

MULTIFAMILY AFFORDABLE HOUSING FUND

Eligible Activity: Housing, New Construction; Acquisition and Demolition

National Objective: Low to Moderate Income Benefit - Housing

Activity Allocation: \$3,671,000

Overview and Delivery

The City of Columbia faces a broad mixture of unmet needs that complicate our ability to meet the 70% low-to-moderate-income (LMI) requirement. Our single family housing rehabilitation programs, Columbia Homeowner Assistance Program and Minor Repair Program, drew relatively small numbers of applicants, as did the Small Rental Repair Program. Multifamily rental housing provides an opportunity to meet the LMI requirement while creating greater flexibility within CDBG-DR programs to meet the other unmet affordable housing needs identified in this CDBG-DR Action Plan Amendment.

The availability of affordable housing in Columbia is becoming a dire situation. The City recognizes that the loss of rental units is significant as the City has a limited amount of affordable housing making it more difficult for renters to adapt to post-flooding conditions. To offset the loss of rental units, the City is proposing a reallocation of other program funds to construct affordable multifamily rental units in one of eight neighborhoods targeted for revitalization and redevelopment, thus extending its long-term vision for a healthy, vital community. The Targeted Redevelopment Areas include:

- Belvedere Redevelopment Area
- Booker-Washington Heights Redevelopment Area
- Brandon Acres/Cedar Terrace Redevelopment Area
- Eau Claire Redevelopment Area (Farrow Road Business Corridor)
- Edisto Court Redevelopment Area
- King/Lyon Street Redevelopment Area
- Neighborhood Revitalization Strategy Area Redevelopment Area
- Pinehurst Redevelopment Area

The Multifamily Affordable Housing Fund will allow the City to partner with sub-recipients to finance the acquisition and demolition of vacant land, new construction of rental housing or homebuyer properties, or reconstruction of damaged units on the same lot. Projects will be selected using the following criteria:

- Project activities are consistent with the priorities established in the City's Consolidated Plan;
- Readiness to proceed;
- The project will replace rental units damaged by the storm;
- The project is located within a City of Columbia Neighborhood Revitalization area
- The project maximizes the number of LMI beneficiaries;
- The project imposes affordability restrictions that match the level of CDBG-DR investment;
- The project is financially viable and all other financing sources have been committed;

- The project timeline is realistic, costs are reasonable, and the developer's level of experience and financial capacity is substantial.

Readiness to Proceed

The City's ability to meet timeliness requirements is paramount to program success, thus reinforcing the need to work with partners who have the capacity, knowledge, and experience to quickly implement selected projects. Potential partners will be evaluated on the following:

- Have qualified team members been assigned to key roles?
- Does the owner have recent experience working in a regulated affordable housing framework?
- Has the owner successfully completed other federally funded projects?
- Does the proposed project indicate a full understanding of CDBG-DR rules and federal regulations such as environmental review, duplication of benefits, relocation assistance, and federal labor requirements?
- Are all other financing sources committed?
- Is the project timeline realistic; can construction be completed within projected performance goals?

The chosen financial structure will reflect the realities of the project and partnerships selected. To the greatest extent practical, the City will encourage the leveraging of CDBG DR funds by employing housing bonds, FEMA funds, other state and local financial sources, and Low Income Housing Tax Credits when feasible.

The City will assure that the Uniform Relocation Act requirements are followed, that both displaced occupants and current occupants of the project are identified and records are maintained. These occupants will receive advisory services and relocation assistance if applicable.

Connection to Disaster and Unmet Need

The 2015 Flood indirectly increased an existing shortage of affordable housing, created by displaced homeowners entering the rental market at the same time that a portion of the multifamily market was severely damaged or destroyed. The City is experiencing a severe lack of decent, safe, sanitary housing, accompanied by increased rents at all levels of the housing market. As rents rise, LMI households become increasingly rent burdened or priced out of the market. These impacts are directly attributable to the disaster and will be documented and described as an unmet need in the Action Plan.

As stated in Federal Register dated June 9, 2016, under Public Law 114-113, grantees may also fund new construction (see paragraph 28 of Section VI of this notice) or rehabilitate units **not** damaged by the disaster if the activity clearly addresses a **disaster-related impact and is located in a disaster-affected area**. This impact is demonstrated by the disaster's overall effect on the quality, quantity, and affordability of the housing stock and the resulting inability of that stock to meet post-disaster needs and population demands.

While no statistics are available concerning the direct loss of rental housing due to the October 2015 flood, the disaster recovery team has visited several multifamily apartment complexes damaged by the storm. Anecdotal evidence from property managers suggests that the shortage of affordable housing, including rental units, has escalated since the storm and that many landlords raised rates after repairing property damages.

Eligible Applicants:

- Partners: Units of local government
- Developers: Nonprofit or for-profit developers seeking funds for new affordable housing.

Prioritization of Applicants:

Priority will be given to development projects that replace rental units damaged by the storm, are located within a target revitalization area, maximize the benefit for low to moderate income renters, and are *shovel ready*.

Use of Funds

CDBG Disaster Recovery funds will be used for acquisition and demolition of vacant land, new construction of rental housing or homebuyer properties or reconstruction of damaged units on the same lot. Eligible project costs include:

Development Hard Costs: The actual cost of constructing or rehabilitating housing including the cost of meeting the new construction standards in §92.251; demolishing existing structures; and making utility connections, including off-site connections from the property line to the adjacent street. Site improvements may include necessary on-site roads and sewer and water lines. For multifamily rental housing projects, the costs to construct or rehabilitate laundry and community facilities located within the same building as the housing are also eligible.

Related Soft Costs: Other reasonable and necessary costs associated with the financing or development (or both) of new construction or acquisition of housing including reasonable developer fees, architectural, engineering, or professional services required to prepare plans, drawings, specifications, or work write-ups; costs to process and settle project financing; costs of a project audit; costs to provide information services such as affirmative marketing and distributing fair housing information to prospective homeowners and tenants.

Environmental Review: Costs and release of funds directly related to the project.

Relocation Costs: The cost of relocation payments and other relocation assistance to persons displaced by the project are eligible costs.

Monitoring:

Monitoring of program compliance will be performed by the City's Community Development compliance staff and the Internal Auditor in accordance with the executed sub-recipient agreement, program policies and procedures, and the City of Columbia CDBG-DR Monitoring Plan.

Start and End Date: July 2018 – December 2021