



# Housing Authority of the City of Columbia, Missouri

## Board Report Staff Memo

To: Board of Commissioners

From: Phil Steinhaus, CEO

Date: January 21, 2014

RE: Affordable Housing Initiative Report for January 2014

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The following is the status of Columbia Housing Authority's (CHA) Affordable Housing Initiative which includes activity since the previous Board Report (November 19, 2013). All Affordable Housing Initiative reports and information (current and archived) are on our website at [www.ColumbiaHA.com](http://www.ColumbiaHA.com), under "What We Do" / "Affordable Housing Initiative".

### **Columbia Housing Authority Affordable Housing Initiative 2013 Strategic Plan**

The Columbia Housing Authority Affordable Housing Initiative 2013 Strategic Plan was presented to the CHA Board on June 16, 2013. There have been no updates to this plan.

### **Missouri Housing Development Commission (MHDC) Low-Income Housing Tax Credits (LIHTC) Applications**

**Kinney Point:** Northeast corner of Garth and Sexton - proposed development.

- Three story, 42 unit complex on 1.96 acres

CHA Staff, ND Consulting, and various partners successfully finalized and submitted the Missouri Housing Development Commission (MHDC) application for 9% Low-Income Housing Tax Credits (LIHTC) by the September 6, 2013 application deadline. The August Resolution 2567 granted CHA authorization to submit this application.

**Stuart Parker & Paquin Tower:** Public Housing Properties – proposed renovations.

- This is our initial public housing renovation project consisting of the renovation of 284 public housing units in which we have named "Stuart Parker Apartments". It includes major renovation of 84 downtown public housing units located in the Lincoln, Unity, Worley, Oak, and Hicks neighborhoods plus modest improvements to the 200 public housing units in Paquin Tower.

CHA Staff, ND Consulting, and various partners successfully finalized and submitted the Missouri Housing Development Commission (MHDC) application for 4% Low-Income Housing Tax Credits (LIHTC) by the September 6, 2013 application deadline. The August Resolution 2568 granted CHA authorization to submit this application.

Missouri Housing Development Commission (MHDC) met on Friday, December 6, 2013 with an agenda which included the announcement of the staff recommendations for the first round of 2014 Rental Production Low-Income Housing Tax Credit (LIHTC) and HOME funding. MHDC received 92 applications for 9% LIHTC funding in which MHDC staff recommended funding for

30, and 7 applications for 4% LIHTC funding in which staff recommended 2. **CHA was not recommended for MHDC's Rental Production LIHTC funding for either of the two projects listed above.**

Due to an agreement between Governor Jay Nixon and a group of Missouri senators to approve tax breaks to attract a new Boeing jetliner factory to the state, MHDC resolved to delay the vote on their staff recommendations until their March 14 meeting. This will allow select state senators time to push a tax credit reform bill through the Missouri General Assembly in its next legislative session.

- As a result, the 2014 MHDC Rental Production program is on hold until at least March 14. This includes the extension of MHDC's "quiet period" in which no applicant may speak with any member of MHDC about their application, thus preventing us from getting any feedback as to why we were not recommended for funding or what we may do to strengthen our future applications.

### **Other Development and Renovation Projects**

**Bear Creek & Oak Towers:** Renovation of 225 housing units

- This will require a 4% MHDC LIHTC application. With the MHDC hold on the 2014 Rental Production LIHTC program, the anticipated second round of applications appears likely to be omitted. When the process resumes and application dates are announced, we will plan and prepare accordingly.

**Remaining Downtown Units:** Renovation of remaining 210 units

- Three additional 9% MHDC LIHTC applications are planned for the Fall of 2014, 2015, and 2016, which would complete the renovation of the CHA's remaining 210 downtown Public Housing units. This schedule may likely be altered due to our unsuccessful applications and MHDC delays. These units are planned to be renovated in three phases of 70 units each.

**McQuitty Square:** Southwest block of Garth and Sexton - proposed development.

#### ○ **Planning Process, Design Updates**

- We have shifted the McQuitty Square program focus from MHDC's LIHTC to our newly formed Columbia Community Housing Trust (CCHT) - see CCHT details below.
- We met with Dr. Stiepleman on Monday, 10/7 to discuss an Early Childhood Education Center for ages 3 & 4 as an option for inclusion in the McQuitty Square project. This facility would need to be approximately 2,000 square feet. If we can find a way to construct the building, the Columbia Public Schools will provide the staffing and operational costs. We will continue to explore this option and include this idea in our planning meetings.
- Storm water and sanitary sewer system issues were presented by key employees of the City of Columbia's Public Works Department who reviewed camera footage of the storm water tunnel and further discussed sanitary sewer issues in this area with the working group. In the near future, Crocket Engineering Consultants will intensely analyze these issues and we will continue a dialogue with the City of Columbia in an attempt to design

appropriate systems to address these issues for both the McQuitty Square property and the surrounding neighborhood.

