

COUNCIL ACTION FORM

SUBJECT: RETAIN OWNERSHIP AND RETURN FUNDS TO THE DEPARTMENT OF HOUSING AND URBAN (HUD) FOR THE CITY OWNED PROPERTIES ALONG 6TH STREET (519, 525, & 601) IN CONNECTION WITH THE CITY'S COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG).

BACKGROUND:

At the March 9, 2021, City Council directed staff to proceed with the Change of Use Designation for the three City owned lots located at 519, 525 & 601 Sixth Street (former Ames Community Preschool Center toddler house and playground, see Attachment A). This Change of Use Designation (under HUD regulations) from affordable housing would allow the staff to proceed with the sale of the lots at market value and the return the funding originally spent to acquire the site back to HUD. The returned funds would be reallocated to the City's CDBG Program and are then planned to be used towards the cost of infrastructure improvements at the Baker Subdivision along State Avenue. The market value of the lots has been appraised at \$198,000.

At the January 26, 2021 City Council meeting, regarding the Downtown Plaza update, City Council gave direction to budget \$198,000 for the City to reimburse HUD and retain ownership of the properties in order to use the site for replacement downtown parking. With City Council's authorization to move forward on the change of use of the 6th Street properties, the \$198,000 will be refunded back to HUD from the General Fund budget. Staff would like to finalize this reimbursement back to HUD on or before July 31, 2021 in order to move forward with the parking lot project and for support of Baker Subdivision.

ALTERNATIVES:

1. The City Council can adopt a resolution approving the return of \$198,000 of City funding to the Department of Housing and Urban Development (HUD) for the City-owned properties located at 519, 525, & 601 Sixth Street, to be reprogrammed for use for the infrastructure improvements at the Baker Housing Subdivision along State Avenue.
2. The City Council can deny adoption of a resolution approving the return of \$198,000 of City funding to the Department of Housing and Urban Development (HUD) for the City-owned properties located at 519, 525, & 601 Sixth Street, to be reprogrammed for use for the infrastructure improvements at the Baker Housing Subdivision along State Avenue.
3. The City Council can refer the matter back to staff for other considerations.

CITY MANAGER’S RECOMMENDED ACTION:

Retaining ownership of these three lots will be in the City’s best interest to further development of the Downtown Plaza, while also providing needed funding to our CDBG infrastructure improvements budget for the development of affordable housing in the Baker Subdivision along 321 State Avenue. With City Council’s direction to move forward, the process to rezone the site to Special Purpose Government/Airport (SGA) will begin in July. The parking lot design will then be completed and planned for construction in the Spring of 2022.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1 thereby adopting a resolution to return \$198,000 of City funding to the Department of Housing and Urban Development (HUD). This action will allow the City-owned properties located at 519, 525, & 601 Sixth Street to be converted to a new City parking lot and provide for additional funding for infrastructure improvements at the Baker Housing Subdivision along State Avenue.

ATTACHMENT A



Location Map
519, 525, 601 6th Street

