



**HUD Emerging Strategies  
in Affordable Housing**

# Multi-Family and Recapitalization

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Atlanta, Georgia  
July 24, 2019

## **COLUMBIA RESIDENTIAL**

**Laurel Hart**, VP of Asset  
Management and Preservation

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# Columbia Residential



Affordable Senior Living



Mixed-Income New Communities



Affordable In-Fill Housing



High Rise Redevelopments



Supportive Housing

Atlanta, Georgia

[www.columbiare.com](http://www.columbiare.com)



# Columbia Residential

Operates in urban markets in the Southern US,  
(currently in GA, TX, LA, FL)

Owner/Developer/Manager of Affordable and Mixed-Income  
communities for families, seniors, and special needs populations

Developed and manage a portfolio of over 7,500 units; over 5,000  
in metro Atlanta

Specialize in transformational community development and  
innovative partnerships

Atlanta-based, 27-year history

**Columbia Ventures** sister company formed in 2013



Noel Khalil,  
Founder, Chairman

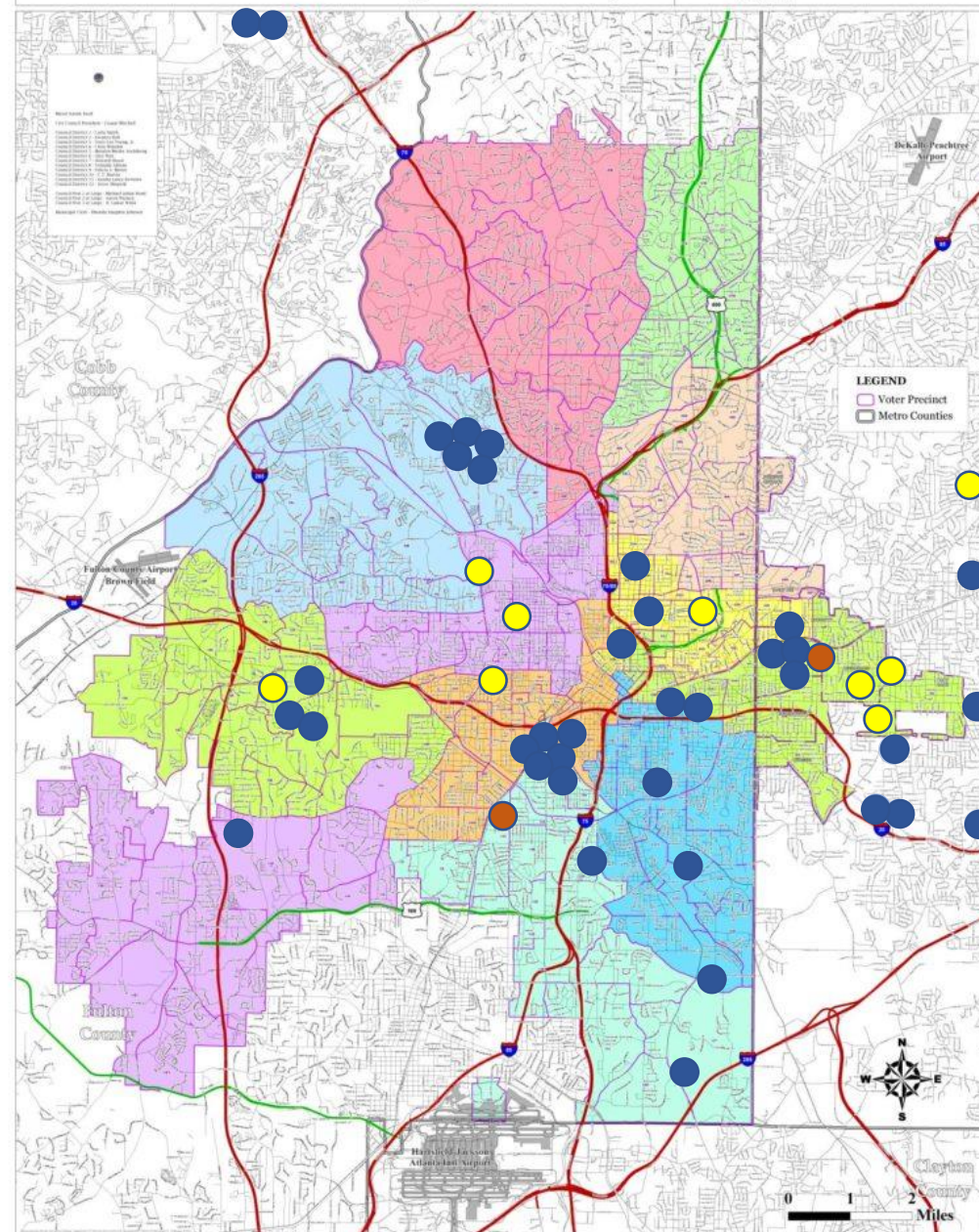


# Columbia Residential Affordable & Mixed Income Housing Communities In Metro Atlanta

## CITYWIDE TOTALS

40 communities developed  
totaling 4,829 units

9 additional communities to  
be developed/redeveloped  
totaling 1,625 units



- Existing Community
- Under Construction 2018-2019
- Planned 2019-2020 Construction



# Why Affordable Multi-Family Preservation is a Priority

- By 2030, nearly half a million current LIHTC units, or nearly a quarter of the total stock will reach the end of all federally mandated rent-affordability and income restrictions.
- The fastest growing cities in the United States saw a substantial decline in affordable housing units
- Deterioration of HUD funded Housing stock without adequate resources to recapitalize.
- Expiration of federal contracts for rental assistance.



