



CITY OF NORMAN, OK STAFF REPORT

MEETING DATE: 08/09/2022

REQUESTER: Anthony Purinton, Assistant City Attorney

PRESENTER: Anthony Purinton, Assistant City Attorney

ITEM TITLE: CONSIDERATION OF APPROVAL, REJECTION, AMENDMENT, AND/OR POSTPONEMENT OF CONTRACT K-2223-34: A CONTRACT BY AND BETWEEN THE CITY OF NORMAN, OKLAHOMA, AND HCR MANORCARE, INC., SUCCESSOR-IN-INTEREST TO FOUR SEASONS NURSING CENTER, INC., IN THE AMOUNT OF \$2,450,000 FOR THE PURCHASE OF REAL PROPERTY LOCATED AT 1210 WEST ROBINSON STREET, PLUS CLOSING COSTS AND AUTHORIZING THE CITY MANAGER TO EXECUTE ANY DOCUMENTS ON BEHALF OF THE CITY OF NORMAN TO EFFECTUATE THE PURCHASE.

BACKGROUND:

In the July 2021 City Council Retreat, the Council programmed authorized uses for approximately \$22,400,000 in American Rescue Plan Act ("ARPA") funds. Among these programmed uses was a planned allocation of \$4,500,000 to expand affordable housing options in the City of Norman. Approximately \$1,900,000 was programmed to be allocated for the renovation of the 718 North Porter building (to be acquired from the Norman Regional Health System).

In response to Council's prioritization of affordable housing, City Staff has identified 1210 West Robinson as a potential property that could be renovated to provide affordable housing. The building at 1210 W. Robinson has previously been operated as a nursing home, but has been vacant and on the market for a number of years. In the spring of 2022, City Staff began exploring the property's potential, leading to City Council holding an executive session on July 12, 2022 to discuss the property.

DISCUSSION:

The property was built in 1968, and underwent a \$5 million conversion from a skilled nursing facility to a long term, acute care hospital, operated by Norman Regional Health System, in 2005. Since 2015, the property has been on and off the market. After a potential sale to a private party in December of 2021 was unsuccessful, the property was relisted at \$4 million. In the spring of 2022, the City obtained an appraisal of the property, which valued the property at \$2.45 million. The City submitted an offer for the appraised value, which was accepted by the seller.

The facility is 39,665 square feet and houses 50 bedroom units, a full commercial kitchen, and ancillary facilities consistent with the proposed use. Located on 2.34 acres and zoned RM-6, the property could be rehabilitated to accommodate affordable housing units. The City enlisted JHBR Architects of Oklahoma City to provide a preliminary architectural design proposal, which estimated renovations to cost \$3-5 million, dependent on final configuration. The end use will be a combination of studio and one-bedroom apartments to be utilized as permanent housing, with rents capped at levels established as eligible for income assistance under the Housing Act of 1937, Section 8.

The terms of the Purchase and Sale Agreement include a purchase price of \$2,450,000. A separate Council action (Resolution R-2223-26) will be considered to appropriate the programmed ARPA entitlement funds for the purchase and estimated rehabilitation costs. Upon approval of the Agreement, the City will transfer \$25,000 in earnest money, which will be credited to the purchase price at closing. The City will have an inspection period of sixty days, which can be extended by the City for an additional 30 days, if needed.

With approval of this agreement, City Staff will conduct due diligence inspections of the property and work towards closing on the property to effectuate the transfer of title.

RECOMMENDATION:

Staff recommends that City Council approve Contract K-2223-34, the Purchase and Sale Agreement, contingent on the City Attorney's approval of final signatures from the Seller, to purchase 1210 West Robinson for \$2,450,000 and authorizing the City Manager to execute any documents on behalf of the City of Norman to complete the sale process.