

Gallup's luxury suites for the poor: Is this something we should take pride in?

Written by By Joe Schaller Guest Opinion Columnist
Friday, 12 February 2016 03:21



FASCINATING HOUSING FACTS

National average apartment size is 982 square feet. Hooghan Hozho average is 705

Average home price per square foot of new single family houses in New Mexico is \$107

There are numerous homes for sale in Gallup in the \$70 per square foot range

Hooghan Hozho's average apartment construction cost is \$355 per square foot and rising. That would be roughly equivalent to a sales price of \$400 per square foot, which is nearly four times the price of your average new single family house

The thing that is so appealing about getting free federal stuff is that we never have to deal with those poor unfortunate suckers who pay for it – out of sight, out of mind. And if you think it's the wealthy who pay for it you are mistaken – everybody pays, but it's the unintended consequence of loss of economic opportunities for the impoverished which hurts the most and in that regard we have a situation of the poor being robbed to pay for low rent housing for the poor. Here at ground zero for federal handouts, and McKinley County ranking second in the nation for poverty, Gallup not only gets federally subsidized housing, we get \$280,000 suites for the destitute as well.

By March tenants will start moving in to the US Housing and Urban Development (HUD), US Dept of Agriculture and Navajo Housing Authority funded 44-unit, 31,000 square foot Hooghan Hozho housing complex in downtown Gallup at a cost to taxpayers of \$11 million. If you do the math that comes to \$250,000 per unit at an average of 700 square feet. That translates to a \$280,000 condo for sale on the real estate market. I realize anything financed by the taxpayers of the federal bureaucracy will carry higher costs than any equal structure built in the private sector but this seems a little ridiculous.

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The average cost of Hooghan's units is a whopping \$355 per square foot. Considering the average new single family house in New Mexico costs \$107 per square foot at least 150 quality units should be available at that hefty tab of \$11 million. Did the NHA even consider doing the math? Are these units going to be all that luxurious or are the contractors just making a killing, a trademark for government projects. Indeed, we should be asking if the poor and powerless are even the primary beneficiaries.

That \$11 million isn't the only cost to taxpayers either. According to Gallup Housing Authority Executive Director Richard Kontz, since government subsidized housing offers rents at lower than market value the rental income typically covers only about half of all the annual costs of administration, operations, renovation, construction and development, so an annual budget of one million dollars for 200 units would likely draw about \$500,000 of subsidies from the feds.

The City of Gallup may have thought they were getting median-income housing for downtown however according to Care66 Executive Director Sanjay Choudhrie, the NHA has been the big financier of the project and they have set aside 35 of the 44 units for low-income Navajos. Only seven or eight units are for the 80 to 115 percent of median income bracket. The NHA annual budget, which they get from HUD, is about \$90 million a year.

If Gallup or Navajo Nation taxpayers were required to totally fund this massive welfare handout project do you think the voters would approve? I don't think so, and that is usually a pretty good indicator of misuse and abuse of public funds. In 2015 there wasn't even a shortage of affordable housing in Gallup. Apartment and home rental vacancies are competitive with average New Mexico rates and many even dirt-cheap. Numerous homes are for sale in the \$70/square foot range. Over 800 subsidized 'low-income' housing units in Gallup have lengthy waiting lists which makes the practicality of the handful of expensive Hooghan units even more suspect.

I look forward to a tour of Hozho's fully loaded (I would assume) apartments for the poor during their grand opening in April. The selection process for the lucky designated 'winners' who managed to obtain units must have been a competitive circus.

In part two next week, a look at the big picture – subsidized housing's checkered legacy.

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