

Summer 8-1-2006

**Increasing Low-Income Homeownership Opportunities in Marin County: A Case for the Sale of the Golden Gate Village Public Housing Complex**

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Increasing Low-Income Homeownership Opportunities in Marin County:  
A Case for the Sale of the Golden Gate Village Public Housing Complex

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August 1, 2006

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## Introduction

Owning a home is a big part of the American Dream (HUD, 2006). The notion that through hard work, courage, and determination one can achieve prosperity is deeply rooted in the philosophy of America. For many Americans owning their primary residence is a sign that they have attained the economic and social rewards of their hard efforts and are living the American Dream. Buying a home is an important goal for many Americans (Fannie Mae, 1999).

However, for a growing number of Americans, hard work has translated into living poor and the American Dream has become a nightmare. Over the past few decades poor Americans engaged in hard, honest work have experienced an “American Nightmare” of low paying, dead-end jobs and a profound failure of government to improve upon decaying housing, health care, and education (Shipler, 2005). For over 50 years in an area north of San Francisco the majority of Marin County’s working poor has concentrated in Marin City, specifically in the Golden Gate Village (GGV) public housing development.

The GGV public housing development is Marin County Housing Authority’s only family-unit public housing site, located in an unincorporated area adjacent to Sausalito. The 300 unit public housing project was built in 1960 by the efforts of African American former shipyard workers who were facing homelessness because of the closure of the Bechtel Marinship shipyard coupled with both the slated demolition of the war-time temporary housing and the blatant racial discrimination in Marin’s housing sector. In 1956 the Department of Housing and Urban Development (HUD) approved Marin

County's public housing application making the GGV public housing complex home to Marin County's only African American community.

The unincorporated area of southern Marin for many decades was overwhelmingly populated by African Americans. Although it completed a \$100+ million county redevelopment project in 1997 that offered over 30 low-income wage earners in the community homeownership opportunities, less than five of the homes in the new development are now owned by former public housing residents (McLemore, 2006). Failed community and county efforts to extend homeownership opportunities to low-income public housing residents in Marin City have spurred much interest by the Marin City GGV Resident Council (Resident Council) to investigate the conversion of GGV public housing development into a low-income homeownership cooperative.

This research will urge the conversion of the Marin City GGV public housing to a low-income cooperative homeownership community in order to extend the American Dream more fully to poor, hard working Americans living in Marin County. This paper's research will seek to assess the interest of public housing residents in converting the GGV public housing development to a limited-equity cooperative and to validate the possibility of such a project. The three questions that will be explored are:

1. What is the interest among the residents of the GGV public housing complex to convert the development into a low-income housing cooperative?
2. What are the major barriers to transferring the GGV public housing to resident ownership?

3. What factors would contribute to the successful conversion of the GGV to a low-equity housing cooperative?

These questions will be addressed by employing primary and secondary research methods. The primary research included interviews with significant program officials from Marin Housing Authority, the Marin City GGV Resident Council Board of Directors and GGV public housing residents. These interviews involved a written questionnaire which developed and distributed to 150 head of households in the GGV public housing development. It was created to elicit the respondents' interest in homeownership. The questionnaire was also meant to show their educational and economic levels and their ideas on profit generating ventures. This information would further show project sustainability. A literature review was conducted with emphasis on government records and pertinent publications and studies prepared by industry agencies.

## Literature Review

The research searches to address the goal for government to extend homeownership opportunities to low-income wage earners living in public housing. It attempts to answer an overarching question: Can the American Dream of homeownership be extended to poor, employed public housing residents by selling their housing units to them?

The review of literature observes three areas:

1. Background on the privatization of public housing
2. Homeownership Opportunities for People Everywhere
3. Pros and cons of low-income housing cooperatives

### Background on the Privatization of Public Housing

The transfer of public housing units to occupants was initially approved in the 1974 Housing and Community Development Act. Under Section 5(h) of that act, the U.S. Department of Housing and Urban Development (HUD) was granted the permission to authorize the sale of public housing units to the tenants at prices decided by the local public housing authorities (PHAs), while the federal government resumed reimbursing all outstanding debt on the units (Housing and Community Development Act, 1974). The provision largely went unused because the act did not include support for these sales. From 1974 to 1984 a total of 540 units were sold to tenants, and approximately all of those were scattered-site, single-family units (Koch, 1985). During the Reagan Administration, HUD Secretary Jack Kemp set a goal to create one million new homeowners (HUD, 2005).

In 1984, the Reagan administration offered the Public Housing Homeownership Demonstration as a way of examining the viability of an expanded sales program. Congress approved this program but limited the number of units that could be sold to 2,000. 36 local housing authorities submitted applications for the program, but HUD only accepted 17, which included the proposed selling of 1,315 units to tenants (Rohe and Stegman 1990).

However, at the end of the four year demonstration period, only 320 had been transferred to tenants (Rohe and Stegman 1992). A HUD-commissioned evaluation of the experiment recognized a number of impediments to the transfer of units, including lack of funds for counseling and training, lack of funds to repair the units prior to the transfer, lack of replacement housing, and lack of support in assisting nonparticipating tenants (Rohe and Stegman, 1993).

In 1987, Congress adopted Section 21 of the U.S. Housing Act which authorized HUD to approve the transfer of entire housing developments to qualified resident management corporations (RMCs) rather than selling the units directly to tenants. In turn, RMCs could then sell individual units to tenants. However, prior to the ownership transfer, the RMCs had to have a management contract with the PHA and have managed the development successfully for at least three years. The first Section 21 sale transpired in September 1990, when 132 units of the 464-unit Kenilworth-Parkside housing development in Washington, DC were sold to its RMC for one dollar (HUD, 1996).

