

## Staff Report

**321 STATE AVENUE INDOOR POOL FACILITY AND AFFORDABLE HOUSING DEVELOPMENT OPTIONS**

December 17, 2019

City Council directed staff at its November 26<sup>th</sup> meeting to place a discussion item on the agenda for use of 321 State Avenue for affordable housing with recreation space for a park and indoor pool facility. The 321 State Avenue site was purchased with Community Development Block Grant (CDBG) funds in 2016 for development of affordable housing. The site and surrounding neighborhood also was designated by City as a Neighborhood Revitalization Strategy Area (NRSA) to prioritize use of federal funds for improvements to facilities in the area and affordable housing.

Currently, the 321 State Avenue site consists of two developable areas split by the recent extension of Tripp Street. There is approximately 3.6 usable acres (275 ft. x 550 ft.) north of Tripp Street and 3.4 usable acres (330 ft. x 450 ft.) south of Tripp Street (Attachment A-Site Map).

The development of the property at 321 State Avenue has been discussed with City Council on at least six occasions since the summer of 2016. **Most recently, City Council gave direction on June 11<sup>th</sup> to proceed with developing options for affordable housing development as a City project at 321 State Avenue.** The June 11<sup>th</sup> staff report took into account multiple factors related to affordable housing development and described a range of average financial subsidy by the City as the sole developer of \$79,000 to \$114,000 per affordable home with a development cost of \$244,000 (house plus lot). The report also described the funding approach for the project. Since June, the City completed acquisition of development plans from J-Corp and Fox Engineering. Staff is also in the process of completing the RFP process for a civil engineering firm to assist in creating development concepts for housing and subsequently preparing a subdivision plat per Council's direction from June.

Leading up to the June 11<sup>th</sup> meeting, City Council had previously considered options for partnering with a developer for the construction of affordable housing or proceeding with a City lead project. Additionally, City Council considered options for different forms of affordable housing and locations of affordable housing for 321 State Avenue and within the NRSA. All of the different options for housing types and developer partnerships have ramifications on the cost of producing housing and availability of CDBG and HOME funds to support the project concept. A full range of options was discussed March 6, 2018 in preparation of plans to extend Tripp Street for future development.

One specific proposal was to consider if there were benefits to relocating Franklin Park located two blocks west of the 321 State Avenue and combining it with development of single-family homes at 321 State. The existing Franklin Park site would then be

developed with medium density affordable rental housing. This option was described by staff as including up to 3.0 acres for a neighborhood park (for context Roosevelt Park is 1.25 acres, O'Neil Park is 3 acres, and Franklin Park is 4 acres) and 20 standard lot homes at 321 State Avenue. Additionally, the former Franklin Park site could include small apartment buildings totaling approximately 40-50 dwellings (Attachment B-Franklin Example from 2018). In this scenario, the City would not be the developer for the apartments.

This option met multiple City affordable housing goals with a mix of housing types, potentially reduced direct City financial costs, and provided an opportunity for a new park facility. However, based upon neighborhood input concerning the housing mix and the appreciation of the current Franklin Park site, City Council directed staff to focus on development of 321 State Avenue without including changes to Franklin Park.

**Per the referral for this report, staff evaluated using half of 321 State Avenue for recreation purposes with no housing on that half of the site.** Staff focused on the north site as an option due to a slightly larger site area. Although there are no specific plans for an indoor pool facility, Parks and Recreation Department staff estimated a need of a minimum of 30,000 to 40,000 square feet of building space plus parking. Planning staff estimates that with parking, an indoor facility would take up half of the north site and leave approximately half of the site for park or open space, roughly 2 acres. However, staff emphasizes that this minimum sized facility would likely not have the ability to expand at this location without displacing open space making the site less desirable than other potential options.

**Developing the half of the site for an indoor pool facility would reduce the number of homes that could be built on the site to half of the June projection of 37 homes, meaning 18 homes could potentially be built. Additionally, if the City chose to proceed developing an indoor pool facility it would require reimbursement to HUD of CDBG funds spent to acquire the site.**

#### **OPTIONS:**

**Option 1. Develop 321 State Avenue with a mix of market rate and affordable homes (51%), as originally planned.**

Under this option, Franklin Park would not be relocated and any future indoor aquatic center would be constructed on a different site.

**Option 2. Relocate Franklin Park to the north side of 321 State Avenue, along with a future site for an indoor aquatic center, as well as constructing detached homes on the south side.** The mix of affordable and market rate homes will have to be determined by the Council. This option will require a repayment to HUD for the value of the land that is used for an aquatic center.

