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CMHA Response to Expert Group Report
July 19, 2013

The Columbus Metropolitan Housing Authority (CMHA) would like to thank the Poindexter Village Expert Group for conducting their analysis and providing their Final Report dated June 27, 2013. The Columbus Metropolitan Housing Authority (CMHA) is grateful for the time and effort of the members of the Expert Group assembled by the city preservation office to review 10 residential structures at Poindexter Village and make recommendations regarding the feasibility of rehabilitation and reuse. CMHA thanks the Expert Group for their analysis and for their generous time in preparing the final report. This response details the careful consideration given by CMHA to the recommendation of the Expert Group and the decision by the CMHA Board of Commissioners as to the future of the Poindexter 10 buildings.

The report is an outgrowth of the process for the Section 106 review conducted by the City of Columbus and the resulting Memorandum of Agreement. The report is stipulated in the Memorandum of Agreement released in November 2012 wherein stakeholders called for an Expert Group consisting of professionals with "...experience in the successful revitalization of historic properties in central Ohio..." to investigate the potential for the adaptive reuse of a cluster of 10 Poindexter Village buildings located on the northern side of the original 1939 project layout. CMHA is proud and grateful that there are many stakeholders who have given their time and their voice to the historic review process to ensure that the fullest consideration is given to its' decision making around the redevelopment of Poindexter Village.

Upon receipt of the Final Report, CMHA conducted its own analysis to provide a response to the Expert Group. The analysis of the Poindexter Village Expert Group Final Report was done in conjunction with the previous analysis that CMHA has done over the course of many years to determine the future of the Poindexter Village site. CMHA is committed to finding a responsible and feasible plan for the identified site.

The Expert Group presented 9 "Guiding Principles" that frame the discussion. We agree with the spirit of the Guiding Principles, especially the acknowledgement of the significance of the neighborhood's African-American history in Columbus and the need to "rebuild pride of place, affirming a sense of community." CMHA is absolutely committed to honoring the area's past and to rebuilding a sense of community. And while we acknowledge that it is physically possible to preserve the Poindexter 10 buildings and that the buildings might have a variety of uses, our analysis and conclusions must take into account the economics of the situation and the long term future of the site.

The analysis conducted by CMHA revealed high cost to develop historic rental housing units, the difficulty of raising the necessary funding, and most importantly, the ability to maintain the units at a sustainable, quality level necessary to foster the neighborhood's stability and sense of community. CMHA concludes:

1. The recommendation to use the Low Income Housing Tax Credit to maintain the entire block of 10 buildings as a concentration of low income housing is not in the best interest of

redevelopment of the site, the residents, or the surrounding neighborhood (see references from McCormack, Baron, Salazar attached);

2. If we reduce the number of low-income units to create a mixed income development, it creates a larger gap in the sources of financing as it reduces the amount of LIHTC equity the rehabilitation of the units will be eligible to receive;

3. Financing a mix of low income and market rate housing rehab will cost $184,000 per unit based on an Ohio historic rehab average per unit cost and the resulting gap in sources and the debt necessary to cover it cannot be covered by rents (source: analysis by OCCH attached);

4. A historic rehab of existing structures cannot achieve and sustain the market rent necessary to pay the debt and operate the units (see report from Vogt Santer Insights);

5. The operating costs of the rehab units will be in excess of $6,000 per unit annually and OCCH reports that 64% of historic rehabs across Ohio FAIL to earn enough in rents to cover necessary operating costs;

6. CMHA does not have the resources to cover the estimated $5.4 million gap in rehab financing or the resources to fund the estimated cumulative operating deficits of $430,000 over 15 years to make a historic rehab feasible or sustainable.

CMHA embraces and recognizes the significant history and legacy of Poindexter Village and wants to honor the role the community has played in the historic African-American near east neighborhood of Columbus. Therefore, CMHA is working with Union Grove Baptist Church, one of the oldest African-American Churches in the city, to arrive at a non-residential historic preservation solution for two of the Poindexter Village structures.

<u>History and Context</u>

Poindexter Village was completed in 1940 as one of the earliest public housing properties, and for a while it provided safe, decent housing. Over the course of the next 70 years, most of the historic features of the property were removed and replaced, including the roofs, doors, windows, awnings, and all internal features. Similarly, as costs of maintenance increased and funding sources for CMHA became tighter, it became more difficult to invest capital into maintaining the buildings for the long term. At the same time, the marketplace changed, and the tiny units of this segregated public housing property that once served as a source of inspiration for African-Americans moving from poor quality housing were no longer large enough to be considered acceptable in the marketplace. While some initially hoped that Poindexter Place would serve working class African-Americans and be part of a vibrant community, the sheer concentration of 35 buildings serving exclusively extremely low-income households resulted in a pocket of poverty with little in the way of jobs and amenities in the surrounding neighborhood. As the buildings became outdated and the quality declined, the social environment changed from one of hope and aspiration to one of fear and despair. This is not a cycle that CMHA ever wants to see repeated.

CMHA wants to recapture the spirit of hope and possibility that once existed in this neighborhood. Towards that end, CMHA partnered with the City of Columbus and the Ohio State University to investigate the needs and possibilities of the area and to provide a catalyst for change. These three partners together created PACT, or Partners Achieving Community Transformation. PACT has been charged with engaging the community and stakeholders to create a vision for the revitalization of the Near East side, an area that includes the Poindexter Village site as well as the broader neighborhood. Through two years of public meetings, open houses, community conversations, and other events, a basic shared vision emerged for the Near East side: the neighborhood will "prosper as a revitalized and diverse mixed-income neighborhood that builds on its important history and current residents while welcoming new and returning neighbors... Quality housing for all; healthy, educated and employed residents; vibrant streets and beautiful green spaces; thriving retail; and above all a safe environment will be the defining hallmarks of our neighborhood."

A series of project goals were identified by PACT, which include:

- Promoting a healthy community full of cultural and economic diversity
- Serving as a catalyst for additional community redevelopment efforts
- Encouraging commercial and retail development
- Providing education, job-training, employment, and recreation opportunities
- Being inclusive of all stakeholders in redevelopment decisions

The Poindexter site has been identified by PACT as representing "the single most significant opportunity to develop mixed-income housing" in the Near East side, with opportunities for up 500 units of mixed-income housing.

While looking towards the future, CMHA also wants to remember and honor the past. CMHA would like to see one of the original Poindexter buildings preserved to provide a visual reminder of the site's past. In addition, CMHA is committed to working with an historical society to create a museum-worthy exhibit on the history of Poindexter. Toward this end, we will contract with a historic preservation consultant to produce an interpretive exhibit documenting the history of Poindexter Village that will include the following:

- Images, with corresponding captions, of the "Blackberry Patch", the neighborhood that was demolished to facilitate construction of Poindexter Village
- Narrative elements describing the historic and architectural significance of Poindexter Village and the role of the federal government in its establishment and design
- Image, drawings, and plans explaining the layout of Poindexter Village, its intended purpose, and its relative novelty
- Images documenting construction of the project
- Historic images depicting life within Poindexter Village
- Footage and/or transcripts of interviews with former residents
- Donated artifacts that tell the story of life in the project

Most of all, CMHA is committed to honoring the past by not allowing the problems that occurred in the past to occur again. A concentration of poverty into a geographic area results in a scarcity of jobs and economic opportunities along with a lack of nearby shopping, services, and other amenities. Thus, CMHA is committed to developing smaller scale properties or mixed-income communities as it progresses into the future. Similarly, CMHA recognizes that under-capitalization of property results in deteriorating physical and social conditions, and as a result CMHA carefully considers the long-term economics of a residential community before committing resources.

ECONOMIC ANALYSIS

Over the past several years, CMHA has continually analyzed what to do with Poindexter Village. Upon receipt of the Poindexter Village Expert Group Final Report, we did a final analysis to determine the feasibility of preserving the remaining 10 buildings as recommended by the report. For our analysis we used the final report, previous studies, our own internal operating data, feedback from experts and stakeholders, along with industry standards and data.

