



GALVESTON CHAMBER OF COMMERCE TO PROMOTE AND ADVOCATE FOR BUSINESS

NOTE: The questions answered in black are from GHA & Betty Massey, the answers in red are from Mayor Joe Jaworski

1. Does the City Council consider public housing to be an asset or a liability to the City of Galveston and why?

Public Housing – done correctly – is an asset to the City of Galveston; poverty is always a liability to any City. I make that contrast to emphasize that public housing – if done in a way that deconcentrates and reduces poverty – is an asset to Galveston. Specifically, GHA will provide safe, sanitary housing to veterans, seniors, disabled individuals, and low income working individuals and families at rental rates they can afford. That is an asset.

2. Have any other cities in the county been approached about participating in the public housing program?

The Conciliation Agreement requires replacement of the public housing units within the jurisdiction of the public housing authority. GHA's jurisdiction is the City of Galveston. Therefore, GHA Board/staff have not approached other cities within the county.

No other City in the County has approached me about participating in a public housing program. Texas City and La Marque have their own housing authorities.

3. Have any other cities in the county approached the City of Galveston about participating in the public housing program?

This question should be answered by City Officials

4. 66% of the students in GISD are economically disadvantaged. Would adding additional public housing help GISD? What impact will additional public housing have on GISD?
This question should be answered by GISD. However, it should be noted that the project does not create additional public housing; it replaces the same number of units that were lost in Hurricane Ike. Georgia State University has a draft report that addresses this issue. A copy of this draft report is being made available to GISD.

5. Will adding public housing encourage business development in Galveston now and in the future?

Please see the answer to Question 22.

6. How many low to moderate subsidized homes and apartments are currently on the Island?

This question should be answered by the City Housing Department. However, a recent study by Georgia State University indicates there are 2,727 subsidized units on the Island, which includes GHA units.

7. Would adding additional public housing increase or decrease crime? Would mixed income housing increase or decrease crime? What impact is projected on the crime rate in Galveston with the addition of the public housing program? Are there studies?
- Public Housing: Much research has been done nationwide about social impacts of public housing. The results depict no strong relationship between public housing and crime rates. Many factors are involved with crime rates increasing or decreasing. Meanwhile, a large amount of studies revealed strong connections between vacant or running-down neighborhoods and rising crime rates.**

Mixed-Income: Many studies have looked at the relationship between rebuilding public housing sites as mixed-income and a corresponding decrease in crime rates. The August 2011 Urban Institute Research Report, "Movin' Out: Crime displacement and HUD's HOPE VI Initiative" (<http://www.urban.org/publications/412385.html>) by Meagan Cahill, Samantha S. Lowry, and P. Mitchell Downey, concludes that, "Therefore, after the land is developed through the public housing program, built into a mixed income community, and keeps attracting private funds and partnership to develop this area in long run, it is anticipated that the crime rates will very likely to be decreased."

HUD's own study of HOPE VI (the HUD mixed-income grant program), "HOPE VI: Community Building Makes a Difference" (<http://www.huduser.org/portal/publications/pubasst/hope2.html>) found that "HOPE VI is dramatically reducing crime and violence in public housing. Overall crime rates in the communities studied have been reduced by up to 72%."

In addition, "Movin' Out" study referenced above found that areas surrounding the revitalized sites also benefit from a reduction in crime: "The effects in the buffers (the areas searched for displacement or diffusion of benefits) varied, but for the most part, we observed a diffusion of benefits from the target sites outward... In addition, in no site did we find any return to pre-intervention crime levels following the intervention period in either the target site itself or in the buffer areas."

8. Will middle income families want to live in the proposed mixed-income properties? Has a survey been taken? Is this included in the market study?
- A. Mixed Income Families, in general: Based on experience from across the county, a mixed-income community is welcomed by middle income families, especially if the community is close to schools, working places, restaurants, and other amenities. Mixed-income communities are designed to reflect a traditional community, where singles, families and seniors, entry-level workers and professionals, live in the same neighborhood. These communities are able to attract residents from across a broad income range because of high quality "market rate" standards in designs and amenities, such as sustainable ("green") features, washers, dryers, and dishwashers, attractive architecture, green space, a fitness center, a pool, and on-site management who ensure the properties are maintained to the same high standards to which they were designed and constructed. All apartments have the same features and amenities, regardless of the type of apartment**

(i.e., public housing, workforce or market rate), and therefore are indistinguishable from each other.

