

**Minutes of Special Meeting of
The Housing Authority of the City of Galveston, Texas
Island Community Center – Community Room
4700 Broadway, Galveston, TX 77551
October 11, 2010 at 5:00 P.M.**

The Board of Commissioners of the Housing Authority of the City of Galveston, Texas, (GHA) met as stated above. Chairperson Strain called the meeting to order at 5:00 p.m. and declared a quorum was present. She further clarified that the meeting was duly posted. The following commissioners were noted present: Sharon Strain, Chairperson; Paula Neff, Vice-Chair; James Dennis; and Tom LaRue

Commissioners Absent: Suzanne Choate

Others Present: Joe Jaworski, Ex-Officio
 Pete Urbani, Jr., Legal Counsel;
 Robert Bastien, Legal Counsel; and
 Harish Krishnarao, Executive Director/Secretary

Public Comments –

- a. David Stanowski reported that he was going to share four brief comments about the current rebuilding plan. He explained that CFR 941.202 on “Site and Neighborhood Standards” says that when we tear down public housing units and rebuild, we cannot exceed 50% rebuilding on the same footprint, including the same neighborhoods, which is undefined and we believe it to mean census tract. The rebuilding plan numbers that were published in the newspaper exceed 50% on every current footprint.

Secondly, Executive Order No. 11988, which is on Flood Plain Rebuilding, orders HUD to avoid direct or indirect support of flood plain development wherever there is a practical alternative. We are asking GHA where their alternative plan is to develop outside the flood plain on the mainland.

Next, HUD’s Handbook 4010.1 directs local housing authorities to use every means at their disposal to avoid creating or adding to the oversupply of surplus housing. What does the GHA plan to do about this? We have 7,000 vacant housing units in this city.

We believe that GHA’s plan violates Section 3608E5 of the Fair Housing Act by concentrating low income minorities in areas that are already highly low income minority. HUD and Mr. Hamby from the State have told us that they are using Westchester as their standard definition in this area. I probably do not have time to go through all of the statistics on Westchester, but if we look at their definition of places that you could build public housing in Westchester, it is based on the number of black and Hispanic people in a given area’s population. I would like to note that Magnolia Homes was located in Census Tract No. 7243, which had a population that was 22% black and 32% below poverty. Cedar Terrace and Palm Terrace were in Census Tract No. 7246, which was an 82% black population and 64% below poverty. Oleander Homes was Census Tract No. 7240, which was 30% black and 55% below poverty. These all far exceed the standard set by Westchester and are unacceptable site locations based on Westchester.

- b. Chris Toombs congratulated Mr. Krishnarao and staff for the award received for managing the DHAP program. The question of whether or not the housing authority could handle dispersed housing has been answered by the award. If you get a chance to manage an additional 569 it would be a good opportunity, which leads to my next statement having to do with replying to Tom's (LaRue) e-mail who dragged something out of me I wasn't prepared to yet divulge. Because of the conciliation agreement, it is my opinion now that you have been given a problem you cannot solve. According to the statistics of the population of the public housing clientele and the demographics of the island, from a regional perspective, you cannot put an 82% hyper-concentrated racial profile into a 25% concentrated profile and get a lesser percentage. It is mathematically impossible. This has limited you because they told you to use public housing, whose limits are the jurisdiction of the city. The only way to solve the problem is to ask HUD a very direct question. It is not my responsibility or your responsibility to implement fair housing on a regional basis. The Thompson case said it is HUD's obligation to implement fair housing on a regional level, so we need to ask them a very pointed question. We cannot do the public housing and Affirmatively Furthering Fair Housing (AFFH) certification. They either need to give us their authority to expand the jurisdiction of the public housing program or they need to let us use an existing program whose jurisdiction is not limited by the city limits. Let's ask the question. There is nothing wrong with asking the question. I am an engineer and I tell management all the time, 'You cannot get 30 megawatts of power out of a 25 megawatt generator. It is impossible. You either have to decrease your load or purchase additional generation.' So, we need to ask HUD if they are going to expand our jurisdiction or let us use a different program because we cannot do both. It is mathematically and statistically impossible.
- c. Susan Fennewald stated that it was going to be very, very difficult for a community to thrive with the level of public housing we have. I want to follow up a little on what Chris Toombs just said that we need to push HUD to help us because I am not sure there is a single community in this entire nation with our concentration of public housing and Section 8 that is thriving. So, it is almost impossible and it is up to the commissioners. It is not up to Harish Krishnarao. The commissioners are responsible and it all comes back to them. My sister is on the Harris County commissioner's board and when I complain to her she states, 'Oh, that's your commissioners, they are responsible.'

