



July 23, 2009

Mr. Dolcefino,

We respectfully request that you provide your viewers the following information as part of your coverage of the Houston Housing Authority's "Scattered Sites" Home Ownership Program, and post this on the Channel 13 website.

The Houston Housing Authority (HHA) acquired 366 single-family residential properties located in and around the City of Houston, from the Resolution Trust Corporation (RTC), in 1987 and in 1988 for use as rental housing and as a bridge to first-time homeownership. At the time, this goal, particularly on such a large scale, was unique and forward thinking for a housing authority.

At the time we acquired these properties, many of them were in very poor condition and were not suitable for occupancy. However, we upgraded the units and made the properties available to families as part of the Low Rent Public Housing Program. Public housing program participant families rented these homes from the Housing Authority, giving them the chance to move out of a rental unit within a multifamily property to a single-family home – an experience more similar to a typical homeowner in Houston.

As a way to encourage more families to own their own homes, we made the decision to offer these properties for sale first to the rental occupants, and, then, to other public housing and Section 8 families. The process of selling these properties is governed by the eligibility rules of the federal government's home ownership programs (5(h) and/or Section 32 Homeownership Programs). We have worked closely with HUD, licensed real estate brokers and other professional homeownership entities to make more of these homes available to families. Since the beginning of the homeownership program in the mid-1990s, nearly half of the properties have been sold to qualified income eligible families. Of the remaining unsold properties, about 25 percent (25%) are still being rented and are generating revenue to help the Housing Authority serve other families.

The Houston Housing Authority has been very successful in its mission of providing affordable housing to Houston residents; **ninety-five percent (95%) of all the available units in the Housing Authority's entire inventory are occupied.** Two of the 366 homes that are part of the Scattered Sites Housing Program have been vacant since 2000.

Real estate experts universally agree that the presence of renters within a residential property makes it much more difficult to sell the property to interested purchasers. With an eye toward selling as many of these homes as possible to families who needed them, beginning in 2004, as

renters moved out, the Housing Authority did not rent the vacated homes. Our decision helped: we were able to sell more homes as they became vacant.

Unfortunately, as we reached the income-eligible purchasing threshold and as the economy slowed and the market cooled in more recent years, sales declined. **Confronted with this lack of eligible purchasers in combination with a deteriorating market, and committed to providing homeownership opportunities to more families to reinvest the sales proceeds to create more affordable housing, the Housing Authority determined the best course of action was to offer the remaining properties for sale on the open market.** The Housing Authority has worked, and will continue to work, with HUD and others to get permission to sell these homes consistent with our goal of creating home ownership within our communities.

WHAT HAS BEEN DONE TO SELL THESE HOMES

The Housing Authority has utilized several approaches to market these homes. Initially, the tenants of the homes were contacted directly by letter and telephone to inform them of the opportunity to purchase their current residence. Additionally, the HHA conducted face-to-face mass home ownership briefings and group orientation meetings with residents, and Housing Authority staff and a licensed realtor worked with those families who expressed an interest to determine if they were eligible. The Housing Authority offered the properties at discounted prices to these residents to increase the potential for a sale. Initially, this approach was successful and sales increased.

After offering these properties for sale to occupants, the Housing Authority, consistent with federal guidelines, then offered the opportunity to purchase these properties to all Public Housing Program families, and notified them of this opportunity by mail. Interested families were assisted by Housing Authority staff and a licensed realtor in determining whether they were eligible under federal income guidelines as purchasers and qualified to finance the purchase of the properties. As a result of this process of qualifying applicants, many of those who had expressed an interest in the program were not able to establish that they were credit worthy. When the pool of Public Housing Program families did not yield a sufficient number of families interested in and able to qualify to purchase these homes, the Housing Authority, again consistent with federal guidelines, offered these properties for sale to families in the City of Houston with incomes less than or equal to eighty percent (80%) of Houston's median income (in the case of a family of four, this would be an annual income less than or equal to \$51,050 in 2009).

We worked hard to inform this much larger pool of potential buyers and to educate and involve the larger community through a variety of outreach methods, including: home ownership fairs, information booths at sponsored community events, mass briefings and home counseling orientations, resident leadership meetings, an article in the *Houston Realtor*, meetings with lenders, meetings with Community Associations, Real Estate Brokers/Association, Texas Department of Housing and Community Affairs Down Payment Assistance Program, homeownership flyer distribution and monthly resident meetings, information on our website, advertisements in the *Houston Chronicle*, "For Sale" signs posted in front of many of the homes, and the assistance of a real estate broker who sought potential buyers. In addition, the Housing Authority solicited the assistance of the private sector to develop a plan for submission to HUD for the sale of the homes to a not for profit or for profit entity for resale to eligible homebuyers.