MBS has developed thousands of apartments in mixed-income communities over our nearly 40 year history, many of which are located in communities once considered challenging. These properties are operating successfully, and have consistently high occupancy levels across the apartment types.

B. **Survey / Market Study:** As shown in the Market Study (conducted by the third party professional real estate appraisal and consulting firm, Affordable Housing Analysts, from Houston, TX), there is “continued demand” for new, high-quality construction which will likely result in occupancies increasing in the area. As of September 7, 2011, “there is sufficient demand to successfully construct and absorb the proposed 705-unit mixed income multifamily project.”

9. Do you believe that implementing GHA’s rebuilding plan (adding an additional 1,287 units) will increase or decrease the number of vacant housing in the City?
The plan replaces 569 Public Housing units that were pre-existing in both new construction and scattered-site and adds 120 new tax credit units and 282 new market rate units – for a total of 971, not 1,287. In addition, the plan will reduce vacant lots and housing in the city in three ways: 1) It will directly remove existing vacant lots and vacant properties adjacent to the GHA sites; 2) It will strengthen these same neighborhoods (which currently have high vacancies), thereby encouraging private owners to renovate, lease or sell their properties; and 3) the scattered site component will directly improve scattered vacant properties with new construction housing (and potentially, with some renovation of existing homes)..

10. Do you believe that implementing GHA’s rebuilding plan will increase or decrease rental income for existing property owners?
The plan should not have an impact on rental income for existing property owners; the market study has demonstrated demand for the new housing above and beyond what currently exists on the island.

11. How many TOTAL tax credited housing payments are paid out in Galveston? How does that number compare to other cities our size?
A list of projects that have been financed through the U.S. Treasury’s Low Income Housing Tax Credit program is available from TDHCA here:
<http://www.tdhca.state.tx.us/multifamily/htc/docs/12-SiteDemo.xls>.

We do not have the data regarding total tax credit financed projects in other cities to compare the Galveston numbers.

12. Where is it mandated from HUD that we must build back 569 public housing units?
There is a conciliation agreement between HUD and Texas State Government, concerning one-for-one replacement of all the public housing units destroyed by the Hurricane Ike. Click the [link](http://www.glo.texas.gov/GLO/documents/disaster-recovery/fair-housing-issues/conciliation-agreement.pdf) (http://www.glo.texas.gov/GLO/documents/disaster-recovery/fair-housing-issues/conciliation-agreement.pdf) to view the agreement.

13. Will the McCormack Baron Salazar developments be off the tax rolls?

While typically the “public housing” component is exempt from taxes (units receiving Section 9 public housing operating subsidy are by definition “breakeven” units that do not generate revenue), the balance of the development will be subject to ad valorem taxes.

14. Who are the top 20 section 8 landlords on the Island? How many units does this represent?

Listed below are the top 20 Housing Choice Voucher Program landlords, which represent 1,603 units. Landlords are listed by location, i.e., on island, off island or both.

On Island	Off Island	On & Off Island
Carelton	Mainland Crossing	George Wood
Charna Graber Real Estate	Oaks of Hitchcock	Deem Realty
Ashton Place Apts.	Jordan Cove Apts.	Realty Executive Advantage
Island Bay Resort Apts.	Green Meadows Apts.	Great Scott Enterprise
RePac Ltd. Partnership	The Haven at South Shore	
William B. Travis Apts.	Kensington Place	
Frank Ramos	Monet Properties LLC	
Luis Cavazos		
Carriage Conversion Project		

15. Are there any current studies regarding the section 8 residents’ employment and their children’s school attendance?

Employment statistics for active head of households in Housing Choice Voucher Program indicate 34% working income, 63% social security, retirement, child support, etc., and 3% no income.

Studies cited in the Center for Housing Policy’s “Annotated Bibliography: The Impacts of Affordable Housing on Education,” (http://www.nhc.org/media/files/AnnotatedBibliography_HousingAndEducation.pdf) show that:

1. Stable, affordable housing may reduce the frequency of unwanted moves that lead children to experience disruptions in home life or educational instruction.

