

Agenda Item Number: R82-14

Department Source: Community Development - CDBG/Home

To: City Council

From: City Manager & Staff

Council Meeting Date: May 5, 2014

Re: Resolution endorsing the Housing Authority of Columbia (CHA) application for Low-Income Housing Tax Credits: Stuart Parker Townhomes/Paquin Tower renovations

Documents Included With This Agenda Item

Council memo, Resolution/Ordinance

Supporting documentation includes: Correspondence from the CHA Executive Director

Executive Summary

Staff has prepared for Council consideration a resolution endorsing a CHA application for Low-Income Housing Tax Credits. The tax credits are awarded annually on a competitive basis by the Missouri Housing Development Commission (MHDC). Attached to this report is a resolution endorsing the Stuart Parker Townhomes/Paquin Tower renovations project.

Discussion

Details of the CHA project are provided in the attached memo from CHA's Executive Director. The Stuart Parker Homes/Paquin Tower renovations project is consistent with the goals and objectives, strategies, and priority needs of the City of Columbia Consolidated Housing and Community Development Plan.

Fiscal Impact

Short-Term Impact: There is no short term fiscal impact associated with these requests

Long-Term Impact: Low-income housing projects are typically supported by multi-layered sources of funding which may include future applications for City Community Development Block Grant (CDBG) or HOME funds. Invested appropriately, these funds repay their fiscal impacts by reducing the social costs of homelessness and other negative effects associated with the scarcity of decent, affordable housing for our lower-income households.

Vision, Strategic & Comprehensive Plan Impact

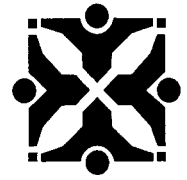
Vision Impact: Health, Social Services and Affordable Housing

Strategic Plan Impact: Health, Safety and Wellbeing

Comprehensive Plan Impact: Livable & Sustainable Communities

City of Columbia

701 East Broadway, Columbia, Missouri 65201

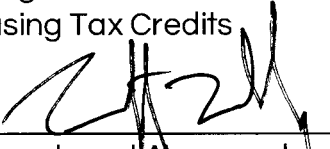


Suggested Council Action

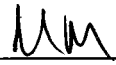
Council should approve the attached resolution

Legislative History

In August 2013 the Council made a similar endorsement of CHA applications for Low-Income Housing Tax Credits



Department Approved



City Manager Approved

Introduced by _____ Council Bill No. R 82-14

A RESOLUTION

expressing support for the renovation of townhomes to be known as the Stuart Parker Apartments, located on Lincoln Drive, Unity Drive, Worley Street, Oak Street and Hicks Drive; expressing support for improvements to public housing units in Paquin Tower located at 1201 Paquin Street; and expressing support for an application to the Missouri Housing Development Commission for low income housing tax credits for such projects.

WHEREAS, the City Council deems it in the public interest and general welfare of the City that affordable rental housing be made available to the residents of the City of Columbia; and

WHEREAS, the Housing Authority of the City of Columbia, Missouri will submit to the Missouri Housing Development Commission a request for consideration of award of federal and state Low Income Housing Tax Credits necessary to finance the renovation of eighty-four (84) townhomes located on Lincoln Drive, Unity Drive, Worley Street, Oak Street and Hicks Drive, to be known as the Stuart Parker Apartments; and

WHEREAS, the Housing Authority of the City of Columbia, Missouri will submit to the Missouri Housing Development Commission a request for consideration of award of federal and state Low Income Housing Tax Credits necessary to finance the renovation of two hundred (200) public housing units in Paquin Towers located at 1201 Paquin Street.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF COLUMBIA, MISSOURI, AS FOLLOWS:

SECTION 1. The City of Columbia supports the renovation of eighty-four (84) townhomes located on Lincoln Drive, Unity Drive, Worley Street, Oak Street and Hicks Drive, to be known as the Stuart Parker Apartments, and the application made by the Housing Authority of the City of Columbia, Missouri to the Missouri Housing Development Commission for Low Income Housing Tax Credits.

SECTION 2. The City of Columbia supports the renovation of two hundred (200) public housing units in Paquin Towers located at 1201 Paquin Street and the application made by the Housing Authority of the City of Columbia, Missouri to the Missouri Housing Development Commission for Low Income Housing Tax Credits.

