

COUNCIL ACTION FORM

SUBJECT: APPROVAL OF DEVELOPERS AGREEMENT AND AWARD OF PUBLIC IMPROVEMENTS CONTRACT FOR THE 321 STATE AVENUE (OLD MIDDLE SCHOOL) AFFORDABLE HOUSING PROJECT

BACKGROUND:

The City Council, at its July 11, 2017, meeting, provided direction to staff to proceed with development of a 37-lot subdivision at 321 State Avenue in partnership with JCorp, 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 planned subdivision will include a minimum of 20 affordable homes to be constructed for low and moderate-income households and 17 market rate homes. JCorp, Inc. will be the developer for both the affordable and the market rate homes and they will be the builder of the all of the affordable low and moderate income homes.

City Council directed staff on December 12th to proceed with increasing the City's financial participation in the project by \$350,000 to cover the additional public improvement costs for the project. City staff then proceeded to draft a development agreement reflecting the JCorp, Inc. proposal from July, its updated house plans from December, and public improvement (street, water, sewers) plans from October. Staff and the developer are working to complete a final agreement for City Council review at its December 19th meeting. In addition to reviewing and approving development agreement, the City Council is being asked to award a contract to Keller Excavating of Boone in an amount not to exceed \$1,196,833.26 for public improvements.

A summary of the primary points for financial participation and housing construction are summarized below. Staff has attached the exhibits for the agreement reflecting the subdivision layout and house design.

FINANCIAL RESPONSIBILITIES CONTAINED IN THE DEVELOPERS AGREEMENT:

1. The City of Ames shall provide funding of up to \$900,000 for cost of construction of the public improvements for water, sewer, and streets consistent with the improvement plans.
2. The City shall provide land at no cost to the developer. (estimated value of \$550,000).

3. The City of Ames shall provide first-time homebuyer assistance of \$200,000 reflected in the FY 2017-18 CDBG Annual Action Plan. Any subsequent City funding for first-time homebuyers will be subject to future CDBG funding and City Council allocation at its discretion.
4. The Developer is responsible for the cost of preparing all subdivision, public improvements, and building plans.
5. The Developer must provide to the City \$400,000 for the completion of public improvements.
6. The Developer must provide a letter of credit to City upon execution of the agreement in the amount of \$400,000 to ensure their payment of the share of costs for public improvements. (The developer shall make two equal payments to the City, one payment on April 1, 2018 and a second payment upon completion of 90% of the public improvements.)
7. The Developer is responsible for all other site costs to improve lots and complete the subdivision.
8. If the City Council elects to pursue Phase II (b) with eight attached single-family homes off the north alley and Manning Avenue, all costs for public improvements and subdivision plans will be the responsibility of the City.
9. The City will retain ownership of the site and all lots until conveyed to a LMI homebuyer or market rate lots to JCorp, Inc. in accordance with the agreement.

HOME CONSTRUCTION REQUIREMENTS:

1. The City must approve all LMI homebuyers, whether receiving City assistance or not.
2. The Developer must start construction of a LMI home within 45 days of notice of an eligible buyer by the City and complete the homes within 7 months.
3. The Developer has a maximum limit of construction of five LMI homes at a time.
4. The agreement includes typical house plans as an exhibit. However, the final design and details of the plans may be modified to lower costs to match the affordability level of an eligible LMI homebuyer. (See attached plans)

5. The Developer has identified the lowest cost home option as \$128,000 sales price for approximately 930 square feet of first floor living area, two-bedrooms, a garage, and partially finished basement. Larger homes may have substantially higher sales prices of \$155,000 or more to qualified LMI households. Note that the City will place resale restrictions upon LMI lots prior to their conveyance to an LMI homebuyer.
6. JCorp, Inc. will obtain ownership of market rate lots at a rate of one lot for the sale of the first two LMI homes and then at ratio of one market rate lot for each sold LMI home.
7. The agreement specifies the City will record a covenant to restrict all LMI and market rate lots to “owner occupied” housing.

PUBLIC IMPROVEMENTS CONTRACT WITH KELLER EXCAVATING:

The City Council approved specifications for public improvement plans at its October 10th meeting and set November 14th as the public hearing on the review of the bids. The lowest bidder was reported on November 14th as Keller Excavating of Boone with a bid of \$1,196,833.26. The low bid by Keller exceeded the Engineer’s estimate for the project. The bid is good for 60 days and expires on January 5, 2018.

ALTERNATIVES:

1. The City Council can accept a signed Developers Agreement and financial security from JCorp, Inc. and award the contract to Keller Excavating in the amount not to exceed \$1,196,833.26 for public improvements associated with 321 State Avenue.
2. The City Council can decline to enter into a Developers Agreement and reject the bids. This option will require the Council to determine a different strategy in the future to accomplish their goal for an affordable housing project.
3. The City Council can defer action on the Developers Agreement and request that Staff negotiate different terms for the contract. This option will require that a special meeting be scheduled prior to January 5, 2018.

CITY MANAGER’S RECOMMENDED ACTION:

The City staff has worked on various issues with the Developer over the past week to complete an acceptable agreement for the City Council’s approval. The agreement includes commitments by the Developer and the City to complete public improvements and a subdivision for a minimum of 37 houses with 20 LMI homes. The agreement binds the Developer to work with the City through completion of the project with the sale of all

20 LMI homes. Buildout of the development is projected to take three or more construction seasons depending on the ability to identify qualified homebuyers for the LMI homes.

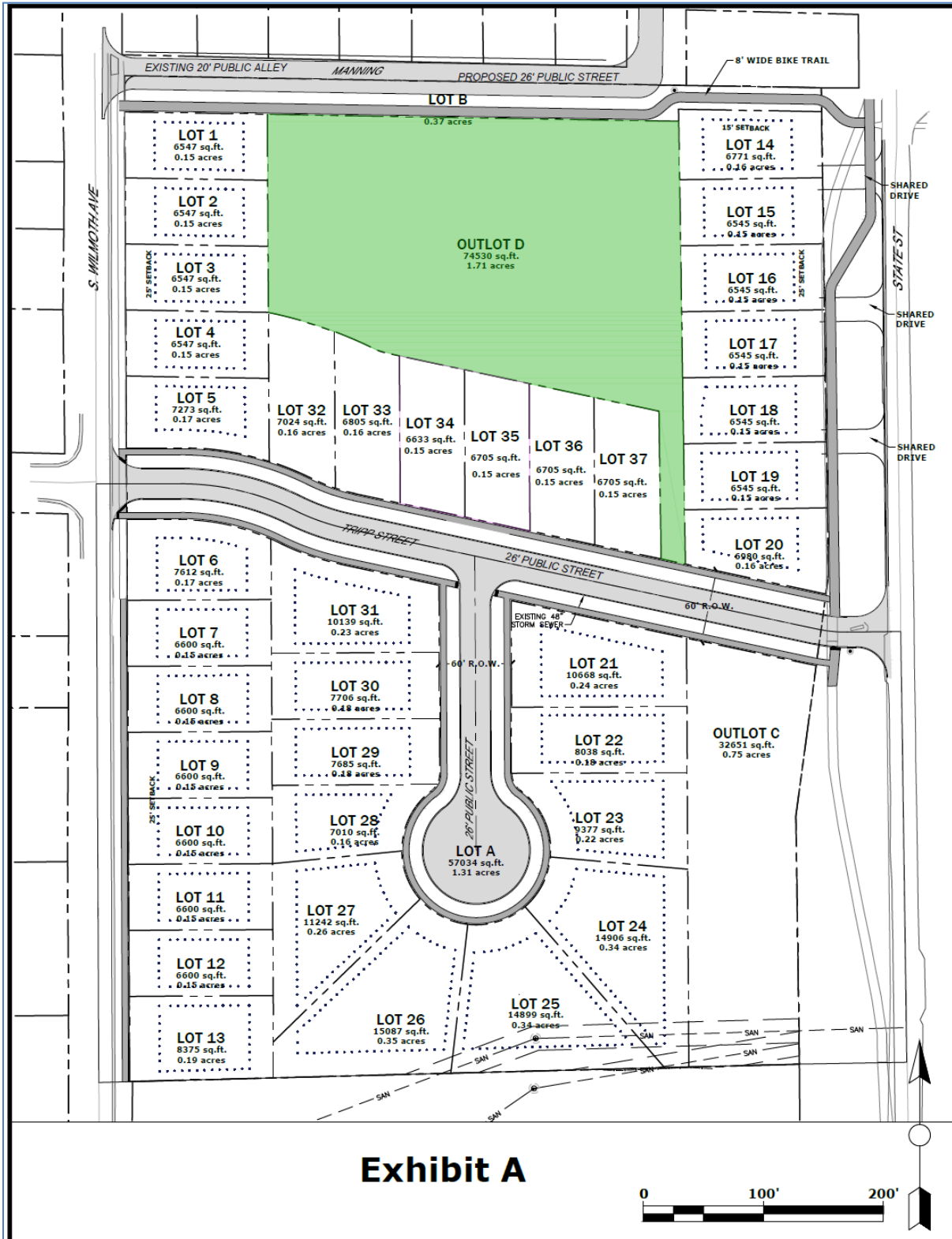
It should be noted that the Developers agreement must be signed and financial security provided in order for the City to move forward on the proposed project and award the construction contract for public improvements.