2. **Some affordable housing strategies, like Housing Choice Vouchers (i.e. "Section 8") may help families move to communities that have stronger school systems or are more supportive of education**
3. **Affordable housing can reduce overcrowding and other sources of housing-related stress that lead to poor educational outcomes by allowing families to afford decent-quality homes of their own.**
4. **Well-constructed, -maintained, and -managed affordable housing can help families address or escape housing-related health hazards (e.g., lead poisoning and asthma) that adversely impact learning and attendance.**
5. **Affordable housing developments may function as a platform for educational improvements by providing a forum for residential-based afterschool programs or, more broadly, by anchoring a holistic community development process that includes new or improved schools.**
6. **Affordable housing may support children's educational achievement by reducing homelessness among families with children.**

16. Can GHA guarantee that the McCormick Baron Salazar developments will not all become public housing in the future?

Yes. The development will be structured, underwritten and approved by multiple parties, including the lenders, investor, the State, and HUD, and there will be a Regulatory and Operating Agreement with GHA and Land Use Restriction Agreement(s) with the State to protect the number of units by bedroom size that have been set aside as public housing and workforce (affordable).

17. The Oaks consist of 20 duplex units at 45th and Avenue L. Of the 40 available units, 14 are vacant. How long have these units been available for use, and if there is such high demand, why are they not full?

The Oaks have been available since July 1st, 2011. Currently there are only 3 vacancies. The GHA anticipates full occupancy by December 15, 2012.

18. What is the plan to evacuate public housing residents in the event of a storm, and what is the estimated cost? Who will fund the necessary expenditures?

GHA has an evacuation plan. The evacuation cost is funded by GHA. During Hurricane Ike, the total expense for evacuation was \$984,999.17, which was partly reimbursed by FEMA.

19. Who pays for the insurance costs associated with public housing i.e. windstorm, flood, contents etc...?

GHA pays for the insurance costs associated with public housing in GHA-owned developments. In a mixed-income community (which will be privately owned), the owner-partnership will maintain the insurance coverage including requisite windstorm, flood, etc., and will also maintain an insurance reserve to cover any storm-related spikes in premiums.

20. Will felons be allowed to live in the housing developments on the Island?

GHA is committed to providing a safe environment. Therefore, GHA conducts criminal background screening on all potential applicants. In regards to criminal history, an eligible tenant shall have no felony conviction or drug related charges within the last ten (10) years. GHA prohibits admission to any household member that is subject to a lifetime registration requirement under a state sex offender registration program or any household member that has been convicted of drug-related criminal activity for the production or manufacture of methamphetamine on the premises of federally assisted housing. MBS will apply similar

occupancy criteria in the mixed-income developments to promote community safety, with all residents including market rate and affordable tenants screened.

21. Will additional public housing enhance the quality of life on the Island?

The proposed mixed-income communities will result in the redevelopment of centrally-located, large, vacant tracks of land, which will be repurposed into traditional communities where singles, families and seniors, entry-level workers and professionals, live in the same neighborhood. These new communities will bring energy and life to the vacant areas, will have residents who will spend money at businesses along Broadway and the Strand, and will spur more redevelopment in adjacent properties.

In addition, the plan includes a comprehensive Human Capital Plan, which is designed to promote upward mobility of public housing residents in the community and will pair residents with the support they need to thrive and live successfully in their new homes..

22. Will public housing create job opportunities by stimulating industrial, commercial and retail growth?

The construction of the mixed-income development, the operations of the development, the job training / placement programs for public housing residents and the taxes generated by the development will all contribute to the economic development of the island. In an economic impact study performed by McCormack Baron Salazar using a recognized standard for economic development projections, known as Implan (the report was reviewed and approved by a 3rd party consultant), the developments were shown to create over 660 direct construction jobs, over 500 indirect jobs, and generate over \$17.8 million in new taxes. Annually, during operations, the developments would support 114 direct jobs, an additional 24 indirect jobs and provide over \$2.2 million in new local, state and federal taxes.

Construction and Operations: The MBS team has experience in facilitating both training and employment opportunities for community residents in non-construction and construction employment. In alignment with Section 3 of the Housing Act of 1968, the team is committed to the goal of at least 30% of new hires associated with the project being Section 3 residents (defined as residents of public housing, or other area low or moderate income residents). The general contractor, Sullivan Land Services, has experience facilitating local workforce hiring programs in their construction projects, and will work closely with subcontractors to help them achieve the goals as well.

Job Training/Job Placement: For Public Housing residents, team member Urban Strategies, Inc. will utilize best practices to facilitate partnerships and programs that prepare residents for employment, and placements in jobs. When residents are placed in jobs, their incomes increase and they are able to spend more with local businesses, resulting in commercial and retail growth. Workforce and market rate residents, currently living off the island, will bring their local spending power to the island as well.

Taxes: Taxes generated directly from the developments as well as taxes from residents will result in increased revenues for the city, resulting in more projects and more opportunities for growth.