Nonetheless, over the past several decades HUD has been actively engaged in increasing the number of homeowners in America, particularly of low and moderate wage earners. The stagnating and declining homeownership rates of the 1980's, and early



1990's, triggered an alarm for the federal government to begin new programs to increase the number of homeowners in America (HUD, 2005).

#### Homeownership Opportunities for People Everywhere

One of the most controversial programs initiated by HUD in the 1990's was the Homeownership Opportunities for People Everywhere (HOPE) I program, which replaced the short-lived Section 21 program. HOPE I offered homeownership opportunities to America's poorest citizens living in public housing properties. It provided planning and implementation grants for public and Indian housing homeownership, including rehabilitation if necessary, in order to make homeownership possible for the tenants and other low-income families (Dept. of HUD, 2006). The act authorized planning grants of up to \$200,000 and implementation grants of unspecified amounts to cover the costs of counseling and training, relocation, property rehabilitation, administration, and economic development activities designed to enhance the incomes of tenant purchasers. Properties eligible for purchase under HOPE I included all existing public and Indian housing rentals.

Former HUD secretary Kemp maintained that homeownership was the solution for the nation's deepening urban problems experienced by poor, inner-city residents living in public housing. Kemp believed ownership and enterprise zones were the most effective remedies for poverty and despair (Washington Post, 1992). The sale of public housing to its occupants was believed to give poor people a stake in their communities that renters didn't feel and empowered them to take control of their neighborhoods. Kemp insisted that ownership is the only way to "empower" low-income families (Washington Post, 1992).

At the time when HOPE I was introduced, many public housing projects in urban communities were mismanaged by PHAs. They did not provide a safe and decent dwelling for their occupants who were quite often housed in deteriorated, pest-, gang- and drug- infested housing communities. Some have argued that underfunding, overregulation, poor management, and excessively negative publicity are responsible for the problems of public housing (Stegman, 1990). Nonetheless, the HOPE I initiative provided hope to many public housing tenant organizations to take control of the management and possible ownership of their housing. Critics of HOPE I argued that the Republican Party's commitment to public housing homeownership was disingenuous in light of the extreme socioeconomic deprivation of public housing occupants (Vale, 1992). Unfortunately, HOPE I was not a high priority for the Clinton administration and was soon replaced with HOPE II, HOPE III, HOPE IV and HOPE VI all of which focused less on the sale of public housing to residents. Instead they on provided PHA's with capital for physical and social revitalization projects of failed public housing communities.

In 1998 Congress approved The Quality Housing and Work Responsibility Act which granted public housing agencies, through Section 32 of the U.S. Housing Act of 1937. The act gave PHAs permission to make public housing dwelling units available for purchase by low-income families as their principal residence (Quality Housing and Work Responsibility Act, 1998). The final ruling of Section 32 became effective April, 2003, and it granted PHAs authorization to sell all or a portion of a public housing development to eligible public or non-public housing residents (HUD, 2003).

PHAs interested in selling public housing units to tenants must develop and submit a Section 32 Homeownership Plan to HUD for approval. Title 24, section 906 of the Code of Federal Regulations (CFR) stated that prospective public housing homeowners must meet Section 32 program regulatory requirements such as earnings not exceeding 80% of the average medium income. The directive included monthly payments for mortgage, maintenance, and other regularly recurring homeownership costs which may not exceed 35% of adjusted income. Lastly, prospective buyers need to have at least 1% of the purchase price (CFR, 2003).

#### Pros and Cons of Low-Income Housing Cooperatives

Converting the GGV public housing development into a limited-equity housing cooperative is a sure way of owning a home to low-income wagers and keeping the dwelling units affordable to future low- and moderate-income families. Since cooperative housing is owned and administered by an organization that, in turn, is controlled by the occupants of the individual dwelling units, each cooperators own shares in the corporation that own the development (Retsinas and Belsky, 2002).

Housing cooperatives offer feasible low-income housing with a range of advantages not present in standard public or private housing. Davis (1994) suggests that three are major advantages of a limited-equity cooperative over conventional rental housing. These advantages include greater security for tenure and occupants who would have more control over their living situations, including rent increases and maintenance and upgrading of their development, since they are voting members of the corporation. Leavitt and Saegert's 1990 study of three different housing programs suggested that

residents in limited-equity cooperatives regarded their housing as “physically better, better managed and more satisfactory” (p. 6).

Cooperatives are believed to have the capability to decrease operating costs, since tenants have a greater economic and emotional asset in their housing development (Miceli, Sazama, and Sirmans, 1994). Currently, the operating cost of GGv public housing is over \$1.6 million of which \$718,457 goes to routine maintenance expenses (MHA Budget, 2005). Another benefit of housing cooperatives is that owners have the option to will their shares to their heirs (Retsinas and Belsky, 2002).

Cooperatives can also encourage community dignity and a sense of empowerment by giving tenants better control over the living condition of their environments (Peterman and Young, 1991). According to Franklin (1981, 393), “Many feel that the most important aspect of the cooperative concept is the high level of democracy and community spirit that develops; members take pride in their property and join together to make needed repairs and protect their buildings.”

Nonetheless, there are a few less optimistic views on the viability of cooperatives made up of low-income persons. Heskin’s 1991 feasibility study of low income housing cooperatives suggest a myriad of problems, including poor management, internal conflict, and lack of support from outside institutions. He deduced that “it is a struggle both to attain and keep community. Many forces of disempowerment both outside and inside the community continually work against any organization for empowerment” (p.2). U.S. General Accounting Office (1988) described the failure of a Cleveland public housing development that had been transferred to a cooperative, Longwood Cooperatives, was due to ineffective management, lack of capital, and security and maintenance problems.