In addition, under this option the existing Franklin Park site would include small affordable housing apartment buildings totaling approximately 40-50 dwellings. Final

details for this development would be determined through a RFP process with an affordable housing developer.

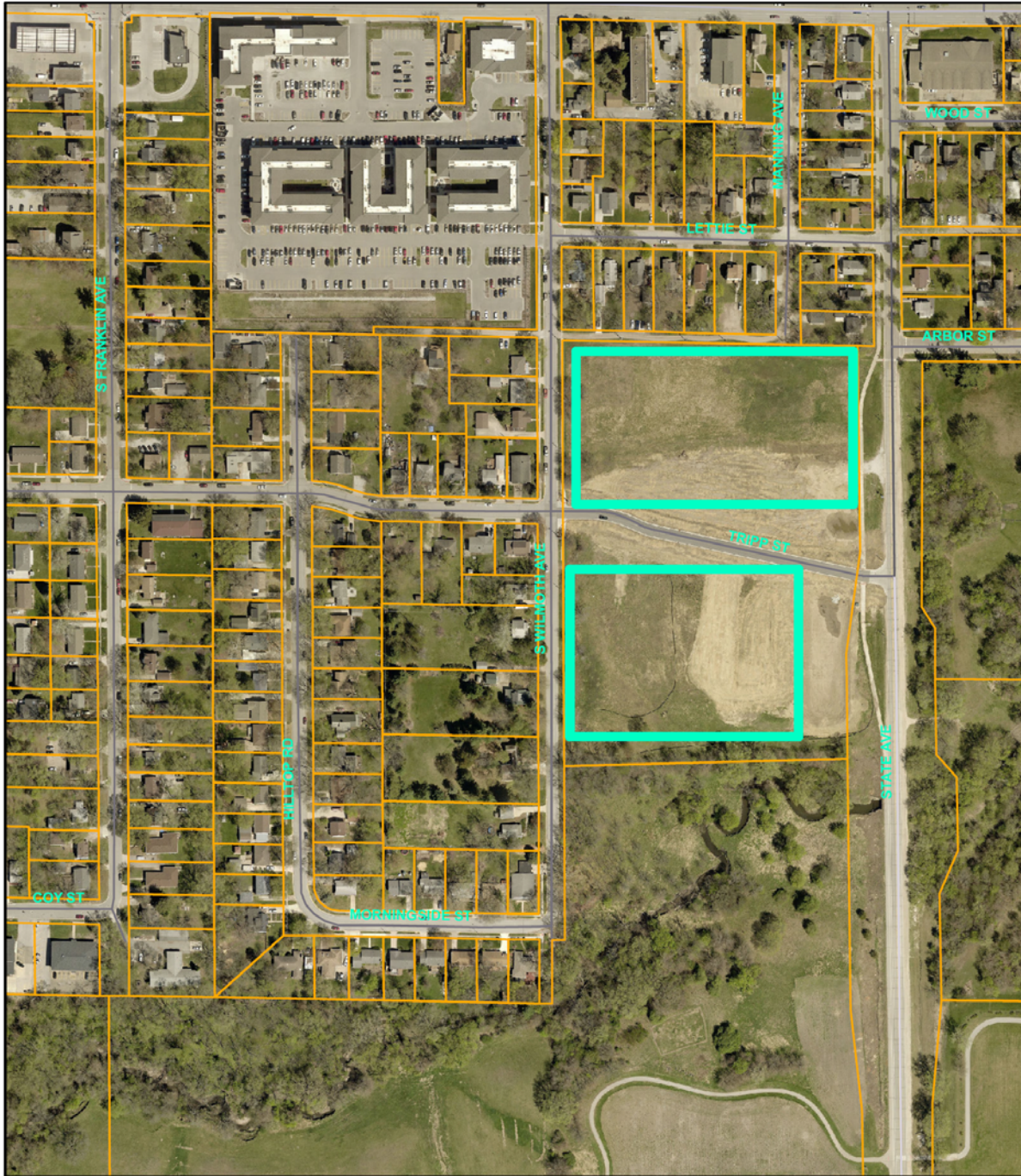
**Option 3. Not relocate Franklin Park and construct a future aquatic center on the north side of 321 State along with the a mix of market rate and affordable homes on standard lots on the south side according to a percentage mix directed by the City Council.**

This option will require a repayment to HUD for the value of the land used for the aquatic center.

