

Staff Report
GROWTH STRATEGY
August 10, 2010

DECISIONS NEEDED

This report is an extension of the discussion that was initiated on July 13, 2010 regarding what should be the future growth directions of our City. As you will recall, the currently adopted growth strategy supports growth to Southwest A/B/C/D, Northwest A/B, and two-thirds of North B (Attachment I). The Capital Investment Strategy provides for incentives to be provided to developments in any of the Southwest and Northwest subareas in the form of oversizing of water mains, trunk sewer lines, and streets. The Strategy also allows the possibility of additional City contributions for villages constructed in the Southwest.

It appeared from the conversations at the July 13th meeting that the City Council was amenable to modifying the terminology in the Land Use Policy Plan (LUPP) that would call for **Allowable Growth Areas** (those lands that would be supported for development within the City limits) and **Incentivized Growth Areas** (those areas within the Allowable Growth Areas where the City Council will apply the Capital Investment Strategy).

In addition, your discussion at this meeting centered on the implementation of “Scenario 4” from the Targeted Growth Study that was prepared by the staff back in April 2008. This study suggested that the Council could reach its population target in a cost-effective manner by considering growth in subareas that included North B, Northwest A, and Southwest B. The staff emphasized on July 13th that “Scenario 4” should also include the Southwest A because of its close proximity to the existing City infrastructure. On April 13, 2010 the City Council approved the change to the Ames Urban Fringe Plan designating Rose Prairie and adjoining land as Urban Residential, thereby taking the initial steps in supporting “Scenario 4”.

The owners of Fieldstone subdivision in Northwest A have requested that the LUPP be amended to exclude their property from “Scenario 4” and allow them to develop outside of the City limits free from any City subdivision standards. **The first question that should be answered by the City Council is how to handle the Northwest A subarea in response to this latest request.** (See Attachment II, map of Fieldstone) **A second question before the City Council is to determine what areas should receive City incentives in accordance with the Capital Investment Strategy.**

BACKGROUND INFORMATION

-The North B subarea has about 325 acres of developable land, which under current subdivision regulations could yield 1,625 homes at historic densities. However, under the recently adopted conservation subdivision regulations, the actual gross densities achieved in this area could be significantly less.

It is not possible at this time to determine how the construction of a conservation subdivision will impact this total, but a healthy market factor can help to offset any loss of capacity otherwise anticipated for this area. (A market factor is a planned surplus of land capacity to accommodate variations in land availability and development choices).

-Northwest A has about 454 acres of developable land, which could yield 2,272 homes at historic densities of 5.0 dwelling units per net acre. If Fieldstone is developed at its desired density of 0.22 dwellings units per net acre, the number of anticipated homes could be reduced to as few as 120. This represents a 95% reduction in anticipated housing capacity for this area. This more than eliminates the market factor we relied upon to ensure sufficient developable land to achieve our year 2030 population target.

-There is a need to extend nearly 4,300 feet of sanitary sewer from the existing City limits to the developable area in the Northwest. The Capital Investment Strategy calls for the developer to pay for the cost of extending this line, with the City paying for the oversize cost.

-The 2008 Study identified the Iowa State owned or affiliated land in each of the subareas. ISU land constitutes 25 acres of the 847 gross acres in Northwest A and 154 acres of the 824 gross acres in Northwest B.

-The current estimated cost of a railroad overpass across North Dakota Avenue is \$5.2 million.

-Southwest A and B have approximately 500 developable acres which could yield 2,495 homes at historic densities. The total cost of extending streets, water, and sewer into this subarea is estimated to be \$11.5 million with the City paying \$2.4 million for oversize cost. If a village is developed, the City's obligation could be even more, depending on the City Council's decision to participate.

