



# MEMORANDUM

Council Agenda  
Item No. IX. Z  
8/16/2022

## The City of OKLAHOMA CITY

TO: Mayor and City Council

FROM: Craig Freeman, City Manager

Amendment to Home Investment Partnerships Program Loan Agreement to include One Red Oak, LLC and Harmony Affordable Housing Partners, LP, for Harmony School Apartments Multifamily Housing Development, 1537 NE 24th Street. Ward 7.

### **Background:**

The FY 2021-2022 Second Annual Action Year Plan allocates \$2,481,700 in HOME Investment Partnerships Program (HOME) funds to support affordable housing development projects for the benefit of low- to moderate- income households. A solicitation for proposals was made available on the Planning Department's website beginning on January 11, 2021. Applications were accepted through June 30, 2021. A loan was approved by City Council on May 24, 2022 (Item no. IX.Z) to One Red Oak LLC in the amount of \$550,000, to support the acquisition and redevelopment of the former Marcus Garvey Enterprise School at 1537 NE 24th Street. This facility was previously known as the Harmony Elementary School until 1974. The 1940's schoolhouse was recently placed on the National Register of Historic Places.

Twenty (20) multifamily units will be created in the original school building, and an additional twenty (20) units will be constructed onsite. A new community building will also be constructed as part of the project using other funding sources. The project is heavily leveraged with State and Federal Historic Tax Credits, Low Income Housing Tax Credits (LIHTC), and The City of Oklahoma City Affordable Housing Program General Obligation-Limited Tax Bonds (GOLT bonds). The LIHTC funding imposes a long term 30-year affordability period. The total project development cost is \$10,909,029.

Subsequent to City Council approval, it was determined that several revisions to the City's loan documents are needed to meet the regulatory requirements of the federal HOME loan program, and to amend the Low-Income Housing Tax Credit (LIHTC) ownership structure to facilitate syndication of the tax credits. If approved, this proposed Amendment will incorporate the following revisions and edits:

- Revision of all documents to include a new "Exhibit A" - legal description which more clearly delineates the removal of a planned community building and parking lot from the HOME loan collateral. The HOME loan is to be secured only by the residential portion of the project.
- An updated Davis Bacon Wage Determination is provided in Appendix G of the Loan Agreement. The prior determination has expired. Minimum wage rates remain unchanged and

there will be no material change for the subcontractors.

- Revision of the contract dates from May 24, 2022 to August 16, 2022.
- Revision of start dates, and the first payment date from June 1st to September 1st in all applicable loan documents.
- Harmony Affordable Housing Partners, LP is added as an additional Borrower with One Red Oak, LLC. The additional partnership will assist in administration of the tax credits and provide The City an additional guarantor on the loan.

Construction financing on the project has closed, and the project is now underway. HOME funds will complete the financing on the development and will be drawn pro-rata with other funding sources.

**Previous Action:**

HOME Investment Partnerships Program Loan Agreement in the amount of \$550,000 with One Red Oak, LLC for Harmony School Apartments; approved by Council May 24, 2022 (Item no. IX.Z).

Resolution approving the 2021-2022 Second Action Year Plan and approving new formula grant allocations for the HOME Investment Partnerships Program; approved by Council April 27, 2021 (Item No. IX.V.1&2).

**Source of Funds:**

Grants Management – Dept of Hsg & Urb Devel-Rstr- HOME Entitlement- M-21-MC-40-0203 (019-6140-2408030-G80379)

**Review:**

Planning

**Recommendation:** Amendment be approved.