A major barrier to the conversion of the GGV public housing development to a housing cooperative is the questionable financial feasibility of a cooperative composed entirely of low-income persons. The incomes of the tenants may simply be too low, even if the developments are transferred at greatly discounted prices. Additionally, low income families owe no income tax and therefore mortgage tax deductibility of interest payments has no relevancy.

Poverty has been a major reason for public housing homeownership failure. The consequences of poverty are commonly manifested as poor education and minimum job skills. Marin (1986) critiques the ability of very low income persons to successfully manage their development, given that they are likely to have low education and skills level. In a 1999 Drug Elimination Program report on the GGV public housing, 50% of the adult public housing population is estimated to be functionally illiterate, and further, that 80% of Marin City's high school students are failing. Inadequate education and work experience present significant barriers to low income cooperative homeownership.

Furthermore, minority, low-income individuals may have a very challenging time in obtaining a home loan. In light of the standard underwriting guidelines, which include a 20% down payment, a 33% back-end ratio, credit history, mortgage insurance and cash reserves, many low-income wage earners don't qualify. The inability to meet underwriting guidelines may be the result of blemished or no credit; insufficient cash for a down payment, closing costs, reverses, and other fees; or high housing/debt burden ratios due to a low income (Retsinas and Belsky, 2002). In addressing these barriers to homeownership for minority, low-income borrowers, flexible underwriting guidelines for

non-traditional borrowers that are present in Freddie Mac and Fannie Mae Loan programs will need to be explored.

Clearly, in order for the conversion of the GGV public housing complex to a successful low income cooperative housing development, individual adult residents would need employment. Prospective buyers would need to receive homeownership education and counseling in addition to their cooperative organization receiving property management training. The Resident Council will need to investigate for profit business enterprises to own and operate in order to assist in offsetting operational cost and maintaining an adequate financial reserve.

## Methodology

### Overview of the Methodology

The main objective of this study was to measure the interest of GGV public housing residents in converting the complex into a low-income cooperative housing community. To date, no study has been executed which solely assesses the significance of GGV public housing homeownership in pursuant to Section 32 of US Housing Act. To examine the possibility of public housing homeownership, a descriptive design was utilized to gather and evaluate both qualitative and quantitative data. However, the research methodology concentrated primarily on literature available from agencies devoted to research and publication on low-income homeownership as well as scholarly journal critiques.

Quite a few articles issued by the Joint Center for Housing Studies (JCHS) were remarkably beneficial. JCHS is Harvard University's center for information and research on housing in the United States. The agency analyzes the dynamic relationships between housing markets and economic, demographic, and social trends. In addition, it provides leaders in government, business, and the non-profit sector with the knowledge needed to develop effective policies and strategies. The JCHS research presented a national examination of the limits and potentials of low-income homeownership for this study.

The overall design of this study is descriptive research, employing a face-to-face questionnaire survey method. A descriptive study was used to collect and analyze data on several variables such as homeownership interest, gender, age, income, and education.

### Limitations of the Research

Although descriptive studies possess immense usefulness for breaking new ground and providing a snapshot of the population of interest at one point in time, they are not without their limitations. Babbie (1992) instructed that descriptive studies are valuable when the purpose is to (a) satisfy the intent for a better understanding, (b) test the feasibility of undertaking a more careful study, and (c) develop necessary methods for conducting more thorough careful studies.

Nonetheless, the most important issues of concern in this type of research included tentative and incomplete conclusions because not all residents of GGV housing development participated in the study. This leads to another research constraint regarding the quality of representativeness and generalizability, since only the opinions of the residents who were home at the time the interview were considered.

It must be noted that due to time constraints connected with this study, it was determined to only canvass the complex once. No follow-up attempts were made, unless missed or busy respondents phoned in for a scheduled interview.

The intent of the research design used here was to yield preliminary insight into quantifying the interest of public housing residents in owning their units and to summarize their educational and economic status. Unfortunately, credit history of public housing residents was a factor not examined in the homeownership interest survey. The researcher chose not to directly ask information on the respondents' credit history because of the high level of sensitivity toward credit worthiness and financial trust and the fact that many of the respondents know the researcher. The stigma associated with having bad credit or no credit prompt the researcher to indirectly ask about respondents'



credit worthiness. Question 10 was an open ended question that invited respondents to list one major thing they would need to be a homeowner. If good credit were an issue for residents, then they were invited to indicate it in Question 10.

Lastly, the fact that the researcher is a resident and elected board director of the Resident Council at the GGV public housing development create some limitations to the study. Although truth and objectivity were the guiding principles of this research project, the researcher was concerned that the data might be slightly biased or subjective from the respondents because of their familiarity with the interviewer.

#### Sample

All 279 occupied units at the GGV public housing family-unit development operated by the Marin County Housing Authority were targeted. The sample population of 150 respondents was derived from the 270 head of households who were home at the time of the face-to-face questionnaire interviews or scheduled an interview appointment.

The sample had to be stratified to ensure that residents from the two housing types in the development were represented. This technique was important to make sure that residents from the least desirable housing type, the five story high-rise apartment buildings, were included in study. It was significant that both housing structures of the complex were targeted for the study given the fact that residents, in general, preferred the low-rise units due to their private fenced yards and spacious living quarters.

#### Data Collection

A written questionnaire (see Appendix A) was developed to measure the interest of GGV public housing head of households in owning their dwelling units. Before finalizing the questionnaire, first and second drafts were tested on the Resident Council's

board of directors who are residents in the complex. The average completion time to finish the questionnaire was less five minutes.

The questionnaire was constructed as a one-page document and the interviewer verbally introduced the purpose of the survey as well as asked the survey questions in face-to-face interviews with respondents. The researcher chose this survey technique in order to increase the participant response rate. The interviewer wrote down verbatim the respondents' answers. Each housing unit in both the high-rise and low-rise housing structures was canvassed by the researcher. An informational flyer (see Appendix B) was distributed to each household a week prior to the survey start date informing residents of the public housing homeownership interest survey that was being conducted for the next several weeks starting January 20, 2006 through February 28, 2006 in the evenings, Monday – Friday, from 5-7 p.m. and on Saturdays from 9 a.m. – 12 p.m.

