

RESOLUTION NO. 12-033

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GALVESTON, TEXAS, APPROVING THE REBUILDING OF THE REMAINING PUBLIC HOUSING UNITS DAMAGED BY HURRICANE IKE; PROVIDING FOR FINDINGS OF FACT AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, on July 23, 2012, City Officials and the Galveston Housing Authority (GHA) met with Secretary Donovan and other U.S. Department of Housing and Urban Development (HUD), officials in Washington, D.C., where Secretary Donovan instructed the City and the Galveston Housing Authority to begin negotiations with the GLO and for GHA to lift the temporary moratorium; and

WHEREAS, thereafter, the GHA lifted the temporary moratorium and the City and GHA entered into negotiations with the GLO and forwarded rebuilding plans to the GLO for approval; and

WHEREAS, on September 17, 2012, the City held a meeting and invited public testimony from Galveston Advocates and the Austin Advocates to receive input on the plans for rebuilding public housing destroyed by Hurricane Ike; and

WHEREAS, the City Council desires to approve the Plan for Galveston Public Housing Reconstruction as required by HUD and the GLO, as long as the approved plan affirmatively furthers fair housing and follows the Fair Housing Act, other applicable federal laws, and HUD regulations.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GALVESTON, TEXAS:

SECTION 1. The findings and recitations set out in the preamble to this Resolution are found to be true and correct and they are hereby adopted by the City Council and made a part hereof for all purposes.

SECTION 2. The City Council of the City of Galveston, Texas, hereby, approves the Plan for Galveston Public Housing Reconstruction as required by HUD and the GLO, attached as **Exhibit A**.


SECTION 3. The City Secretary is hereby authorized to send a certified copy of this Resolution to GLO Officials and HUD Officials to notify GLO and HUD so that the \$586 million in Disaster Recovery Grant Funding for Round 1, Round 2.1, and Round 2.2 is released to the City of Galveston for funding approvals and funding reimbursements and to take such necessary actions to notify the City of the release of the \$586 million in Disaster Recovery Grant Funding.

SECTION 4. It is hereby declared to be the intention of the City Council that the sections, paragraphs, sentences, clauses, and phrases of this Resolution are severable and, if any phrase, clause, sentence, paragraph or section of this Resolution should be declared invalid by the final judgment or decree of any court of competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs, and sections of this Resolution.

SECTION 5. It is hereby officially found and determined that the meeting at which this resolution was adopted was open to the public, and that public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551 of the Texas Government Code.

SECTION 6. This Resolution shall be and become effective immediately upon passage.

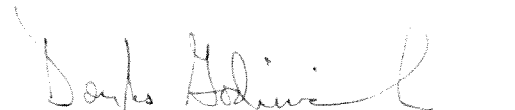
APPROVED AS TO FORM:


DOROTHY PALUMBO
CITY ATTORNEY

I, Douglas Godinich, Secretary of the City Council of the City of Galveston, do hereby certify that the foregoing is a true and correct copy of a Resolution adopted by the City Council of the City of Galveston at its regular meeting held on the 28th day of September, 2012, as the same appears in records of this office.

IN TESTIMONY WHEREOF, I subscribe my name hereto officially under the corporate seal of the City of Galveston this 28th day of September, 2012.




Secretary for the City Council
of the City of Galveston

PLAN FOR GALVESTON PUBLIC HOUSING RECONSTRUCTION

ARTICLE 1. MIXED-INCOME HOUSING ON FORMER PUBLIC HOUSING SITES.

Under the agreement between MBS and GHA, GHA's developer will begin construction of mixed-income developments at Magnolia Homes and Cedar Terrace as follows:

- (a) The developer will break ground at Cedar Terrace in 6 months and complete construction of all units 14 months thereafter;
- (b) The developer will break ground at Magnolia Homes in 8 months and complete construction of all units 16 months thereafter;
- (c) Site preparation and utility work on both sites will begin within 90 days of a subgrantee agreement furnished by GLO to GHA.

The developments combined shall provide 141 public housing units. These units may be 141 ACC units or 113 ACC units and 28 PBV units, if the latter is financially necessary to carry out this agreement in a manner that affirmatively furthers fair housing.

