

COUNCIL ACTION FORM

SUBJECT: APPROVAL OF DEVELOPER'S AGREEMENT AND AWARD OF PUBLIC IMPROVEMENTS CONTRACT FOR THE 321 STATE AVENUE (OLD MIDDLE SCHOOL) AFFORDABLE HOUSING PROJECT

BACKGROUND:

The City Council, at its July 11, 2017, meeting, provided direction to staff to proceed with development of a 37-lot subdivision at 321 State Avenue in partnership with JCorp, Inc., as the developer of the site. The development concept includes platting of 37 lots as Phase 1 of development of the site (Attachment A) with an option for a second phase of development off of Manning Avenue in the future for a total of 43 lots. The planned subdivision will include a minimum of 20 affordable homes to be constructed for low and moderate-income households and 17 market rate homes. JCorp, Inc. will be the developer for both the affordable and the market rate homes and they will be the builder of the all of the affordable low and moderate income homes.

City Council directed staff on December 12th to proceed with increasing the City's financial participation in the project by \$350,000 to cover additional public improvement costs for the project based upon the Keller Excavating bid for the project. City staff then proceeded to draft a development agreement reflecting the JCorp, Inc. proposal from July, its updated house plans from December, and public improvement (street, water, sewers) plans from October. Staff has presented a final version of the agreement for JCorp, Inc. review and acceptance prior to the City Council meeting on January 9th. **Attachment B is the unsigned agreement for City Council review.**

In addition to reviewing and approving the development agreement, the City Council can choose to award a contract to Keller Excavating of Boone in an amount not to exceed \$1,196,833.26 for public improvements. The proposed bid was due to expire on January 6th, but has been extended by Keller until January 10th. Keller also indicated they will likely seek a change order if the contract is awarded to extend the completion date from July 31st to September 30th. If City Council does not award the bid to Keller on the 9th, the City Council will need to provide direction on proceeding with rebidding the project with an extended construction timeline and alternative options in the specifications to potentially reduce costs to closer align with the original engineer's estimate.

FINANCIAL RESPONSIBILITIES CONTAINED IN THE DEVELOPER'S AGREEMENT:

1. The City of Ames shall provide funding of up to \$900,000 for cost of construction of the public improvements for water, sewer, and streets consistent with the improvement plans.
2. The City shall provide land at no cost to the developer. (estimated value of \$550,000).
3. The City of Ames shall provide first-time homebuyer assistance of \$200,000 reflected in the first year of the project (2018). Any subsequent City funding for first-time homebuyers will be subject to future CDBG funding and City Council allocation at its discretion.
4. The Developer is responsible for the cost of preparing all subdivision, public improvements, and building plans. The City is responsible for preparation of deeds, homeowners association, and conveyance of properties in accordance with the agreement.
5. The Developer must provide to the City \$400,000 for the completion of public improvements.
6. The Developer must provide a letter of credit to City upon execution of the agreement in the amount of \$400,000 to ensure their payment of the share of costs for public improvements. The developer shall make two equal payments to the City, one payment on April 1, 2018 and a second payment upon completion of 90% of the public improvements.
7. The Developer is responsible for all other site costs to improve lots and complete the subdivision.
8. If the City Council elects to pursue Phase II (b) with eight attached single-family homes off the north alley and Manning Avenue, all costs for public improvements and subdivision plans will be the responsibility of the City.
9. The City will retain ownership of the site and all lots until conveyed to a LMI homebuyer or market rate lots to JCorp, Inc. in accordance with the agreement.
10. The agreement specifies that JCorp, Inc. has no ability to recover its investment in the project due to delay in the project or termination of the agreement. J-Corp Inc. may only terminate the agreement if the City does not appropriate funds required first time homebuyer CDBG funds in the amount of \$200,000.

11. The developer has obligation to ensure the completed homes appraise for agreed upon sales price to the LMI homebuyer.

HOME CONSTRUCTION REQUIREMENTS:

1. The City must approve all LMI homebuyers, whether receiving City assistance or not.
2. The Developer must start construction of a LMI home within 45 days of notice of an eligible buyer by the City and complete the homes within 7 months.
3. The Developer has a maximum limit of construction of five LMI homes at a time.
4. The agreement includes typical house plans as Exhibit 'E'. However, the final design and details of the plans may be modified to match the affordability level of an eligible LMI homebuyer with the approval of the Housing Coordinator. (See attached plans)
5. The Developer has identified the lowest cost home option as a \$118,000 sale price for a two-bedroom 1,032 square foot finished first level that has no garage and an unfinished basement. A three-bedroom home of 1,097 square feet finished first level with no garage and an unfinished basement is \$126,000. Individual homes are to be designed in accordance with the plans shown in Exhibit E to the agreement. The individual home features and prices and will vary depending on loan qualifications of the individual homebuyers and the site development costs of lots requiring walk-out basements and overall house sizes.
6. The City will place resale restrictions upon LMI lots prior to their conveyance to an LMI homebuyer.
7. JCorp, Inc. will obtain ownership of market rate lots at ratio of one market rate lot for each sold LMI home.
8. The agreement specifies the City will record a covenant to restrict all LMI and market rate lots to "owner occupied" housing.

PUBLIC IMPROVEMENTS CONTRACT WITH KELLER EXCAVATING:

The City Council approved specifications for public improvement plans at its October 10th meeting and set November 14th as the public hearing on the review of the bids. The lowest bidder was reported on November 14th as Keller Excavating of Boone with a bid of \$1,196,833.26. The low bid by Keller exceeded the Engineer's estimate for the project.

ALTERNATIVES:

1. The City Council can accept a signed Developer's Agreement and financial security of \$400,000 from JCorp, Inc., and award the contract to Keller Excavating in the amount not to exceed \$1,196,833.26 for public improvements associated with 321 State Avenue.
2. The City Council can decline to enter into a Developer's Agreement and reject the bid for the public improvements.

This option will require the Council to determine a different strategy in the future to accomplish its goal for an affordable housing project, including potentially rebidding the project with alternative specifications to potentially reduce costs.

3. The City Council can approve the Developer's Agreement, but reject the bid for the public improvements.

This option will allow the City to rebid the public improvement project in the hope of receiving more favorable bids in the future.

4. The City Council can defer action on the Developer's Agreement and request that Staff negotiate different terms for the contract.

CITY MANAGER'S RECOMMENDED ACTION:

The proposed project is consistent with City Council's direction from July 2017 to negotiate an agreement for development of single-family detached homes with a minimum of 20 LMI homes and 17 market rate homes. The overall costs of the project have increased from the original projections and require additional City funds in the amount of \$350,000 that was originally identified in July.

The City staff has worked on various issues with the Developer over the past three months to complete an acceptable agreement and to present it to City Council for approval. The agreement binds the Developer to work with the City through completion of the project with the sale of all 20 LMI homes and commits the City to work with the development on the initial construction and support of a first-time homebuyer program for

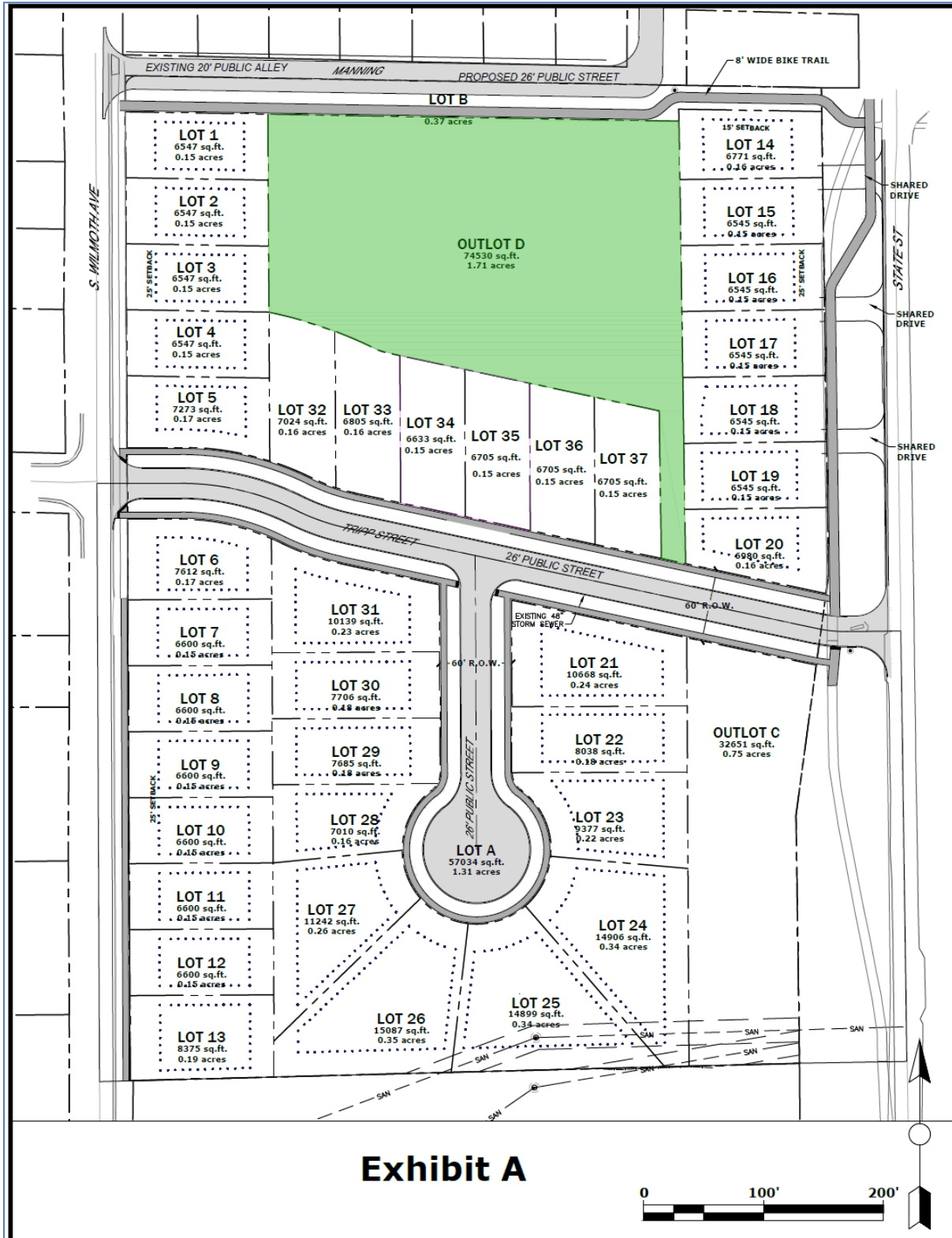
the LMI homes. Buildout of the development is projected to take three or more construction seasons depending on the ability to identify qualified homebuyers for the LMI homes.

Awarding the bid for public improvements will allow for the project to start construction this spring and for completion of the work in the summer of 2018. In addition to the \$550,000 of CDBG funds appropriated for this project, the City Council may need to appropriate up to and additional \$350,000 of unspent general obligation bond revenue to assure the full cost of the public improvements can be covered. **It should be noted that the Developer's agreement must be signed and financial security provided prior to the Council's January 9, 2018 meeting in order for the City to move forward on the proposed project and award the construction contract for public improvements.**

Assuming that the Developer will sign the agreement proposed by the Staff prior to the beginning of the January 9th meeting, it is the recommendation of the City Manager that the City Council act in accordance with Alternative #1 and approve the Developer agreement and award the contract to Keller Excavating.

If, however, the Developer decides that he will not sign the agreement because he finds the provisions proposed by Staff to be unacceptable, then the recommendation is to support Alternative #2 and move on to a different affordable housing project.

