



MEMO

To: Mayor and Ames City Council

From: Steven L. Schainker, City Manager

Date: June 16, 2023

Subject: City Council Follow-Up: Housing Taskforce

On April 25, 2023 the City Council referred to staff for a memo the letter received from the Ames Economic Development Commission/Chamber of Commerce requesting that a taskforce be established to identify options to “propel the housing inventory of the community to a level where there is ample choice for people as they take a job in the Ames market.”

After talking to Dan Culhane more about this request for clarification, we agreed that it would be more appropriate if the AEDC/Chamber of Commerce established their own taskforce made up of persons familiar with the housing development including land developers, engineers, bankers, and home builders. This is a different approach than the Council creating a formal City housing taskforce and selecting the participants. After completing their deliberations they will then present their thoughts to the City Council.

I also shared with Dan the following thoughts regarding the work of the taskforce and what I thought the City Council might want to include in their work.

-The goals of the taskforce should be:

- a) Identify barriers that exist in creating new housing starts for all types of housing (apartments, attached homes, and single-family, detached homes, etc.) at prices that are affordable to our general

workforce and above (excludes low and moderate income housing which will be discussed at the June 20th workshop).

- B) Offer various options to be considered for overcoming each of the barriers that are identified.
- The analysis should not contain options that focus solely on what the City of Ames needs to do overcome barriers. A credible look at the housing development process should include the identification of barriers caused by other players or issues involved in the development process.
 - It might be helpful to analyze this topic by breaking down the various stages for developing housing. I suggested that following stages, but the experts on the taskforce might identify other stages.
 - a) LAND PURCHASE
 - b) FINANCING FOR LAND PURCHASE
 - c) INFRASTRUCTURE INSTALLATION
 - d) FINANCING FOR INFRASTRUCTURE INSTALLATION
 - e) CONSTRUCTION OF HOMES
 - f) FINANCING THE CONSTRUCTION OF HOMES
 - g) SELLING HOMES
 - It would be helpful to dissect a typical housing subdivision to reflect the cost at each stage that adds to the overall cost of the house, including direct costs, indirect costs, and profit. In this way we will have a better understanding of what contributes to the overall cost of developing additional housing.