

JOINT RESOLUTION ADOPTING ELIGIBILITY CRITERIA AND GUIDELINES FOR THE AFFORDABLE HOUSING PROGRAM PROVIDED FOR BY THE 2017 GENERAL OBLIGATION LIMITED TAX BOND PROGRAM.

WHEREAS, the Oklahoma City Economic Development Trust ("OCEDT" or "Trust") is an Oklahoma public trust whose sole beneficiary is The City of Oklahoma City ("The City"), and which entity desires to promote and assist The City with economic and community development and redevelopment projects; and

WHEREAS, OCEDT and The City have determined that it is in the best interest of The City and its citizens to promote, and when deemed appropriate, fund economic and community development and redevelopment; and

WHEREAS, OCEDT and The City desire to promote and assist economic development and redevelopment projects, in particular those projects which involve substantial investments in new or existing strategic industries and projects, and the creation of jobs and employment opportunities for the citizens of Oklahoma City; and

WHEREAS, The City has a long history of actively pursuing opportunities to create and retain quality jobs for its citizens, which in turn, promotes and supports a higher quality of life for its citizens; and

WHEREAS, OCEDT was created and granted with broad powers to benefit The City in all lawful forms of financing, operating, constructing, managing, marketing, and administering projects for investments and reinvestments in economic and community development; and

WHEREAS, on November 24, 2007, the citizens approved a ballot proposition approving the sale and issuance of \$75,000,000 of General Obligation-Limited Tax Bonds ("GOLT Bonds") as authorized under Section 35 of Article X of the Oklahoma Constitution and the implementing law, the Municipal and County Industrial Development Bonds Act, 62 Okla.Stat. §§ 800, *et seq.*

WHEREAS, in order for the Council to memorialize the statements and promises made during the election campaign, on December 4, 2007, the Council adopted the 2007 Strategic Investment Program, which was a statement of Council's policies and directives for administering the 2007 GOLT Bonds. The primary focus of the 2007 Strategic Investment Program was on job creation. In 2012, in response to missed economic development opportunities, the SIP was amended by City Council and the Oklahoma City Economic Development Trust ("Trust"), to expand the purposes for which the GOLT Bond proceeds could be used. The 2012 Amendments maintained the principal use of the bond proceeds for job creation incentives, while expanding the potential use for other purposes and programs permitted under the Act. Through the 2012 Amendment to the SIP, the Council and Trust authorized the use of bond proceeds for other limited

purposes permitted under the Act by adding such programs as: the Infrastructure Program, the Leverage Fund Program, the Land Assembly Program and the Emerging Technologies Program; and

WHEREAS, on September 12, 2017, voters approved a proposition authorizing the issuance of \$60,000,000 in economic and community development bonds to be used in accordance with the Municipal and County Industrial Development Bonds Act, 62 Okla.Stat. §§ 800, *et. seq.*; and

WHEREAS, the 2017 GOLT Bond Program continues to emphasize the use of the GOLT Bond proceeds primarily for the creation of new to market jobs, it incorporates the guiding principles from the 2007 Strategic Investment Program and includes a component for affordable housing projects; and

WHEREAS, for the 2017 GOLT Bond program, \$10,000,000 of the total \$60,000,000 has been recommended for use towards affordable housing efforts; and

WHEREAS, the GOLT Bond Program policy statement adopted in May included a component for an Affordable Housing Program, with the expectation that the eligibility criteria and guidelines for the use of funds would be established at a later date.

NOW THEREFORE BE IT RESOLVED that the attached will establish eligibility criteria and guidelines for the Affordable Housing Program in order to administer the use of proceeds from General Obligation Limited Tax Bonds (GOLT Bonds) for affordable housing efforts.

[Remainder of page is blank, signatures to follow.]

ADOPTED by the Oklahoma City Economic Development Trust and SIGNED by the Chairman this 28th day of June, 2018.

OKLAHOMA CITY ECONOMIC DEVELOPMENT TRUST

ATTEST:

Traven Kelsey
SECRETARY



James M'Attee
CHAIRMAN

Date Approved: 6-28-18

ADOPTED by the City Council of The City of Oklahoma City and SIGNED by the Mayor this 3rd day of July, 2018.

THE CITY OF OKLAHOMA CITY

ATTEST:

Traven Kelsey
CITY CLERK



Mark E. Gabry
VICE MAYOR

Date Approved: 7-3-18

REVIEWED in form and legality.

