



CITY OF NORMAN, OK STAFF REPORT

DATE: 4/14/25

TO: Shannon Stevenson, City Manager

FROM: Anthony Purinton, Assistant City Attorney

SUBJECT: Addendum #1 to contract K-2425-77 Development Financing and Affordable Housing Loan Agreement (SLFRF Crimson Flats West Loan Agreement).

BACKGROUND AND DISCUSSION:

The City of Norman received funding under the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program, as authorized by the American Rescue Plan Act (ARPA). The City allocated 6.4 million dollars of its SLFRF award to be used for Affordable Housing. On 11/14/23, Norman City Council entered into an Agreement with Milestone Property Development LLC to develop real property located on the NE Corner of Imhoff and Oakhurst for an affordable housing development using a combination of City SLFRF and Low Income Housing Tax Credit (LIHTC) funding.

To better leverage funding for the overall project, the development was split up into two separate projects, Crimson Flats East and Crimson Flats West, that will be developed concurrently. The City entered into two separate loan agreements, one for each of the separate projects. Crimson Flats West contains 40 out of the 75 total units, which consist of 40 one-bedroom units. Crimson Flats East contains the remainder of the 75 total units, with 11 two-bedroom and 24 three-bedroom units.

The original agreements anticipated a total of ten Project-Based Vouchers (PBVs) to be allocated for the total 75-unit development. Those PBVs were expected to be assigned to the one-bedroom units in Crimson Flats West. Ultimately, the overall project was awarded additional PBVs; for a total of 16 PBVs. However, if either project receives more than eight total PBVs, certain Federal regulatory requirements would trigger that would substantially increase the project cost for the development, jeopardizing the project. To account for the increased number of PBVs and the reallocation of how they would be distributed, changes to the unit affordability ratio are necessary. All units will remain affordable under the proposed changes, so Staff recommend approval of the changes to account for necessary adjustments in light of the increased award of PBVs.

The attached Addendum #1 for the loan agreement for Crimson Flats West changes the level of affordability of two of the one-bedroom units. Previously, all 40 of the one-bedrooms were going to be affordable for households making 30% or less of the median family income (AMI) for the area. The Addendum changes would now make two of the 40 units affordable at 60% AMI. This

change would be offset by two units in Crimson Flats East being affordable at 30% AMI. This preserves the commitment to provide ten total units at 30% AMI.

RECOMMENDATION:

Staff recommends approval of the Addendum #1 to contract K-2425-77.

CONTRACT ADDENDUM NO. 1
DEVELOPMENT FINANCING AND AFFORDABLE HOUSING LOAN AGREEMENT
(SLFRF Crimson Flats West Loan Agreement)

THIS CONTRACT ADDENDUM NO. 1, dated the 14th day of April, 2025 (the "Effective Date"), is between the City of Norman, Oklahoma, a municipal corporation ("City"), and Crimson Flats West LP, an Oklahoma limited partnership (along with any related companies controlled by Milestone Holdings Two, LLC, or its principals, used for financing or tax credit purposes, "Developer") (City and Developer, together, the "Parties").

WHEREAS, the Parties entered into a Development Financing and Affordable Housing Loan Agreement ("SLFRF Crimson Flats West Loan Agreement" or "Loan Agreement") on December 10, 2024, to utilize City's SLFRF program funds to finance the development of a low- and moderate-income housing development ("Project"); and

WHEREAS, the Parties desire to amend the Loan Agreement to adjust the unit ratio of the Loan Agreement's Affordability Requirements in response to certain regulatory requirements related to Project-Based Vouchers.

NOW, THEREFORE, in consideration of the Parties agreeing to amend their obligations in the existing Loan Agreement, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

SECTION 1. Section 1.3(C)(i) of the Loan Agreement (Project Description) is hereby amended to read as follows:

(i) The SLFRF Project consists of the Property and Lot 2 described in the recitals, and all improvements thereon as described in the approved Plans and Specifications, including: (i) at least seventy-five (75) living units, subject to the Affordability Requirements; (ii) forty (40) one-bedroom units (each approximately 700 square feet), eleven (11) two-bedroom units (each approximately 950 square feet), and twenty-four (24) three-bedroom units (each approximately 1,150 square feet), ranging from traditional one-bedroom apartments to two-story three-bedroom townhomes; (iii) all units shall have in-unit washer and dryer units, a garbage disposal, and dishwasher; (iv) each bedroom and living area shall have a combined ceiling fan/light; (v) each building shall include a lobby for tenant mailboxes; (vi) a large community outdoor space at the center of the Property, with a playground, gardening areas and green space shall be included; (vii) a HERs rating less than or equal to a score of eighty (80) shall be achieved, as evidenced by a report from a Certified Home Energy Rater that conducted a post-construction inspection of the Project; (viii) a storm shelter or safe room shall be constructed in accordance with the most recent State of Oklahoma Building Code requirements, which shall accommodate all possible residents based on the total number of bedrooms; (ix) all units constructed at ground level shall incorporate the City's Visitability Program requirements; (x) the final building, site layout, and accessibility shall be substantially consistent with the final site development plan and final plat approved by Lender; (xi) the building facades shall be at least 60% brick or stone; the remainder shall be comprised of cement type boards; (xii) sixteen (16) units