The Cedar Terrace and Magnolia Homes mixed-income developments must produce tenant integration through a combination of public housing and market rate units by providing no less than 50 percent of the total units in each development as market rate housing units. Tenants shall be assigned housing units within the developments in a manner that physically integrates public housing residents throughout the developments. In order to ensure the developments are integrated, mixed-income housing, minimum income limits will be set at 80% of Area Median Family Income adjusted for family size for occupancy of market rate units.

Public housing tenants and tenants residing in any project-based voucher units in the mixed-income housing developments, shall, to the greatest extent possible consistent with federal law and regulations, have rights no less than the rights of tenants in public housing.

Subject to HUD approval, if the Oleander site is sold, the proceeds of the sale shall be used to fund the development of mixed income developments at Cedar Terrace and Magnolia Homes and/or to provide funds for homeownership conversion or tenant services to housing units created under Article 1 or Article 3.

ARTICLE 2. PLANNING FOR COMMUNITY DEVELOPMENT AND HOUSING.

The City shall enter into an interlocal agreement with the GLO to transfer the City's Community Redevelopment Master Plan & Infill Redevelopment Planning Grant, using a HUD \$500,000 planning grant awarded to the City, to be used for a study focusing on revitalization of the North Broadway neighborhood, adjacent low income minority neighborhoods, and for providing data to GLO on other areas of the city that are appropriate for scattered site units. The initiatives proposed in this plan shall be developed in a manner that affirmatively furthers fair housing. The study shall be used to coordinate the use of Round 2 infrastructure funds, Round 2 housing funds, and CDBG-DR funds for the replacement of the public housing units on scattered sites as provided in Article 3.

ARTICLE 3. REPLACEMENT HOUSING ON SCATTERED SITES.

GLO will submit to HUD a plan for the construction of 388 multifamily and single family units on scattered sites and for the operation and management of this housing for a period of no less than 75 years in a manner that affirmatively furthers fair housing.

The submitted plan will include that the developer will provide comprehensive insurance, including windstorm, flood, fire and extended coverage, and general liability insurance, and that said insurance shall name the City of Galveston and GHA as additional insured. To the extent feasible, and consistent with the need to affirmatively further fair housing, sites utilized for the construction of new scattered site units in the City will replace dilapidated or uninhabitable non-public housing units previously damaged or will be built on vacant lots. All sites for scattered site units are subject to HUD review.

These units shall be taxed according to the applicable state laws or under an agreement entered into between the City and the owner/operator to provide a payment in lieu of taxes. Housing developed under this subchapter will not be eligible for a property tax exemption as a Community Housing Development Organization.

To increase housing choice options of residents of subsidized housing in neighborhoods in Galveston County where no subsidized housing now exists, up to 50 single family, duplex, triplex, fourplex, or multifamily scattered site units (which may be required to be mixed-income to affirmatively further fair housing) may be rebuilt outside the City of Galveston and within Galveston County on scattered sites. The location of these homes must affirmatively further fair housing and be within neighborhoods where there is an underrepresentation of project-based and tenant-based subsidized housing. All sites for scattered site units are subject to HUD review. If, after exhausting every reasonable effort, after 24 months GLO encounters delays or difficulties in acquiring sites and beginning rebuilding of scattered site units outside the city of Galveston, complainants may require that the remaining scattered site units be rebuilt on sites within the city of Galveston.

ARTICLE 4. PROJECT BASED VOUCHERS.

HUD will provide the required number of 15 year, renewable project based vouchers in order to make rents affordable to the tenants living in the housing units designated for project-based vouchers constructed under Articles 1 and 3. These vouchers will be provided through GHA, or at the discretion of HUD, through the Texas Department of Housing and Community Affairs or in any other manner determined by HUD. The PHA administering the vouchers will reapply for the renewal of the same number of vouchers when the first 15 year term expires.

ARTICLE 5. HOUSING UNIT CONFIGURATION.

The units created will replace the pre-like bedroom distribution with the exception that five bedroom units may be replaced with four bedroom units.

ARTICLE 6. ACTIONS OF THE CITY AND GHA.

The City of Galveston and GHA will act in compliance with all applicable laws and will not unreasonably delay or withhold required approvals.

