



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: September 19, 2016

RE: Approval of Tax-Exempt Housing Bonding Capacity for the Renovation of the Oak Towers Apartments

The Columbia Housing Authority (CHA) was awarded 4% low-income housing tax credits (LIHTC) combined with tax-exempt bonds to provide financing for the renovations to the Oak Towers Apartments. 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
Oak Towers Apartments	CHA Affordable Housing Development. LLC	\$590,000	\$590,000

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.

The final construction costs have been calculated and the CHA is planning to issue a tax-exempt housing bond in an amount not to exceed 8,000,000 in order to meet the 50% bond funding threshold established by the IRS. The CHA is requesting that the Columbia City Council adopt a resolution approving this 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 Oak Towers 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.

Oak Towers 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 147 Oak Towers Apartments to determine the scope of work necessary to substantially rehabilitate these public housing units.

The scope of work for Oak Towers includes the following items:

- Installation of a ground-source geothermal HVAC system & heat pumps
- Removal of window A/C units and hot water boiler system
- New domestic hot water heater
- New energy efficient windows and casings
- Eight apartments converted to ADA Accessibility
- New automatic sliding doors
- New flooring and acoustic ceiling tiles
- New tub and shower surrounds
- New cabinets and appliances
- Trash chute repair
- Elevator upgrades
- Energy efficient LED lighting
- Painting of all apartments and common areas

The renovation of the Oak Towers Apartments is the third phase in the CHA’s process of renovating all of its public housing units utilizing HUD’s Rental Assistance Demonstration (RAD) Program.

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	Oak Towers	147 High Rise Units	Modest	4%	9-2015 *
4	Bryant Walkway	54 Townhomes	Major	9%	9-2016
5	Bryant Walkway II	36 Townhomes	Major	4%	9-2016
6	Providence Walkway	50 Townhomes	Major	9%	9-2017
7	East Park Avenue	70 Townhomes	Major	9%	9-2018
* Funded applications					

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 attract 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. CHA is the first approved RAD conversion in Missouri.

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 Request: The CHA is requesting that the Columbia City Council adopt a resolution approving this bonding authority for this project.