

Council,

This is what we think we learned from last week's Council workshop:

The GHA Board addressed the issue of how many total housing units they were going to build, and have the private sector build, as part of mixed-income developments. They considered using ratios from 20-35% PH units as part of mixed income developments, but 25% was most often mentioned, and will be used for this analysis.

Magnolia Homes 120 PH units + 360 private sector units = 480 total units

Oleander Homes 96 PH units + 288 private sector units = 384 total units

Cedar Terrace 66 PH units + 198 private sector units = 264 total units

Scattered sites 287 PH units + 0 private sector units = 287 total units

TOTALS:

569 PH units + 846 private sector units = 1,415 total units

Our research indicates that all of the units in mixed-income developments are normally built at the same time. The GHA Board seemed to be saying that they intend to build their units separately from the market-rate units, in different buildings, and at different times. This would not fit the model of income level mixing; it would segregate the PH units in a separate building. We have no idea why they seem to plan to proceed in this way.

If these new units are occupied only by people who currently do not live in Galveston, then no more vacant housing units will be created. However, if they are occupied by people currently living in Galveston, to that degree, these units will add to the existing surplus of about 7,000 vacant housing units; putting pressure on property values and rents. The worst case scenario would increase the number of vacant housing units by 20%!

GHA Executive Director, Harish Krishnarao, claimed that the 7,000 vacant housing units is a myth, and that there are really only 900-1,100. Unfortunately, the Mayor jumped on the bandwagon that 7,000 vacant housing units is an urban myth. We urge the Mayor to check the data (see below) before taking a position!

Also note that if we ignore the data and take the ED's comment as an accurate assessment of the local housing market, then adding 1,415 new units on top of his "estimate" of about 1,000 existing vacant housing units would more than double the number!

Please note that the CDM study, commissioned and paid for by the City, and using data from the U.S. Census Bureau, shows 10,744 total vacant housing units. If you subtract the 3,767 that are listed as for seasonal, recreational, or occasional use; the remainder is 6,977! That is the number that we are using.

HOUSING BY OCCUPANCY & TENURE	CITY					
	1990 Total	STF-1 %	2000 Total	SF-1 %	2006-2008 Total	ACS %
Total Housing Units	30,898	100.0%	30,017	100.0%	33,439	100.0%
Occupied Housing Units	24,157	78.2%	23,842	79.4%	22,695	67.9%
Owner Occupied	10,136	32.8%	10,399	34.6%	9,991	29.9%
Renter Occupied	14,021	45.4%	13,443	44.8%	12,704	38.0%
Vacant Housing Units	6,741	21.8%	6,175	20.6%	10,744	32.1%
For rent	2,436	7.9%	2,537	8.5%	2,560	7.7%
For sale only	641	2.1%	347	1.2%	984	2.9%
Rented or sold, not occupied	445	1.4%	286	1.0%	213	0.6%
For seasonal, recreational, or occasional use	1,742	5.6%	2,238	7.5%	3,767	11.3%
For migrant workers	3	0.0%	2	0.0%	0	0.0%
Other vacant	1,474	4.8%	765	2.5%	3,220	9.6%
Homeowner Vacancy Rate		5.9%		3.2%		8.9%
Rental Vacancy Rate		14.8%		15.9%		16.7%

http://www.cityofgalveston.org/_private/newstool/newsdoc/10.06.29_FINAL_Housing%20Study%20Report.pdf Page 53

In addition, a 2009 ULI study found 7,000-9,000 vacant housing units in the City.

This so-called myth arises from the fact that the GHA has never wanted to use existing housing units; it wants to build new ones, so they dispute data that would suggest using existing units makes more sense!!

The GHA Board also said that if they can't get private-sector partners to build the market-rate units, in the intended mixed-income developments, the total rebuild would be 569 in scattered sites. However, the Mayor and the Board are on record with their preference for mixed-income development which is why they believe that the new projects will not become Galveston's new slums. What happens if they can't get the private partners to build mixed-income projects; more slums?

The current GHA plan also begs the question that if mixed-income development is the new route to the Promised Land, why aren't all 569 PH units going to be part of such developments? It would potentially create as many as 2,276 more housing units,

but if the number of vacant housing units is a myth; what difference does it make? How can the tenants placed in scattered-site properties possibly live in the “first-class” public housing, promised by the Mayor, when they are not in mixed-income developments?

As in Atlanta, the GHA is counting on large subsidies from local philanthropists to make their mixed-income model work; if they are actually able to build those developments.

As always, we welcome corrections and clarifications from the GHA.