Households that did not participate in the survey because they were not present or were busy at the time the interviewer came to their units were asked to call the interviewer to set up a survey interview appointment. Seven head of households scheduled survey interview appointments. By March 1, 2006, a total of 150 questionnaire interviews had been conducted with GGV public housing residents with a response rate of 56%.

#### Respondent Characteristics

The age range for the sample varied from under 24 years old to over 62 years of age, with the highest age group between 25 and 44 years of age (41.3%). Most of the respondents (58.6%) were African Americans and a small number were Hispanic (16%), Vietnamese (14.6%) and non-Hispanic white (10.6%). The majority of the respondents

were females (69%). Of the 150 head of households surveyed, 54 had some high school education (36%); 64 had a high school diploma or a GED certificate (42.6%), 24 had some college education (16%), and; 8 were college graduates (5.3%). According to a recent statistical demographic report by MHA, the average public housing head of household income in the GGV development is \$13,314 (MHA Report, 2006). In general, the respondents were overwhelmingly African American women who were not highly educated and worked in low paying jobs.

#### Summary of Research Process

The GGV Public Housing Homeownership Questionnaire was composed of 16 questions. The first five questions established demographic statistics on the sample population, which identified gender, ethnicity, educational level, age and housing structure type.

Questions 6 and 7 asked residents if they liked living in Marin City and more specifically, if they liked living in GGV public housing. The intention of these questions was to assess whether public housing occupants enjoy their living environment and community. Important factors to consider in purchasing a home are feeling safe and getting pleasure from the area. Residents who like their units are more open to the possibility of owning them.

Question 8 inquired on how residents would rate the physical condition of their dwelling units. In the analysis of buying a cooperative or condominium, the underlying physical aspect of the property is equally as important as location, size, amenities, and price. Residents were asked to evaluate the visible structure of their residence from

excellent to very poor using a Likert scale. The question was designed to determine if residents feel that their units may need repair or replacement of major systems.

The ninth question asked public housing dwellers if they want to own a home. Residents were asked to respond either "yes", "no" or "don't know". Measuring their desire to acquire a home is a good single predictor of becoming a homeowner. Question 9 was constructed to elicit information about residents' desire in becoming homeowners.

Question 10 asked residents to state one major item that they would need to be a homeowner. The question was an open-ended question designed to elicit from residents what they believed is a major issue to make homeownership a reality for them. Residents were indirectly invited to conduct a self-assessment of their situation and offer solutions such as to improve credit worthiness or to increase savings.

Question 11 follows up to question 10 and was designed for two reasons. The first rationale was to elicit information on residents' income. Residents are asked to critique their income level in reference to homeownership by either responding "yes", "no" or "don't know." The second purpose was to determine if residents were familiar with the financial requirements for low income homeownership programs. Income is definitely a determinant in figuring out the amount a borrower can receive from a home loan lender. Although it varies from financial lending institutions, usually home loan applicants must have a take-home income (after taxes) that is at least 2/3 of the housing cost.

Question 12 inquired about public housing residents' financial savings for a home. The question offered three possible responses of "yes", "no" or "don't know" to the inquiry of residents currently saving money for a home. Typically, banks and

mortgage companies require borrowers to have up to 20% of the home's purchase price as a down payment. This question is directly related to research question 2 which examines the barriers to low income homeownership. Not having enough savings to cover down payment, closing costs, insurance and at least two to three months of housing expenses can pose obstacles to low income homeownership.

Question 13 asked the most important question of the research. Would public housing residents be interested in owning their units? Residents were invited to respond by saying "yes", "no" or "don't know". Question 13 was directly correlated to the fundamental hypothesis of the research. It considered that if the GGV public housing development became a low-income cooperative homeownership complex would residents be interested in purchasing their homes.

Question 14 asked residents if any adults in the household are working full-time. Residents were given three response choices of either "yes", "no" or "don't know". The question was designed to solicit if their income was primarily derived from full-time employment. Employment is a significant factor mortgage companies examine to determine the qualification of loans for prospective homeowners. Hence, this question explored the research assumption that the lack of employment would create a major barrier to the sale of public housing units to the occupants.

Question 15 was designed to find out if any adults in the household attend school or a training program. Residents were asked to respond with either "yes", "no", or "don't know". Because education is a powerful aid to economic development and producing essential skills, this question was asked of residents in order to assess their upward mobility and potential manageability of a homeownership cooperative.

The final question asked residents to list a business that will make a lot of money in the community. The rationale behind the question was to generate business ideas to help the financial sustainability for a low income housing cooperative. Question 16 was open-ended and deals directly with the long-term sustainability of the housing cooperative. In order to maintain project affordability and help combat monthly cooperative fees in addition to having an adequate financial reserve, the GGV homeownership association would need to operate a profitable business.

For intentions of quantifying the study results, a distinct Microsoft Excel spreadsheet was created for each question, for the total of 16 spreadsheets. As the interview surveys were conducted, they were numbered in chronological order so that the outcomes on all the 16 questions could be logged and traced independently. The row in the spreadsheets for each query corresponded to the chronological numbers from 1 – 150, relating to each completed survey. The column for each query of the 16 spreadsheets corresponded to columns of all answers from each question. A value of one was set in the accurate column to record the outcomes of the specific questionnaire. The sums were totaled for each possible response. The data were converted into percents and some in graphic form, using Microsoft Windows 2000 Chart Wizard program (see Figures 1-10).

