

FOR IMMEDIATE RELEASE:

## **Fair-Housing group “Concerned” with GHA’s mixed-income rebuilding scheme; Missed Deadline for site plans!**

**GALVESTON, Texas – 17 May 2011**

**At the 05 May 2011 Board meeting of the Texas Department of Housing and Community Affairs (TDHCA), the Co-Director of the fair-housing group TXLIHIS, John Henneberger, expressed his concern over GHA’s plans to rebuild using a mixed-income financing scheme that includes a tax-credit component.**

**Some people may wonder why the City needs to be concerned about Mr. Henneberger’s “concerns”. The simple answer is that the State ceded the City’s sovereignty over disaster recovery funding to Texas Appleaseed and TXLIHIS through their Conciliation Agreement, and since City Council chose not to challenge this unlawful Agreement; these two fair-housing groups hold the fate of the City in their hands!**

**Here is what Mr. Henneberger said at the meeting:**

*“There is a new approach the City is taking with regard to reconstructing those units which house the poorest victims of Hurricane Ike. That process envisions a very extensive development which is **a mixed income development, which is highly contingent upon obtaining tax credits** in addition to the hard dollars which you have allocated, the State has allocated to them to rebuild the 569 units.”*

*“The City is choosing to go beyond that, and create two units of market rate or non-mixed income housing if you will, for every one unit of public housing, to accomplish the laudatory goal of creating mixed income housing.”*

*“Our concern is that the availability of those funds is holding up the reconstruction of the 569 units of public housing. And you are being asked to commit to a two year additional extension to rebuild those units.”*

*“And then secondly, we should not delay the commencement of construction of the 569 public housing units while we attempt to identify tax credit and other funding which may never become available.”*  
<http://www.tdhca.state.tx.us/pdf/transcripts/110505-board.pdf>

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Mr. Henneberger should be concerned about the availability of tax-credit financing for one-third of the units in the current plan, and private-sector financing for the one-third that are slated to be market-rate units.

What is the incentive for a private developer to risk their capital building market-rate units in a large development where the occupants of the market-rate units will be living in an arrangement where two-thirds of their neighbors need to be subsidized?

Does the GHA have any evidence that there is a demonstrated demand for such an arrangement? Eastlake had only 50% of their residents who needed subsidies, not 66%; and Tom Cousins later warned that even 50% was too high! In Eastlake, they were all Public Housing units, but there are similarities with tax-credit units, because both types are subsidized.

Considering this proposed arrangement, can the market-rate units be priced at rents high enough for the developer to make a profit and be competitive in a city where there are 12,425 vacant housing units? Even if 5,000 of the total number are second homes, 7,000+ vacant housing units can offer a lot of price competition to the new units.

If the State does choose to offer tax credits to build housing units in low-opportunity census tracts, in the City of Galveston, this will create a new cause of action to potential plaintiffs who can allege discriminatory use of the credits as is currently being done in Dallas.

In *THE INCLUSIVE COMMUNITIES, INC v. TDHCA*, “a federal judge has determined that there is enough evidence that the state's largest

*affordable rental housing program has directed low-income housing projects disproportionately into poor and minority neighborhoods.”*

*“In a court order filed this week, Sidney Fitzwater , chief judge of the U.S. District Court in Dallas, agreed that over the past decade, the Texas Department of Housing and Community Affairs appeared to have approved the development of a relatively high number of low-income tax credit-financed projects in poor, minority areas while rejecting a disproportionate number of applications for such projects in affluent, white neighborhoods.”*

*"This is sweeping in finding merit in the argument that the State of Texas has engaged in civil rights violations," said John Henneberger, co-director of the Texas Low Income Housing Information Service.*

*“To many affordable housing advocates, this week's court order confirms long-standing observations in various state and federal studies: Many tax-credit affordable housing projects in Texas are clustered in neighborhoods mainly populated by poor blacks and Hispanics. The result, they say, is that the low-income residents are kept out of so-called high opportunity neighborhoods and instead are forced to attend worse schools and live in blighted areas.”*

<http://www.statesman.com/news/local/suit-challenging-locations-of-affordable-housing-moves-forward-947601.html>

To say that GHA’s current mixed-income scheme has potential problems would be the height of understatement!

And let us not forget that Mr. Henneberger is not happy that GHA missed its deadline to present detailed site plans to the Planning Commission and City Council. In the same meeting he said:

*“The city has -- the Housing Authority has missed the deadlines that have been imposed upon it to produce site plans for the reconstruction of those units. They committed in a formal city council resolution to produce site plans for those units by April 1st. That was not accomplished.” Page 63*

*“We believe that the City should be sent a clear message, you must produce the site plans that you committed by City Council resolution to*

*produce for the reconstruction of those units very quickly. **You have missed the deadline.***” Page 64

**The GOPP has calculated the deadline imposed by the resolution as 26 April; but in either case; THEY MISSED IT!**

**Mayor Jaworski indicated at the last Council meeting that they would have their site plans ready by the end of June. Let’s see if that is acceptable to the groups that control the City’s recovery money.**

**Don’t worry; Kevin Hamby made the following comment at the meeting:**

*“... the Mayor is dedicated to those 569 units. He has replaced several members of the Galveston Housing Authority board of directors.*

*He has taken a personal interest in it...”*

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**The GOPP certainly has no worries about the recovery funding earmarked for the City since the Mayor has taken such a personal interest in subsidized housing in all its forms! What could possibly go wrong or be harmful to the City?**

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