



CITY OF NORMAN, OK STAFF REPORT

MEETING DATE: 7/23/2024

REQUESTER: Scott Sturtz, Interim Director of Public Works

PRESENTER: Elisabeth Muckala, Asst. City Attorney

ITEM TITLE: CONSIDERATION OF ACCEPTANCE, APPROVAL, REJECTION, AMENDMENT AND/OR POSTPONEMENT OF CONTRACT K-2425-31: A CONTRACT BY AND BETWEEN THE CITY OF NORMAN, OKLAHOMA, AND FELICIA RISH AND ANDREA MONTGOMERY, JOINT TENANTS WITH RIGHTS OF SURVIVORSHIP, IN THE AMOUNT OF \$65,198 FOR THE PURCHASE OF REAL ESTATE LOCATED AT 214 SOUTH LAHOMA AVENUE AND BUDGET TRANSFERS TO COVER VARIOUS CLOSING, DUE DILIGENCE AND DEMOLITION COSTS AS OUTLINED IN THE STAFF REPORT.

BACKGROUND:

Areas along the Imhoff Creek channel are recognized as significant flood concern areas and are prone to flash flooding that inundates roads and properties. The portion of the Imhoff Creek channel from Andrews Park south to Lindsey Street have historically flooded and are frequently featured in news reports for their dramatic images of firefighters standing thigh deep in the flood waters in the middle of the street, of cars stranded and filled with water, and of houses damaged. Some of the oldest neighborhoods in Norman were built along this corridor before floodplains were identified and regulated by the U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA). The neighborhood along Lahoma was mostly developed in the early 1930s at the same time that the Works Progress Administration channel was built to better control the flow of this creek.

Continued upstream development in the watershed over the next nine decades, along with changes to weather patterns leading to more short duration, high intensity storms has only served to exacerbate these conditions. In particular, there are properties along South Lahoma Avenue that have been identified as repetitive loss properties under FEMA guidelines and the City of Norman Flood Hazard Ordinance. Repetitive loss is defined by FEMA as structures that flood frequently and strain the National Flood Insurance Fund (NFIP). In fact, repetitive loss properties are the biggest draw on the Fund. FEMA has paid almost \$3.5 billion dollars in claims for repetitive loss properties. These properties not only increase the NFIP's annual losses and the need for borrowing; but they drain funds needed to prepare for catastrophic events. Community leaders and residents are also concerned with the repetitive loss problem because residents' lives are disrupted and may be threatened by the continual flooding.

Over the years, there have been a number of efforts aimed at addressing repetitive losses. Federal, state and local flood control and storm-water management projects have been aimed at reducing the risks. Norman has identified in the Norman 2025 Comprehensive Land Use Plan and the Storm Water Master Plan, to “protect environmentally sensitive lands that are generally the least suitable for development, especially flood prone areas” In 2000, City Council began appropriating funds into the Greenbelt Acquisition Fund. Further, in Resolution R-1011-93, the Norman City Council established criteria for prioritizing the use of Greenbelt Acquisition Funds, including the protection, preservation, and restoration of natural flood plains throughout Norman which serve to protect life and property from damage. However, in recent years, the Greenbelt Acquisition Funds have been diminished.

In 2011, the City purchased five properties adjacent to the south of 820 and 822 E. Main Street that were in the process of being foreclosed. These five properties were in the floodplain and the structures were entirely within the floodway. The properties were purchased using Greenbelt Acquisition Funds. After the purchase, the homes were demolished and sod was installed. In 2015, after historic rainfall, two property owners with properties adjacent to these five came forward and offered to sell their lots to the City so that they would also be demolished and have sod installed. Council approved contracts in 2015 to purchase these properties and remove the structures from the floodway. In May of 2023, the City Council approved K-2223-150, a contract for the purchase of 218 S. Lahoma, to be held as open space following purchase.

DISCUSSION:

In June 2022, several homes along South Lahoma Avenue were flooded. 214 South Lahoma Avenue was one of the properties affected by this flooding. It was determined that the home located on this property met the threshold for a substantially damaged structure under the City Flood Hazard Ordinance. The Flood Hazard Ordinance calls for the substantially damaged property to be brought up to current building requirements in a flood hazard zone. These modifications would include raising the entire structure by approximately 4-5 feet in elevation, and would represent a significant cost to the property owner. After reviewing the requirements, the property owner approached the City about purchasing the property so that it could be dedicated to creating stormwater storage in the Imhoff Creek floodplain. City staff was able to verify with the FEMA Community Rating System (CRS) coordinator that this purchase, with development restrictions on the deed, would qualify for credits through this FEMA program that could potentially lower the City’s overall CRS rating. A lowering in the CRS rating would lower NFIP insurance rates for all citizens of Norman as well as potentially qualifying the City for additional grant funding opportunities.

Contract K-2425-31 provides for the purchase of 214 S. Lahoma Avenue for a purchase price of \$65,198. This amount appears to be well below the market value for the property, as this amount constitutes less than 43% of the Cleveland County Assessor’s “current market value” for the property and is also significantly lower than amounts paid recently for the purchase of similarly-situated properties in the same area. The contract calls for a closing by October 21, 2024, leaving nearly three months (if needed) for the City to perform title inspections and other due diligence to ensure the property meets the purposes for which it is being purchased. The customary closing expenses attributable to the City are estimated to total no more than \$5,000, including the cost to perform an American Land and Title Association title survey. In addition, an

amount not to exceed \$14,000 will be needed to have the structures on the property demolished and disposed of and to rehabilitate the lot after the City takes ownership of the lot.

Following approval of this item, Staff will begin the due diligence process and proceed as quickly to closing as possible. The City's purchase would be "as is", because after closing, the City will demolish the structure and remove all debris from the lot. The City will take ownership under a restricted deed requiring demolition and precluding future development, so that the property may comply with FEMA's Community Rating System (CRS) guidelines allowing for Open Space Preservation (OSP) and Deed Restriction (DR) credits.

Following closing, this parcel will become the responsibility of the Stormwater Maintenance Division to maintain, including mowing and cleanup following storm events. The property will not be used for any development.

Funds for this acquisition, due diligence activities such as surveying, associated closing costs, and structure demolition and lot rehabilitation are available in Drainage Miscellaneous-Other (Account 50599967-46001; Project DR0025 \$1,157.70), savings from FY23 Rolling Meadows Pipe Replacement (Account 50599906-46301; Project DR0029 \$21,843.50) and savings from FY23 Butler Drive (Account 50599968-46101; Project DR0026 \$61,325.77).

RECOMMENDATIONS:

1. City staff recommends approval of Contract K-2425-31, a contract for the purchase of 214 South Lahoma Avenue via a restricted warranty deed to be held and preserved for the purpose of mitigating future flooding events and obtaining CRS OSP and DR credits.
2. City staff recommends direction by City Council for City Staff and the City Manager to take all steps, and execute all documents, as necessary and appropriate to commensurate the purchase of the property according to the terms of this agreement.
3. City staff recommends transfer of funds from Account 50599906-46301; Project DR0029 in the amount of \$21,843.50 and Account 50599968-46101; Project DR0026 in the amount of \$61,325.77 to Account 50599967-46001; Project DR0025.