



## CITY OF NORMAN, OK STAFF REPORT

---

**MEETING DATE:** 5/09/2023

**REQUESTER:** Shawn O'Leary, Director of Public Works

**PRESENTER:** Elisabeth Muckala, Asst. City Attorney

**ITEM TITLE:** CONSIDERATION OF APPROVAL, REJECTION, AMENDMENT AND/OR POSTPONEMENT OF CONTRACT K-2223-150: A CONTRACT BY AND BETWEEN THE CITY OF NORMAN, OKLAHOMA, AND COX COYLE INVESTMENTS, L.L.C., IN THE AMOUNT OF \$33,000 FOR THE PURCHASE OF REAL ESTATE LOCATED AT 218 SOUTH LAHOMA AVENUE AND BUDGET APPROPRIATION TO COVER VARIOUS CLOSING AND DUE DILIGENCE 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.

## **DISCUSSION:**

In June 2022, several homes along South Lahoma Avenue were flooded. 218 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-2223-150 provides for the purchase of 218 S. Lahoma Avenue for a purchase price of \$33,000. This amount is believed to be significantly below the market value for the property, as this amount constitutes less than 35% of the amount paid when the property was purchased in December of 2019. The contract calls for a closing by July 24, 2023, 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.

Following approval of this item, Staff will begin the due diligence process and proceed as quickly to closing as possible. After due diligence and before final closing, the Owner will demolish the

structure and remove all debris from the lot, and the City's purchase will be for the property "as-is" in that cleared condition. The City will take ownership under a restricted deed 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 and associated closing costs are available in Drainage Miscellaneous-Other (Account 50599967-46001; Project DR0025).

**RECOMMENDATION:**

City staff recommends approval of Contract K-2223-150, a contract for the purchase of 218 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.