

COUNCIL ACTION FORM

SUBJECT: PUBLIC HEARING ON CHANGE OF USE DESIGNATION FOR THE CITY OWNED PROPERTIES ALONG 6TH STREET (519, 525, & 601) IN CONNECTION WITH THE CITY'S COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG).

BACKGROUND:

As part of the City's 2014-15 Community Development Block Grant (CDBG) Program, lots located at 519, 525, & 601 Sixth Street, (former Ames Community Preschool Center toddler house and playground) were acquired under the Acquisition/Reuse for Affordable Housing Activity. (*Location Map- Attachment A*) The objective of this activity was to increase the availability of affordable housing through the purchase of infill lots (vacant or properties needing to be demolished and cleared); the purchase of foreclosed or blighted properties for rehabilitation, or the purchase of single-family or multi-family units that can be rehabilitated; for reuse into either an affordable rental or owner-occupied units for a household at 80% or less of the Ames Metropolitan Statistical Area median income limits.

After acquisition of the site, the City initiated a request for proposals (RFP) in 2015 to redevelop the site but did not receive any qualified applications. Subsequently, the City acquired the 10+ acre parcel of land at 321 State Avenue (former Old Ames Middle School) in December 2015 for the purpose of developing affordable housing. The City considered pairing the 6th Street properties with development of 321 State Avenue to potentially attract additional developer interest. That attempt was unsuccessful as well. In 2019, the City Council directed staff to become the developer of 321 State Avenue and authorized staff to pursue selling the Sixth Street properties and use the proceeds to develop 321 State Avenue to further our goal of expanding availability of affordable housing in the community.

Because CDBG funds were used to purchase the Sixth Street properties, the Department of Housing and Urban Development (HUD) regulations require the City to notify the public of its intentions to propose a Change of Use Designation for these lots. The lots would be no longer used as affordable housing for low- and moderate-income households. The removal of the affordable housing designation related to CDBG funding would allow the City to sell the properties at market value and return the funds to the Department of Housing and Urban Development (HUD). A recent appraisal valued the lots at \$198,000.

Upon receipt of the sale proceeds, HUD would then reallocate all or a portion of the funds back to the City of Ames for new programming. **The City's intention is to use the reprogrammed funds to complete the public infrastructure improvements to develop lots for mixed-income affordable housing units in the Baker Subdivision, at 321 State Avenue.**

It is anticipated that 14 of the 26 lots in the Baker Subdivision will be designated for affordable housing for low-income households at 80% or less of the Ames Metropolitan Statistical Area

Income Limits (AMSA). Additionally, one lot has been set-aside for 37 Low-income Housing Tax Credit (LIHTC) rental units, of which 32 will be designated for households at 60% or less of the Ames Metropolitan Statistical Area Income Limits (AMSA).

The regulations also require that the request to Change the Use Designation be available for a 30-day public comment period, which occurred January 29, 2021, through March 1, 2021. **During this period one comment was received voicing opposition to the change of use designation. (see Attachment B).**

ALTERNATIVES:

1. The City Council can adopt a resolution approving the Change of Use Designation for the City-owned properties located at 519, 525, & 601 Sixth Street. *This action will authorize staff to proceed with placing the properties up for sale at the appraised value and return the funds to HUD for reprogramming.*
2. The City Council can deny adoption of a resolution approving the Change of Use Designation for the City-owned properties located at 519, 525, & 601 Sixth Street. *This action would continue to identify use of the properties as being developed as affordable housing either by the city or sold to a housing developer. The City would then need to proceed with affordable housing development of the site to maintain compliance with HUD requirements.*
3. The City Council can refer the matter back to staff for other considerations.

CITY MANAGER'S RECOMMENDED ACTION:

In accordance with the CDBG program regulations, if City Council approves the Change of Use Designation on these properties to be developed as affordable housing, staff will place the properties for sale at the appraised value and return the funds to HUD to be reprogrammed. It would be staff's intention to reprogram the funds to be used to complete the public infrastructure improvements for the development of affordable housing in the Baker Subdivision at 321 State Avenue.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1 thereby adopting a resolution approving the Change of Use Designation for the City-owned properties located at 519, 525, & 601 Sixth Street. This action will authorize staff to proceed with placing the properties for sale at the appraised value and return the funds to HUD for reprogramming. It is anticipated that these funds would be returned to the City to complete the public infrastructure improvements for the development of affordable housing in the Baker Subdivision at 321 State Avenue.

ATTACHMENT A



Location Map
519, 525, 601 6th Street



ATTACHMENT B

From: [Marianne Todey](#)
To: [Baker-Latimer, Vanessa](#)
Cc: [Haila, John](#); [Gartin, Tim](#); [Junck, Rachel](#); [Corrieri, Amber](#); [Betcher, Gloria](#); [Martin, David](#); [Beatty-Hansen, Bronwyn](#); [Whitlock, Nicole](#)
Subject: change of use designation
Date: Friday, February 26, 2021 9:34:22 AM

[External Email]

Dear Ms. Baker-Latimer and City Council Members,

I am contacting you concerning the Public Notice that was posted about a change of use designation for the properties the city owns along 6th Street (519, 525 and 601), If I am not mistaken this is the land west of the First Christian Church.

I see that the city wishes to change the designation from using this area for affordable housing and sell the property at market value. Nothing is mentioned as to what the property is to be used for but since this Public notice came out after the announcement of making a public square east of city hall where there is currently a parking lot I suspect this land will be turned into a city parking lot.

I wish to state my opposition to changing the designation for these properties.

The city needs to be mindful of not only providing affordable housing but also the location of where we build affordable housing. Currently it appears that what we do is build more and more apartment complexes on the periphery of our community pushing those in need further from the center of our community, and further from services that they need.

Building some form of affordable housing along 6th Street allows lower income individuals and or families to live near essential services, i.e. grocery stores, a variety of Houses of Worship, Public Library, Community Center and the bus hub. The local highschool is roughly 2 miles away as well as an elementary school and preschool. Many of those who fall into the low income bracket have unreliable transportation so providing a place in the center of town truly serves them better.

It would also bring those in need closer to the meals and market provided by Food at First, located at the First Christian Church.

I see that the money from the sale of these properties would go toward the Baker Subdivision (the old AMS). But once again this pushes people further from the city center and essential services. I suspect that much of this housing will be occupied by ISU students since it will bring them closer to the campus--leaving the apartments along Mortensen south of the middle school.

These would then be considered affordable housing for low income but again on the edges of our community.

I respectfully ask the City to reconsider changing the designation of the 6th St properties and instead begin working on suitable housing for that location.

Sincerely,

Marianne Todey
1220 Harding Ave
