

Norman 2015 CHDO

700 N. Berry Rd., Norman OK 73069

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January 4, 2015

Lisa Krieg
CDBG/Grants manager
City of Norman
P.O. Box 370
Norman OK 73070

Dear Ms. Krieg,

As you are aware, Norman 2015 CHDO is sponsoring the development for 6, 2 bedroom, units on Vicksburg Circle. Norman 2015 CHDO is partnering with the City of Norman and the Norman Affordable Housing Corporation to not only increase the supply of affordable rental housing but to provide four units of affordable housing that also meet ADA requirements for accessibility. The execution of Contract K-1516-10 on July 14, 2015 between all three parties established the partnership for this project. This contract was based upon a project proposal submitted by Norman 2015 CHDO to the City of Norman that included a pro-forma as a basis for the development. This included estimates for the development of six two-bedroom apartments of 800 sq. ft. each, four of which meet ADA guidelines to be constructed on two vacant lots currently owned by Norman Affordable Housing Corporation. The estimates of the unit sizes were based upon examples of other ADA compliant units that were readily available online.

Upon execution of this contract, Norman 2015 CHDO utilizing an RFP process selected Dave Boeck to provide architectural services for the design of these units. Mr. Boeck has completed several variations of the designs for the development and has recommended increasing the size of the units from the base estimate of 800 sq. ft. to 940 sq. ft. per unit. This increase will allow for an increased turning radius in tight locations as well as improve the overall functionality of the units. In addition it has been determined that due to the configuration that is required for the site, that four of the units will require the installation of a fire sprinkler system. This cost was not considered in the development of the project pro-forma.

The pro-forma that was utilized to initially determine the feasibility of the project detailed the sources and uses for the funds needed to maintain the affordability of this development. In order to maintain the affordable rent structure proposed (2 units affordable to households at or below 50% median family income and 4 units affordable to households at or below 80% of the median family income) there is a maximum debt allowed on the property of \$88,000. These metrics will allow the project to cash flow to meet all obligations as well as provide adequate funds for the long term maintenance of the property.


The cost to increase the size of the units and to install a fire sprinkler system to four of the six units has been estimated by Mr. Boeck at \$105,000. Mr. Boeck has reviewed all other facets of the construction costs of the pro-forma and concluded that they are adequate.

After working on this project thus far, it is obvious to see why private developers are staying away from this very expensive concept. However, we are not a "for profit private developer"; we are here to create affordable housing for the Norman community. With the contributions from the City of Norman towards this project, we will keep the debt low enough to allow the property (NAHC) to charge minimum, and affordable, rents while still maintaining sustainability; and creating badly needed and truly functional, handicap accessible units.

Consequently, we are asking the City of Norman for an additional \$105,000 contribution towards this project to allow for the development to maintain the affordability standards as initially proposed.

I do hope the City will consider this as a request from the community (local government), so that we may help our community. We are working towards providing badly needed affordable housing to families and families requiring handicapped accessible housing.

Thank you very much for your consideration.

A handwritten signature in black ink, appearing to read "Stephen L. Mohr". The signature is fluid and cursive, with a large initial "S" and "M".

Steve Mohr
President
Norman 2015 CHDO