

MEETING WITH GALVESTON DAILY NEWS ON MONDAY, NOVEMBER 23, 2009

Question One: Need

- A. Before you rebuild public housing, shouldn't you have a firm idea of need? **ANSWER: Yes**
- B. How many units are needed, and has need been based on flesh and blood applicants on the waiting list?
ANSWER: Post-Ike, there are 1,219 applicants on the Public Housing Waiting List and 761 on the Section 8 Waiting List. GHA proposes to build 569 homes lost from Hurricane Ike.
- a. Are these people who lived here before the storm? Two hundred twenty families that currently stay on the Island were public housing residents before the storm.
 - b. Of the persons remaining on the Public Housing and Section 8 Waiting Lists 790 were on the Public Housing Waiting List and 270 were on the Section 8 Waiting List before Hurricane Ike. GHA is actively contacting the families and families are providing post hurricane stress response. We expect this will be complete by January 2010.
- C. Projections are based on the waiting list; however, the demographic data, the City's Consolidated Plan and other data also strongly support the need for subsidized housing.

Question Two: Student Housing

- A. Can units within public housing developments be specified for student housing? Is that an ironclad rule?
ANSWER: Student Housing is not specified, however, students can be admitted under certain eligibility rules for Section 8 and Public Housing. They are subject to code of federal regulation waiting list requirements. Under the Section 8 Program 20% of vouchers may be set aside for specific purposes. GHA is recommending the following set aside: 20 homes for full-time grade 12+ students; 80 homes for families working 30+ hours a week; 15 homes for health care service industry workers; 35 homes for veterans of US military; 20 homes for trade school students; 5 homes for emergency essential city/county employees.
- B. Can Congressional leaders ask for exemptions to the above? **ANSWER:** Yes, the citizens of Galveston can request Congressional leaders to provide "student preference" over conventional needs of its low to moderate income citizens for the benefit of students if it chooses to do so. It would appear, however, to be placing a priority of student housing over other housing, which may be debatable.

Question Three: Renovation/New Construction: GHA's redevelopment plan (as a result of public comments) calls for 175 units of homeownership using the Section 8 Project Based Voucher Program for families earning between \$10,000 and \$32,000 for a family of four. GHA's staff recommendation to the Board of Commissioners for 569 units of housing will be:

- CEDAR Terrace – 80 Homes (41% Reduction in Density)
- OLEANDER Homes – 140 Homes (29% Density Reduction)
- PALM Terrace Homes – 40 Homes (62% Density Reduction)
- MAGNOLIA Homes – 80 Homes (41% Density Reduction)

Scattered Sites – 129 Homes

Scattered Clusters – 100 homes

A. What are the cost estimates for building new units as opposed renovating existing ones? ANSWER

DEVELOPMENT ISSUES:

1. NEW CONSTRUCTION: HUD establishes Total Cost Development Guidelines for Housing Authorities as determined by the area of the United States in which they are located. They are normally updated on a yearly basis to consider inflation.
 2. REHABILITATION: HUD determines that if the cost of rehabilitation exceeds 90% of the value of new construction, it is not viable to build rather than rehabilitate (viability analysis).
 3. FLOOD PLAIN: HUD requires mitigation for any property built or purchased. This means raising the houses in addition to purchase and rehabilitation.
 4. LEAD-BASED PAINT AND ASBESTOES ABATEMENT: Required for all HUD owned properties
 5. Cost Estimate for new construction on existing site -- \$160,000
Cost of new home on new site -- \$190,000
Cost of purchase and renovation of historic home -- \$190,000 - \$350,000*
- *This cannot be accurately determined until properties are identified and appropriate engineering/architect studies can be completed. The above is the initial range supplied to GHA by its consultants. However, GHA will be exploring approximately 129 in-fill development to include both renovations and new development.

OPERATING ISSUES:

1. Cost of operating scattered site will be higher than clustered home – no economies of scale (it will cost more federal tax payer’s dollars to operate scattered sites).
2. Utilities costs in scattered site higher than clustered home (2 bedroom utility around \$90 compared to \$160) resulting in higher cost to low income families (families will be paying more for the energy expenses – which is not a green principle to spend more for energy). It may not be wise to expect a needy family to pay more towards energy expenses than what is required under alternate options.
3. Operating subsidy housing authorities receive for scattered sites is the same as clustered home of same bedroom size, though it would cost more to operate a scattered site – which decreases long-term viability of housing operations in Galveston.
4. HUD has been funding 83 cents to 95 cents of a required 100 cents in operating subsidy during the last decade and it will likely remain the same or go down in the future as a result of national economic downturn and this may have an impact on sustainability.

Question 4: Could Galveston rely solely on Section 8 for Public Housing, or could GHA, like Texas City move away from owning buildings? Yes

Items for consideration:

- A. Galveston Housing Authority serves a large number of families who are elderly, handicapped and disabled. The last statistic before Hurricane Ike was that 65% of families were in this category. That equates to over 600 of GHA's previous resident population and follows the national trend of aging. Although the families are supposed to be able to live independently, the reality is that many cannot and environments with supportive services keep them out of nursing homes unnecessarily. Isolating them is not healthy, especially for those grandparents who are raising grandchildren and sometimes the families are not there to serve them.
- B. The total federal taxpayer dollars required for administration of an HCV (section 8) program is higher than conventional programs and fewer numbers of families may be served (it is estimated that HCV program costs more than twice of the conventional program to operate).
- C. Legal Aid (and other legal entities) strongly believes that vulnerable families are better protected in a clustered housing environment than in scattered housing (such as Section 8) due tenant protection rights.