

COUNCIL ACTION FORM

SUBJECT: CRITERIA FOR THE RE-DEVELOPMENT OF THE CITY-OWNED PROPERTIES AT 519-521 6TH STREET IN CONNECTION WITH THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM AFFORDABLE HOUSING INITIATIVES.

BACKGROUND:

In July 2014, the City acquired three properties at 519-601 6th Street (formerly Ames Community Pre-school) with Community Development Block Grant funds. The structures have been demolished and the three lots are now ready for re-development for affordable housing. The properties total approximately 27,000 square feet and is zoned Residential Medium Density with a Single-Family Conservation Overlay District (RM O-SFC).

Staff provided an overview of the properties to City Council on February 24, 2015 and sought direction on the redevelopment of the site. In addition, Staff requested direction on the type of housing (rental or owner-occupied) and Council's willingness to consider removing the Single-Family Conservation Overlay District on the subject site to encourage development of medium density affordable housing. At that meeting, Council supported development of household living uses as rental housing. Household living is consistent with the underlying zoning and meets an identified housing need for the community. Council also provided direction to pursue rezoning of the site to RM to target development of **10 units** on the site rather than the 6 units that are allowed under the current zoning. Additionally, Council directed staff to meet with surrounding neighbors to gain their input about development of the site.

Staff sent invitations to property owners within 200 feet of the site. On March 15, 2015 staff met with four (4) interested neighbors (3 representing First Christian Church and 1 neighboring property owner along 6th Street). The meeting was a discussion of housing needs and development options with questions and comments by the neighbors. The primary **concerns** of the neighbors were as follows:

- Parking quantity and access, will parking be along the alley
- Affordability levels, types of households living in the units
- Increased traffic through the alley and through the church parking lot to the alley
- Option to access to the lots not using the church entrance on 6th Street
- Number of units being built, appearance of duplexes vs. townhomes
- Rental versus ownership housing options

The neighbors who attended the meeting also shared that there is a need for more affordable housing in the community; that townhomes vs. duplexes would assist more households/families and it's complementary to First Christian's Church mission to serve low and moderate income citizens and therefore this would have a positive impact in the community.

Staff has continued to investigate the feasibility and interest in the site since our initial visit with Council in February. Staff is now ready to complete a Request For Proposals (RFP) for redevelopment of the site. Below is a summary of the major components that will be included in

RFP:

A. Minimum Development Requirements.

Proposals submitted shall meet the following minimum requirements:

- Target development intensity of 10 maximum household living units.
- Target a mix of affordable housing with a minimum of 70% of the units rented to households with incomes that do not exceed 60% of the area median income limits as set by HUD for Ames/Story County. The remaining 30% of units may be rented to household who do not exceed 80% of the area median income limits as set by HUD for Ames/Story County. Household incomes restrictions limitations shall be in place for a minimum of 20 years. *(Note, for example a 3-person household at 50% of AMI is \$34,450. A 3-person household at 80% AMI is \$55,100).*
- Household units shall consist of a minimum of two bedrooms with 80% of units having a minimum of three bedrooms.
- Rent levels cannot exceed the fair market rent limits established by HUD for Ames/Story County at the time of leasing.
- The site shall take parking space access from the existing alley.
- The site shall be developed as individual townhomes, or having the appearance of individual townhomes, with front entries oriented to 6th Street.
- Design guidelines for the project will include the elements of the Single Family Conservation Overlay (Ames Municipal Code Section 29.1101 (9) a through r). Additionally, the architectural design of the townhomes shall include elements to break up the mass of the building and create individual unit identity and character; this may include breaks between buildings, changes to roof form, or changes to wall planes.
- Exterior building materials for the front and side facades principally shall be brick.
- Site and building design shall consider the principles of Crime Prevention Through Environmental Design.
- The project will be subject to all Residential Medium (RM) Density zoning standards and site development requirements of the City.

B. Financial Incentives

In support of development of affordable housing the City will consider one or both of the following incentives for the selected developer if a need is proven.

