

ITEM #: 36
DATE: 03-24-26
DEPT: P&H

COUNCIL ACTION FORM

SUBJECT: HARRISON POINTE SUBDIVISION DEVELOPMENT AGREEMENT AND FINAL PLAT

BACKGROUND:

Keystone Equity Group (KEG) has an Option Agreement (entered into with the City on May 27, 2025) to purchase the City-owned land at the intersection of Harrison and Welbeck, subject to completing a Development Agreement and development entitlements including a Major Subdivision Final Plat.

The applicant is requesting approval of a Major Subdivision Final Plat, Public Improvements Agreement, and Development Agreement as the final steps in completing the requirements of the Option Agreement in order to complete the purchase of the property and develop 12 workforce housing units.

At the January 27, 2026 City Council meeting, the Council approved a rezoning to Floating Suburban – Residential Low Density (FS-RL) with a Planned Unit Development (PUD), Preliminary Plat, and Major Site Development Plan for the development of 12 workforce housing units. As with all subdivisions, Final Plat approval is needed to complete the development approval process.

The Final Plat includes all 12 lots for the single-family attached homes, ranging between 0.04 and 0.06 acres, and an outlot containing the private street, open space, and stormwater management areas (see attached). Reduced lot sizes and frontage were approved as deviations as part of the PUD and allow for individual lots to be created, which in turn allows for the units to be ownership housing.

PUBLIC IMPROVEMENTS:

As the City still owns the subject property, public improvements including sidewalks and extension of a sanitary sewer and water main on site and installation of a new public sidewalk along Welbeck Drive have not occurred. Financial security in the amount of \$103,665 has been provided for these improvements.

City Council is being asked to accept the Improvement Agreement with financial security for those improvements. Financial security can be reduced by the City Council as the required infrastructure is installed, inspected, and accepted by the City.

The street within Harrison Pointe is a private street. It is not included in the financial security for Public Improvements. Private streets and alleys are permitted if they are designed and constructed to meet Iowa Statewide Urban Design and Specifications (SUDAS) standards and the City's supplemental design standard requirements regarding pavement profile, base, and drainage. Maintenance and access agreements are also required. A certificate from a professional engineer verifying the private streets meet the

design specifications is required after construction of the street and prior to occupancy of the units.

DEVELOPMENT AGREEMENT:

The Option Agreement between KEG and the City for purchase of the property is contingent on execution of a Development Agreement prior to closing. City Council is being asked to accept the Development Agreement, see attached. The Development Agreement includes provisions based upon the original Memorandum of Understanding for the development, approved on March 25, 2022. The agreement included three mandatory limitations on the developer:

- Enact a covenant requiring the units to be owner-occupied

A Covenant has been provided that the housing units must be the primary residence of the owner. No rental of the homes is allowed. The covenant is in effect for 21 years.

- Construct homes as all-electric with air source heat pump products approved by City Staff

Planning and Ames Electric staff reviewed heating and cooling options for an all-electric air source heat pump system with the developer. Staff ultimately accepted a Carrier brand unit as being appropriate for both quality and efficiency. The model selected is in the upper mid-tier of air source heat pump and air handler options. Although not a cold climate rated unit, the overall design appears to perform well for our climate and will rely upon electric back-up heat when needed in the winter. The developer had previously used lower-tier equipment for other builds and this will be their first use of these systems. The builder also intends to meet the whole home "net-zero ready" Ames Electric Rebate requirements, including wiring in the garage to have a Level II charger installed by a homeowner. A Net Zero Ready home rebate is worth \$3,000.

- Impose an initial sales price limit for each home not to exceed an **average** of \$300,000

The developer is building two types of housing, six single-car garage attached units and six double-car attached units. The agreement allows for a sales price maximum of \$279,999 for the single-car units and \$319,999 for the two-car units. The average price is \$299,999 for all 12 units.

Initially the developer believed the sales prices individually may be below \$300,000 for all units, but the developer stated to staff that the higher grade heating and cooling equipment, site design, and site improvement costs added unanticipated costs compared to their March 2025 proposal. City Council can find the proposed average sales price as being in compliance with MOU referenced in the Option Agreement.

ALTERNATIVES:

1. Based upon the findings that the Final Plat conforms to relevant and applicable design standards, ordinances, policies, and plans, along with the Option Agreement provisions, the City Council can approve the following:
 - a. Resolution approving the development agreement for Harrison Pointe Subdivision
 - b. Resolution approving the Final Plat of the Harrison Pointe Subdivision
 - c. Resolution accepting the Public Improvements Agreement for completion of public improvements and Financial Security of \$103,665.
2. Refer the development agreement back to staff with direction to modify the terms and return for approval on April 14 and defer the final plat and improvement agreement to that meeting. The developer would have to agree to extend the purchase agreement to April 14 for a revised development agreement.
3. Deny the proposed development agreement and related Final Plat as not meeting City requirements and subdivision standards.

CITY MANAGER'S RECOMMENDED ACTION:

The proposed Major Final Plat is consistent with the Major Site Development Plan and Preliminary Plat approved by City Council as part of the rezoning with PUD. The Major Final Plat conforms to the adopted ordinances and policies of the City as required by Code and other agreements, including the allowance for financial security to complete public improvements.

A Development Agreement, as required by the Option Agreement with KEG to purchase the site, and an Improvement Agreement have been provided. KEG is required to provide executed copies prior to Council action on the plat and accepting these documents. Staff believes the Development Agreement addresses all the requirements of the Option Agreement, including owner occupied covenant, all electric home design, and sale price caps.

Once approved, KEG and the City will close on the property. KEG plans to begin construction this spring. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.

ATTACHMENT(S):

[Location Map](#)

[Development Agreement](#)

[Final Plat](#)

[Applicable Subdivision Law.pdf](#)