In order to assist the City Council in determining which subareas to designate for incentives, the following information is being provided. The costs to the City to develop the subareas were highlighted in previous staff reports and are provided again on the next page as Table I:

TABLE I
(Based on 2008 Dollars & Current Capital Investment Strategy)

	North B	Southwest A&B	Northwest A
Net Developable Acres	325	499	454
Total Housing Units	1,625	2,495	2,272
Total Population	3,737	5,739	5,225
Total Infrastructure Costs (water, sewer, streets)	\$7,098,912	\$11,452,166	\$ 6,554,278
Total Oversizing Costs (City)	0	\$2,419,328	\$1,509,097
Oversizing Cost Per Housing Unit	\$0	\$969	\$664
Construction of Fire Station #4	\$3,140,000		
Relocation of Fire Station #2		*\$2,340,000	*\$2,340,000
CyRide Buses	\$335,000	\$1,005,000	\$335,000
Grant Avenue	**\$685,177		
North Dakota Overpass			***\$5,200,000
Total Capital Costs (City)	\$4,160,177	\$3,345,000	\$7,875,000
Capital Cost Per Housing Unit	\$2,560	\$1,340	\$3,466
Total City Cost	\$4,160,177	\$5,764,328	\$9,384,097
Total Cost Per Housing Unit	\$2,560	\$2,309	****\$4,130
Annual Operating Costs (City)	\$977,544	\$263,699	\$97,131
Number of Households in Ames School District	0	1,842	1,083

* Relocation of Fire Station #2 is reflected in both columns, but should not be counted twice for Scenario 4.

** This amount is not a contribution but, rather, the City's share of the assessment for the road.

*** The draft of the new 2010 Long Range Transportation Plan designates the North Dakota Avenue overpass for growth only to the Northwest. This is a change from the previous 2005 LRTP which anticipated the overpass due to growth throughout the city. Therefore, the cost of the overpass can be directly attributed to annexation and development of the Northwest.

**** If the overpass is considered a street system improvement, the cost per household would be \$1,841.

OPTIONS FOR FIELDSTONE

This report now lays out seven possible options to deal with the Fieldstone request and how they relate to “Scenario 4”. The report also relates these options to the City’s Capital Investment Strategy.

Option A – Scenario 4

-North B (Allowable Growth Area)

-Southwest A & B (Incentivized Growth Area)

-Southwest C & D (Allowable Growth Area)

-Northwest A (All Fieldstone property within Northwest A must be developed within the City limits in accordance with City standards as an Incentivized Growth Area).

-Northwest B (Allowable Growth Area)

Pros

- *Future expansion of the City to the northwest will be facilitated because the Fieldstone subdivision will be built to City standards.*
- *Meets the City’s projected growth needs with acceptable market factor.*

Cons

- *Significant upfront cost to the City to cover infrastructure oversizing costs, the cost of the railroad overpass, and cost to relocate Fire Station #2.*
- *Possible negative impact to Onion Creek with urban density development.*

Option B

-Same as Option A, except that all Fieldstone property in Northwest A will be developed within the City limits in accordance with City standards as an Allowable Growth Area, rather than an Incentivized Growth Area.

Pros

- *Future expansion of the City to the northwest will be facilitated because Fieldstone is adjacent to the existing City limits.*
- *Reduces cost to the City since it will not be responsible for oversizing costs of infrastructure in the Northwest.*

Cons

- *The City will still be responsible for the costs for the overpass and relocation of Fire Station #2*
- *Possible negative impact to Onion Creek with urban density development.*

Option C - Developer's Preferred Option

-North B (Allowable Growth Area)

-Southwest A & B (Incentivized Growth Area)

-Southwest C & D (Allowable Growth Area)

-Northwest A (All Fieldstone property will be developed outside of City and not be required to be built to City standards)

Pros

- *There will be no cost to the City for oversizing the infrastructure or building the overpass since the Northwest would develop outside the City.*
- *Allows for the construction of large homes on large lots, which is a segment of the housing market that is lacking, as indicated by the developers.*
- *Protects the natural area by allowing large lots adjacent to these sensitive areas.*