MBS has provided GHA with an Economic Impact Report that may be viewed on www.ghatx.org and on www.workingforgalveston.com.

23. Has a development agreement been signed with McCormick Baron Salazar?
GHA is in the process of negotiating the master development agreement with McCormack Baron Salazar.

24. What will the impact be on the local healthcare providers and the county’s healthcare system?
This question should be answered by local healthcare providers, however, it is anticipated that many of the returning public housing residents are already residing in the county and using county services. It is also anticipated that the workforce and market-rate residents will have market rate healthcare insurance.

Further, as part of the Human Capital plan developed by Urban Strategies, the healthcare needs of returning residents will be assessed. Urban Strategies will use this information to work with local providers to ensure that there is capacity to address these needs and to help increase capacity if there is not enough.

25. Has the cost of the healthcare impact been projected?
Please see question number 24 above. The cost is anticipated to be no greater than it would be without the new housing.

26. We have heard quotes for the construction of units varying from \$150 K per unit to \$225 K per unit from McCormick Baron Salazar? How much per square foot of floor space is the cost of construction? How does this compare to the cost of construction?
Total development costs are currently estimated (in the Master Development Work Report) at around \$200K per unit. Of that \$200K per unit, it is estimated that the construction costs are between \$140K-\$150K per unit. The other \$50K-\$55K is in soft costs, including reserves, architecture fees and engineering fees, insurance, etc. All these numbers are estimates, as the project has not been fully designed or bid.

27. Compared to non-federally funded housing or those units funded by private investment, how much in taxes will be paid locally on similar property? We understand that the land will be on long-term 40 year lease from GHA and will not be subject to taxes and that only improvements will be taxed. At what rate?

GHA pays the following taxes:

Tax 2010	
GISD	1.165%
Galveston County	0.6186%
City	0.554%
Co Road & Flood	0.0114%
Drainage #2	0.124933%
WCID #1	0.21819%
Total	2.692123%

The non-public housing units will be taxed at the prevailing rate for multi-family properties.

28. Will proposed units provide the community with additional housing for the elderly?

Public housing for seniors is provided in the Oaks. While the development plan does not currently include additional housing that is restricted to elderly residents, elderly residents may certainly apply to live in the new housing and a portion of the units will have design features to help elderly residents (and those with disabilities) to live independently.

29. Will daycare facilities be a part of the planned community?

It is possible. It has not yet been determined.

30. Who are the local partners for this development?

GHA is the local sponsor of the development.

On the project team, Sullivan Land Services (<http://www.sullivaninterests.com/>) is serving as the general contractor.

[DSW Homes and Sullivan Land Services will build scattered site homes. GHA answered that Sullivan will be general contractor for the mixed income development portion of the plan.](#)

31. Of the 569 “required” rebuilds, how many former residents of GHA are on the list for return to those units?

All former displaced Low Income Public Housing tenants were placed on the Low Income Public housing Wait List. Out of the 569, 283 households have received housing assistance through the Disaster Housing Assistance Program, the Housing Choice Voucher Program or the Low Income Public Housing Program. The remaining households will retain the first right of refusal to return to public housing, assuming these households meet the tenant eligibility requirements.

32. As part of the Human Capital Program from McCormack Baron Salazar and its Urban Strategies division will you implement a “cradle to college” approach to education?

As described in question #15 regarding the studies on affordable housing and education, having a stable, affordable place to call home, reducing student mobility, helping residents form strong and lasting connections to neighborhood schools are key components in educational achievement.

GHA and its development partners all support a cradle to college approach to education, starting with high quality early childhood development programs, continuing with strong school partnerships and engaged parents, and setting goals that carry students, both youth and adults, beyond high school diplomas to post-secondary achievements including college and specialized trades. A key element of the human capital plan will be to develop strong partnerships with GISD and post-secondary institutions, and to identify resources to increase access to early childhood education.

33. Are the surveys being completed by or for the developer for their own project? Is the survey an arm’s length transaction? Has the survey been done by the same party for the developer as previous projects? Is the fox guarding the hen house?

It is unclear by what is meant by “surveys” in this question. The answer below is in regards to the market study report.

All of the investors as well as the state finance agencies with whom MBS works require an independent third-party market study to support the proposed rent structure and number of units. The market study was completed by a third party professional real estate appraisal and consulting firm, Affordable Housing Analysts, from Houston, TX and documents the results of their independent market analysis. MBS has not worked with this firm before, preferring to work with a local firm in each city in which we work. Affordable Housing Analysts is also on the list of TDHCA approved market analysts.