shall be available for project-based vouchers; and (xiii) public streetscaping, landscaping, and signage conforming to the requirements of the Master Plan and City Code.

SECTION 2. Section 8.2 of the Loan Agreement is hereby amended to read as follows:

8.2. Throughout the Period of Compliance, at least 20% of the total number of units in the Project shall be affordable for households making 30% or less of the median family income for the area, as calculated and adjusted by the United States Department of Housing and Urban Project ("HUD"), 8 of the low-income units shall be available for households at 30% AMI and 32 of the low-income units shall be available for households at 60% AMI ("Affordability Requirements").

SECTION 3. Section 3.2 (Affordability Requirements) of Exhibit I (Form of Affordability Covenant), is hereby amended to read as shown below. Exhibit I, as so amended, is attached to this Addendum in its entirety.

3.2. Ensure that at least twenty percent (20%) of the total number of units in the Project shall be affordable for households making 30% or less of the median family income for the area, as calculated and adjusted by the United States Department of Housing and Urban Project ("HUD"), eight (8) of the low-income units shall be available for households at 30% AMI and thirty-two (32) of the low-income units shall be available for households at 60% AMI.

SECTION 4. Except as otherwise provided in this Addendum, all of the terms and conditions of the Loan Agreement remain unchanged and in full force and effect.

SECTION 5. Capitalized terms not otherwise defined in this Addendum will have the meanings ascribed to them in the Loan Agreement, as amended.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Developer has caused this Addendum No. 1 to be duly executed in its name and behalf by its Manager.

Manager:

Crimson Flats West LP,
an Oklahoma limited partnership

By: Crimson Flats West GP LLC
an Oklahoma limited liability company and its general partner

By: Milestone Holdings Two LLC,
an Oklahoma limited liability company and its
managing member

By: 
Thomas Gorman
President & Sole Director

ACKNOWLEDGEMENT

STATE OF OKLAHOMA)
) ss.
COUNTY OF Washington)

Before me, a Notary Public in and for said State, on this 14th day of April, 2025, personally appeared Thomas A. Gorman, as the President & Sole Director of Milestone Holdings Two LLC, the managing member of Crimson Flats West GP LLC, the general partner of Crimson Flats West LP, an Oklahoma limited partnership, and acknowledged to me that he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed of such limited partnership, for the uses and purposes therein set forth.

Witness my hand and official seal the day and year above written.

Notary Public

My Commission Expires: 03/28/2024
My Commission Number: 18003127



IN WITNESS WHEREOF, the City has caused this Addendum No. 1 to be duly executed in its name and behalf by its City Manager.



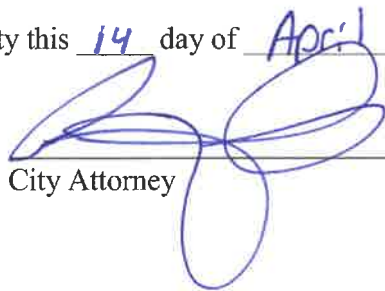
CITY OF NORMAN, OKLAHOMA,
a municipal corporation

By: 
Shannon Stevenson, Assistant City Manager

Attest


Brenda Hall
City Clerk

Reviewed for form and legality this 14 day of April, 2025.


City Attorney

After recording return to:

City of Norman
225 N. Webster
Norman, OK 73069
Attn: City Attorney

DECLARATION OF AFFORDABILITY REQUIREMENTS

This DECLARATION OF AFFORDABILITY REQUIREMENTS ("Declaration") is made effective as of the 14th day of April, 2025, ~~2024~~ between CRIMSON FLATS WEST, LP, an Oklahoma limited partnership ("Owner"), and the CITY OF NORMAN, OKLAHOMA, a municipal corporation ("City").

