

STAFF REPORT

**REQUEST TO PERMIT GROUND LEVEL RESIDENTIAL AT WEST TOWNE
APARTMENTS WITH AFFORDABLE HOUSING ALLOWANCE**

November 22, 2022

BACKGROUND:

On January 25th of this year, Brent Haverkamp, owner of the West Towne Apartments LC located at 4820 Mortensen Road made a request to City Council to allow for conversion of some ground level commercial space, currently used for short-term lodging, to be used for residential apartments. Currently, the site is zoned Convenience Commercial Residential (CCR) which only allows for commercial on the ground level. Staff presented a report at that meeting explaining the zoning situation with options for either a text amendment or a rezone to accomplish Mr. Haverkamp's request. (see Attachment A).

The owner would like to convert 129 ground level commercial units into residential housing units in the form of studio/efficiency units and one-bedroom units. Currently these units are used as short-term lodging suites with rental periods of less than 60 days. Up to now, the owner has not been able to rent this space for trade and office commercial uses. **After the addition of the proposed ground level units, the West Towne Apartment development will contain 325 residential units. The 32,000 square feet of existing finished commercial space would remain.**

At the January 25th City Council meeting the City Council discussed the land use designation of the site with Ames Plan 2040, project history, and zoning standards. **The general desire of Council was for commercial to be maintained within West Towne, but the Council expressed interest in wanting to see a component of affordability added into the existing development in conjunction with any allowance of residential on the ground level at this location. As a result, City Council directed staff to discuss with the owners to determine what they would be willing to do in terms of affordable housing and return to City Council with that information.** No formal direction was given to staff regarding how to achieve ground level residential whether by text amendment or rezoning, only to discuss affordability options.

Staff conducted discussions with Mr. Haverkamp and his representatives. These discussions centered around income classifications for affordable housing and the owner's ability to accommodate applications for affordable housing. **The owners have now identified two options they would be willing to pursue for incorporating an affordable component into the West Towne Apartments. The first would be to willingly accept Section 8 vouchers for any or all units in the project. Section 8 vouchers for housing are awarded to individuals with very low incomes.**

Alternatively, they are willing dedicate 4-5 units of the newly converted 129 units, for households earning 60% or less of AMI.

REZONING OPTIONS:

The process for allowing the ground level residential units at this location could come in the form of a text amendment to allow ground floor residential in CCR subject to City Council approval of Major Site Development Plan and an affordable housing plan. This would change the allowance in the base zoning standards. A Developers Agreement would be signed between the owner and the City to set obligations for providing affordable housing at the West Towne Apartments. This type of change would have limited applicability due to only a handful of properties zoned CCR.

Alternatively, a land use change and rezoning process could occur with a contract rezone to Residential High Density (RH) with an agreement to allow for affordable housing. RH allows commercial on the ground floor and residential, subject to a Major Site Plan approval.

OPTIONS:

Option 1: Allow for applicant to apply for a text amendment to the CCR zone standards to allow for ground level residential units with approval of a Major Site Development Plan and affordable housing plan, and choose one of the following to draft in a Developers Agreement:

A. West Towne Apartments LC would open up all 325 residential units to accept Section 8 vouchers.

This option would apply to all 325 existing residential units on site and would allow for Section 8 Housing vouchers to be taken for all units of all sizes. The owner believes accepting Section 8 vouchers is the preferable option for them as the Section 8 program is established by the Department of Housing and Urban Development (HUD) and the process is more straightforward to them. A Developers Agreement would be signed between the owner and the City setting terms for the scope and duration.

Vouchers are issued to individuals by the Central Iowa Regional Housing Authority (CIRHA), they would not be issued to the property owner.

This option would create a housing opportunity for someone that already has a voucher and there is a vacant available unit to rent. City staff or others could refer someone with a voucher to the property management company.

B: West Towne Apartments LC would Utilize 4-5 units for a 60% AMI threshold.

With this option the owner would open up 4-5 units to the 60% AMI qualification limitation. According to the owner they are not set up administratively to do this and as such would need to develop a process for income verification. Due to the process of verification, the number of units the owner is offering is very few as the owner is unsure of what the process would be to lawfully meet the requirements of this type of program would be at this time.

This option would reserve units and they would need to be filled by a qualified household.

Option 2: Allow for the applicant to apply for a land use change and Rezoning process to rezone the property from CCR to RH with a contract rezoning agreement and Major Site Development Plan.

The affordability options under this option are the same as 1A and 1B described above.

STAFF COMMENTS:

Staff believes that the existing occupied commercial space (32,000 sq. ft.) is viable for the property and should be maintained. Although additional commercial square footage would be desirable and consistent with Plan 2040, the property owner indicates there is no market for such uses in the existing buildings. If Council wants to facilitate the change of use for the ground floor short-term lodging uses, it could secure some version of a commitment to support affordable housing within the overall project.

The best process for permitting ground level residential at West Towne Apartments is to draft a text amendment to the CCR zone standards to allow for ground level residential in the base zone subject to Major Site Plan approval by the City Council. The site is already developed to CCR standards and this would allow the nature of the ground units to change without any potential site design adjustments.

After discussions with the owner, staff strongly believes that the most appropriate form of affordable housing in this case is opening up all 325 residential units to Section 8 voucher eligibility (Option 1A). This is a process which is already established by HUD and one that the owner sees as the easiest and quickest to implement at this location. Staff believes that the ability of the owner to accommodate this in all 325 residential units provides the maximum amount of affordable housing opportunity to the widest variety of income levels.

