

# **The State of the Galveston Housing Market**

**Presented to  
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**by**

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# Subsidized Housing in the U.S.

**Public Housing:** 2,106,810 people in 972,573 units; 2.2/unit

**Section 8:** 4,601,269 people in 1,854,829 units; 2.5/unit

**Tax-Credit:** ~ 4,355,427 people in ~ 1,893,664 units; ~ 2.3/unit

**Total Subsidized:** ~ 11,063,506 people in ~ 4,721,066 units

$11,063,506 / 313,063,042 = 3.53\%$  in Subsidized Housing

# **Subsidized Housing in Galveston**

# Pre-Ike Subsidized Housing

**990 Public Housing Units x 2.2 = 2,178 people**

**697 Section 8 Units x 2.5 = 1,743 people**

**192 Tax-Credit Units x 2.3 = 442 people**

**1,879 Total Subsidized Units**

**4,363 people in Subsidized Housing**

**4,363 / 57,000 = 7.65% of the Total Population**

**7.65 / 3.53 = 2.17 x National Average**

# Current Subsidized Housing

**450 Public Housing Units x 1.5 = 675 people**

**~ 600 Section 8 Units x 2.5 = 1,500 people**

**192 Tax-Credit Units x 2.3 = 442 people**

**1,242 Total Subsidized Units**

**2,617 people in Subsidized Housing**

**2,617 / 47,743 = 5.48% of the Total Population**

**5.48 / 3.53 = 1.55 x National Average**

# Proposed Subsidized Housing

**990 Public Housing Units x 2.2 = 2,178 people**

**~ 600 Section 8 Units x 2.5 = 1,500 people**

**760 Tax-Credit Units x 2.3 = 1,748 people**

**2,350 Total Subsidized Units**

**5,426 people in Subsidized Housing**

**5,426 / 47,743 = 11.37% of the Total Population**

**11.37 / 3.53 = 3.22 x National Average**

# Growth in Subsidized Housing

**Pre-Ike: 7.65%** of the Total Population

**Current: 5.48%** of the Total Population

**Proposed: 11.37%** of the Total Population

The proposed building plan will more than **DOUBLE** the **current amount of subsidized housing**, and it will be **49%** higher than Pre-Ike levels!

It will also be **3.22 x the national average!**

# Vacant Housing

Galveston has 32,368 total housing units and **12,425 (38.4%) of them are vacant!**

**4,754 are second homes** so they are not distressed.

**12,425 - 4,754 = 7,671 (23.7%) are distressed!**

Why does this indicate that there is a crisis in the local real estate market?

If the average value of each distressed unit is \$50,000, the **unproductive capital trapped** in the local economy would be **\$383,550,000!** If the average value of each unit is \$65,180; the trapped capital would total half a Billion dollars!

A coordinated plan aimed at targeted demolition and rehabilitation of existing structures, should be the first order of business; **new subsidized construction is the last thing that is needed!**

Simply **building 529 more Public Housing units** will increase the number of distressed vacant housing units **another 6.9%**, if all of the Public Housing residents are pulled from existing units. Building an **additional 988** housing units using the **mixed-income** scheme will likely swell the number by **12.8%!**

Galveston County has 15,433 distressed vacant housing units; which means that **the City of Galveston has 49.7% of all of the distressed vacant housing in the County, but only 16.4% of the total population!**



Is there a crisis in the local housing market? This is how this city compares to so-called “dying cities”:

City	% Distressed Vacant Housing Units
<b>Galveston, TX</b>	<b>23.7%</b>
<b>Detroit, MI</b>	<b>22.6%</b>
<b>Flint, MI</b>	<b>20.9%</b>
<b>Cleveland, OH</b>	<b>19.1%</b>
<b>Youngstown, OH</b>	<b>18.8%</b>
<b>Buffalo, NY</b>	<b>15.4%</b>

Source: Census Bureau, 2010 census, Table QT-H1

At the time of the census, there were **3,237 housing units for rent** out of a **total of only 32,368 housing units** in the City! This is very bad news for local landlords, because this glut of available rental units has to be putting tremendous downward pressure on rental income!

The GHA rebuilding plan would add an additional **988 rental units** to an existing inventory of 3,237 units for rent, likely increasing the number of vacant rentals by  $988 / 3,237 = 31\%$ !

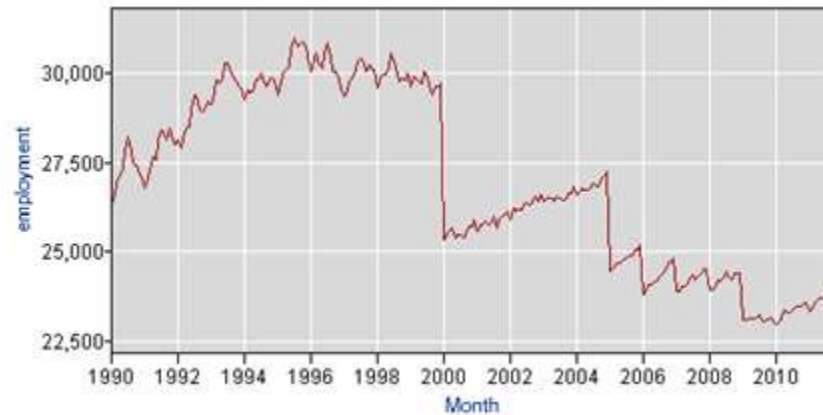
# Galveston Employment

**The City needs a strong economy and a strong job market in order to have a chance to attract new middle class residents and to give the large segment of its population living in subsidized housing the opportunity to climb out of poverty and move up the economic ladder.**

