

**COUNCIL ACTION FORM**

**SUBJECT: 2017/18 COMMUNITY DEVELOPMENT BLOCK GRANT PUBLIC INFRASTRUCTURE IMPROVEMENTS PROGRAM FOR AFFORDABLE HOUSING SUBDIVISION DEVELOPMENT AT 321 STATE AVENUE**

**BACKGROUND:**

On July 11<sup>th</sup> the City Council provided direction to proceed with development of a 37-lot subdivision in partnership J-Corp Inc. as the developer of the site. The development concept includes platting of 37 lots as Phase 1 of development of the site with an option for a second phase of development in the future for a total of 43 lots. The second phase of development requires additional public improvements that are not part of the scope of the current project. The planned subdivision will include a minimum of 20 homes sold to qualified low and moderate income households. The planned subdivision also includes 17 market rate homes. J-Corp Inc. will be the developer of the market rate home sites and the developer and builder of the low and moderate income housing. Public improvements will be coordinated overseen by City staff. Staff has continued to work with J-Corp on a development agreement, preliminary plat, and public improvements plans for development of the site. **The first step in proceeding with the development, as directed previously by the City Council, is to approve the specifications for public improvements and to solicit bids for their construction.**

To facilitate the development of the property new public infrastructure is required for water, sanitary sewer, storm sewer, and street improvements. As part of the development proposal with J-Corp, the City and developer will share in the development costs for public improvements. The City is responsible for the first \$550,000 of public improvement costs and the developer will contribute up to \$400,000 for public improvements. The total budget planned for the proposed plans and specifications of public improvements is \$950,000.

Staff proposes a letting date of November 7<sup>th</sup> and a report of bids to City Council on November 14<sup>th</sup>. The project will be awarded based on the lowest cost of the base bid. As part of the City's 2017-18 CDBG Annual Action Plan projects, \$550,000 was set aside to implement a Public Infrastructure Improvements Program for the installation of public improvements to develop a mixed-income housing subdivision at 321 State Avenue. Administration will be financed under the CDBG administration and not as part of the costs of the \$550,000 budget for Public Infrastructure Improvements.

**ALTERNATIVES:**

1. Approve the plans and specifications for the 2017/18 CDBG Public Infrastructure Improvements Program for the installation of public improvements to develop a mixed-income housing subdivision at 321 State Avenue and establishing November 7, 2017, as the date of letting and November 14, 2017, as the date for report of bids.

2. Do not proceed with this project at this time.
3. Approve the project with modifications.

**CITY MANAGER'S RECOMMENDED ACTION:**

As the developer and staff work on a development agreement that is consistent with City Council's direction from July 11<sup>th</sup>, it is vital for the project schedule to seek bids for the public improvements at this time. J-Corp Inc. has prepared the subdivision plans and public improvements plan at their risk with Fox Engineering as their consultant. City staff has reviewed the plans and prepared the final plans and specifications information for putting the project out for bid. By approving the public improvements plans for bid, it does not commit the City Council to completing the public improvements if there is not a signed development agreement or the cost of the improvements exceed available funding.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the 2017/18 CDBG Public Infrastructure Improvements Program for the installation of public improvements to develop a mixed-income housing subdivision at 321 State Avenue and establishing November 7, 2017, as the date of letting and November 14, 2017, as the date for report of bids.