Currently the City's Housing Coordinator notes there is a lack of apartment operators willing to accept vouchers and it is difficult for very low-income households to find housing in Ames. Creating a large pool of potential units at West Towne would be desirable, the

only downside is the dependence on the timing of vacancies and identifying a household with a voucher. Details to address timing and availability would still need to be developed.

By contrast the offering of only 4-5 units at the 60% AMI rate based on qualifying income is a very small amount of housing and not seen as meaningful or effective as Section 8 at addressing affordable housing needs in the City. Although the City has not specific policy on set asides at this time, commonly 10% of units is a threshold for discussion and for a mix of units. If Council prefers to set aside units as proposed, staff would recommend having the five (5) units be family -sized units and not only the one bedroom and studio units on the ground floor.

Attachment A- Location Map



West Towne Apartments
4820 Mortensen Road
Location

Attachment B- Original Request



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4720 MORTENSEN ROAD SUITE 105 | AMES IA 50014

INFO@HAVERKAMP-PROPERTIES.COM

To: City Council, City of Ames

CC: Kelly Diekmann, Planning and Housing Director

From: Brent Haverkamp

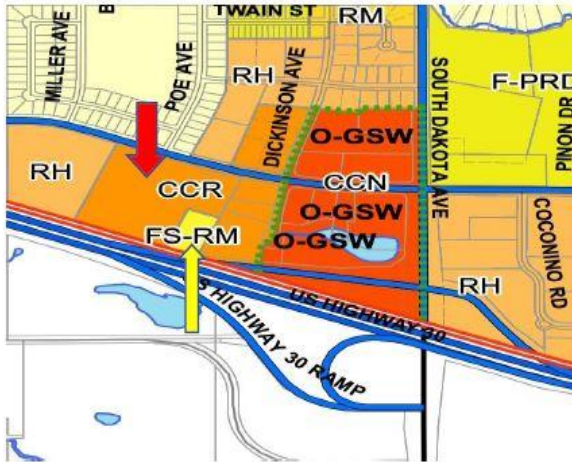
Date: October 6, 2021

RE: Request for Map Change to the Ames Plan 2040

I am the sole owner and Manager of West Towne Condos, L.C. ("West Towne"), an apartment and business community that resides in West Ames off Mortensen Rd. Currently this property resides in the Community Commercial/Residential (CCR) Zoning designation.

The CCR Zoning has the following definitions, Sec.29.806: "Residential uses are permitted only in combination with a commercial building and only above the first floor, which shall be devoted to commercial space." One of the permitted uses for the first floor is defined as "Short-Term Lodging."

When this property was developed, the first-floor spaces were finished with a mixture of commercial and "Short-Term Lodging." You can see the designated area on the map below (red arrow). This is a unique zoning designation that is not widely used in the City of Ames.



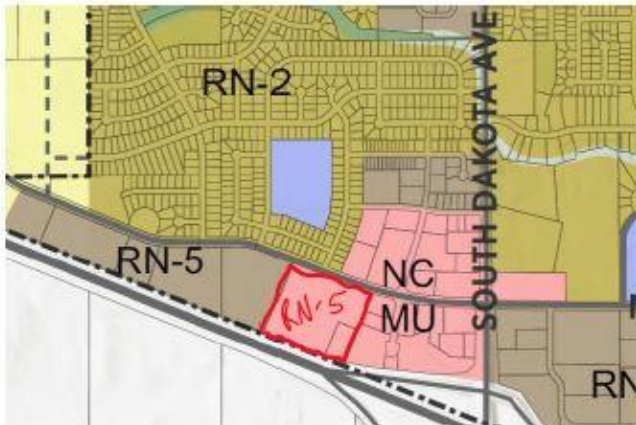
While the West Towne property that was developed starting in 2006 is included in this CCR Zoning, the three additional buildings that were developed in 2012 in the very same lot are zoned for medium density zoning (yellow arrow).

In conversations with Kelly Diekmann from Planning and Housing we believe that a change to the Ames Plan 2040 would be the best solution possible.

The Plan 2040 proposes a designation of Neighborhood Core which is much like the current CCR land use designation, meaning that it would continue to restrict the first floor to Short-Term Lodging.

We believe that normal high-density zoning would help to best serve the community. There are multiple reasons that have led us to make this request to better serve the residents of Ames.

- There is a certain amount of difficulty in attracting the type of resident who is looking for Short-Term Lodging as opposed to more permanent rental housing. They tend to be a person who is more transient in nature and not providing the long-term benefit to the community that we all would like to see.
- In working with federal financing authorities such as Fannie, Freddie, and HUD, they view the transient nature of Short-Term Lodging in a negative light and will often not finance such a property.
- Short-term lodging both in Ames and the greater region has been developing into it's own sub-industry with the addition of businesses such as TownePlace, GrandStay, Staybridge Suites, to the point where it no longer makes sense to have Short-Term Lodging mixed in with residential.



In addition, as you can see from the map above, the land immediately adjacent to the west is both currently, and proposed to be, zoned for high density zoning similar to much of the rest of Ames multi-family sites.

We would like to see the Council change the Plan 2040 to carry the RN-5 zoning designation further to the east encompassing the West Towne property.

Sincerely,

Brent Haverkamp