Affordable housing unfortunately costs more than traditional housing, and historic preservation costs more than traditional rehabilitation. While the costs in the Poindexter Village Expert Group Final Report were derived from industry standards, they do not take into account the additional costs resulting from the additional funding sources and associated rules. Each layer of financing adds additional requirements. Examples include:

- Every single unit must be "visitable" by a person in a wheelchair, in addition to requirements to meet ADA rules
- Project must be built using Universal Design standards
- Environmental Review Process
- Longer development and construction period results in more expensive holding costs
- Project must be built to "Green" or LEED standards
- Additional fees (at application, reservation, and for long-term compliance and asset management)
- Tax opinions and additional legal review
- Reserve requirements (operating reserves and replacement reserves)
- Wage requirements (Davis Bacon, Prevailing Wages)
- Additional reports (market study, multiple appraisals, comprehensive needs assessment)
- Higher architect fees
- Historic preservation rules that dictate methods and materials

To get a realistic estimate of expenses, it is valuable to look at recently developed similar properties that were developed with both Historic Credits and Low Income Housing Tax Credits. Our analysis of 11 recently developed historic properties that used both historic and LIHTC funding demonstrates that the mean cost per unit is $184,336 which is much higher than the report's values which range from $111,055 to $143,332. This analysis is included in Attachment A, Historic Preservation Housing Cost Per Unit Analysis.

The funding scenario in the Expert Group final report incorporates equity as the major source of funding for the preservation efforts. The equity would be raised in exchange for the sale of Historic Tax Credits and Low Income Housing Tax Credits. The Historic Tax Credits cover a smaller portion of the equity and are dependent on the buildings being eligible to be listed on the federal register of historic properties. There are varying opinions about whether the buildings would qualify for the federal register since most of the original historic features have been removed.

Even assuming eligibility of the Historic Credits, the property would also need to qualify for Low Income Housing Tax Credits in order to be financially feasible. At best, only 1/3 of the equity is raised from Historic Credits with the bulk coming from the sale of Housing Credits. Receipt of Housing Credits is not guaranteed, with traditionally only about 20% of applications receiving funding in recent years. The proposal to receive Housing Credits for the Poindexter 10 buildings would compete against other urban submissions in the State of Ohio. The chances of receiving an award in this pool over the past 5 years has hovered around 1 in 4, as demonstrated in "Attachment B, Ohio 9% Housing Credit Application Odds". Thus, there is significant inherent risk in pursuing a strategy based upon Housing Credits to fund preservation activities.

As described in the section above, CMHA is very concerned about the concentration of poverty onto an island of poverty and disadvantage. Because this is against our mandate, and because this approach is contrary to the current objectives of our primary funder (the Department of Housing and Urban Development), we will not be able to proceed with 100% of the units as low-income units. Therefore, CMHA analyzed the possibility of preserving the buildings with an equal mix of market rent units and low income housing tax credit (LIHTC) units.

Because of the decrease in LIHTC units, the proposal would be eligible for less Housing Credits and thus less equity than in the Final Report's scenario. Because of CMHA's limited sources of funding, agency resources could not cover the increased gap, and the financial structure instead would need to take on additional permanent debt to cover the expenses. Debt obviously needs to be repaid, and the property would need to charge rents that are high enough to cover the debt and operating expenses.

There is a limit to how high the rents can be raised. The market must support the rents. If the rents are too high, there will be vacancies, resulting in a loss of rental income. On the other hand, if the rents are set at market conditions, not enough revenue will be collected to service the debt and cover ongoing expenses. Debt must be repaid or foreclosure will occur, and it would therefore be the other expenses (maintenance, upgrades, safety) that get sacrificed, leading to the same cycle of decline that Poindexter faced in the past.

CMHA explored potential rents for preserved units in the 10 Poindexter buildings by engaging a renowned affordable housing market analysis firm, Vogt Santer Insights (VSI), to provide more detail on market conditions affecting our decision. Based on comparable product in the current existing marketplace and proposed conditions in the preserved Poindexter units, VSI estimated that the current achievable market rents for 2-bedroom units are $720 and $830 for 3-bedroom units. It is the expectation of both CMHA and the other PACT partners that achievable rents would rise in the Near East side of Columbus as revitalization occurred, but the current analysis can only take into account existing conditions. (See Attachment C, VSI Letter on Market Conditions for Poindexter 10)

We ran two different financial scenarios to explore the possibility of preserving the 10 Poindexter buildings as housing. The first CMHA scenario took into account the proposed achievable rents, the expected equity raised through historic and housing tax credits, and the maximum amount of debt permitted according to current industry investment guidelines (which still leaves a gap of over $5 million that somehow must be covered.) While CMHA would be able to develop the housing with these conditions, the long-term operation of the property would face serious problems and place the property in jeopardy. Current underwriting standards estimate that rents rise at approximately 2% per year while expenses rise at 3% per year. The revenue raised through rents simply would not be enough to cover the ongoing property expenses and debt obligations. No money would be available for replacements, repairs, and upkeep. The property would be operating at a loss to the agency.

A second scenario was explored where rents were set at a level to be able to cover the long term debt obligations and expenses associated with maintaining the property. Unfortunately, the rents needed to secure the required level of debt are 25% - 27% above achievable market rents (and even with the maximum level of debt, keep in mind that there is still a funding gap). When rents are set too high, tenants do not lease the units, revenue is not collected, and the property faces economic instability.

To understand more about how the long-term operating expenses were determined, please refer to Attachment D, Estimate of Operating Expenses Based on Comparable Historic Preservation Housing. To review the two long-term operating budget scenarios, refer to Attachment E, Scenario 1: Budget Assuming Achievable Market Rents and Attachment F, Scenario 2: Budget Assuming Rents Needed to Service Long Term Debt Obligations.

Even with the scenario presented in the Expert Group final report, there is a financing gap that requires a contribution from CMHA of $1.8 million. When the higher development costs for affordable housing and the loss of a portion of the Housing Credits because of mixed-income development are both considered, the gap becomes even larger (over $5 million).

Unfortunately, in recent years, CMHA has faced the crisis of dwindling federal resources. Like many organizations that administer federal programs, CMHA is currently operating under federal funding cuts that average more than 25% and total more than $1.5 million in cuts to current annual operating funding. In addition, the operating subsidy and the capital fund program to support public housing have been underfunded for decades. CMHA is challenged to operate more like a business but remains burdened by the complex and costly compliance requirements of federal regulations that govern the public housing and housing choice voucher programs. Without the resources to maintain its public housing stock, nor the flexibility to operate like most businesses, CMHA has very limited options to maintain compliance and balance its budget.

With CMHA simply unable to fund significant gaps in the development budget, the temptation might be to look towards increased debt. As explained before, higher debt only means higher rents (which the market will not support). Using either of the proposed underwriting scenarios, an additional $1 million in debt would translate to approximately an additional $125 in rent needed per month from each of the approximately 88 units. The economics simply do not support this.

CONCLUSION

The Columbus Metropolitan Housing Authority took its responsibility to consider the future of the Poindexter Village site very seriously. The agency has grappled with plans and possibilities for the site for nearly a decade. CMHA has sought input from community stakeholders and experts and has relied heavily on third party data and its own experience. The agency conducted thorough analysis on the possibility of preserving the remaining buildings as affordable housing in response to the recommendations of the Poindexter Village Expert Group Final Report.

In the end, while the agency is respectful of the historical significance of the buildings, we must take into account the economic realities facing the property. Based on the data provided, we conclude the economics do not work for preserving these units as affordable or market rate housing.

In recognition of the historic significance and our desire to preserve and honor the legacy of Poindexter Village, CMHA proposes to acquire vacant land from the Union Grove Baptist Church and swap a section of Poindexter property just north of the church building to repurpose two structures there to be rehabilitated and used by the church for community life space, classrooms, a food pantry, and to accommodate the Poindexter Village history exhibit in an apartment setting.