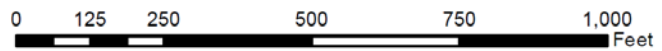
**STAFF COMMENTS:**

Attachment C illustrates a conceptual layout for half of 321 State as a 30,000 square foot building with a pool, parking, and a park (Option 2). Any larger facility or future expansion would displace some of the open space represented in Attachment C. **Staff believes that siting a future indoor pool facility at this location is not recommended because it has limited options for future expansion and will require reimbursement to HUD for the market value of the land.**

# Attachment A



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## 321 State Site Usable Areas

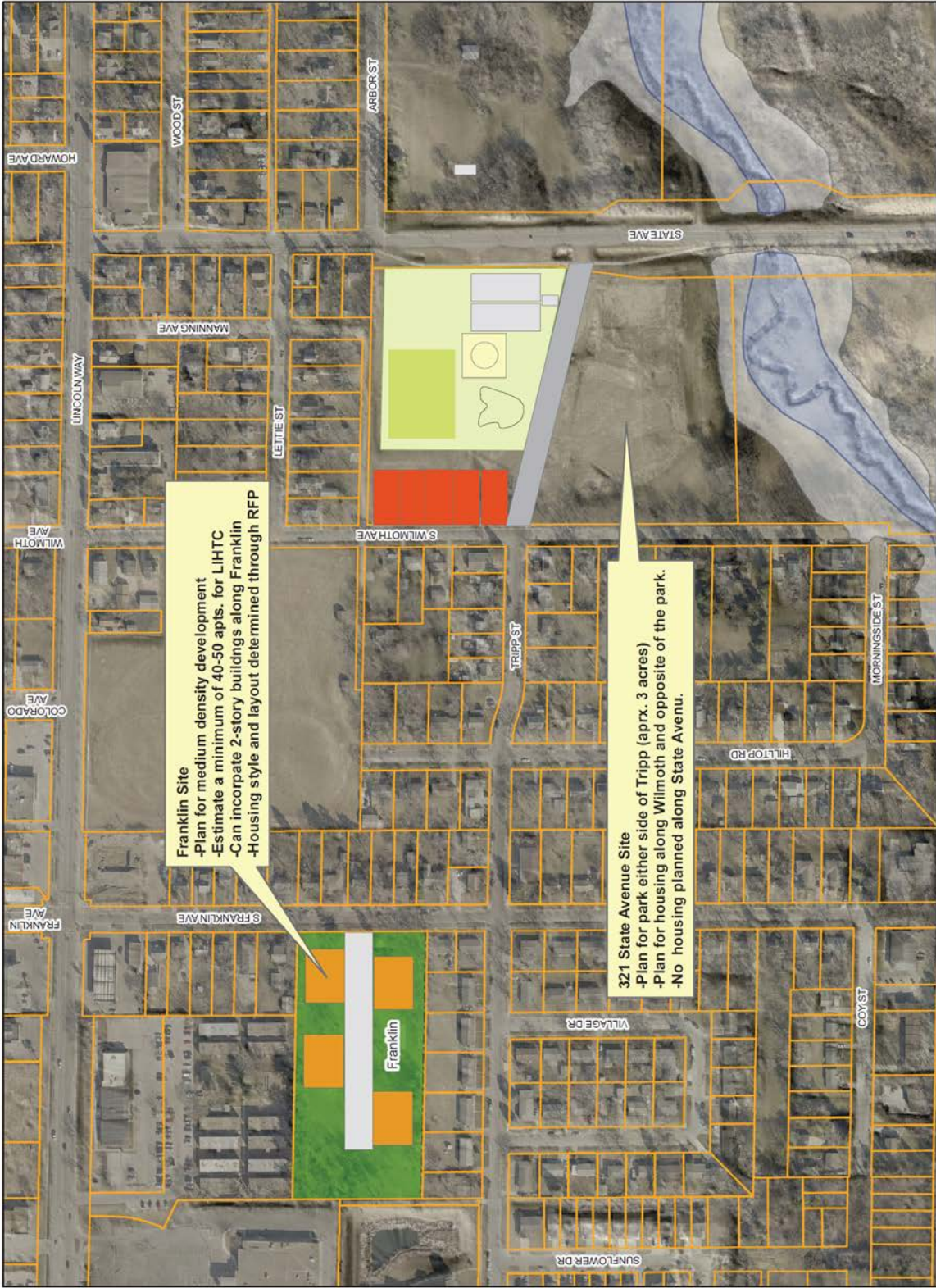
Date: 12/12/2019



1 inch = 250 feet



# Attachment B

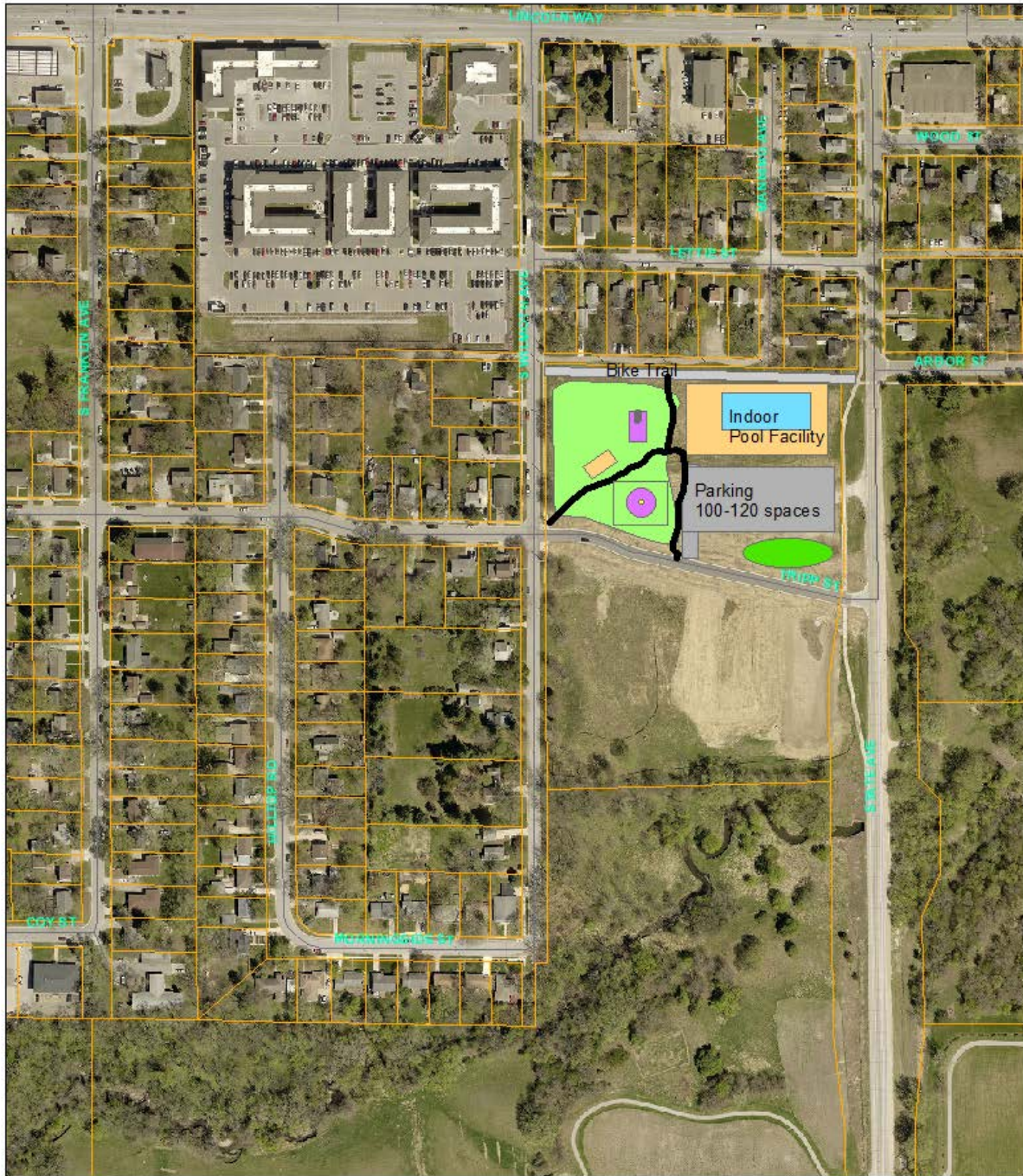


## Relocate Franklin Park Concept

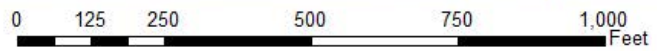
DATE: 11/02/2018  
 1 inch = 277 feet



# Attachment C



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## 321 State Site Recreation Concept Layout

Date: 12/12/2019



1 inch = 250 feet