



Housing Authority of the City of Columbia, Missouri

Board Report Staff Memo

To: Board of Commissioners

From: Phil Steinhaus, CEO

Date: July 21, 2015

RE: Affordable Housing Initiative Report

The following is a current status report for the Columbia Housing Authority's (CHA) Affordable Housing Initiative which includes any significant activity for the past month. All Affordable Housing Initiative reports and information (current and archived) are on our website at www.ColumbiaHA.com, under "What We Do" / "Affordable Housing Initiative".

Recent Activity (June 2015 & July 2015)

Patriot Place – Apartments for Veterans

Construction has commenced beginning with the abatement of asbestos containing materials. Abatement of all asbestos materials will be 90% complete by August 5, 2015. In August, contractors will begin interior framing and setting roofing structures in place. Signage will be placed at the site as well.

Stuart Parker Apartments with Paquin Tower

We completed the firm submission process for the Stuart Parker Apartments with Paquin Tower project on Friday, July 17, 2015. We expect MHDC to take 60 days or more to review and approve the documents. This will result in closing the financing sometime in late September with relocation and construction beginning in October.

Construction bids have been received for and evaluated by CHA staff working with E.M. Harris Company, our General Contractor for the project. We have reconciled this scope of work with the RAD Physical Conditions Assessment conducted by the Dominion Due Diligence Group, and revised our Pro Forma (budget) accordingly to ensure that all identified needs are addressed. We are developing options for the use of the 10% contingency that is set aside for this project. We may be able to enhance our work if we do not need this funding for change orders or other unplanned costs.

We have been working diligently to finalize our relocation plans for the Stuart Parker Apartments. We held a series of informational meetings with residents of both the Stuart Parker Apartments and Paquin Tower the week of June 1, 2015. Informational packets were mailed to all residents in these two projects and our Relocation Coordinator Ms. Katie Howard has been conducting individual meetings with each family to coordinate their relocation during the renovation process.

We currently have 13 vacancies in our Stuart Parker Apartments and 11 vacancies in the balance of our Downtown properties. This will give us some flexibility to relocate Stuart Parker residents on property. We will also be issuing Section 8 Housing Choice Vouchers to create vacancies or for relocation purposes as needed.

For Paquin Tower, our plan is to relocate everyone from the second floor and then complete the renovations one floor at a time, moving residents from the third floor down to the second floor once complete, and so on, as we work our way up the building. The project schedule projects about 6 weeks to renovate each floor. We currently have enough vacancies in Paquin Tower to relocate every resident from the second floor into a similar unit on another floor.

Relocation cannot commence until we close on the financing on the project with MHDC and the project is converted under the RAD program.

Bond Financing

During the reconciliation of the scope of work and preparing the final Pro Forma for our firm submission to MHDC, it was necessary to increase the value of the B Bonds (for construction) to \$8,400,000. Providence Bank, which provided the low bid for this project, approved the increase in the B Bonds by \$1,000,000. The permanent loan financing of the \$4,300,000 in A Bonds will take place at a later date. The A Bonds will be sold in various packages related to maturity dates which will bear different interest rates.

Equity Partners

Our federal and state tax credit equity partners, Red Stone Equity Partners, LLC and Sugar Creek Capital have provided very favorable rates for the sale of our tax credits. This was essential to finalizing the Pro Forma for this project.

Project Closing

The MHDC will take about 60 days to review and approve our firm commitment submission. During that time we will be working on finalizing all other legal and financial aspects of the closing so that we can close on the project shortly after MHDC approves our firm commitment. We anticipate the Stuart Parker with Paquin Tower Apartments project to close by the end of September 2015.

Bear Creek Apartments

The RAD Physical Conditions Assessment has been completed along with the final scope of work. Bid documents have been distributed with a submission deadline of July 15, 2015. We will finalize the scope of work in the coming week once the bids have been evaluated.

Our goal is to complete the firm submission process for the Bear Creek Apartments project by August 5, 2015. Once submitted we expect MHDC to take 60 days or more to review and approve the documents. This will result in closing the financing sometime in October with relocation and construction commencing in November.

Equity Partners

We have received Letters of Intent (LOI) from our federal and state tax credit equity partners, Red Stone Equity Group and Gardner Capital who will be syndicating our tax credits.

Oak Towers

We have submitted our application for our RAD CHAP (Commitment to enter into a Housing Assistance Payments contract) for our Oak Towers project.

We also submitted our \$500,000 Affordable Housing Program grant application to the Federal Home Loan Bank Board (FHLBB) of Des Moines on June 30, 2015. Awards will be announced in November 2015. Our application scores very high and we believe we have a decent chance of receiving funding.