While I think it's almost impossible according to the math to desegregate and deconcentrate and stay on the island, we may have to do what we can. I would say to use the money to buy and fix up run-down apartment complexes and houses. While it is more difficult, it spreads things out for better or for worse. At least we would get the houses fixed up. At least Galveston gets something positive in return. At the same time, we will have to learn how to make our standards and enforcement more strict. No one from off of the island, income range verification has to be enforced so we don't end up with the extreme low all the time. We need to integrate our public housing. We need to have a better racial balance. I just don't believe that 90% of the families in poverty are African American. We should make every effort to racially integrate our public housing so that this doesn't stay a black/white issue.

- d. Jane Chance stated that she is currently a professor at Rice University and that she would soon be retiring in Galveston and had purchased a house on the east end of the island. I fell in love with Galveston a few years ago and moved here a couple of years ago just before

Hurricane Ike. My comments concern the Magnolia Homes project and the area involved. As an east ender and someone who pays taxes, someone who cares about houses on my block, and my district and about the city at large, I am afraid that GHA has a very narrow vision of what it hopes to accomplish by locating any number of homes in a single area. I live close to The Strand and am naturally upset about the possibility of that area being misappropriated in some way. We haven't had a lot of input from Galvestonians coming up with some kind of final project. I am concerned for two different reasons. One is that I think it is vital that we connect the east end and UTMB with The Strand. If we want to continue as a city that is going to grow and attract new people to the community, we need to have a vision of where we want our city to go. That connection, making sure that we can bridge those different segments, in a city that has been known for its diversity from the time of its inception is very important. I also think that when we are considering what to do with that area it is important to have mixed use. We need to make sure there is some retail, green space and to make sure that it is not in any way a segregated community that would eventually isolate the people there. Either because of their income, race or where they come from, or anything else. I think it is our obligation as citizens to make sure that the space is used appropriately no matter where that money is coming from.

Secondly, as a taxpayer, I am very concerned about the maintenance on any project that is built in the area where Magnolia Homes was. I don't want the future of that area to be on my shoulders in some way. There has to be oversight and some means of maintaining the facility. When we build a building at Rice University, if someone has endowed that building, we don't just consider the amount of money needed to build it. That donor had to supply the money to maintain the building in perpetuity. That should be the goal that this city should be trying to implement. We are going to build Magnolia Homes, okay, let's consider it in a broader way than we have been considering and try to take into lots of different points of view to reflect the diversity of the city.

- e. Linda White stated that she just wanted to thank Mr. Krishnarao.
- f. Curtis Strahm stated that he had lived in the east end of Galveston for two decades and that he is interested in GHA's redevelopment plan. There are studies that show, and I believe, that the deconcentration of public housing facilities is the best approach. There are numerous reasons that scattered site housing best serves all of us. I have also come to the conclusion that utilizing an empty building downtown would better serve the elderly than constructing a building in the form of Magnolia Homes footprint. I support the GAIN proposal for mixed use development in the former Magnolia Homes area. I encourage the commissioners to keep an open mind for opportunity to better serve by integrating facilities in our community in a Galveston that has changed very much in 50 years.
- g. City Councilwoman, Elizabeth Beeton, asked that copies of the GHA resolutions be made available at future meetings if it would not be a big expense. She stated that this request was so that the public could follow the discussion and that simply identifying a resolution by a number and a general title gives the public no information on which to comment about the resolution. I think that would be much appreciated.

The second thing I would like to encourage you to do is that when you are considering whether or not to do a Hope VI-like project at Magnolia Homes and Cedar Terrace is to go to

the neighborhood before you make that decision and ask whether they support adding subsidized, low to middle income housing in addition to the public housing that you are apparently committed to building at those sites. For example, at Magnolia Homes, you are planning to build 120 public housing units at that site. If you do a Hope VI-like project, you will be building additional units for low to middle income housing in the same area. You are not obligated to do that under the conciliation agreement or your agreement with Lone Star Legal Aid. Before you take that step, I encourage you to go to the neighborhood associations and see if those people want you to build in their areas. Describe the plans, what's possible and get some feedback before you proceed.

I will tell you what I see as a concern and that is you don't need additional units in the area of Magnolia Homes in order to have low to middle income housing because there already is low to middle income housing in that neighborhood. If it is a mixed income product we are trying to achieve, you can do that by adding your public housing units and working to integrate those into the surrounding neighborhood. If you are going to talk about demand, for additional units, don't say you've got demand when you do not have developers from the private sector willing to come down here and build. Where there is demand, the free market responds. There is no interest by developers who build on their own nickel in that area at this time. If you build government subsidized units there, you are going to be competing directly with the existing neighborhoods that are under tremendous pressure from vacancies and derelict properties. You are trying to strengthen them, not weaken them. That is a real serious concern and I would like for you to talk to the public that will be most affected by this before proceeding with plans to build additional units beyond what is being required by the conciliation agreement or your agreement with Lone Star Legal Aid.

Mayor Jaworski commented whether it was the consensus of the legal talent supporting the housing authority that the mayor is or is not supposed to be attending the executive session. Chairperson Strain replied that she had notified Mayor Jaworski about what the state law says about ex-officio members attending executive sessions.

