

**COUNCIL ACTION FORM**

**SUBJECT: CRITERIA FOR THE REDEVELOPMENT OF THE CITY-OWNED LOTS AT 519-601 6TH STREET IN CONNECTION WITH THE CITY'S COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM.**

**BACKGROUND:**

As part of the City's 2014-2015 Community Development Block Grant (CDGB) Action Plan, \$324,000 was set aside under the Acquisition/Reuse for Affordable Housing Program. The program is designed to address increasing the availability and affordability of housing for low- and moderate-income households at 80% or less of the Story County median income limits (as designated by HUD). Program funds would be used to purchase in-fill lots (vacant or needing to be redeveloped) or the purchase of single-family or multi-family properties that can be rehabilitated for affordable rental or owner-occupied use.

With the above program objectives in mind, staff began researching opportunities to acquire available lots and/or eligible properties. In July 2014, the City acquired three properties at 519-601 6<sup>th</sup> Street (formerly Ames Community Pre-school). The structures have been demolished and the three lots are now ready for re-development. The properties totals approximately 27,000 square feet and is zoned Residential Medium Density with a Single Family Conservation Overlay District (RM O-SFC).

Prior to initiating a Request for Proposals (RFP) to develop the properties or before meeting with surrounding neighbors, staff would like to address some basic parameters for development use of the site. Staff seeks concurrence from Council on the following two issues to help set up the range of options for the site.

- **Type and Use:** Staff recommends that the type of housing and use of the lots would be for **rental housing**. The RM zoning allows for household living uses of ownership or rental when built as either single family, two-family or apartment dwellings. As identified in the City's 2014-19 Five-year CDBG Consolidated Plan and 2014 Fair Housing Impediments Study, one of the top housing impediments in the community is a shortage of rental units for lower-income households. The intent would be for a mix of dwelling units, but to emphasize low income family-oriented units in the development the of the 6<sup>th</sup> Street site.
- **Zoning Use:** The site has an underlying RM zoning designation with the Single Family Conservation Overlay District. The underlying RM zoning would allow for up to 13 housing units, subject to meeting development requirements. However, the O-SFC significantly restricts the development due to its limitations on subdivision or consolidation of existing lots. The most likely development result under the O-SFC would be three duplexes for a total of 6 units.

**Staff recommends that the RFP indicate that the City may rezone the site to RM to facilitate rowhouse or townhome development. The target level of development would be approximately 10 units under RM zoning without the O-SFC.** Staff believes the justification for this is that this block is considerably different in its context of facing 6<sup>th</sup> Street and the City Hall parking lot than the other blocks of single-family homes in the Overlay that are part of residential areas. Additionally, due to limited resources for affordable housing development it appears that maximizing the opportunities for development of the site would be an efficient use of our resources.

With Council's concurrence on the above development parameters, staff will hold a neighborhood outreach meeting for input concerning re-development of the properties. Staff will share feedback from the neighbors and a draft RFP for City Council approval at the March 24<sup>th</sup> City Council meeting.

**ALTERNATIVES:**

1. The City Council can approve the two criteria discussed above for the redevelopment of the City-owned lots at 519-610 6<sup>th</sup> Street in connection with the 2014-15 CDBG Acquisition/Reuse for Affordable Housing Program.
2. The City Council can decline to establish criteria for the redevelopment of the City-owned lots at 519-610 6<sup>th</sup> Street in connection with the 2014-15 CDBG Acquisition/Reuse for Affordable Housing Program.
3. The City Council can approve different criteria for the redevelopment of the City-owned lots at 519-610 6<sup>th</sup> Street in connection with the 2014-15 CDBG Acquisition/Reuse for Affordable Housing Program.
4. The City Council can refer this request back to staff for additional information.

**MANAGER'S RECOMMENDED ACTION:**

It is the recommendation of the City Manager that the City Council adopt Alternative #1. This action will give approval for staff to begin the process of the redevelopment of the City-owned property at 519-610 6<sup>th</sup> Street in connection with the City's 2014-15 CDBG Acquisition/Reuse for Affordable Housing Program.