ADOPTED this _____ day of _____, 2014.

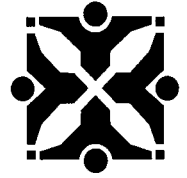
ATTEST:

City Clerk

Mayor and Presiding Officer

APPROVED AS TO FORM:

City Counselor



SUPPORTING DOCUMENTS INCLUDED WITH THIS AGENDA ITEM ARE AS FOLLOWS:

Correspondence from Public



Housing Authority of the City of Columbia, Missouri

201 Switzler Street, Columbia, MO 65203

Office: (573) 443-2556 ♦ TTY: (573) 875-5161 ♦ Fax Line: (573) 443-0051 ♦ www.ColumbiaHA.com

To: Honorable Mayor Bob McDavid and Members of the Columbia City Council

From: Phil Steinhaus, CEO

A handwritten signature in black ink, appearing to read 'Phil Steinhaus', is placed next to the name in the 'From' field.

Date: May 5, 2014

RE: Request for a City Council Resolution Supporting an Application to the Missouri Housing Development Commission for 4% Low-Income Housing Tax Credits for the Major Renovation of 84 Downtown Public Housing Units and Modest Improvements to the 200 Paquin Tower Public Housing Units.

Strategic Planning Process for Renovating and Preserving Public Housing

In May 2012, the CHA launched its Affordable Housing Initiative with a strategic planning process focusing on the development of additional affordable housing options in our community and the renovation and preservation of the CHA's aging Public Housing units.

Of key interest was the major renovation of the 294 Public Housing units located in the heart of Columbia. These downtown family site units were constructed between 1956 and 1962 during Columbia's urban renewal initiative.

CHA currently owns and operates 719 units of Public Housing divided into four properties:

- **Downtown Family Site Townhomes** (*Construction 1956 – 1962*)
294 family units composed of 1, 2, 3, & 4 bedroom townhouses in heart of Columbia.
- **Bear Creek Family Site Garden Apartments** (*Construction 1973*)
78 family units composed of 1, 2, 3, & 4 bedroom townhouses on Elleta Boulevard.
- **Oak Towers** (*Construction 1967*)
147 high-rise units composed of 0 & 1 bedroom apartments designated for the elderly.
- **Paquin Tower** (*Construction 1973*)
200 high-rise units composed of 0 & 1 bedroom apartments designated for persons with disabilities and the elderly.

Downtown Family Site Townhomes – Physical Conditions Assessment

As part of the strategic planning process, a physical conditions assessment was completed and the assessment determined that it would be more cost effective to make major renovations to these units rather than demolish and build new units.

The physical needs assessment identified that the external structures of the townhomes were essentially sound and that the buildings could be renovated in order to bring them to modern housing standards and building codes.

Key issues identified for renovation include:

- Aging plumbing system of cast iron pipes that require significant maintenance;
- Uneven and settling “floating slab” floors that require period “poly-jacking”;
- Inadequate electrical systems to meet modern family needs;
- Many units lack dryer hook-ups. Washer hook-ups are located in the kitchen and other exposed areas;
- Furnaces and water heaters located in exposed areas;
- Poor egress from second story apartments;
- Poor design and use of living space;
- Lack of storage;
- Lack of ventilation in the kitchen and bathroom areas;
- Poor or non-existent insulation and low energy efficiency; and
- Lack of accessibility for persons with disabilities.

The major renovation of the CHA’s Downtown Family Site will be divided into four phases:

1. 84 Townhomes located on Lincoln, Unity, Worley, Oak, and Hicks Drives.
2. 70 Townhomes located in the Bryant and Allen Walkway neighborhoods.
3. 70 Townhomes located in the Providence Walkway, Trinity, and LaSalle neighborhoods.
4. 70 Townhomes located on Park Avenue, east of Providence Road.

The 84 Townhomes located on Lincoln, Unity, Worley, Oak, and Hicks Drives will be the first major renovation project combined with modest improvements to Paquin Tower. These renovated Townhomes will be named the Stuart Parker Apartments, which is the historical name of the CHA’s first Public Housing development on this site in 1956. A map of the 84 Stuart Parker Apartments is attached for your information.