Assuming that the Developer will sign the agreement proposed by the Staff prior to the beginning of the December 19th meeting, it is the recommendation of the City Manager that the City Council act in accordance with Alternative #1 and approve the Developer agreement and award the contract to Keller Excavating.

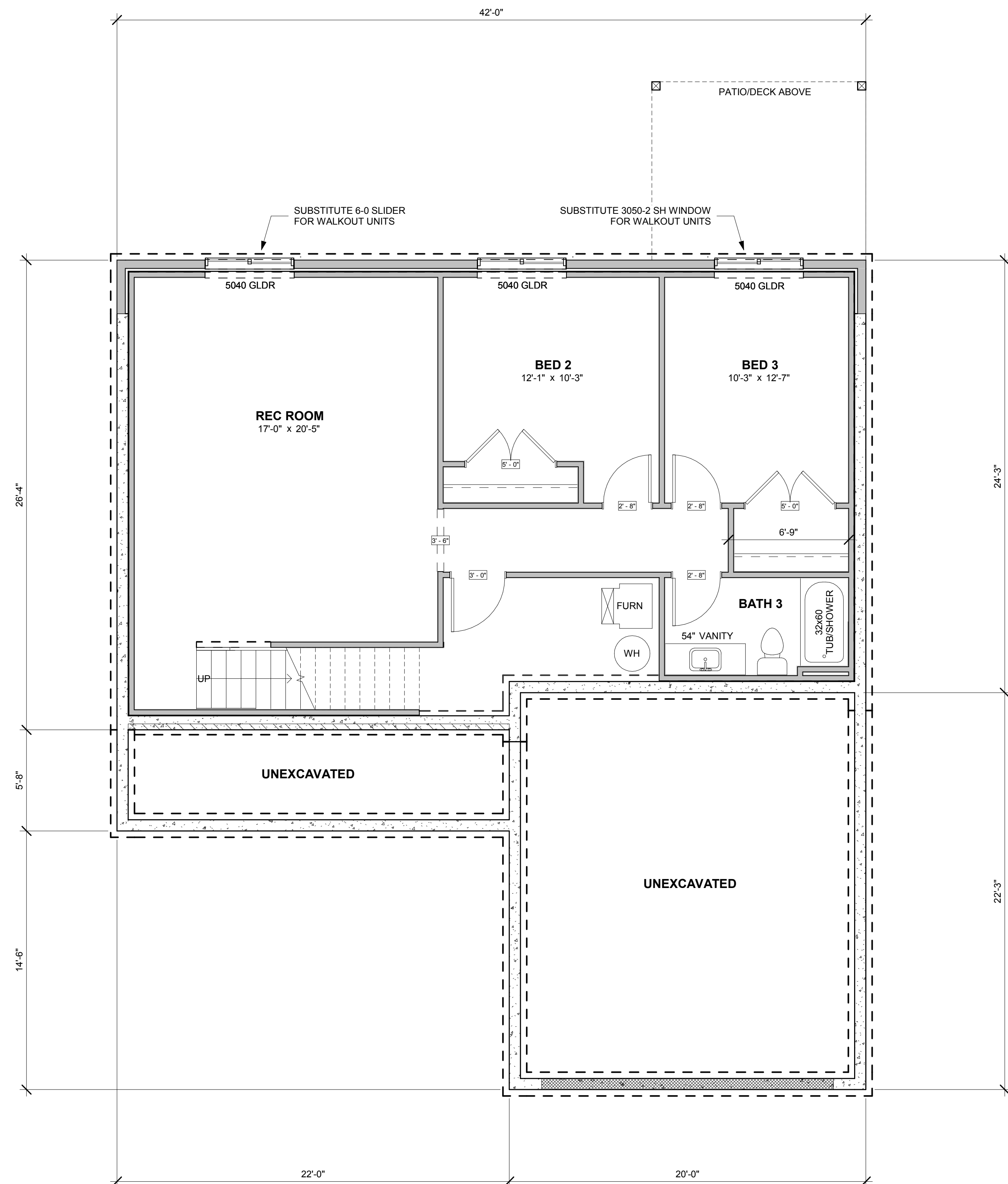
If, however, the Developer decides that he will not sign the agreement because he finds the provisions proposed by Staff to be unacceptable, then the recommendation is to support Alternative #2 and move on to a different affordable housing project.

Should the Developer ask for additional time to review the proposed agreement, the City Council will have to agree to hold a special meeting to finalize the contract prior to January 5, 2018, when the bids from Keller will expire.

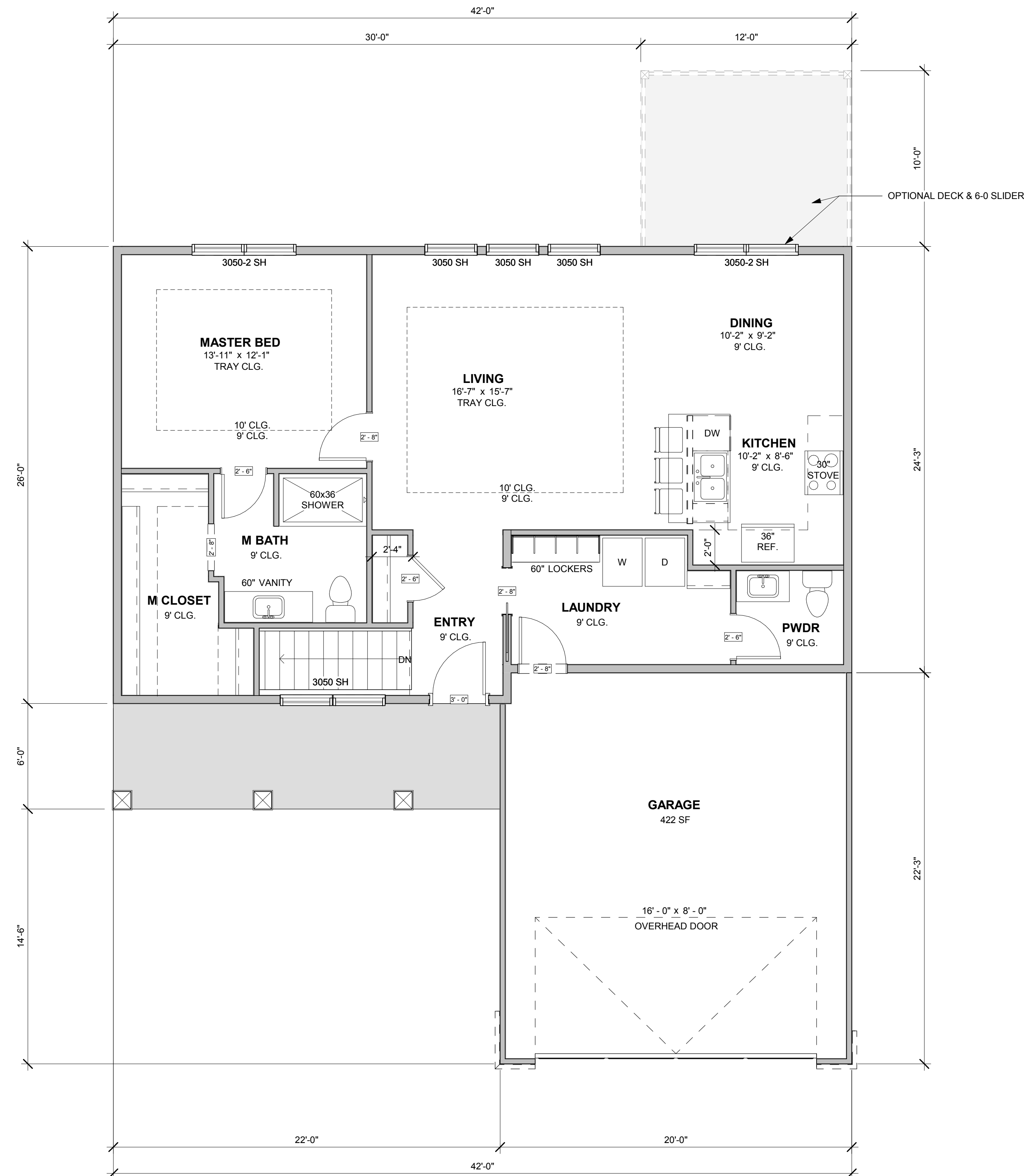
Site Plan Layout



NOTE: ALL WINDOW DIMENSIONS ARE IN FEET AND INCHES UNLESS NOTED OTHERWISE. SO A 3050 IS A 3'-0" WIDE X 5'-0" HIGH WINDOW. WINDOW ROUGH OPENINGS MAY VARY. FINISHING SIZES PER WINDOW MANUFACTURER.



