

**COUNCIL ACTION FORM**

**SUBJECT: 321 STATE (FORMER MIDDLE SCHOOL) OPTIONS FOR DEVELOPMENT WORKSHOP**

**BACKGROUND:**

The Planning and Housing Department is preparing for the June 21, 2016 workshop on development options for 10-acre parcel at 321 State Avenue (the old Middle School site). Staff will review a number of issues at the workshop that include site opportunities/constraints, potential development costs, process for development, and possible housing types.

City Council first began to consider acquiring 321 State Avenue in 2015 with the intent of creating affordable homeownership opportunities. The site is zoned Residential Low Density (R-L), which allows for the development of standard sized lots and detached single-family homes on individual lots. Staff estimates that approximately 40 single-family homes could be developed on the site, of which a minimum of 51% would need to be affordable to low income households (80% of Average Median Income), assuming the City receives approval of a Neighborhood Revitalization Strategy Area designation from HUD.

**The Planning and Housing Department is interested in exploring housing options before the workshop that could expand the housing choices beyond what is currently permitted by the R-L zoning.** Staff believes mixing housing types has merit by potentially helping to meet the low income housing requirements and to provide for housing options that are not commonly built in Ames. Staff would like to explore options that consist of approximately 20 detached single-family homes and 20 multi-family structures built as townhomes, duplexes, and 3 and 4-plexes. Within a framework of mixed housing types, there would be variety of options to lay out the development of the site and integrate it with its surroundings. However, a mixed development would require future adjustments to the zoning to consider different building types and site design options as compared to building exclusively single-family detached homes as are permitted by the current R-L zoning.

A variety of housing choices assists in meeting the low income housing obligations in two ways. The first is that by creating a variety of building types there could potentially be lower price points for sale or for rental, which could broaden the availability of homes to low income households. Another primary benefit would be to widen the developer pool and potentially have access to more funding opportunities to assist in the development of affordable housing on the site. Staff has been approached by affordable housing developers that are interested in projects that would be eligible for Low Income Housing Tax Credits (LIHTC). LIHTC typically applies to multi-family developments and is a competitive grant program administered by the Iowa Finance Authority. Staff has mentioned that the City controls 321 State Avenue and that it was purchased with the intent of creating affordable homeownership, but that configurations

of smaller rental buildings could potentially be integrated into the site. Developers with previous experience of developing similar mixed housing types have shown some interest in this concept.

As staff continues to explore development options for the property, we will also meet with the Old Ames Middle School and College Creek neighborhood association to discuss their interests for the development of the property. Staff intends to meet with these groups prior to the Council workshop to understand their priorities for the neighborhood and be prepared to discuss issues with the City Council on June 21st.

### **ALTERNATIVES:**

1. Motion to direct staff to explore a wide range of home ownership and rental housing types and report back to the City Council at the June 21st workshop.
2. Motion to direct staff to explore only homeownership opportunities configured as detached single-family homes and attached single-family homes and report back to the City Council at the June 21st workshop.
3. Motion to direct staff to explore only the development of single-family detached homes on individual lots consistent with the current R-L zoning.

### **CITY MANAGER'S RECOMMENDED ACTION:**

The Planning and Housing Department believes exploring a wide range of housing options is desirable to meet multiple affordable housing goals of the City. Additionally, staff wants to investigate the potential layout of homes and their interface with the neighborhood and how different housing types can impact the financial feasibility of the project.

**At this time City Council is making no commitment to develop a specific housing type, but only to investigate options.** At the June 21st workshop, staff will need direction on Council's interests about the type of housing that could be built on the property as well as the process of partnering with a master developer or developing a subdivision as a City initiative. Exploring housing options in advance of the June 21st meeting will help to inform the City Council on some of the options of how to proceed.

**Therefore, it is the Recommendation of the City Manager to direct staff to proceed with Alternative #1, which is to explore a wide range of rental and homeownership housing types for 321 State Avenue and report back to the City Council on June 21st. However, if City Council doesn't believe it has an interest in development that is not traditional single-family detached homes, it should direct staff not to explore other housing options to help preserve staff resources and time.**