

ITEM #: 37
DATE: 01-24-23
DEPT: P&H

COUNCIL ACTION FORM

SUBJECT: SETTING THE DATE OF PUBLIC HEARING AS FEBRUARY 14, 2023, FOR THE SALE OF CITY-OWNED LOTS 2 TO 8 IN THE BAKER SUBDIVISION ALONG WILMOTH AVENUE TO HABITAT FOR HUMANITY OF CENTRAL IOWA

BACKGROUND:

In 2015 the City of Ames acquired a 10+ acre site located at 321 State Avenue (formerly the site of the Old Ames Middle School) with funds from the City's Community Development Block Grant (CDBG) Program. The site was purchased to develop a subdivision that will support the affordable housing goals of the City as a mixed-income development, with a minimum of 51% of the homes affordable to low- and moderate-income households. The City approved the Baker Subdivision in 2020 to further this goal for the site. The subdivision consists of 27 buildable lots; 26 single-family lots and 1 lot for multi-family units (see attachment A).

The City has progressed toward making lots available for housing development with the adoption of subdivision covenants in December 2021. In July 2022, the City of Ames, as the developer of the subdivision, completed the public infrastructure improvements (streets, water, sewer, electrical, sidewalks, including geothermal for the 26 single-family lots. (see attachment A). **The City is now in the position to begin developing the lots for the construction of single-family homes.** As noted above, 51% (14) of the lots have to be used for low and moderate-income households to meet federal CDBG requirements. Additionally, Lot 27 is set aside for affordable multi-family housing development.

Habitat for Humanity of Central Iowa (HHCI) has approached the staff with an interest in purchasing seven (7) in the Baker Subdivision in conjunction with their award of \$1,559,660 from the Iowa HOME Grant Program (Federal American Rescue Act State and Local Fiscal Relief Funds). HHCI is aware of the covenants for the subdivision and the minimum design requirements. Staff and HHCI representatives have identified Lots 2 to 8 located south of Tripp Street and along the east side of Wilmoth Avenue as desirable for the first phase of home construction. (see attachment A).

A collaboration with HHCI would represent the 15th endeavor between Habitat and the City of Ames for creating for-sale owner-occupied affordable housing. This project will allow the City to continue to address one of its priority goals outlined in both the 2022-2023 Annual Action Plan and the 2019-2023 CDBG Consolidated Plan, which is to increase the supply of affordable housing for Low and Moderate Income (LMI) households.

Before entering into agreements with other organizations, City staff evaluates proposed partnerships for financial capacity and organizational capacity to ensure that federal requirements can successfully be completed by subrecipients. The City's Finance Director staff has reviewed a draft of HHCI's 2022 Annual Audit Report and finds it in good order including the audit opinion. Therefore, staff has been working with the HHCI Executive Board and City's Legal Department staff to begin to finalize details of the terms for the sale of Lots 2-8, which will include, but not limited to: a timeline for the start and completion of the homes, sale price, design of homes, size of homes, homebuyer approval process, homebuyer income limits, etc. HHCI has indicated a desire to start construction of three (3) homes as early as Spring-Summer 2023.

ALTERNATIVES:

1. The City Council can approve a Resolution setting February 14, 2023, as the date of the public hearing for the sale of Lots 2-8 and authorize staff to finalize the terms and conditions (including the price) for the sale sell Lots 2-8 in the Baker Subdivision to Habitat for Humanity of Central Iowa.
2. Decline to set a date of hearing for the sale of Lots 2-8 and direct staff to seek other buyers to purchase these lots.
3. Decline to sell the single-family lots at this time.

CITY MANAGER'S RECOMMENDED ACTION:

The sale of seven (7) lots in the Baker Subdivision to Habitat for Humanity of Central Iowa will assist the City in its efforts to continue to address the housing needs of low- and moderate-income first-time home buyers and will help jump-start the construction of homes in the subdivision. **With the City Council's setting of the public hearing date, staff will finalize the details of the terms for the sale of Lots 2-8, and present the sales agreement for City Council approval on February 14th.** Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1.

Location Map- Attachment A

BAKER SUBDIVISION

FINAL PLAT

