



## CITY OF NORMAN, OK CITY COUNCIL STUDY SESSION

Municipal Building, Executive Conference Room, 201 West Gray, Norman,  
OK 73069

Tuesday, August 16, 2022 at 5:00 PM

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### MINUTES

*It is the policy of the City of Norman that no person or groups of persons shall on the grounds of race, color, religion, ancestry, national origin, age, place of birth, sex, sexual orientation, gender identity or expression, familial status, marital status, including marriage to a person of the same sex, disability, retaliation, or genetic information, be excluded from participation in, be denied the benefits of, or otherwise subjected to discrimination in employment activities or in all programs, services, or activities administered by the City, its recipients, sub-recipients, and contractors. In the event of any comments, complaints, modifications, accommodations, alternative formats, and auxiliary aids and services regarding accessibility or inclusion, please contact the ADA Technician at 405-366-5424, Relay Service: 711. To better serve you, five (5) business days' advance notice is preferred.*

#### CALL TO ORDER

##### PRESENT

Mayor Larry Heikkila  
Councilmember Ward 1 Brandi Studley  
Councilmember Ward 2 Lauren Schueler  
Councilmember Ward 3 Kelly Lynn  
Councilmember Ward 4 Helen Grant  
Councilmember Ward 5 Rarchar Tortorello  
Councilmember Ward 6 Elizabeth Foreman  
Councilmember Ward 7 Stephen Holman

##### ABSENT

Councilmember Ward 8 Matthew Peacock

#### AGENDA ITEMS

1. DISCUSSION REGARDING THE DEVELOPMENT OF A DOWNTOWN BUSINESS IMPROVEMENT DISTRICT.

Mr. Cameron Brewer, property owner in Downtown Norman, said he has been interested in a Business Improvement District (BID) in Downtown Norman for several years in part due to his background as the Finance Director for the Downtown Oklahoma City BID. He said BID's are organizations formed by private property owners within legally constructed city districts for a ten year period and members pay a special assessment to cover the expense of services provided beyond what the local government offers in designated BID areas.

Item 1, continued:

Mr. Brewer said reasons for considering a BID in Downtown Norman include *Maintenance* – trash pickup, power washing, street/furniture/landscaping, and seasonal plantings; *Marketing* – festival coordination/management, advocacy for downtown specific issues, and more robust social media; *Management* – single point of contact, i.e., Executive Director; and *Improvements* – additional street furniture and completion of lights across Main Street. He said a BID can increase beautification of Downtown Norman and studies have proven that a BID increases property values and business activity as well as reduces crime. A BID can increase occupancy rates and pedestrian counts, improve walkability, provide direct advocacy for downtown specific issues through a dedicated Staff member, and increases ease of event coordination and input from downtown property owners.

The BID Committee comprised of seven members from the Downtowners Association held four public meetings; met with numerous property owners; mailed letters to all BID property owners with contact information; developed a website ([downtownnorman.com/bid](http://downtownnorman.com/bid)) with Frequently Asked Questions (FAQ) and meeting dates; met with City of Oklahoma City BID Oversight Staff to determine BID best practices; reviewed various BID structures across the country; met with City of Norman Staff; and formed a non-profit entity. He said the volunteer BID Committee members worked over 250 hours on the formulation of the BID and process.

The proposed diverse boundaries include 334 total parcels excluding single-family residents, religious institutions, non-profit agencies (if they own the building), and utilities. The proposed BID assessment structure has three components that include 1) Taxable Value – 8% of 1% of a parcel's taxable value (as determined by the Cleveland County Assessor); 2) Acreage - \$1,100 for every acre of land, i.e., 0.16 acres = \$176 annually; and 3) Linear Front Footages – Main Street = \$7.50 per linear foot, James Garner Avenue and Gray Street = \$5.00 per linear foot, and side streets/Porter Avenue/400 East Main = \$2.50 per linear foot.

