

LITC

On 10 November 2011, the City Council voted 4-3 (Beeton, Gonzales, Greenberg, Legg) to prohibit the mixed-income development that the GHA has planned, and added deadlines to begin and finish their work.

Video: <http://galvestontx.swagit.com/player.php?refid=11102011-2>

Item 13D

Minutes: <http://www.cityofgalveston.org/private/newstool/newsdoc/11-10-11.pdf>

*“Motion to enter into a sub recipient agreement with GHA to award \$25,000,000.00 in CDBG Funds to replace no more than 529 public housing units, **provided such units shall not be developed as part of a mixed income development or other projects that include additional units in excess of 529 public housing units** and provided that the GHA break ground within 6 months and complete construction within 18 months thereafter and authorizing the City Manager to execute a sub-recipient agreement with the Galveston Housing Authority and any other documents necessary to comply with the terms of this motion.”*

Immediately after the vote, the Mayor took measures to move ahead with his mixed-income scheme in defiance of the Council.

The control of the \$25,000,000 was returned to the GLO and they transferred control to HGAC for further disposition.

On 20 December 2011, Councilmembers Beeton, Greenberg and Legg, as well as Buzz Elton, went to the monthly HGAC meeting and urged the HGAC to respect the conditions that the Galveston City Council had placed on the money while the City’s official representative at HGAC, Mayor Joe Jaworski, argued during the Board deliberations, that the money should be given to GHA with NO RESTRICTIONS.

MBS also had a “consultant” sitting on the HGAC Board!

HGAC went along with the Mayor.

Mixed-income development is dependent on the developer obtaining Low-Income Tax Credits from the State (TDHCA). In order to actually implement their vote against mixed-income development, Councilmembers Beeton, Gonzales, Greenberg, and Legg have placed a resolution on this week's Council Agenda (12 November) requesting that the TDHCA decline to issue any more LITCs in this city for at least three years.

“However, the community is saturated with multi-family rental housing. Further approval of LIHTC applications, at this time, would have an indelible and direct effect on the City's objective of promoting economic recovery and quality of life for the Island; and,

WHEREAS, the City Council of the City of Galveston deems it in the best interests of the public to respectfully urge the Texas Department of Housing and Community Affairs to suspend issuing tax credits for low income residential development, in the City of Galveston, for the next thirty-six (36) months.”

This resolution **MUST PASS** for the City to have a reasonable chance to convince TDHCA not to issue LITCs to MBS. The Mayor and his Poverty Industry Pals will surely try to block it. Councilmembers Beeton, Gonzales, Greenberg, and Legg need your support. Let them know where you stand:

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There will also be the opportunity for public comment on Agenda Item 11D at the meeting on Thursday, and there is little doubt that the Poverty Industry will be there, so we need a good turn out!

There are three reasons to pass this resolution:

1. If GHA is allowed to build mixed-income, they will add 1,288 additional rental units to the local housing market that is already suffering from about 7,900 distressed vacant housing units; 719 more than the required 569.

This is the story of just one small rental property owner and how flooding the market with more units will most likely affect them:

“2201 48th St.: This is a brick 1937 corner store in the heart of a quiet working class neighborhood. It was a rat's nest of slum apartments when we bought and renovated it into 4 loft-style open concept apartments in 2003. Our goal was to 1) to preserve and breathe new life into a Galveston tradition--the corner store, 2) offer modern lifestyle living at an affordable price for families and students, and 3) earn a modest income.

Apartment #1, a 3bd/2ba apt. has been vacant going on 4 months. We are asking \$975. This is BELOW the stated rent for similar LITC units at the Lafitte, BELOW what GHA is paying for Section 8, and BELOW what we were getting before the storm. Yet it is sitting vacant, due to simple economics: oversupply of apts. and 20% less people on the island to rent them. At the same time taxes, insurance, and maintenance all continue to climb.

We are providing, clean, safe, sanitary and affordable housing. Yet this is our income: \$0.

See the listing for yourself:

http://realestate.galvnews.com/for-rent/listing/17727-70368678/Galveston-TX-USA/130-p/17803-20111648--17803-20112603--17727-46708019--17727-2997423--17727-88703947--17727-35755968--17727-70368678--17850-3F35E5A828BE9--17815-20112331--17804-20112701-ls/281-t/Price_Rentals,1,,CodeFeatured,0-ns

We are hardly alone. There are many small investors--NOT COUNTED in the housing market surveys--facing similar vacancies all over the island.

We have NO PROBLEM with competition. But it unfair to use our own tax dollars, in the form of LITC, to compete against us. If LITC is allowed to grow and proliferate, you will see NO private investment on this island, guaranteed.”

2. LITC units must also conform to the requirements of the Fair Housing Act, but the locations selected by GHA are in gross violation of the FHA.

3. The Mayor should not be allowed to defy the will of the City Council!