



City of Galveston

DEVELOPMENT SERVICES

ECONOMIC DEVELOPMENT STAFF REPORT

Date July 14, 2021

To: Brian Maxwell, City Manager
Honorable Mayor and City Council Members

From: Michele Hay, Economic Development Coordinator

Project: Economic Development Report – Analysis of Redevelopment Entities (RDA, GHFC, GPFA)

Request:

Receive report and discuss Economic Development and the structure and process for the Galveston Island Redevelopment Authority, Galveston Housing Finance Corporation and Galveston Property Finance Authority.

Prior Action

In 2020, The Redevelopment Authority, the Galveston Property Finance Authority and Galveston Housing Finance Corporation voted to merge the agencies' boards (RDA, GPFA, GHFC) whose roles were primarily focused on housing-related development and redevelopment activities in Galveston in order to streamline their efforts. Restated Certificate of Formation and amended Articles of Incorporation were created, but they need clear directives from Council.

Background

Staff was recently tasked with analyzing and developing recommendations toward an appropriate structure for the three redevelopment entities, the Galveston Island Redevelopment Authority (RDA), Galveston Housing Finance Corporation (GHFC) and Galveston Property Finance Authority (GPFA).

Vision Galveston employed consultant, Asakura Robinson to assist City Staff in examining the future role of the three entities (RDA, GPFA and GHFC) in advancing the City's economic development goals.

Staff first compiled a brief history of the entities and highlighted past and current projects in which the entities have been involved:

- The Galveston Housing Finance Corporation (GHFC) was created in 1979. The GHFC has been devoted to encouraging homeownership, primarily through the issuance of mortgages to low- and moderate-income households for homeownership. The GHFC can issue bonds in order to raise funds to support their projects.
 - Past projects of GHFC include the Magnolia Court Townhomes and the rehabilitation and sale of a number of tax foreclosed homes. Early on in its creation, the GHFC also issued several bonds for the development of multi family housing and to provide assistance for low income families to purchase or rehab homes.





City of Galveston

DEVELOPMENT SERVICES

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- The Galveston Property Finance Authority (GPFA) was established in 1988. Its purpose has been to acquire, own, hold, lease and sell real and personal property to or for the benefit of the City of Galveston.
 - One of the most recent projects was the Barton Square development. This effort focused on constructing forty (40) single-family homes for the middle-income. To date, approximately 40 percent of the homes are owned by the original homeowners and 73 percent of the development are homesteaded properties.
- The Galveston Island Redevelopment Authority (RDA) was created in 2002. It is the most flexible of the three entities. While its initial purpose was to manage the Tax Increment Reinvestment Zones for the City, its articles of incorporation are broad in scope. The articles give the RDA the ability to “promote, develop, encourage, and maintain housing, employment, commerce, and economic development in the City” and to “administer, manage and supervise economic development tools implemented by the City”. With only one remaining Tax Increment Reinvestment Zone (TIRZ 13), the RDA can easily expand its focus.

In comparing the functions and tools of the three entities with the objectives in the 2018 Economic Development Plan, there are several areas in which they could be utilized to advance these objectives.

- Manage development of a Land Bank
- Proactively establishing public-private partnerships that meet jobs and housing goals
- Creating and furthering partnerships that facilitate homeownership
- Anticipating future challenges to Galveston’s resilience and bringing together resources and entities to meet the challenges

Recommendations

Board Structure

Staff recommends utilizing the same board members for all three entities. This structure would allow for a streamlined, cohesive redevelopment ecosystem and provide cost savings by not duplicating professional services expenses, such as attorneys and accounting services.

In 2020, when the initial decision was made to combine the boards of all three entities, it was recommended to appoint a 7-member Board, and staff concurs. Qualifications of Board members:

- At least 1 member should have financial background
- At least 1 member should have construction background

Recommendation: Organizational Flow of Redevelopment Ecosystem

As far as the recommended flow of communication & coordination directives from City Council, the Economic Development Coordinator would serve as staff liaison between the Redevelopment entities, City Manager and City Council. Each entity has unique resources to bring to the table and would likely have their own Council driven directives. They could also work in tandem on specific projects in achieving the City’s overarching economic development goals, such as:

- Proactively establishing public-private partnerships that meet jobs and housing goals
- Anticipating future challenges to Galveston’s resilience and bringing together resources and entities to meet the challenges





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Galveston Island Redevelopment Authority (RDA)

If Council chooses to expand the scope of the RDA beyond management of the TIRZ and PIDs, another role for the RDA could be to assist staff with examining economic development projects. For projects that don't qualify through the Industrial Development Corporation, but do meet one of the Council's Economic Development objectives, the RDA could provide staff with assistance in the vetting process.

Recommendation: Mission of RDA

While the purpose of the RDA is broad, the Mission for the RDA can be more directed. Based on the Economic Development Plan and the priorities gleaned from recent interviews with Council members, staff recommends the following Mission statement:

To create, support and promote endeavors that enhance housing opportunities and business growth, and to serve as a catalyst for private development and redevelopment in the commercial corridors and waterfront areas of the City of Galveston

Recommendations: Goals & Objectives for Each Entity

In comparing the functions and tools of these three entities with the goals and objectives in the 2018 Economic Development Plan as well as current Council's priorities, there are several areas in which each entity could be utilized to advance these goals.

Galveston Redevelopment Authority (RDA):

- Continuation with current TIRZ projects – TIRZ 13
- Continuation with current PID projects
- Designate Pelican Island as a Redevelopment Area and explore resources to stimulate growth
- Designate commercial corridors for redevelopment – Broadway corridor; corner stores in midtown and east end neighborhoods

Galveston Housing Finance Corporation (GHFC):

- Develop short- and mid-term goals to address housing needs
- Creating and furthering partnerships that facilitate homeownership
- Meet with other entities - Grants & Housing Dept, Vision Galveston, GHA, Galveston Urban Ministries, GHF and others - to find opportunities for collaboration

Galveston Property Finance Authority (GPFA):

- Housing initiatives to address workforce and middle-income earners
- Formation of a land bank for purchasing properties for redevelopment – commercial and residential

Attachments

Exhibit A: Report/Presentation – Economic Development Analysis: Redevelopment Entities