The Galveston City Council's approval of this Plan for submission to GLO and HUD constitutes the City's commitment to cooperate with the GLO to facilitate the development of public housing replacement units required by this Plan consistent with fair housing and civil rights laws and regulations.

ARTICLE 7. SECTION 3 EMPLOYMENT AND CONTRACTING PERFORMANCE.

In the development of scattered site units under Article 3, the GLO and its contractors and subcontractors shall operate in compliance with the applicable Section 3 Plan approved by the General Land Office. In the development of mixed-income units under Article 1, GHA and its contractors shall adopt the employment and contracting goals in the GHA Section 3 plan dated February 27, 2012.

ARTICLE 8. AVAILABILITY OF ADEQUATE FINANCING AND FUNDING.

GLO and HUD shall act to ensure that sufficient financial resources and funding are available from CDBG-DR funds and other sources to successfully carry out this plan. No general fund monies from the City of Galveston shall be required to carry out this plan.

ARTICLE 9. RIGHT TO RETURN AND OUTREACH TO DISPLACED RESIDENTS.

Tenants who were residing as named members of the household under public housing leases in GHA public housing on September 12, 2008 (which specifically includes household members who were minors on that date), and who were forced to evacuate as a result of Hurricane Ike ("displaced public housing residents"), and their current household members, shall have a preference to return to replacement housing created under this plan as it becomes available. In order to obtain this preference, the displaced public housing tenants must satisfy and comply with GHA's standard criteria and procedures for annual re-certifications for continued occupancy under GHA's ACOP, which specifically includes income qualifications and criminal background checks per HUD guidelines. Displaced public housing residents in this context will be treated as existing public housing tenants. If GHA determines that a displaced public housing resident would no longer qualify or be eligible for continued occupancy under GHA's ACOP, GHA shall give written notice of disqualification or non-eligibility, stating the specific grounds for disqualification or non-eligibility, the right to examine documents directly relevant to the disqualification or non-eligibility, the right to request a grievance hearing, and the opportunity for a grievance hearing in that regard. The preference described in this Article shall expire for each displaced public housing resident when the resident has been recertified and placed into a replacement housing unit, and shall in any event, expire four years from approval of this Plan by GLO and HUD.

For all components of this plan, GHA and GLO will conduct outreach efforts to attempt to locate displaced public housing residents. Outreach efforts by GHA shall include mailings to displaced public housing residents at their last known addresses. All such mailings shall include a request that the recipient notify other displaced public housing residents who may not have received the notice for some reason. Additional outreach efforts shall be conducted by GLO and shall include notices placed in Galveston and Houston newspapers, in other Texas newspapers, and public service announcements in Galveston and Houston broadcast media; in the alternative, GLO shall allocate to GHA at least \$10,000 for use in conducting these print and broadcast media outreach efforts. The method, timing, and exact text of notices or announcements by GHA shall be formulated by a collaborative effort between GHA, Lone Star Legal Aid, and up to two

representatives from the Galveston County Collaborating Organizations. All announcements, notices and correspondence to displaced public housing residents in this regard shall be in English and in Spanish and shall advise that the displaced public housing residents may contact the Texas Legal Services Center, the Galveston County Bar Association Pro Bono Program, Lone Star Legal Aid, or an attorney of their choice for free legal assistance with returning to Galveston public housing, and shall contain contact information for these three organizations. GHA shall maintain and regularly update an outreach database of displaced public housing residents for a period of at least one year after the first replacement housing under this Plan is available for occupancy: at that time, the outreach database shall be closed and no further updates by GHA shall be required. The database shall include the name, current or last known address, telephone number and a description of the communications to/from displaced public housing residents. The closing of the database shall not, however, affect the preference described above. GHA shall make the database available to the complainants, Lone Star Legal Aid, and to Galveston County Collaborating Organizations as needed to assure all displaced public housing residents are offered the opportunity to return. GHA shall update the displaced public housing residents in the database on a regular basis regarding the progress of rebuilding efforts.

ARTICLE 10. DETAILS RELATED TO GLO DEVELOPED SCATTERED SITE HOUSING PROGRAM.