Attachment A Site Plan Layout



**DEVELOPMENT AGREEMENT - AFFORDABLE HOUSING SUBDIVISION
321 STATE AVENUE**

THIS DEVELOPMENT AGREEMENT, made and entered into this _____ day of _____ 2018, by and between the City of Ames, (hereinafter called the “City”), an Iowa municipal corporation, and JCorp, Inc., an Iowa for-profit corporation, (hereinafter called “JCORP”), their successors and assigns,

WITNESSETH THAT:

WHEREAS, the City has a need for more affordable housing for low and moderate income households, and a major goal of the City’s 2014-18 Community Development Block Grant (“CDBG”) Five-year Consolidated Strategic Plan is to create, expand, and maintain affordable housing for homeless and low-income persons;

WHEREAS, through the use of its CDBG funding, the City of Ames has secured ownership of an approximately ten-acre tract of infill land located at 321 State Avenue in Ames and legally described on Exhibit “A” to this Development Agreement (hereinafter the “Site”), and the Site is the location of the former Ames Middle School and is also located in the City’s first Neighborhood Revitalization Strategy Area (NRSA), which will allow for a greater flexibility in the development of mixed-income housing units;

WHEREAS, the City intends to use additional CDBG funds to assist in construction of public infrastructure for the development of new homes for persons of low and moderate income (“LMI”), defined as households having gross incomes at or less than 80% of the average income in the Ames Metropolitan Statistical Area (“AMSA”) and intends to use CDBG funds to assist in down-payment and closing cost assistance for LMI households;

WHEREAS, the City published a Request for Proposals (“RFP”) to seek a

partner developer for development of the Site and ultimately JCORP as the partner developer to jointly develop single-family home lots and to construct affordable homes. On the designated LMI lots, JCORP will construct the homes and the City will market, find qualified buyers for, and coordinate the financing and closing of the sale of the constructed homes. On the market rate (“MR”) lots, JCORP will market, find buyers for, and coordinate the closing of the sale of the lots with or without homes constructed by JCORP;

WHEREAS, the City and JCORP are bound to the terms and conditions of the RFP published by the City, unless otherwise amended by the terms of this Development Agreement;

WHEREAS, the yet-to-be-developed lots and the yet-to-be-built homes are the subject of this Development Agreement and are to be located in this new subdivision to be platted in the City of Ames in the designated State Avenue NRSA, at least 51% of which shall be comprised of LMI homes;

WHEREAS, the parties contemplate that this new residential development shall be accomplished in two phases (each, a “Phase”) as set forth herein; and

WHEREAS, it is the intention of the parties under the RFP that 18 of the lots in the first phase of Site development shall be LMI homes and the remaining 17 shall be conveyed to the JCORP in accordance with this Development Agreement for use by JCORP at market rates; and

WHEREAS, the parties acknowledge that it is the goal to complete the first Phase of development in 36 months from the time that housing construction commences. The parties understand that any changes to the terms of this Developer’s agreement must be approved by City Council.

NOW THEREFORE, the parties agree as follows:

I. City Obligations – Identification and Assistance to LMI Homebuyers

1. The City shall engage in a marketing process to develop a list of qualified homebuyers who meet HUD CDBG guidelines for affordable housing with gross annual income that does not exceed eighty-percent (80%) of the AMSA income limits.
2. The City shall interview and work with applicants to determine their qualifications and eligibility for assistance under the City’s CDGB Homebuyer Assistance Affordable Housing Program.

3. The City shall fund the first year (2018) of the LMI homebuyer program in the amount of \$200,000.00.
4. The City intends to fund additional years of LMI homebuyer assistance in subsequent years subject to annual allocation of CDBG funds by the United States Department of Housing and Urban Development (HUD) and by appropriation from the City Council.
5. The selection and use of a licensed real estate broker or realtor for the sale of all LMI homes shall be at the sole and absolute discretion of the City. The City does not contemplate utilizing the services of a real estate broker or realtor for the sale of LMI homes.
6. All LMI homebuyers, regardless of financial assistance provided, are subject to approval by the City of Ames Housing Division.

II. Subdivision and Development Plans

1. JCORP shall have all responsibility for preparing public infrastructure improvement plans at JCORP's sole expense for the purpose of developing all lots for Phase I (and shown on Exhibit 'B' attached hereto) of the real property that is the subject of this Development Agreement identified by Exhibit 'A' herein. Upon the execution of this agreement, the public infrastructure improvement plans, the City and JCORP shall have equal ownership interest in and access to said plans.
2. The City has reviewed the attached as Exhibit 'D' public infrastructure plans and found them to be in compliance with City ordinances and consistency with the terms of this Development Agreement and the original RFP.
3. The City has solicited bids for the public infrastructure work, and the City will administrate the construction of Phase I per Section III below.
4. Except as otherwise provided in this Agreement, JCORP is responsible for preparation of all plans and costs associated with development and home construction that are not part of the public infrastructure described in Section III below.
5. Phase I of the development shall be a residential subdivision of at minimum 35 developable lots to be known as "Samuels Subdivision First Addition." In Phase I, 18 of the lots shall be constructed by JCORP as LMI homes and the remaining 17 shall be constructed by JCORP as MR homes. JCORP, in cooperation with the City of Ames, shall prepare a preliminary and final plat for the development of Samuels Subdivision First Addition as shown on and in substantial conformance with Exhibit 'B' attached to and made a part of this Development Agreement. Outlots

A and B shall be reserved for and dedicated to the public as right-of-way. JCORP shall be responsible for and pay all costs of the platting of Samuels Subdivision First Addition. The City shall prepare any deed required by this Development Agreement.

6. A future Phase II plan to be constructed upon the reserved Outlot D is identified in Exhibit 'C,' which has Options A and B. In accordance with ordinances of the City, the dimension plan, grading plan, and public infrastructure improvements plans attached hereto as Exhibit 'D' and by this reference are incorporated herein and made a part hereof. Phase II as shown on Exhibit 'C,' to be known as "Samuels Subdivision Second Addition," will consist of either two single-family detached homes (Option A) or eight attached single-family homes (Option B). Prior to completion of 14 of the LMI homes in Phase I, the City shall, in its sole and absolute discretion, select the preferred Phase II option. The City shall have all responsibility for preparing public infrastructure improvement plans and subdivision plans at the City's sole expense for the purpose of developing all lots for Phase II. JCorp shall have all responsibility for preparing all building plans for Phase II in coordination with the public infrastructure improvement and subdivision plans.
7. Except as provided in the immediately preceding subsection, if the City selects Phase II, Option A, the City shall be under no obligation to provide additional funds or incentives for the development of Phase II, Option A.
8. If the City selects Phase II, Option B, the City shall provide incentives in amounts to be determined by the City, in its sole and absolute discretion, for public improvements of the alley and Manning Avenue to serve the attached single-family homes for the development of Phase II, Option B. The City may at its option, but is not required to, move the overhead power line and extend the required utilities to each individual lot for Phase II, Option B. Nothing in this paragraph shall be construed so as to require the Developer to pay for the costs required to move the overhead power line and extend the required utilities to each individual lot for Phase II, Option B.
9. If required by the City, in its sole and absolute discretion, a homeowner's association may be formed under such terms and conditions as may be determined by the City. The City shall be responsible for forming the homeowner's association and any association formed shall include all platted lots (both LMI and MR) as members in the association. Obligations shared by the members of the association shall not be unduly favorable to either the LMI or the MR members.

III. Public Infrastructure Improvements

1. The City shall construct or contract for the construction of the public infrastructure improvements as set forth in Exhibit 'D' attached to and made a part of this Development Agreement.
2. As set forth in Exhibit 'D,' but without limitation, the public improvements for the Site are: (i) frontage improvements along Wilmoth Avenue and State Avenue; (ii) extension of Tripp Street as a City street through the subdivision; (iii) construction of a new cul-de-sac local street within the subdivision; (iv) storm water utilities; (v) sanitary sewer utilities; and (vi) water line utilities, fire hydrants and sidewalks. All public improvements shall be installed in compliance with City ordinances in coordination with and under the direction of the City.
3. The total budget for public infrastructure improvements for the Site, Phase I, is \$1,300,000.00. The City commits funds in an amount not to exceed \$900,000.00 for payment of the costs of constructing said improvements serving the Site. JCORP commits \$400,000.00 of the amount budgeted for payment of the costs of constructing improvements serving the Site, Phase I, which shall be paid as set forth herein. Any cost savings for the construction of public improvements are solely to the benefit of the City, and JCORP shall in all events pay not less than \$400,000.00 for the public improvements.
4. Contemporaneously upon execution of this Development Agreement, JCORP shall provide financial security for the JCORP's obligation of \$400,000.00 in a form of, at JCORP's option, either a cash deposit with the City or a letter of credit. If JCORP provides a letter of credit, JCORP shall make a first cash deposit of \$200,000.00 on or before April 15, 2018, and a second cash deposit of \$200,000.00 no later than five business days from the date of City's written determination that the Project is ninety percent (90%) complete or July 1, 2018, whichever shall first occur, at which time the City will release JCORP's letter of credit. In the event that the City does not award a contract for construction of public improvements at its January 9, 2018, meeting, the dates for each \$200,000 deposit shall be extended by the number of days between January 9, 2018, and the date that the City approves the public improvements construction contract. A letter of credit shall be in a form acceptable to the City, irrevocable, and drawn upon an FDIC-insured bank having an office in Ames, Iowa, and authorizing the City to draw upon such letter of credit, at City's sole and absolute discretion, upon a failure of JCORP to comply with the terms of this paragraph.
5. The City shall be responsible for the administration of the public infrastructure improvements for the Site, including but not limited to, monitoring and progress payments to the contractor. The City's and JCORP's respective share of the payments to the contractor shall be as described herein.

6. JCORP's obligation to pay \$400,000 toward the cost of public improvements shall survive the termination of this agreement.

IV. LMI House Construction Timeline

1. JCORP shall construct LMI houses consistent with City requirements for timing and design as provided in this Development Agreement.
2. Provided that the City has identified a qualified LMI homebuyer, JCORP shall commence the construction of the first LMI home once the public improvements are in place or earlier as agreed by the City. Once construction on the initial LMI home is started, at a minimum, JCORP must start construction of each additional LMI home, up to five (5) homes maximum within 45 days' notice from the City of an approved LMI homebuyer; provided, if the City's notice is given in November, December, January, February, or March and weather and site conditions prevent the commencement at JCORP's reasonable discretion, commencement may be delayed until site conditions are suitable but in no event later than April 15.
3. The parties agree that LMI homes shall be restricted to construction upon numbered Lots 1-7, 14-20 and 32-37, as shown on Exhibit 'B' attached. Upon the closing and conveyance of the first LMI house to an LMI homebuyer, the City will convey a lot to JCORP for use as a market rate ("MR") house. Subsequently, for each closing and conveyance of a LMI house, the city will convey one lot to JCORP for use as an MR house. The first MR home may not be conveyed by JCORP until the first two LMI homes are conveyed to eligible homebuyers. Subsequently, the construction start ratio shall be a minimum of one LMI home for each MR home. At all times, the number of LMI home conveyances must be at least one more than MR home conveyances.
4. Each LMI home shall be completed within 7 months of the commencement of construction, unless an extension is otherwise authorized in writing by the City Manager.
5. If the City selects Phase II, Option B, JCORP shall construct all Phase II, Option B LMI homes prior to the conveyance by JCORP of the final two MR homes in Phase I.

V. LMI Home Design Requirements

1. JCORP shall construct LMI homes on-site upon permanent foundations and of quality materials consistent with the plans and specifications in the RFP incorporated by this Development Agreement to meet minimum

housing quality and livability standards of the City and as set forth in Exhibit 'E' attached to and made a part of this Development Agreement.

2. The specifications in Exhibit 'E' provide for alternative house styles and sizes. No abutting lots shall have the same house style in its exterior appearance. The Housing Coordinator, or other designee of the City Manager, may approve alternative house designs that meet the aesthetic and housing quality interests of the City.
3. LMI homes must contain the following features as set forth in the RFP and in the JCORP's proposal to meet the housing quality standards of the City: (i) A radon mitigation system; (ii) Energy Star qualified appliances to meet the needs of a family, including a refrigerator, range, range hood, dishwasher, water heater and sump pump; (iii) each room shall include at least one ceiling mounted light fixture; and (iv) water and lighting fixtures that are high efficiency.
4. Each LMI home shall include a central heating and cooling system that consists of a gas furnace and central air conditioning. JCORP may choose to install a geothermal system in lieu of these requirements.
5. The LMI and MR home lot is to be sodded in the front, side, and at least 25 feet out from the structure in the rear yard so as to eliminate areas of the lot from being susceptible to erosion and runoff. Seeding is to be done on the remaining rear yard if not sodded.
6. LMI Home Restrictions. Prior to the sale of any LMI home, a covenant restricting the use of the property for affordable housing shall be recorded related to the individual LMI property. The City shall prepare and record such covenant, at the City's expense.
7. Owner-Occupied Housing Restriction. Prior to the sale of any LMI or MR home, a covenant restricting the use of each home as an owner-occupied home shall be recorded. The City shall prepare and record such covenant, at its expense.

VI. LMI House Construction.

1. Each LMI house shall be constructed in accordance with one of the four house plans and specifications attached as Exhibit 'E' and in such a manner as set forth in Section VII below.
2. The Housing Coordinator, in her sole and absolute discretion, shall determine the price qualification level of each eligible homebuyer, which shall serve as the maximum total price of the LMI house. JCORP shall construct each LMI home to meet the price qualification level of each eligible LMI homebuyer, which shall also be the sale price of the LMI

house.