## Findings

### Synopsis of Methodology

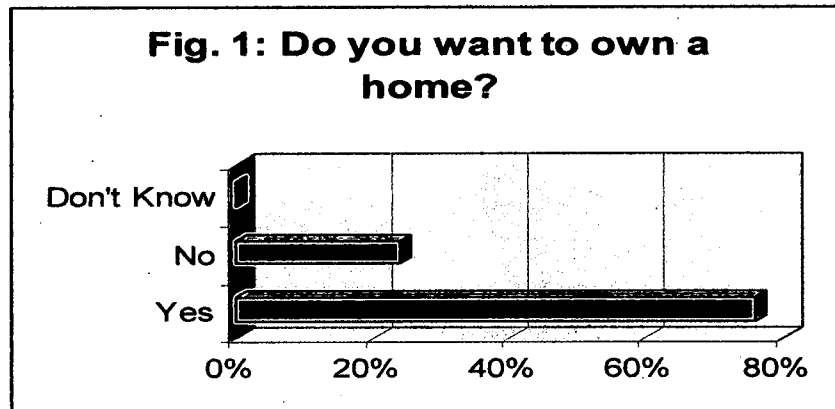
The fundamental hypothesis of this research project assumed that if the GGV public housing development were converted into a low-income housing cooperative, residents would be interested in purchasing their dwelling units. To determine the successful operation of a low-income housing cooperative, the methodology included both primary and secondary research factors. A qualitative method consisted of an examination of pertinent literature as well as personal interviews with county officials and non governmental organizations. The secondary research consisted of a written survey that GGV public housing residents were asked to express through a series of questions what their interest is in owning their residence, and the economic feasibility of maintaining a low-income housing cooperative. The results were measured and then evaluated to determine if the American Dream of homeownership to low-income families could be successfully attained by selling GGV public housing development to its residents.

### Research Question 1: What is the interest among the residents of the GGV public housing complex to convert the development into a low-income housing cooperative?

A substantial amount of literature indicates several important that residents want control of their living environment and tenure security. In addition, homeownership cooperatives offer affordability and community pride.

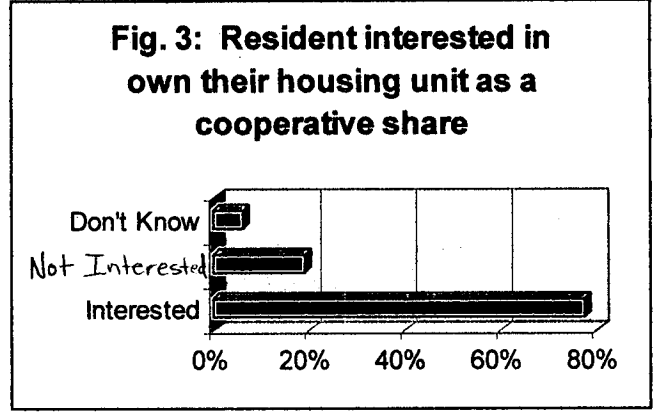
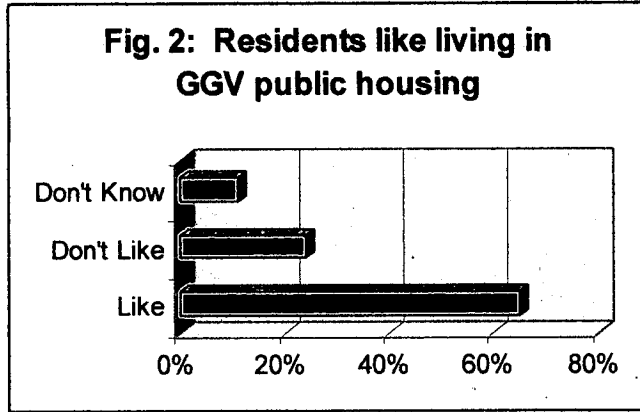
Interest in Homeownership. GGV public housing residents were asked a broad question as to whether they want to own a home. Of the 150 respondents, all answered

this question. Seventy-six percent responded they want to own a home while the remaining 24% indicated they don't want to own a home (Fig. 1).

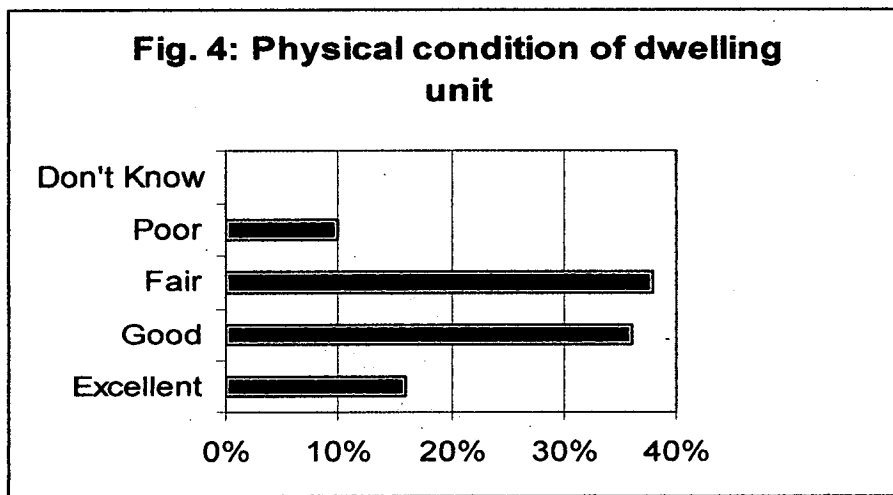


The majority of GGV residents surveyed enjoys their housing community and would be interested in purchasing their residence if given the opportunity and affordability. Over two-thirds of residents (65%) expressed they like living in the GGV public housing development. 32 of the 150 surveyed residents (24%) indicated that they don't like residing in the development and 11% of residents answered that they don't know (Fig. 2). 77% of the residents responded that if the GGV public housing development became a low-income cooperative homeownership complex, they would be interested in owning their units. Only 19% of the sample indicated that they were not interested in owning their units. Less than one percent of residents (12 out of 150) answered that they don't know if they want to purchase their public housing dwelling units (Fig. 3).