2 Basement Plan
 SCALE: 1/4" = 1'-0"



1 First Floor Plan
 SCALE: 1/4" = 1'-0"

SQUARE FOOTAGE	
1st Floor	1,063 SF
Basement Finished	838 SF
Basement Unfinished	86 SF
Grand total	1,987 SF

PROJECT:
LMI - Plan A
 321 State Street
 Ames, IA

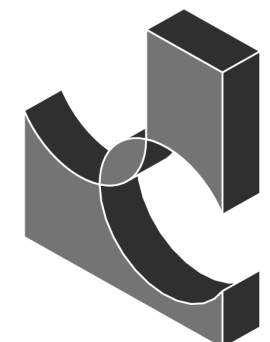
- REVISIONS:
- 1 _____
 - 2 _____
 - 3 _____

DATE: **10 / 02 / 2017**

PROJECT NO: **17-029**

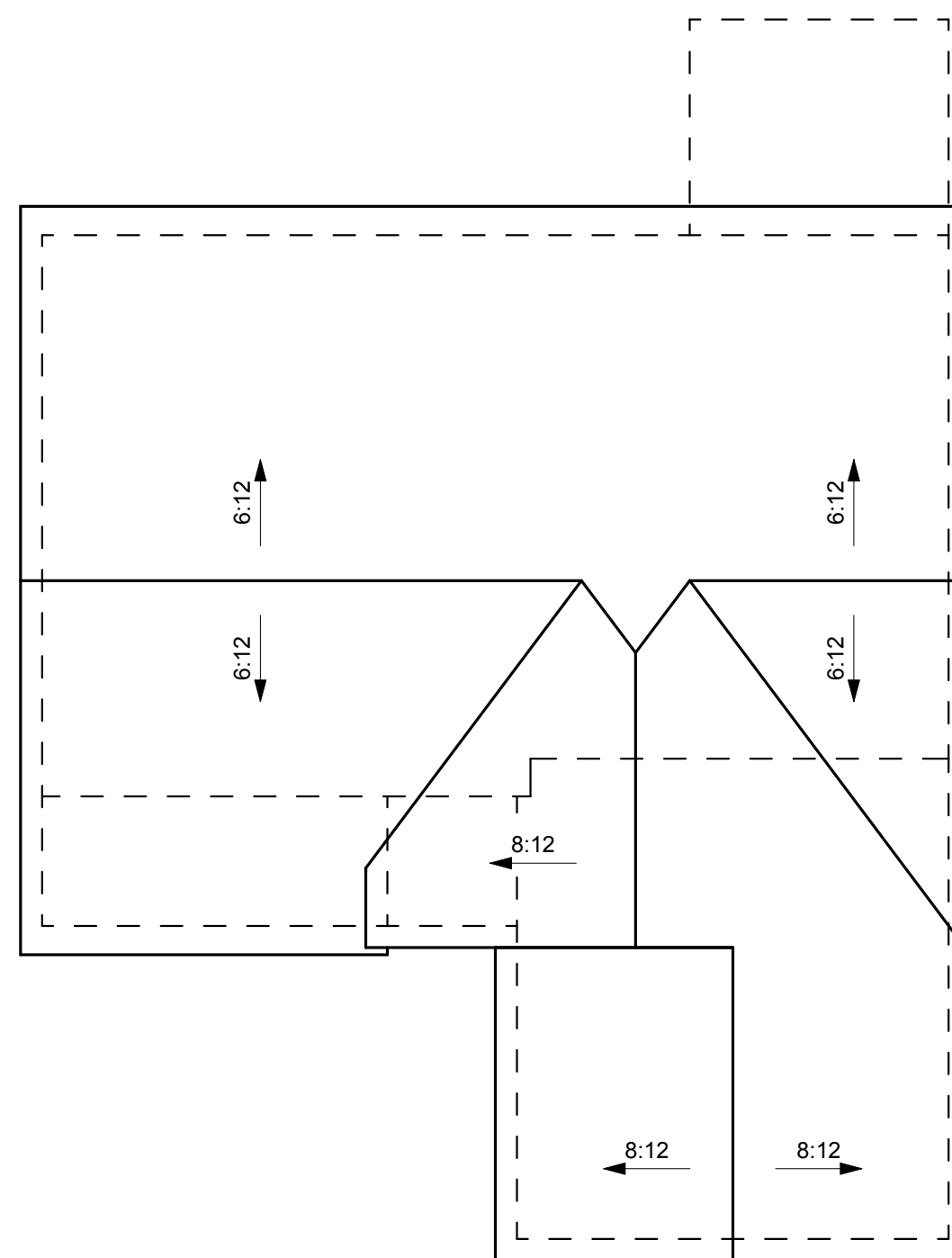
CONTENTS:
 Floor Plans

SHEET NO:
A100

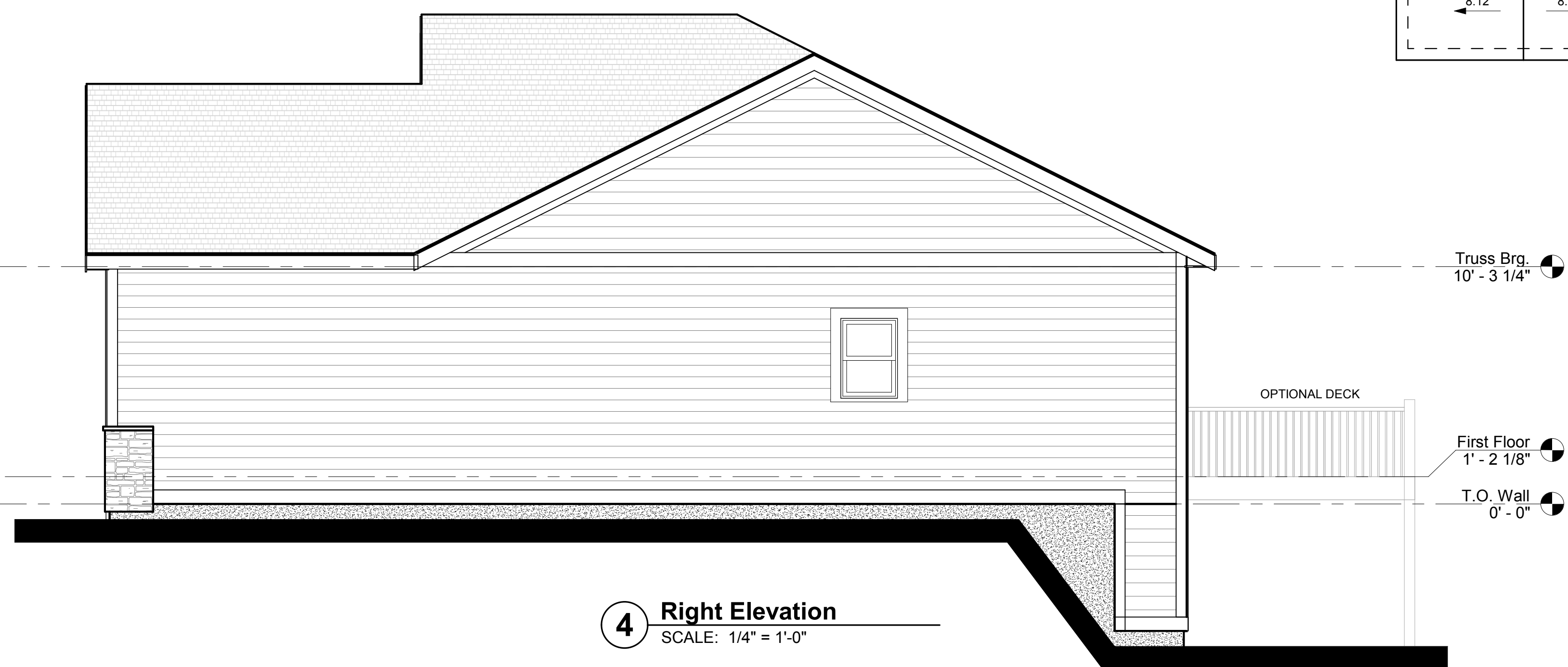


JCorp

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Huxley, IA 50124
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www.jcorp.biz



