



Housing Authority of the City of Columbia, Missouri

Board Report Staff Memo

To: Board of Commissioners

From: Phil Steinhaus, CEO

Date: February 16, 2016

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 (January & February 2016)

Patriot Place – Apartments for Veterans

There has been consistent construction progress at the apartments. The roofing has been finished and we are close to completing all the stairwells. Windows and doors have been installed. Most of the electrical and plumbing work has been completed. The tub and shower stalls have been installed. Installation of the drywall is nearly complete and painting of the dry-walled apartments has started. Curbs and gutters are installed as well as the asphalt parking lot and concrete drive that will handle the weight of the trash trucks. The estimated completion date of the project is sometime in mid-March.

We have met with staff from the Truman VA to begin the planning process for moving Veterans into the apartments once they are complete in February. We are also moving forward with a fund raising plan to will enable us to furnish all of the apartments. We are also looking at ways to fund and develop Patriot Park to the south.

Due to easements for gas lines across the front of the property, signage for the property will be located on the front of the building. The flag poles and picnic shelter will be located in the center of the property near the dividing line for Patriot Park. To date we have all three flag poles sponsored at \$5,000 each. We have ten (10) apartments furnished at \$4,000 each and sixteen (16) pavers purchased at \$150 each. We have also received \$465 in private donations. A large corporate donation is expected in late February or early March.

Stuart Parker Apartments with Paquin Tower

We closed on all the Low-Income Housing Tax Credit and Bond financing on the Stuart Parker Apartments with Paquin Tower on December 29, 2015. The RAD conversion from a public housing operating subsidy to a project-based voucher subsidy was also completed at that time. We have now officially converted 284 public housing units under the RAD program. During the closing process we also paid off the municipal lease (loan) with Central Bank of Boone County for all of the energy conservation measures that were financed for these properties and our Bear Creek Apartments through our Energy Performance Contract.

We began relocating residents of Stuart Parker and Paquin Tower on January 19, 2016. We are contracting with Fry-Wagner Moving and Storage to move residents of the Stuart Parker Apartments. The last three households on Unity Drive will be moved on Tuesday, February 16, 2016.

We have relocated all residents of the 2nd and 3rd floors of Paquin Tower to other vacant units in the building. We are using our own maintenance staff to move Paquin Tower residents. Moving supplies have already been distributed to public housing residents to allow them to pack their own belongings if they choose to do so.

Our Public Housing Managers and LIHTC Compliance Specialist have been putting in many hours to conduct the required low-income housing tax credit certifications that must be conducted at the beginning of any modernization/ rehabilitation project.

The EM Harris Construction Company installed their construction trailer, storage containers and equipment at the Stuart Parker Apartments on the vacant lot that we own at 304 McBaine Avenue. Storage containers will be placed at Paquin Tower and the construction manager will work out of Apartment G2 in the basement.

Two buildings on Unity Drive at the Stuart Parker site have been gutted and the contractors are in the process of removing the slap flooring. The contractors will work from the east end of Unity Drive in a westward fashion. The asbestos abatement contractors are working in several other buildings on Unity Drive ahead of the demolition contractors.

The second and third floors of Paquin Tower have been vacated and construction has commenced to remove floor tiles and abate the asbestos in the mastic that glues the tiles to the floor. The abatement has been completed on the 2nd floor and demolition has commenced. The shower installers will begin working on the 2nd floor the week of February 15. An epoxy resin will be used to create a seamless shower enclosure. Abatement has commenced on the third floor.

Bear Creek Apartments

We submitted our firm submission package to MHDC on September 18, 2015. We anticipate that the MHDC will complete the review and approve our submission by the end of February. We submitted our RAD financing plan on October 2, 2015 and received the RAD Conversion Commitment (RCC) documentation on December 22, 2015. We have been working diligently to prepare for our Bear Creek closing and hope to complete the deal before the end of March. The tax-exempt housing bonds for this project will be privately placed with Central Bank of Boone County. We currently have enough vacancies at our Bear Creek Apartments to be able to relocate tenants to new units once they are renovated.

Equity Partners

We are working with our federal and state tax credit equity partners, Red Stone Equity Group and Gardner Capital to prepare the final closing documents for this project.

Oak Towers

We have received our RAD CHAP (Commitment to enter into a Housing Assistance Payments contract) on September 9, 2015 for our Oak Towers project.

The City of Columbia Community Development Commission recommended \$80,000 in funding for Oak Towers on June 17, 2015. We received notice in November that we were awarded \$500,000 in funding from the Federal Home Loan Bank Board (FHLBB) of Des Moines through the Affordable Housing Program grant.

We were awarded \$590,000 in Federal 4% Low-Income Housing Tax Credits (LIHTC) and \$590,000 in State LIHTC funding combined with tax-exempt Multifamily Housing bonds from the Missouri Housing Development Commission (MHDC) on December 4, 2015. The Federal and State LIHTC funding is \$590,000 per year for 10 years.

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 by 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. Current engineering and financing numbers appear to be very favorable for installing a hybrid ground-source geothermal system combined with a cooling tower. Heat pumps will be installed in each apartment at Oak Towers.