Rental Assistance Demonstration Program

The HUD Rental Assistance Demonstration (RAD) Program allows Public Housing Authorities (PHAs) to convert public housing subsidies into long-term, Project-Based Section 8 rental assistance subsidy contracts. This is beneficial to PHAs because historically public housing subsidies and funding for capital projects have been unpredictable and fluctuated annually due to federal budget cuts. Project-Based Section 8 Vouchers provide a stable and predictable annual subsidy. Stable and predictable revenues allow the Columbia Housing Authority (CHA) to apply for Low-Income Housing Tax Credits and other sources of financing to fund public housing renovations.

The CHA has been approved for a RAD conversion of all 719 of the CHA’s Public Housing properties. There were only 60,000 public housing units approved nationwide. The RAD Program will allow the CHA to lock in FYE2012 public housing funding levels and convert them to a long-term Project-Based Voucher subsidy contract. The RAD Program also allows the CHA to combine or “bundle” various configurations of Public Housing units in order to get the best combination of units for a successful Low-Income Housing Tax Credit application. *(See attached overview of the RAD renovation process.)*

Finally, the RAD Program provides significant protections for Public Housing residents to ensure that they will continue to be eligible to receive housing assistance once the conversion is approved and the renovations are complete. Public Housing serves families and individuals with very-low incomes at or below 30% of the Median Family Income (MFI). The CHA’s Public Housing properties will continue to serve this population after the approval of the RAD conversion and the renovation of the CHA’s Public Housing properties.

An added benefit is that Public Housing residents will be able to move with assistance after living in the renovated Public Housing units for one year. At this time, the resident may request a Section 8 Housing Choice Voucher and move with assistance if they so desire.

Paquin Tower Physical Conditions Assessment

The RAD program also provides an opportunity to combine modest improvements to the 200 Public Housing units in Paquin Tower. Paquin Tower has received major capital improvements in the past four years that include a new geothermal HVAC system, new heat pumps, new windows, new roof, and plumbing improvements. These improvements were paid for with a combination of ARRA funds, and energy performance contract, and CHA capital funds.

Planned improvements to Paquin Tower include new elevators; additional plumbing improvements; replacement of hallway floor tile; new apartment entry doors; new trash chutes, and new mechanical pumps.

Missouri Housing Development Commission Low-Income Housing Tax Credit Application

The Columbia Housing Authority submitted an application for Low-Income Housing Tax Credits (LIHTC) to the Missouri Housing Development Commission (MHDC) in September 2013 but did not receive a recommendation for funding due to some confusion about the combination of renovations to a family site mixed with a high-rise designated for elderly/disabled residents. We believe we have their concerns resolved and plan to resubmit our LIHTC application on May 20, 2014. Funding awards should be made in late June 2014.

The Columbia Housing Authority, with the assistance of the ND Consulting Group, is planning to resubmit our application to the Missouri Housing Development Commission (MHDC) for Federal and State 4% Low-Income Housing Tax Credits. Proposed sources of funding include:

- Federal 4% Low-Income Housing Tax Credits\$834,000 = \$7,090,000 of equity
- State 4% Low-Income Housing Tax Credits\$700,000 = \$3,080,000 of equity
- Federal Home Loan Bank Funds.....\$500,000

The City of Columbia’s Community Development Commission has also recommended \$150,000 in 2014 HOME funding for these renovations.

The Low-Income Housing Tax Credits will provide \$10,170,000 of outside equity to our community to support these renovation projects. These funds in turn will support the major renovation of 84 Downtown Public Housing Units at an estimated cost of \$88,200 per unit and modest improvements to the 200 Paquin Tower Public Housing Units at an estimated cost of \$17,670 per unit. The total development cost to complete all renovations is estimated to be \$23,300,000.

If this project is selected for an award in June 2014, renovations could begin in six (6) to nine (9) months from the time of award, once the final submission process is complete.

Requested City Council Action

It is highly recommended that support letters from elected city officials be included with our application to the MHDC for low-income housing tax credits. Support from the Mayor and the City Councilperson presiding over the encompassing ward are most important. Strong local support is critical to the success of our application.

The Columbia Housing Authority would like to request that the Columbia City Council adopt the attached City Council Resolution demonstrating its strong support this first step in the major renovation and preservation of the City of Columbia’s Public Housing stock and authorize the Mayor McDavid and First Ward City Councilperson Chadwick to offer letters of support for this project. Other letters of support will also be accepted from members of the City Council.



