

G.A.R.D. Plan for Public Housing

A Presentation to the Planning Commission of the City of Galveston

G.A.R.D. Mission Statement: The Galveston Alliance for Responsible Development is an organization dedicated to responsible and equitable development. All development on Galveston Island must meet criteria for sustainability, effectiveness, and efficiency and be measured against its impact on the entire city.

Principles: S.E.R.V.I.C.E. Self-Reliance, Economic Sustainability, Respect for all, Viability, Integrity, Community standing together, Envisioning the future.

GARD believes that the most pressing issue facing Galveston today is GHA's proposal for the rebuilding and expansion of public housing. To that end, we have done significant research which we would like to share with you today. We have formulated a plan which fulfills GARD's stated mission, addresses its impact on the community as a whole, and considers the responsible expenditure of taxpayer funds.

GARD'S Proposal for Subsidized Low Income Housing Program for Galveston

1. GARD Proposes the use of the existing housing stock by shifting resources from public housing to Section 8 housing vouchers, excluding Gulf Breeze and Holland House.

According to the Urban Land Institute, we presently have an estimated 8,800 vacant housing units in Galveston. Many of these properties would only require minor repairs to bring them up to code, and would provide immediate placement of the 204 displaced families into available Section 8 housing. These costs would be the responsibility of the property owner. (According to GHA's Master Planning Study for Replacement, Draft October 14, 2009, page III-7, "*Currently only 36% of the former residents would like to return. Some of those would take a housing voucher in lieu of a public housing unit.*") This would require providing Section 8 housing for only 204 families.")

The City of Galveston has commissioned a Strategic Market Research Study. It will include a more detailed report on the existing housing inventory, size, location and price point. This study will be a valuable tool to assist the community in planning for a sustainable city. No new housing developments should be considered until the city has an accurate & detailed assessment of the current Galveston housing stock.

By shifting from Public Housing to Tenant based Housing we would:

- 1) Return all properties previously owned and operated by GHA (other than Gulf Breeze, Holland House, and existing scattered sites) to the private sector and to the tax rolls.
- 2) Reduce segregation and the concentration of poverty which would bring Galveston into compliance with the HUD Public Housing Reform Act, the 1996 Consent Decree,

and the Fair Housing Act, **reducing the likelihood of future lawsuits against the City of Galveston similar to those in Baltimore, Thompson v. HUD.**

- 3) Reduce the number of vacant properties in the City's core neighborhoods.
- 4) Encourage the renovation of older properties, which would stabilize and encourage neighborhood renewal and ultimately increase tax revenues.
- 5) Comply with the HUD Policy concerning the "*Avoidance of creating Surplus Housing Conditions in a soft market*". (3-6) *B HUD Control of Housing Supply*. "Observation of the housing market and the relationship between the supply and the demand is required of each Field Officer, if far-reaching adverse consequences of oversupply are to be avoided."

4010.1 Definitions, Policy Statements and General Rules

<http://www.hud.gov/offices/adm/hudclips/handbooks/hsg/4425.1/44251c3HSGH.doc>

6) Place the responsibility of maintenance, code enforcement and capital improvement on the private landlords, reducing GHA expenses.

7) Eliminate the entire cost of new construction. The **\$25M** earmarked CDBG funds would then be available for any of the following eligible uses by the city for the benefit of all residents:

acquisition of real property;

relocation and demolition;

rehabilitation of residential and non-residential structures;

construction of public facilities and improvements, such as water and sewer facilities, streets, neighborhood centers, and the conversion of school buildings for eligible purposes;

public services, within certain limits;

activities relating to energy conservation and renewable energy resources;
and

provision of assistance to profit-motivated businesses to carry out economic development and job creation/retention activities."

8) Avoid violation of HUD flood plain regulations, and compliance with the mandatory 8 step process.

