



CITY OF NORMAN, OK STAFF REPORT

MEETING DATE: 10/08/24

REQUESTER: Jane Hudson, Director of Planning

PRESENTER: Lisa Krieg, CDBG Grants Manager

TITLE: CONSIDERATION OF ADOPTION, APPROVAL, REJECTION, AMENDMENT, AND/OR POSTPONEMENT OF RESOLUTION R-2425-51: A RESOLUTION OF THE COUNCIL OF THE CITY OF NORMAN, OKLAHOMA, AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO SUBMIT A GRANT APPLICATION TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PATHWAYS TO REMOVING OBSTACLES TO HOUSING GRANT PROGRAM FOR FUNDING TO UPDATE THE ZONING CODE AND SUBDIVISION REGULATIONS, CREATION OF A NEIGHBORHOOD PATTERN BOOK AND ASSOCIATED PRE-APPROVED PLANS, A PARKING STUDY, AND CREATION OF AN AFFORDABLE HOUSING ACTION PLAN; EXPRESSING ITS COMMITMENT TO SEEK FUNDING FOR LOCAL LEVERAGE (\$200,000) IF SUCH GRANT IS AWARDED AND PROJECTS APPROVED.

BACKGROUND:

Throughout the Area Infrastructure and Master Plan (AIM) Norman planning process, City Council, the AIM Norman Steering Committee, and the community of Norman have detailed the desire to see impactful changes made to policy and processes to encourage affordable and attainable housing development within the City of Norman. The resulting draft AIM Norman Housing Plan outlines key strategies, including updates to current codes and processes that will alleviate barriers to affordable housing.

The Federal Department of Housing and Urban Development (HUD) Pathways to Removing Obstacles to Housing (PRO Housing) Grant (FR-6800-N-98) makes federal funding resources available to states and direct recipients to actively take steps to remove barriers to affordable housing, such as: barriers caused by outdated zoning, land use policies, or regulations; inefficient procedures; gaps in available resources for development; deteriorating or inadequate infrastructure; lack of neighborhood amenities; or challenges to preserving existing housing stock such as increasing threats from natural hazards, redevelopment pressures, or expiration of affordability requirements. Funding is provided through the competitive grant process.

The federal fiscal year 2024-2025 (FFY25) grant opportunity appropriates \$100 million for competitive grant funding for the identification and removal of barriers to affordable housing

production and preservation. Grantees may use awards for sustainable actions to further develop, evaluate, and implement housing policy plans, improve housing strategies, and facilitate affordable housing production and preservation. Eligible activities include: planning and policy activities supporting affordable housing; development activities; infrastructure activities; and preservation activities.

For selected projects, funds remain available for obligation for five fiscal years. This includes the fiscal year in which the amount is made available or appropriated plus four additional years. If awarded, funds from Round 2 of the PRO Housing Grant are available for obligation until FFY30.

This Program does not require cost sharing or matching, but provides points for applications that propose qualified financial leverage and provide the required firm commitments and/or supporting documentation to support each source of financial leverage. A resolution is required for submittal of the grant application, as well as a letter stating firm commitment for the grant proposal, signed by the Mayor. Both of these are included in this item.

DISCUSSION:

The median household income in Norman cannot afford a median priced home in the city today, with many of these households able to only afford 50% of the median sale price. For households that rent, there are few affordable options. As a result, many are unable to live, work, and play in Norman and these issues disproportionately affect Norman's most vulnerable communities.

The primary findings of the AIM Norman Housing Study show:

- There are few housing options for movement within the market.
- Attainable owner and renter options that match people's incomes, needs, and preferences are increasingly difficult to obtain.
- Aging and changing population demographics are increasing demand for products not provided by the current housing stock.
- The lowest income households face more burdens than in the past, and non-white households struggle more.
- Regulations are misaligned with Norman's housing vision.
- Many people have perceptions of the housing market that are disconnected from reality.

