



Legislation Text

File #: K-1819-16, **Version:** 1

CONTRACT K-1819-16: A CONTRACT BY AND BETWEEN THE CITY OF NORMAN, OKLAHOMA, AND NORMAN AFFORDABLE HOUSING CORPORATION IN THE AMOUNT OF \$100,000 FOR ACQUISITION OF PROPERTY TO BE UTILIZED AS AFFORDABLE RENTAL HOUSING.

BACKGROUND: On May 8, 2018 the Norman City Council approved the fiscal year ending June 30, 2019 (FYE19) Action Plan for the Community Development Block Grant (CDBG) and HOME Investment Partnerships Programs. Included in this Action Plan was an activity to provide a total of \$100,000 for property acquisition to the Norman Affordable Housing Corporation, Inc. (NAHC). These funds were designated for acquisition of property for affordable rental housing. The FYE18 Action Plan contained an identical item to provide \$85,000 to a non-profit entity, also for the acquisition of property for the development of affordable rental housing.

On March 12, 2018, Request for Proposals RFP 1718-57 (Attachment A) was distributed to announce the availability of the \$85,000 of funds budgeted in the FYE18 Action Plan for the Acquisition of Property for Affordable Rental Housing. Direct solicitation was made to entities which have participated with the City of Norman in the development of affordable housing in the past. A legal notice was placed in the Norman Transcript (March 9, 2018; March 16, 2018) and the RFP was provided to the Oklahoma Housing Finance Agency for distribution. The RFP was also available on the City of Norman website. Multiple inquiries were received by phone and email from interested parties, with one proposal being submitted. The single submittal was from the Norman Affordable Housing Corporation, Inc., a 501(c)(3) entity located in Norman that has partnered with the City of Norman on affordable housing efforts in the past.

Contract K-1718-132 was approved by the Norman City Council on 6/26/2018 in the amount of \$85,000 to NAHC. The proposal that was submitted identified a potential property acquisition located at 115 and 117 West Hughbert. This property was being developed by Ox Collective, LLC in partnership with the University of Oklahoma Christopher C. Gibbs College of Architecture. This proposal included partnering with the Norman Community Housing Development Organization (CHDO) 2015 for the acquisition of this property and a companion contract was also approved (K-1718-133). Each address consisted of two one-bedroom units with a central driveway and a common parking lot. The proposed project is currently under construction and on schedule for completion late summer 2018. The property is appropriately zoned and meets all environmental requirements of both the CDBG and HOME programs. The acquisition price was \$350,000 and the property was appraised at a value that exceeded the purchase price. This property has now been purchased by the Norman Affordable Housing Corporation and is fully occupied. There is a twenty-year period of affordability (rents, including utility allowance, must be at or below the HOME Program Rents for households at or below 80% of Median Household Income) imposed on the units that will be secured by a Deed of Trust and monitored for compliance by the City of Norman.

The proposal submitted was reviewed by a subcommittee of the Community Development Block Grant Policy Committee for completeness and project appropriateness. Discussions pertaining to the long standing, beneficial partnership between the City of Norman and the Norman Affordable Housing Corporation, Inc. resulted in the CDBG Policy Committee recommending that \$100,000 of funding be designated within the FYE19 Action Plan to the Norman Affordable Housing Corporation, Inc. for additional acquisition of affordable rental property. This line item designation was included as such within the FYE19 Action Plan and subsequently approved by the Norman City Council and HUD.

DISCUSSION: The decision to designate the Norman Affordable Housing Corporation, Inc. as the recipient of these funds included evaluation of the proposal submitted after an extensive RFP process in which they were the only proposal submitted. The RFP required that each entity submitting a proposal be a 503(c)(3) Not-for Profit Corporation with property development and management experience. As stated above, multiple entities made inquiries regarding the RFP but only one proposal was submitted. The CDBG Policy Committee strongly felt that the timing for RFP 1718-57 was appropriate to consider this second award.

The proposal submitted, RFP-1718-57 was specific to one property and evaluated not only for the financial viability of the

proposed project but also the experience, financial capacity, etc. was evaluated for NAHC independently of the proposed project. This was the basis for the selection of NAHC to receive a line item designation in the Action Plan without an additional RFP process.

Once this contract is awarded, prior to distribution of funds, NAHC will be required to provide documentation to the City of Norman of any intended property for purchase. This documentation will require an appropriate appraisal for cost reasonableness and evaluation of the site for appropriateness. An Environmental Review will be completed in accordance with HUD regulations prior to distribution of funds.

RECOMMENDATION: Staff recommends approval of contract K-1819-16 with Norman Affordable Housing Corporation in the amount of \$100,000 for the Acquisition of Property as described. Funds are available in CDBG 19, Land (account 021-4003-463.60-01; project GC0078) - \$100,000.