



Housing Authority of the City of Columbia, Missouri

Board Report Staff Memo

To: Board of Commissioners

From: Phil Steinhaus, CEO

Date: November 19, 2013

RE: Affordable Housing Initiative Report for November 2013

The following is the status of Columbia Housing Authority's (CHA) Affordable Housing Initiative which includes activity since the previous Board Report (October 15, 2013). All Affordable Housing Initiative reports and information (current and archived) are on our website at www.ColumbiaHA.com, under "What We Do" and "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.

Development and Renovation Projects

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

- Three story, 42 unit complex on 1.96 acres
- **MHDC Low-Income Housing Tax Credits & Other Financing**

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. This application is for the development of a 42 unit, three-story complex we have named "Kinney Point Apartments". The August Resolution 2567 granted CHA authorization to submit this application. MHDC will announce their selections for LIHTC awards by the end of December, 2113.

On October 23, we attended the MHDC Public Hearing which announced all proposed development projects in the State of Missouri for public comment. We were honored to have Mayor Bob McDavid and 1st Ward Councilperson Fred Schmidt speak on our behalf.

- **Development Team & Project Progress, Design Updates**
 - Wallace Architects is the Architect of Record for the Kinney Point development. They have extensive experience developing LIHTC affordable housing and have worked with the Missouri Housing Development Commission for many years. Wallace Architects, with the assistance of Crocket Engineering Consultants, produced designs to the detail necessary for the MHDC application. If MHDC awards this project, the design teams will prepare construction-ready plans for City of Columbia's review.

- We interviewed two accounting firms, both highly recommended and well versed in the tax credit / mortgage world; Rubin Brown and NovoGradac & Company. We have selected Rubin Brown to (1) review the financial structure, (2) perform cost certifications of the project, (3) process the project's tax returns, and (4) audit the projects financial records.
- We interviewed an Attorney, Mr. Ulysses "Deke" Clayborn, managing member of Clayborn & Associates, LLC, a real estate and development firm located in Kansas City, Missouri. Mr. Clayborn, who came highly recommended by our developer consultant, Ken Nuernberger, has practiced in the real estate and transactional areas of the law for more than twenty (20) years and is well versed in legal matters pertaining to HUD's Mixed-Financing Developments and Missouri Housing Development Commission's (MHDC) Low-Income Housing Tax Credit and HOME programs. The intent of his involvement is to provide support to our local attorney, Ms. Marjorie Lewis, with expertise on housing development matters outside her realm of practice. We were very impressed with Mr. Clayborn and, in consultation with Ms. Lewis, we have agreed to a relationship. Please see the attached information about Mr. Clayborn.

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

○ **Working Group, Planning Process, Design Updates**

- We temporarily discontinued bimonthly meeting to focus all efforts on the RAD and MHDC LIHTC applications. We have recently met with Mike Crist representing the Columbia Community Development Corporation (CCDC) and are planning our bi-monthly working group meeting in November with the minimum of the following participants:
 - 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
 - Capital Consultants: Sean King and Paul Berry
- 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. 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. Now that the MHDC LIHTC applications have been submitted, we will resume this effort.

- **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**

- Due to the number of partners and options involved in the McQuitty Square development, we have yet to establish a financial model for this development project. This will be a major topic over the next few months as we reach consensus of the statement of intent and design for this development.
- **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.

CHA's Public Housing Renovations: 719 unit renovations phased over the next several years.

- **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.
 - Please see the attached RAD Deadlines for the RAD milestones that must be met in order complete our conversion of the first phase of this project, the Stuart Parker/Paquin Tower renovations.
- On November 8, we had an "introductory call" with Ms. Brianne Schwanitz, who has been appointed to CHA as our RAD transition Manager. This call was intended to make introductions, confirm the basic contact persons and go over any preliminary clarifications or questions. This was a productive meeting that spawned several related topics that Ms. Schwanitz is researching. Ms. Schwanitz will also process our FHA loan for the Stuart Parker & Paquin Tower project.

- **Stuart Parker & Paquin Tower**

- This is our initial project consisting of the renovation of 284 public housing units in which we have named "Stuart Parker Apartments". This 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.

▪ **MHDC Low-Income Housing Tax Credits & Other Financing**

- 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. This application is for the aforementioned 284 unit public housing renovation project we have named "Stuart Parker Apartments". The August Resolution 2568 granted CHA authorization to submit this application. MHDC will announce their selections for LIHTC awards by the end of December, 2113.
- On October 23, we attended the MHDC Public Hearing which announced all proposed development projects in the State of Missouri for public comment. We were honored to have Mayor Bob McDavid and 1st Ward Councilperson Fred Schmidt speak on our behalf.