# Factors Driving Loss of Affordable Multi-Family Units

- **Qualified Contract Exits.** Recent analyses indicate that the qualified contract process is resulting in the premature loss of many low-income units annually. Georgia has lost more than 10,000 affordable housing tax credit units to the Qualified Contract process in the last five years.
- **Rapid gentrification and increasing market rents.** Creates high demand for market multifamily units.
- **Inadequate Replacement Reserve Accounts.** Aging properties have insufficient resources to make needed capital repairs.
- **High construction costs.** Existing properties can be acquired well below replacement costs
- **Limited Resources.** Subsidy needed for affordable recapitalization



# MULTI-FAMILY RECAPITALIZATION

## Columbia Portfolio Strategies and Resources

1. **Public Housing RAD Conversions** in Development, Re-development or Portfolio Conversions
2. **HUD Section 8** – Preservation/Redevelopment through Preserved and Restructured HAP contracts
3. **Re-syndication of new LIHTC**, with tax exempt bond structures
4. **Refinancing** through HUD/FHA and other GSE products to extend life
5. Acquisition/Preservation of “**Naturally Occurring Affordable Housing**”
6. Federal/State/Local **GAP Funding Programs**- (i.e. HOME)



# TENTH & JUNIPER

150 TENTH STREET

Preservation and Redevelopment of 149 units of affordable housing for seniors and disabled persons – Midtown Atlanta

Atlanta's First RAD Conversion and Recapitalization

Complete building renovation and modernization

Irreplaceable Location

Opened February 2018



- RAD HAP Contract – all units
- 9% LIHTC Syndication
- Private 1<sup>st</sup> Mortgage
- PHA 2<sup>nd</sup> Mortgage







## Columbia Brookside – Athens, GA

- 3-phase master plan redevelopment, completed Spring 2017
- Replaced and preserved 125 obsolete PHA units
- New 370 unit mixed-income family and senior living community



*New ideas. Better communities.*

**Athens Housing  
Authority**



# Preservation & Redevelopment of Edgewood Courts Apartments

Atlanta, GA



Preservation and Redevelopment of distressed HUD affordable housing development in rapidly gentrifying neighborhood

Renovation and New Construction – totaling 222 units

Preserve 204 unit HAP Contract

Invest Atlanta Tax Exempt Bonds

Fannie Mae MTEB Loan

4% Federal & State LIHTC

Completion September 2018



LEASING OFFICE  
WITH NEW UNITS FLANKING EACH SIDE



EXISTING BUILDINGS  
RENOVATED EXTERIORS



PRELIMINARY DESIGN ELEVATIONS  
EDGEWOOD COURT APARTMENTS



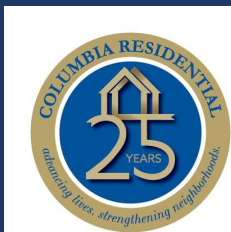
Jonathan Rose Companies

# Capitol View Apartments Atlanta, Georgia

- 120-unit acquisition / redevelopment
- Fronts Atlanta Beltline Westside Trail
- Preservation of naturally occurring affordable housing
- 20% of units permanent supportive housing
- Preserved as income-averaged affordable housing
  
- Acquired with bridge financing
- Construction to begin – October 2019



- Invest Atlanta Bonds and Gap Funds
- Historic Tax Credits
- 4% LIHTC Syndication
- DCA TCAP and HOME
- Partners for HOME PSH units



# RAD Conversions of Columbia PHA Portfolio

## RAD Portfolio Goals

- Safeguard long-term rental housing assistance for both current tenants and future generations;
- Improve and Modernize HUD-assisted multifamily properties; and
- Stabilize these properties by placing them on solid financial footing.
- Both recapitalization and Subsidy-only conversion to RAD



West Highlands – Atlanta, GA

# Columbia RAD Portfolio Benefits

- 15-20 year, renewable contracts with Use Agreement
- Predictable initial contract rent setting; annual operating cost adjustments for inflation (OCAF)
- Elimination of costly and complicated PHA expenditure analysis on Management side
- Established Replacement and Operating Reserves;
- Ability to use HUD funding sources such as HOME in rehab
- More incentives for Lenders
- No limitations on use of project cash flow
- Long term affordability ensured
- Moving to Work Flexibility



# Columbia RAD Portfolio Challenges

- In-Place Investor and Lender Approvals – requires amendment of partnership agreements/reserve accounts, subordination of existing debt to RAD Use Agreement
- Complex program – knowledge of other HUD programs won't help
- Time consuming – takes 8-18 months
- Combining existing project structure with new program rules



# Thank You