- **Rezoning**

We will begin the rezoning process for McQuitty Square over the next few months as we reach consensus of the statement of intent and design for this development.

- **Financing**

- In December and January, we have had two CCHT and two Financial Advisory Committee (see below for more information on the Financial Advisory Committee) meetings discussing a structure that will sustain a Housing Trust model for McQuitty Square. Besides the \$190,000 approved CDBG funds for infrastructure, we are going to pursue Federal Home Loan Bank Affordable Housing Program funding and a few other ideas that are still in the discussion stage.
- **CDBG Funding:** The Columbia Community Development Commission recommended and the City Council approved \$190,000 in CDBG funding for McQuitty Square infrastructure improvements in 2014.

### **Rental Assistance Demonstration (RAD) Program**

- CHA Board approved submitting an application to HUD's Rental Assistance Demonstration (RAD) Program to convert all of the CHA's 719 public housing units to Project Based Vouchers (PBV) at the July 23, 2013 Board meeting (see the July 23 Board Memo and Resolution for details). The RAD application was submitted HUD on July 29, 2013.
- On September 30, the HUD RAD Department issued an award letter as their "Commitment to Enter into a Housing Assistance Payments" (CHAP), thus approving our RAD application for our initial project: 284 total units - 84 downtown units located in the Lincoln, Unity, Worley, Oak, and Hicks neighborhoods, plus Paquin Tower's 200 units.
- On December 16, 2013, the HUD RAD Department issued approval of both our Multi-Phase conversion and our Portfolio Award. In conjunction with the CHAP, these agreements have reserved RAD conversion for all 719 public housing units.
- On December 24, 2013, we were issued an amendment to the CHAP to correct language and inclusions of the original.

### **Entity Incorporations**

#### **Kinney Point & Stuart Parker Housing Development Corporations**

- CHA staff, ND Consulting Group and Attorneys Marjorie Lewis and Jack Pletz, from the Jefferson City law firm of Pletz and Reed, P.C successfully established the legal entities necessary to support MHDC's LIHTC applications (see the August 20 combined Board Memo and corresponding Resolutions for details).

## **Columbia Community Housing Trust**

- The September 17, 2013 Board Resolution 2578 approved of the Articles of Incorporation in establishing the “Columbia Community Housing Trust” Corporation. This will serve as the initial step in creating our Community Housing Trust (see below) as well as accommodate the Neighborhood Stabilization Program properties donated by the City of Columbia to CHA and possibly McBaine Townhomes.

## **Property Updates**

### **McBaine Townhomes**

The four-year rental period for these five townhomes has been completed as required by the HOME Rental Production Program. These townhomes can now be converted to homeownership properties and sold to the occupants or other income-eligible families. We have delayed this conversion to homeownership as we wish to further explore the possibilities of including these townhomes in our Community Housing Trust (see below). The nature of the necessary appraisals and legal descriptions of each townhome will be determined according to the structure of the program utilized. The Community Housing Trust inclusion would allow the homes to remain in a housing trust thus ensuring; compliance with HOME regulations, proper long-term maintenance, and owner occupancy.

### **Neighborhood Stabilization Program (NSP) Properties**

- On March 27, 2013, the City of Columbia transferred the title for the land and properties located at 904 Madison Street and 711 Mikel Street for the purpose maintaining the property as an affordable rental or owner occupied housing. Both of these properties were acquired and renovated through the Neighborhood Stabilization Program and have been rented to income-eligible families with incomes at or below 50% of the Median Family Income. A lease and a set of house rules and policies have been approved by the Board and both homes are now occupied.
- On July 15, 2013, the Columbia City Council approved the donation of 106, 108 and 110 West Sexton Road to CHA for the purpose of developing McQuitty Square’s affordable housing complex. These three lots were legally transferred to the CHA.
- On September 30, 2013, CHA transferred ownership of all five NSP properties to the newly formed Columbia Community Housing Trust (CCHT) as the regulations and the objectives of the NSP align well with the framework of the CCHT.
- On October 8, 2013, as required through the NSP Operating Agreement Transfer of Titles, CHA notified the City of Columbia of the transfer of ownership of these five properties. This notification also included requests for minor modifications to the NSP Operating Agreement for the two homes.

## **Community Housing Trusts, Housing Trust Funds, and Land Trusts**

Earlier in 2013, CHA staff convened a meeting to discuss the formation of a Community Housing Trust (CHT), a Housing Trust Fund, and a Land Trust (more detailed information on all three topics is contained in the 2013 Affordable Housing Initiative Strategic Plan). Attendees included CHA staff, the City Manager and City Planning Department Staff, the Columbia

Community Trust, Job Point, and the Columbia Community Development Corporation. The discussion went very well and all parties were very interested in learning more.

As noted previously, the CHA Board formed the Columbia Community Housing Trust entity on September 30, 2013.