Cons

- *The existence of this subdivision, which will not be built to City standards, will be a barrier to further City expansion to the northwest if needed in the future. Because of its close proximity to the City boundaries and limited directions the City can expand, it is likely that sometime in the future the City will need to expand further to the northwest. The proposed subdivision will seriously impede future growth opportunities beyond our current planning horizon.*
- *If the remaining land within Northwest A is retained in the City, the need to build an overpass to provide emergency response, relocate Fire Station #2, and extend an expensive sewer line from the east to serve the remaining area will still be required, but with fewer new homes to help offset these City costs.*
- *Will still have to relocate Fire Station #2 to serve Southwest subareas.*
- *By excluding Northwest A, and by logical extension Northwest B, then the projected population that can be yielded from the Allowable Growth areas would be decreased by 9,995. While the remaining subareas are projected to yield a population of 66,946, there is little room to adjust for market factors, i.e., we would have to assume that all land in the remaining growth areas would be fully developed to maximum anticipated densities.*

Option D

-North B (Allowable Growth Area)

-Southwest A & B (Incentivized Growth Area)

-Southwest C & D (Allowable Growth Area)

-Northwest A (All Fieldstone property will be developed inside of City as an Incentivized Growth Area with no density requirements for houses within 200 feet of

natural areas identified by separate study. All other property will be developed as Suburban/ Residential in accordance with City standards.

-Northwest B (Allowable Growth Area)

Pros

- *Future expansion of the City to the northwest will be facilitated because Fieldstone will be built to City standards.*
- *Protects the natural area by allowing large lots adjacent to these sensitive areas, and with no appreciable loss of anticipated residential capacity.*
- *Allows for the construction of large homes on large lots, which is a segment of the housing market that is lacking in our community, as indicated by the developers.*

Cons

- *Significant upfront cost to the City to cover infrastructure oversizing costs, the cost of the railroad overpass, and cost to relocate Fire Station #2.*

Option E

-Same as Option D, except that all Fieldstone property will be in an Allowable Growth Area, rather than in an Incentivized Growth Area.

Pros

- *Future expansion of the City to the northwest will be facilitated because Fieldstone will be built to City standards.*
- *Protects the natural area by allowing large lots adjacent to these sensitive areas.*
- *Allows for the construction of large homes on large lots, which is a segment of the housing market that is lacking in our community, as indicated by the developers.*
- *The City will not be responsible to pay for oversizing of infrastructure in the Northwest.*

Cons

- *The City will incur significant costs to pay for railroad overpass and relocation of Fire Station #2.*

Option F

-North B (Allowable Growth Area)

-Southwest A & B (Incentivized Growth Area)

-Southwest C & D (Allowable Growth Area)

-Northwest A (Fieldstone property within 200 feet of natural areas identified by separate study will initially be developed outside of the City limits in accordance with City standards with no density requirements, while all other property will be

developed within the City limits as Suburban Residential in an Incentivized Growth Area).

-Northwest B (Allowable Growth Area)

Pros

- *Future expansion of the City will be facilitated because the portion of Fieldstone that will be allowed to be developed outside of the City limits will be built to City standards.*
- *Protects the natural area by allowing large lots adjacent to these sensitive areas, and with no appreciable loss of anticipated residential capacity.*
- *Allows for the construction of large homes on large lots, which is a segment of the housing market that is lacking in our community, as indicated by the developers.*
- *If the first phase of the development is the building of the large lots within 200 feet of natural areas, the City will not be required to build the railroad overpass, pay of any oversizing, or relocate Fire Station #2 in order to serve this initial area outside of the City limits.*

Cons

- *If, and when, the area within 200 feet of natural areas is annexed into the City, the property owners will be assessed for the extension of water and sewer lines to the area. At that time, the newly annexed citizens will, no doubt, complain about their large assessments and utility hookup fees and seek Council assistance in funding these improvements.*
- *As soon as the remaining land within Northwest A is developed within the City limits, the need to build an overpass to provide emergency response, relocate Fire Station #2, and extend an expensive sewer line from the east to serve the remaining area will still be required with fewer new homes to help offset these City costs.*

Option G

-Same as Option F, except the Suburban Residential property developed within the City limits will be in an Allowable Growth Area, rather than an Incentivized Growth Area.