3. If an LMI home constructed by JCORP fails to appraise at or above the established price and homebuyer's qualification level, the total purchase price of the LMI home shall be reduced to the appraised value, and JCORP shall bear the entire difference between the established price and the appraised value. Any appraisal required shall be made by a qualified and licensed appraiser selected by City or LMI homebuyer's lender. If an LMI home constructed by JCORP fails to appraise at or above the established price and homebuyer's qualification level, JCORP may, at its option, provide additional work or amenities to the home that are acceptable to the LMI buyer to increase the appraised value of the home. If JCORP opts to improve the property to increase the appraised value of the property, said additional appraisal, or supplemental appraisal required will be at JCORP's expense.
4. The Housing Coordinator shall approve in writing any adjustments by JCORP to the size or features or both of each LMI home to meet a homebuyer's price qualification level.
5. The sales price of each of the LMI homes set forth in Exhibit 'E' range in price depending on home size, lot type, garages and level of finish for basements. Notwithstanding Section 2 above, the minimum sales price of a 2-bedroom home is \$118,000.00 and a 3-bedroom home is \$126,000.00. The minimum sales price house plans are based upon construction of a home on a lot along State Avenue or Wilmoth Avenue that does not include a walkout basement or a garage and consists of a minimum of 1,032 to 1,097 square feet of finished living area and an unfinished basement. The minimum sales price may, but is not required to, be adjusted from time-to-time after 2018 in consultation with the Housing Coordinator to account for inflationary cost increases.
6. If the City selects Phase II - Option B, JCORP shall construct attached single-family homes for LMI households that are similar in appearance and features to the detached homes, or as approved by the Housing Coordinator. JCORP must start construction of the attached single-family homes within 45 days of the City's approval of the Final Plat for Phase II, Option B, or at such time the homes on all 17 of the Phase I lots are sold and a minimum of 3 attached homes on the 8 lots in Phase 2 have signed purchase agreements, whichever comes first.

VII. JCORP Requirements. Unless otherwise specified, for each LMI Home constructed (individually and collectively the "Project"), JCORP:

1. Shall provide all necessary labor, tools, equipment, materials, supplies, water, heat, utilities, transportation, and other services for the construction

of the Project.

2. Shall supervise, direct work and perform work using JCORP's best skill and attention.
3. Shall furnish efficient business administration and superintendence.
4. Shall enforce good discipline and order among JCORP's employees and other persons working on the Project.
5. Shall comply with all applicable laws, regulations, ordinances, and codes in the construction of the Project, and no work shall be undertaken prior to the issuance of all required permits.
6. Shall provide for the safety of all persons working on the Project.
7. Has visited the Site and has become familiar with the conditions under which the work on the Project will be performed.
8. Shall keep the Site free from accumulation of waste caused by the construction of the Project and shall remove from the Site upon completion of the Project all waste, surplus materials, tools, and equipment.
9. Warrants the Project for one year to be free from defective workmanship or materials.
10. Shall repair defective work performed on each LMI home at JCORP's own cost and expense for a period of one year from and after the Date that the LMI home is substantially completed and accepted by the City.

VIII. General and Administrative Provisions

1. Consideration. JCORP and City agree that the mutual promises and agreements herein, the contributions toward public infrastructure, the conveyance by City to JCORP of the MR home lots, and the construction of the LMI homes by JCORP are all good and valuable consideration. It is agreed and understood that the City shall convey to JCORP by a special warranty deed one MR home lot for each LMI home substantially completed in accordance with this Development Agreement consistent with the construction start schedule terms of Section IV above.
2. LMI Home Costs. THE CITY AND DEVELOPER AGREE THAT IT IS FUNDAMENTAL TO AND THE ESSENCE OF THIS DEVELOPMENT AGREEMENT THAT THE LMI HOMES CONSTRUCTED PURSUANT TO THIS DEVELOPMENT AGREEMENT SHALL BE AT PRICE POINTS THAT ARE CONSISTENT WITH THE GOALS OF THE CITY'S CDGB HOMEBUYER ASSISTANCE AFFORDABLE HOUSING PROGRAM. It is understood that JCORP intends to construct each LMI home at JCORP's cost consistent with the plans stated in JCORP's response to the RFP, which is incorporated herein as if set out fully and which is integral

to this Development Agreement.

3. Security. As security for the performance of this Development Agreement by JCORP, the City shall maintain ownership of the unsold lots within the Site. JCORP shall not cause any liens or mortgages to attach to the Site and shall hold the City of Ames harmless from JCORP's officers, contractors, subcontractors, employees, and agents.
4. Property Taxes. It is understood and agreed that any and all taxes due and owing against the Site at the time of transfer to any other party are to be paid by the City. No tax proration shall be given to the Developer, or to any third party by the City upon transfer.
5. Construction Remedy. If JCORP's work is not materially in accordance with the requirements of this Development Agreement or persistently fails to carry out the construction work in accordance with this Development Agreement, the City may order JCORP to stop the work, or any portion thereof, until the cause for such order has been eliminated; however, the right of the City to stop the work shall not give rise to a duty on the part of the City to exercise this right for the benefit of any other person or entity.
6. Builder's Risk. JCORP shall indemnify and hold harmless the City, its officers and employees from and against claims, damages, losses and expenses, including but not limited to attorneys' fees, arising out of or resulting from performance of the construction work of this Development Agreement provided that such claim, damage, loss or expense is attributable to bodily injury, sickness, disease or death or to injury to or destruction of tangible property, including loss of use resulting therefore, but only to the extent caused in whole or in part by negligent acts or omissions of JCORP, a subcontractor, anyone directly or indirectly employed by them or anyone for whose acts they may be liable, regardless of whether or not such claim, damage, loss or expense is caused in part by a party indemnified hereunder. Such obligation shall not be construed to negate, abridge, or reduce other rights or obligations of indemnity which would otherwise exist as to a party or person described in this paragraph. JCORP shall maintain a policy of "builder's risk" insurance in effect with respect to all house construction done under this Development Agreement, which insurance policy shall name the City as an additional insured.
7. Safety. JCORP shall be responsible for initiating, maintaining, and supervising all safety precautions and programs in connection with the performance of the work required of JCORP by the Development Agreement, except for contracts awarded by the City. JCORP shall take reasonable precautions for safety of, and shall provide reasonable protection to prevent damage, injury, or loss to employees on the construction work and other persons who may be affected thereby; and property at the site or adjacent thereto. For all work required by JCORP, JCORP shall give required notices and comply with applicable laws,

ordinances, rules, regulations and lawful orders of public authorities bearing on safety of person and property and their protection from damage, injury or loss. JCORP shall promptly remedy damage and loss to property at the Site caused in whole or in part by JCORP, a subcontractor, or anyone directly or indirectly employed by any of them.

8. Code Compliance. All houses constructed by JCORP shall conform to all applicable state and local codes and regulation and all inspections shall be called for and made as required by said codes and regulations. JCORP shall comply with all state and federal regulations applicable to the work or to this Development Agreement.
9. Federal Compliance Delay. The City shall be responsible for compliance with federal statutory review for environmental and historic preservation, including but not limited to those requirements outlined in the National Environmental Policy Act and the National Historic Preservation act. Under no circumstances shall the City have any liability to JCORP, its successors and/or assigns, for out of pocket expenses or any other damages related to a delay caused, in whole or in part, by environmental or historic preservation matters.
10. Grant Agreement. JCORP is subject to all terms, conditions, and provisions of the grant agreement between the City and HUD to assist this development, construction and sale of LMI housing, which shall supersede the provisions of this Development Agreement. Any material noncompliance by the City concerning any matter that is solely within the discretion and control of the City in relation to the CDBG Homebuyer Assistance Affordable Housing Program and CDBG program is the responsibility of the City.
11. Compliance. The parties acknowledge and agree that this Development Agreement is being executed without review or approval of specific plans for development of the Site, with the exception of the public improvements plans attached as Exhibit 'D.'. The parties acknowledge and agree that it is not possible to anticipate all the requirements JCORP or the City may be required to complete to properly develop the Site. Therefore, both parties agree that all work done to public streets, sidewalks, bike paths, building design, construction and utilities, both on-site and off-site, shall be made in compliance with Iowa law, SUDAS, and all other federal, state, and local laws and policies of general application, including but not limited to subdivision and zoning codes, whether or not such requirements are specifically stated in this Development Agreement.
12. Covenant. This terms and conditions of this Development Agreement shall run with the Site and be binding upon JCORP, its successors and assigns.
13. Assignability. JCORP shall not assign any of JCORP's rights under this Development Agreement without the express written consent of the City;

provided however, JCORP may collaterally assign this Agreement to its lender, VisionBank with the City's written consent, which will not be unreasonably withheld

14. Severability. Any provision of this Development Agreement that may be found by a court of competent jurisdiction or by HUD to be invalid or inconsistent with applicable law shall be severable and the remaining terms of this Development Agreement shall remain fully enforceable.
15. Default. A default of this Development Agreement shall exist if JCORP fails to comply with an obligation of Section IV, V, VI, or VII of this Development Agreement. Upon a default, the City, at its option, shall notify JCORP of the default and of the remedy required to cure the default and of the reasonable amount of time permitted to cure the default. The notice may include a stop-work order as permitted by this Development Agreement. If JCORP fails to cure the specified default or defaults within the allotted time or if JCORP becomes insolvent or files for bankruptcy, the City may, in its sole and absolute discretion, terminate this Development Agreement. Upon terminating this Development Agreement, the City may take possession of and complete any existing LMI building project, compensating JCORP or any subcontractor for costs associated with any incomplete LMI house project as their interests may appear. Upon JCORP's failure to comply with paragraph 4 of Section III, the City may terminate this Development Agreement. Upon the City's failure to appropriate funds for the first time homebuyer program for lack of CDGB funding, as set forth in Section I(3), JCORP may terminate this Development Agreement. Upon termination for any reason, JCORP shall not be entitled to recover the costs of engineering, surveying, subdivision platting, or public improvements.
16. Governing law. The laws of the State of Iowa shall govern this Development Agreement. Any dispute relating to this Development Agreement shall be adjudicated in the Iowa District Court in and for Story County.

IN WITNESS WHEREOF, the parties hereto have caused this Development Agreement to be executed effective as of the date first above written.

[SPACE BELOW RESERVED]

CITY OF AMES, IOWA

By _____
John A. Haila, Mayor

Attest _____
Diane R. Voss, City Clerk

STATE OF IOWA, COUNTY OF STORY, ss:

On this _____ day of _____, 2018, before me, a Notary Public in and for the State of Iowa, personally appeared John A. Haila and Diane R. Voss, to me personally known, who, being by me duly sworn, did say that they are the Mayor and City Clerk, respectively, of the City of Ames, Iowa; that the seal affixed to the foregoing instrument is the corporate seal of the corporation, and that the instrument was signed and sealed on behalf of the corporation by authority of its City Council, as contained in Resolution No. _____ adopted by the City Council on the _____ day of _____, 2018, and that John A. Haila and Diane R Voss acknowledged the execution of the instrument to be their voluntary act and deed and the voluntary act and deed of the corporation, by it voluntarily executed.

Notary Public in and for the State of Iowa

JCorp, Inc.

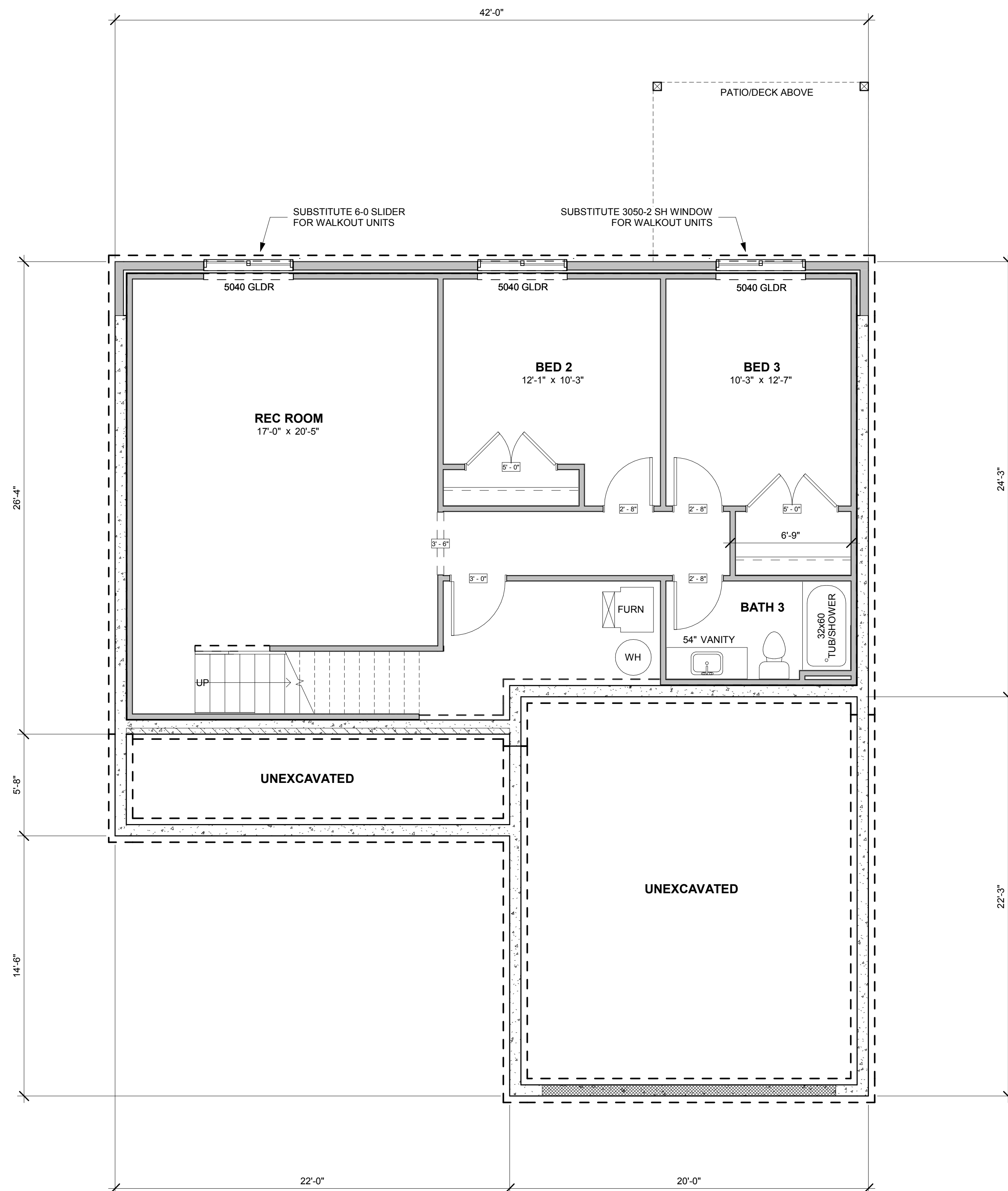
By _____
Duane E. Jensen, President & Treasurer