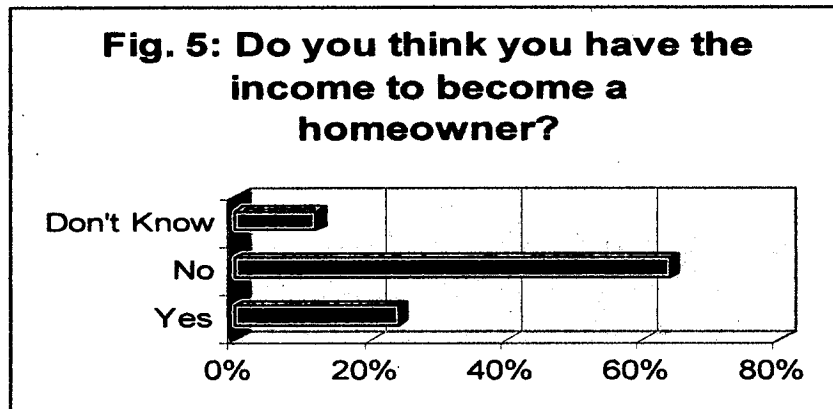


Very few of the dwelling units are in dilapidated conditions which contributes to the high rating of occupancy satisfaction. The highest category (30%) in rating the physical condition of dwelling units, residents marked "good". The next highest category, fair, was 24 % of the sample. Of the residents surveyed, 16% categorized the physical condition of their unit as "excellent" and 10% of the respondents reported their units in poor condition (Fig. 4).



Research Question 2: What are the major barriers to transferring the GGV public housing to residents ownership?

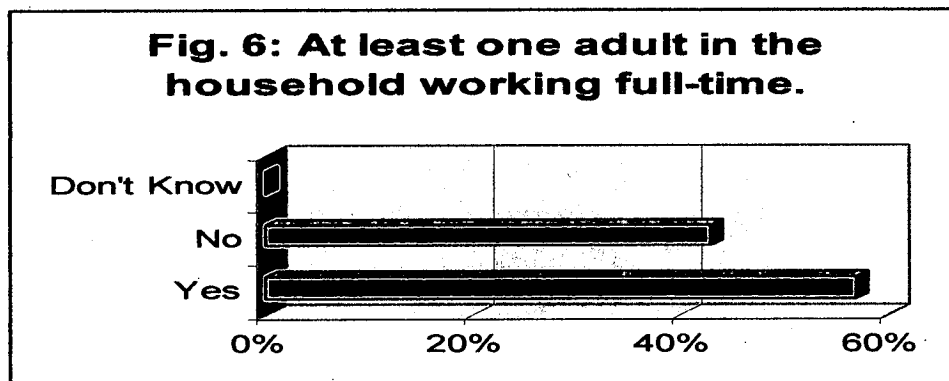
Much scholastic literature show significant barriers that prevent public housing residents in purchasing homes, including low incomes, unemployment and inadequate savings.



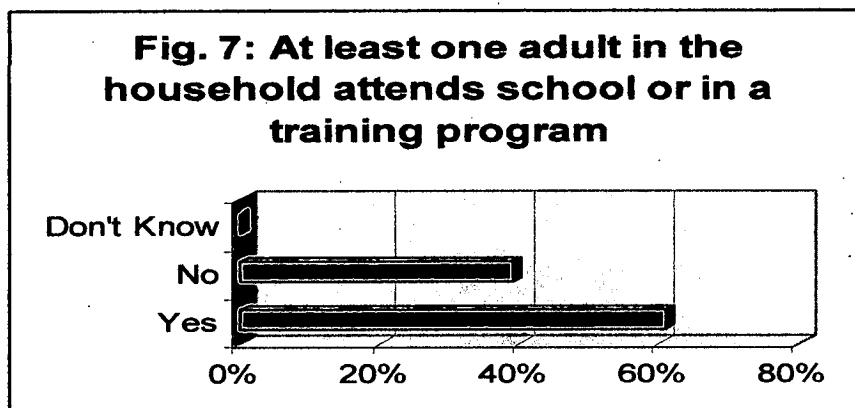
Barriers to Low Income Homeownership. The vast majority (64%) of GGV public housing residents do not think that they have the income to become a homeowner. 24% of the sample thinks that they have the income to become a homeowner. Finally, 12% of the sample does not know if they have the income to become a homeowner (Fig. 5). These statistics hamper the prospects of residents qualifying for a mortgage loan.

Just over half of the respondents (57%) have at least one adult in the household working full-time. Households that do not have a least one adult working full time

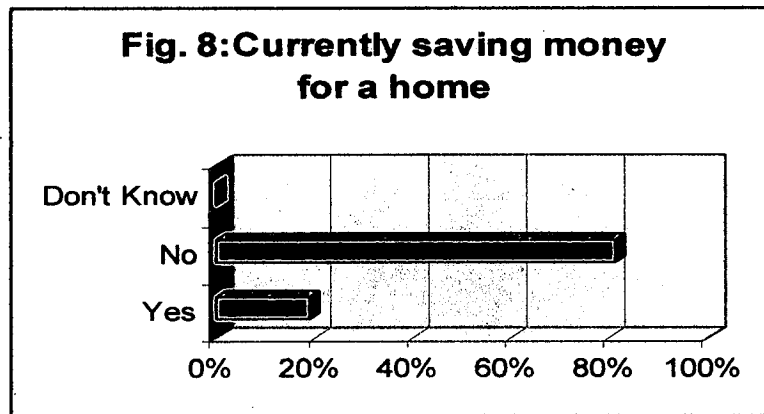
composed 43% of the study (Fig. 6).



