City of Columbia

701 East Broadway, Columbia, Missouri 65201



Agenda Item Number: R83-14

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: Bear Creek Apartments 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 Bear Creek Apartments project.

Discussion

Details of the CHA project are provided in the attached memo from CHA's Executive Director. The Bear Creek Apartments 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

Suggested Council Action

City of Columbia

701 East Broadway, Columbia, Missouri 65201



Council should approve the attached resolution

	Legislative History
In August 2013 the Council made a sir	milar endorsement of CHA applications for Low-Income
Department Approved	City Manager Approved

Introduced by	Council Bill No	R 83-14					
A RE	SOLUTION						
expressing support for the renovation of the Bear Creek Family Site Garden Apartments located on Elleta Boulevard and associated application to the Missouri Housing Development Commission for low income housing tax credits.							
WHEREAS, the City Council deer the City that affordable rental housing be Columbia; and							
WHEREAS, the Housing Authority Missouri Housing Development Commissi and state Low Income Housing Tax Credit Creek Family Site Garden Apartments In seventy-eight (78) apartment units design	on a request for considerat is necessary to finance the ocated on Elleta Boulevar	ion of award of federal renovation of the Bear d, consisting of up to					
NOW, THEREFORE, BE IT RES COLUMBIA, MISSOURI, AS FOLLOWS:		IL OF THE CITY OF					
SECTION 1. The City of Columbia apartment units in Bear Creek Family Site and the application made by the Housing Missouri Housing Development Commission	Garden Apartments locate Authority of the City of Colo	ed on Elleta Boulevard umbia, Missouri to the					
ADOPTED this day of		, 2014.					
ATTEST:							
City Clerk	Mayor and Presidin	g Officer					
APPROVED AS TO FORM:							

City Counselor

City of Columbia

701 East Broadway, Columbia, Missouri 65201



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 The Flavour

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 76 Public Housing Units Located on Elleta Boulevard – CHA's Bear Creek Family Site Garden Apartments.

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.

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.

Bear Creek Family Site Garden Apartments - Physical Conditions Assessment

As part of the strategic planning process, a physical conditions assessment was completed to determine how best to renovate these apartments. Since they were constructed in 1978, they are more modern that the CHA's Downtown Family Site Townhomes.

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 & ABS pipes that require significant maintenance;
- Uneven and settling "floating slab" floors that require period "poly-jacking";
- Inadequate electrical systems to meet modern family needs; Need 200 Amp Services
- Units lack power for dryer hook-ups. Washer hook-ups are located in the kitchen and other exposed areas;
- Install all electric heating systems, electric water heaters and heat pumps for cooling:
- Entry Doors & Screen Doors needing replaced;
- Removal of acoustic ceiling texture that has asbestos containing materials;
- Poor design and use of living space;
- Better lighting & more efficient lighting;
- Replace 1994 installed low energy efficient windows;
- Drywall repairs from foundations settling;
- Lack of exterior storage;
- Improve ventilation in the kitchen and bathroom areas; Range hoods & bathroom exhaust fans
- Poor or non-existent insulation and low energy efficiency;
- Repairs to any past termite damages in the walls;
- Improve curb appeal; Replace vinyl siding with hardy siding with more colors;
- Accessible routes; Needing New sidewalks & patios to be accessible.
- Lack of accessibility for persons with disabilities. Add ADA accessible units;
- Common Areas; improve trash dumpster in closers;
- Common Areas; improve site drainage;
- Common Areas; improve retaining walls

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.

Missouri Housing Development Commission Low-Income Housing Tax Credit Application

The Columbia Housing Authority, with the assistance of the ND Consulting Group, is planning to submit our application to the Missouri Housing Development Commission (MHDC) for Federal and State 4% Low-Income Housing Tax Credits on May 20, 2014. Proposed sources of funding include:

- Federal 4% Low-Income Housing Tax Credits\$216,400 = \$1,840,000
- State 4% Low-Income Housing Tax Credits.....\$216,400 = \$952,000

The Low-Income Housing Tax Credits will provide \$2,792,000 of outside equity to our community to support these renovation projects. These funds in turn will support the major renovation of 76 Downtown Public Housing Units at an estimated cost of \$35,000 per unit. The total development cost to complete all renovations and finance is estimated to be \$7,360,000.

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 next phase 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

Bear Creek Family Site Garden Apartments (Construction 1973)

76 family units composed of 1, 2, 3, & 4 bedroom townhouses on Elleta Boulevard.





Housing Authority of the City of Columbia, Missouri

201 Switzler Street, Columbia, MO 65203 Office: (573) 443-2556 + Fax: (573) 443-0051 + www.ColumbiaHA.com

Strategic Planning Process for Renovating and Preserving Public Housing

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- 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 Capital Fund \$144 Tenant Payment \$318 PH Operating Subsidy Pre-RAD Conversion Public Housing Assistance Payment \$474 Tenant Payment \$318 PBV Contract Rent Post-RAD Conversion

Low-Income Housing Tax Credits For Public Housing Authorities

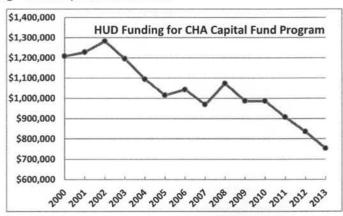
- Public Housing Authorities must compete with private developers for Low-Income Housing Tax Credits.
- PHAs are non-profit and serve very lowincome <30% AMI).
- PHA properties will not convert to marketrate housing after the LIHTC affordability period.

Public Housing Renovation Phases								
Phase	Public Housing Sites	Type & # of Units	Rehab Level	LIHTC	Submission Date(s)			
	Stuart Parker	84 Townhomes	Major 4%	9-2013				
1	Paquin Tower	200 High Rise Units	Minor	470	5-2014			
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.)