▪ **Development Team, Planning Progress, Design Updates**

- Capital Consultants, the Architect of Record for the Stuart Parker Apartments project, produced designs to the detail necessary for the MHDC application. If MHDC awards this project, the design team will prepare construction-ready plans for City of Columbia's review.
- We interviewed two accounting firms, both highly recommended and well versed in the tax credit / mortgage world; Rubin Brown and NovoGradac & Company. We have selected Rubin Brown to (1) review the financial structure, (2) perform cost certifications of the project, (3) process the project's tax returns, and (4) audit the projects financial records.
- We interviewed two Mortgage Finance and FHA Underwriter firms, also both highly recommended and well versed in the tax credit and mortgage world; Stifel Nicolaus and Red Capital. We have not made a selection to date.
- We interviewed an Attorney, Mr. Ulysses "Deke" Clayborn, managing member of Clayborn & Associates, LLC, a real estate and development firm located in Kansas City, Missouri. Mr. Clayborn, who came highly recommended by our developer consultant, Ken Nuernberger, has practiced in the real estate and transactional areas of the law for more than twenty (20) years and is well versed in legal matters pertaining to HUD's Mixed-Financing Developments and Missouri Housing Development Commission's (MHDC) Low-Income Housing Tax Credit and HOME programs. The intent of his involvement is to provide support to our local attorney, Ms. Marjorie Lewis, with expertise on housing development matters outside her realm of practice. We were very impressed with Mr. Clayborn and, in consultation with Ms. Lewis, we have agreed to a relationship. Please see the attached information about Mr. Clayborn.

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

We will begin the planning process for the next step in our Public Housing renovation process with a projected time frame of March 2014 for the submission of a 4% LIHTC application to support the renovation of these units.

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

Three additional 9% LIHTC applications are planned for the Fall of 2014, 2015, and 2016, to complete the renovation of the CHA's remaining 210 downtown Public Housing units. These units will be renovated in three phases of 70 units each.

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.

107 Pendleton Street

- On September 6, 2013, CHA made an offer that was accepted by the property owners of 107 Pendleton Street. Boone Central Title Company was processing this transaction, but just two days before the closing, one of the sellers passed and BCTC is having a difficult time locating the next of kin. We hope to have this resolved shortly.

Community Housing Trusts, Housing Trust Funds, and Land Trusts

Earlier this year, CHA staff convened a meeting with interested parties 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.

Interested parties attending the meeting 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 moving forward with forming a CHT. As noted previously, the CHA Board formed the Columbia Community Housing Trust on September 30, 2013.

We are excited to announce that we have scheduled a Community Housing Trust Informational Session on Thursday, December 5, from 8:30 a.m. to 10:00 a.m. in which our guest speaker, Ms. Rebecca Buford, Executive Director of the Lawrence, KS Community Housing Trust, will present an overview of the Lawrence Community Housing Trust and a general description of a housing trust, trust fund, and land bank. We have also arranged additional planning sessions throughout the day. Please see the attached announcement and information about Ms. Buford and her Lawrence Community Housing Trust.

CHA Affordable Housing Financial Advisory Committee

Rick Hess and I met with Mr. Kit Stolen, President and CEO of Providence Bank on October 28, 2013 to discuss the involvement of local banks in the CHA's Affordable Housing Initiative and housing development projects. The meeting was very productive and our discussion produced a number of exciting ideas about how to best involve the local banking community in our projects.

Mr. Stolen offered to contact the CEO's of several local banks concerning their interest in our affordable housing projects and the possibility of representatives from these banks serving on a Financial Advisory Committee to advise the CHA regarding the various financing options for our upcoming projects.

Following our meeting, Mr. Stolen contacted four other local banks and his ideas were received with support and enthusiasm. The following banks have offered to send a representative to a planning meeting to discuss the formation of this advisory committee. These banks include:

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

Mr. Stolen is waiting for a response from one additional local bank.

With CHA Board approval, a planning meeting will be scheduled in the near future to form the committee. Mr. Stolen felt that it would be good for the CHA Board of Commissioners to formally approve the formation of the CHA Affordable Housing Financial Advisory Committee.

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.

Clayborn & Associates, LLC

Ulysses "Deke" Clayborn

Ulysses Clayborn is the managing member of Clayborn & Associates, LLC, a real estate and development firm located in Kansas City, Missouri. Mr. Clayborn, known to his friends and colleagues as "Deke", has practiced in the real estate and transactional areas of the law for more than twenty (20) years. During that time he has represented the interests of lenders, developers, bond issuers, municipal governments and underwriters in a variety of commercial real estate projects. These projects have ranged from the development of commercial office buildings to a municipal golf course. While his practice has been extensive, it has been primarily focused in the area of multifamily and residential housing development. Deke is able to deliver the full range of legal services, including entity formation, due diligence review, preparation of loan closing documents and the conducting of loan closing.

