



Housing Authority of the City of Columbia, Missouri

Board Report Staff Memo

To: Board of Commissioners

From: Phil Steinhaus, CEO

Date: November 18, 2014

RE: Affordable Housing Initiative Report for November 2014

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 (October – November 2014)

We are currently working to complete the firm submission process for both Stuart Parker Apartments with Paquin Tower and the Patriot Place – Apartments for Veterans. Construction documents for the Patriot Place – Apartments for Veterans have been completed and the construction bidding process has been initiated. Stuart Parker Apartments with Paquin Tower construction documents are near completion and the construction bidding process will be initiated shortly.

We continue to work on all of the financing aspects of both projects. We will then submit our final documents and cost estimates to MHDC to close each deal. The construction schedule will be finalized once each deal is closed. We are also working to complete the corresponding milestones in the Rental Assistance Demonstration (RAD) program process and crafting our tenant relocation plans.

Mid-Missouri Veterans Housing Project Update:

- Full construction documents are complete and the construction bidding process has been initiated.
- Crockett Engineering is working to subdivide the property and add a ten foot strip on the west side.
- Most of the units for the Patriot Place – Apartments for Veterans have been cleaned out and all of the fixtures and plumbing has been removed.
- The asbestos "popcorn" ceiling texture and mold in the building will be removed and abated.
- The Capital Campaign Committee continues to add new members and fund raising plans are being finalized.
- An application has been submitted to the Sunderland Foundation.
- A representative of the Fidelity Foundation visited the site, however no decision about our eligibility to apply will be made until 2015.
- The Kemper Foundation did not think our project fit within their funding priorities.
- Additional grant and foundation funding is being researched.

Stuart Parker Apartments with Paquin Tower Project Update:

- Tim Crockett from Crockett Engineering has completed the ALTA land survey and civil engineering for the project.
- We have contracted with the Dominion Due Diligence Group to complete the required RAD Green Physical Needs Assessment (GPNA) on the properties and the process is nearly complete.
- Full construction drawings are near completion. Construction bidding will follow.

Bryant Walkway Apartments and Bear Creek Apartments

Mayor McDavid and Second Ward City Council Representative Michael Trapp spoke in favor of both of these projects at the MHDC public hearing on October 22, 2014.

Advocating for Public Housing Renovations

The City Manager has arranged for me to present information to the Columbia City Council at their pre-council work session on November 17, 2014 regarding the Rental Assistance Demonstration (RAD) program and requesting support for the renovation of our public housing stock using LIHTC funding.

CDBG Funding for McQuitty Square

The attached memo was submitted to the City of Columbia Community Development Commission regarding the use of CDBG funds allocated for our McQuitty Square project. Since we are not able to proceed with the project as originally proposed, the city will need to reallocate the CDBG funding to other projects.

We are working with Crockett Engineering to redesign the project so that we can develop affordable housing on the site using the Columbia Community Housing Trust model. This will allow the project to be developed in stages over a longer period of time.



Housing Authority of the City of Columbia, Missouri

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To: Members of the Columbia Community Development Commission

From: Phil Steinhaus, CEO

A handwritten signature in black ink, appearing to read 'Phil Steinhaus', is written over the printed name.

Date: November 10, 2014

RE: Allocation of CDBG Funds for the McQuitty Square Affordable Housing Development

In April 2013, the Columbia Housing Authority (CHA) applied for and received a recommendation for \$190,000 in Community Development Block Grant (CDBG) funding to assist with our McQuitty Square affordable housing development located in the vicinity of Garth Avenue and Sexton Road. These funds were recently released to the City of Columbia and must be expended in the coming year.

Unfortunately, the plans for the development of the McQuitty Square project have changed significantly since the submission of our CDBG application and the CHA cannot complete the project as proposed. For this reason, the CHA will not be able to utilize the \$190,000 in CDBG funds as recommended by the Community Development Commission. I sincerely regret having to take this action and understand that your funding recommendation for this project was based on assurances provided by me that this project would be completed as proposed.

There were several factors that caused us to alter our plans for the development of McQuitty Square.

1. **The Availability of Low-Income Housing Tax Credits:** The McQuitty Square development as proposed required the allocation of 9% Low-Income Housing Tax Credits (LIHTC) for financing. Allocation of LIHTC funding is highly competitive and based on an allocation plan as follows:

- St. Louis = 33%
- Kansas City = 19%
- Out-State Region = 48%

Columbia must compete with other communities in the out-state region and can generally expect to only receive LIHTC funding for one project each year.

2. **Rental Assistance Demonstration (RAD) Program for Public Housing Renovations:** In August 2013, the CHA was one of a limited number of Public Housing Authorities nationwide to be accepted into the RAD program. The RAD program allows the CHA to convert our public housing operating subsidies to long-term rent contracts with HUD that in turn provide the financial stability necessary for the CHA to compete for 9% LIHTC funding to renovate our aging public housing stock.

3. **CHA's Priority is to Renovate Public Housing First:** The RAD program is a pilot project with a short time frame to demonstrate its effectiveness. Because of the competition for LIHTC funding, the CHA needed to apply for LIHTC funding in September 2013 to begin the RAD conversion process. Rather than to apply for LIHTC funding for McQuitty Square in September 2013, the CHA submitted an application for 9% LIHTC funding to renovate 84 units of public housing in the area of Lincoln and Unity Drives and the 200 units of Paquin Tower. The CHA also submitted an application for 4% LIHTC funding to renovate our Bear Creek family site on Elleta Boulevard.

- 4. Columbia Community Housing Trust:** In September 2013, the CHA also created the Columbia Community Housing Trust for the purpose of developing new affordable housing at McQuitty Square and other locations owned by the CHA. The housing trust model does not require LIHTC funding, however it is somewhat limited in the number of affordable housing units it can produce each year.

Since the CHA owns the McQuitty Square property, it can be developed in smaller phases over time as HOME, CDBG, and other funding becomes available from the Missouri Housing Development Commission or the City of Columbia. The housing trust model works very well for developing smaller in-fill projects as well as single homes.

Summary: The CHA sincerely regrets not being able to utilize the CDBG funds awarded to the McQuitty Square project as originally proposed in our 2013 application. The decision not to submit an application for 9% LIHTC funding for McQuitty Square was based on the CHA's acceptance into the HUD Rental Assistance Demonstration (RAD) program in August 2013 and our priority to use LIHTC funding renovate and preserve 719 units of aging public housing stock in the heart of Columbia.

The CHA fully intends to complete the McQuitty Square affordable housing development and hopes that the Community Development Commission will give this project consideration in the future.

Thank you for your continued support of the CHA and our mission to create and preserve affordable housing in our community.