

City of Columbia

701 East Broadway, Columbia, Missouri 65201



Agenda Item Number: R 139-15

Department Source: Law

To: City Council

From: City Manager & Staff

Council Meeting Date: 9/8/2015

Re: City Approval of the Issuance of Private Activity Bonds by the Columbia Housing Authority

Documents Included With This Agenda Item

Council memo, Resolution, Exhibits to Resolution consisting of the Affidavit of Publication and Public Hearing Minutes

Supporting documentation includes: Materials regarding the housing project provided by Phil Steinhaus, CEO of the Columbia Housing Authority

Executive Summary

The Columbia Housing Authority's (CHA) financing plan for renovations to the Stuart Parker Apartments and Paquin Tower Apartments increased from \$12 million to \$13 million dollars. The City Council adopted a resolution (R10-15) on January 5, 2015 to authorize the issuance of bonds for the project. Due to the increase in bond sizing for the project, the Tax Equity and Fiscal Responsibility Act (TEFRA) requires a new public hearing and council approval for the project.

Discussion

Pursuant to 28 USCA §147(f), public approval is required for issuance of private activity bonds by a governmental entity with jurisdiction over the area in which the facility is located. The City Council previously adopted a resolution (R10-15) on January 5, 2015 to approve the issuance of up to \$12 million in revenue bonds for the rehabilitation of approximately 284 apartment units located south of Worley Street, between McBaine Avenue and Oak Street, and at 1201 Paquin Street in the City, known as Stuart Parker and Paquin Tower Apartments. CHA has advised staff that the funding for the Stuart Parker/Paquin Tower project has increased to \$13 million. CHA held a new public hearing for the project on August 17, 2015 and has requested re-approval of this project from the City of Columbia based on the increased cost of construction.

Adoption of the resolution would provide approval by the City Council to the CHA to issue housing revenue bonds for the purpose of making a loan to Stuart Parker Housing Development Group, L.P. for financing of the Stuart Parker Apartments and Paquin Tower Apartments in an amount not to exceed \$13 million. There is no default risk to the City since the bonds are to be repaid from project revenues and remain a liability of the housing authority.

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Fiscal Impact

Short-Term Impact: Not applicable.

Long-Term Impact: Not applicable.

Vision, Strategic & Comprehensive Plan Impact

Vision Impact: Community Facilities and Services, Health, Social Services and Affordable Housing

Strategic Plan Impact: Health, Safety and Wellbeing

Comprehensive Plan Impact: Not applicable.

Suggested Council Action

Adoption of the resolution.

Legislative History

R10-15 adopted by the City Council on January 5, 2015.



Department Approved

City Manager Approved

A RESOLUTION

approving the issuance of bonds by the Housing Authority of the City of Columbia, Missouri for a housing project.

WHEREAS, the City of Columbia, Missouri (the "City") authorized the creation of the Housing Authority of the City of Columbia, Missouri (the "Housing Authority") pursuant to Chapter 99 of the Revised Statutes of Missouri; and

WHEREAS, the City has been advised that the Housing Authority intends to issue its housing revenue bonds to finance costs of a housing project in the City as follows: up to \$13,000,000 in principal amount of housing revenue bonds to Stuart Parker Housing Development Group, L.P., a Missouri limited partnership, for the acquisition and rehabilitation of approximately 284 apartment units located south of Worley Street, between McBaine Avenue and Oak Street, and at 1201 Paquin Street in the City, known as Stuart Parker and Paquin Tower Apartments; and

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), the Housing Authority held a public hearing on August 17, 2015 with respect to its issuance of bonds to finance the above project after published notice as shown in the affidavit of publication attached to this Resolution as Exhibit A; and

WHEREAS, a copy of the minutes from such public hearing containing a copy of all public comments provided with respect to the above-mentioned project is attached to this Resolution as Exhibit B; and

WHEREAS, Section 147(f) of the Code requires that the issuance of the bonds be publicly approved by the governmental unit on behalf of which the issue is to be issued, which approval may be by the elected legislative body.

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

SECTION 1. The issuance of up to \$13,000,000 principal amount of housing revenue bonds by the Housing Authority for the purpose of making a loan to Stuart Parker Housing Development Group, L.P., a Missouri limited partnership, to finance a portion of the costs of the acquisition and rehabilitation of approximately 284 apartment units located north and south of Worley Street between McBaine Avenue and Oak Street in the City of Columbia known as "Stuart Parker Apartments" and at 1201 Paquin Street in the City of Columbia known as "Paquin Tower Apartments" is in the best interests of the City of Columbia, Missouri, and is hereby approved in accordance with the requirements of Section 147(f) of the Code.

SECTION 2. The approval does not impose any liability on the City or in any way involve the City in the issuance of the bonds or the financing of the proposed projects but is merely an accommodation by the City to satisfy the requirements of Section 147(f) of the Code. The City expressly does not warrant the creditworthiness of the bonds or guarantee, in any way, the payment of the bonds. No moneys of the City will be pledged or applied to the repayment of the bonds.

ADOPTED this _____ day of _____, 2015.