Deke's first exposure to the real estate area occurred while an attorney with the U. S. Department of Housing and Urban Development (HUD). During his tenure there he served as a real estate closing attorney and gained experience with HUD insured housing programs. He has experience with the Section 221(d)(3), 221(d)(4), 236 and 202/811 programs. In addition, he possesses expertise with HOME, 312, Community Development Block Grant, project-based Section 8, voucher-based Section 8 and other HUD programs. This background has enabled him to assist developers to gain access to the financing benefits afforded by these programs.

In 1991, while working with Gilmore & Bell, a municipal bond firm, headquartered in Kansas City, Missouri, Deke developed an expertise in the municipal finance area. During his tenure there, he worked primarily with the firm's tax counsel and addressed the tax consequences associated with the arbitrage, defeasance and refunding of bond issues. He also prepared indentures, resolutions and other bond documents. In 1994, Deke served as bond counsel on the first issuance of Neighborhood Improvement District (NID) bonds. NID bonds are financed by special assessments paid by owners living within the district and obligate the municipal issuer to increase taxes in the event special assessments fail to generate sufficient funds to pay bondholders. He has worked on bond transactions to finance developments ranging from sanitary sewer facilities to a municipal golf course. Additional experience was obtained while serving as the General Counsel to the Missouri Housing Development Commission (MHDC). There, he served as issuer's counsel in real estate transactions financed with more than \$300,000,000.00 of multifamily housing bonds and participated in transactions approximating \$250,000,000.00 of single family housing bonds annually.

Deke believes in bar service and currently serves in several capacities, including the following; Chair of the Real Estate and Probate Law Section of the National Bar Association (NBA), Member, NBA Board of Governors; Member of the Standing Committee for Lawyers Title Guaranty Funds for the American Bar Association (ABA); Member, ABA's Property Preservation Taskforce; ABA's Community Outreach Project. In addition he has served as President of the Jackson County Bar Association (JCBA), Chair of the Special Committee for Minorities and Women for the Missouri Bar. He is a frequent speaker on NBA, ABA, and JCBA programs.

Deke received a Bachelor of Arts Degree in Political Science from DePauw University in Greencastle, Indiana. He received his Juris Doctorate from the University of Missouri-Kansas City School of Law in 1981 and a Master of Laws, in taxation, from Washington University in St. Louis, Missouri in 1991.

2300 Main Street
Suite 900
Kansas City MO 64108
(816) 448-3266 - Office
(816) 448-3101 - Fax
deke@claybornlaw.com

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Affordable Housing Initiative

Housing Authority

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

Forming a Community Housing Trust Informational Session for Community Leaders

Date: Thursday, December 5, 2013

Time: 8:30 a.m. – 10:00 p.m.

Place: City Hall, Conference Rooms A & B

The Columbia Housing Authority and the City of Columbia Community Development Department are co-sponsoring an informational session for community leaders regarding the formation of a Community Housing Trust.

Ms. Rebecca Buford, Executive Director of the Lawrence, Kansas Community Housing Trust will be in Columbia to provide an overview of their work to produce and sustain affordable housing opportunities, both rental and homeownership, in Lawrence. Ms. Buford will also be participating in additional planning sessions later in the day. You are welcome to attend any of the additional planning sessions listed below that are scheduled for that day.

As a member of one of the governing boards or a key staff member of one of the following organizations, we would like to invite you to participate in an Informational Session for Community Leaders to give you a basic orientation to this exciting affordable housing concept.

- Columbia City Council & Staff
- City of Columbia Community Development Commission
- Columbia/Boone County Community Services Advisory Commission
- Columbia Public School Board & Staff
- Boone County Commission
- Regional Economic Development Inc. Board & Staff
- Columbia Community Development Corporation
- Columbia Community Foundation
- Job Point
- Central Missouri Community Action
- Central Missouri Habitat for Humanity

Please plan to join us for this informative session from 8:30-10:00 a.m. on December 5.

Additional Planning Sessions:

- 10:15 – 12:00 NoonOrganizational discussion of how this model might work here.
- 12:00 – 1:00 p.m.....Lunch and open discussion with Rebecca Buford.*
- 1:00 – 2:30 p.m.....Discussion of the formation of a Community Housing Trust Fund
- 2:30 – 3:30 p.m.....Discussion of the formation of a Land Bank and Wrap Up.