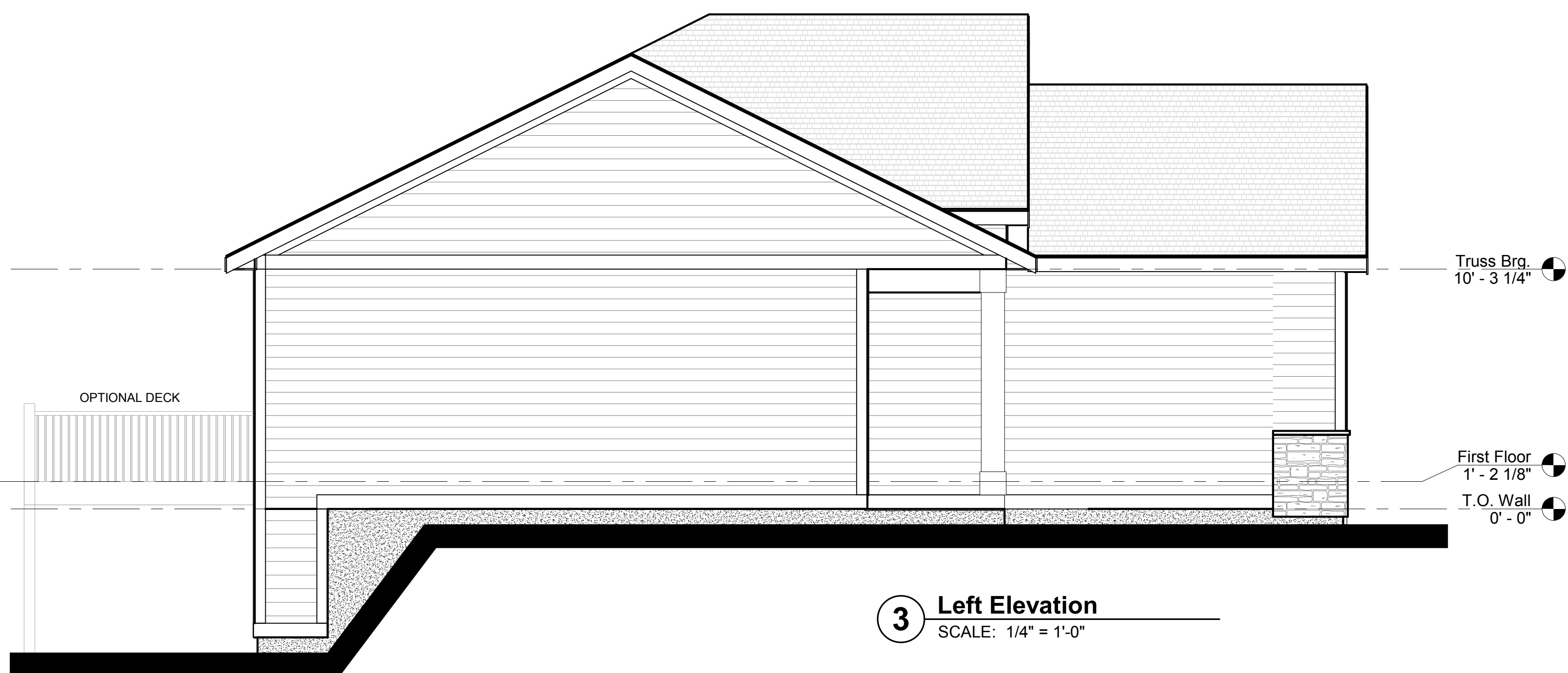
5 Roof Plan
SCALE: 1/8" = 1'-0"



4 Right Elevation
SCALE: 1/4" = 1'-0"



2 Rear Elevation
SCALE: 1/4" = 1'-0"



3 Left Elevation
SCALE: 1/4" = 1'-0"



1 Front Elevation
SCALE: 1/4" = 1'-0"

PROJECT:
LMI - Plan A
321 State Street
Ames, IA

REVISIONS:

- 1
- 2
- 3

DATE: 10 / 02 / 2017

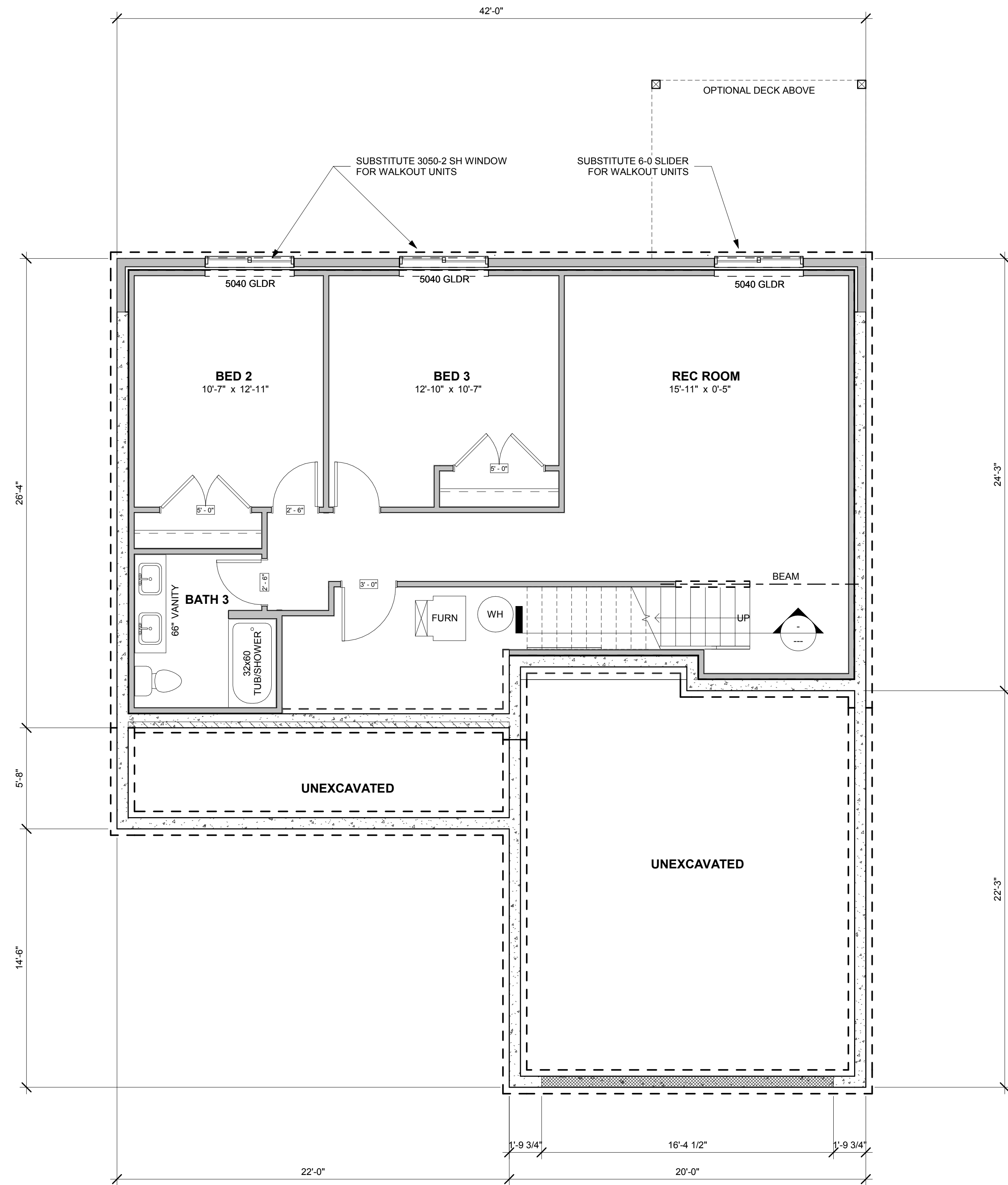
PROJECT NO: 17-029

CONTENTS:
Elevations

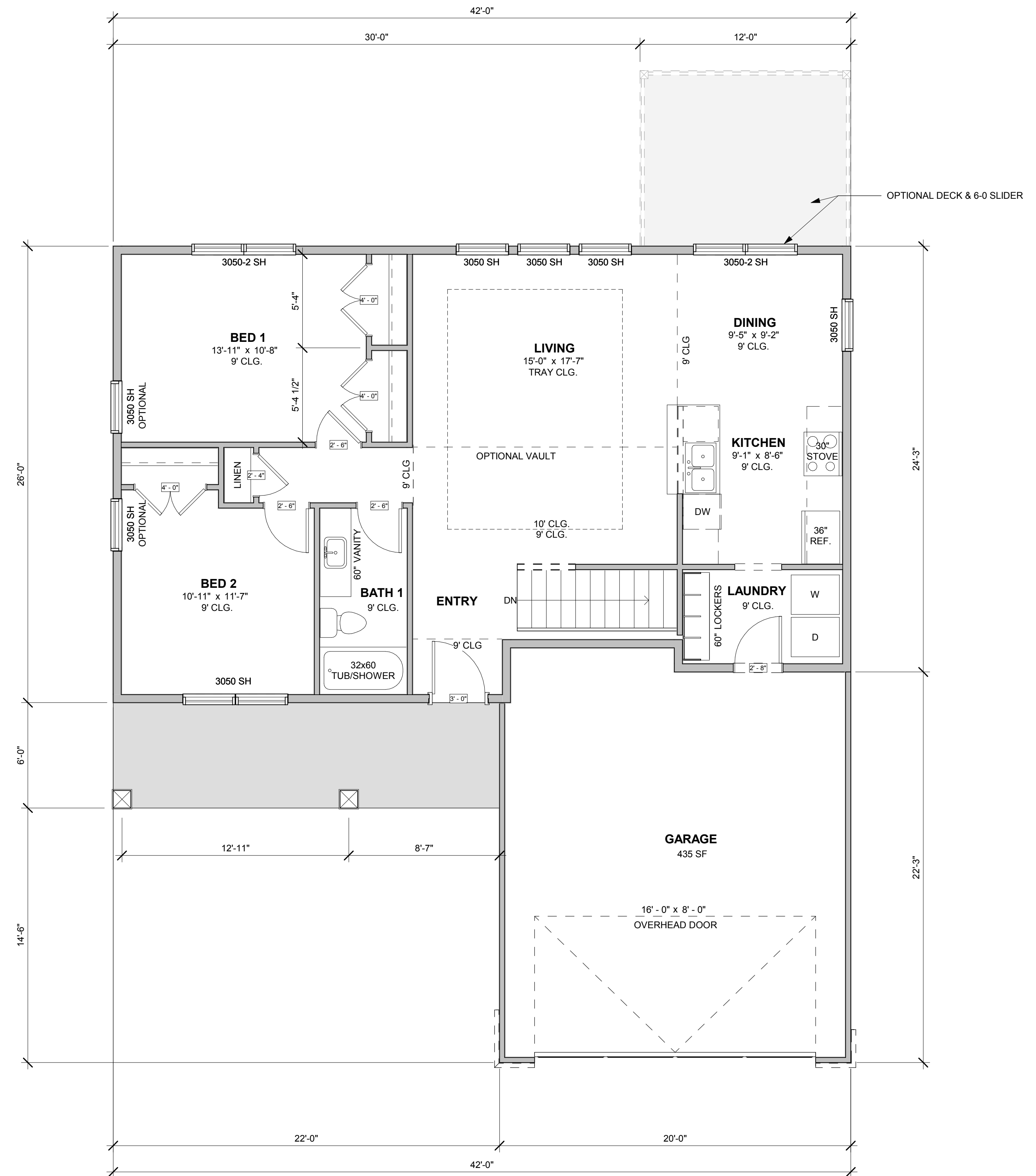
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NOTE: ALL WINDOW DIMENSIONS ARE IN FEET AND INCHES UNLESS NOTED OTHERWISE. SO A 3050 IS A 3'-0" WIDE X 5'-0" HIGH WINDOW. WINDOW ROUGH OPENINGS MAY VARY. FINISHING SIZES PER WINDOW MANUFACTURER.



2 Basement Plan
 SCALE: 1/4" = 1'-0"



1 First Floor Plan
 SCALE: 1/4" = 1'-0"

SQUARE FOOTAGE	
1st Floor	1,050 SF
Basement Finished	817 SF
Basement Unfinished	93 SF
Grand total	1,960 SF

PROJECT:
LMI - Plan B
 321 State Street
 Ames, IA

REVISIONS:

- 1
- 2
- 3

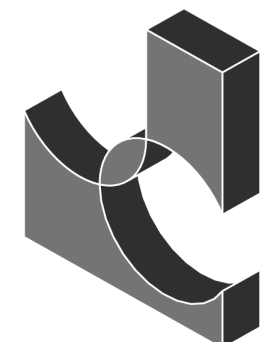
DATE: **09 / 27 / 2017**

PROJECT NO: **17-029**

CONTENTS:
 Floor Plans

SHEET NO:

A100



JCorp

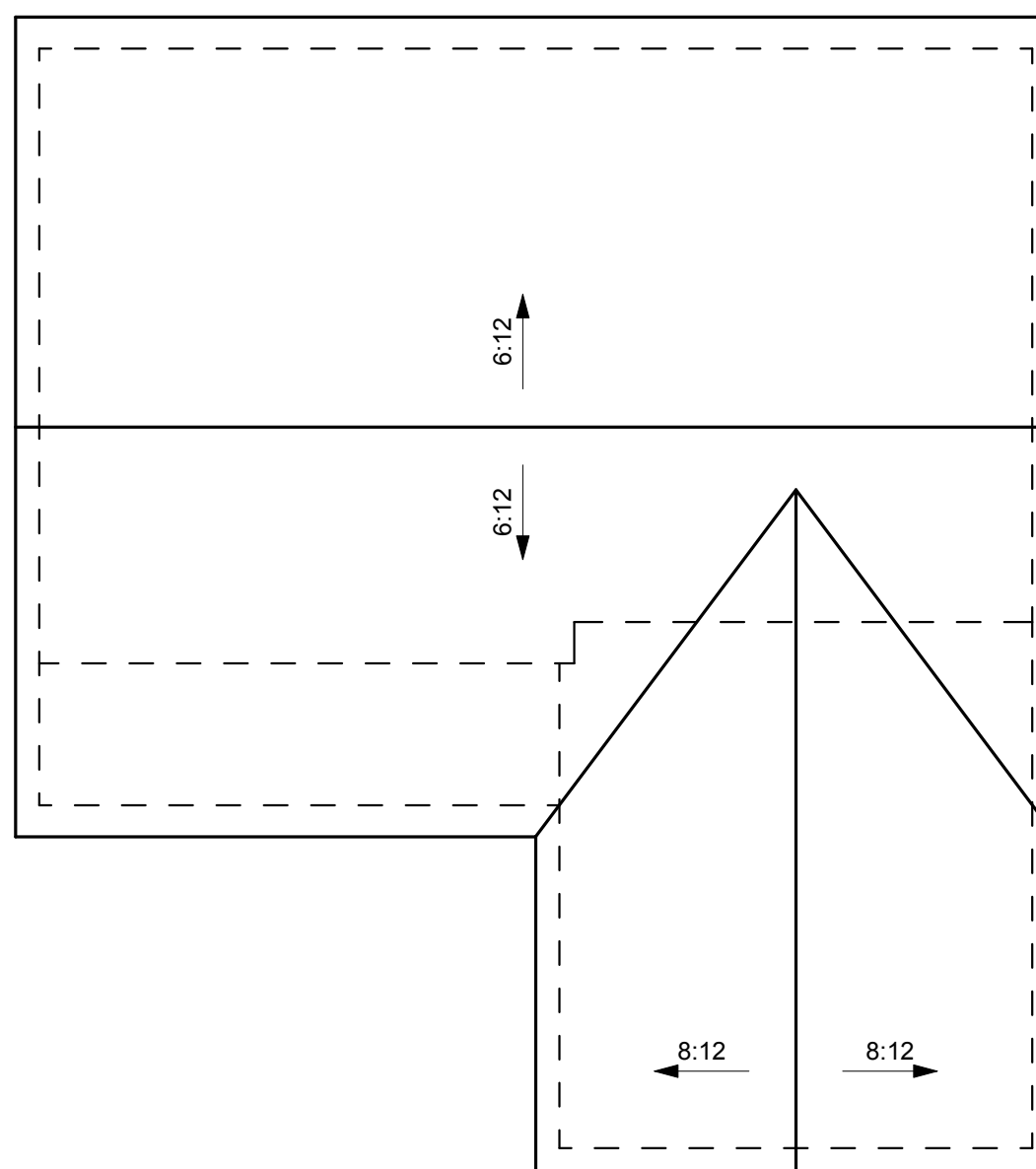
P.O. Box 159

Huxley, IA 50124

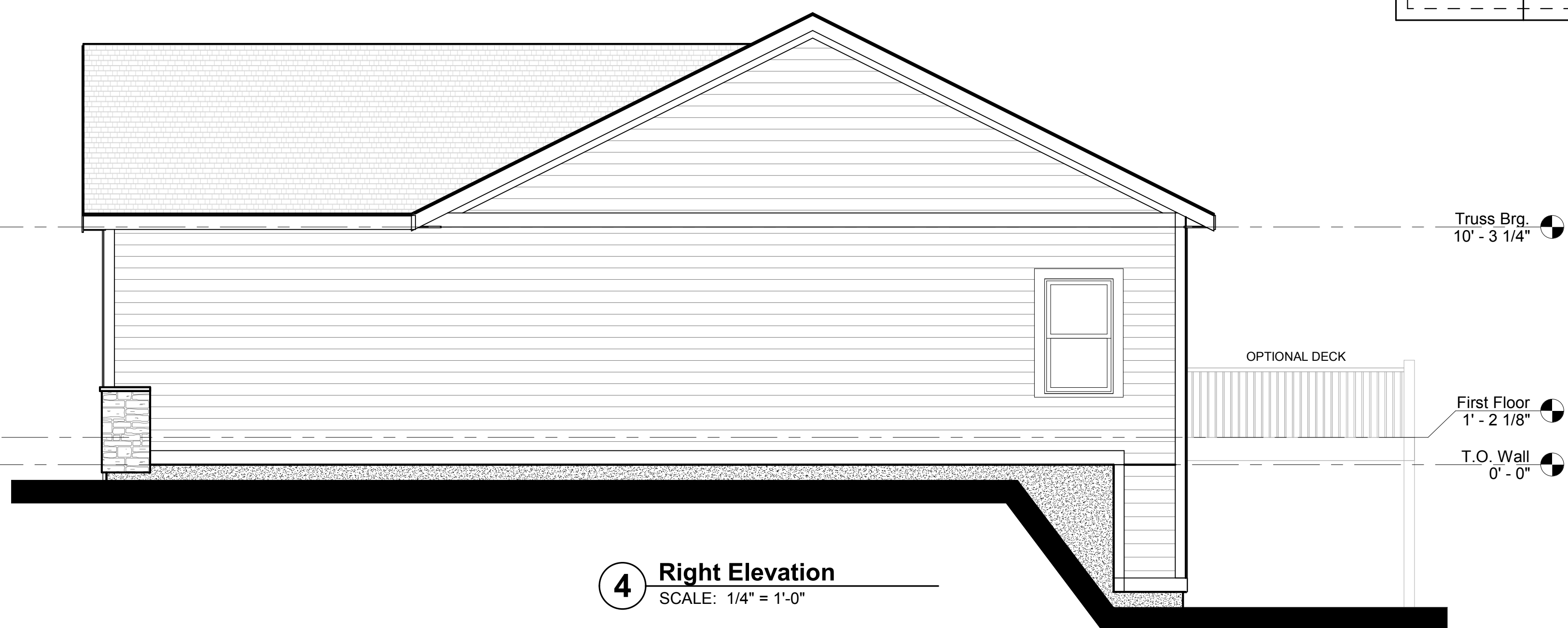
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5 Roof Plan
SCALE: 1/8" = 1'-0"



4 Right Elevation
SCALE: 1/4" = 1'-0"



2 Rear Elevation
SCALE: 1/4" = 1'-0"



3 Left Elevation
SCALE: 1/4" = 1'-0"



1 Front Elevation
SCALE: 1/4" = 1'-0"

PROJECT: **LMI - Plan B**
321 State Street
Ames, IA

REVISIONS:

- 1
- 2
- 3

DATE: **09 / 27 / 2017**

PROJECT NO: **17-029**

CONTENTS:
Elevations

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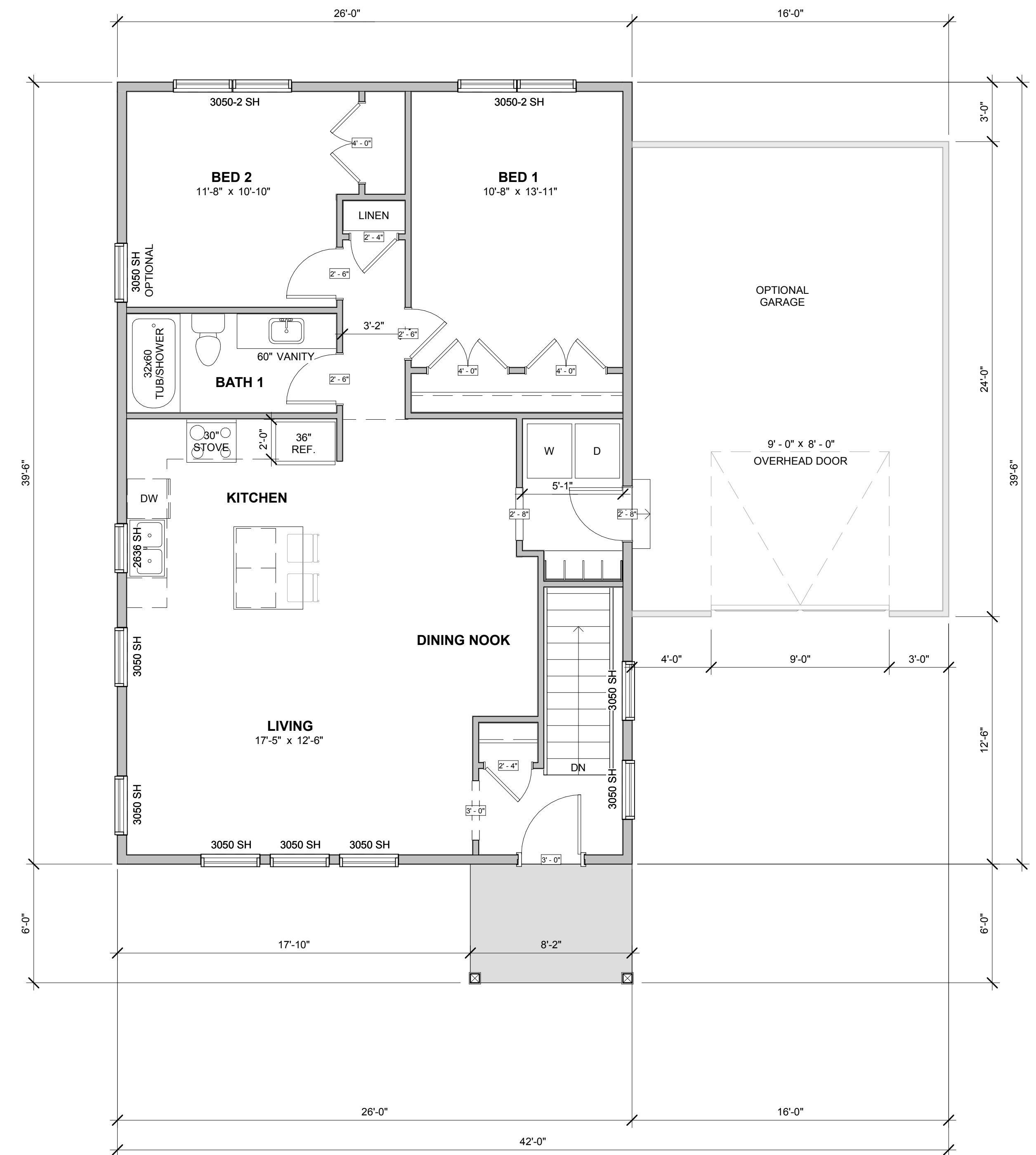
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Abbreviations

@	AT
AFF	ABOVE FINISHED FLOOR
ALLOW	ALLOWABLE
BT	BOTTOM OF
CJ	CONTROL JOINT
CLG	CEILING
CONC	CONCRETE
CPT	CARPET
DN	DOWN
DS	DOWNSPOUT
EQ	EQUAL
EQUIP	EQUIPMENT
EXIST	EXISTING
EW	EACH WAY
FD	FLOOR DRAIN
FDN	FOUNDATION
FO	FACE OF
FTG	FOOTING
GWB	GYPSUM WALL BOARD
INSUL	INSULATION
MANFR	MANUFACTURER
MATL	MATERIAL
MAX	MAXIMUM
MECH	MECHANICAL
MIN	MINIMUM
NA	NOT APPLICABLE
NOM	NOMINAL
ON CENTER	ON CENTER
OPT	OPTIONAL
ROD	REQUIRED
REF	REFERENCE
T.O.	TOP OF
TYP	TYPICAL
W/	WITH

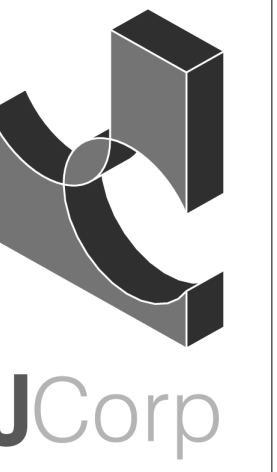


2 Basement
SCALE: 1/4" = 1'-0"



1 First Floor Plan
SCALE: 1/4" = 1'-0"

SQUARE FOOTAGE	
1st Floor	1,032 SF
Basement Finished	843 SF
Basement Unfinished	98 SF
Grand total	1,973 SF



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PROJECT:
LMI - Plan C
321 State Street
Ames, IA

REVISIONS:

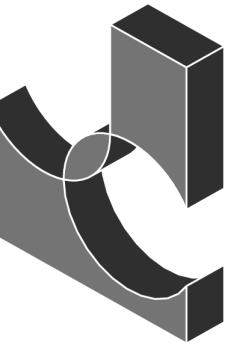
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DATE: **12 / 06 / 2017**

