



# Housing Authority of the City of Columbia, Missouri

## Board Report Staff Memo

To: Board of Commissioners

From: Phil Steinhaus, CEO

Date: April 16, 2013

RE: Affordable Housing Initiative Report for April 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

An in-depth presentation of the initial concepts for the development of affordable housing at the Garth and Sexton site will be presented at the April 16, 2013 CHA Board meeting. A neighborhood meeting is also planned on Thursday, April 18, 2013 at Oak Towers at 7:00 p.m.

### Demolition and Maintenance:

- The City of Columbia awarded CDBG funding for the demolition of the dilapidated structures on 700 Oak Street and 105 Lynn Street and the notice to proceed has been issued. The structures will be removed as soon as weather permits.
- Mowing services have been arranged for all properties.

### Development Issues:

- No new developments since the March report. 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:

- Phil Steinhaus, Rich Hess, and Leigh Britt from the City of Columbia met with Ms. Rebecca Buford, Executive Director of Lawrence, Kansas Community Housing Trust on April 2. Additional meetings are being planned with the City of Columbia to consider forming a Columbia Community Housing Trust. The Garth/Sexton development may present some opportunities to employ this concept in the development of affordable housing.

#### Preliminary Design Discussion:

- Working with the planning group, the architectural arm of our consulting team, Sean King & Paul Berry of Capital Consultants (CCI), have developed initial design concepts that will be presented at the April 16 Board meeting and the April 18 neighborhood meeting.
- Jim Loveless, CEO of Job Point has joined the working group to participate in the planning process. Job Point sponsors the YouthBuild Program and it is our plan to involve the YouthBuild students in the construction process.
- Phil Steinhaus and Rick Hess met with Representative John Wright, Missouri State Representative – 47th District to discuss options for developing a child care center on the site.

#### 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 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 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 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 will be rented to income-eligible families with incomes at or below 50% of the Median Family Income.

#### **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. An assessment of each townhome will need to be completed and legal descriptions developed for each townhome so they can be sold as separate units. It is my recommendation that the land should remain in a housing trust to ensure compliance with HOME regulations, proper long-term maintenance, and owner occupancy.

### **Strategic Planning Process Update**

In conjunction with our Garth/Sexton development planning meetings, ND Consulting Group, Capital Consultants and CHA are continuing to meet on the first and third Thursdays of the month to continue our work on the strategic plan. The progress has been hampered somewhat by other planning deadlines and activities and we 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 May 21, 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 are meeting on the first and third Thursdays of the month to continue the planning process for the revitalization of our aging public housing units. We are considering the feasibility of 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."*

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.