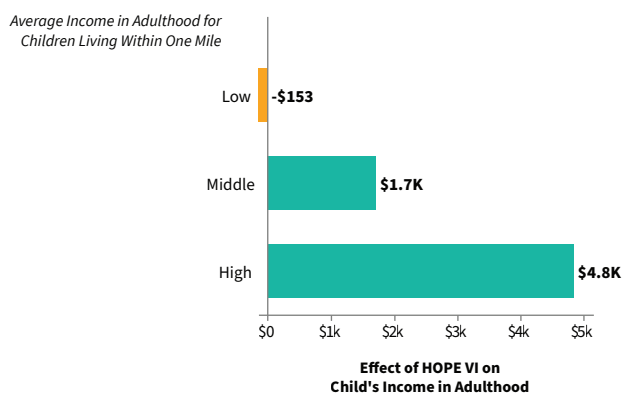
Figure 4: Earnings Impacts vs. Cost of HOPE VI Revitalization



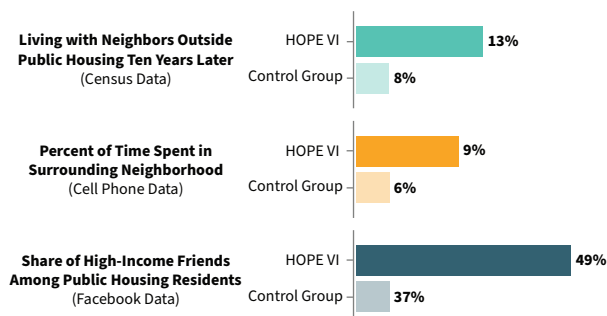
This figure compares the per-unit cost of revitalization paid by the federal government to subsequent income gains for the children who grow up in those revitalized units. [Download Figure](#)

Figure 5: Effects of Revitalization on Social Interaction with Surrounding Peers and Impacts on Earnings by Peer Strength

5a. Effects of HOPE VI by Peer Income



5b. Likelihood of Forming Social Connections



The left panel (5a) shows that the causal effect of HOPE VI on earnings is larger if their peers in surrounding neighborhoods have higher incomes in adulthood. The right panel of this figure (5b) shows that children in revitalized HOPE VI projects were more likely to form social connections—as measured by cohabitation in adulthood, time spent in the surrounding neighborhood, and friendships on Facebook—with children in the surrounding neighborhoods. [Download Figure](#)

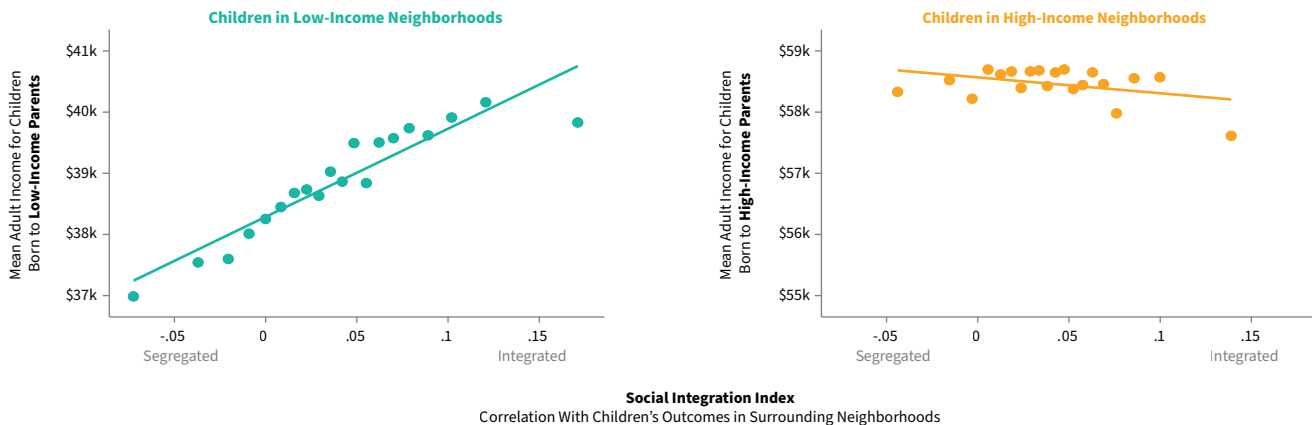
FINDING 5

We Can Increase Economic Mobility by Better Connecting Low-Opportunity Areas to Surrounding Neighborhoods

The lessons of HOPE VI have relevance beyond public housing. Many low-income neighborhoods across the country are as socially isolated as HOPE VI sites were before revitalization.

Across low-income neighborhoods in the U.S., there is a strong relationship between social connection and economic opportunity. Children in low-income neighborhoods tend to have higher earnings on average as adults if their neighborhoods are more connected to nearby, more affluent communities (Figure 6). In contrast, the **outcomes of children in affluent neighborhoods are no different** when their neighborhoods are more connected to nearby lower-income areas. Integrating low-income and affluent neighborhoods—as HOPE VI did—would thus likely generate substantial net benefits for society.

Figure 6: Association Between Social Integration and Economic Mobility Across Neighborhoods in America



The left panel of this figure plots the average income in adulthood for children with low-income parents vs. an index of how socially integrated the neighborhood is with surrounding neighborhoods. The right panel plots the same for children with high-income parents. [Download Figure](#)

Takeaways for Policies to Expand Opportunity

Our analysis of the HOPE VI program shows that (1) it is feasible to create high-opportunity neighborhoods through cost-effective interventions and (2) connecting isolated low-income communities to surrounding areas is a promising strategy for expanding opportunity.

Our findings suggest that ongoing neighborhood revitalization efforts such as HUD's [Choice Neighborhoods](#) and [Residential Assistance Demonstration](#) programs could increase economic mobility, particularly if funds from these programs are used to improve integration with surrounding higher-income areas. There may also be ways to further encourage private investment in neighborhood redevelopment using tools such as tax increment financing, which has historically given private developers incentives based on property and sales tax revenue gains resulting from their investments. Using the incremental income tax revenues resulting from children's higher earnings following redevelopment could expand the scope to incentivize private development.

While our analysis shows that HOPE VI improved children's outcomes, it does not account for the costs borne by many families displaced by redevelopment. Going forward, it will be valuable to identify strategies that deliver HOPE VI's benefits while minimizing disruptions to local communities.

To support such efforts, we have identified a set of low-income [neighborhoods](#) in cities across America that could benefit from being connected to surrounding higher-opportunity areas, which can be visualized using the [Opportunity Atlas](#).

Want to learn more?

[Read the Paper](#) ➤ [See Presentation Slides](#) ➤ [Download Figures](#) ➤ [See Candidate Neighborhoods for Connection-Based Revitalization](#) ➤

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