

The Impact of the GHA Rebuilding Plan on the Local Real Estate Market

1. The most recent GHA plan calls for building 90 Public Housing units in scattered sites, and 479 Public Housing units in mixed-income developments in the City of Galveston; for a total of 569 Public Housing units. This is from GHA Board Chair Paula Neff's guest column in the GCDN (see following link):

<http://galvestondailynews.com/story.lasso?tool=print&ewcd=9dfc5c342c7c8c96>

2. They plan to build their mixed-income developments as 1/3 Public Housing, 1/3 tax-credit housing, and 1/3 market-rate housing. If they build 479 Public Housing units in this mix, they must also build 479 tax-credit units, and 479 market-rate units.

3. 479 Public Housing units + 479 tax-credit units + 479 market-rate units = 1,437 total units in mixed income developments.

4. **Total build:** 1,437 mixed-income units + 90 scattered-site units = **1,527 TOTAL UNITS!**

5. The 2010 Census counted 32,368 housing units in the City of Galveston with **12,425** of them, or **38%, vacant!**

6. It is estimated that 4,473 of the vacant housing units will eventually be classified as second homes for seasonal, recreational, or occasional use; leaving **7,952 vacant housing units, or 25% of the total housing units in the City, that are "distressed"** due to the fact that they are of no current benefit to the owners.

7. If the 1,527 new housing units are filled with current residents of the City of Galveston, then these tenants will be pulled out of existing properties and **will create 1,527 additional vacant housing units** for local property owners.

8. If the average rent for these units is \$700/month, **the lost income per month would be \$700 x 1,527 = \$1,068,900, or \$12,826,800 per year!**

9. If the 1,527 new housing units built by GHA are filled with new residents from outside of the City of Galveston, it will increase the City's population by 3,000+; but at what cost?
10. One of the primary reasons that people leave the City, or decline to move here, is because of the poor school system. GISD currently has 66% of its students qualifying for free or reduced-priced lunch programs. An influx of several hundred new students that also qualify for these programs is **likely to further degrade the quality of the educational experience** for the average student at GISD, and run more of the middle class off the Island.
11. Crime at the old housing projects for the year before Hurricane Ike was 7 X higher than the average for the City. How much will the mixed-income developments **increase the crime rate** and discourage new middle class owners and renters from moving to the City? What are the additional police costs for the taxpayer? Will that discourage new middle class owners and renters from moving to the City?
12. GHA plans to spend **\$235,000-\$253,000 per unit** in the mixed-income developments. Will existing rental units be able to compete with these new units on "curb appeal" when they are first built?
13. Can the mixed-income developer charge the "going rate" for the market-rate units and make a profit? The GHA doesn't think so, because **they are asking for tax money to subsidize them, too.**
14. If the market-rate units cannot be filled, can they be converted to tax-credit units or Section 8 units, and what effect would that have on the City?