Mr. Brewer highlighted BID assessment examples as follows:

307 East Main Street

- Taxable Value Assessment - \$64
- Linear Frontage Assessment - \$173
- Acreage Assessment - \$85
- Total Assessment - \$322 annually

227 West Main Street

- Taxable Value Assessment - \$734
- Linear Frontage Assessment - \$1,313
- Acreage Assessment - \$172
- Total - \$2,219 annually

401 West Main Street (highest property assessment in BID)

- Taxable Value Assessment - \$2,340
- Linear Frontage Assessment - \$1,563
- Acreage Assessment - \$532
- Total Assessment - \$4,435 annually

Item 1, continued:

BID Assessment, continued:

101 East Tonhawa

- Taxable Value Assessment - \$480
- Linear Frontage Assessment - \$0
- Acreage Assessment - \$265
- Total Assessment - \$745 annually

Mr. Brewer said after discussions with City and County Staff, the City of Norman and Cleveland County will have separate agreements. The City of Norman will pay \$57,000 annually for “base level services” (funds are already budgeted for Downtown Norman improvements/maintenance) plus an annual assessment of \$24,000 for City owned properties while Cleveland County will be assessed \$18,000 annually for County owned properties. The formula for assessment is based on the average taxable value of privately owned property within the BID boundary plus linear footage, if applicable.

The proposed annual budget for January 1 through December 31, 2023, includes Maintenance - \$100,000 (\$88,000 streetscape/landscape maintenance and \$12,000 seasonal plantings); Marketing - \$40,000 (\$35,000 general marketing - and \$5,000 event sponsorship); Management – \$62,600 (\$45,000 salaries/benefits, \$3,600 rent, \$10,000 professional services, and \$4,000 technology/office supplies); Improvements \$25,000 (beautification/furniture/art); and Administration - \$5,690 (City administration fee) for a total budget of \$233,290.

Mr. Brewer said the BID Management/Association will be governed by a Board of nine to 13 members comprised of owners or representatives of owners (at least 51% on Board); non-profit agencies; tenants; specialized expertise (attorneys, accountants, architects, etc.); an Executive Director; public representatives of City/County (one seat each); and contracted support professionals (accounting/financial and other as needed).

BID benefits include an improved, higher maintained public realm (shared services ensuring all of downtown is maintained); increased foot traffic; increase in property values; becoming *the* spot for tourists/visitors; revamp and maintain seasonal landscaping; advocacy, advocacy, advocacy; and a great Downtown Norman for years to come.

Councilmember Lynn requested a copy of the correspondence mailed to property owners and Mr. Brewer said he would be happy to provide a copy to Council.

Councilmember Tortorello asked what the \$57,000 for base level services would be used for and Mr. Brewer said there are a number of different services the City currently provides, i.e., trash pickup, landscape maintenance, etc., that the BID will be responsible for instead of the City. He said the BID will provide a higher level of maintenance and services in Downtown Norman.

Item 1, continued:

Councilmember Schueler and Foreman said they would like to move forward with a Downtown Norman BID.

Councilmember Lynn asked if business owners who oppose the BID will have a position on the Board and Mr. Brewer said yes, it is important to have people with differing views on the BID Board to ensure impartiality. Councilmember Lynn asked how the Board members will be selected and Mr. Brewer said the BID Committee as well as property owners will select Board members.

Councilmember Studley said she supports a Downtown BID and did not understand why property owners would not be supportive since this will be beneficial to everyone within the BID.

Councilmember Grant said she supports the BID because she receives multiple complaints about the landscaping not being cared for and dying or trash not being picked up on a regular schedule or rodent issues. She said power washing sidewalks will be a big boon to businesses. She volunteers with one of the businesses downtown and knows that all criticisms of the BID were incorporated into the final proposal to make the BID better so she feels confident in moving forward.

Councilmember Holman said the City has invested millions of dollars in Downtown Norman, i.e., sidewalks, street lights, benches, artwork, bike racks, etc., so having a level of maintenance that is higher than what the City is able to provide makes sense so he supports the BID.

