CITY OF NORMAN

Affordable Housing Project Update 9/26/23

Lisa Krieg, CBDG/Grants Manager Anthony Purinton, Assistant City Attorney





Overview

- Today: Informative overview to allow all Councilmembers to have the same background and context for the benefit of future meetings
- Future Council Meetings: More specific details about the project details and agreements between City and the Developer
- Discussion today will include:
 - Brief background on Council Actions, ARPA, and State and Federal Tax Credit Program
 - RFP Process and Outcome
 - Timeline of future meetings

SECTION ONE

AFFORDABLE HOUSING, ARPA, AND TAX CREDITS

Affordable Housing, what does that mean?

- General Idea: Housing development with rental caps to maintain affordability for tenants meetings income criteria
- Affordability according to HUD: Housing expenses do not exceed 30% of a household's total income
- Tenants must have an income and pass background and rental history checks

Affordability and Rents

Household Income	1 Person	2 people	3 people	4 people
30% Median Income	\$ 17,200	\$ 19,680	\$ 22,140	\$ 24,570
50% Median Income	\$ 28,700	\$ 32,800	\$ 36,900	\$ 40,950
60% Median Income	\$ 34,440	\$ 39,360	\$ 44,280	\$ 49,140
Maximum Rents including utilities		1 Bedroom	2 Bedroom	3 Bedroom
30% Median Income		\$ 461	\$ 553	\$ 639
50% Median Income		\$ 768	\$ 922	\$ 1,065
60% Median Income		\$ 922	\$ 1,107	\$ 1,278

Council Background

- Homebase Study identified gap of 9,000 affordable rental units.
- City Council allocated 6.4 million in ARPA funds to dedicate to affordable housing
- Using money to purchase land and offer as project financing, City issued RFP seeking developers for affordable housing project

ARPA Allocation: Investment in Affordable Housing

- ARPA requirements for affordable housing loans
 - Loan must be at least 20 years
 - Money comes back free of ARPA requirements
 - Must be encumbered by end of 2024 and spent by end of 2026
 - Funded project must meet certain requirements (e.g., <u>must be a project utilizing State/Federal Tax Credits</u>)
- Opportunity to use the returning funds to help create a revolving fund for similar projects

OKLAHOMA HOUSING FINANCE AGENCY

- Federal Tax Credit Program (LIHTC) creates over \$9 billion in funds annually to subsidize affordable housing development
- OHFA is the state agency who awards tax credits to developer applicants
- Competitive process used to rank and award funds to applicants twice a year

SECTION TWO

RFP PROCESS AND OUTCOME

Imhoff and Oakhurst

- City bought just under 5 acres for purposes of this RFP in early 2023
- \$525,000
- Great Location to maximize success for a Tax Credit Application
- Previous owner zoned property as SPUD for 75 unit senior affordable housing project



Request for Proposal

- City issued RFP for developers late spring
- RFP resulted in 6 applications
- RFP modeled after OHFA's application to ensure the chosen developer has high probability of success being awarded LIHTC funding
- Developer selected: Gorman Management Company / Milestone Property Development

Gorman Properties

- Family businesses centered around real estate development and management since 1904, four generations.
- Tom Gorman: current president
- ONLY RFP applicant with strong ties to Norman (current and future properties in Norman)
- Applicant with the best history of quality property management and retention of properties
- Developer of choice and long-time partner with Catholic Charities

Unit Mix:

1BR 30% AMI – 10 (voucher)

1BR 50% AMI - 4

1BR 60% AMI – 26

2BR 50% AMI - 5

2BR 60% AMI - 6

3BR 50% AMI - 9

3BR 60% AMI - 15

Amenities:

- Storm Shelter
- Raised Garden beds
- Playground (away from abutting property owners)
- Accessible Units
- More...





General Agreement Terms

- Must maintain affordability requirements for at least 40 years (also req'd by IRS and OHFA)
- Funding ARPA funds as loan to developer
- Developer secures OHFA funding and constructs project
- Limitations of transfer of property
- City agrees to provide infrastructure improvement? (Need to appropriate funds for this)

WHAT'S NEXT

Zoning and Contract Timeline

- October
 - Initial Master Agreement with Developer
 - Planning Commission
- November
 - All agreements and misc. items related to project on CC agenda
 - Zoning Approval by City Council (fast tracked)
- January 2024: OHFA application of the developer for project funding
- March 2024: OHFA awards project funding
- Project Completion by Summer of 2026

QUESTIONS?