Pros

- *Future expansion of the City will be facilitated because the portion of Fieldstone that will be allowed to be developed outside of the City limits will be built to City standards.*
- *Protects the natural area by allowing large lots adjacent to these sensitive areas.*
- *Allows for the construction of large homes on large lots, which is a segment of the housing market that is lacking in our community, as indicated by the developers.*
- *If the first phase of the development is the building of the large lots within 200 feet of natural areas, the City will not be required to build the railroad overpass,*

pay of any oversizing, or relocate Fire Station #2 in order to serve the area outside of the City limits.

- The City will not be responsible for pay for the oversizing of infrastructure in the Northwest.*

Cons

- If, and when, the area within 200 feet of natural areas is annexed into the City, the property owners will be assessed for the extension of water and sewer lines to the area. At that time, the newly annexed citizens will, no doubt, complain about their large assessment and utility hookup costs and seek Council assistance in funding these improvements.*
- As soon as the remaining land within Northwest A is developed within the City limits, the need to build an overpass to provide emergency response, relocate Fire Station #2, and extend an expensive sewer line from the east to serve the remaining area will still be required with fewer new homes to help offset these City costs.*

CITY MANAGER'S COMMENTS

It appears from our previous discussion that the City Council members agree that Southwest A/B/C/D, North B, and Northwest A/B should be designated as Allowable Growth Areas. **Based on the request from the owners of the Fieldstone subdivision, the City Council must next decide what portion of Northwest A should be included in our Allowable Growth Areas or allowed to be developed outside the City limits.** It should be remembered that these Allowable Growth Areas are expected to be developed only after annexation and extension of full City services are accomplished. Further, it should be anticipated that changes made for the Fieldstone subdivision will likely be cited as precedent for future developments within the Northwest A Growth Area.

In regards to Incentivized Growth Areas, the current Capital Investment Strategy commits the City to participate in cost-sharing of the infrastructure in Southwest A, B, C, and D and in Northwest A and B. **Since the request from the Fieldstone owners has stimulated the revisiting of our growth strategy, it would appear to be an appropriate time to also reconsider in which areas incentives should be provided. Therefore, the City Council should decide which of the subareas in the Southwest and Northwest should be included in the Capital Investment Strategy.**

Your ultimate decisions regarding these two questions will be influenced by such factors as: 1) protection of our natural areas, 2) provision for large lots, and 3) facilitation of future annexation, 4) magnitude of cost to the City (immediate and future), and 5) accommodation of population targets.

If you are most concerned about protecting the **environment**, Options C, D, E, F, or G should be pursued.

If you are most concerned about providing **large lots**, Options C, D, E, F, or G should be pursued.

If you are most concerned about the ability to **facilitate future annexation**, A, B, D, E, F, or G should be pursued.

If you are most concerned by **costs**, Options B, C, E, or G should be pursued.