RECITALS:

A. The Owner and the City executed a Partial Assignment of a Disposition and Development Agreement dated effective the ____ day of _____, 2024 ("Development Agreement"), pursuant to which the Owner agreed to carry out a portion of the development of a new 75-unit affordable housing development and community facilities under the City's American Rescue Plan Act of 2021 ("ARPA") State and Local Fiscal Recovery Funds ("SLFRF") Program.

B. The Owner and City executed a Development Financing and Affordable Housing Loan Agreement dated effective the ____ day of _____ 20__ ("Loan Agreement"), pursuant to which the City agreed, inter alia, to provide an allocation of its available SLFRF funds, in the form of a loan, to assist the Owner with the completion of the portion of the affordable housing development and community facilities Owner has assumed.

C. Pursuant to the terms of the Development Agreement and Loan Agreement, the Owner has agreed to execute this Declaration to ensure compliance with income and rent affordability requirements and other terms and conditions of the Agreement, all as more particularly described herein.

D. All capitalized terms used herein not otherwise defined shall have the meanings as defined in the Development Agreement and the Loan Agreement.

AGREEMENTS:

NOW, THEREFORE, in consideration of the promises and mutual obligations of the Parties as described in the Agreement, each of them hereby covenant and agree as follows:

1. Property. The real property subject to this Declaration is located in Norman, Cleveland County, Oklahoma, which is more particularly described on Exhibit "A" attached hereto

and made a part hereof, together with all and singular the improvements, buildings, structures, additions, and improvements now or hereafter located thereon (collectively, the “Property”).

2. Imposition of Covenants: Duration. The covenants contained in this Declaration shall be deemed to be covenants and restrictions running with the land described on Exhibit “A” attached hereto. The Owner hereby binds itself, its successors and assigns to the covenants herein, which shall continue in effect until the end of the Affordability Period (as hereafter defined), unless sooner terminated or amended. The covenants, restrictions, obligations and requirements described herein shall commence on the Project Completion Date, as evidenced by a final unrestricted certificate of occupancy, pursuant to the Agreement, and end on the date which is forty (40) years thereafter (“Affordability Period”).

3. Affordability Requirements. During the Affordability Period and for the duration of the effectiveness of the LURA, the Owner shall comply with all applicable local, State and Federal laws and rules governing use of the SLFRF funds, including without limitation, under the American Rescue Plan Act of 2021, its accompanying rules and regulations, and any amendments to said rules, cross cutting regulations, or any subsequent amendments, notices or guidance to the SLFRF Program. By way of illustration and not limitation, the Owner shall, during the Affordability Period:

3.1. Timely develop and operate the Project in conformance with all applicable local, State, and Federal code requirements and City specifications and requirements with the intent to increase supply of quality, affordable rental housing in Norman.

3.2. Ensure that at least twenty percent (20%) of the total number of units in the Project shall be affordable for households making 30% or less of the median family income for the area, as calculated and adjusted by the United States Department of Housing and Urban Project (“HUD”), eight (8) of the low-income units shall be available for households at 30% AMI and thirty-two (32) of the low-income units shall be available for households at 60% AMI).

3.3. Before entering into any agreement with any tenant to rent a SLFRF unit, develop procedures for tenant income eligibility verification for the-assisted units that comply with the HUD Part 5 method or the IRS Method of income determination.

3.4. Before entering into any agreement with any tenant to rent a SLFRF unit, develop rent rules and limits which shall be specific to Low- and Moderate-income households, which must correspond to the documented method for determining SLFRF rent standards for the Project as developed by the City.

3.5. Ensure rents for the SLFRF units do not exceed maximum rent standards developed by the City.

3.6. Provide all written reports required under the Loan Agreement, including, without limitation, annual source verification and recertification of income eligibility of tenant

households for the SLFRF units utilizing methods that comply with the HUD Part 5 method or the IRS Method of income determination, all as more particularly described in the Loan Agreement.

The requirements described in Sections 3.1 through 3.6 above are collectively referred to herein as the “Affordability Requirements.”

4. Use Restrictions. Owner shall devote the Property only for the uses permitted by this Declaration, LIHTC rules, and applicable zoning.

5. Taxes, Assessments, Encumbrances, and Liens. Owner shall pay real estate taxes and assessments on the Property or any part thereof when due and, until the City certifies that all building construction and other physical improvements specified to be done and made by the Owner pursuant to the Development Agreement and as referenced in Section 7 of this Declaration have been completed, Owner shall not place thereon any encumbrance or lien on the Property other than the permitted liens (as defined in the Loan Agreement) liens securing the construction and permanent financing of the improvements to be constructed on the Property pursuant to the construction plans approved by the City and for additional funds, if any, in an amount not to exceed the consideration specified in the Agreement, and shall not suffer any levy or attachment to be made or any other encumbrance or lien to attach until the City certifies that all building construction and other physical improvements specified to be done and made by the Owner pursuant to the Agreement have been completed through the issuance of a final unrestricted certificate of occupancy on the Property.