Items submitted for the record

1. PowerPoint presentation entitled, "Downtown Norman Proposed Business Improvement District (BID)," dated August 2022

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2. DISCUSSION WITH THE NORMAN HOUSING AUTHORITY REGARDING AN AFFORDABLE HOUSING PROJECT LOCATED AT 1210 WEST ROBINSON STREET.

Ms. Lisa Krieg, Community Development Block Grant (CDBG) Grants Manager, introduced Ms. Karen Canavan, Norman Housing Authority (NHA) Executive Director.

Ms. Krieg said over the years, the City has partnered with the NHA and the Affordable Housing Corporation to provide 63 affordable housing units. She said Ms. Canavan is always on the pursuit for affordable housing opportunities and brings properties to the City's attention as she sees fit.

Item 2, continued:

Ms. Canavan said she is passionate about affordable housing through the NHA. She said NHA teaches people how to operate housing programs and how to manage assets, but NHA is not a social service provider. She understands purchasing this property on Robinson Street is a scary proposition, but NHA is experienced in affordable housing issues and is willing to assist. She said the Robinson Street property (proposed to be an apartment complex) will not be a homeless shelter and there will be many homeless people that will be refused service for that reason. The apartment complex will require residents to sign a one year lease, follow administrative requirements, and follow house rules so this is not an arrangement that all homeless people will seek. In addition, there will be people within the community who are not yet homeless, but will apply because there is a shortage of affordable housing in Norman. She said each person applying will be processed in accordance with Housing and Urban Development (HUD) regulations so they can be officially determined eligible. The applicants must pass a tenant screening criteria, which takes a great deal of Staff time; however, this is not intended to be a transitional situation.

When the complex opens, there will be a high turnover and she can assure Council that while NHA is not looking forward to that, it is part of the process and is the reality of achieving the overall goal. She said anyone operating the property must be sure every tenant stays steady on the rules, regulations, and consistency. Another reality is training the homeless community as a whole; however, once the community discovers the facility will not be providing meals or services to homeless in the community, they will stop coming around. She said tenants may try to allow friends or other homeless people to live with them, but as unauthorized people are removed from the complex, that issue will calm down. She said consistency and enforcement will be key to success of the program and no one will be allowed to sit on the lawns or hang out in front of the building. There will be no grocery carts, tents, or trash allowed on the property and it will look like a business apartment community. She said Robinson Street is an important corridor in Norman and no one wants to see that type of disrepair or conduct.

Ms. Canavan said there is not an unlimited funding source for the complex, so NHA, the City, and Norman Housing Corporation will need to find funding sources to perpetuate programs.

Councilmember Lynn said he estimates the average cost per unit to be \$160,000 for a 300 square foot room, which could buy a single-family home, and these units do not currently have kitchens, living rooms, etc. What are requirements under Section 8 Housing to be able to distribute vouchers and will renters be expected to cover the entire costs? Ms. Canavan said it is a lot of money per unit and citywide, affordable housing units may cost \$1,100 per month, but rented for \$680, which is how affordable housing is created. She said rent collected is used toward staffing, maintenance, and some money can be set aside to purchase additional units. She said the Robinson Street property is ideal for constructing affordable housing units and the complex can meet Section 8 requirements with a couple of modifications to studio apartments, i.e., have a dorm refrigerator and a microwave.



Item 2, continued:

Councilmember Lynn asked about the rules and Ms. Canavan said under Section 8 there are several rules that must be followed or vouchers are terminated. She said they have to report income, have to be in good standing with their landlord, they cannot have unauthorized people living with them, etc. She said there will be additional rules within the lease, which mirrors most apartment complex leases.

Councilmember Tortorello said he sees a 24 hour operation where a tenant can talk to someone at the complex about personal issues and be directed to available services and Ms. Krieg said these are issues that will be fleshed out in the Request for Proposal (RFP) for operation of the complex.