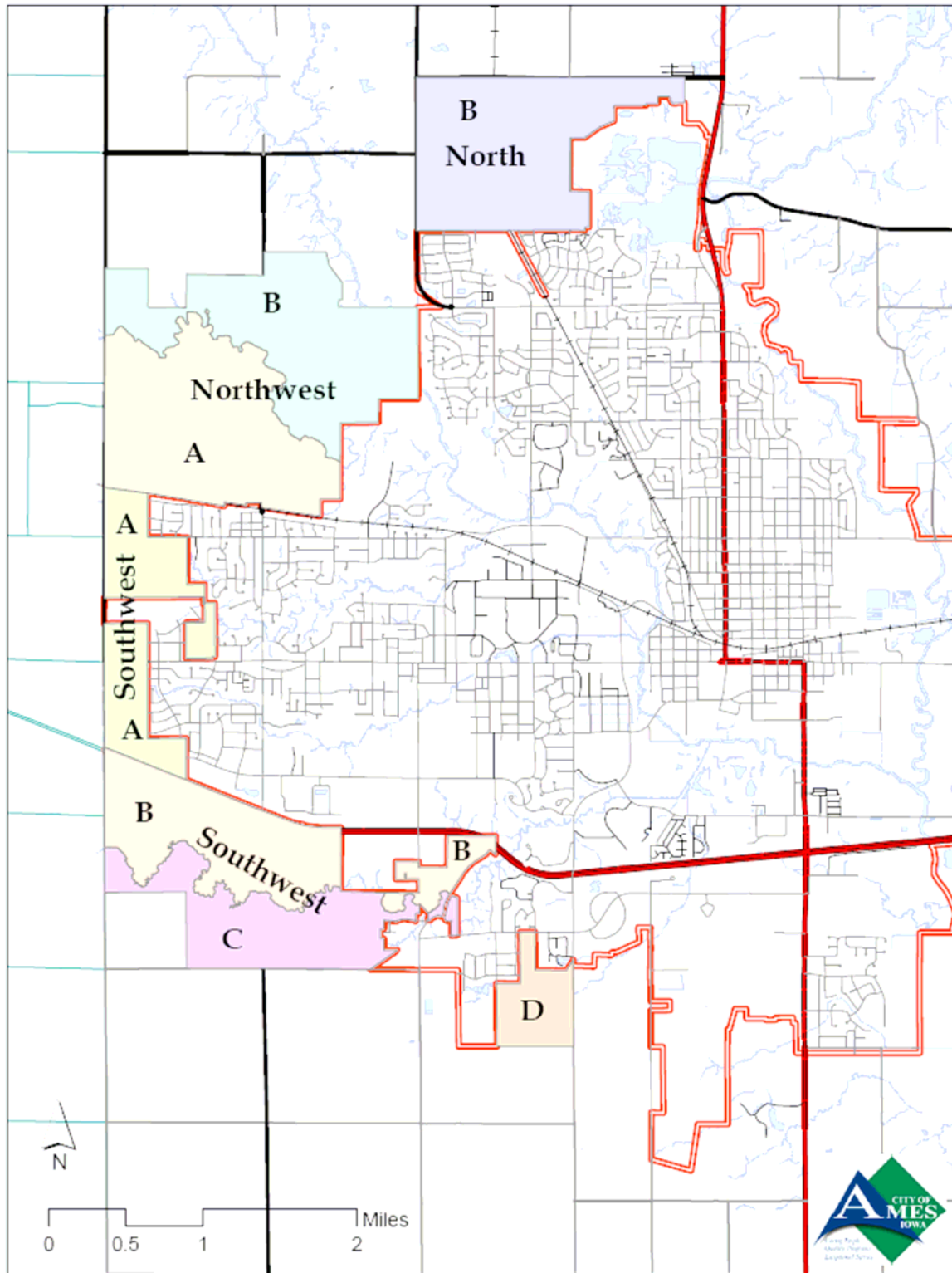
If you are most concerned that the **population** generated within the City limits, Options A, B, D, or E should be pursued.

It appears that Options E or G affirmatively address four of the five factors. However, the City Council must decide if these are the correct issues to guide your ultimate decisions and determine what weight to give to each factor.

Common to each of these factors are two fundamental growth strategy considerations: (1) whether to eliminate from Northwest A the Fieldstone property per the owner's request, and (2) where to focus city dollars to incentivize development. Regarding the first consideration, it should be remembered that we will need to develop in all three of the Allowable Growth Areas highlighted in Table I in order to accommodate our population target and retain our ability to expand beyond our 2030 planning horizon. Elimination of Northwest A from the City's Allowable Growth Area will impede the City's ability to achieve these objectives. Regarding the second consideration, it appears that the most cost effective area to develop is Southwest A & B. It would therefore make sense to retain development incentives in this area. The Council should consider what to do with the Northwest A & B in terms of providing incentives.

The establishment of a growth strategy is arguably one of the most important decisions a City Council will make. Therefore, it is imperative that you look beyond the current economic environment, current market preferences, current ownership status, and current estimated costs when deliberating about the future direction of growth for our community. It takes great courage to make decisions that will not reveal benefits until well into the future, rather than the immediate benefits on which our citizens tend to focus. The benefits of future growth opportunities should not be underestimated. Without the ability to expand boundaries, landlocked communities are often forced to densify and intensify within current boundaries to serve future population needs, which can have significant impacts on the visual quality and historic development patterns of the City.

Attachment I



Attachment II