* *RSVP for lunch to Phil Steinhaus at: psteinhaus@columbiaha.com*

Rebecca Buford, Executive Director

Tenants to Homeowners, Inc. / Lawrence Community Housing Trust

Rebecca Buford joined Tenants to Homeowners (TTH) as the Associate Director in 2001. While in that position, the organization developed 24 homes. Rebecca helped administer the city's HOOT Program, a first time home buyer program that put 278 lower income Lawrence residents into ownership opportunities using federal funding and local partnerships.

In 2004, she researched and spearheaded the coordination of the homebuyer program's transformation into a Community Housing Trust Program, the first in the state of Kansas.

In 2005 she became the Executive Director and since then she has overseen TTH's building of 74 new homes in five developments, completion of 50 rehabilitated homes, put 64 of those projects in the permanently affordable homeownership trust, stewarded 8 re-sales in trust, and is currently finishing an additional 3 units of new single family Energy-Star housing in the Prairie Wind Neighborhood.

In 2010 TTH completed a dome home that has been labeled one of the most affordable green homes in Kansas. Rebecca leads TTH in managing 54 affordable rental units and is in the process of adding an additional rental home with NSP funding. This includes managing 20 rental units that are tax credit rehabilitation projects with HUD project-based assistance. TTH is also embarking on the development of a 40 unit LIHTC Project in the Warehouse Arts District of East Lawrence. These funding sources require additional compliance reporting.

Finally, TTH hopes to break ground in the spring of 2014 on a 14 unit active senior townhome development called the Cedarwood Senior Cottages and Gardens. This development will use smart technology, energy-efficiency, and full accessibility to allow current active seniors to age in place and enjoy a senior community without losing a residential feel. Rebecca manages the 5.1 million in assets that TTH has worked to build over its 21 year history. This includes annual audits, property management, applications for funding and housing development. TTH also provides the LCHT Program's homebuyer education classes, stewards the ever growing housing stock by advocating for owners regarding taxes, maintenance and financing and working with community partners to develop future sustainable housing opportunities in Lawrence.



Tenants to Homeowners, Inc.

The Lawrence Community Housing Trust

Our Mission: To empower tenants to become homeowners through programs for education, construction and creative financing.

Tenants to Homeowners

Tenants to Homeowners is a local Lawrence, KS nonprofit that has helped more than 350 families become homeowners since 1992. TTH also provides 54 affordable rentals and reaches more than 300 people annually through homebuyer education workshops and presentations to help equip families to be successful homeowners. For its homeowners, TTH also provides maintenance workshops, post-purchase counseling and foreclosure prevention advocacy. The Housing Trust has a 0% foreclosure rate since it was adopted in 2005.

The Lawrence Community Housing Trust Program offers a stock of affordable renovated or newly constructed homes at subsidized sale prices to buyers with low to moderate incomes. In exchange for this value, the buyers agree that when they elect to resell, they will resell to another income-eligible buyer at a formula price that allows buyers to earn a fair amount of equity, while keeping the home affordable to the next buyer without requiring additional subsidy.

The Lawrence Community Housing Trust

How does the Housing Trust guarantee continual affordability?

The Lawrence Community Housing Trust (LCHT) builds new homes and rehabilitates old homes, then sells to eligible buyers for approximately \$50,000 less than the home's market appraisal value. In exchange for this subsidy, the buyers agree that if they resell their LCHT home, the price will be affordable to another eligible buyer. Read more about this affordability model in a national scope at <http://www.cltnetwork.org/>

What does this mean?

To the LCHT sellers, this means they gain equity from mortgage payments, plus improvements made to the land and 25% of the market appreciation. To the new LCHT homebuyer, this means the house is affordable because the purchase price has not skyrocketed.

Doesn't a restricted resale agreement reduce the profit from homeownership?

No, because those who qualify for our program don't have other options for homeownership. They either cannot afford the market rates or cannot afford to repair an initially affordable home that needs a lot of work. The housing trust provides a chance for a low-to-moderate-income family to buy a home. The resale profit to an LCHT homeowner, while limited, is something renting never provides.

Why do we restrict the resale prices?

Because it costs so much money to make a house affordable, we want to keep the house affordable beyond the first purchase. Studies indicate the demand for affordable housing will explode in the next ten years, and it's important that every dollar that makes homes affordable now is saved to keep them affordable later.

How, exactly does the limited resale agreement work?

Legally, LCHT separates ownership of the house from ownership of the land the house sits in. LCHT sells the house to an eligible buyer and leases the land to the buyer for \$25 per month. The new LCHT homeowner uses the property like any other homeowner - Painting, mowing, putting up a fence - LCHT isn't a typical landlord. The land-lease agreement is the legal method that allows LCHT to keep the home affordable to the next buyer. When ready to sell, the homeowner calls us.