6. Transfers or Sales Subject to Approval and These Covenants. If the Owner, its successors or assigns desires to sell, convey, assign, or otherwise transfer, including but not limited to permitting or causing any material and controlling change in the ownership in Owner in a manner not permitted by the Development Agreement or the Loan Agreement (collectively, “Transfer”), the Property, or any part thereof or any interest therein to another entity, at any time during the Affordability Period, the proposed Transfer must be approved in writing by City. Such proposed Transfer shall be subject to the requirements set forth in the Loan Agreement, including without limitation, verification that the proposed transferee has the capacity to perform the Affordability Requirements and other obligations set forth in this Declaration and the Loan Agreement throughout the Affordability Period.

7. Performance Obligations. In accordance with the Development Agreement, the Owner is obligated to commence construction and development activities for the Project, in accordance with the Design and Construction Documents approved by the City, and to diligently prosecute the construction of said improvements to completion: provided, that in any event, construction shall commence no later than February 28, 2025, and shall be completed no later than August 31, 2026, which dates are subject to extension, as more particularly described in the Development Agreement. This covenant number 7 shall terminate on the date the City issues the final unrestricted certificate of occupancy for the Project. The termination of this covenant number 7, however, shall in no way release the Owner of the remaining obligations and requirements described in this Declaration.

8. Nondiscrimination. Owner agrees for itself and any successor in interest not to discriminate upon the basis of race, creed, color, or national origin in the sale, lease or rental or in the use or occupancy of the Project hereby conveyed or any part thereof or of any improvements erected or to be erected thereon or any part thereof.

9. Right to Enforce; Remedies. The City shall be deemed a beneficiary of all covenants in this Declaration; Cleveland County, Oklahoma shall be deemed a beneficiary of the covenant in Section 5 of this Declaration; the United States of America shall be deemed a beneficiary of the covenants in Sections 3, 4, 6, 7, and 8 of this Declaration; and such covenants shall run in favor of the beneficiaries for the entire period during which such covenants shall be in force and effect, i.e., the Affordability Period, without regard to whether the City, Cleveland County, Oklahoma or the United States, is or remains an owner of any land or interest therein to which such covenants relate. As such beneficiaries, the City, Cleveland County, Oklahoma and the United States, in the event of a material and adverse default of the covenants hereunder to which they are a beneficiary, and such default is not cured with ninety (90) days of receipt by Owner of notice of such default from the City, shall each have the right to exercise all the rights and remedies, and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach, to which beneficiaries of such covenant may be entitled. Each beneficiary shall be entitled to exercise all rights and remedies available at law and in equity to enforce the covenants, agreements, and obligations contained in this Declaration including, without limitation, the right to seek and obtain damages, specific performance, and injunctive relief (prohibitive or mandatory) preventing the breach of, or enforcing the performance or observance of the covenants, agreements, rights, and obligations contained herein. In any action to enforce or interpret, or otherwise arising out of, this Declaration, the prevailing party shall be entitled to recover its reasonable costs and expenses incurred in connection therewith including, without limitation, reasonable fees and disbursements of its attorneys and expert witnesses, and including reasonable fees and expenses of its attorneys incurred in connection with appellate, bankruptcy, or insolvency proceedings.

10. Release of Covenants. Upon the expiration of the Affordability Period and provided no Event of Default is existing and continuing, the City shall execute one or more releases to indicate such satisfactory performance and release by a written instrument in recordable form executed and acknowledged by the City.

11. Other Covenants Unaffected. Nothing contained herein shall be deemed to waive, release, amend, or otherwise affect any other restrictions, covenants or agreements imposed in connection with the Property.

12. Miscellaneous. The Parties further agree as follows:

12.1. *Termination or Amendment; Binding Effect; Failure to Enforce Not a Waiver.* The rights, restrictions, agreements, requirements and covenants created and imposed hereby may not be terminated, waived, released, modified, amended or changed, in whole or in part, temporarily or permanently, at any time or from time to time, except by a written instrument in recordable form executed and acknowledged by the City and Owner. No right, restriction,

agreement, requirement or covenant contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same irrespective of the length or number violations or breaches which may occur.

