



City of Norman, OK

Municipal Building
Council Chambers
201 West Gray
Norman, OK 73069

Master

File Number: K-1516-10 AMD#1

File ID: K-1516-10 AMD#1

Type: Contract

Status: Consent Item

Version: 1

Reference: Item 16

In Control: City Council

Department: Parks and Recreation
Department

Cost: \$105,000.00

File Created: 01/25/2016

File Name: Amendment to Contract under HOME Program

Final Action:

Title: AMENDMENT NO. ONE TO CONTRACT K-1516-10: A CONTRACT BY AND BETWEEN THE CITY OF NORMAN, OKLAHOMA; NORMAN AFFORDABLE HOUSING CORPORATION, INC.; AND NORMAN COMMUNITY HOUSING DEVELOPMENT 2015, INC., AS AGREED UPON UNDER THE FYE 2016 HOME INVESTMENT PARTNERSHIP PROGRAM INCREASING THE CONTRACT AMOUNT BY \$105,000 FOR A REVISED CONTRACT OF \$495,943 TO CONSTRUCT SIX (6) TWO-BEDROOM UNITS LOCATED AT 301 AND 303 VICKSBURG CIRCLE TO BE USED FOR AFFORDABLE HOUSING.

Notes: ACTION NEEDED: Motion to approve or reject Amendment No. One to Contract K-1415-10 with Norman Affordable Housing Corporation and Community Housing Development Organization, Inc., increasing the contract amount by \$105,000 for a revised contract amount of \$495,943; and, if approved, authorize the execution thereof.

ACTION TAKEN: _____

Agenda Date: 02/09/2016

Agenda Number: 16

Attachments: Norman 2015 CHDO request, Amendment One to K-1516-10, PR CHDO

Project Manager: Lisa Krieg, Grants Planner

Entered by: lisa.krieg@normanok.gov

Effective Date:

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
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Text of Legislative File K-1516-10 AMD#1

Body

BACKGROUND: The Written Agreement (Contract K-1516-10; \$390,943) between the City of Norman, Norman Affordable Housing Corporation, Inc. and Norman CHDO 2015, Inc. was approved by the Norman City Council on July 14, 2015. The written Agreement detailed the participation to construct a six unit apartment complex located at 301 and 303 Vicksburg Circle, Norman, OK. HOME funding was utilized in the amount of \$250,924 (budgeted in FYE 2013, FYE 2014, FYE 2015 and FYE 2016) along with HOME Community Housing Development Organization (CHDO) funding (budgeted in FYE 2014, FYE 2015, and FYE 2016) to the Norman CHDO 2015, Inc. in the amount of \$140,019 for a total investment by the City of Norman of \$390,943. The City of Norman funds were combined with \$125,000 of funds from Norman Affordable Housing Corporation. At the time of this agreement the estimated project cost was \$603,943 with \$88,000 contributed to the project in the form of a mortgage with the property as collateral.

The six two-bedroom units will be constructed by Norman CHDO 2015, Inc. in partnership with Norman Affordable Housing Corporation to expand the availability of affordable housing to the community at large. Two of the units will rent at rates affordable to households at or below 50% of the Median Family Income with an approximate rent of \$580 per month; and the other four units will rent at rates affordable to households at or below 80% of the Median Family Income or approximately \$600 per month. The four ground floor units will meet ADA guidelines.

The HOME Investment Partnerships Program requires that projects utilizing HOME funds remain affordable and be occupied by households meeting the income requirements for a specific period of time, depending on the type of construction and the amount of HOME funds utilized. This project will require a twenty (20) year period of affordability. The Period of Affordability will be secured by a Deed of Trust that is filed on the property. The City of Norman will maintain the certification and recertification pertaining to the affordability throughout this period insuring compliance.

DISCUSSION: The project proposal developed by all three parties of the Written Agreement included a pro-forma to determine the affordability and financial sustainability of the project. This pro-forma included assumptions regarding the size and configuration of the units to be constructed to allow for estimation of the construction costs. Upon the execution of the Written Agreement, Norman 2015 CHDO, after an RFP process, entered into a contract with Dave Boeck for architectural services. During the preliminary design phase it was determined that the estimated size of the units in the pro-forma was adequate to allow for adequate space to meet the accessibility requirements but would not be the best configuration for the proposed occupants. It was the recommendation of Mr. Boeck, that the size of the units be increased from 800 sq. ft. to 940 sq. ft. to allow for enhancements that would improve the accessibility and livability of the four units being designed and constructed to meet ADA requirements. In addition, due to the configuration of the fourplex, installation of a sprinkler system would be required. Again this cost was not included in the project pro-forma.

The estimated cost increase to the project is \$105,000. As detailed in the pro-forma, the maximum debt that this project can accommodate and retain the proposed affordability is \$88,000.

RECOMMENDATION: Staff recommends approval of Amendment Number One to Contract K-1516-10 with the Norman Affordable Housing Corporation and Norman CHDO 2015, Inc. in the amount of \$105,000 for a total contract amount of \$495,943. Funds are in Rental Rehabilitation (021-4091-463.47-12).