As such, the goals outlined in the Plan aim to impact these findings directly. The goals of the AIM Norman Housing Plan are:

- Goal 1:** Modernize development regulations to achieve consistency, efficiency, and outcomes.
- Goal 2:** Add variety in housing types across more densities and design approaches.
- Goal 3:** Increase attainable, affordable and quality housing options for all people.
- Goal 4:** Maintain, enhance, and infill gaps in existing neighborhoods.
- Goal 5:** Have clear, understandable, and reasonable housing incentives and program procedures.

Based on the goals and strategies of the AIM Norman Housing Plan, the application for the PRO Housing grant includes four projects. Each project is described in detail in the draft application materials (pages 19-22), a summary is provided below.

PRO Housing Project 1: Update the City of Norman Zoning Code and Subdivision Regulations

- Current Code does not allow for flexibility when building smaller or infill homes
- New Code to provide flexibility for these while strengthening protections for existing homes
- Will include:
 - Bulk Standard Evaluations
 - Parking Regulation Improvements
 - Additional Changes to Reduce Barriers

Estimated Cost: \$500,000

Estimated Timeline: 18-21 Months

Housing Goals Impacted:

Goal 1 ✓ Goal 2 ✓ Goal 3 ✓ Goal 4 ✓ Goal 5 ✓

PRO Housing Project 2: Develop and Adopt a Neighborhood Pattern Book of Pre-Approved Housing Designs

- Design can be a costly addition to small builders and residents looking to rebuild.
- Pre-approved plans and localized plan types can save money and increase affordability
- Could provide plans at low or no cost, and/or expedited plan review

Estimated Cost: \$200,000

Estimated Timeline: 12 Months

Housing Goals Impacted:

Goal 1 Goal 2 ✓ Goal 3 ✓ Goal 4 ✓ Goal 5 ✓

PRO Housing Project 3: Conduct a Parking Study to Determine the Impact of Minimum-Maximum Regulations on Housing Affordability

- Current parking recommendations are outdated.
- Changes to parking recommendations can increase affordable housing development.
- Study outcomes will be included in the Zoning Code Update.

Estimated Cost: \$100,000

Estimated Timeline: 6 Months

Housing Goals Impacted:

Goal 1 ✓ Goal 2 Goal 3 Goal 4 Goal 5

PRO Housing Project 4: Produce an Affordable Housing Action Plan

- AIM Norman Housing Plan lays out strategies, but not steps.
- Will be time for an update after the Zoning Code Overhaul.
- Create a pathway for affordable housing.

Estimated Cost: \$200,000

Estimated Timeline: 10-12 Months

Housing Goals Impacted:

Goal 1 ✓ Goal 2 ✓ Goal 3 ✓ Goal 4 ✓ Goal 5 ✓

Budget

City of Norman Staff are proposing to leverage 20%, or \$200,000, worth of funding for these projects to display continued support for the ongoing efforts to removed obstacles to affordable housing and preservation within the city.

The expected costs associated with this grant application are as follows:

Project	Description	Estimated Costs
1	Zoning Code & Subdivision Regulation Update	\$500,000
2	Neighborhood Pattern Book	\$200,000
3	Parking Study	\$100,000
4	Affordable Housing Action Plan	\$200,000
-	Contingency	\$100,000
-	Administration Costs	\$100,000
Total		\$1,200,000.00
City of Norman Contributions		\$200,000.00
Total Federal Request		\$1,000,000.00

Public Hearing

A public hearing was held on October 4, 2024, from 11am-1pm at the Development Center. The come and go meeting reviewed the PRO Housing grant program as well as the City’s proposal. Staff collected comments from the public, which are incorporated into the application packet.

RECOMMENDATION:

Staff recommends that City Council approve the Mayor’s execution of the commitment letter and approve Resolution R-2425-51 authorizing the City Manager or his designee to submit to the United States Department of Housing and Urban Development Pathways to Removing Obstacles to Housing grant program for funding to update the zoning code and subdivision regulations, creation of a neighborhood pattern book and associated pre-approved plans, a parking study, and creation of an affordable housing action plan; expressing its commitment to seek funding for local leverage (\$200,000) if such grant is awarded and projects approved.