Attachments:

Attachment A	Historic Preservation Housing Cost per Unit Analysis
Attachment B	Ohio 9% Housing Credit Application Odds
Attachment C	VSI Letter on Market Conditions for Poindexter 10
Attachment D	Estimate of Operating Expenses Based on Comparable Historic Preservation Housing
Attachment E	Scenario 1: Budget Assuming Achievable Market Rents
Attachment F	Scenario 2: Budget Assuming Rents Needed to Service Long Term Debt Obligations
Attachment G	Letter from OCCH Discussing Investment Conditions
	Per Unit Operating Cost Analysis
	Total Debt Coverage Ratio Analysis
Attachment H	Letter from McCormack Baron on Redeveloping Distressed Public Housing Sites

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CMHA Response to Expert Group
Attachment Guide

Attachment A
Historic Preservation Housing Cost Per Unit Analysis

Attachment B
Ohio 9% Housing Credit Application Odds

Attachment C
VSI Letter on Market Conditions for Poindexter 10 Buildings

Attachment D
Estimate of operating Expense Based on Comparable Historic Preservation Housing

Attachment E
Scenario 1 – Budget Assuming Achievable Market Rents

Attachment F
Scenario 2 – Budget Assuming Rents Needed to Service Long Term Debt Obligations

Attachment G
Letter from OCCH Discussing Investment Conditions
Per Unit Operating Cost Analysis
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Attachment H
Letter from McCormack Baron on Redeveloping Distressed Public Housing Sites

Attachment A

Historic Preservation Housing Cost Per Unit Analysis

This is a Data Analysis of Ohio Capital Corporation for Housing's Historic Rehab Properties. This contains the Total Cost Per Unit Analysis for 11 Properties Similar to Poindexter with in the past 5 years.

Projects	Total Cost	Total Cost per Unit
Urban	$10,175,840.00	$181,711.43
Small City	$14,717,017.00	$173,141.38
Urban	$7,926,645.00	$193,332.80
Urban	$9,045,061.00	$301,502.03
Small City	$7,845,844.00	$163,455.08
Urban	$5,111,224.00	$232,328.36
Urban	$16,058,254.00	$133,818.78
Urban	$16,370,597.00	$146,166.04
Urban	$14,124,518.00	$198,936.87
Urban	$22,254,802.00	$109,092.17
Urban	$15,590,687.00	$159,088.64
Urban	$14,265,455.00	$219,468.54
Mean		**$184,336.84**

Attachment C

Vogt Santer Insights

July 15, 2013

Mr. Bryan Brown
Columbus Metropolitan Housing Authority
880 East 11th Avenue
Columbus, Ohio 43211

Via email: bbrown@cmhanet.com

Mr. Brown:

The following letter serves as a preliminary rent analysis for the proposed rehabilitated townhome units at the vacant Poindexter Village. This analysis is in response to the possible preservation of a share of the Poindexter Village project. The preliminary achievable rents have been based on Rent Comparability Grids, included later in this analysis. The proposed redevelopment of the site is anticipated to preserve and rehabilitate up to 10 existing structures into 88 mixed-income apartment units. The residential structures were originally constructed in the early 1940s. It is expected that the remaining units would be a "gut" rehab.

The subject site is bound by Granville Street to the north, Phale D. Hale Drive to the south and Champion Avenue to the West. Based on a preliminary project consisting of two- and three-bedroom/1.0-bathroom townhomes, 44 LIHTC units would be at 35% and 50% of AMHI and 44 would be market-rate units. For this analysis we have determined preliminary achievable market-rents because the LIHTC units are anticipated to receive a Housing Choice Voucher. The preliminary proposed market rents of $900 and $1,050 for two- and three-bedroom units are compared to the derived preliminary achievable market rents. These rents were provided to us to compare with achievable market rents.

Comparable Properties

For preliminary rent analysis, we have identified market-rate comparables located east of downtown Columbus. The selected properties include two- and/or three-bedroom townhome units. There is a limited supply of three-bedroom apartments identified in the area. The rental rates included in this analysis were obtained in person within the last six months. A full feasibility analysis would be necessary to obtain the most up-to-date rent and occupancy information and to possibly identify additional townhome comparables in the Site PMA. The preliminary comparable properties are summarized as follows:

Project Name	Year Built/ Renovated	Units	Unit Types Offered
Fairgate Apartments	1967	94	Two-Bedroom Townhomes
Livingston Commons Apartments	1975/2003	23	One-Bedroom Gardens & Two-Bedroom Townhomes
The Neil House	1905	16	One-Bedroom Gardens & Two-Bedroom Townhomes
1327-1335 Fair Avenue	1978/2012	20	One- & Two-Bedroom Gardens & Three-Bedroom Townhomes
Whitney Young Townhomes	2013	28	Two & Three-Bedroom Townhomes
Market Mohawk	1989	94	Studio, One- & Two-Bedroom Gardens & One- and Two-Bedroom Townhomes

The first four selected properties are somewhat older properties, of which two have undergone rehabilitation in the last decade. Whitney Young Townhomes, originally developed as condominiums, was to rental units prior to opening due to a decline in the condominium market. These units offer high-end residential finishes with upgraded interiors and very large unit sizes. Market Mohawk is located within downtown Columbus, rather than on the near east side. This property was selected as a comparable due to the limited quantity of market-rate townhome product in conventional rental communities.

<u>Preliminary Rent Evaluation</u>

The comparable area properties are used to derive a preliminary market rent for a project with characteristics similar to the proposed subject development and the subject property's market advantage.

Based on Rent Comparability Grid evaluations, it was determined that the present-day achievable market rents for units similar to the proposed subject development are **$720** for a two-bedroom/1.0-bathroom unit and **$830** for a three-bedroom/1.0-bathroom unit. These rents were based on the assumption that certain unit and project amenities will be offered at the subject development. The two- and three-bedroom rent grids that assisted in establishing these rent levels follow the letter. It is important to note that we have adjusted up to (-$120) for the differences in neighborhood/market as well as high-end finishes.

The proposed market rents at the subject site are compared to the preliminary achievable market rents in the following table.

Bedroom Type	Proposed Collected Rent	Achievable Market Rent	Proposed Rent as Share of Market
Two-Bedroom	$900	$720	125.0%
Three-Bedroom	$1,050	$830	126.5%

The proposed rents are 25.0% to 26.5% higher than the preliminary achievable market rents. As such, the proposed rents are considered very aggressive based on preliminary market data. While the subject site will offer substantially renovated rental units as proposed, the property is located in a transitional area, with small unit sizes, limited project and unit amenities (assumed) and limited and minimal curb appeal for a conventional market-rate community. These factors indicate the rents will need to represent a value in the area for the units to be absorbed and to maintain a stable occupancy rate. This is especially true when considering the property is anticipated to be mixed-income, which typically dissuades a portion of conventional renters who can afford market-rate units.

It is important to stress that this is a preliminary analysis based on presumed amenities and unit specifics. Critical elements to the success of the proposed subject project, such as an in-depth analysis of the location, competitiveness of floor plans and economic trends, have not been fully considered in this analysis.

Included are the rent grids for your review. Please feel free to call me if you have questions or need additional information regarding this matter.

