



Department Source: Housing & Neighborhood Services

To: City Council

From: City Manager & Staff

Council Meeting Date: July 1, 2024

Re: Authorizing a first amendment to the affordable housing funding agreement with the Housing Authority of Columbia (CHA) and Kinney Point Housing Development Group, LP for the issuance of HOME-ARP funds relating to the Kinney Point Apartment project and authorizing a loan subordination request relating to the same.

Executive Summary

Approval of the ordinance will authorize the City Manager to execute a first amendment to the affordable housing funding agreement with the Housing Authority of Columbia (CHA) and Kinney Point Housing Development Group, LP (hereinafter the "Property Owner"), for the Kinney Point Apartment project to: (1) reflect the additional property acquired by the Property Owner for the project and the changed scope of the project from 24 affordable housing units to 34 affordable housing units; (2) extend the time period for incurring costs and expending funds; and (3) extend the term of the agreement and loan.

The funding provided in the affordable housing funding agreement is secured by a deed of trust dated November 16, 2023. Approval of the ordinance will also authorize the City Manager to execute a subordination agreement and a deed of release to allow the Property Owner to reorder its debt for financing the project. A fourth position deed of trust in favor of the City will be recorded concurrently with the release.

Discussion

On November 7, 2023, following City Council authorization, the City of Columbia entered into a funding agreement with the Property Owner to develop the Kinney Point Apartment project, described in the original application for the project as a 24-unit high-quality affordable housing development. The agreement authorized the use of \$2 million in HOME-ARP funds provided in the form of a 0% interest, 20-year forgivable loan, payable upon title transfer and secured by a deed to trust dated November 16, 2023. The Property Owner acquired additional property and the Kinney Point Apartment project now includes the construction of 34 affordable housing units. Amendments to the funding agreement are requested to address this change.

Amendments to the funding agreement are also requested to extend the time period for incurring costs and expending funds. Under the original agreement, the Property Owner was required to begin utilization of funds within 90 days of the agreement's effective date, have 50% of the funds expended by July 31, 2024, and agree that all eligible project costs would be incurred no later than December 31, 2024. The amendments to the funding agreement change these time periods to August 31, 2024 (begin utilization of funds), December 31, 2025 (50% of funds expended), and "in accordance with all applicable federal funding deadlines" (eligible project costs incurred by).



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Additionally, the Property Owner has recently received a firm commitment from the Missouri Housing Development Commission (MHDC) for the project financing. In order to secure the anticipated financing for the project, the Property Owner has requested the City to subordinate its security interest in and lien on the property to a fourth position lien secured by a deed of trust. In order to accomplish this, the City Manger will execute a subordination agreement and a release of the existing deed of trust in favor of the City, and then the release and a new fourth position deed of trust will be recorded. Currently, the transaction is structured as a 20-year, forgivable loan. The amended promissory note that will be executed by Kinney Point Housing Development Group, LP will also contemplate the funding being provided as a 0% interest loan, but the loan will be repayable (rather than forgiven) with a maturity date of December 31, 2061 (rather than a 20-year discharge date). The amendments to funding agreement reflect this change as well.

Finally, the amendment also designates 24 units as fixed HOME units by building address and unit number, and indicates the number of bedrooms per unit.

Fiscal Impact

Short-Term Impact: No impact. Assistance is \$2 million in federal HOME-ARPA grant funds.
Long-Term Impact: : Project will provide 34 units of affordable housing and supportive services to persons at-risk of homelessness, reducing public service costs. When complete, the development by public-private partnership will pay property taxes.

Strategic & Comprehensive Plan Impact

Strategic Plan Impacts:

Primary Impact: Primary, Secondary Impact: Secondary, Tertiary Impact: Tertiary

Comprehensive Plan Impacts:

Primary Impact: Primary, Secondary Impact: Secondary, Tertiary Impact: Tertiary

Legislative History

Date	Action
05/20/2024	R101-24: Resolution approving the issuance of Housing Revenue Bonds by the Columbia Housing Authority for the financing the Kinney Point Apartments Project
11/06/2023	B272-23 (Ordinance No. 025511): Authorizing an affordable housing funding agreement with the Housing Authority of the City of Columbia and the Kinney Point Housing Development Group, LP for the issuance of HOME-ARP funds relating to the Kinney Point development project located northeast of the Garth Avenue and Sexton Road intersection.



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10/02/2023	B229-23 (Ordinance No. 025468): Approving the Final Plat of "Kinney Point, Plat No. 1"; authorizing a performance contract (Case No. 214-2023).
08/07/2023	B161-23 (Ordinance No. 025400): Approving a major amendment to the PD Plan for "Kinney Point"; approving a revised statement of intent (Case No. 157-2023).
08/07/2023	B160-23 (Ordinance No. 025399): Granting design adjustments relating to the proposed PD Plan for Kinney Point relating to right-of-way dedication (Case No. 157-2023).
07/18/2022	B192-22 (Ordinance No. 025079): Approving a major revision to the PD Plan for "Kinney Point"; approving a revised statement of intent (Case No. 165-2022).
02/21/2022	R25-22: Approving Amendment No. 1 to the FY 2021 CDBG and HOME Annual Action Plan to incorporate the HOME-ARP Allocation Plan.
01/18/2022	R8-22: Setting a public hearing: consider an amendment to the FY 2021 Annual Action Plan for the allocation of HOME-ARP funds for the development of 24 affordable housing units with the construction of the Kinney Point Apartments.
03/01/2021	B77-21 (Ordinance No. 024570): Approving a major amendment to the PD Plan for "Kinney Point"; approving a revised statement of intent (Case No. 46-2021).
09/21/2020	R113-20: Expressing support for replacement of downtown public housing units with the construction of the Kinney Point Apartments and the Columbia Housing Authority's Associated Application to the Missouri Housing Development Commission for low-income housing tax credits.

Suggested Council Action

Approve the ordinance to authorize the City Manager to: (1) sign the First Amendment to the Affordable Housing Funding Agreement with The Columbia Housing Authority – Kinney Point project for the \$2,000,000 in HOME-ARP funds; and (2) sign the subordination agreement and deed of release.