ATTEST:

City Clerk

Mayor and Presiding Officer

APPROVED AS TO FORM:

City Counselor

AFFIDAVIT OF PUBLICATION

STATE OF MISSOURI) ss.
County of Boone)

I, Candra Galiley, being duly sworn according to law, state that I am one of the publishers of the Columbia Daily Tribune, a daily newspaper of general circulation in the County of Boone, State of Missouri, where located; which newspaper has been admitted to the Post Office as periodical class matter in the City of Columbia, Missouri, the city of publication; which newspaper has been published regularly and consecutively for a period of three years and has a list of bona fide subscribers, voluntarily engaged as such, who have paid or agreed to pay a stated price for a subscription for a definite period of time, and that such newspaper has complied with the provisions of Section 493.050, Revised Statutes of Missouri 2000, and Section 59.310, Revised Statutes of Missouri 2000. The affixed notice appeared in said newspaper on the following consecutive issues:

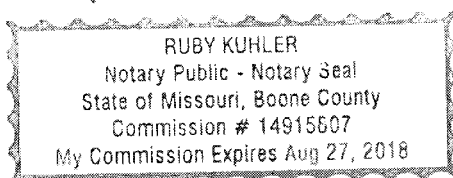
1st Insertion	August 2, 2015
2nd Insertion	_____
3rd Insertion	_____
4th Insertion	_____
5th Insertion	_____
6th Insertion	_____
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20th Insertion:	_____
21st Insertion:	_____
22nd Insertion:	_____

\$61.97
Printer's Fee

By: Candra Galiley
Candra Galiley

Subscribed & sworn to before me this 12 day of August, 2015

[Signature]
Notary Public



NOTICE OF PUBLIC HEARING

Public notice is hereby given that the Housing Authority of the City of Columbia, Missouri (the "Authority") will hold a public hearing in the board room at the offices of the Authority, 201 Switzler Street, Columbia, Missouri 65203, on Monday, August 17, 2015, commencing at 12:00 Noon, regarding the proposed issuance by the Authority of its housing revenue bonds in a maximum principal amount not to exceed \$13,000,000 for the purpose of making a loan to Stuart Parker Housing Development Group, L.P., a Missouri limited partnership, to finance a portion of the costs of the acquisition and rehabilitation of approximately 284 apartment units located north and south of Worley Street, between McBaine Avenue and Oak Street, and at 1201 Paquin Street in the City of Columbia, Missouri.

The hearing will be open to the public. all interested persons may attend the hearing and will have an opportunity to express their views with respect to the above-mentioned project, including the location and nature of the proposed facilities and the issuance of bonds to pay the costs thereof. Written comments with respect to the project may also be submitted to the undersigned prior to the hearing. Additional information regarding the proposed project and the bond issue may be obtained in advance of the hearing from the undersigned. The Authority makes reasonable accommodations for any known disability that may interfere with a person's ability to participate in public meetings. Persons needing an accommodation must notify the Authority, by telephone at the number below or in writing at the address below, no later than five days prior to the hearing to allow adequate time to make needed arrangements.

Dated this 2nd day of August, 2015

Phil Steinhaus
Chief Executive Officer
Housing Authority of the
City of Columbia, Missouri
201 Switzler Street
Columbia, Missouri 65203
(573) 443-2556

INSERTION DATE: August 2, 2015



Housing Authority of the City of Columbia, Missouri

201 Switzler Street, Columbia, MO 65203

Office: 573.443.2556 ♦ TTY Relay 800.735.2966 ♦ Fax: 573.443.0051 ♦ www.ColumbiaHA.com

MINUTES OF PUBLIC HEARING

The undersigned, Chief Executive Officer of the Housing Authority of the City of Columbia, Missouri (the "Authority"), certifies that a public hearing was held on the offices of the Authority, 201 Switzler Street, Columbia, Missouri 65203, on Monday, August 17, 2015, commencing at 12:00 Noon, regarding the proposed issuance by the Authority of its housing revenue bonds in the maximum principal amounts, for the following borrowers and projects:

1. Not to exceed \$13,000,000 for the purpose of making a loan to Stuart Parker Housing Development Group, LP, a Missouri limited partnership, to finance a portion of the costs of the acquisition and rehabilitation of approximately 284 apartment units located south of Worley Street, between McBaine Avenue and Oak Street, and at 1201 Paquin Street in the City of Columbia, Missouri.

No members of the public attended. At 12:10 p.m. the public hearing was closed.

