



# Housing Authority of the City of Columbia, Missouri

## Board Report Staff Memo

To: Board of Commissioners

From: Phil Steinhaus, CEO

Date: March 19, 2013

RE: Affordable Housing Initiative Report for March 2013

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The following is an update on the CHA's Affordable Housing Initiative for the past month. Updates are organized by topic.

### **Garth and Sexton Development Planning Process**

The planning process of the development of our properties, and those owned by the City of Columbia and the Columbia Community Development Corporation (CCDC) continues to meet on the first and third Thursdays of the month with the following members of the "working group":

- CHA: Phil Steinhaus, Rick Hess, Mary Harvey, and Greg Willingham
- City of Columbia: Tim Teddy and Randy Cole
- CCDC: Mike Crist
- ND Consulting Group: Ken Nuernberger, Michele Duffe, Sean King, and Paul Berry

### Demolition and Maintenance:

- The City of Columbia is awarding CDBG funding for the demolition of the dilapidated structures on 700 Oak Street and 105 Lynn Street. We are waiting on final approval from HUD and the City of Columbia to demolish the structures which is expected by March 25. Greg Willingham has established contracts and will begin demolition upon final approval.
- The City Arborist, Chad Herwald, performed a site inspection of the development area. As the site is larger than one acre, it is defined by City Ordinance as "Climax Forest" which will require the submission of a tree preservation plan for approval showing a preservation of 25% of the current foliage. We may need to hire an engineering firm to assist us with the calculations for this request.
- With the solicitation for mowing services for CHA property, Mr. Willingham included a separate request for the Garth and Sexton properties. All parties agreed to have CHA administer this contract and divide the costs.

### Development Issues:

- Key employees of the City of Columbia's Water and Light Division attended a portion of our March 7 meeting to discuss storm water and sanitary sewer issues in this area. This was a very informative meeting which provided history and generated a discussion of ideas to improve the entire neighborhood's storm water and sanitary sewer systems.

#### Planning:

- Randy Cole, Community Development Coordinator for the City of Columbia has arranged a trip to Lawrence Kansas on April 1-2 to visit with Ms. Rebecca Buford, Executive Director of Tenants to Homeowners, Inc. (TTH) which manages the Lawrence Community Housing Trust Program. This is a very successful program for Lawrence, and the intent of this visit to learn more about the program and determine its potential for Columbia. The Garth/Sexton development may serve as introduction of this concept to our community.

#### Preliminary Design Discussion:

- The architectural arm of our Consulting Team, Sean King & Paul Berry of Capital Consultants (CCI), have presented preliminary design concepts and promoted group discussion for development ideas. At our meeting on March 21, CCI will present a first draft of elevation concepts based on input from the working group. The goal is to begin presentations of conceptual drawings and development options to the CHA Board and the community by the end of April.
- Community meetings will be held at Oak Towers and the Ridgeway Neighborhood Association, Douglass Park Neighborhood Association, and the Oak Towers Resident Association will co-sponsor the meetings.
- We have invited Jim Loveless, CEO of Job Point and John Wright, Missouri State Representative – 47th District, to participate in the design concept discussions at the March 21 meeting. Job Point sponsors the YouthBuild Program and it is our hope that YouthBuild students can be involved in the construction process. Representative Wright serves on the Columbia Community Montessori Preschool (CCM) Board and has interests in finding space to expand these programs in the First Ward.

#### Partnerships:

- The Columbia Housing Authority (CHA) is a proud partner of the Columbia Builds Youth (YouthBuild) program. We have been an active member in this project since its inception, through the BooneWorks consortium. CHA is committed to continuing to assist with outreach, recruitment and referral for the YouthBuild program. CHA has also been a collaborative partner with Job Point for many years on numerous other projects.  
Recently, Job Point submitted a two-year renewal grant application for the YouthBuild program and the CHA committed to support the program by continuing to provide our MoneySmart program to YouthBuild students and to involve YouthBuild students in the construction of affordable housing at our Garth-Sexton development site. We envision the opportunity to collaborate with Job Point and the YouthBuild program on additional affordable housing projects. A copy of the letter of support provided to Job Point is attached.

#### Ongoing discussions:

- Site control and property ownership and related legal issues.
- Securing architectural services.
- Financing options and time frames for application submissions.
- Development timelines.
- Public engagement plan and communication with neighborhood associations.

