



City of Columbia

701 East Broadway, Columbia, Missouri 65201

Department Source: Housing & Neighborhood Services

To: City Council

From: City Manager & Staff

Council Meeting Date: June 16, 2025

Re: Repealing Ordinance No. 025954; authorizing a CDBG funding agreement with the Housing Authority of Columbia (CHA) and the Park Avenue Housing Development Group, LP for the Park Avenue Project; authorizing a first amendment to the affordable housing funding agreement with CHA and the Park Avenue Housing Development Group, LP; and authorizing a deed of release and two loan subordination agreements relating to the same.

Executive Summary

Approval of the ordinance will authorize the City Manager to: (1) execute a Community Development Block Grant (CDBG) funding agreement with the Housing Authority of Columbia (CHA) and the Park Avenue Housing Development Group, LP in the amount of \$1,006,638 for the Park Avenue Project secured by a fifth position deed of trust and promissory note; (2) execute a first amendment to the affordable housing agreement with CHA and Park Avenue Housing Development Group, LP for the Park Avenue Project to extend the time period for incurring costs and expending funds; and (3) execute two subordination agreements and a deed of release to allow CHA and the Park Avenue Housing Development Group, LP 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.

These items (with the exception of the second, rental assistance demonstration (RAD)-related subordination agreement) were previously approved by the City Council at its May 5, 2025 meeting. CHA is requesting additional amendments to these documents as well as an additional subordination agreement as a result of final due diligence reviews by the U.S. Department of Housing and Urban Development (HUD), the Missouri Housing Development Commission (MHDC), CHA and its investors. Updated bid prices resulted in CHA adding additional public housing capital funds to the project, including an additional deed of trust and adjusting final credit pricing and permanent debt numbers. HUD also approved closing and RAD conversion on the Project, which resulted in a final rental assistance demonstration (RAD) Use Agreement being issued and requires an additional subordination agreement. The documents also contain an updated project description, updated legal description of the property and updated timelines for performance. Because the Park Avenue Project documents have not yet been executed, this ordinance will repeal the previously passed ordinance authorizing the previous versions of these documents and authorize the City Manager to execute the updated documents as attached.

CHA will close on the Park Avenue Project and begin construction on or before July 14, 2025.

Discussion

Columbia Housing Authority (CHA) and its partner entity, the Park Avenue Housing Development Group, LP (hereinafter, collectively referred to as "the Property Owner"), plan



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to replace existing public housing units along Pak Avenue with new affordable housing units through RAD conversion. The existing units were constructed in 1964 and have exceeded their life cycle; they have significant problems with collapsing sewer lines, foundation problems, and electrical issues. Additionally, there is a need for improved accessibility and energy efficiency. CHA's current plan includes the demolition of all 70 units and the construction of new, modern, and energy efficient housing. The proposed project will include 79 units consisting of 22 one-bedroom units, 36 two-bedroom units, 15 three-bedroom units, and 4 four-bedroom units (the "Park Avenue Project"). Of the 79 units, 71 of the units will be made affordable for occupant households at or below 60% of the area median income (AMI) and the remaining 8 units will be market rate.

On April 17, 2023, the City Council authorized an affordable housing funding agreement with the Property Owner for development of the Project. The agreement authorized the use of \$2,000,000 in American Rescue Plan Act (ARPA) funds provided in the form of 0% interest, 20-year forgivable loan, payable upon title transfer and secured by a deed to trust dated April 21, 2023. This first amendment and accompanying replacement promissory note will change the structure of the loan to a 1% interest loan (rather than 0%), repayable (rather than forgiven) with a maturity date of December 31, 2057 (rather than a 20-year discharge date). Amendments to the funding agreement are also needed to update the legal description of the property and 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. This first amendment to the funding agreement changes these time periods to October 1, 2025 (begin utilization of funds), March 31, 2026 (50% of funds expended), and "in accordance with all applicable federal funding deadlines" (eligible project costs incurred by).

Additionally, the Property Owner has received a firm commitment from the 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 (relating to the \$2 million in loaned ARPA funds) to a fourth position lien secured by a deed of trust. In order to accomplish this, the City Manager will execute a subordination agreement, a release of the existing deed of trust in favor of the City and a new fourth position deed of trust will be recorded. The replacement promissory note reflects this change as well.

This Ordinance will also authorize the execution of a new CDBG funding agreement in the amount of \$1,006,638. On May 20, 2024, the City Council approved R109-24, amending the FYs 2020, 2021, 2022 and 2023 CDBG and HOME Annual Action Plans. The Plans reallocated \$840,000 of CDBG funds to CHA for the Park Avenue Project. The City received notice that the amended Annual Action Plans were approved by HUD on August 8, 2024. The attached agreement will authorize the reallocated \$840,000 in CDBG funding for the project as well as \$166,638 in past years' unspent CDBG demolition funds for a total CDBG funding agreement



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of \$1,006,638. The CDBG funding will be provided as a 0% interest, repayable loan, with a maturity date of December 31, 2057.

Finally, this ordinance will authorize the execution of an agreement for the City to subordinate its liens to the RAD Use Agreement. HUD has approved closing and RAD conversion on the Park Avenue Project, which resulted in a final RAD Use Agreement being issued. As a condition of the RAD conversion, HUD requires all lien holders to subordinate their interest to the RAD Use Agreement.

Fiscal Impact

Short-Term Impact: No impact. Assistance is \$2,000,000 in federal ARPA grant funds and \$1,006,638 in federal CDBG funds.

Long-Term Impact: Project will provide 79 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: Inclusive and Equitable Community, Secondary Impact: Resilient Economy, Tertiary Impact: Safe Community

Comprehensive Plan Impacts:

Primary Impact: Livable & Sustainable Communities, Secondary Impact: Land Use & Growth Management, Tertiary Impact: Mobility, Connectivity, and Accessibility

Legislative History

Date	Action
05/05/2025	B77-25 - Authorizing agreements, promissory notes, and deeds of trusts with Housing Authority of the City of Columbia, Missouri and Park Avenue Housing Development Group, LP associated with the replacement of downtown public housing units on Park Avenue; directing the City Clerk to record certain documents.
05/20/2024	R109-24 - City Council approved amending the FY 2020, 2021, 2022 and 2023 CDBG and HOME Annual Action Plans. The amended plans re-allocated \$840,000 of CDBG funds to CHA for Park Avenue.
04/17/2023	B74-23 Authorizing an affordable housing funding agreement with CHA and Park Avenue Housing Development Group, LP for the issuance of American Rescue Plan Act funds to replace downtown public housing units on Park Ave.



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09/06/2022	R132-22A Council passed a resolution expressing support for the replacement of downtown public housing units on Park Avenue and CHA's associated application for low-income housing tax credits. The resolution also declared the Council's intent to support funding for CHA's project with up to \$2,000,000 in American Rescue Plan Act funding.
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Suggested Council Action

Approval of the ordinance to repeal Ordinance No. 025954 and authorize the City Manager to: (1) execute the CDBG funding agreement; (2) execute the first amendment to the affordable housing funding agreement; and (3) execute the subordination agreements and a deed of release.