We met with representatives from PW Architects, CM Engineering, and EM Harris Construction to discuss the timeframe for completing construction documents for Oak Towers and putting the project out for bid. Our goal is to complete the final architectural and engineering design process by the end March 2016 and get firm construction numbers by the end of April 2016. Our ultimate goal is to submit our firm submission documents to MHDC by the end of May 2016. This will allow the MHDC to review and finalize our firm submission during the summer months prior to their fall round of LIHTC allocations.

If we are able to get the firm submission back from MHDC by the end of August 2016, we will be able to use the next two months for the closing process and tentatively begin construction in November 2016 with the goal of completing the project by the end of 2017. A critical timeframe to work around is the installation of the ground-source geothermal system with heat pumps in every apartment. This can only be completed during the summer months when we can turn off the heat to the building. The geothermal system will need to be installed between the months of May 2017 and October 2017.

Bryant Walkway Apartments

We met with staff from the Missouri Housing Development Commission to review their rationale for not authorizing 9% Low-Income Housing Tax Credit funding for our Bryant Walkway Apartments project. Concerns were expressed about the high cost of renovation, the structural integrity of the foundations of the buildings, and the development fees earned by the CHA and the ND Consulting Group. The staff from the MHDC were concerned that the CHA was at-risk as the sole guarantor of its LIHTC projects.

I disagreed with their assessment based on the fact that it was more cost effective to renovate 70 units of public housing as opposed to building new units. I also felt the integrity of the foundations as compared to the floating slabs was well documented based on our work at the Stuart Parker Apartments. As to the CHA acting as the sole guarantor for our projects, I feel we have a sound financial plan to manage our properties and that with the guarantee of up to sixty (60) days of Project-Voucher Housing Assistance Payments on any vacant units, we should operate at closed to 100% occupancy with no vacancy loss. We will redouble our efforts next year to document the cost effectiveness of this project, the structural integrity of the foundation and masonry walls, and the financial stability of our projects.

Bryant Walkway, Providence Walkway, and East Park Avenue Apartments

We lost our original RAD CHAP (Commitment to enter into a Housing Assistance Payments contract) for our Bryant Walkway, Providence Walkway, and East Park Avenue Apartments due to the fact that these projects were not funded by MHDC in a timely manner.

We submitted a new request for a RAD CHAP on July 17, 2015 and we are on the waiting list for approval. This will depend on how many currently approved CHAPs have to forfeit their award due to lack of progress or funding. We expect more information in the coming year about our request.

If awarded a CHAP in the next six months, we will resubmit an application for 9% Low-Income Housing Tax Credits to the MHDC in September 2016 for our Bryant Walkway Apartments.

Storm Water Management Project

As part of the building permitting process for the Stuart Parker Apartments the CHA reached an agreement with the City of Columbia to develop a master plan for storm water management for all of the CHA's public housing family-site properties located in central Columbia. This includes all of AMP 1, the CHA's Downtown Family Site. We are working with Crockett Engineering to evaluate our properties and to develop workable solutions to manage storm water run-off for these properties.

McQuitty Square Project

The sale of the CHA's eight properties at the McQuitty Square site will be complete on February 19, 2016. The City of Columbia will purchase these properties and develop affordable housing on this site as well as making other neighborhood improvements.

Increasing Utilization Opportunities for MWBE Final Report - Tim Person & Associates

The initial project working with Tim Person and Associates to increase Minority and Women Business Enterprise (MWBE) utilization in CHA projects has been completed.

In November of 2014, the Columbia Housing Authority (CHA) secured the services of Tim Person & Associates, LLC (TPA) to provide diversity utilization consultation services to assist the CHA with its efforts to meet the State of Missouri's mandated goals for the usage of minority and women owned businesses (MWBE's). This mandate is the result of the Columbia Housing Authority successful application for and capturing several rounds of Missouri Housing Development Commission's (MHDC) Low Income Housing Tax Credits (LIHTC) which come with the stipulated goal for the utilization of 10% minority and 5% women owned businesses for all of the funded projects.

As part of this process, the CHA desired to extend the mandated goal to an internal self-initiated goal to find a way to maximize opportunities for locally sourced MWBE's for those projects and to find ways to create a long-term stable, sustainable environment for the MWBE marketplace in Columbia/Mid-MO.

As a result of these efforts the Central Missouri Opportunity Council has been formed to provide community leadership in moving this initiative forward. The City of Columbia, Regional Economic Development Inc. (REDI), and the University of Missouri have expressed significant interest in being involved in this initiative.

Current members of the Central Missouri Opportunity Council include the following individuals:

- James Whitt, Co-Chair
- Lester Woods, Jr., Co-Chair
- Steve Calloway
- Bishop Lorenzo Lawson
- Dr. Michael Middleton
- Mary Ratliff
- Robert Ross
- Pastor Clyde Ruffin
- Phil Steinhaus

A copy of the full report from Tim Person and Associates is posted to the CHA web site at:

<http://www.columbiaha.com/affordable-housing-initiative/increasing-utilization-opportunities-for-mwbe>