- (a) **Bedroom mix.** The bedroom composition of the public housing and project-based voucher units in the mixed-income developments and the bedroom composition of the scattered site units shall, in aggregate, produce the same bedroom mix as public housing units that have been demolished following Hurricane Ike with the exception that five bedroom units may be replaced with four bedroom units.
- (b) **Additional CDBG-DR Funds.** To the extent CDBG-DR funds currently intended to be distributed to the City and GHA for public housing or affordable rental housing under the Method of Distribution remain after the units contemplated herein are developed, the remaining funds shall be utilized, as permissible, to establish a maintenance reserve and tenant services fund, and to the extent that this is not permissible, shall be used by GLO to construct or rehabilitate additional single family homes and town homes as non-subsidized affordable rental housing within the city, if permitted by law. These homes will be developed, owned, operated, made available for sale to tenants, and maintained under the terms of this agreement.
- (c) **Tenant mobility and fair housing program.** The provisions having been triggered by the availability of permanent Section 8 vouchers to households formerly utilizing temporary housing assistance, the State of Texas will implement the provisions of article B.2.g. of the Conciliation Agreement to operate for five-years a fair housing mobility counseling program for persons within the City of Galveston and Galveston County. GHA shall cooperate with this activity. Complainants and HUD will approve the program operator and program design. The mobility counseling program may be funded from land sale proceeds, CDBG-DR or any other federal, state or local funds.

- (d) **Resident support funding.** Sufficient funding must be provided through the State of Texas for the support of residents living in the mixed income and scattered site housing in the form of resident support services, conflict intervention, community relations services, resident self-sufficiency, and tenant mobility counseling and relocation assistance. These funds shall not replace the tenant services funds and Human Capital funds provided for in the GHA/MBS plan to support tenants in the mixed-income developments.
- (e) **Owner/operator.** All scattered site housing will be constructed as new units and GLO will contract with a competent, qualified, mission driven nonprofit owner/operator, unless specifically prohibited by law, to own, operate, and maintain the housing. The owner/operator will be selected and in place before construction activities commence. The owner/operator will be consulted in the development of plans and specifications for the scattered site housing.
- (f) **Scattered site unit configuration.** GLO or its designee will construct scattered site project-based rent subsidized single-family homes and townhouses. If a reasonable showing is made that insufficient available and affordable sites exist within the city, some units may be constructed as higher density housing.
- (g) **Homeownership option.** All residents of single and multifamily scattered site units shall be eligible for a homeownership program under rules established by the managing nonprofit and approved by complainants. The management plan may provide for individual development savings accounts (IDAs), homebuyer training, and financial training to permit tenants to purchase single family homes. The home made available for homeownership may be either an existing home operated under this program or a new home. GHA, GLO, and the complainants will cooperate to identify available programs and resources to enhance the homeownership program. When an existing home is to be sold into homeownership, an additional rental home will replace the home sold under a homeownership program before the home is sold and the project-based voucher (if available) will be transferred to the new rental home. Homes must be replaced in the city in which they are located in a manner consistent with fair housing standards. No family will be denied the opportunity to rent or to live in any unit because they may be unable to later purchase that unit.
- (h) **Affordability term.** All the housing assets in this agreement will be protected with no less than a 75 year Land Use Restriction Agreement approved by HUD and the complainants. The State of Texas will monitor compliance and enforce the LURA including recovering the properties and transferring the properties and other program assets to a different entity if necessary.
- (i) **Other provisions.** GLO will, in good faith, negotiate and enter into an agreement with the complainants to implement the following additional provisions regarding homes developed under this plan:
- Visitable by persons with disabilities.
 - Constructed to the maximum extent economically feasible as zero net energy by incorporating technologies such as solar panels and super energy efficiency design and construction.

- Designed by experienced architects in a manner that integrates the structures aesthetically into the neighborhoods where they are built.
- Designed and constructed for maximum hurricane survivability, with durable materials and low maintenance design.

(j) **Tenant services in scattered site units.** An agreement will be maintained by the owner/operator with one or more experienced area social service agencies, including GHA, having a demonstrated successful track record to support tenants of the scattered site units to become self sufficient and, to the extent possible, to move out of subsidized housing into private market rate housing or homeownership. The management plan shall provide for individual development savings accounts (IDAs), homebuyer training, and financial training to permit tenants to purchase the homes they occupy, as well as additional educational services to the children who live in these units.