Respectfully,

Jimmy Beery

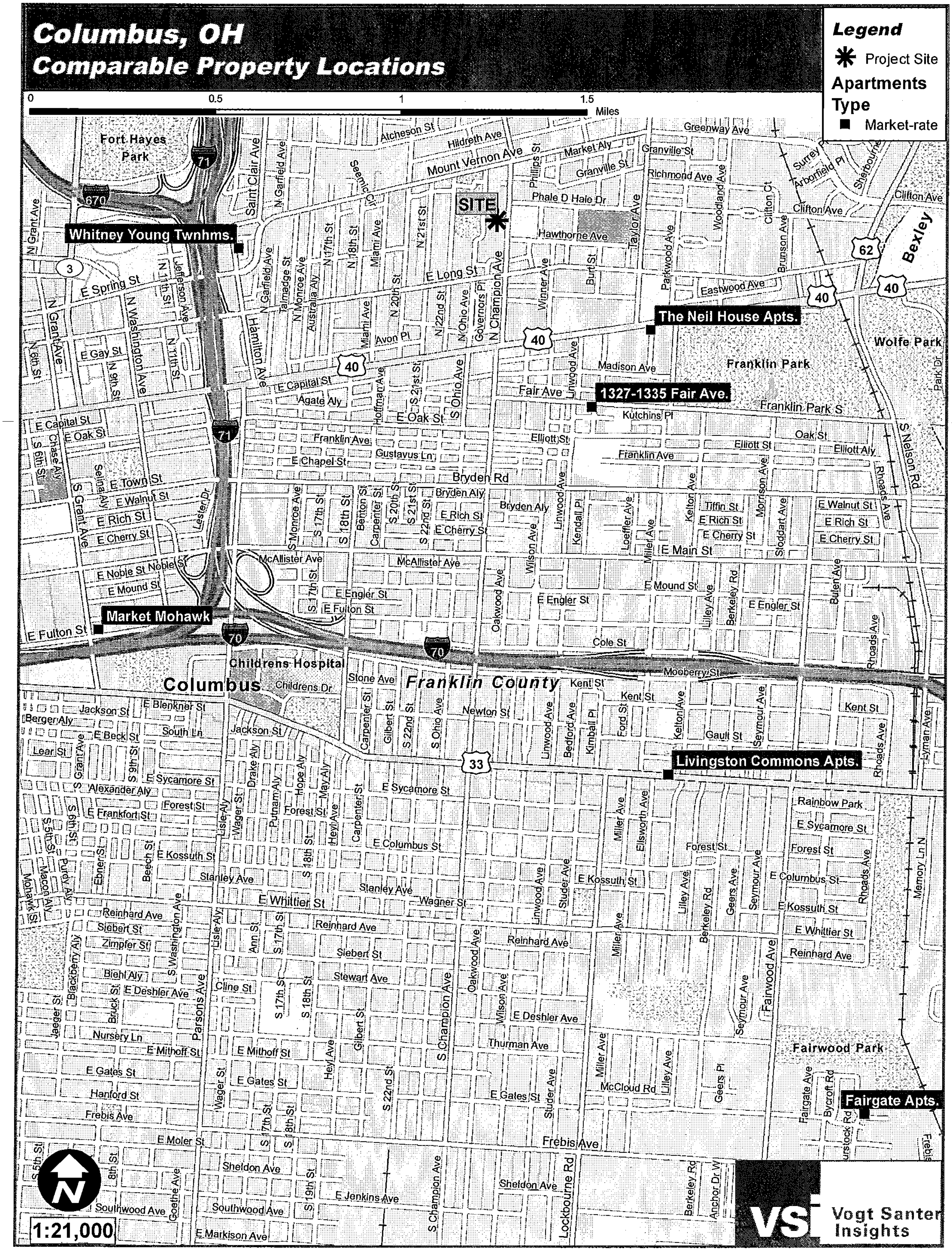
Two-Bedroom Townhouse Comparability Grid

	Subject	Data on Subject	Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
	Poindexter Place (Site)		Fairgate Apts.		Livingston Commons Apts.		The Neil House Apts.		Market Mohawk		Whitney Young Twnhms.	
	245 N. Champion Ave.		1523 Burstock Rd.		1410 Livingston Ct.		1489 Broad St.		399 S. Grant Ave.		733 Mt. Vernon Ave.	
	Columbus, OH		Columbus, OH		Columbus, OH		Columbus, OH		Columbus, OH		Columbus, OH	
A.	**Rents Charged**		**Data**	**$ Adj**	**Data**	**$ Adj**	**Data**	**$ Adj**	**Data**	**$ Adj**	**Data**	**$ Adj**
1	**$ Last Rent / Restricted?**		**$600**		**$595**		**$725**		**$985**		**$900**	
3	**Rent Concessions**		NONE		NONE		NONE		NONE		NONE	
4	**Occupancy for Unit Type**		100%		93%		100%		100%		N.A.	
5	**Effective Rent & Rent/ sq. ft**		**$600**	$0.60	**$595**	$0.43	**$725**	$0.58	**$985**	$0.99	**$900**	$0.65
B.	**Design, Location, Condition**		**Data**	**$ Adj**	**Data**	**$ Adj**	**Data**	**$ Adj**	**Data**	**$ Adj**	**Data**	**$ Adj**
6	**Structure / Stories**	TH/2	TH/2		TH/2		TH/2		TH/3,4		TH/2	
7	**Yr. Built/Yr. Renovated**	1950/2015	1967	$16	1975/2003	($6)	1905	$78	1989	($6)	2012	($29)
8	**Condition /Street Appeal**	G	G		G		G		VG	($30)	E	($60)
9	**Neighborhood**	F	F		F		G	($20)	G	($20)	F	
10	**Same Market? Miles to Subj.**		Y		Y		Y		N	($120)	Y/1.0	
C.	**Unit Equipment/ Amenities**		**Data**	**$ Adj**	**Data**	**Adj**	**Data**	**$ Adj**	**Data**	**$ Adj**	**Data**	**$ Adj**
11	**# Bedrooms**	2	2		2		2		2		2	
12	**# Baths**	1	1.5	($15)	1.5	($15)	1		1.5	($15)	2.5	($45)
13	**Unit Interior Sq. Ft.**	817	1000	($29)	1375	($88)	1250	($69)	1000	($29)	1375	($88)
14	**Balcony/ Patio**	Y	N	$5	Y		N	$5	Y		Y	
15	**AC: Central/ Wall**	C	C		C		C		C		C	
16	**Range/ refrigerator**	R/F	R/F		R/F		R/F		R/F		R/F	
17	**Microwave/ Dishwasher**	N/Y	N/N	$5	N/Y		N/Y		N/Y		Y/Y	($5)
18	**Washer/Dryer**	L	HU	($10)	W/D	($35)	L		W/D	($35)	HU	($10)
19	**Floor Coverings**	C	C		C		C		C		C	
20	**Window Treatments**	B	B		B		B		B		B	
21	**Security Alarm**	N	N		N		Y	($5)	N		N	
22	**Storage**	Y	N	$5	N	$5	N	$5	N	$5	N	$5
23	**Garbage Disposal**	Y	Y		Y		Y		Y		Y	
D	**Site Equipment/ Amenities**		**Data**	**$ Adj**	**Data**	**$ Adj**	**Data**	**$ Adj**	**Data**	**$ Adj**	**Data**	**$ Adj**
24	**Parking ($ Fee)**	LOT/$0	LOT/$0		LOT/$0		STREET	$5	CARPORT	($15)	A-GAR	($70)
25	**On-Site Management**	Y	Y		Y		N	$5	Y		N	$5
26	**Security/Intercom**	N	N		N		N		Y	($5)	N	
27	**Clubhouse/ Meeting Rooms**	AR/L	N	$10	N	$10	N	$10	N	$10	N	$10
28	**Pool/ Recreation Areas**	N	N		N		N		N		N	
29	**Picnic Area**	N	N		N		N		N		N	
30	**Social Services/Activities**	N	N		N		N		N		N	
31	**Library/DVD Library**	N	N		N		N		N		N	
32	**Business Center**	N	N		N		N		N		N	
E.	**Utilities**		**Data**	**$ Adj**	**Data**	**$ Adj**	**Data**	**$ Adj**	**Data**	**$ Adj**	**Data**	**$ Adj**
33	**Heat (in rent?/ type)**	N/G	N/G		N/E	$14	N/E	$14	N/E	$14	N/G	
34	**Cooling (in rent?/ type)**	N/E	N/E		N/E		N/E		N/E		N/E	
35	**Cooking (in rent?/ type)**	N/E	N/E		N/E		N/E		N/E		N/G	($4)
36	**Hot Water (in rent?/ type)**	N/G	N/G		N/E	$8	N/E	$8	N/E	$8	N/G	
37	**Other Electric**	N	N		N		N		N		N	
38	**Cold Water/ Sewer**	Y/Y	Y/Y		N/Y	$24	Y/Y		N/Y	$24	N/N	$44
39	**Trash /Recycling**	Y/N	Y/N		Y/N		Y/N		Y/N		N/N	$17
F.	**Adjustments Recap**		**Pos**	**Neg**	**Pos**	**Neg**	**Pos**	**Neg**	**Pos**	**Neg**	**Pos**	**Neg**
40	**# Adjustments B to D**		5	3	2	4	6	3	2	9	3	7
41	**Sum Adjustments B to D**		$41	($54)	$15	($144)	$108	($94)	$15	($275)	$20	($307)
42	**Sum Utility Adjustments**		$0	$0	$46	$0	$22	$0	$46	$0	$61	($4)
			Net	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**	**Gross**
43	***Net/ Gross Adjmts B to E***		*($13)*	*$95*	*($83)*	*$205*	*$36*	*$224*	*($214)*	*$336*	*($230)*	*$392*
G.	**Adjusted & Market Rents**		**Adj. Rent**		**Adj. Rent**		**Adj. Rent**		**Adj. Rent**		**Adj. Rent**	
44	**Adjusted Rent** (5+ 43)		**$587**		**$512**		**$761**		**$771**		**$670**	
45	Adj Rent/Last rent			98%		86%		105%		78%		74%
46	**Estimated Market Rent**	**$720**	**$0.88**	**Estimated Market Rent/ Sq. Ft**								

