

Staff Report

321 STATE AVENUE DEVELOPMENT PROCESS

January 10, 2017

BACKGROUND:

City Council is asked to provide direction on the process and range of uses that may be considered in the development of the 321 State Avenue property (Old Middle School Site). Staff provided a complete background on the range of issues related to development of affordable housing on the 321 State property at the June 21 Workshop. [The staff report from June 21 is available at this link.](#) City staff outlined options for development of the site with a mix of market rate and affordable housing; building types that included detached single family, small-lot single family, attached single-family, and 2, 3, or 4 unit multi-plex housing; process for development; and examples of low and moderate household income levels. **At the meeting the City Council directed staff to proceed with seeking HUD approval of the area as a Neighborhood Revitalization Strategy Area (NRSA) to allow for development of the site with a mix of household incomes and a minimum of 51% of the housing as affordable to low and moderate income households. The City was approved for an NRSA designation for the area in November and it is now time to proceed with selecting a preferred development option for the property.**

City staff met with eight representatives of the Old Middle School/College Creek Neighborhood in December to review information from the June workshop. The representatives reminded staff they had conducted a survey in the fall to determine preferences for development of the site. Their survey was sent to the Council and staff in September. At the December meeting, the representatives of neighborhood association emphasized that a majority of its members and property owners living in the neighborhood preferred single-family owner occupied housing for the site.

To proceed with preparing an RFP, the following six policy issues are critical to be addressed:

Issue 1. Should the development process include a partner master developer or have the City serve as the developer to prepare the subdivision plan for individual sale of lots?

It is staff's preference that a master developer be selected to develop the site.

Issue 2. Which City financial incentives should be offered for development of the property?

- a. Offer the land at no cost to a developer, which was purchase with CDBG funding, at no cost to a developer
- b. Provide assistance towards the estimated \$1.2 million cost of infrastructure
 - i. Budgeted CDBG monies in FY 16/17 totaling \$392,000
 - ii. The City could consider offering additional monies for infrastructure improvements with FY 2017/18 CBBG allocations if necessary to reduce the sale price of homes or increase the number of affordable homes only
- c. City support for workforce housing tax credit application to IEDA (no cost to City with dedication of land to developer)
- d. First time homebuyer assistance to qualified LMI (80% or less) households with CDBG funds

It is staff's preference that items a through d be utilized.

Issue 3. Should the percentage of homes affordable to Low and Moderate Income (LMI) households exceed the 51% minimum requirement for a NRSA area?

Staff has no preference regarding a minimum percentage. However, it should be noted that the less market rate houses that are allowed in the development, the higher the cost will be for the affordable homes.

Issue 4. What should be the requirements for ownership of either the affordable housing or market rate housing, or both?

- a. Prohibit rental of any home in the development; or
- b. Allow a specific percentage or number of homes in the development to be rented; or
- c. Allow the developer to identify the percentage or number of homes that can be rented and make final decision based a review of the overall proposal

Staff has a preference for Item c in order to allow more flexibility in the types of proposals that might be considered by the City.

Issue 5. What building types should be allowed in the development?

- a. Maintain current R-L zoning that will allow only single-family detached housing on individual lots; or

- b. Allow the developer to propose of mix of single-family detached and attached housing which will require the rezoning of the site; or
 - c. Allow the developer to propose of mix of single-family detached, attached, and small multi-family housing which will require the rezoning of the site
- Staff has no preference for building types.**

Issue 6. Should open space be incorporated with residential development at 321 State Avenue? (This is a new issue that Council might want to consider)

- a. Develop all of the 10 acre property with residential development without a park; or
- b. Consider relocating Franklin Park to 321 State Avenue as part of larger development effort
 - i. Develop single-family homes exclusively at 321 State with a park; and
 - ii. Make the former Franklin Park site available for medium density affordable multi-family housing.

If City Council is interested in considering the relocation of Franklin Park, staff would defer preparing an RFP for development of 321 State with a master developer until the Parks and Recreation Commission and adjacent neighborhood residents have reviewed this option and offered their input. In the interim the staff could proceed with platting a subdivision of up to six single-family lots on Wilmoth Avenue and prepare plans for construction of the Tripp Street Extension.

Staff has no preference for relocating a park, however, this option could provide an opportunity to address the goals reflected in the current Consolidated Plan for providing owner-occupied and rental affordable housing.

STAFF COMMENTS:

Once we have direction on the parameters of the desired development, staff will prepare a draft RFP for City Council review. The goal is to start development of the site this year and for finished homes to be made available in 2018.