- Offer the site at a reduced cost or no cost to the Developer;
- Offer property tax abatement through creation of an Urban Revitalization Area consistent with the limitations of the Chapter 404 of the Code of Iowa.

C. Selection Criteria

Applications which pass the minimum requirements will be evaluated by as staff review committee. The members of the committee will score each application. All applications must meet a minimum total score of 85 points to be considered for referral to the City Council.

Applications will be scored based on the following criteria:

1. Applicant/Developer Capability and Track Record (25 points);
2. Quality of References (20 points);
3. Project Design and Amenities (40 points);
4. Feasibility (25 points);
5. Property Management experience (20 points);
6. Leveraging other public and private sources of funds (15 points);
7. Assisted Units remain income restricted and/or affordable for longer than 20 years (10 points);
8. Energy improvements that lead to lower, long-term utility costs for occupants (7 points)
9. Incorporation of green building principles for building construction that prioritize indoor air quality and noise reduction (5)
10. Features that meet the highest accessibility standards as defined by federal, state and local requirements (5 points)

D. Selection Process

The selection of the preferred developer will utilize the following steps:

After the staff review committee evaluates each proposal, a report will be prepared for City Council that will contain background information and factual data for each proposal, a ranking of the proposals, and a committee recommendation regarding which developer's proposal should be selected as the preferred developer.

The final selection will be on the basis of:

1. The City Council's determination of the best proposal that meets the goals and objectives of the City;
2. A satisfactory agreement between the preferred developer and the City is finalized;
3. A completed verification of the qualifications of the proposed developer; and

It should noted, that the RFP will include language that the City reserves the right to reject or accept any or all proposals that are received.

Proposed Timeframe of Events:

-Mailing to Potential Developers:	Monday, May 18, 2015
-Pre-Proposal Meeting:	Thursday, May 28, 2015,
-Proposal Deadline:	Friday, June 26, 2015
-Final Selection:	Tuesday, July 28, 2015

In addition to the above information, the City will not own nor be responsible for the management of the property. Staff will have an ongoing need to verify annually that the tenants residing in the units would meet the income requirements for the CDBG funds.

If directed by Council, staff will also proceed with a rezoning application to remove the O-SFC Overlay to allow for a development application to proceed. The rezoning would be anticipated to be complete prior to final selection of a developer.

ALTERNATIVES:

1. The City Council can 1) approve the criteria for the re-development of the City-owned properties at 519-521 6th Street in connection with the CDBG 2014-15 Acquisition/Reuse for Affordable Housing Program, 2) authorize staff to issue a RFP, and 3) direct staff to initiate rezoning of the property from RM/O-SFC to RM.
2. The City Council can approve the criteria for the re-development of the City-owned properties at 519-521 6th Street in connection with the CDBG 2014-15 Acquisition/Reuse for Affordable Housing Program, with modifications.
3. The City Council can refer this request back to staff for additional information.

MANAGER'S RECOMMENDED ACTION:

Staff believes that pursuing medium density rental housing on this site will best meet the immediate affordable housing needs of the City. The neighborhood meeting highlighted some concerns for allowing for the intensification of the site and that most issues could be resolved through normal development review about the project's design. When reviewing specific proposals, it would be easier to understand the ramifications on future development for any changes to circulation and the alley as was discussed at the neighborhood meeting. However, the issue of site access would be intended to occur from the alley as it is currently configured and it would be unlikely to change due to impacts on siting of the 10 townhomes.

Staff has included minimum income and housing type requirements to create a mix of households within the development. The RFP includes a minimum number of design expectations that address pedestrian scale features of site and architectural design. These guidelines are consistent with the Single-Family Conservation Overlay District compatibility standards, even though they would not be formal requirements of the zoning.

It is the recommendation of the City Manager that the City Council adopt Alternative #1. This action will 1) approve the criteria for the re-development of the City-owned properties at 519-521 6th Street in connection with the CDBG 2014-15 Acquisition/Reuse for Affordable Housing Program, 2) authorize staff to issue a RFP, and 3) direct staff to initiate rezoning of the property from RM/O-SFC to RM.