Attachment C

Three-Bedroom Townhouse Comparability Grid

	Subject	Data	Comp #1		Comp #2		Comp #3		Comp #4		Comp #5		Comp #6	
	Poindexter Place (Site)	Data	Fairgate Apts.		Livingston Commons Apts.		The Neil House Apts.		1327-1335 Fair Ave.		Whitney Young Twnhms.		Market Mohawk	
	245 N. Champion Ave.	on	1523 Burstock Rd.		1410 Livingston Ct.		1489 Broad St.		1327-1335 Fair Ave.		733 Mt. Vernon Ave.		399 S. Grant Ave.	
	Columbus, OH	Subject	Columbus, OH		Columbus, OH		Columbus, OH		Columbus, OH		Columbus, OH		Columbus, OH	
A.	Rents Charged		Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj
1	$ Last Rent / Restricted?		$600		$595		$725		$850		$1,400		$985	
3	Rent Concessions		NONE		NONE		NONE		NONE		NONE		NONE	
4	Occupancy for Unit Type		100%		93%		100%		63%		N.A.		100%	
5	Effective Rent & Rent/ sq. ft		$600	$0.60	$595	$0.43	$725	$0.58	$850	$0.83	$1,400	$0.78	$985	$0.99
B.	Design, Location, Condition		Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj
6	Structure / Stories	TH/2	TH/2		TH/2		TH/2		TH/3		TH/2		TH/3,4	
7	Yr. Built/Yr. Renovated	1950/2015	1967	$16	1975/2003	($6)	1905	$78	1978/2012	($12)	2012	($29)	1989	($6)
8	Condition /Street Appeal	G	G		G		G		G		E	($60)	VG	($30)
9	Neighborhood	F	F		F		G	($20)	G	($20)	F		G	($20)
10	Same Market? Miles to Subj		Y		Y		Y		Y		Y		N	($120)
C.	Unit Equipment/ Amenities		Data	$ Adj	Data	Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj
11	# Bedrooms	3	2	$50	2	$50	2	$50	3		3		2	$50
12	# Baths	1	1.5	($15)	1.5	($15)	1		1.5	($15)	2.5	($45)	1.5	($15)
13	Unit Interior Sq. Ft.	1056	1000	$9	1375	($52)	1250	($31)	1024	$5	1800	($120)	1000	$9
14	Balcony/ Patio	N	N		Y	($5)	Y	($5)	N		Y	($5)	Y	($5)
15	AC: Central/ Wall	C	C		C		C		C		C		C	
16	Range/ refrigerator	R/F	R/F		R/F		R/F		R/F		R/F		R/F	
17	Microwave/ Dishwasher	N/Y	N/N	$5	N/Y		N/Y		N/N	$5	Y/Y	($5)	N/Y	
18	Washer/Dryer	L	HU	($10)	W/D	($35)	L		L		HU	($10)	W/D	($35)
19	Floor Coverings	C	C		C		C		C		C		C	
20	Window Treatments	B	B		B		B		N	$0	B		B	
21	Security Alarm	Y	N	$5	N	$5	Y		N	$5	N	$5	N	$5
22	Storage	Y	N	$5	N	$5	N	$5	N	$5	N	$5	N	$5
23	Garbage Disposal	Y	Y		Y		Y		Y		Y		Y	
D	Site Equipment/ Amenities		Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj
24	Parking ($ Fee)	LOT/$0	LOT/$0		LOT/$0		STREET	$5	LOT/$0		A-GAR	($70)	CARPORT	($15)
25	On-Site Management	Y	Y		Y		N	$5	N	$5	N	$5	Y	
26	Security/Intercom	N	N		N		N		N		N		N	
27	Clubhouse/ Meeting Rooms	AR/L	N	$10	N	$10	N	$10	N	$10	N	$10	N	$10
28	Pool/ Recreation Areas	N	N		N		N		N		N		N	
29	Picnic Area	N	N		N		N		N		N		N	
30	Social Services/Activities	N	N		N		N		N		N		N	
31	Library/DVD Library	N	N		N		N		N		N		N	
32	Business Center	N	N		N		N		N		N		N	
E.	Utilities		Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj	Data	$ Adj
33	Heat (in rent?/ type)	N/G	N/G	($4)	N/E	$10	N/E	$10	Y/G	($42)	N/G		N/E	$10
34	Cooling (in rent?/ type)	N/E	N/E		N/E		N/E		N/E		N/E		N/E	
35	Cooking (in rent?/ type)	N/E	N/E	($1)	N/E	($1)	N/E	($1)	Y/G	($5)	N/G	($4)	N/E	($1)
36	Hot Water (in rent?/ type)	N/G	N/G	($2)	N/E	$6	N/E	$6	Y/G	($10)	N/G		N/E	$6
37	Other Electric	N	N		N		N		N		N		N	
38	Cold Water/ Sewer	Y/Y	Y/Y		N/Y	$24	Y/Y		Y/Y		N/N	$67	N/Y	$24
39	Trash /Recycling	Y/N	Y/N		Y/N		Y/N		Y/N		N/N	$17	Y/N	
F.	Adjustments Recap		Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D		7	2	4	5	6	3	6	3	4	8	5	8
41	Sum Adjustments B to D		$100	($25)	$70	($113)	$153	($56)	$35	($47)	$25	($344)	$79	($246)
42	Sum Utility Adjustments		$0	($7)	$40	($1)	$16	($1)	$0	($57)	$84	($4)	$40	($1)
			Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	*Net/ Gross Adjmts B to E*		*$68*	*$132*	*($4)*	*$224*	*$112*	*$226*	*($69)*	*$139*	*($239)*	*$457*	*($128)*	*$366*
G.	Adjusted & Market Rents		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)		$668		$591		$837		$781		$1,161		$857	
45	Adj Rent/Last rent			111%		99%		115%		92%		83%		87%
46	Estimated Market Rent	$830	$0.79	Estimated Market Rent/ Sq. Ft										


Columbus, OH
Comparable Property Locations
Legend
Project Site
Apartments
Type
Market-rate
0
0.5
1
1.5
Miles
SITE
Whitney Young Twnhms.
The Neil House Apts.
1327-1335 Fair Ave.
Market Mohawk
Livingston Commons Apts.
Fairgate Apts.
Fort Hayes Park
Franklin Park
Wolfe Park
Bexley
Childrens Hospital
Columbus
Franklin County
Rainbow Park
Fairwood Park
1:21,000
VSI
Vogt Santer Insights

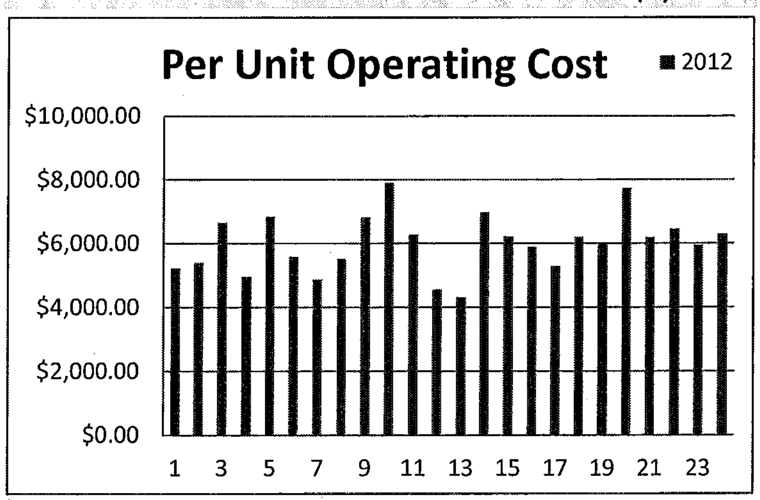
Estimate of Operating Expenses Based on Comparable Historic Preservation Housing

