

MBS Dog and Pony Show

The GOPP attended the presentation by MBS at yesterday afternoon's Planning Commission meeting. They did dazzle us with pretty computer-generated drawings of what Magnolia will look like after they are finished transforming it from its former incarnation as a Housing Project into the social experiment known as "mixed income development". It is amazing how seductive an hour or two of watching pretty renditions of new buildings being placed in a currently blighted area can make many BELIEVE that transforming a neighborhood requires little effort with the right software and unlimited taxpayers funds. How many times has this been tried before?

I re-read one of Howard Husock's insightful articles on the fallacy of mixed-income developments last night and was reminded of his comments on how Americans have used housing as their method to move up the socio-economic ladder since the country's inception, and how intervention and interference in this process, by the Poverty Industry, to move some families up the ladder BEFORE they strive and save to do so on their own, is **reward without effort; a recipe for failure with social policies**. Try to remember how many other social programs have worked when they are based on perverse incentives. None!

I tried to imagine the doctor from UTMB, working 60 hours a week, living at the new Cedar Terrace, and paying \$1,800 a month for his quarter-of-a-million-dollar apartment, frying up steaks with his Public Housing neighbor, who is paying \$200 a month for the same apartment, to see if they would most likely be bonding over their shared experience of living in the development, as they watched another sunset over the City water tanks; or **would the doctor feel a little bit resentful? Same reward; very different effort**. (The following article contains some comments from market-rate tenants in mixed-income developments.)

<http://www.galvestonogp.org/GHA/Mixed-Income-Experiment.html>

Not to worry; MBS has built 16,000 apartments in 148 similar developments across the country, and they assured the Planning Commission that **not one has ever failed**. This means that they cannot answer any questions raised about potential problems, because **they have no experience with any of the problems local people foresee**. How convenient.

Did we learn anything new?

The proposed unit numbers at Magnolia and Cedar Terrace are the same that they have been floating around town for two weeks. They said that they were there to get input from the PC, so that they could alter their plans if need be before they get too far along. Towards the end of the two hours, they did say that they could alter the plans if the PC required them to, because **these were “conceptual plans”**. They also said that they are operating on a **pre-development agreement**, and they **have not signed a deal with GHA, yet**.

During public comment, Miss Jacquelyn told the Commissioners that GHA’s May-June report admitted that they would probably have to **subsidize the market-rate units** due to the **soft local rental market**. MBS sees no need for subsidies, and says that market-rate rents will be set by supply and demand, but did finally admit that if they were having trouble renting market rate units, they could and would “theoretically” accept Section 8 vouchers for those units.

One interesting thing that occurred at this meeting was putting **Oleander back in play**. As you’ll recall, GHA Commissioner Betty Massey has stated many times that Oleander is an unacceptable site, because it is surrounded by industrial areas. We agree, and point out that this is also true of Cedar Terrace. In fact, Cedar Terrace is the worst census tract in the entire county, but that has never deterred GHA from building there. Yesterday’s article even highlighted how “perfect” it is for Class A development!

However, even with Oleander back in play, the calculators were busy counting up just how close the plan was inching toward the magic number of 569 Public Housing units. Using the three former footprints, in their mixed income scheme, plus 50 scattered sites still leaves them about 291 units short! Where are they going to build these? Certainly NOT on the Mainland!

It seems other parcels of land will have to be acquired. Those will also be mixed-income developments. We certainly seem to be approaching Harrish's dream of GHA becoming the largest developer on the Island! In fact, with 12,475 vacant housing units in the City, there is little or no reason for the private sector to build anything, possibly for years, so **GHA may become the ONLY developer on the Island. How scary is that?**

My remarks to the Planning Commission are set forth below:

*The primary question we have for the Planning Commission today is what authority does it have to provide supervision over the GHA and its master developer. The City Council was unclear on this matter, and seemed to believe that this City agency could basically do anything that it wanted to do and it couldn't stop them; in essence **allowing five unelected people to determine the fate of the City. This is what horrifies everyone!***

Since City Council failed to provide the necessary oversight on the issues of civil rights violations, Fair Housing violations, and the advisability of building Public Housing on a barrier island, we will not raise those issues, at this time, in order to focus on the subject that we published today.

GHA wants to build on the Cedar Terrace footprint that is located in the worst census tract in the County! No housing authority should be allowed to build Public Housing in such a terrible neighborhood, but GHA wants to spend as much as a quarter of a million dollars per unit in order to build a Class A mixed-income development on this footprint. By definition, a Class A project must be built in the most desirable locations in

the City. How is this going to work? Have you looked at what surrounds it?

*For this Class A project to be successful, 40% of the tenants must be willing to pay very high market-rate rents to ensure the social stability that their presence is supposed to provide. We pointed out that housing authorities are not supposed to build Public Housing in these types of neighborhoods anymore, **so it strained all credibility to believe that high-end market rate tenants were going to want to live on this site.***

If this plan fails, could it become another Parkland a.k.a Sandpiper Cove?

*Therefore, we return to the question; **what responsibility and authority does the Planning Commission have to protect the community from risky schemes like building a Class A development on the Cedar Terrace footprint?***

There was some discussion by the Commissioners as to their role in the process, and what authority they do have. They also talked about wanting to see an entire plan **with the locations of ALL 569 Public Housing units identified BEFORE they begin the approval process on the first stages.**

The conceptual plan produced yesterday includes a total of 469 mixed-income + 40 Oaks units + 50 scattered sites = 559 total units, but it only includes about 278 Public Housing units.

That means we are $569 - 278 = 291$ short.

Building the remaining 291 in 40-20-40 mixed-income developments will require a total build of $291 / .4 = 727$.

Total units proposed to be built $559 + 727 = 1,287$.

The VP from MBS said that this would offer “some competition” to existing property owners, but only the units in large

complexes. They see smaller rental properties as a different market. Obviously, to them this is an unimportant issue.

We still seem to be weeks away from actual site plans??

<http://www.sandbar-politics.com/wordpress/>

<http://galvestondailynews.com/story/267354>

<http://www.galvestonogp.org/donations.html>

<http://www.facebook.com/pages/Galveston-Open-Government-Project/198156126919555>