Mayor Jaworski replied that he would not be causing any trouble and that he had appointed the commissioners with great faith and confidence. He added that he understood that there was a body of legislation that states that the ex-officio should not attend the executive sessions.

The commissioners retreated into executive session at this time.

The commissioners returned at 6:35 p.m. to reconvene into the regular session.

Resolutions - Approval of

- a. #2466 – Adopting a Revised Redevelopment Plan - Commissioner LaRue moved for approval, but there was no second. The motion was declared dead by Chairperson Strain.
- b. #2467 – Adopting Priorities for the New Board of Commissioners – Vice-Chair Neff moved for approval and Commissioner LaRue seconded the motion. Commissioner Neff questioned what the resolution meant. Deyna Sims, Director of Real Estate and Development, answered that at the board workshop there seemed to be an indication that the board wanted to go ahead

and discuss revising the redevelopment plan and to then go ahead with implementation. There was a discussion from Horace Allison about scattered sites and all of the three developments, including Oleander Homes, Cedar Terrace, and Magnolia Homes.

In those discussions, there seemed to be a desire for the Chair of this board to work on a Hope VI-like program for Magnolia Homes. There was also discussion about a Hope VI-like program for Cedar Terrace, as well as how to go about the scattered sites - minor rehab, those requiring demolition and reconstruction and vacant lots. What staff has done is presented a resolution to you outlining the priorities which were discussed in that workshop.

Regarding the four former sites: Palm Terrance is already under construction; Magnolia Homes, a Hope VI-like program if partnerships materialize for middle income housing retail and social service; Cedar Terrace, a Hope VI-like program if partnerships materialize for middle income housing retail and social service; and at the workshop it was determined that Oleander Homes should be the last site to be developed and perhaps there could be a last slot if additional land was acquired by the housing authority for those 120 units. This document outlines those priorities. For the scattered sites, it says move in ready properties, new construction on vacant properties, minor rehab properties, sites for demolition and reconstruction and then moderate and substantial rehab properties. What staff has tried to do is outline these priorities that we thought we heard so that you all could vote on that and give us a way to implement the plan that was discussed. This resolution is a way to implement Resolution No. 2466.

Commissioner Dennis suggested changing the verbiage on the sentence that stated “middle income housing” to low to middle income communities. Vice-Chair Neff asked if the board did not agree 100% with the way things were outlined, they made a motion to table it and then change it. Chairperson Strain said it must be voted up again.

Mr. Krishnarao interjected that this was subsequent to the previous resolution so this resolution by itself really does not identify the unit count. The obvious thing to do is to table this resolution. Chairperson Strain stated that this resolution, in her opinion, questions how to get people back more quickly. We can new construct quicker than we can rehab, but rehab would be the minor rehab properties would be a priority there, too.

Commissioner LaRue stated that he had no problem with moving ahead to acquire vacant lots, but it has to do with price changes that are going to obviously occur if we start moving forward in this. He added that he could see acquiring some of the vacant lots that are available, but some of the first construction should be the demolition properties. When those are started, it will potentially have the impact of driving up the prices of vacant lots. This would help to get rid of some of the eyesores in the community and clean up some of the neighborhoods.

Mr. Krishnarao replied that if GHA were to focus on the ready to move in sites, they could move some families in before the end of the year. Concurrently, GHA could be looking at sites that need demolition and construction. Then, we would also focus on minor rehabs. With the number of units of scattered sites being considered, that would have to be a combination of ready to move in, minor rehabs, major rehabs and total demolition and reconstruction. All

four of them will happen concurrently but within those four scenarios, the priority would be to bring the families home as quickly as possible. Next, to do the minor rehabs so that we can bring some families home within a reasonable period of time. Then, consider the option of demolition/construction, which takes anywhere from 6-18 months.

Chairperson Strain reported that we were looking at 247 scattered sites.

After this discussion the motion was not passed.

Commissioners' Comments –

- a. Chairperson Strain stated that this is hard work. These commissioners have walked onto this board and they have had so much information thrown at them that it would frighten Godzilla. But they are hanging in there and doing their best to listen to all of your concerns and to try to make sure that we come up with a product that our community can be proud of and that will serve the needs of the people that are important to us and that is the residents that are in our program.
- b. Vice-Chair Neff stated that she is very intent on bringing the 569 families home and getting it right. She doesn't ever want it to appear as if she is dragging her feet or holding up the process. She is working morning, noon and night – weekends as well – to make sure that whatever she votes on or chooses is done in excellence and gives people the opportunity to live in amazing housing as well as having the opportunity to move up and out of public housing. Thank you for your patience and thank you for your feedback because that is what we are here for and that is what public comment is about.

There being no further business, the meeting was adjourned at 7:00 p.m.
(d:minutes101110)