This is a Data Analysis of Ohio Capital Corporation for Housing's Historic Rehab Properties. This contains the Per Unit Operating Cost Analysis for 24 Non-Rural Properties

Market Type	Construction Type	Per Unit Operating Cost 2012
Small City	Historic Rehab	$5,227.84
Small City	Historic Rehab	$5,408.61
Small City	Historic Rehab	$6,655.37
Small City	Historic Rehab	$4,964.32
Small City	Historic Rehab	$6,846.83
Urban	Historic Rehab	$5,597.23
Urban	Historic Rehab	$4,874.27
Urban	Historic Rehab	$5,529.44
Urban	Historic Rehab	$6,828.40
Urban	Historic Rehab	$7,903.49
Urban	Historic Rehab	$6,289.79
Urban	Historic Rehab	$4,567.92
Urban	Historic Rehab	$4,325.25
Urban	Historic Rehab	$6,997.48
Urban	Historic Rehab	$6,219.05
Urban	Historic Rehab	$5,898.97
Urban	Historic Rehab	$5,302.03
Urban	Historic Rehab	$6,207.50
Urban	Historic Rehab	$6,024.13
Urban	Historic Rehab	$7,745.74
Urban	Historic Rehab	$6,195.32
Urban	Historic Rehab	$6,457.38
Urban	Historic Rehab	$5,952.31
Urban	Historic Rehab	$6,303.19
Averages		**$6,013.41**
Urban Averages		**$6,064.15**

OCCH Portfolio Average

	2012
Mean	6013.41
Median	6109.72
Standard Deviation	909.71
Sample Variance	827567.61
Skewness	0.17
Range	3578.24
Minimum	4325.25
Maximum	7903.49
Sum	144321.87
Count	24.00
Confidence Level(95.0%)	384.14



Attachment E

Scenario 1: Budget Assuming Achievable Market Rents

Poindexter Preservation of 10 Buildings

Project Costs

Cost Item		Amount
Acquisition Cost	$	-
Site Work Cost	$	440,000
Hard Construction	$	8,800,000
Other Construction	$	1,515,100
Prof & Soft Cost	$	940,839
Contingency	$	974,000
Developer Fee	$	2,280,000
Program Fees	$	85,379
Financing Cost	$	617,000
Reserves	$	971,447
Total Cost	**$**	**16,623,764.5**
(per unit)	*$*	*188,906*

Operating Costs

Cost Item		Amount
Taxes & Insurance	$	113,300
Utilities	$	27,810
Water/Sewer	$	67,980
Maintenance/Decorating	$	148,320
Admin/Personnel	$	77,250
Management Fee	$	54,848
Audit & Tax Return	$	7,725
Bad Debt	$	12,875
Legal	$	4,120
Service Coordination	$	9,064
Total Cost	**$**	**523,292**
(per unit)	*$*	*5,947*

Annual Rental Revenue

Unit Type	Amount
Total Revenue	**$724,320**
*Rent Before Vacancy	

Debt Service Coverage

Required DCR is 1.20 through Y15 of operations. Rents range from $410 - $830 per month.

Project Financing

Source		Amount
1st Mortgage Debt	$	2,200,000
LIHTC Equity	$	8,996,511
GAP TO FILL	$	5,427,254
Total Sources	**$**	**16,623,765**

Scenario 1 for Poindexter Preservation Long-term Operation of Rent

Year	Rental Income*	Expenses (Includes Debt)	Net income	Debt Coverage Ratio
2015	$170,829	$278,966	($108,138)	[redacted]
2016	$685,602	$640,385	$45,217	[redacted]
2017	$705,840	$714,604	($8,764)	[redacted]
2018	$719,957	$730,209	($10,252)	[redacted]
2019	$734,356	$746,270	($11,913)	[redacted]
2020	$749,043	$762,801	($13,758)	[redacted]
2021	$764,024	$779,817	($15,792)	[redacted]
2022	$779,305	$797,331	($18,026)	[redacted]
2023	$794,891	$815,358	($20,467)	[redacted]
2024	$810,789	$833,914	($23,125)	[redacted]
2025	$827,004	$853,013	($26,009)	[redacted]
2026	$843,545	$872,673	($29,128)	[redacted]
2027	$860,415	$892,909	($32,494)	[redacted]
2028	$877,624	$913,739	($36,115)	[redacted]
2029	$895,176	$935,180	($40,004)	[redacted]
2030	$913,080	$957,250	($44,170)	[redacted]

*Assume 7% vacancy

Underwriting standard for Debt Coverage Ratio 1.20

Scenario 2: Budget Assuming Rents Needed to Service Long-Term Debt Obligations

Poindexter Preservation of 10 Building

Project Costs

Cost Item		Amount
Acquisition Cost	$	-
Site Work Cost	$	440,000.00
Hard Construction	$	8,800,000.00
Other Construction	$	1,515,100.00
Prof & Soft Cost	$	940,839.00
Contingency	$	974,000.00
Developer Fee	$	2,280,000.00
Program Fees	$	85,378.75
Financing Cost	$	616,999.70
Reserves	$	971,447.00
Total Cost	**$**	**16,623,764.5**
(per unit)	*$*	*188,906.41*

Operating Costs

Cost Item		Amount
Taxes & Insurance	$	113,300.00
Utilities	$	27,810.00
Water/Sewer	$	67,980.00
Maintenance/Decorating	$	148,320.00
Admin/Personnel	$	77,250.00
Management Fee	$	63,437.48
Audit & Tax Return	$	7,725.00
Bad Debt	$	12,875.00
Legal	$	4,120.00
Service Coordination	$	9,064.00
Total Cost	**$**	**531,881.48**
(per unit)	*$*	*6,044.11*

Annual Rental Revenue

Unit Type	Amount
Total Revenue	**$838,560**
*Rent Before Vacancy	

Debt Service Coverage

Required DCR is 1.20 through Y15 of operations. To achieve sustainable DCR, the market rate rents are at $900 and $1050. VSI market analysis concludes these rents are not currently achievable in the marketplace.

Project Financing

Source		Amount
1st Mortgage Debt	$	2,200,000
LIHTC Equity	$	8,996,511
GAP TO FILL	$	5,427,254
Total Sources	**$**	**16,623,765**

Scenario 2 for Poindexter Preservation Long-term Operation of Rent

Year	Rental Income*	Expenses (Includes Debt)	Net income	Debt Coverage Ratio
2015	$197,658	$281,113	($83,455)	**0.66**
2016	$792,968	$648,975	$143,994	**1.92**
2017	$816,376	$723,447	$92,929	**1.32**
2018	$832,703	$739,228	$93,475	**1.31**
2019	$849,357	$755,470	$93,888	**1.31**
2020	$866,345	$772,185	$94,159	**1.30**
2021	$883,671	$789,389	$94,283	**1.30**
2022	$901,345	$807,094	$94,251	**1.29**
2023	$919,372	$825,317	$94,055	**1.28**
2024	$937,759	$844,071	$93,688	**1.27**
2025	$956,514	$863,374	$93,140	**1.26**
2026	$975,645	$883,241	$92,404	**1.25**
2027	$995,158	$903,689	$91,469	**1.24**
2028	$1,015,061	$924,734	$90,327	**1.22**
2029	$1,035,362	$946,395	$88,967	**1.20**
2030	$1,056,069	$968,689	$87,380	**1.19**

*Assume 7% vacancy

Underwriting standard
for Debt Coverage Ratio
1.20

Attachment G

OCCH
OHIO CAPITAL
CORPORATION
FOR HOUSING

88 East Broad Street
Suite 1800
Columbus, OH 43215
Phone 614-224-8446
Fax 614-224-8452
www.occh.org

July 16, 2013

Mr. Charles Hillman, President & CEO
Columbus Metropolitan Housing Authority
880 East 11th Avenue
Columbus, OH 43211

Dear Mr. Hillman:

The Ohio Capital Corporation for Housing (OCCH) is a nonprofit corporation that has raised more than $2.5 billion in corporate equity and has invested in over 600 housing developments, creating more than 30,000 units of affordable housing. OCCH works with non-profit organizations, public housing authorities, private developers, and city and state governments to cause the construction, rehabilitation and preservation of affordable housing throughout Ohio and Kentucky.