Households that do not have an adult attending school or a training program characterized 61% of the sample. 39% of households have an adult attending school or training program (Fig.7).



Additionally, the majority of respondents (81%) are not currently saving money for a home. 14 head of 150 head of households sampled (19%) indicate that they were saving money for a home (Fig. 8). Home loan applicants establish credit worthiness by maintaining a savings in a financial institution.



Research Question 3: What factors would contribute to the successful conversion of the GGV development to public housing homeownership?

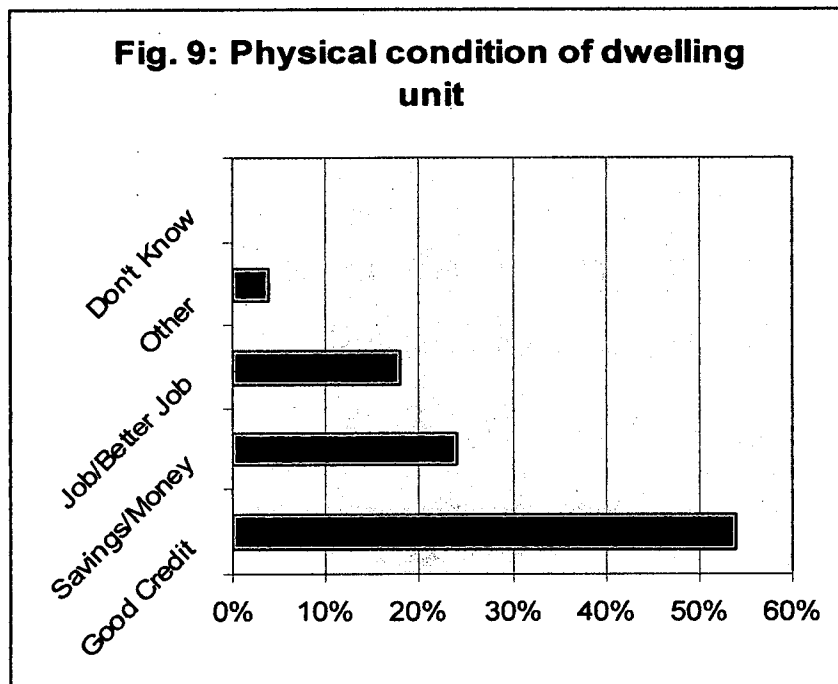
A significant and critical factor would be the type of housing ownership.

Numerous reports and investigations indicate that cooperative homeownership pose economic and social advantages to low income families. For starters, the fact that housing cooperatives require lower down payment, much lower closing costs, economies of scales and longer mortgage term make them more affordable than other ownership housing (Retsinas and Belsky, 2002).

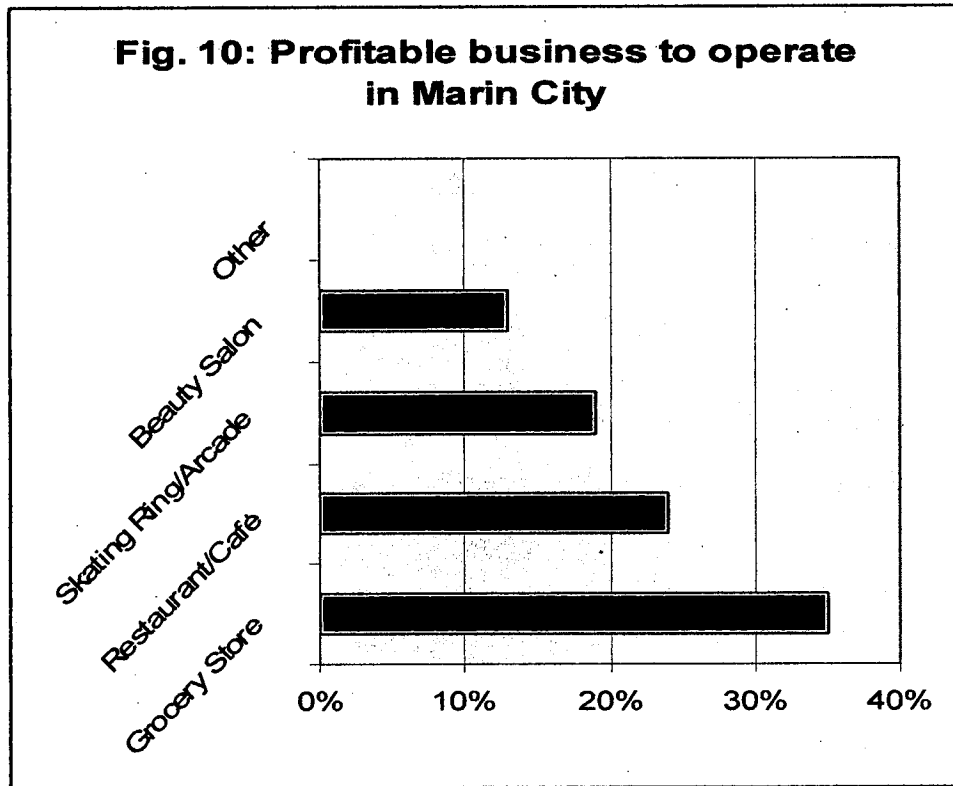
Cooperative Homeownership. Another benefit of housing cooperative that has considerable influence on the successful transfer of GGV public housing to resident homeownership is that members have no personal liability on the co-op mortgage. For residents whose income, credit history and/or savings might not qualify them for individual mortgage, cooperative housing is ideal because the cooperative association, not the individual resident is responsible for paying off any mortgage loans.