STATE OF IOWA, COUNTY OF STORY, ss:

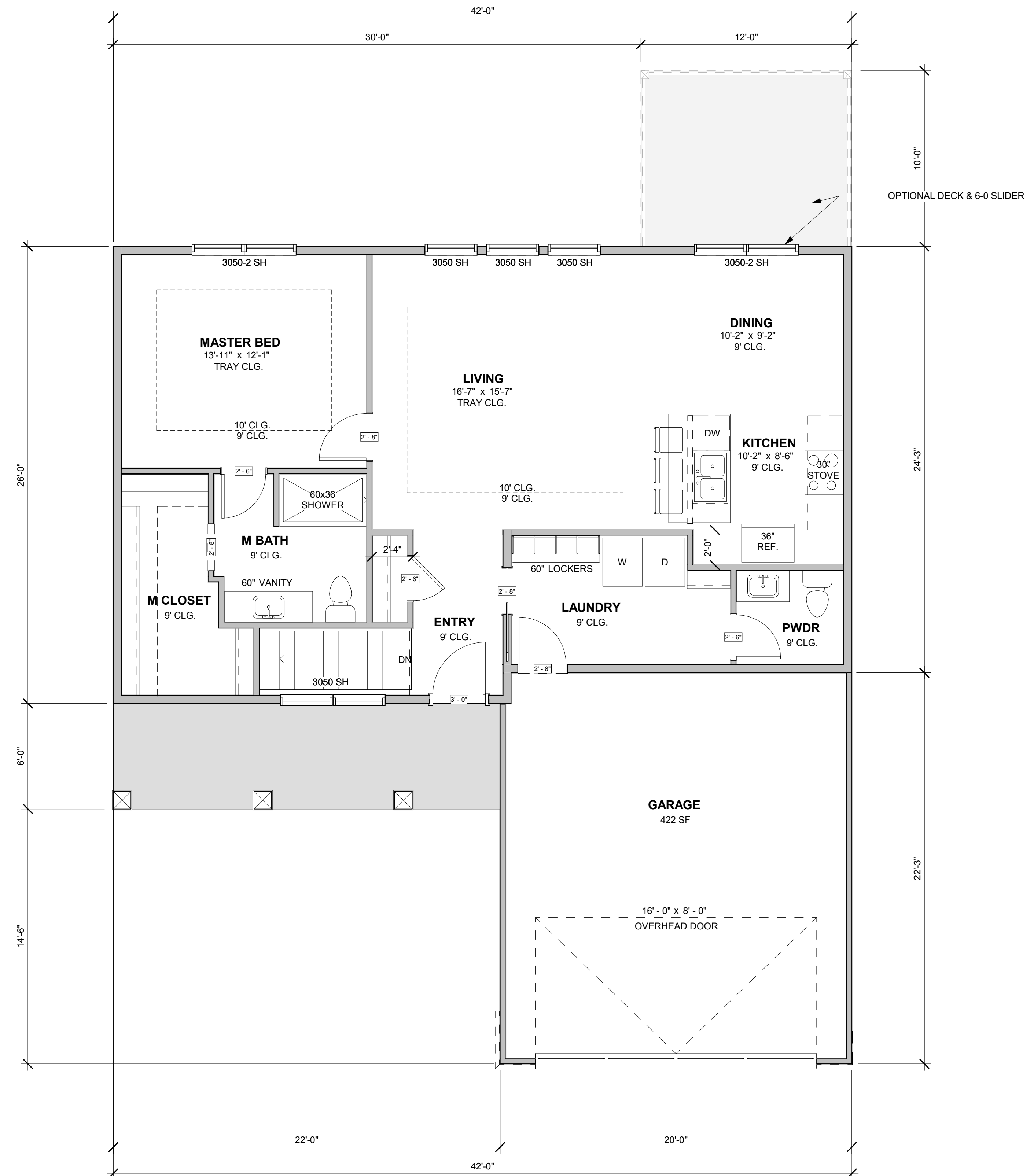
This instrument was acknowledged before me on _____, 2018, by Duane E. Jensen, as President and Treasurer of JCorp, Inc.

Notary Public in and for the State of Iowa

NOTE: ALL WINDOW DIMENSIONS ARE IN FEET AND INCHES UNLESS NOTED OTHERWISE. SO A 3050 IS A 3'-0" WIDE X 5'-0" HIGH WINDOW. WINDOW ROUGH OPENINGS MAY VARY. FINISHING SIZES PER WINDOW MANUFACTURER.



2 Basement Plan
SCALE: 1/4" = 1'-0"



1 First Floor Plan
SCALE: 1/4" = 1'-0"

SQUARE FOOTAGE	
1st Floor	1,063 SF
Basement Finished	838 SF
Basement Unfinished	86 SF
Grand total	1,987 SF

PROJECT:
LMI - Plan A
321 State Street
Ames, IA

REVISIONS:

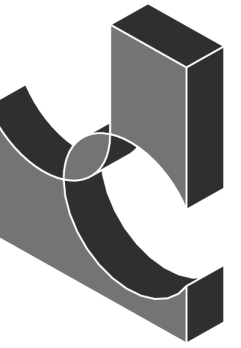
1	
2	
3	

DATE: **10 / 02 / 2017**

PROJECT NO: **17-029**

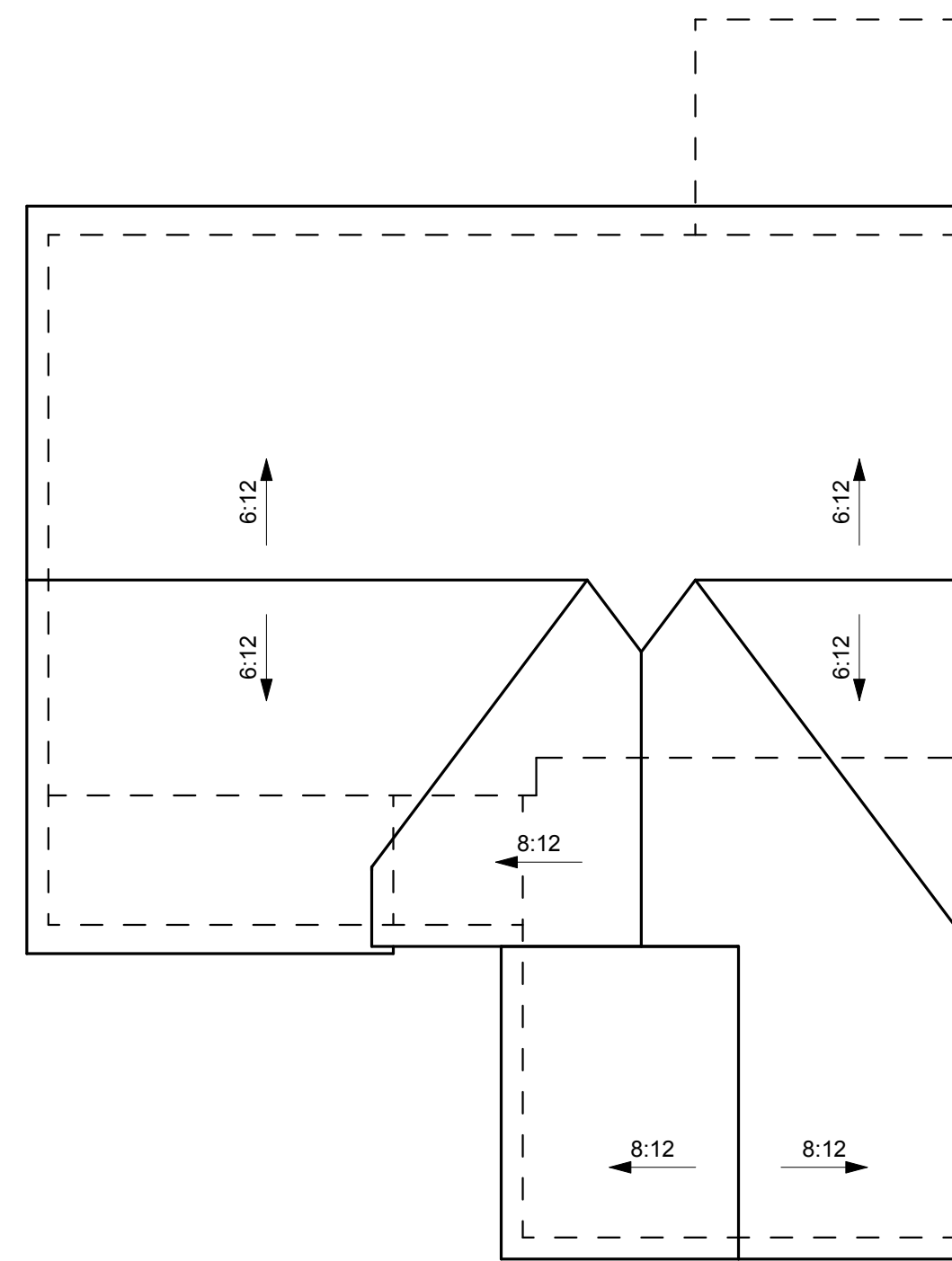
CONTENTS:
Floor Plans

SHEET NO:
A100

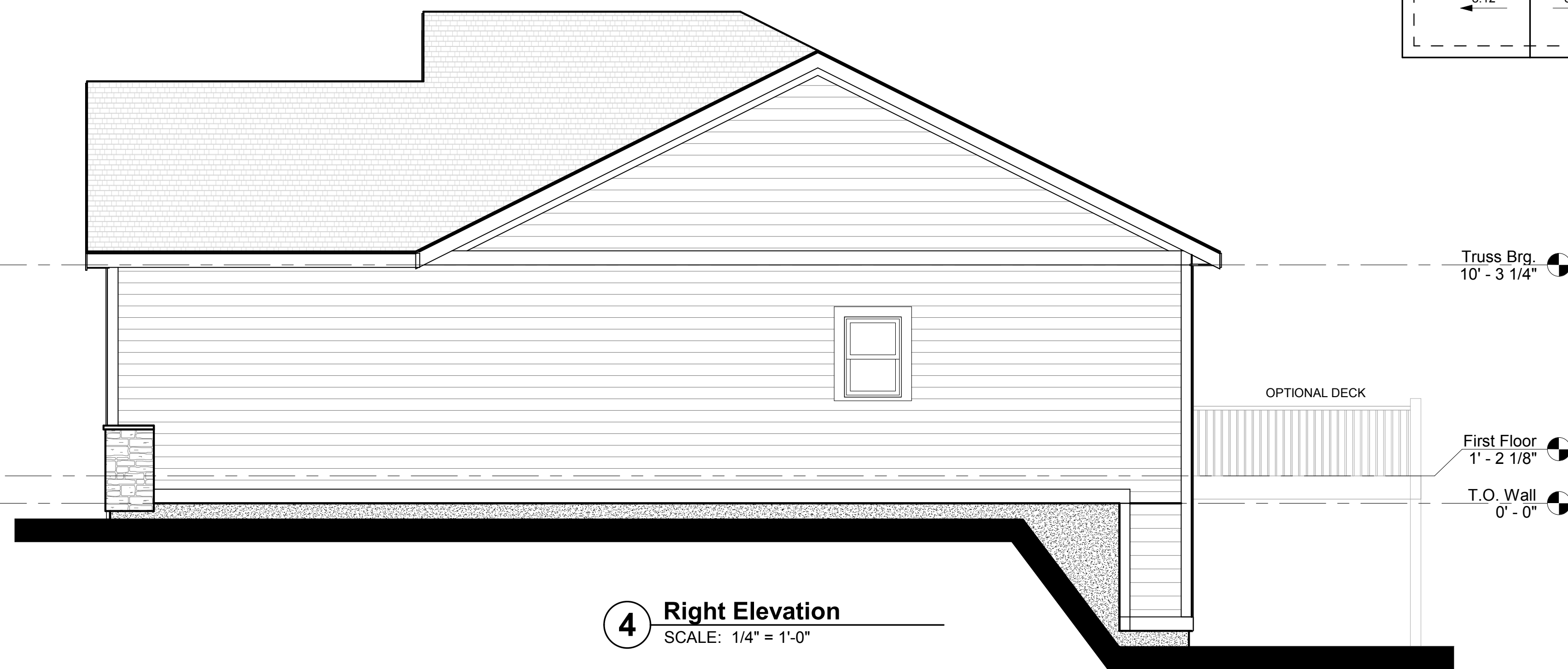


JCorp

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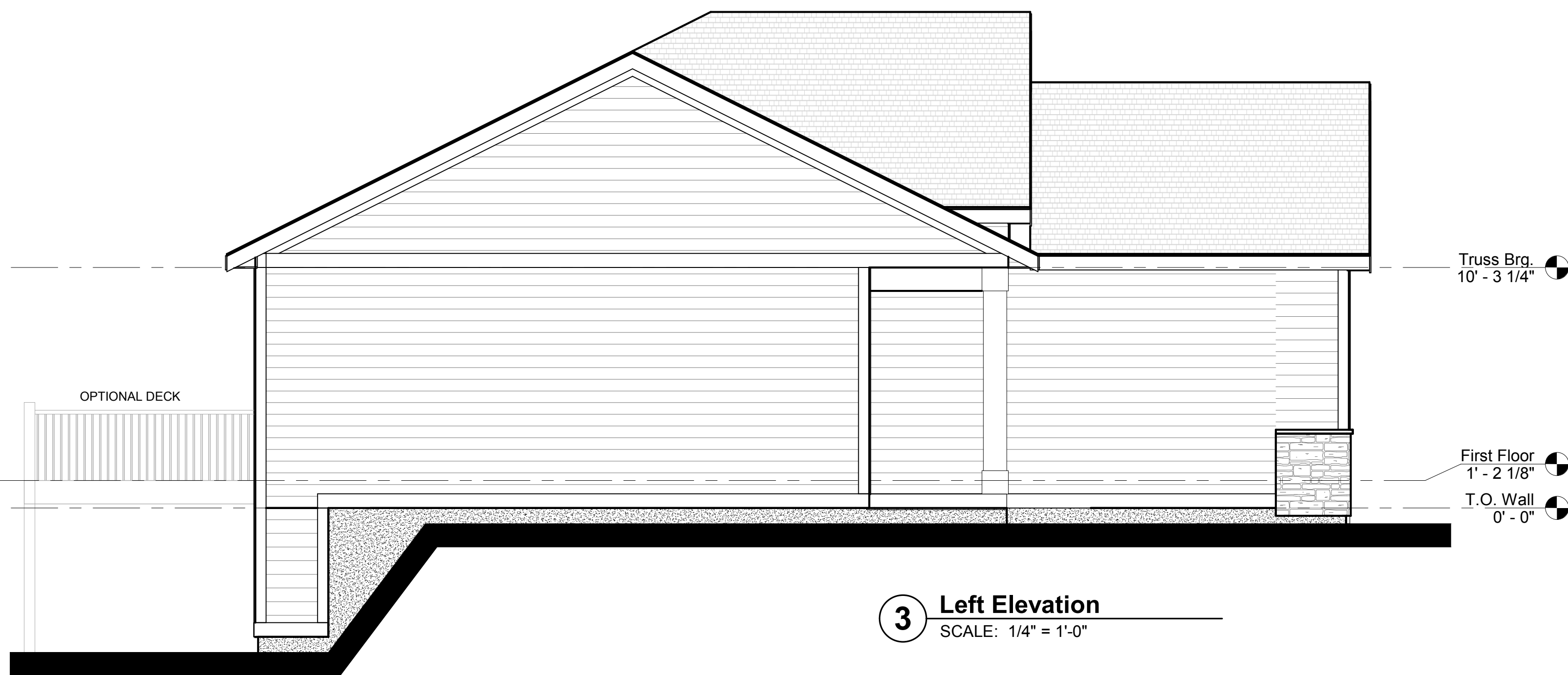
5 Roof Plan
SCALE: 1/8" = 1'-0"



4 Right Elevation
SCALE: 1/4" = 1'-0"



2 Rear Elevation
SCALE: 1/4" = 1'-0"



3 Left Elevation
SCALE: 1/4" = 1'-0"



1 Front Elevation
SCALE: 1/4" = 1'-0"

PROJECT:
LMI - Plan A
321 State Street
Ames, IA

REVISIONS:	DATE:
1	
2	
3	

DATE: 10 / 02 / 2017

PROJECT NO: 17-029

CONTENTS:
Elevations

SHEET NO:

A200

NOTE: ALL WINDOW DIMENSIONS ARE IN FEET AND INCHES UNLESS NOTED OTHERWISE. SO A 3050 IS A 3'-0" WIDE X 5'-0" HIGH WINDOW ROUGH OPENING. ACTUAL WINDOW ROUGH OPENINGS MAY VARY. FINISHING SIZES PER WINDOW MANUFACTURER.

PROJECT:
LMI - Plan B
321 State Street
Ames, IA

REVISIONS:

- 1
- 2
- 3

DATE: **09 / 27 / 2017**

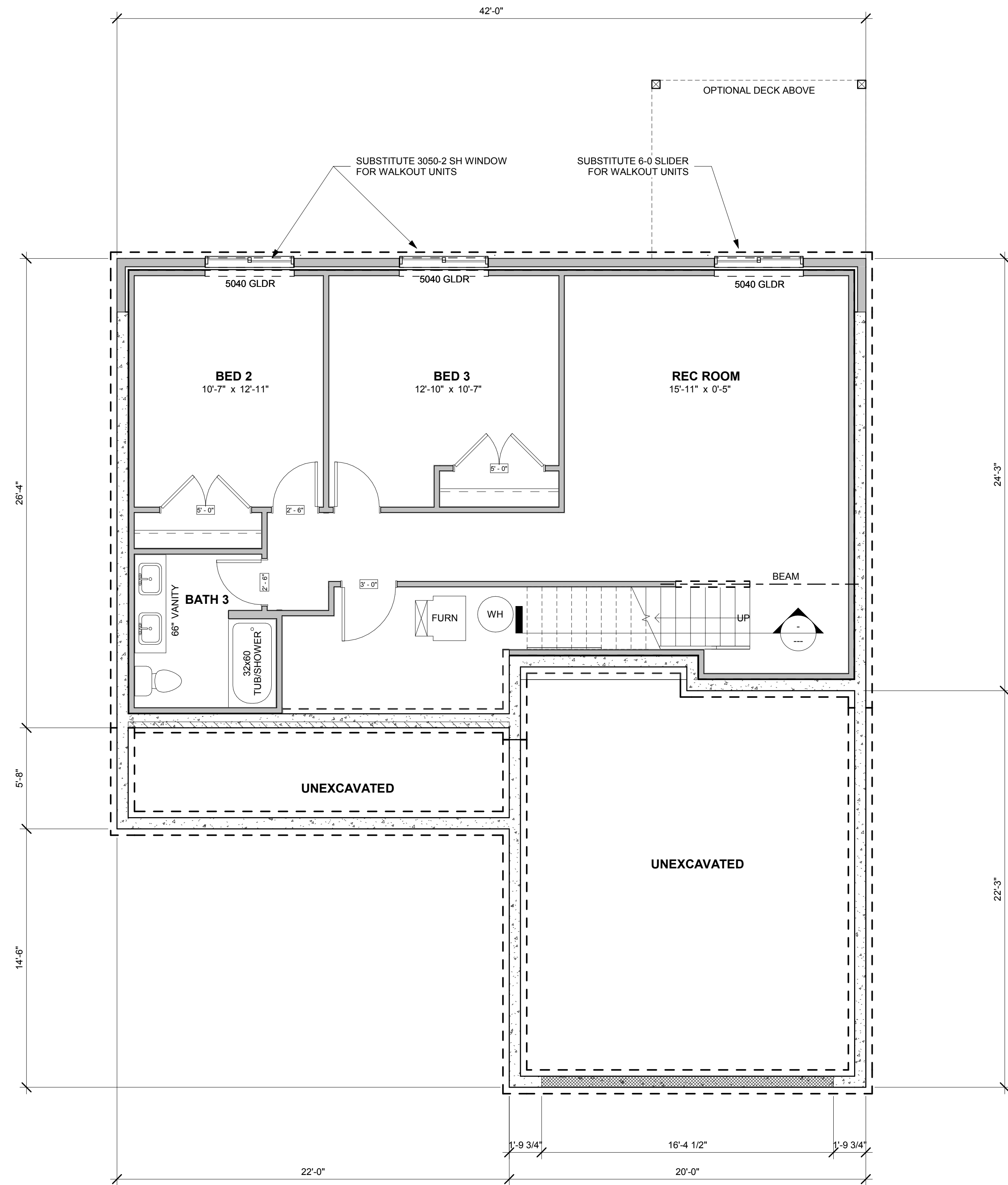
PROJECT NO: **17-029**

CONTENTS:
Floor Plans

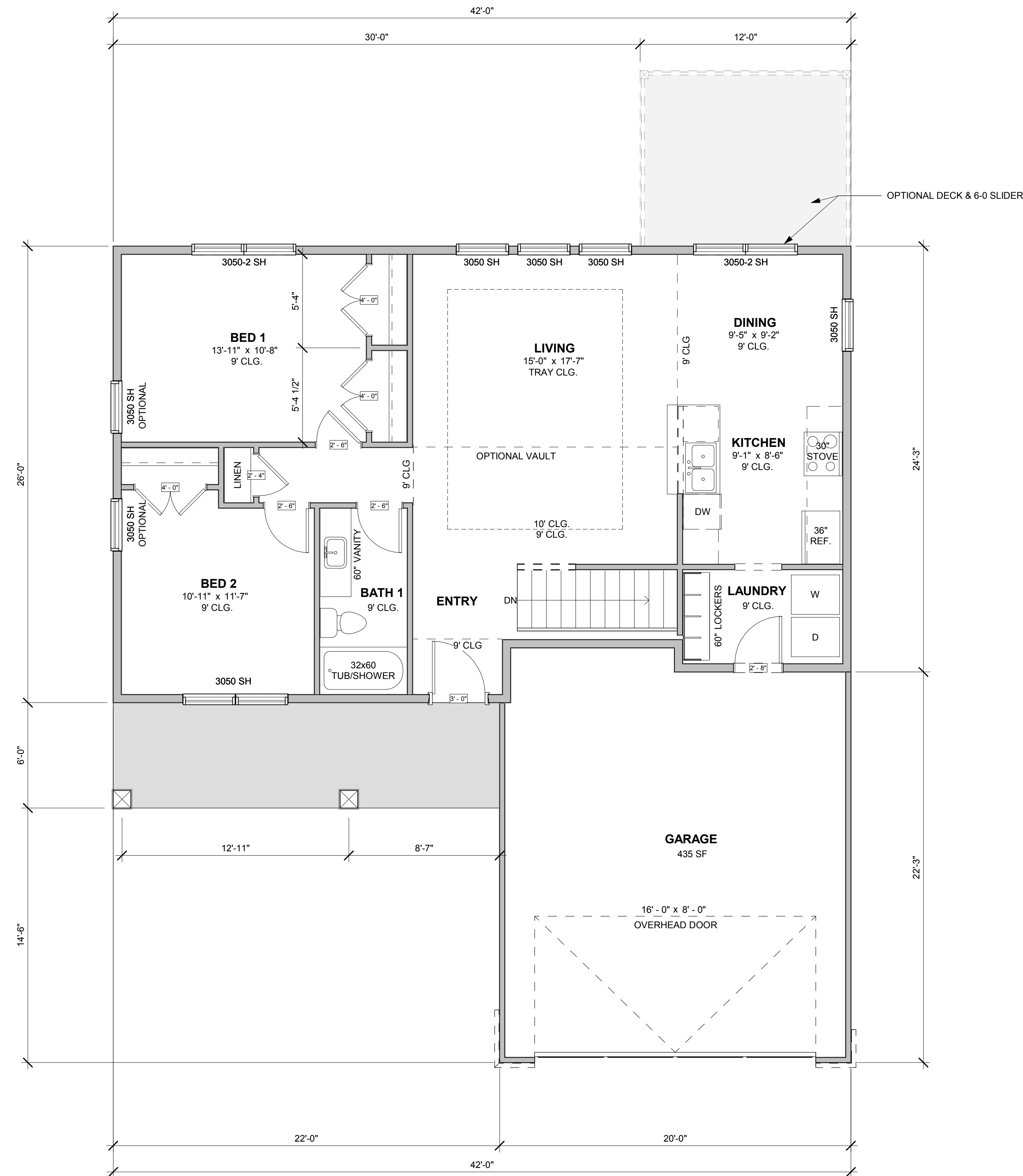
SHEET NO:

A100

SQUARE FOOTAGE	
1st Floor	1,050 SF
Basement Finished	817 SF
Basement Unfinished	93 SF
Grand total	1,960 SF



2 Basement Plan
SCALE: 1/4" = 1'-0"

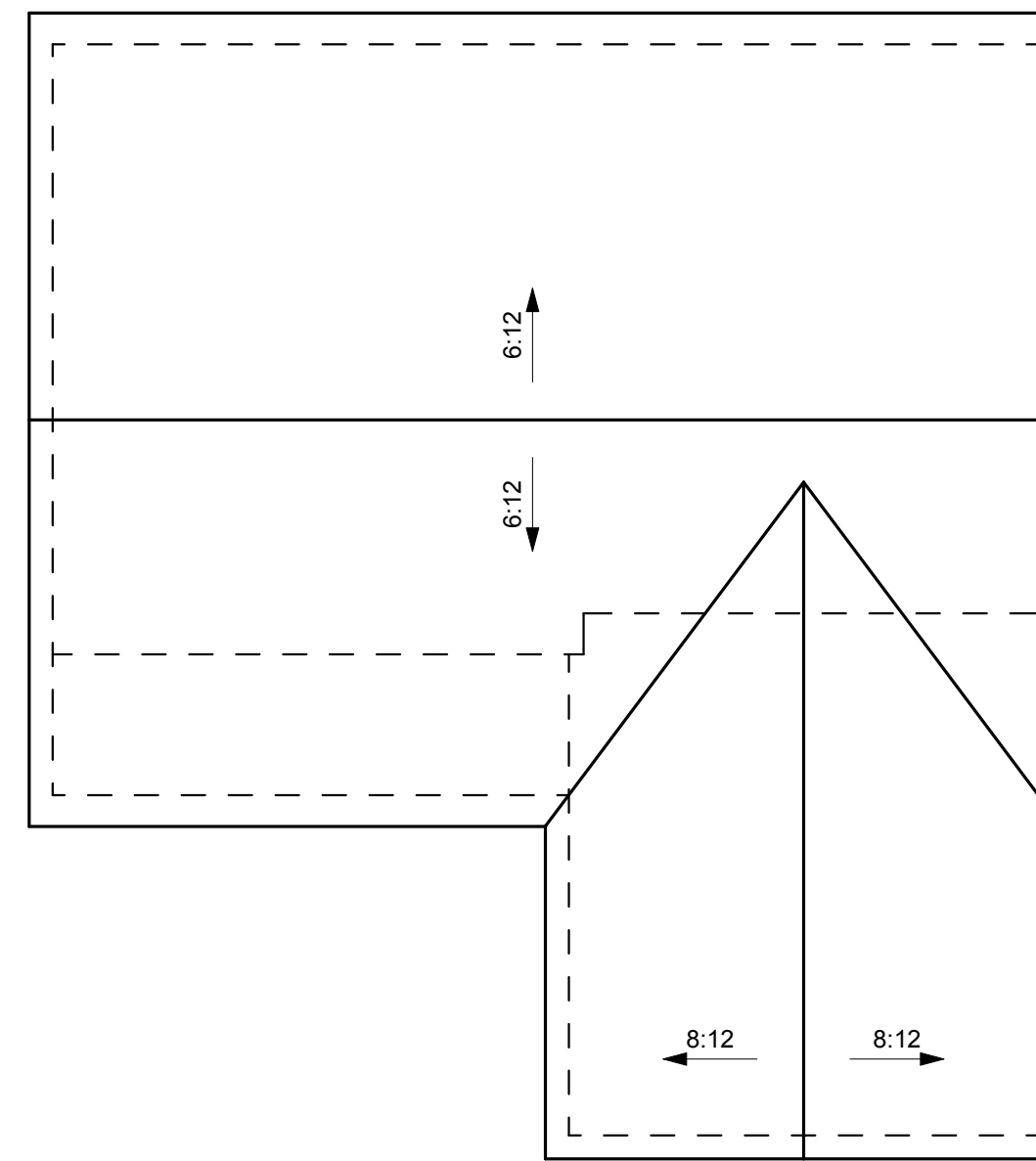


1 First Floor Plan
SCALE: 1/4" = 1'-0"

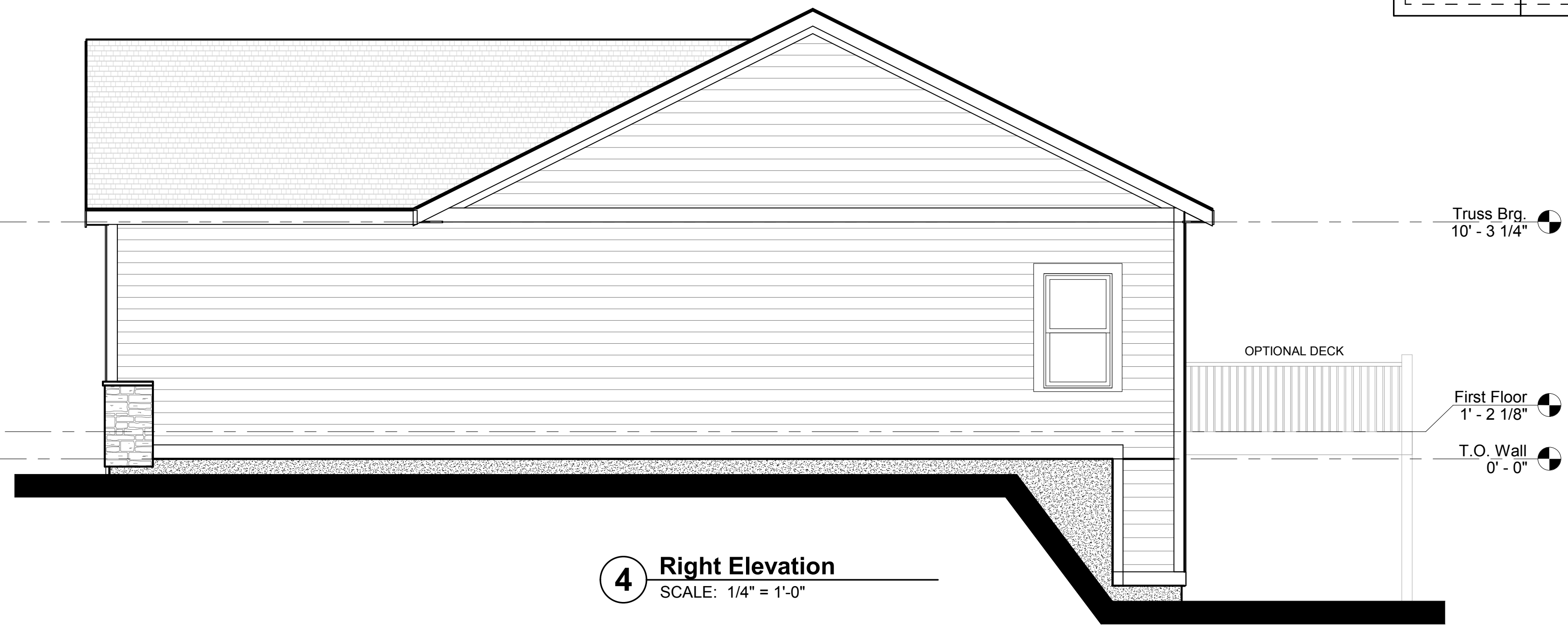


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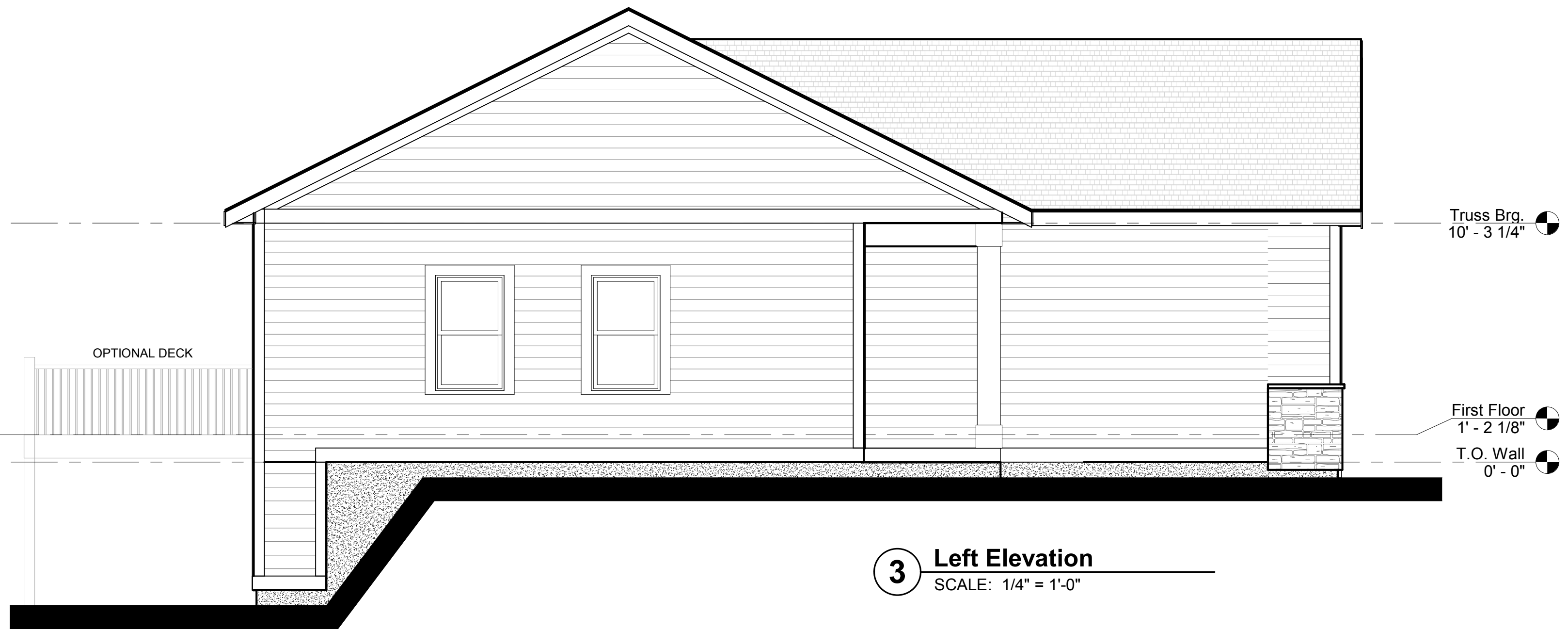
5 Roof Plan
SCALE: 1/8" = 1'-0"



4 Right Elevation
SCALE: 1/4" = 1'-0"



2 Rear Elevation
SCALE: 1/4" = 1'-0"



3 Left Elevation
SCALE: 1/4" = 1'-0"



1 Front Elevation
SCALE: 1/4" = 1'-0"

PROJECT:
LMI - Plan B
321 State Street
Ames, IA

REVISIONS:
1
2
3

DATE: 09 / 27 / 2017

PROJECT NO: 17-029

CONTENTS:
Elevations

SHEET NO:

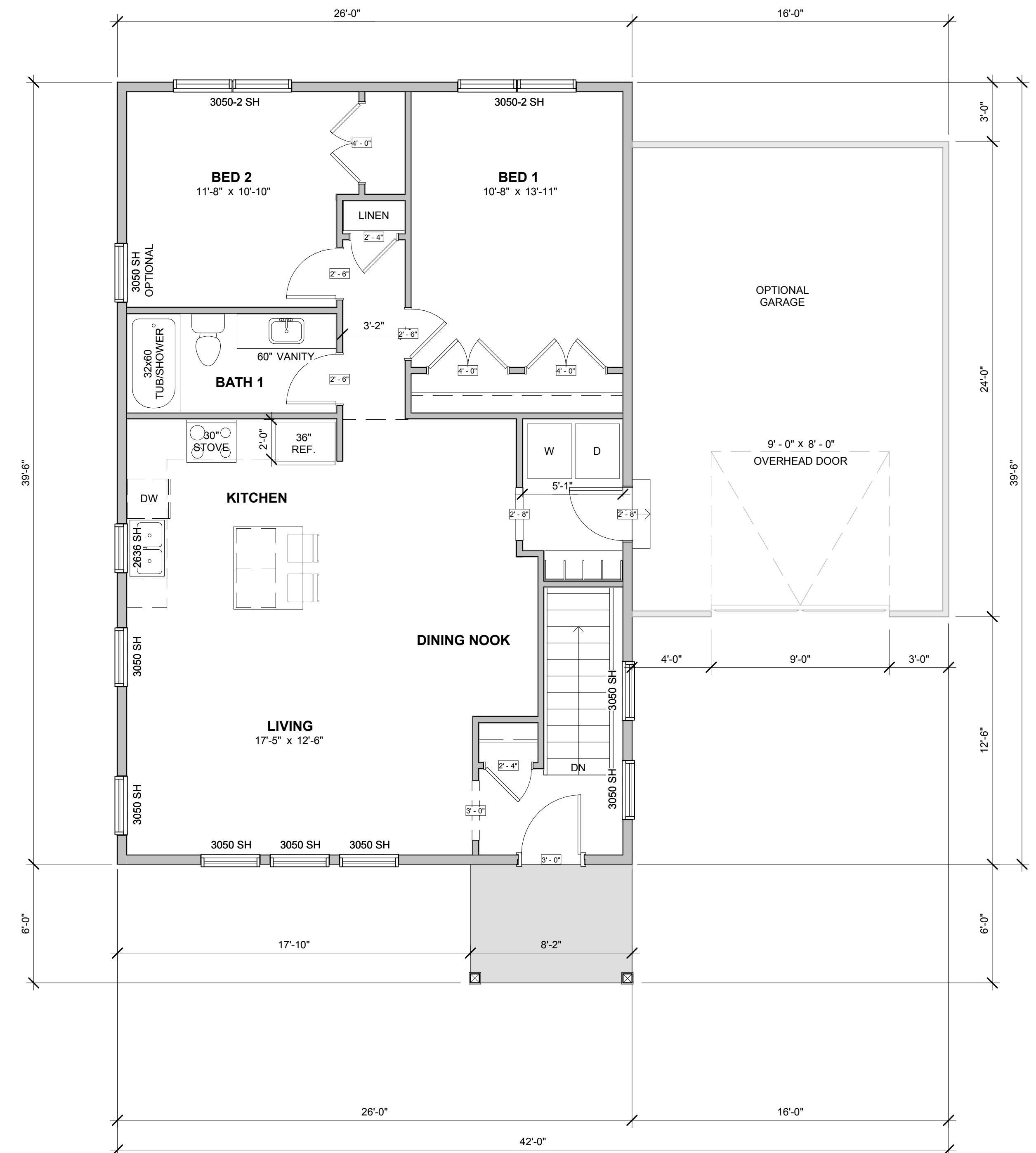
A200

Abbreviations

@	AT
AFF	ABOVE FINISHED FLOOR
ALLOW	ALLOWABLE
BT	BOTTOM OF
CJ	CONTROL JOINT
CLG	CEILING
CONC	CONCRETE
CPT	CARPET
DN	DOWN
DS	DOWNSPOUT
EQ	EQUAL
EQUIP	EQUIPMENT
EXIST	EXISTING
EW	EACH WAY
FD	FLOOR DRAIN
FDN	FOUNDATION
FO	FACE OF
FTG	FOOTING
GWB	GYPSUM WALL BOARD
INSUL	INSULATION
MANFR	MANUFACTURER
MATL	MATERIAL
MAX	MAXIMUM
MECH	MECHANICAL
MIN	MINIMUM
NA	NOT APPLICABLE
NOM	NOMINAL
OC	ON CENTER
OPT	OPTIONAL
ROD	REQUIRED
REF	REFERENCE
T.O.	TOP OF
TYP	TYPICAL
W/	WITH

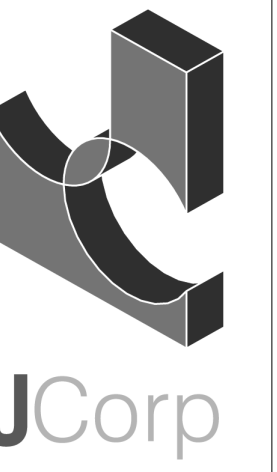


2 **Basement**
SCALE: 1/4" = 1'-0"



1 **First Floor Plan**
SCALE: 1/4" = 1'-0"

SQUARE FOOTAGE	
1st Floor	1,032 SF
Basement Finished	843 SF
Basement Unfinished	98 SF
Grand total	1,973 SF



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PROJECT:
LMI - Plan C
321 State Street
Ames, IA

REVISIONS:

1	_____
2	_____
3	_____

DATE: 12 / 06 / 2017

PROJECT NO: 17-029

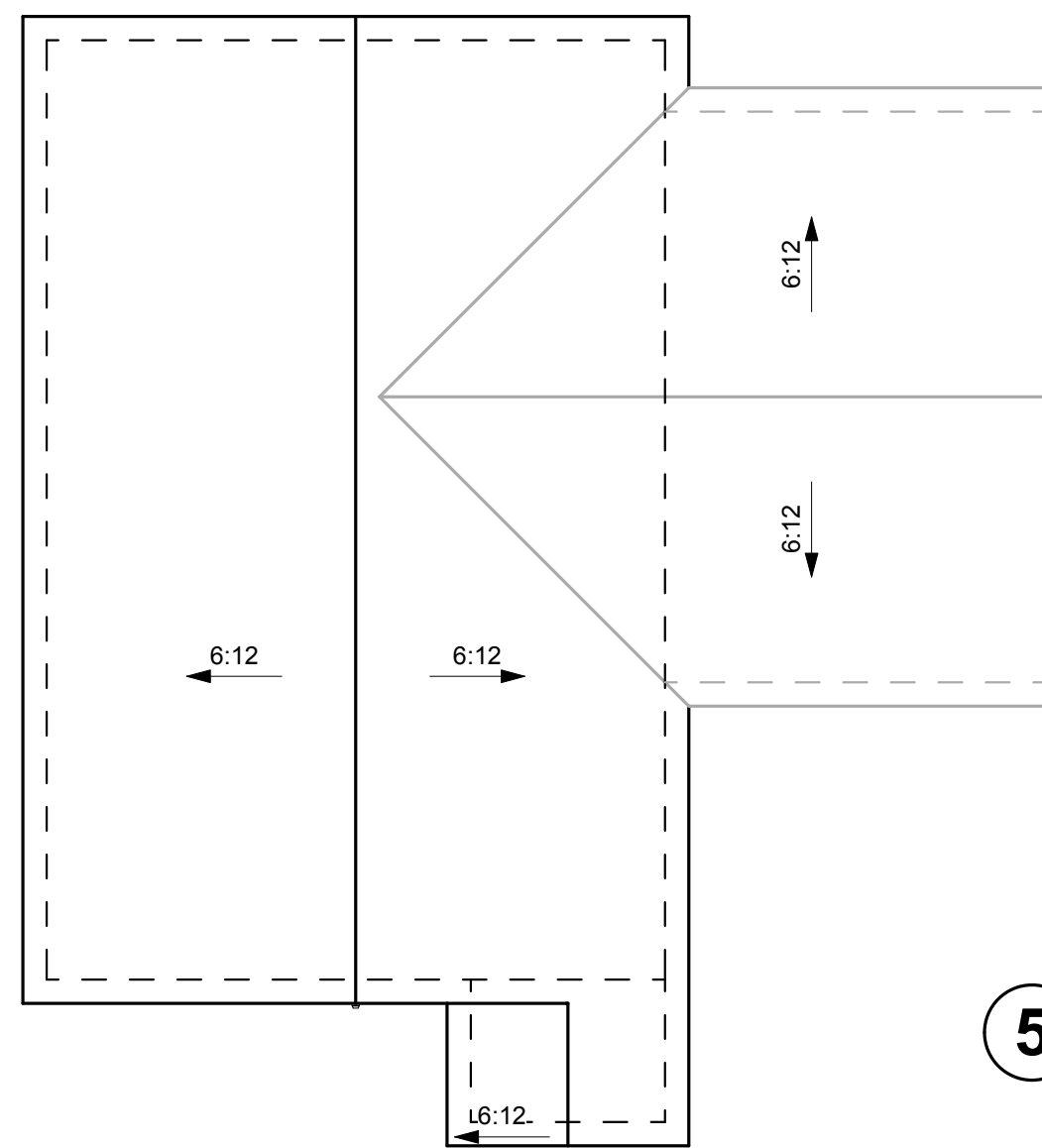
CONTENTS:
Floor Plans

SHEET NO:
A100

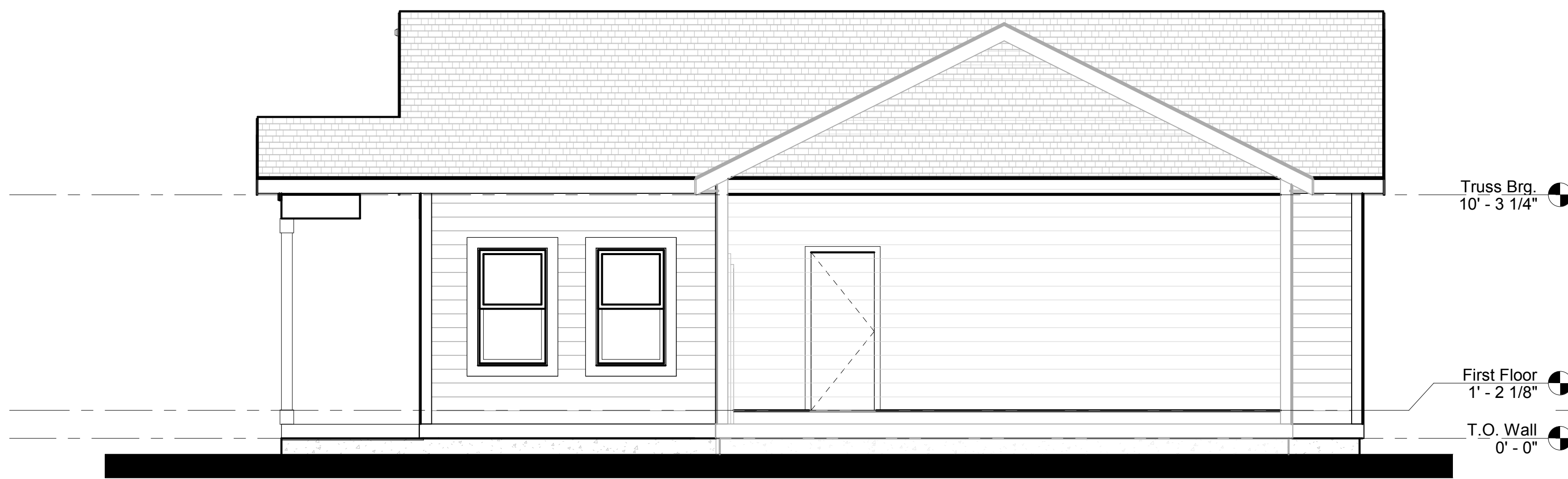


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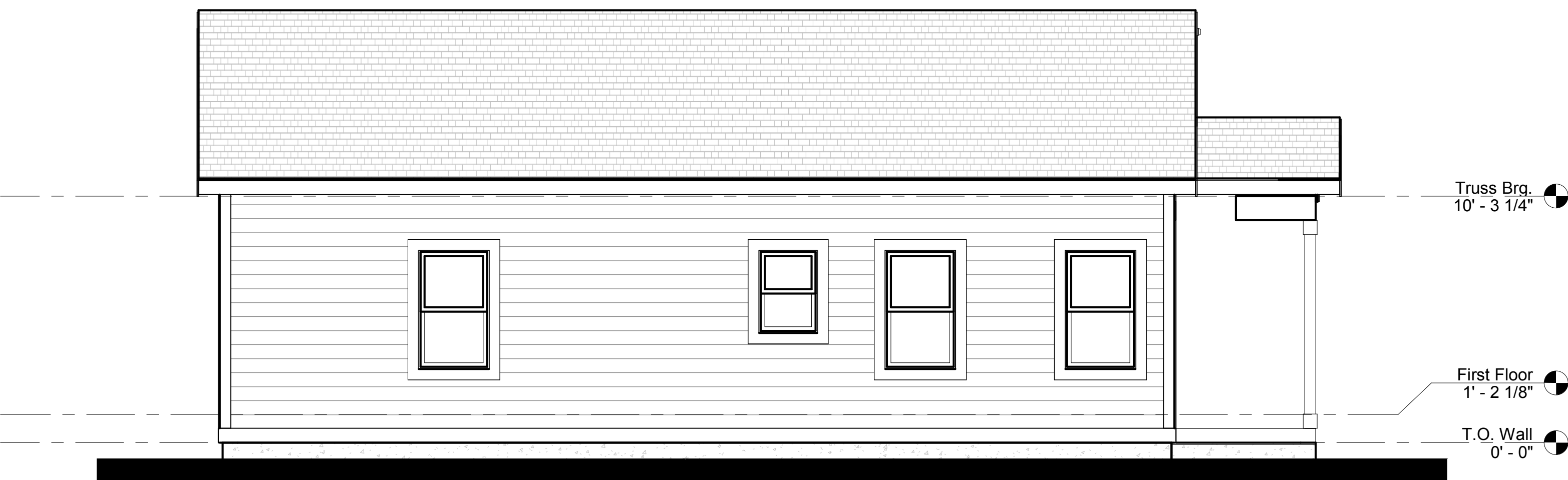
5 Roof Plan
SCALE: 1/8" = 1'-0"