Phil Steinhaus, Chief Executive Officer



SUPPORTING DOCUMENTS INCLUDED WITH THIS AGENDA ITEM ARE AS FOLLOWS:

Materials regarding the housing project provided by Phil Steinhaus, CEO of the
Columbia Housing Authority



Housing Authority of the City of Columbia, Missouri

201 Switzler Street, Columbia, MO 65203

Office: 573.443.2556 ♦ TTY Relay 800.735.2966 ♦ Fax: 573.443.0051 ♦ www.ColumbiaHA.com

To: Columbia City Council

From: Phil Steinhaus, CEO

Date: August 31, 2015

RE: Approval of Increased Tax-Exempt Housing Bonding Capacity for the Renovation of the Stuart Parker Apartments with Paquin Tower

The Columbia Housing Authority was awarded 4% low-income housing tax credits (LIHTC) combined with tax-exempt bonds to provide financing for the renovations to the Stuart Parker Apartments and Paquin Tower. Funding was allocated by the Missouri Housing Development Commission (MHDC) for this project as follows:

Development Name	Developer	Federal 4% Tax Credits	State 4% Tax Credits
Stuart Parker Apartments with Paquin Tower	CHA Affordable Housing Development, LLC	\$833,983	\$700,000

By IRS regulations, the issuance of 4% Low-Income Housing Tax Credits must be paired with a tax-exempt housing bond and the tax-exempt bond must account for at least 50% of the “eligible basis” of the construction costs for the tax credit project.

Once LIHTC funding was awarded to the project, the Columbia Housing Authority began working toward “firm submission” to the MHDC of all final projected costs for the project. This included putting the project out for bid and selecting all contractors to complete the construction on the project.

As a result, the final construction costs came in higher than originally projected necessitating an increase in the tax-exempt housing bond to an amount not to exceed \$13,000,000 in order to meet the 50% bond funding threshold established by the IRS.

The Columbia City Council adopted Resolution 10-15 on January 5, 2015 providing approval for the Columbia Housing Authority to issue up to \$12,000,000 in tax-exempt housing bonds to provide financing for the renovation of the Stuart Parker Apartments with Paquin Tower.

Due to the need to increase our bonding authority up to an amount not to exceed \$13,000,000 to complete the renovations to Stuart Parker Apartments with Paquin Tower project, the Columbia Housing Authority is requesting that the Columbia City Council adopt a new resolution approving this increase in bonding authority for this project.

The CHA is authorized and empowered under Chapter 99 of the Revised Statutes of Missouri, as amended (the “Act”), to issue revenue bonds to finance housing projects (as defined in the Act), for the purposes set forth in the Act.

Gilmore & Bell, P.C. is serving as the Bond Counsel for the CHA, and together with the attorneys, officers and employees of the CHA, will be authorized to work with the purchasers of the bonds, the Applicant (the Stuart Parker Housing Development Group, LP), their respective counsel and others, to prepare for submission to and final action by the CHA all documents necessary to effect the authorization, issuance and sale of the bonds and other contemplated actions.

Stuart Parker Apartments – Physical Conditions Assessment & Scope of Work

As a requirement of the Rental Assistance Demonstration (RAD) program, a Physical Conditions Assessment was completed on the 84 Stuart Parker Apartments 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 Conditions Assessment (PNA) 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 do not meet modern standards;
- Many units lack dryer hook-ups. Washer hook-ups are located in the kitchen;
- 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 the following four phases. A map of the location of these apartments is attached and a chart of our proposed projects is provided below.

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

The 84 Townhomes located on Lincoln, Unity, Worley, Oak, and Hicks Drives and 200 units in Paquin Tower improvements create the first phase of this major renovation project. The 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.

Rental Assistance Demonstration (RAD) Program CHA Public Housing Renovation Phases					
Phase	Public Housing Sites	Type & # of Units	Rehab Level	LIHTC	Submission Date(s)
1	Stuart Parker	84 Townhomes	Major	4%	5-2014 *
	Paquin Tower	200 High Rise Units	Minor		
2	Bear Creek	78 Townhomes	Modest	4%	9-2014 *
3	Bryant Walkway	70 Townhomes	Major	9%	9-2015
4	Oak Towers	147 High Rise Units	Modest	4%	9-2015
5	Providence Walkway	70 Townhomes	Major	9%	9-2016
6	East Park Avenue	70 Townhomes	Major	9%	9-2016
* Funded applications					

Paquin Tower – Physical Conditions Assessment & Scope of Work

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 five 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.

Major improvements are still needed to Paquin Tower and they include:

1. New elevators;
2. Additional plumbing improvements;
3. Replacement of hallway floor tile;
4. New apartment entry doors;
5. New trash chutes;
6. Exterior painting, caulking, and brick tuck-pointing;
7. New mechanical pumps; and
8. Create special needs offices to allow four residential units to be put back into service.

Rental Assistance Demonstration Program (RAD)

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 secure loans and get investors under the LIHTC program.

The RAD Program in conjunction with the LIHTC program will allow the CHA to make necessary capital improvements to all 719 CHA Public Housing properties. **The CHA has already had their RAD application approved by HUD for the 284 units included in the Stuart Parker Apartments with Paquin Tower project that will allow CHA to lock in FY2012 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. **CHA is the only approved RAD project in Missouri.**

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.

CHA Public Housing Properties in the "Heart of Columbia"

Stuart Parker Apartments
Phase 1 - 84 Units *
Also includes 200 Units
At Paquin Tower (not shown)

Bryant Walkway Apartments
Phase 3 - 70 Units

Oak Towers
Phase 4 - 147 Units

Providence Walkway Apartments
Phase 5 - 70 Units

East Park Avenue Apartments
Phase 6 - 70 Units

