



Housing Authority of the City of Columbia, Missouri

Board Report Staff Memo

To: Board of Commissioners

From: Phil Steinhaus, CEO

Date: August 18, 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 (July & August 2015)

Patriot Place – Apartments for Veterans

The abatement of asbestos containing materials has been completed. The abatement process included removing every other wall between the rooms. These walls will be reconstructed as the interior walls of each one-bedroom apartment. A floor leveling material has been applied to all apartments and the asphalt parking lot has been removed. Excavation for the footings for the new apartments has commenced. Contractors will begin interior framing and setting roofing structures in place in the next month. 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.

We received the RAD Conversion Commitment (RCC) on August 7, 2015. This is the final approval stage from HUD for this project. A Closing Coordinator has been assigned to the project to help with the closing process.

We continue to work diligently on our relocation plans for the Stuart Parker Apartments and Paquin Tower. Now that the RCC has been issued, we can begin making moving arrangements for all residents. No residents will be moved until we close on the project. 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.

Our Public Housing Managers 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.

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.

We are working on finalizing the issuance of the permanent loan financing of the \$4,300,000 in A Bonds. 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.

Unfortunately we have discovered that most of the ceilings (32 of 39 buildings) contain asbestos that must be abated or encapsulated. This has added significant costs to the project and we are working to find ways to reduce costs in other areas.

Our goal is to complete the firm submission process for the Bear Creek Apartments project by August 31, 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 late 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.

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.

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 are still waiting to receive this documents.

We are 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.

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 City of Columbia recently purchased the 3 vacant lots on Lynn Street (109, 111, & 113) that were owned by the Columbia Community Development Council (CCDC).

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 are in discussions with the City of Columbia regarding the purchase of the CHA's properties at this site.

In July, we 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.