We will be submitting an application for 4% Low-Income Housing Tax Credits (LIHTC) and tax-exempt Multifamily Housing bonds to the Missouri Housing Development Commission (MHDC) on September 4, 2015 with awards announced in December 2015. On April 21, 2015, the CHA Board approved the submission of an application for \$245,000 in HOME funds from the City of Columbia to support this project. The City of Columbia Community Development Commission recommended \$80,000 in funding for Oak Towers on June 17, 2015.

We are working with Dominion Due Diligence Group and PWA Architects to complete the RAD Physical Conditions Assessment (PCA) in order to determine the extent of the work required to make adequate renovations to Oak Towers as required by RAD. Key issues will be replacing the hot water boiler system and window air conditioners with a more energy efficient system, possibly converting Oak Towers to a ground-source geothermal heating and cooling system with heat pumps similar to what we did at Paquin Tower. We also need to make 8 of the units (5%) at Oak Towers fully accessible.

Bryant Walkway Apartments

We submitted our application for our RAD CHAP (Commitment to enter into a Housing Assistance Payments contract) for our Bryant Walkway Apartments project on July 17, 2015.

We will be resubmitting an application for 9% Low-Income Housing Tax Credits to the MHDC on September 4, 2015. This project was submitted in September 2014 but did not receive funding.

Columbia Community Housing Trust – 207 Lynn Street

The Columbia Community Housing Trust is requesting \$30,000 in HOME funds from the City of Columbia to construct a single-family home at 207 Lynn Street. The Community Development Commission did not recommend funding for this project.

McQuitty Square Project

Recently there have been some significant developments related to the McQuitty Square project. As you may remember, the City of Columbia donated 3 vacant lots on Sexton Street to our project (106, 108, & 110). The CHA purchased 1 additional vacant lot at 104 Sexton Street, 1 lot with a dilapidated house at 700 Oak Street, 1 lot with a dilapidated house 106 Lynn Street, and 2 vacant lots at 107 and 115 Lynn Street. The Columbia Community Development Commission also owns 3 vacant lots on Lynn Street (109, 111, & 113). (See attached property map.)

Our plans for the development of the McQuitty Square project occurred before the CHA was accepted into the RAD program. Since that time, the renovation of the CHA's public housing stock has become our highest priority and the development of the McQuitty Square project has been delayed until we can complete our public housing renovations.

We were recently approached by the City of Columbia's Community Development Department about constructing 4 homes on the Sexton Street properties. The City of Columbia has \$200,000 set aside for the development of affordable housing from departmental savings from the past fiscal year and the City Manager and City Council are interested in investing these funds into the development of housing on these properties. The Community Development Department would like to see "net zero" housing developed that would be available for home ownership. The Community Development Department also likes the "housing trust" model that the CHA is planning to use in the future.

As our discussions progressed, the staff from the Community Development Department felt that it might be more efficient and expedient for the City to develop these 4 homes themselves rather than to give the money to the CHA through our Columbia Community Housing Trust. The Community Development Department has constructed several affordable homes in recent years.

With this option suggested, we considered the possibility of allowing the City of Columbia to proceed with developing the whole McQuitty Square project as this would allow this project to move forward in a more expedient fashion and allow the City of Columbia to also expand its affordable housing development efforts. In addition, the three lots donated by the City were part of the Neighborhood Stabilization Program which requires new construction to occur on these properties within the next 2 years.

At this point in time, the CHA has invested approximately \$130,000 in the properties we own including demolition, loan interest, surveys, environmental reviews, and on-going property maintenance.

We have suggested, pending CHA Board approval, that we might be willing to sell our properties at McQuitty Square to the City for the development of affordable housing. This would allow us to recover the funds we have invested in the property while also allowing for the development of affordable housing to proceed on this property in a more expeditious manner. We currently have three projects comprising 385 units that will be under construction/renovation in the coming year with two more projects (Oak Towers and Bryant Walkway) being proposed for 2016.

Simply put, we have our hands full with our current projects and will not be able to focus on developing McQuitty Square for 3-4 more years at the earliest. We also still own the Kinney Point parcel and hope to develop this 42 unit project sometime in the future.

I believe it would be of great benefit to the neighborhood and the community to allow the City of Columbia to proceed with developing the McQuitty Square parcels of land. The City is focusing on very energy efficient (net zero) housing that would be offered for homeownership using the housing trust model.

**Columbia Community
Development Corporation**

109, 111, 113 Lynn Street

Columbia Housing Authority

1 E. Sexton, 104 W. Sexton, 700 Oak
105, 107, & 115 Lynn Street
106, 108, 110 W. Sexton Road

Columbia Housing Authority

Oak Towers – 700 North Garth