Less than half (44%) of respondents stated that good credit was one major item they needed to have in order to be a homeowner. 24% of the residents responded that savings/money was one major item they needed to have to own a home. 23% of the

respondents said a job or a better job was the one major item. Lastly, 1% of the respondents listed other factors including marrying someone wealthy, inheriting money and winning the lottery as factors needed for homeownership. Clearly, cooperative housing is the best method to employ for the successful sale and sustainability of GGV public housing development to resident homeownership (Fig. 9).



Lastly, to help maintain the affordability of a low-income housing cooperative, respondents were asked their ideas on money-making ventures. Overwhelmingly, respondents stated that a grocery store would be a good money-making business in Marin City (35%). 27% of respondents indicated that a restaurant/café would be a good profitable business. 19% of respondents answered that a skating ring/arcade, 13% stated a beauty salon while the remaining 6% were categorized as other including a movie theatre, swimming center, ice cream shop and a day care center (Fig. 10).



### Conclusion and Areas for Further Research

It is time to extend the American Dream of homeownership to public housing residents of the GGV development in Marin City, by privatizing public housing. Today, almost every federal department has experienced degrees of privatization from, contracting services to the sales of public stock, and in most cases, the compelling argument for the shift to the private market delivering public services is the promise of efficiency and savings. Currently, MHA faces a \$160,000 budget shortfall in monies from HUD to operate the GGV complex, with more federal cuts on the horizon. This loss of revenues can only translate to a decrease in maintenance services and an increase in property deterioration. Additionally, if PHAs can't maintain their public housing development, HUD could mandate that they offer housing vouchers to the residents, later selling the property to private developers.

The residents of GGV public housing who were surveyed for this project, however, overwhelmingly expressed satisfaction with their residences. They had interest in purchasing their dwelling units as a housing cooperative. Now, more so than ever, the Resident Council needs to actively explore homeownership options and work very closely with MHA to develop a Section 32 Homeownership Plan. Converting the GGV public housing complex to a low-equity housing cooperative guarantees a housing stock in affluent Marin County for low-income households at mortgages they can afford.

Homeownership builds better citizens, better neighbors, and even better persons (Dreier, 1982). The community in which GGV public housing is located has been plagued for decades by a continuous cycle of underclass symptoms such as high unemployment, drug abuse, and other signs of hopelessness. Homeownership offers hope

and instills dignity and pride in oneself, property, and community. Furthermore, research has proven that homeownership promotes high academic achievement among children (Retsinas and Belsky, 2002).

Efforts by the Marin City Golden Gate Resident Council to motivate residents to begin envisioning the possibility of converting the housing property into a housing cooperative is under way. Supervisor Charles McGlashan of Marin County District 3 where GGV development is located has expressed support of public housing homeownership. Recently, HUD awarded the Resident Council a three-year grant in the amount of \$250,000 to assist residents in obtaining certified job training and employment placement. The Resident Council sees this as an opportunity to begin assessing and meeting the social and economic needs of its constituency in becoming homeowners.

One of the areas of this research that needs further investigation is linking the various federal homeownership programs into one delivery system for public housing homeownership. In order to combine government homeownership programs in President Bush's American Dream Downpayment Act, the Fannie Mae and Freddie Mac agencies require additional examination to make homeownership affordable and sustainable for America's low-income families. This research, in the mean time, attempts to provide a roadmap for the residents of GGV public housing to consider a cooperative model for public housing homeownership.



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# Golden Gate Village Public Housing Homeownership Interest Survey

Date: \_\_\_\_\_

1. Are you head of household? Yes: \_\_\_\_\_ No: \_\_\_\_\_ (if no, ask for head of household).
2. What type of housing structure in which you live?: (circle one)
  - a. High-rise apartments
  - b. Low-rise townhouses
3. What is your ethnicity?: (circle one)
  - a. African American
  - b. White
  - c. Hispanic
  - d. Vietnamese
  - e. Other
4. What is your gender: a. Female b. Male
5. What is the highest educational level you completed?
  - a. Some high school
  - b. Have high school diploma/GED
  - c. Some college
  - d. College graduate
  - e. Don't know
6. Do you like living in Marin City? a. Yes b. No c. Don't know
7. Do you like living in the Golden Gate Village public housing development?
  - a. Yes
  - b. No
  - c. Don't know
8. How would you rate the physical condition of your unit?
  - a. Excellent
  - b. Very good
  - c. Good
  - d. Fair
  - e. Poor
  - f. Don't know
9. Do you want to own a home? a. Yes b. No c. Don't know
10. What one major item you would need to own a home? \_\_\_\_\_
11. Do you think that you have the income to become a homeowner? a. Yes b. No c. Don't know
12. Are you currently saving money to buy a home? a. Yes b. No c. Don't know
13. If the Golden Gate Village public housing development became a low-income housing cooperative, would you be interested in purchasing your unit? a. Yes b. No c. Don't know
14. Are you or an adult in your household working full-time? a. Yes b. No c. Don't know
15. Are you or an adult in your household attending school or a training program?
  - a. Yes
  - b. No
  - c. Don't know
16. What would be a money making business in Marin City? \_\_\_\_\_

# Attention! Residents of the Golden Gate Village Complex!

You have been chosen to participate in a Homeownership Interest survey to measure the interest of public housing residents in purchasing their dwelling units as a housing cooperative.



The survey will be conducted for the next several weeks starting **January 20 – February 28, 2006** in the evenings, **Monday – Friday**, from **5 – 7 p.m.** and on **Saturdays** from **9 a.m. – 12 p.m.**

Each house will be canvassed, so if by chance your house was missed, please phone to schedule an interview appointment at **415.339.9224**.

This survey is being conducted by Lori Fall as part of a graduate student research project through the Golden Gate University, San Francisco.

**Thank you in advance for your cooperation.**