Wiley L. Williams
ASSISTANT MUNICIPAL COUNSELOR



General Obligation-Limited Tax Bond Affordable Housing Program Eligibility Criteria and Guidelines

Background

As a part of the 2017 General Obligation Bond Authorization, the voters approved \$60 million for Economic and Community Development projects. It is the intent of the City Council to use \$10 million of these funds to create an Affordable Housing Program for Oklahoma City. It is the goal of this program to allocate approximately \$1 million each year to qualified projects. No allocations may be made in some years. Also, no more than \$2 million will be allocated to any single project.

Purpose

The General Obligation-Limited Tax Bond Affordable Housing Program (GOLT-AHP) supports community and economic development and implements the City's Comprehensive Planⁱ through subsidy of carefully placed affordable housing units in Oklahoma City. The program supports both large- and small-scale projects, with a preference for placement of units in mixed-income neighborhoods with access to quality schools and transit. The GOLT-AHP should not be considered an entitlement program. It exists to assist with projects that could not otherwise happen due to cost or revenue constraints. The amount of incentive funds allocated to a given project will be proportionate to the number of affordable housing units created.

Process

The Economic Development Program Manager will accept applications for GOLT-AHP incentives. An "Affordable Housing Review Committee," will evaluate projects individually based on their ability to create affordable housing units in a manner consistent with the requirements and preferences set forth in this document. Committee members will be appointed by the City Manager and may include representatives from City staff, the Alliance for Economic Development, the Oklahoma City Housing Authority, and the Oklahoma Housing Finance Agency. Prior to Committee review, City staff will perform due diligence in the evaluation of the proposed project and the applicant's experience and financial viability. The Oklahoma City Economic Development Trust (OCEDT) and the City Council will review the Committee's recommendation and make final decisions on all applications. City and Alliance staff will develop procedures for review and determination of allocations.

Eligibility Requirements

Funded projects shall meet the following minimum eligibility requirements:

- Proposed housing units must be located within Oklahoma City. (This includes both affordable units and any non-affordable units proposed as part of a project.)
- Proposed affordable housing units must be affordable to and occupied by households with incomes at or below 80 percent of the area median income as indicated in the most recent estimates produced by the U.S. Department of Housing and Urban Development.
- The project must receive all necessary entitlements and permits, such as proper zoning, design review permit if required, etc.

- Funds are to be used to bridge a demonstrated gap in financing of affordable housing projects assuming a reasonable rate of return on investment. Applicants must demonstrate that their project would not be possible without GOLT-AHP funding.
- Proforma assumptions shall be within reasonable expectations of the market, including leasing, absorption, financing, equity contribution, and construction costs and timing. Assumptions shall not be manipulated in a manner to make a project seem less financially viable in order to receive assistance. A gap in financing caused by a land price in excess of market value may not be considered for an allocation.

Allowable Uses

Funds may be used in the following ways:

- Grants or low-interest loans to affordable housing developers
- Construction or rehabilitation of affordable units
- Purchase of real property by the City or its agents for the intent to create affordable housing
- Construction of infrastructure to support affordable housing
- Construction of affordable housing by the City or its agents

Preferences

In addition to the minimum requirements set forth above, the following preferences are listed in order of importance. Approved projects are not required to meet all the individual preferences listed below, but should substantially comply with the majority in the judgement of the OECDT and the City Council.

- Location with convenient access to:
 - Employment
 - Quality schools
 - Transit (current or planned service)
 - Grocery store
- Integration of affordable housing into otherwise market-rate housing developments or neighborhoods
- Integration of unit types and sizes at neighborhood and block scales
- Location in revitalization focus areas such as the Neighborhood Revitalization Strategy Area, or in areas designated in City-adopted plans or program areas
- Units affordable to and occupied by households with incomes at or below 60 percent of the area median income
- Designed to serve residents with enhanced needs (including but not limited to the elderly and persons with disabilities or behavioral health concerns) in locations convenient to appropriate supportive services
- Location utilizing brownfield/greyfield sites, or vacant buildings
- Utilization of other incentives such as low-income housing tax credits
- Apartment buildings should not be located so as to create a cluster of apartment complexes.

Performance Requirements

- Normally payment of incentives will occur upon proof of performance; however, the OECDT and City Council have the ability to waive the requirement for exceptional projects. Claw-back provisions shall be established for such projects.

- Assisted projects must maintain their affordability commitment for a period equal to the greater of (a) the term of the assistance, or (b) 20 years after initial occupancy.
- While the actual units designated as affordable may change, the number of affordable units in any approved project may not decrease during the affordability period.

ⁱ Relevant plan~~o~~lc policies include SU-4, SU-49, L-12, L-14, L-17, L-27, L-29, L-32, L-39, and ST-18.