This letter is to clarify some concerns our agency has about the preservation of the remaining 10 buildings of Poindexter Place. In order for the buildings to be preserved as housing, a considerable portion of the funding would have to come from equity in exchange for Historic Credits and Low Income Housing Tax Credits that the property may be eligible to receive.

OCCH is identified as a potential investor in the Poindexter preservation consideration, and like all investors, we would undergo an underwriting analysis in the potential investment before making a commitment. Should the 10 buildings receive tax credits, one of OCCH's investment funds would purchase the tax credits in exchange for equity which would be used to pay for the redevelopment expenses. OCCH would be a part of the ownership structure and have obligations for the 15 year compliance period that is required in exchange for receiving the credits. Because we need to ensure we are investing in quality product and because we must mitigate long-term risk for our investors, we do a thorough financial analysis before committing funds. We follow the current industry standards, as any other potential investor would do.

Because we have over 600 properties (and 30,000 units) in our portfolio, we have a rich database of property operating expenses across the state. When we underwrite potential investments, we analyze projected operating expenses against values established by analyzing comparable properties within our portfolio.

We performed an analysis of the urban historic preservation affordable housing units in our portfolio, and the results indicate that we would consider future historic preservation housing with great caution. We would insist on conservative assumptions during the underwriting and would require methods to mitigate the risk. If the long-term operating performance of the property does not look healthy, OCCH, like any other investor, would be unable to invest.

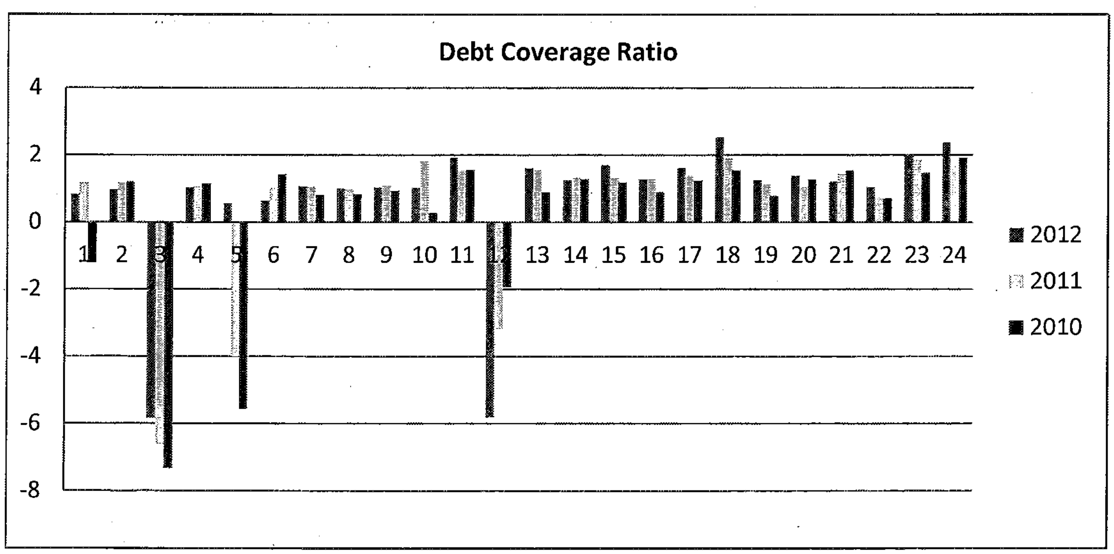
A critical piece of the underwriting process is to assess whether the long-term operations of the property will be successful. Because our investors have an ownership stake for at least 15 years, we need to ensure the property will perform well into the future. In order for this occur, the development team must start with realistic projections of the property's operating budget. The current industry standard is to assume that rents will rise at a rate of 2% per year and that expenses will rise at a rate of 3% per year. Because expenses always rise faster than rents, the project needs to be financially structured soundly during the development process so that it can survive for 15 years. It is vital to estimate initial operating expenses correctly in order to be ensure long term operating performance. When we did an analysis of similar urban historic properties in our portfolio, we established a comparable operating expense value of $6,064 per unit per year. Please refer to the attached analysis, Per Unit Operating Cost Analysis.

Attachment G

Total Debt Coverage Ratio Analysis

This is a Data Analysis of Ohio Capital Corporation for Housing's Historic Rehab Properties. This contains the Debt Coverage Ratio for 24 Non-Rural Properties

City	Construction Type	Debt Coverage Ratio 2012	2011	2010	
Small City	Historic Rehab	[redacted]	[redacted]	[redacted]	
Small City	Historic Rehab	[redacted]	[redacted]	1.2033	
Small City	Historic Rehab	[redacted]	[redacted]	[redacted]	
Small City	Historic Rehab	[redacted]	[redacted]	[redacted]	
Small City	Historic Rehab	[redacted]	[redacted]	[redacted]	
Urban	Historic Rehab	[redacted]	[redacted]	1.4262	
Urban	Historic Rehab	[redacted]	[redacted]	[redacted]	
Urban	Historic Rehab	[redacted]	[redacted]	[redacted]	
Urban	Historic Rehab	[redacted]	[redacted]	[redacted]	
Urban	Historic Rehab	[redacted]	1.8136	[redacted]	
Urban	Historic Rehab	1.9163	1.5375	1.5635	
Urban	Historic Rehab	[redacted]	[redacted]	[redacted]	
Urban	Historic Rehab	1.6037	1.5627	[redacted]	
Urban	Historic Rehab	1.2524	1.331	1.2844	
Urban	Historic Rehab	1.6958	1.3322	[redacted]	
Urban	Historic Rehab	1.2717	1.286	[redacted]	
Urban	Historic Rehab	1.6138	1.379	1.2429	
Urban	Historic Rehab	2.5354	1.8989	1.5478	
Urban	Historic Rehab	1.2514	[redacted]	[redacted]	
Urban	Historic Rehab	1.3816	[redacted]	1.2688	
Urban	Historic Rehab	1.2042	1.4333	1.5421	
Urban	Historic Rehab	[redacted]	[redacted]	[redacted]	
Urban	Historic Rehab	2.0052	1.8433	1.4667	
Urban	Historic Rehab	2.3795	1.6756	1.9091	Total over 3 years
Averages		[redacted]	[redacted]	[redacted]	[redacted]
Percent Below 1.20 DCR		50%	54%	58%	



A key measurement of a property's health is the debt coverage ratio (DCR). This measures how much money is collected in rent in comparison to the property's debt responsibilities. Our underwriting standard is that a property must maintain a DCR of over 1.2 for a period of 15 years in order for us to invest in the property. Unfortunately, with our existing historic family portfolio, the actual DCR has too often not met projections. The average debt coverage ratio for our 24 family historic renovation properties is 0.73. The overall average for the past three years is 0.53. This indicates that properties have difficulty being able to cover their debt obligations, and have no money to cover the additional expenses associated with managing a property.

Only 50% of our non-rural affordable family properties with historic preservation are able to collect enough rent to be able to cover their debt and expenses. When considering our full portfolio of properties involving historic preservation (which includes rural and senior properties), only 37% of historic properties can earn enough money to cover required expenses. Please refer to attached analysis, "Total Debt Coverage Ratio Analysis.

If a development has low DCR over a sustained number of years, it means that the property will not have revenue to make the appropriate capital improvements over time. There will be no money for appropriate repairs and replacements, landscaping will be neglected, and the general appearance and upkeep of the property will decline. As the physical condition of the property declines, the property will become harder to lease, responsible tenants will leave the property, vacancy will result in even further revenue losses, and the cycle of decline could continue with crime, further deterioration, and an unfortunate weakening impact on the surrounding neighborhood. This is exactly what happened to Poindexter Place over the past twenty years, and no one wants to see history repeat itself.

Another concern we have when investing in affordable housing is that the developments do become over-leveraged with too much debt. Our investment guidelines put a limit of $25,000 of debt per unit in order for us to invest. Given that limitation (it would be $2.2 million for 88 units) and given CMHA's desire to produce mixed-income housing to create a vibrant, healthy neighborhood, we have concerns that there might be a funding gap (over $5 million) that CMHA would be responsible for somehow filling. The debt amount of $2.2 million causes concern because rents would need to be higher than market conditions can support in order for CMHA to collect enough revenue to cover the debt payments and expenses.