12.2. *Notices.* Any notice, demand, request or other communication required or permitted under this Declaration shall be in writing and either (a) delivered personally or by messenger or a nationally recognized overnight courier service or (b) sent postage prepaid by express mail or first class certified mail, return receipt requested. The effective date of any notice or other communication shall be (1) the date of delivery of the notice, if by personal delivery, messenger or courier service, or (2) if mailed, on the date upon which the express mail receipt or the return receipt is signed or delivery is refused or the notice is designated by the postal authorities as unclaimed or not deliverable. The Parties hereby designate the following notice addresses as the notice addresses under this Declaration; a copy of such notice, demand, request or other communication shall be sent to the following:

As to City: City of Norman
 225 N. Webster
 Norman, OK 73069
 Attn: City Attorney

As to Owner: Crimson Flats West LP
 398060 W 2200 Road
 Bartlesville, OK 74006
 Attn: Thomas A. Gorman

The Owner or City may change its notice address(es) by giving written notice to the others as provided herein.

12.3. *Time.* Time is of the essence of the provisions of this Declaration and the observance and performance of the obligations herein.

12.4. *Governing Law; Venue.* The provisions of this Declaration are to be interpreted, construed, applied, and enforced in accordance with the Act and the laws of the State of Oklahoma. Any action to construe or enforce this Declaration shall be brought only in the federal or state courts located in Cleveland County, Oklahoma.

12.5. *Severability.* If any of the provisions of this Declaration or the application thereof in any circumstances shall be finally held to be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity and enforceability of the remainder of this Declaration which can be given effect without the invalid or unenforceable provision, and to that extent the provisions of this Declaration shall be deemed severable.

12.6. *Captions.* The captions contained herein are inserted only as a matter of convenience and for reference and shall in no way define, limit, or describe the scope of this Declaration or the intent of any provision hereof.

IN WITNESS WHEREOF, the Owner has executed this Declaration of Affordability as of the 14th day of April, 2025.

Crimson Flats West LP,
an Oklahoma limited partnership

By: Crimson Flats West GP LLC
an Oklahoma limited liability company and its
general partner

By: Milestone Holdings Two LLC,
an Oklahoma limited liability company and
its managing member

By: 
Thomas Gorman
President & Sole Director

ACKNOWLEDGMENT

STATE OF OKLAHOMA,)
) ss.
COUNTY OF Washington)

Before me, a Notary Public in and for said State, on this 14th day of April, 2025, personally appeared Thomas A. Gorman, as the President & Sole Director of Milestone Holdings Two LLC, the managing member of Crimson Flats West GP LLC, the general partner of Crimson Flats West LP, an Oklahoma limited partnership, and acknowledged to me that he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed of such limited partnership, for the uses and purposes therein set forth.

WITNESS my hand and official seal the day and year last above written.


Notary Public

My Commission Expires: 03/28/2026
My Commission Number: 18003127

(SEAL)



IN WITNESS WHEREOF, City has executed this Declaration of Affordability as of the 14 day of April, 2025.



CITY OF NORMAN, OKLAHOMA,
a municipal corporation

By: Shannon Stevenson
Shannon Stevenson, Assistant City Manager

Attest:

Brenda Hall
City Clerk

Reviewed for form and legality this 14 day of April, 2025.

[Signature]

EXHIBIT A

Legal Description of the Property

The Property is comprised of two contiguous lots described as follows:

A tract of land lying in the Southeast Quarter (SE/4) of Section Four (4), Township Eight (8) North, Range Two (2) West of the Indian Meridian, Cleveland County, Oklahoma and being more particularly described as follows:

COMMENCING at the Southeast corner of said SE/4; **THENCE** South 88°59'20" West along the South line of said SE/4 a distance of 880.75 feet; **THENCE** North 00°50'55" West a distance of 50.00 feet; **THENCE** South 88°59'20" West a distance of 174.77 feet to the **POINT OF BEGINNING**;

THENCE continuing South 88°59'20" West a distance of 266.09 feet;
THENCE North 44°52'51" West a distance of 33.49 feet;
THENCE North 00°12'54" East a distance of 405.45 feet;
THENCE South 89°47'06" East a distance of 29.76 feet;
THENCE South 00°00'00" East a distance of 102.61 feet;
THENCE North 89°54'50" East a distance of 197.41 feet;
THENCE South 00°10'21" East a distance of 90.62 feet;
THENCE North 89°54'50" East a distance of 60.01 feet;
THENCE South 00°10'26" East a distance of 231.54 feet to the **POINT OF BEGINNING**.

Said tract contains 2.09 acres, more or less.