(k) **Tenant rights.** To the extent feasible, GLO shall require that tenants of all the units constructed under this program shall have rights not less than the rights of tenants in public housing.

(l) **Tenant selection priorities**

(1) The following priorities are effective until 2 years after completion of the final unit in this Reconstruction Plan:

1st priority - Displaced public housing residents (as defined in Article 9) shall be given first preference and shall take precedence over any other public housing program preference;

2nd priority – GHA public housing waiting list applicants who are “residents” of Galveston shall be given second preference and shall take precedence over all other applicants on the GHA’s public housing waiting list except for displaced public housing residents who shall receive first preference; “resident” of Galveston shall be defined as follows: a) persons who reside in, work in, or have been notified that they have been hired to work in the City of Galveston, as permitted by 24 CFR 960.206(b)(1) and 24 CFR 982.207(b)(1), and b) persons who were living in Galveston in September 2008 but who currently do not reside in Galveston.

Further tenant selection priorities will be established by agreement between the Galveston Housing Authority, the City of Galveston, Lone Star Legal Aid, the Galveston County Collaborating Organizations, GLO, and complainants, with the assistance and approval of HUD.

(2) GLO will require the owner/operator of the scattered site housing to develop:

- a. Plan for review and approval of residents referred by GHA from GHA’s public housing waiting list.
- b. Affirmative fair housing marketing plan.

- c. If the owner/operator maintains its own waiting list for any reason, waiting list management procedure that includes information related to application taking, waiting lists, and record keeping related to tenant applications.
- d. Protocol and procedures that shall be used by the owner/operator for approving tenants referred by GHA from GHA's public housing waiting list or from the owner/operator's own waiting list covering tenant selection and screening criteria, applicant interviews, and requirements and procedures when applicants are found to be ineligible, including written notification to applicants of denial of assistance.
- e. Contingency plan for tenant admissions, operations and rents to be employed for additional units developed under Article 10 (b) and to be used for scattered site units created under Article 3 in the event project based vouchers cease to be available for any units developed under Article 3. This plan shall provide that units shall be rented to tenants with the lowest household income who can, consistent with reasonable business practices, be expected to afford the unsubsidized rent levels required to maintain the units in first class condition as set forth in Article 10 (n) and provide tenant services as described in Article 10 (j). Under this plan the owner/occupant shall not refuse to consider a tenant application on the basis that the tenant has a Housing Choice Voucher.
- f. A procedure for amending these plans and the authority of parties to review and comment on these amendments.

These plans and procedures shall be submitted to HUD and complainants for review and approval within 120 days of the selection of the owner/operator.

- (m) **Construction.** All new construction must comply with building codes and standards, zoning ordinances, and all applicable development regulations of the jurisdiction in which the housing is constructed.
- (n) **Maintenance of scattered site units.** All units will be maintained by the owners/operators in a first-class condition (reasonable wear and tear excepted). GLO shall propose, through the plan submitted by HUD, mandatory replacement reserves and housing quality standards equal to or greater than those required by the Texas Department of Housing and Community Affairs for owners of Low Income Housing Tax Credit developments and shall consult with GHA, the City and complainants in developing those standards. GLO shall determine whether a performance and maintenance bond can be reasonably required of the owner/operator to ensure that properties are maintained at all times in a first class condition. GLO shall establish a clear process, in consultation with the City, GHA, and complainants to permit the parties to issue a written demand to the owners/operators to promptly correct any identified deficiencies or conditions so as to bring the housing units into first-class condition and provide a method for the adjudication of disputes. The plan adopted by GLO will set forth a process by which the parties may take action to correct the identified deficiencies or conditions and recover the reasonable costs should the owner/operator fail to act in accordance with the provisions of this section.

ARTICLE 11. COMPLIANCE.

The parties will meet within 90 days to determine benchmarks for compliance.

ARTICLE 12. SEVERABILITY.

If any section of this Plan is determined to be in violation of the laws of the State of Texas or against public policy, the remainder of the Plan shall continue to operate in full-force.

ARTICLE 13. AMENDMENT.

With the consent of all parties referenced in this agreement, provisions of this plan may be amended.