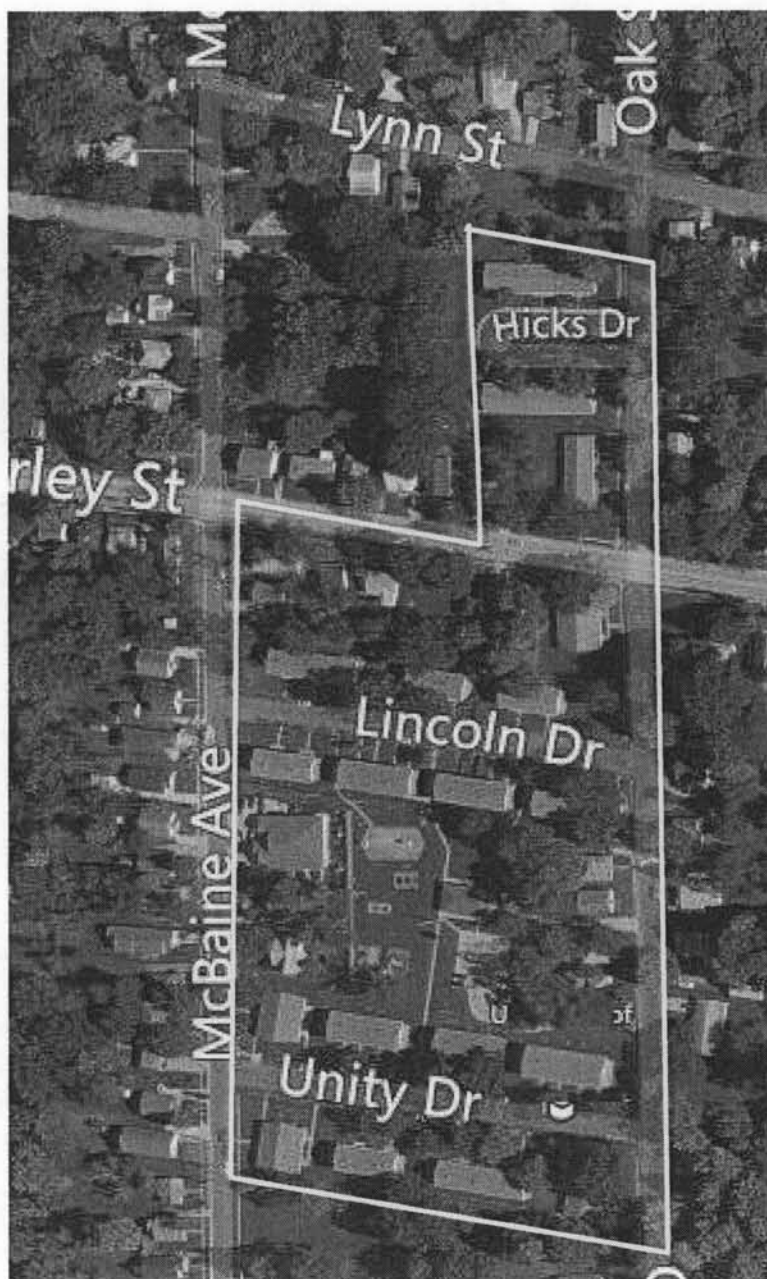
Affordable Housing Initiative

Housing Authority

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

Stuart Parker Family Site Townhomes (Construction 1956)

84 family units composed of 1, 2, & 3 bedroom townhouses in heart of Columbia.



Strategic Planning Process for Renovating and Preserving Public Housing

In May 2012, the CHA launched its Affordable Housing Initiative with a strategic planning process focusing on the development of additional affordable housing options in our community and the renovation and preservation of the CHA's aging Public Housing units.

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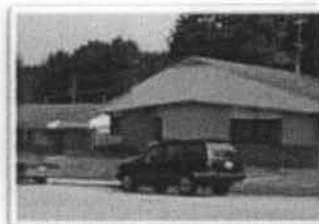
- **Downtown Family Site Townhomes** - 294 family site units.
- **Bear Creek Family Site Garden Apartments** - 78 family site units.
- **Oak Towers** - 147 high-rise units
- **Paquin Tower** - 200 high-rise units



Downtown Family Site



Oak Towers



Bear Creek Family Site



Paquin Tower

Renovation of Public Housing – Rental Assistance Demonstration (RAD) Program

RAD is a new HUD pilot program that allows PHAs to convert unpredictable Public Housing subsidies to long-term contract rents under the Project-Based Voucher Program (Section 8).