PROJECT NO: **17-029**

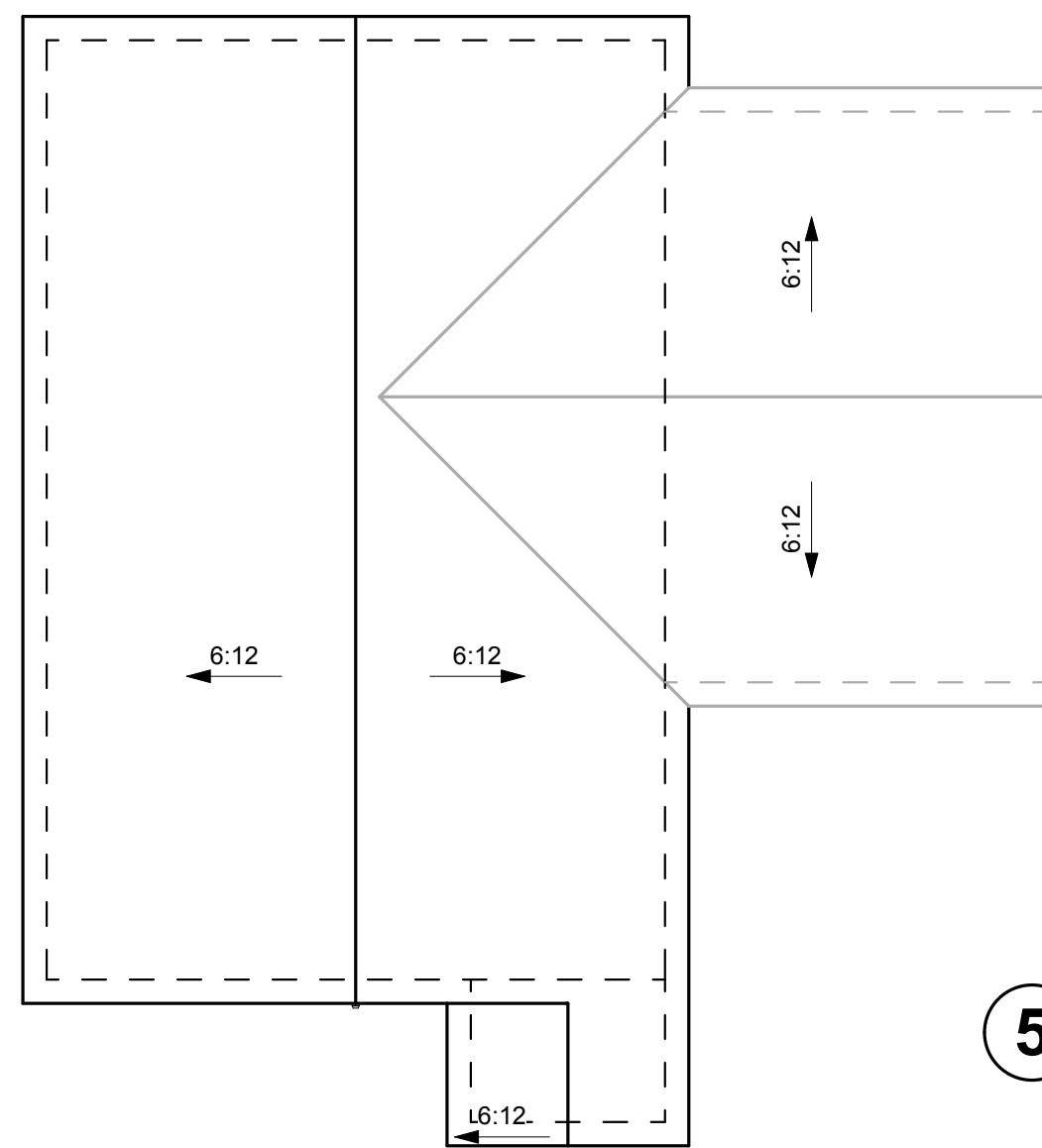
CONTENTS:
Floor Plans

SHEET NO:
A100

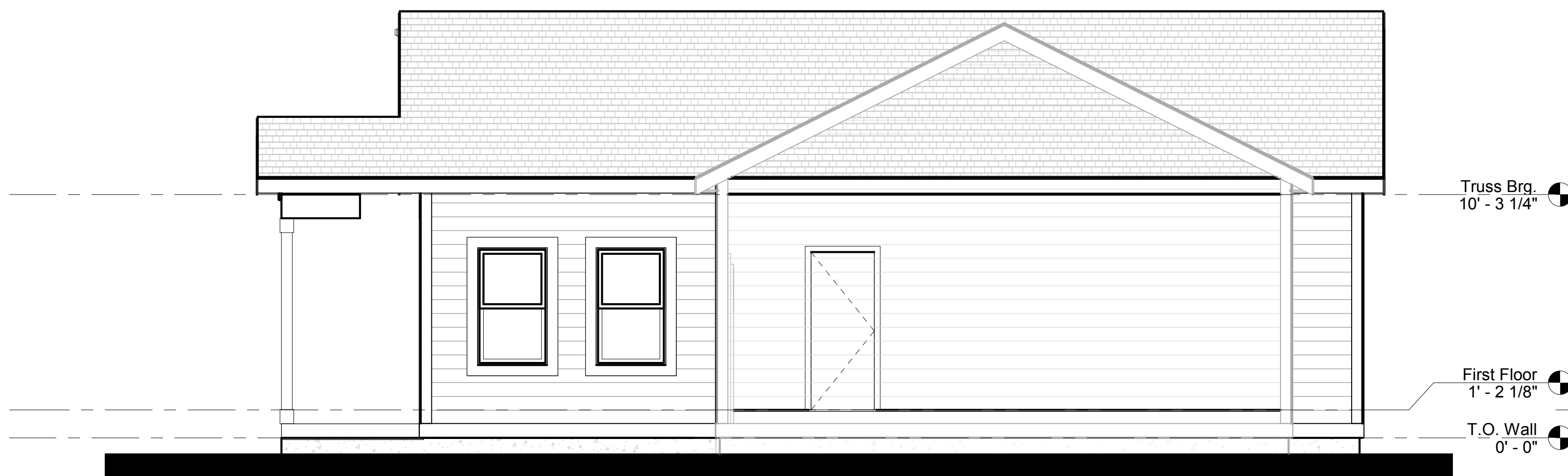


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5 Roof Plan
SCALE: 1/8" = 1'-0"



4 Right Elevation
SCALE: 1/4" = 1'-0"



2 Rear Elevation
SCALE: 1/4" = 1'-0"



3 Left Elevation
SCALE: 1/4" = 1'-0"



1 Front Elevation
SCALE: 1/4" = 1'-0"

PROJECT:
LMI - Plan C
321 State Street
Ames, IA

REVISIONS:

- 1
- 2
- 3

DATE: 12 / 06 / 2017

PROJECT NO: 17-029

CONTENTS:
Elevations

SHEET NO:

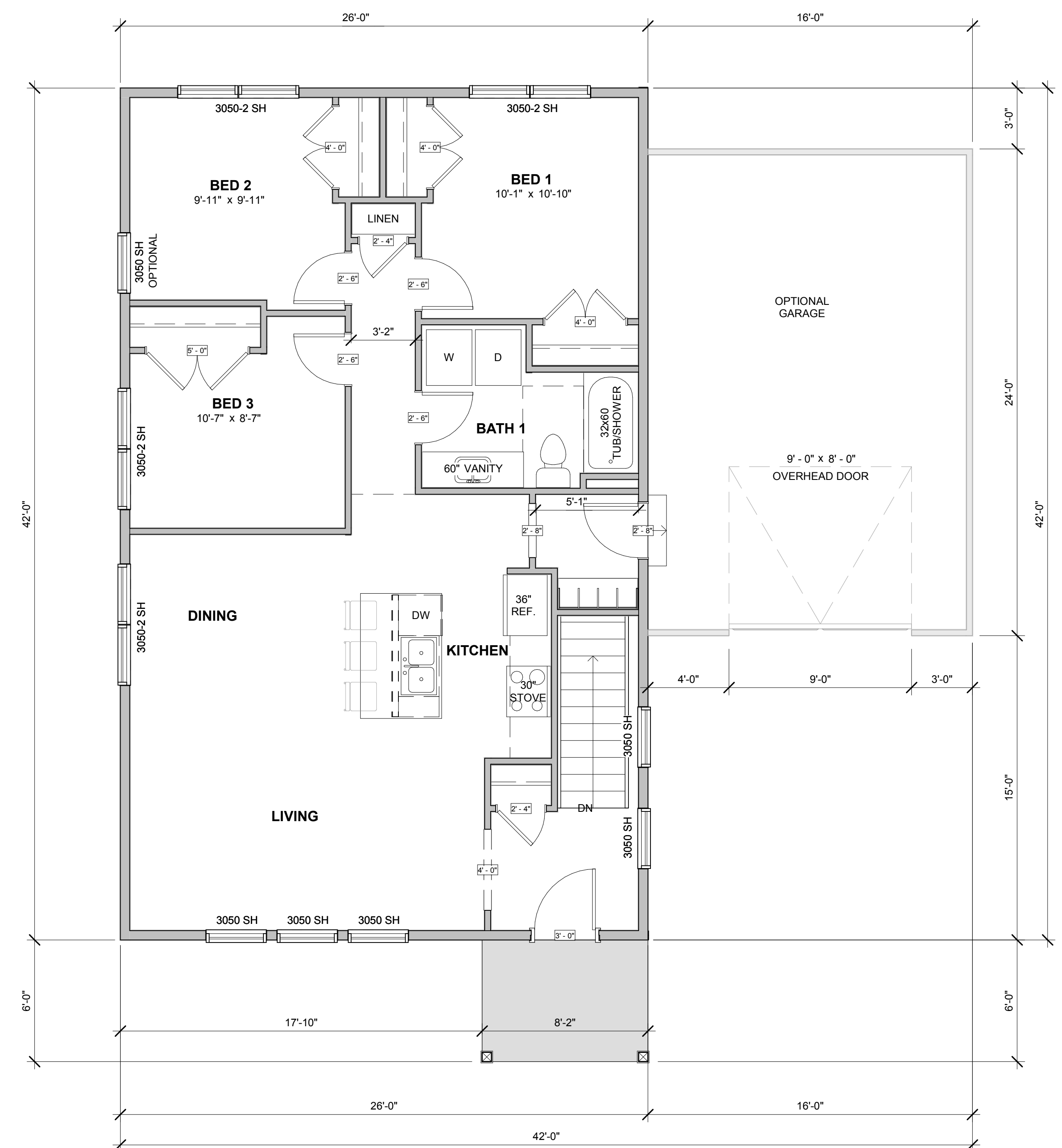
A200

Abbreviations

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NOM	NOMINAL
OC	ON CENTER
OPT	OPTIONAL
ROD	REQUIRED
REF	REFERENCE
T.O.	TOP OF
TYP	TYPICAL
W/	WITH



2 Basement
SCALE: 1/4" = 1'-0"



1 First Floor Plan
SCALE: 1/4" = 1'-0"

SQUARE FOOTAGE	
1st Floor	1,097 SF
Basement Finished	897 SF
Basement Unfinished	57 SF
Grand total	2,051 SF



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PROJECT:
LMI - Plan D
321 State Street
Ames, IA

REVISIONS:

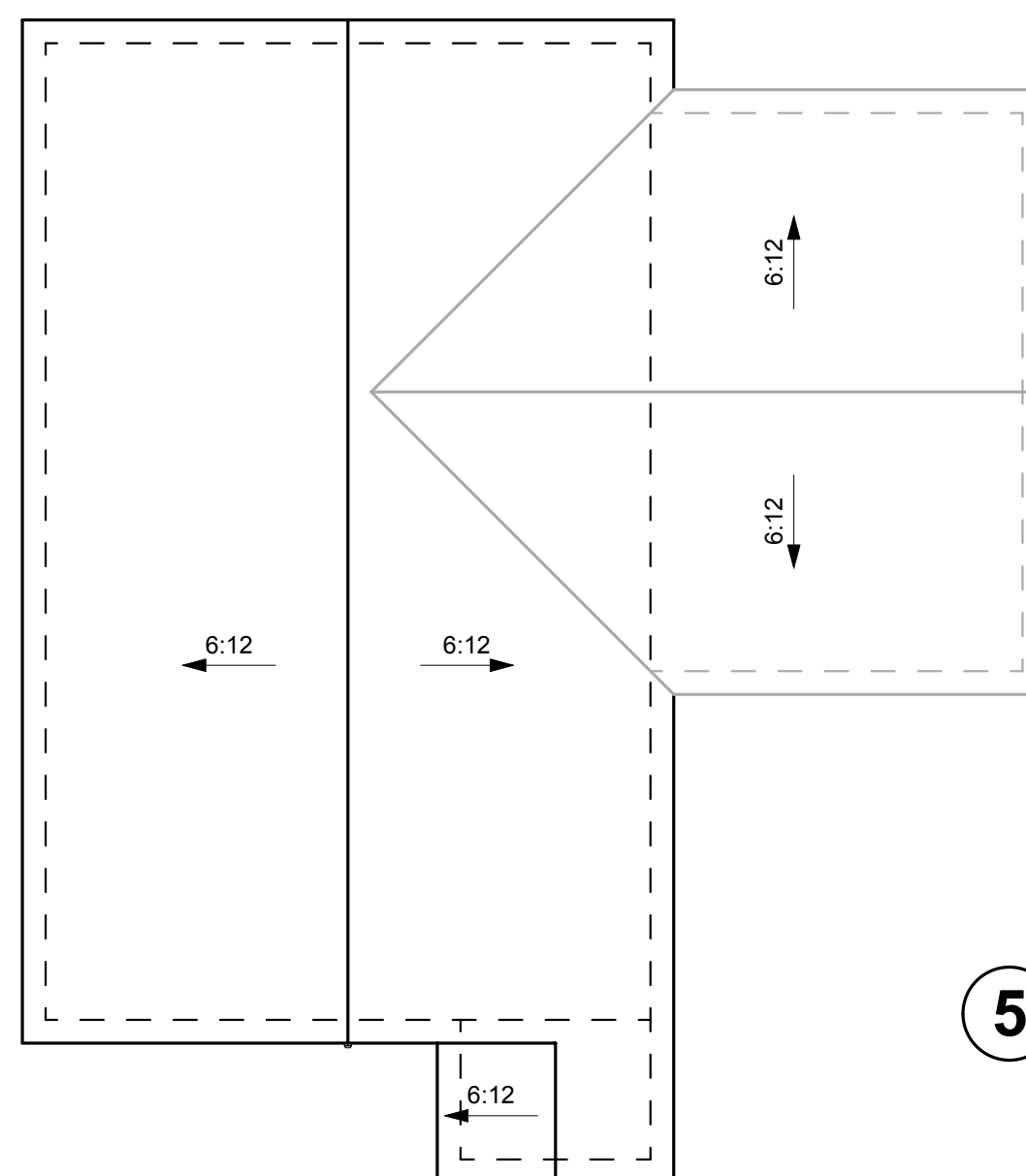
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DATE: **10 / 06 / 2017**

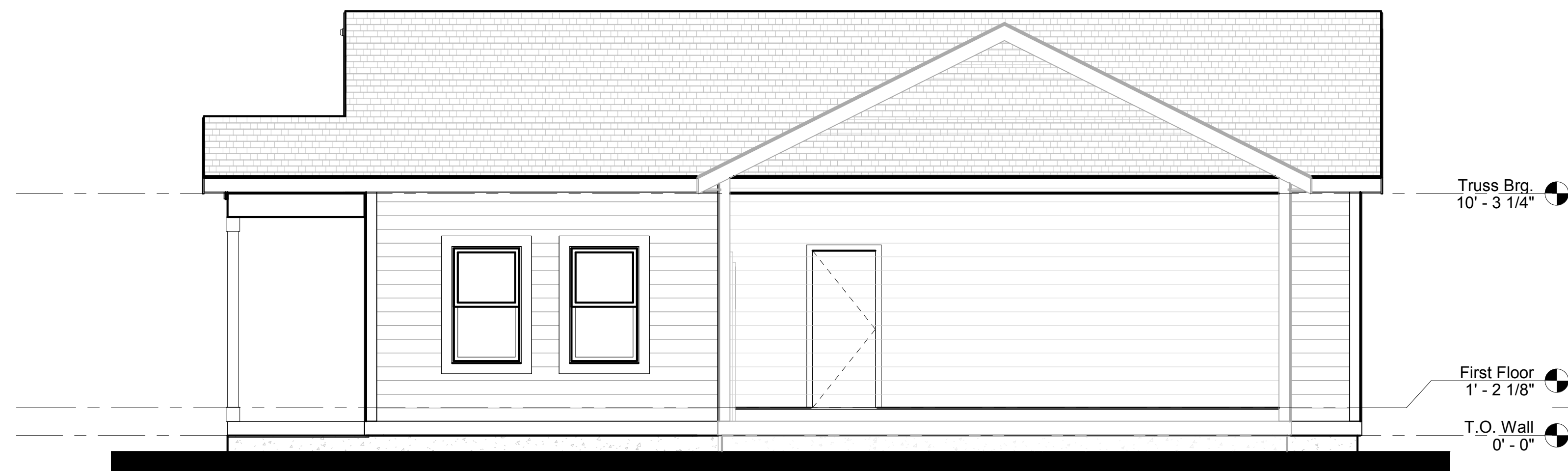
PROJECT NO: **17-029**

CONTENTS:
Floor Plans

SHEET NO:
A100



5 Roof Plan
 SCALE: 1/8" = 1'-0"



4 Right Elevation
 SCALE: 1/4" = 1'-0"



2 Rear Elevation
 SCALE: 1/4" = 1'-0"



3 Left Elevation
 SCALE: 1/4" = 1'-0"



1 Front Elevation
 SCALE: 1/4" = 1'-0"

PROJECT:
LMI - Plan D
 321 State Street
 Ames, IA

REVISIONS:

- 1
- 2
- 3

DATE: **10 / 06 / 2017**

PROJECT NO: **17-029**

CONTENTS:
 Elevations

SHEET NO:

A200