## **Legal Issues**

We are also focusing our efforts on a number of legal issues that are important to the development process including the formation of a 501(c)3 Not-For-Profit Corporation for the purpose of developing affordable housing and perhaps other mixed development options. We have tentatively decided on naming this corporation the Columbia Housing and Development Corporation of Columbia, Missouri.

Our attorney, Marjorie Lewis is consulting with attorneys specializing in affordable housing development to assist us in setting up the proper legal corporations necessary for our development of these properties and other housing strategies we may pursue.

We will be issuing an RFP for legal services in the near future that will incorporate the legal services that we need for the development process as well as the CHA's other legal needs.

## **Neighborhood In-Fill Projects**

The City of Columbia has contacted the Columbia Housing Authority (CHA) regarding our interest in accepting the transfer of title for the land and properties located at 411 McBaine, 904 Madison Street, and 711 Mikel Street for the purpose maintaining the property as an affordable rental or owner occupied housing. All three of these properties are located in the City of Columbia, Missouri. The City Council is expected to approve the transfer of 904 Madison and 711 Mikel Street at its meeting on Monday, March 18.

The City Council has delayed the transfer of 411 McBaine Avenue due to the possibility of a current buyer for the house. This issue will be also be discussed at the City Council meeting on March 18. The CHA is willing to accept the house or allow it to be sold to the prospective buyer.

We have developed operating pro-formas for each these properties and they are attached for your review. These pro-formas are subject to revision based on approval by the City of Columbia and HOME regulations.

## **Strategic Planning Process Update**

In conjunction with our Garth/Sexton development planning meetings, ND Consulting Group, Capital Consultants and CHA will meet on the first and third Thursday beginning March 21 to continue our work on the strategic plan. We had a fairly successful meeting on Wednesday March 13 in which we identified and defined several areas that need additional work and will continue to refine the plan document until it is ready for presentation to the Board. Our goal is to have a draft of the plan ready to present for Board comment at the April 16, 2013 Board meeting.

As noted previously, due to the complex nature of affordable housing development and the enormity of the task of revitalizing and preserving public housing, the strategic planning process will be an on-going process that will be subject to continuous revisions and planning updates based on evolving development opportunities and available financing options.

## **Public Housing Revitalization Planning Process**

Also in conjunction with our Garth/Sexton development planning meetings, ND Consulting Group, Capital Consultants and CHA will meet on the first and third Thursday beginning March 21 to continue the planning process for the revitalization of our aging public housing units. We are considering the feasibility of a applying for the 4% Low-Income Housing Tax Credit (LIHTC)

funding in September 2013 or possibly in March 2014. We would like to coordinate the development of affordable housing at the Garth-Sexton development site with the renovation of the Lincoln-Unity Townhomes as this would give us additional options for the relocation of public housing residents during the renovation process.

There are still considerable questions that need to be researched regarding the potential use of the HUD Rental Assistance Demonstration (RAD) Program that would convert our public housing operating subsidies to long-term project-base vouchers that provide a stable rent necessary to leverage LIHTC and other external funding to complete the revitalization process. Public housing operating subsidies fluctuate from year to year based on the HUD "proration" of these subsidies. Public housing operating subsidies are not stable enough to provide the confidence that investors need when investing in tax credits.

As noted in the March 19, 2013 Board report on the impact of sequestration on the Columbia Housing Authority and housing authorities in general, HUD representatives issued the following statement:

*"The renovation and revitalization of our aging public housing stock may also be significantly affected by sequestration and the pro-ration of public housing operating subsidies."*

*"HUD is very concerned about additional impacts that may affect significant recapitalization and sustainability initiatives within the Public Housing program. Specifically, the ability of housing authorities to convert under the Rental Assistance Demonstration could be significantly hampered if PHAs were to convert at this funding level, which is much lower than was originally intended for RAD to function as planned. Not being able to convert under the RAD program may have a significant impact on the CHA's ability to leverage external investment in the form of Low-Income Housing Tax Credits to finance public housing renovations."*

The LIHTC and RAD programs are both necessary to ensure the ability of the CHA to leverage external funding for the renovation of our aging public housing units. These programs offer complementing opportunities for financing public housing renovations. Each program entails its own set of complex regulations that need to be studied more in-depth in order to make the best possible decision for the preservation of the CHA's oldest public housing units and the associated rental subsidy assistance for current and future residents. As the analysis of these funding options goes hand-in-hand with the CHA's Strategic Planning Process, I feel that it is necessary to try to finalize the planning process before making any decisions as to the next steps in the public housing revitalization process.