4 Right Elevation
SCALE: 1/4" = 1'-0"



2 Rear Elevation
SCALE: 1/4" = 1'-0"



3 Left Elevation
SCALE: 1/4" = 1'-0"



1 Front Elevation
SCALE: 1/4" = 1'-0"

PROJECT:
LMI - Plan C
321 State Street
Ames, IA

REVISIONS:

- 1
- 2
- 3

DATE: 12 / 06 / 2017

PROJECT NO: 17-029

CONTENTS:
Elevations

SHEET NO:

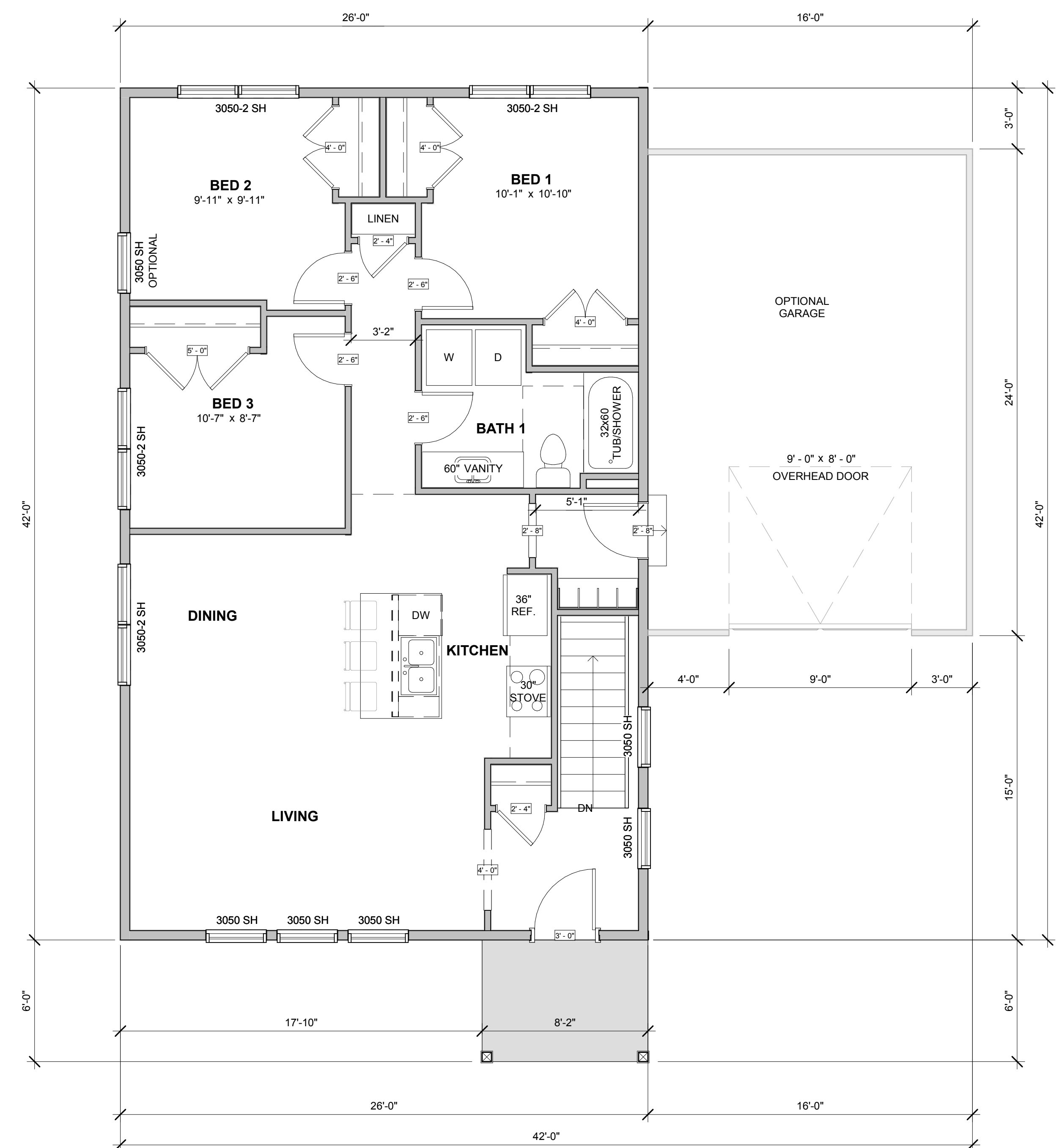
A200

Abbreviations

@	AT
AFF	ABOVE FINISHED FLOOR
ALLOW	ALLOWABLE
BJ	BOTTOM OF
CJ	CONTROL JOINT
CLG	CEILING
CONC	CONCRETE
CPT	CARPET
DN	DOWN
DS	DOWNSPOUT
EQ	EQUAL
EQUIP	EQUIPMENT
EXST	EXISTING
EW	EACH WAY
FD	FLOOR DRAIN
FDN	FOUNDATION
FO	FACE OF
FTG	FOOTING
GWB	GYPSUM WALL BOARD
INSUL	INSULATION
MANFR	MANUFACTURER
MATL	MATERIAL
MAX	MAXIMUM
MECH	MECHANICAL
MIN	MINIMUM
NA	NOT APPLICABLE
NOM	NOMINAL
OC	ON CENTER
OPT	OPTIONAL
ROD	REQUIRED
REF	REFERENCE
T.O.	TOP OF
TYP	TYPICAL
W/	WITH



2 Basement
SCALE: 1/4" = 1'-0"



1 First Floor Plan
SCALE: 1/4" = 1'-0"

SQUARE FOOTAGE	
1st Floor	1,097 SF
Basement Finished	897 SF
Basement Unfinished	57 SF
Grand total	2,051 SF



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PROJECT:
LMI - Plan D
321 State Street
Ames, IA

REVISIONS:

1	_____
2	_____
3	_____

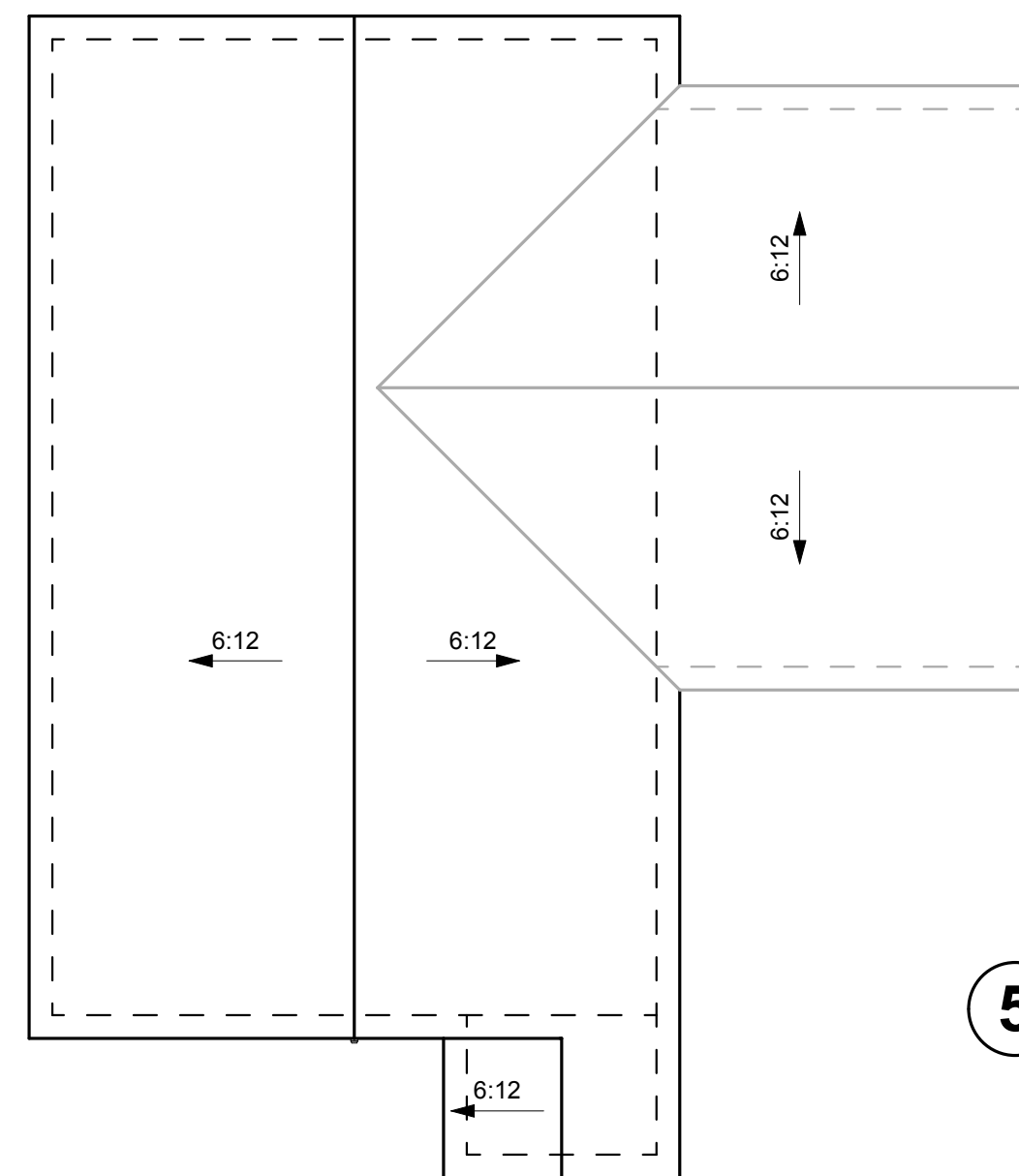
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PROJECT NO: **17-029**

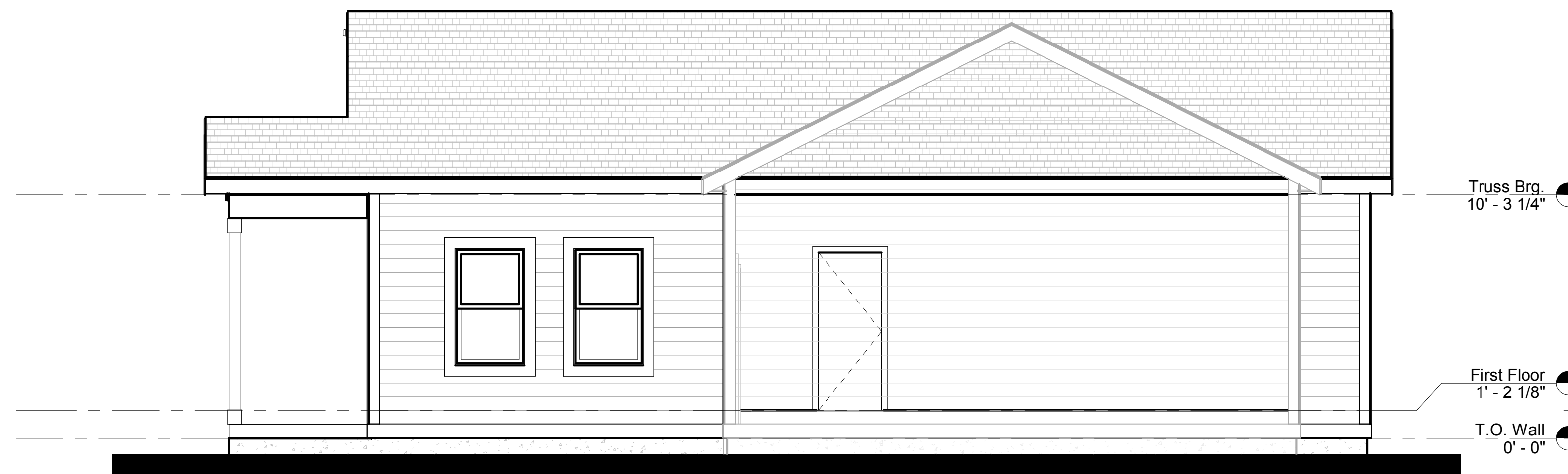
CONTENTS:
Floor Plans

SHEET NO:

A100



5 Roof Plan
 SCALE: 1/8" = 1'-0"



4 Right Elevation
 SCALE: 1/4" = 1'-0"



2 Rear Elevation
 SCALE: 1/4" = 1'-0"



3 Left Elevation
 SCALE: 1/4" = 1'-0"



1 Front Elevation
 SCALE: 1/4" = 1'-0"

PROJECT:
LMI - Plan D
 321 State Street
 Ames, IA

REVISIONS:

- 1
- 2
- 3

DATE: **10 / 06 / 2017**

PROJECT NO: **17-029**

CONTENTS:
 Elevations

SHEET NO:

A200