On December 5, 2013, we held a Community Housing Trust Informational Session in which our guest speaker, Ms. Rebecca Buford, Executive Director of the Lawrence, KS Community Housing Trust, presented an overview of the Lawrence Community Housing Trust and a general description of a housing trust, trust fund, and land bank. We also conducted additional planning sessions throughout the day. This was also a very successful day which resulted in a much greater understanding of the program and a unified desire to move forward.

On January 8, 2014, we held a meeting with the interested parties to further discuss the CCHT. Our next task is to develop bylaws.

### **CHA Affordable Housing Financial Advisory Committee**

We had our second meeting with the Financial Advisory Committee on January 17. With the unsuccessful MHDC LIHTC application, we have shifted the focus of the financial needs to the potential of McQuitty Square as the initial project for the Community Housing Trust. The conversations have been very productive producing a number of exciting ideas about how to best involve the local banking community.

Mr. Kit Stolen, President and CEO of Providence Bank, has been chairing these meetings with the following banks represented:

- Providence Bank;
- Boone County National Bank;
- Commerce Bank; and
- Hawthorn Bank.

Mr. Stolen strongly believes that the local banking community should be active in their support of the CHA's Affordable Housing Initiative and should be involved in advising the CHA in financial matters associated with our development projects as well as providing local financing for these projects whenever possible.

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I have attached a "CHA Affordable Housing Initiative Status Report" which summarizes the current state of our Affordable Housing Initiative.



Housing Authority

# ***Affordable Housing Initiative***

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*Affordable ❖ Accessible ❖ Energy-Efficient ❖ Healthy ❖ Safe ❖ Well-Maintained*

January 8, 2014

## CHA Affordable Housing Initiative Status Report Summary

### **Three Housing Strategies**

- Revitalize 719 Units of Public Housing
- Develop New Affordable Housing
- Create the Columbia Community Housing Trust

### **Public Housing Renovation**

- The CHA will renovate 719 units of Public Housing in five (5) phases: 2013 – 2016.
- Rental Assistance Demonstration Program (RAD) – Convert to long-term contract rents.
- Low-Income Housing Tax Credits (LIHTC) from MHDC – Combination of 4% & 9% credits.

### **New Affordable Housing Development**

The CHA purchased properties at the intersection of Garth and Sexton.

- **Kinney Point Apartments** – Three-story apartment building, 42 accessible units.
  - The CHA submitted 9% LIHTC application in September 2013. Project was not funded.
  - Future funding to be identified.
- **McQuitty Square Development** – Combination of homeownership and rental.
  - Future funding to be identified.

### **Columbia Community Housing Trust**

- Housing trust where the land and other equity investments remain (HOME, CDBG, etc.) in trust while the home is rented or sold.
- Low and moderate income families benefit from the equity built through homeownership.
- The affordability of homes is preserved for future residents.
- By owning the land, the CCHT greatly reduces the initial housing cost to the potential buyer.
- The land lease contains a resale provision which ensures that if the house is sold, it goes to another low or moderate income person.
- Owners agree to pass on the same benefits that they received to the next homeowner.
- The buyer agrees to limit the amount of profit they make on the house sale ensuring that the property remains affordable for the next person.
- The beauty of this is that CLTs do not need additional subsidies each time the house resells; the permanent affordability is built into the lease for perpetuity.

Public Housing Renovation Phases					
Phase	Public Housing Sites	Type & # of Units	Rehab Level	LIHTC	Submission Date(s)
1	Stuart Parker	84 Townhomes	Major	4%	9-2013
	Paquin Tower	200 High Rise Units	Minor		6-2014 9-2014 *
2	Oak Towers	147 High Rise Units	Modest	4%	3-2015 9-2015 *
	Bear Creek	78 Townhomes	Modest		
3	Bryant Walkway	70 Townhomes	Major	9%	9-2014 9-2015 *
4	Providence Walkway	70 Townhomes	Major	9%	9-2015 9-2016 *
5	East Park Avenue	70 Townhomes	Major	9%	9-2015 9-2016 *

Low-Income Housing Tax Credit Submission Timeline							
Public Housing Sites	9-2013	6-2014	9-2014	3-2015	9-2015	3-2016	9-2016
Stuart Parker/Paquin Tower	4%	4%	4%				
Bryant Walkway			9%		9%		
Oak Towers/Bear Creek				4%	4%		
Providence Walkway					9%		9%
East Park Avenue					9%		9%

**Rental Assistance Demonstration (RAD):** A new pilot program designed by the U.S. Department of Housing and Urban Development (HUD) designed to encourage public housing authorities to transition from their current financial model to a model based on the successful and more stable Project-Based Housing Choice Voucher program.

**Conversion to Long-Term Contract Rents:** The RAD Program allows housing authorities to convert their unpredictable Public Housing subsidies to a long-term contract rent under the Project-Based Voucher Program (Section 8).

**Substantial Renovation:** The RAD conversion is based on the CHA renovating current Public Housing stock to a level that may be sustained for 15 to 20 years.

### Sample RAD Financial Conversion