- CHA Approved for a RAD Conversion in August 2013.
- Only 60,000 Public Housing units nationwide.
- Allows PHAs to access Low-Income Housing Tax Credits to renovate aging Public Housing units.
- Requires substantial renovation to a level that can be sustained for 15 to 20 years.

Public Housing Conversion Rent Levels		
Sample Public Housing Conversion Per Unit Monthly (PUM) Rent & Subsidy		
Operating Fund \$330	\$792 PUM 	Housing Assistance Payment \$474
Capital Fund \$144		Tenant Payment \$318
Tenant Payment \$318		
PH Operating Subsidy Pre-RAD Conversion		PBV Contract Rent Post-RAD Conversion

Low-Income Housing Tax Credits For Public Housing Authorities

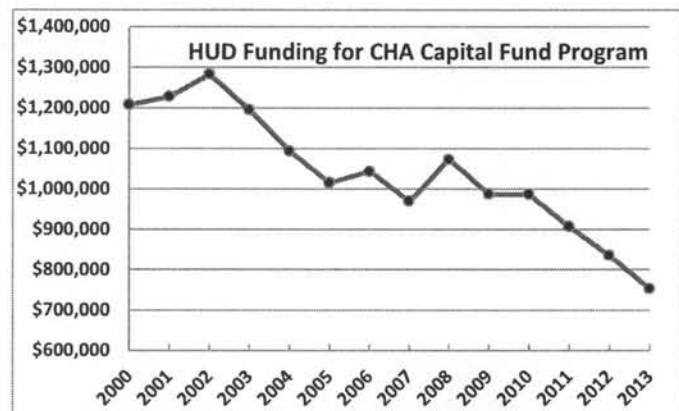
- Public Housing Authorities must compete with private developers for Low-Income Housing Tax Credits.
- PHAs are non-profit and serve very low-income (<30% AMI).
- PHA properties will not convert to market-rate housing after the LIHTC affordability period.

Public Housing Renovation Phases					
Phase	Public Housing Sites	Type & # of Units	Rehab Level	LIHTC	Submission Date(s)
1	Stuart Parker	84 Townhomes	Major	4%	9-2013 5-2014
	Paquin Tower	200 High Rise Units	Minor		
2	Bear Creek	78 Townhomes	Modest	4%	5-2014
3	Oak Towers	147 High Rise Units	Modest	4%	9-2014
4	Bryant Walkway	70 Townhomes	Major	9%	9-2014
5	Providence Walkway	70 Townhomes	Major	9%	9-2015
6	East Park Avenue	70 Townhomes	Major	9%	9-2015

Capital Funding for Maintenance of Public Housing

It is critical for PHAs to receive LIHTC funding for substantial renovations due to the significant decline in Capital Funding for the maintenance of Public Housing – down by 38% since 2000.

- The Capital Fund allows PHAs to make major repairs & energy-saving improvements.
- Aging Public Housing units require significant maintenance & are not energy efficient.
- Without increased Capital Funding, Public Housing will continue to deteriorate.
- HUD's conversion of Public Housing to Project-Based Asset Management requires Public Housing to be more competitive with LIHTC housing developments.



Percent Change in Capital Funding

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
% +/-	100%	102%	106%	99%	91%	84%	86%	80%	89%	82%	82%	75%	69%	62%

Pro-Ration of Public Housing Operating Subsidies

The financial stability of Public Housing has been significantly affected by the pro-ration of Public Housing Operating subsidies. PHAs have struggled to balance budgets and maintain properties with fluctuating and unpredictable Public Housing operating subsidies. The pro-ration of Public Housing operating subsidies has been compounded by sequestration and hampered the ability for PHA's to access LIHTC funding.

Funding Calendar Year	2009	2010	2011	2012	2013
Pro-Ration of Public Housing Operating Subsidy (% of Full Funding)	88%	103%	99.9%	82%	82%

Public Housing Renovation using the RAD Program combined with LIHTC funding.

Public Housing needs to be renovated and preserved. Energy efficiency and design can be greatly improved while addressing outdated electrical systems and aging plumbing systems. (*Downtown Property Issues Below.*)

