



## CITY OF NORMAN, OK STAFF REPORT

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**MEETING DATE:** 01/10/2023

**REQUESTER:** Lisa Krieg, CDBG/Grants Manager

**PRESENTER:** Anthony Purinton, Assistant City Attorney

**ITEM TITLE:** CONSIDERATION OF APPROVAL, REJECTION, AMENDMENT, AND/OR POSTPONEMENT OF CONTRACT K-2223-109: A CONTRACT BY AND BETWEEN THE CITY OF NORMAN, OKLAHOMA, AND CS HOLDING, LLC, AN OKLAHOMA LIMITED LIABILITY COMPANY, IN THE AMOUNT OF \$525,000 FOR THE PURCHASE OF 4.85 ACRES LOCATED AT THE NORTHEAST CORNER OF OAKHURST AVENUE AND IMHOFF ROAD TO BE USED FOR AFFORDABLE HOUSING.

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### **BACKGROUND:**

On March 11, 2021, the United States Federal Government enacted the \$1,900,000,000,000 American Rescue Plan Act of 2021 (ARPA), “to speed up the United States’ recovery from the economic and health effects of the COVID-19 pandemic and the ongoing economic recession”. Specific funding of approximately \$350,000,000,000 was made available in the ARP Act to state, county and city governments and tribal nations in the “Coronavirus State and Local Fiscal Recovery Fund” (SLFRF). As a Community Development Block Grant entitlement city, The City of Norman has received \$22,245,542 in ARPA funding in two payments; \$11,122,771 on May 19, 2021 and \$11,122,771 on June 6, 2022.

The City of Norman is in a very unique position to utilize a portion of the funding received from the ARPA to address the shortage of affordable housing within our community. The provision of affordable housing is specifically mentioned in the U.S. Department of Treasury’s Final Guidelines as an acceptable use of ARPA funds. To maximize the \$6,400,000 (6.4 million dollars) that the City Council has programmed for this purpose requires strategic partnerships and positioning to compete for a potential award of Low Income Housing Tax Credit funding to match the City’s ARPA entitlement funding.

The Low-Income Housing Tax Credit (LIHTC) Program subsidizes the acquisition, construction, and rehabilitation of affordable rental housing for low- and moderate-income tenants. The LIHTC was enacted as part of the 1986 Tax Reform Act and has been modified numerous times. Since the mid-1990s, the LIHTC program has supported the construction or rehabilitation of about 110,000 affordable rental units each year, nation-wide. Private developers access the tax credit funding to lower the cost of constructing affordable housing facilities.

**DISCUSSION:**

The subject property was brought to City staff's attention as a potential site for an affordable housing project. At the December 6, 2022 Study Session, Council directed staff to begin negotiating a Purchase and Sale Agreement (PSA) for the subject property. The PSA includes 180 days for due diligence inspection, with an option to extend that period for an additional 30 days upon request. The negotiated purchase price for the property is \$525,000, with a required \$5,000 earnest money deposit to be applied to the purchase price if the sale is completed.

The proposed site, located at the northeast corner of Oakhurst and Imhoff consists of approximately 4.85 acres. In anticipation of an application for LIHTC to be submitted to the State of Oklahoma, the City of Norman has engaged DeBruler, Inc. to assist staff on the structuring of a potential LIHTC application at this site, and identification of potential private development partners. Preliminary review by DeBruler indicates that this specific site exceeds all the scoring criteria for a potential submittal.

If the award of LIHTC is not successful, the City of Norman has other opportunities for development of this site by partnering with the Norman Affordable Housing Corporation, Inc. and/or Norman Community Housing Development Organization, Inc. to develop affordable housing utilizing the City's HOME Investment Partnership entitlement funding.

The negotiated earnest money deposit and the purchase price are believed to be reasonable. Funds for the purchase are available in the Special Grants Fund, ARPA, Land (Account 22330303-46001; Project BG0090), which has been earmarked for affordable housing.

**RECOMMENDATION:**

Staff recommends approval of the Purchase and Sale Agreement (Contract K-2223-109).