Given our underwriting concerns about affordable urban historic preservation housing in general, we would analyze any potential proposal from CMHA with great caution and concern. Given the current economics of the situation – high costs, low rents because of a not yet vibrant market, and high operating costs – we have concerns about the financial feasibility of proceeding with the preservation of the remaining 10 Poindexter Village properties for housing.

Sincerely,

John F. Kukura
Chief of Acquisitions

Attachment G

Estimate of Operating Expenses Based on Comparable Historic Preservation Housing

This is a Data Analysis of Ohio Capital Corporation for Housing's Historic Rehab Properties. This contains the Per Unit Operating Cost Analysis for 24 Non-Rural Properties

Market Type	Construction Type	Per Unit Operating Cost 2012
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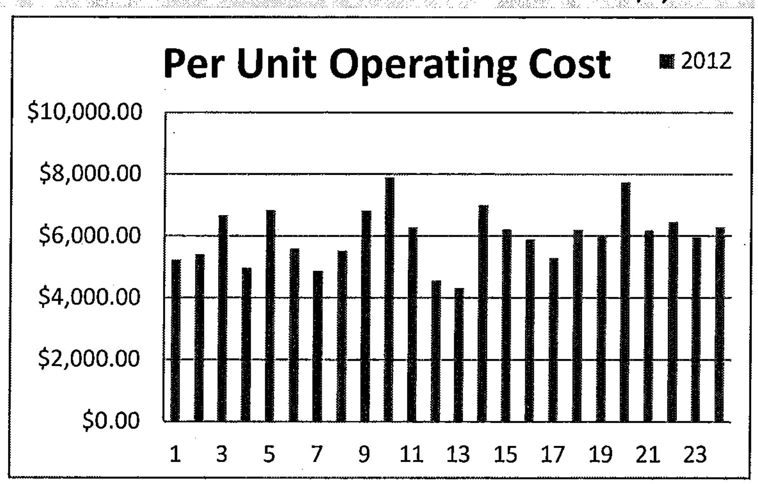
Urban	Historic Rehab	$5,597.23
Urban	Historic Rehab	$4,874.27
Urban	Historic Rehab	$5,529.44
Urban	Historic Rehab	$6,828.40
Urban	Historic Rehab	$7,903.49
Urban	Historic Rehab	$6,289.79
Urban	Historic Rehab	$4,567.92
Urban	Historic Rehab	$4,325.25
Urban	Historic Rehab	$6,997.48
Urban	Historic Rehab	$6,219.05
Urban	Historic Rehab	$5,898.97
Urban	Historic Rehab	$5,302.03
Urban	Historic Rehab	$6,207.50
Urban	Historic Rehab	$6,024.13
Urban	Historic Rehab	$7,745.74
Urban	Historic Rehab	$6,195.32
Urban	Historic Rehab	$6,457.38
Urban	Historic Rehab	$5,952.31
Urban	Historic Rehab	$6,303.19
Averages		**$6,013.41**
Urban Averages		**$6,064.15**

OCCH Portfolio Average

	2012
Mean	6013.41
Median	6109.72
Standard Deviation	909.71
Sample Variance	827567.61
Skewness	0.17
Range	3578.24
Minimum	4325.25
Maximum	7903.49
Sum	144321.87
Count	24.00
Confidence Level(95.0%)	384.14



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July 16, 2013

Mr. Charles Hillman, President & CEO
Columbus Metropolitan Housing Authority
880 East 11th Avenue
Columbus, OH 43211

Dear Mr. Hillman:

We reviewed the **Poindexter Village Expert Group Final Report dated June 27, 2013** regarding the proposed preservation of ten Poindexter Village buildings. McCormack Baron Salazar has over 30 years of experience in redeveloping distressed public housing sites, and would like to offer our perspective on the conclusion of the report to preserve these ten buildings. While we steadfastly believe in the importance of celebrating and documenting the rich history of public housing communities and the residents who lived there (and who will have priority to return), we disagree that saving physical buildings for residential or non-residential uses is necessary to achieve this goal. Here are some of the key challenges that we have experienced in cities like New Orleans, Phoenix, St. Louis and Miami where the preservation of public housing was proposed as part of the revitalization plan:

- **Site Design and Integration with Surrounding Architecture in the Community:** The report refers to the utilitarian design of Poindexter Village, and this is typical of public housing across the country. While the design met the basic goal of providing shelter, it stands in contrast to the design of the surrounding community. This is true not only of the buildings themselves (both exteriors and interiors), but of the street layout which disrupted the surrounding street grid to create superblocks. The superblock design is well-documented by public policy and planning experts as contributing to physical isolation, and undefined areas that exacerbate safety concerns and crime issues. Interior courtyards within superblocks, while providing space for social interaction, do not meet 21st century expectations of: defensible space (crime prevention through environmental design, or "CEPTED"), semi-private yard areas, secured and sufficient areas for resident parking and tot lots, and efficient waste (trash) management.

- **High Renovation Costs Result in Different Standards between New and Old Buildings:** In our experience, substantially rehabilitating an existing building is more expensive than high-quality new construction, particularly when entire systems have to be replaced. There are a number of other challenges with rehabilitation:
    - Changes to load-bearing walls to create necessary additional space and better flow of the units add significant costs and achieving accessibility/UFAS requirements is often a major challenge.
    - Ceiling heights cannot be changed, and are lower than typical apartments in the market and area. Upgrading electrical and central heat/air will require a number of wall and ceiling

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- penetrations; in some cases ducts must be positioned below concrete ceilings, reducing ceiling heights even further.
- In some cases no changes or very few changes to exteriors are permitted to retain the "historic" character and qualify for historic designation and historic tax credits as Department of Interior standards are too stringent. This would leave the buildings with very little architectural character based on their current condition, and incompatible with both the surrounding neighborhood and new construction housing. Many public housing buildings –including the Poindexter Village buildings – have very little of their original historic character remaining due to changes over time (roofs, storage, windows, etc).
- It is difficult to integrate the same energy efficient features that will be in the new buildings, particularly in the wall insulation. The crawl space poses additional concerns and costs, due to the moisture penetration and mold which can exacerbate childhood asthma and other health conditions.

- **Market Acceptability:** What is the target market for renovated buildings? If these are for public housing residents, then the history of concentrating poverty lives on. The new mixed-income buildings will have public housing units interspersed with market-rate and affordable units. Residents from across the income spectrum with other choices, including the new construction units in the neighboring mixed-income developments, are more likely to choose those units from our experience as they are more spacious, with higher ceilings, more windows, and better amenities. Typically we cannot fit washers and dryers in renovated public housing buildings unless multiple units are combined, which raises other cost and logistical concerns. The older units will have limited appeal and therefore lower rents that impact their economic viability.
- **Legacy:** The community does have a rich and vibrant history, and there are many creative and impactful ways of celebrating the history beyond the buildings which we have incorporated in different ways (oral history projects, murals, dedicated public spaces, memorials, etc). Unfortunately, the buildings may stand as a reminder of what was not working at Poindexter Village instead of reflecting the strong community heritage.

We understand that one of the options explored includes preserving one or more buildings for non-residential uses. We have experience with this as well, and would recommend the following:

- A responsible party is identified to own and manage the property.
- The building's use creates or houses a community asset that will be viable, and used over time.
- Renovation work is completed at the same time as new construction work to ensure that work is completed, and to equally high standards as the new construction work.
- Exterior changes and interior changes are permitted to ensure the buildings are architecturally compatible, structurally sound, as energy efficient as feasible, and accessible to those with disabilities.

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- The preserved building is located near another historic building in the community, like churches and mixed-use commercial buildings (in New Orleans, we rehabilitated one public housing building and the historic administration building which were located across the street from a renovated and restored historic hospital, creating a mini "historic district" within the community that showed multiple uses from a specific era).

As we look to work with community residents and stakeholders to prepare the redevelopment plan for Poindexter Village, we appreciate the opportunity to provide our insights on the Expert Group's report. Please do not hesitate to call me if further information is needed at (314) 621-3400.

Sincerely,

Vincent R. Bennett
Executive Vice President, Chief Operating Officer