The Housing Authority issued two Requests for Proposals (RFP), however, the responses received were unacceptable. Despite these efforts, 194 of these homes have not yet been purchased.

The objective of the Housing Authority has been to reasonably exhaust all options to sell these homes to qualified income eligible families before pursuing any other options. **During the “hot” real estate market of the early to mid 2000s, the HHA could have sold potentially all of the homes if we had been authorized to sell to the general public on the open market. However, during this time, sales were possible only to a very restricted pool of buyers.** Currently, the HHA is using professional assistance to price all of the remaining homes for sale and is also soliciting bids to repair the exterior of the homes as insurance proceeds are available to repair damages suffered during Hurricane Ike.

COMMUNITY INPUT

Faced with the decline in the pace of sales of these homes, the Housing Authority is proposing to offer these properties for sale to all those in the general community on the open market. The Housing Authority mailed notices to thousands of property owners near these scattered sites properties and published a Notice in the *Houston Chronicle* announcing a public meeting to discuss proposed changes in program guidelines and to solicit additional ideas from the community regarding these properties. **That meeting, held on April 21, 2009, attracted more than 250 homeowners and other community members who shared their thoughts and suggestions regarding the sale of the remaining homes.** The Housing Authority is incorporating much of the input received from members of the community as it makes proposals to the federal government for modifications it believes are necessary to finalize the sale of the remaining properties. Furthermore, based on input received from the community and the HHA’s continued focus on home ownership, the HHA is procuring the services of multiple brokers to expedite sales on the homes.

TRANSPARENCY

The record of our process and our progress is clear and all of it has been within the public view. The actions of the Houston Housing Authority have been entirely transparent. We have followed federal guidelines and worked hard and aggressively to sell these homes to families who need them. **Since KTRK TV, Channel 13, made its initial request to the Houston Housing Authority on June 1, 2009 regarding the scattered sites homes, the Housing Authority has provided information and documents for use in the story and granted a forty-five minute on-air interview to respond to all questions presented.** Our direct and exhaustive response reflects our commitment to transparency in our actions and demonstrates our continued desire to expand home ownership opportunities through out Scattered Sites Housing Program. We believe when our proposals to the federal government to give us even more flexibility to sell the homes are approved, we will indeed sell more of the homes further promoting our goal of home ownership.

VACANT HOMES AND VANDALISM

The Housing Authority does its utmost to protect and secure vacant properties. It has an ongoing lawn care/maintenance contract and utilizes its own maintenance staff as well as outside vendors to monitor the homes as necessary. In doing so, the Housing Authority has tried to work within the restrictions of various community associations. Despite these efforts, just as in the

community at large, vacant properties can be a target for trespassers and vandals. The proposed changes in the Housing Authority's home ownership program sale restrictions that we are requesting will address this problem by expediting the sale of the remaining homes to interested buyers on the open market.

PROGRAM BENEFITS

From the outset, it was the plan of the Housing Authority to use these properties to create affordable housing opportunities and promote homeownership. **To date, the Housing Authority has succeeded in helping 172 families under this program, and another 258 families through a separate program, to realize the American dream of homeownership.** Proceeds from the sale of these homes have been used to create additional affordable housing that is available to income-eligible families, seniors and those with disabilities. **The stability of our program in creating long-term successful homeownership is evidenced by the institution of foreclosure actions on only three (3) properties sold, which is an outstanding accomplishment and is ratification of the screening and counseling components of the program efforts.** As we create these opportunities for home ownership and self sufficiency, former public housing residents are no longer dependent upon taxpayer assistance. In addition to the independence of those residents who are able to purchase homes, the sales proceeds from these homes are reinvested to create additional affordable housing for those Houstonians in need, further reducing the taxpayer obligation to public housing.

The Housing Authority has had many successes operating this evolving program, and some disappointments as well. When things did not work as anticipated, the Scattered Sites Home Ownership Program was modified in an effort to achieve better results. We continue to seek community involvement and to work with HUD to enact program changes that will enable the remaining homes to be sold quickly.

Issued by the Houston Housing Authority