

Galveston County Apartment Association (GCAA) Survey
and

Summary of the other 5 Comprehensive Housing and Market Studies completed for Galveston Island

1. Quote from Robert O. Coe II on August 19, 2011, Affordable Housing Analysts, State Certified General Real Estate Appraiser on a document mailed to Mr. Michael Duffy of McCormack, Baron, and Salizar.

“The initial findings indicated Galveston has a current average occupancy of approximately 79%. The absorption over the past five months was 155 units, and the average rental rate was \$.995 per square foot based on reported occupancies, there were approximately 1051 units vacant in Galveston”

Mr. Coe indicated, “Upon additional research, the picture that the apartment market in Galveston paints is significantly different. He says there are a number of complexes in Galveston, which are either closed, undergoing renovation, or are in the initial releasing stage. When these complexes are removed, **the average occupancy increases to approximately 96%.** Removing the reported or estimated “down” units reduces the number of available units from 1051 units to approximately 168 units.

Mr. Coe also performed a preliminary demand analysis. He says “The preliminary analysis indicated **there is a demand for approximately 2507 family units**” (See Exhibit B) attached.

Since a demand analysis must be based on facts, market data, and interpretation of this data, GCAA would like to know exactly where this demand is coming from and a list of families, if they exist, that are currently seeking an available unit now, and a confirmation that the demand actually exists.

GCAA believes the additional research quoted, interpretation of that research, and conclusions drawn from that research is flawed and misleading for any one making any housing occupancy or demand decisions or preliminary need forecasts.

2. HUD performed a Comprehensive Housing Market Analysis in November of 2009. HUD stated, “During the next 3 years, after accounting for the excess supply of vacant available units, no demand is expected for additional new market rate rental units in Galveston County submarket. The 310 units currently under construction and the large excess vacant units should be more than sufficient to meet the demand for new units in Galveston County for the foreseeable future. In addition, a portion of the estimated 14,000 other vacant units will likely come back on the market and satisfy some of the forecast demand. **The construction of additional units will only contribute to prolonging soft market conditions.**”
3. **The ADS report, dated August 24, 2011,** a Comprehensive Apartment Market Analysis prepared for Island Bay Resort by Gloria Liz Macias confirms they reviewed 20 comparable properties and as of August 11, 2011 the **annual average occupancy was 81.5%** with the average effective rate per floor plan being down from \$2 to \$6 per square foot per month since April of 2011.

4. CDM prepared a Comprehensive Housing Market Study for the City of Galveston on June 29, 2010 and quotes "As of February 2010, the vacancy rate had reached 20.7%. There are indications that many units have been renovated and many rental properties are fully operational; this implies that the high vacancy rate is due to economic conditions rather than to units being offline from sustained damage."
5. "Submarket report for Galveston of August 11, 2011 by O'Connor and Associates indicates the occupancy rate for the Galveston Apartments is 74%."
6. The Galveston County Apartment Association has done a comprehensive survey, signed off on by each property.

The number of units surveyed on Galveston Island was 5578 units with an additional 515 unit reports pending. This report does not include rental housing vacancies managed by independent realtors.

As of August 1, 2011 there are 1096 units available for rent and vacant consisting of; 33 vacant efficiencies, 497 vacant 1 bedroom units, 510 vacant 2 bedroom units, 54 vacant 3 bedroom units, and 2 vacant 4 bedroom units.

The vacancy rate for Galveston Island as of August 1, 2011 is 21.02%, which yields an occupancy rate of 78.98%.

Of the 5578 units surveyed, there are a total of 364 units reported to be off line as of August 1, 2011; of which 104 of those units have been confirmed will be back on line and available for rent by October 15, 2011, adding to Galveston's available inventory.

GCAA has been informed the "conciliatory agreement may be illegal and unenforceable" and GCAA is in the process of verifying this information with legal counsel.

In summary; the current occupancy on Galveston Island has been confirmed by all 6 comprehensive surveys to be 79-81%.

Only one survey reporting to McCormack, Baron, and Salazar claiming to do additional research, indicated occupancy is 96%.

In addition there are 531 new tax credit apartment units under construction on Galveston Island now that will come online in 2012 and 2013 that are not included in this survey.

It is GCAA's hope that GHA, and the City of Galveston will rethink their current position and immediately **STOP plans to rebuild any new tax credit or public housing units**, and instead join GCAA in asking HUD to issue sufficient new Section 8 vouchers and or project based vouchers to once and for all give the eligible public housing and DHAP residents a real choice of where they want to live.

"If" it is the real goal of GHA, the Mayor and City Council, to "break the cycle of poverty", it can be done without building any more public housing or tax credit apartment units on the Island as confirmed by Sandra Moore, President of Urban Strategies. "We will make sure there is a post high school plan for every kid that is in our area of responsibility; that can be technical training, community

college, or a university. The key is we hope Galveston will adopt a goal of creating a post high school plan for each student.”

Sandra Moore, President of Urban Strategies and GCAA agree on her quote. “there is well-developed data from education experts that maintains that education is the ONLY way to Break the Cycle Of Poverty.”

Let’s join forces and get behind Sandra Moore, President of Urban Strategies and provide that educational opportunity NOW to those Section 8, DHAP, and Project Based Housing residents that now exist on the Island and all of us ask HUD to increase the number of Section 8 vouchers and Project Based Vouchers to house residents in need of permanent housing.

Give them the choice of where to live and an educational opportunity as laid out by Sandra Moore.

It is GCAA’s goal at this point to STOP the building of any of the 569 public housing units or any other new tax credit apartment units on Galveston Island due to the soft market conditions and high vacancy rates that actually do exist, and we agree with the HUD report, “The large excess of vacant units should be more than sufficient to meet demand for new units in Galveston County for the foreseeable future. In addition a portion of the estimated 14,000 other vacant units will likely come back on the market and satisfy some of the forecasted demand. The construction of additional units will only contribute to prolonging soft market conditions.”

Respectfully submitted

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