Ms. Krieg said everyone needs affordable housing and the definition of “affordable” may vary from household to household, but everyone needs housing they can afford. She said affordability is based on Area Median Income (AMI), which in Norman is \$73,200 for a family of four and \$53,000 for a single person. She said anything below 80% of AMI is considered low income. She said the HUD definition is spending no more than 30% of their income towards housing and based upon income definitions. HUD uses the term “rent burdened” and that means that of the 44,915 households in Norman, 19,251 are at or below 80% Median Family Income (MFI), which is 42% of the population. She said over 9,000 of low income renters are paying more than 30% of their income towards housing and under HUD standards they are cost burdened. She said while this is a burden to the household, it is also a burden to the City of Norman because every bit of that income over 30% that goes towards housing is income that is not spent on retail activity, which generates sales tax.

Ms. Krieg said for-profit developers generally are not financially able to address the demand for housing among lower income households because it costs the same amount to develop and operate affordable housing as it does to develop market rate housing. The rents that many low income households can afford to pay are too low to cover the costs of developing and operating newly constructed or existing housing. She said both a development subsidy of offset costs or ongoing rental assistance is required to meet affordability guidelines for this project.

Ms. Krieg said 1210 West Robinson Street is a former nursing home/specialty hospital constructed in 1968, which means the facility could contain lead based paint and asbestos. In 2005, Norman Regional Hospital (NRH) spent \$5 million to convert the facility to an Acute Care Hospital which was utilized for several years, but has been vacant for many years. The property is zoned Median Density Apartment District (RM6) located on 2.34 acres with a 39,665 square foot building. The structure can be rehabilitated to permanent housing with a unit configuration consisting of 27 studio apartments and 13 one bedroom units at an estimated cost of \$3 to \$5 million.

Item 2, continued:

The facility owner may be combined with a Facility Owner/Operator arrangement with the City retaining ownership or transferring to another entity such as the Norman Affordable Housing Corporation. The possible operator could be Norman Affordable Housing Corporation on a contract basis and funded from rent proceeds. The operator would monitor leasing and lease enforcement including tenant behavior expectations. Ms. Krieg said all this will all be decided by the RFP process with funding from HOME American Rescue Plan Act (ARPA) funds. Supportive services will come through voluntary case management and life-improving services to encourage self-sufficiency.

This project is designed to be self-sustaining after the acquisition/rehab. The funding for this project was appropriated by the United States (U.S.) Government in response to the COVID-19 crisis and is not local funding derived from sales tax or property tax. Development Funding consists of ARPA for purchase - \$3 to \$5 million and ARPA funds and other for rehabilitation - \$3 to \$5 million and Operations Funding consists of HOME ARPA funds for supportive services - \$1.5 million (available through 2030). The NHA would be providing project based rental assistance payable to the property owner and all tenants lease payments (30% of income) are also retained by the owner.

The NHA was chartered in 1974, and receives funding from the U.S. Department of HUD. The City of Norman appoints board members otherwise they operate autonomously and NHA is designated as a High Performing Public Housing Agency (PHA) by HUD, which is a prestigious designation. NHA operates 173 units total of public housing including Rose Rock Senior Housing (91 units); Red Bud Village (38 units); Colonial Estates (16 units); Jamestown (10 units); and Crystal Heights (18 units). NHA is responsible for the management of 1,203 Section 8 vouchers, 153 Section 811 Mainstream vouchers, and 30 emergency housing vouchers. NHA is a 501(c)(3) charitable non-profit that initially received funding in 1998 (\$1.9 million) from the sale of the former Kingsgate Apartments and utilized funding to acquire 23 properties. All profit after maintenance and insurance is dedicated to investment in and/or development of affordable housing. Their relationship with the City of Norman allows for reduced Staff and maintenance overhead. Currently inventory increased to 43 properties developed in partnership with the City of Norman CDBG Program and HOME Investment Partnership Program that provides housing property management for multiple non-profits.