**There is a myth that the City has plenty of jobs, because Galveston has more jobs per capita than New York City. It is NOT the number of jobs that counts; it is job growth!**

**Even a relatively high fixed number of jobs do NOT create opportunity if most are already filled!**

# Galveston Employment



**1995: 30,387 Jobs**

**2011: 24,234 Jobs**

**-20.25%**

# New York City Employment



**1995: 3,018,344 Jobs**

**2011: 3,633,847 Jobs**

**+20.39%**

# Communities of Opportunity

**The City of Galveston does NOT have the necessary environment to offer the residents of subsidized housing the opportunity to escape from a life of intergenerational dependency and poverty.**

**Professor John A. Powell developed a 14-point objective scoring system to identify the optimum locations for subsidized housing.**

**Sample scores for the County's seven major cities follow.**

City	<b>Employment Growth 2001-2011</b> <small>(2011 BLS)</small>
<b>Galveston</b>	<b>-8.7%</b>
<b>Texas City</b>	<b>-2.6%</b>
<b>Friendswood</b>	<b>+8.3%</b>
<b>League City</b>	<b>+44.8%</b>
<b>Santa Fe</b>	<b>?</b>
<b>Dickinson</b>	<b>?</b>
<b>La Marque</b>	<b>?</b>

<b>City</b>	<b>2000-2010 Population Growth (2010 Census)</b>
<b>Galveston</b>	<b>-16.60%</b>
<b>La Marque</b>	<b>+6.04%</b>
<b>Texas City</b>	<b>+8.62%</b>
<b>Dickinson</b>	<b>+9.28%</b>
<b>Friendswood</b>	<b>+23.31%</b>
<b>Santa Fe</b>	<b>+28.01%</b>
<b>League City</b>	<b>+83.87%</b>

<b>City</b>	<b>Crime Rate</b> <b>National Average = 319</b> <small>(2009 FBI UCR)</small>
<b>La Marque</b>	<b>635</b>
<b>Galveston</b>	<b>492</b>
<b>Texas City</b>	<b>380</b>
<b>Dickinson</b>	<b>358</b>
<b>Santa Fe</b>	<b>267</b>
<b>League City</b>	<b>187</b>
<b>Friendswood</b>	<b>97</b>



<b>City</b>	<b>% of Individuals Below Poverty Level (2000 Census)</b>
<b>Galveston</b>	<b>22.3%</b>
<b>La Marque</b>	<b>17.5%</b>
<b>Texas City</b>	<b>14.9%</b>
<b>Dickinson</b>	<b>13.1%</b>
<b>Santa Fe</b>	<b>6.5%</b>
<b>League City</b>	<b>4.8%</b>
<b>Friendswood</b>	<b>3.3%</b>

<b>City</b>	<b>Vacant Housing</b> (2010 Census)
<b>Galveston</b>	<b>38.3%</b>
<b>La Marque</b>	<b>11.9%</b>
<b>Texas City</b>	<b>11.4%</b>
<b>Dickinson</b>	<b>8.2%</b>
<b>Santa Fe</b>	<b>7.5%</b>
<b>League City</b>	<b>5.9%</b>
<b>Friendswood</b>	<b>3.9%</b>

<b>City</b>	<b>Median Value of Owner-Occupied Homes (2000 Census)</b>
<b>La Marque</b>	<b>\$59,500</b>
<b>Texas City</b>	<b>\$63,800</b>
<b>Galveston</b>	<b>\$73,800</b>
<b>Dickinson</b>	<b>\$83,400</b>
<b>Santa Fe</b>	<b>\$86,800</b>
<b>League City</b>	<b>\$112,000</b>
<b>Friendswood</b>	<b>\$124,500</b>

<b>City</b>	<b>% Economically Disadvantaged Students</b> (2010 TEA)	<b>Great Schools District Ranking</b> (2010 GS)
<b>Galveston</b>	<b>66%</b>	<b>4</b>
<b>La Marque</b>	<b>64%</b>	<b>3</b>
<b>Texas City</b>	<b>58%</b>	<b>5</b>
<b>Dickinson</b>	<b>57%</b>	<b>6</b>
<b>Santa Fe</b>	<b>27%</b>	<b>6</b>
<b>League City</b>	<b>18%</b>	<b>9</b>
<b>Friendswood</b>	<b>4%</b>	<b>10</b>

## **The percentage of elementary school students proficient in READING**

**2010 TAKS reading test results Grade 3:  
GISD 85% - State average 92%**

**2010 TAKS reading test results Grade 5:  
GISD 82% - State average 85%**

## **The percentage of elementary school students proficient in MATH.**

**2010 TAKS math test results Grade 3:  
GISD 76% - State average 86%**

**2010 TAKS math test results Grade 5:  
GISD 83% - State average 86%**

# Conclusion:

**The City of Galveston has far too much subsidized housing even though it is the worst location in the County for it.**

**The amount of subsidized housing places an enormous burden on the City budget and City services including schools, public safety, and social services which creates middle class flight, and makes it very difficult to attract new residents.**

**The amount of vacant housing is already at a crisis level and could easily be the worst in the entire nation!**

**The City needs a vacant housing policy that will begin to reduce the level; NOT more government-subsidized housing construction that will create even more!**

**An economy, and more specifically a housing market, cannot operate efficiently with \$300-500 million of capital trapped in these unproductive and costly assets!**

**Galveston has a very weak job market, due to its lack of growth, regardless of the current number of jobs!**