9) Provide the current recipients of public housing more choice concerning their housing (i.e. location, size, amenities and condition). According to Edgar Olsen, Professor of Economics at the University of Virginia, “It allows each recipient to occupy a dwelling unit with a combination of location, size, amenities, and condition preferred to their current public housing unit, while still insuring that recipients live in housing meeting minimum housing standards.”

10) Create cost-effective alternative to publicly owned housing. The management of privately owned Section 8 housing completely eliminates the capital investment (in land and structures) and the ongoing maintenance of government owned housing, using tax funds. According to Edgar Olsen, Professor of Economics at the University of Virginia. “HUD’s operating and modernization subsidy substantially understates the true subsidy in providing assistance in public housing projects because it ignores the opportunity cost of the public housing land and structure that are used to serve public housing tenants and the substantial local property tax abatements received by public housing projects.”

<http://artsandsciences.virginia.edu/economics/facultystaff/eoo.html>

Paper: The Future of Public Housing, 2008 NAHRO Conference Page 3

Professor Olsen also has a study that demonstrates how Section 8 Housing (Tenant Based Housing) is more cost effective than public housing.

<http://artsandsciences.virginia.edu/economics/facultystaff/eoo.html>

Paper: The Future of Public Housing, 2008 NAHRO Conference Page 2

Paper: The Cost-Effectiveness of Alternative Methods of Delivering Housing Subsidies Study

2. GARD Proposes that three of the four GHA former project sites be sold or leased to private developers or industry.

The Sale or Lease of these properties would:

- 1)Return large tracts of land to the private sector for economic development.
- 2)Place these properties on the tax rolls
- 3)Provide additional funding for GHA to develop and expand family self-sufficiency and educational programs.

3. GARD Proposes that the fourth property be used to develop an educational institution training/vocational center or neighborhood center to benefit the entire city. Eligible uses of CDBG funds include

“construction of public facilities and improvements... neighborhood centers and... assistance to profit-motivated businesses to carry out economic development and job creation/retention activities.”

<http://www.nls.gov/offices/cpd/communitydevelopment/programs/entitlement/>

4. GARD proposes that the disbursement of any federal, state, local or any other tax payer funds for new construction or reconstruction of any government subsidized housing in the City of Galveston be subject to a referendum.

Requiring a referendum would:

- 1) Allow for public input before any taxpayer dollars are spent.
- 2) Allow consideration of how the development will impact the entire city.
- 3) Require that the proposed development be in line with the recommendations outlined in the Galveston Comprehensive Plan, before any approval is given.

5. GARD also supports the following additions to the GHA's Admission and Continued Occupancy Policy, which would:

- 1) Limit occupancy period to 5 year maximum for all Section 8 Choice Voucher residents, other than elderly or disabled. Charlotte, NC instituted time limits almost a decade ago, aimed at short-term aid, and Delaware has followed suit. (http://www.city-journal.org/html/10_2_how_charlotte.html)
- 2) Create a financial incentive program: when a resident's income level rises, put the additional difference between the original rent and adjusted rent (based on income) into a savings account to be redeemed by the resident upon vacating subsidized housing.
- 3) Require that GHA make available a quarterly reporting system, posted on the GHA website, which provides:
 - The Resident Characteristic Report
 - Crime Reports for all Subsidized Housing units
 - Code Compliance Complaints filed and resolution
 - Number of Families participating in and who have completed the Family Self Sufficiency Program
 - Number of Families that have moved from subsidized housing into the private sector.

In Summary:

The GARD Proposal is in line with recommendations and policies put forth in the Galveston Comprehensive Plan 2003, the Urban Land Institute's report, "Galveston, Texas: Building the Future", the Consent Decree of 1996, and the Public Housing Reform Act signed by President Clinton in 1998. All these plans support reduced segregation and concentration of poverty, the revitalization of neighborhoods through rehabilitation and private enterprise, and the expansion of housing for low-income residents through the prudent expenditure of tax dollars.

In addition to the hard copy, we are providing an online copy of this plan to all commissioners, with links supporting our research. It is also available on the www.gogp.org website for all to view.

Thank you for your time.