



CITY OF NORMAN, OK STAFF REPORT

MEETING DATE: 04/22/2025

REQUESTER: Anthony Purinton, Assistant City Attorney

PRESENTER: Anthony Purinton, Assistant City Attorney

ITEM TITLE: CONSIDERATION OF APPROVAL, ACCEPTANCE, REJECTION, AMENDMENT AND/OR POSTPONEMENT OF RATIFICATION OF CONTRACT ADDENDUM ONE TO CONTRACT K-2425-77: A DEVELOPMENT FINANCING AND AFFORDABLE HOUSING LOAN AGREEMENT FOR CRIMSON FLATS WEST BETWEEN THE CITY OF NORMAN, OKLAHOMA AND CRIMSON FLATS WEST LP, AND AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO EXECUTE ANY DOCUMENTS ON BEHALF OF THE CITY OF NORMAN TO EFFECTUATE THE AGREEMENTS.

BACKGROUND:

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.

Pursuant to the authorization given to the City Manager upon approval of K-2425-77, a contract addendum has been approved since entering into the original agreement. In an abundance of caution, Staff is presenting the contract addendum to City Council for ratification of the prior City Manager approval in advance of the closing scheduled at the end of this month. A summary of the contract addendum is provided below. A copy of the Addendum and its corresponding staff report is attached to this agenda item.

DISCUSSION:

Approved on April 14th, 2025, Addendum No. 1 changed language in the loan agreement in order to reflect an increase in the Project-Based Vouchers dedicated to the overall project. 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.

Thus, Addendum #1 for the loan agreement for Crimson Flats West changed 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 resulted in 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 ratification of the City Manager's Approval of Contract Addendum No. 1 to contract K-2425-77. In addition, Staff recommends the continued authorization of the city manager or his designee to execute any documents on behalf of the City of Norman to effectuate the transactions.