Ms. Krieg said gross rent potential is based on 2022 Fair Market Rents as established by HUD. She said studio apartment rent is \$787 per month and a one bedroom apartment is \$820 per month for a total of \$31,929 per month or \$383,147 annually. She said rent revenue assumes a 7% vacancy after lease is up equal to \$19,694 per month or \$356,328 annually. Other items to be considered include property tax exemption for City or 501(c)(3) ownership; cost of utilities; cost of insurance; cost of regular maintenance activities; and funding of a Reserve Replacement Account for future capital expenses.

Item 2, continued:

Supportive services will be voluntary and only available to tenants of the facility, not the general public. Each tenant will have a standard lease with a clear understanding of their rights and responsibilities as tenants and be compliant with the Oklahoma Landlord Tenant Law. Policies will be developed and enforced for grievance/appeal procedures; housekeeping; loitering; guests; pet policies; and no tolerance of violence or illegal substances.

Ms. Krieg said what makes this project affordable is the federally supported rental assistance that will pay between 30% of household income and the cost of housing. The tenant pays 30% of their income towards the established rent. She said a PHA uses tenant based voucher funding to allocate project based units to a project. The PHA enters into a contract with the owner of the project for specified units and for a specific term. Because the assistance is tied to the unit, a tenant who moves from the project based unit does not have any right to continued housing assistance; however, they may be eligible for a tenant based voucher if available.

Supportive housing combines long-term affordable housing assistance with voluntary support services that help people who face the most complex challenges to live with stability, autonomy, and dignity. It also improves housing stability, employment, mental and physical health, and reduces active substance abuse.

Ms. Krieg said supportive housing concepts positively impacts a variety of stakeholders, but at its core, focuses on improving the lives of its tenants; targets households who are experiencing homelessness, at risk of homelessness, or are inappropriately staying in an institution (they may be facing multiple barriers to employment and housing stability, including mental illness, substance abuse, and/or other disabling chronic health conditions); housing is affordable, meaning the target household pays no more than 30% of their income towards rent; provides tenant households with a lease identical to non-supportive housing with no limits on length of tenancy, as long as lease terms and conditions are met; proactively engages members of the tenant household in a flexible and comprehensive array of supportive services without requiring participation in services as a condition of ongoing tenancy; effectively coordinates with key partners to address issues resulting in substance use, mental health and other crises, with a focus on fostering housing stability; and supports tenants in connecting with community based resources and activities, interacting with diverse individuals, including those with disabilities, and building strong social support networks.

Current supportive housing units are scattered throughout Norman and are funded by the HUD Continuum of Care Program. Rental assistance and case management is provided by Catholic charities – 6 units; Central Oklahoma Community Mental Health – 2 units; HOPE Community Services – 12 units; Food and Shelter – 11 units; and Thunderbird Clubhouse – 8 units.

Next steps include system inspections; environmental testing for asbestos and lead based paint; development of support services RFP; determination/development of ownership/management structure and associated contracts and policies; and finalizing construction documents.



Item 2, continued:

Mayor Heikkila thanked Staff and Ms. Canavan for the great presentation and explanation of the project.

Councilmember Grant asked if the City will be meeting Homebase Study benchmark if the project moves forward and Ms. Krieg said yes and the City is currently working to educate and meet with multiple landlords regarding the benefits of accepting Section 8 vouchers.

Councilmember Foreman supports moving forward with the project because it is time the City help the "have nots" in Norman.

Councilmember Holman said this property is an asset the City will own and when private sectors will not provide affordable housing, the City should because it is a big problem in Norman. He supports moving forward with the project.

Councilmember Lynn said a majority of Norman residents do not want this project so he cannot support moving forward.

Items submitted for the record

1. PowerPoint presentation entitled, "1210 W. Robinson Supportive Housing Project"

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## **ADJOURNMENT**

The meeting was adjourned at 7:51 p.m.

ATTEST:

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City Clerk

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Mayor