

ITEM #:	<u>48</u>
DATE:	<u>06-25-24</u>
DEPT:	<u>P&amp;H</u>

### **COUNCIL ACTION FORM**

**SUBJECT:**                    **DRAFT RFP FOR DEVELOPMENT OF SURPLUS CITY LAND AT  
HARRISON AND WELBECK**

**BACKGROUND:**

On May 14, City Council received a report from Planning staff regarding the potential development of a 1.7-acre surplus property at the intersection of Harrison and Welbeck. Staff outlined a presentation provided at a neighborhood meeting concerning potential development of the site as well as the neighborhood feedback related to developing the site. Seven neighbors also spoke at the meeting emphasizing their interest in the site remaining as informal open space and for it to not be developed. **At the conclusion of the discussion, City Council directed staff to prepare a draft RFP for development of the site in accordance with: 1) provisions of Ames Plan 2040 for infill housing, 2) the Council Value of diverse housing options for the community; and the Council Goal to increase quantity and variety of single- and multi-family housing units at various price points or rental rates related to new construction and rehabilitation of existing homes.**

City Council also supported in the motion directing staff to maintain a "sizable open space" component as part of the RFP process.

**OPEN SPACE:**

With City Council's direction, staff explored how open space could be part of the development of the site. Staff believes it is important to define this expectation now to allow for anyone responding to the RFP to have a clear understanding regarding how the site will be used. Staff has two primary issues related to the open space idea that would influence the RFP: 1) intended size and 2) ownership and maintenance obligations. For the RFP, it would need to be clear to a potential developer what area would be set aside and if their homebuyers would incur a maintenance responsibility for the open space.

The overall development potential of the site is estimated to be 5-12 housing units. Development concepts presented at the neighborhood meeting included versions of detached homes on standard or small lots as well as for attached townhomes. No general open space was part of the original presentation. At the May 14th meeting, the City Council supported a preference to organize the development around common shared open space as a pocket neighborhood or with small lot homes as described by staff, but through their motion asked for general open space to also be part of the RFP.

Staff generally believes that open space for public use is best located adjacent to highly visible areas, in this case along Harrison would be ideal for visibility while maintaining privacy of the small lot development. Staff has prepared various open space set-aside examples along Harrison to illustrate how the space would function and how it could impact use of the site with a prototype detached housing layout (see attached examples). Staff did include one option that illustrates an example of open space at the rear of the site to contrast with a front location. The following is summary of these options.

Option 1 is a baseline condition with no general open space required. The baseline example illustrates

a 12-unit small lot development layout.

Option 2 is a set aside for a small "tot lot" playground component in an area less than 5,000 square feet located along Harrison. An example of this type of feature is the small playground equipment space at Moore Memorial Park south of the shelter. Development options could yield 10 detached homes with this type of open space requirement.

Option 3 is a larger area of roughly 10,000 square foot as a rectilinear open space ranging from 50-75 feet in width and 180 feet in depth. The size is similar to the Old Town Park on Douglas Avenue. The intent in this case is for just a large open area with no specific improvements. For comparison, 10,000 sq. ft. is roughly the combined area of two of the back yards of homes abutting the site to the north. Staff believes that this amount of open space would further reduce detached dwellings to a potential total of nine detached homes compared to the baseline example

Option 4 is the largest open space that could still yield potentially a usable small lot development area. It is sized at 17,000 square feet, ranging in width from 50-100 feet and 205 feet of depth. The intent is a large open space with no improvements. Development of the site becomes more complicated for circulation and access to homes with this option because development is completely to the back of the site. Using a Pocket Neighborhood concept with small, detached units and limited use of garages may allow for seven homes total, but the costs and configuration are likely not appealing to a developer.

Option 5 creates a large 1/2 acre (21,780 square feet) open space with a different design layout of four standard lots on a cul-de-sac. The length of the infrastructure extension in this option may be a cost deterrent to this concept even though the lots would be marketable.

Option 6 creates a rear area and is the largest overall area at approximately 23,500 square feet, which is slightly larger than a half-acre. The overall dimensions are rectilinear of approximately 275 feet by 90 feet. The layout provides for 10 small lot home sites and includes a walkway for the public access to the rear of the site. While the layout is feasible for development and the open space dimensions are the most usable, its location at the rear of the site likely reduces its attractiveness for general neighborhood use and overall value.

**If a larger open space is part of the project, staff believes the intent of the open space request from Council was for broader neighborhood use rather than as an amenity to development itself. Parks and Recreation has not indicated a need for additional park land on this site and staff does not believe the development of 5-10 houses can support private open space managed by the development that is then for public use. The land could be reserved as public land and not designated or improved as a park, as currently is the case, with or without the development homebuyers having responsibility for it. Another option would be to see if the Bloomington Heights Neighborhood had an interest in acquiring the open space to manage.**

**To finalize the RFP, staff needs direction regarding how to describe City Council's intent for setting aside open space with development of the site and if it would be a developer responsibility for any improvements and future obligations for the planned development (HOA).**

#### **RFP DEVELOPMENT PARAMETERS:**

Staff believes fairly broad expectations should apply to the RFP to encourage developer responses. **With that said, staff believes City Council's preference would be for small lot sizes to maximize this infill opportunity and to demonstrate diverse housing options.** Staff also believes the intent is

for development of ownership housing and City Council would apply a covenant to the property similar to lots in the Baker Subdivision. No minimum sales price for the land will be included in the RFP.

**The following is a summary of the RFP parameters and requirements.**

1. Proposal must include description of the developers experience and capacity for development.
2. Proposal must include a general concept of development for 5-12 units and noting the housing type(s), include reference picture or project examples as applicable.
3. Proposal to address development timeline; preference for preliminary plat approval winter 2024/25, break ground in spring 2025, first house start construction by July 1, 2025.
4. Proposal must include a pro forma for development feasibility, with city land sale price and projected lot costs.
5. City preference for small lot development as a showcase of diverse housing, ideally emphasizing common open space in a "pocket neighborhood" concept, but not required.
6. All housing will be restricted to a requirement to be owner occupied with a covenant length of 21 years.
7. Development will be approved through a rezoning and subdivision plan with a Planned Unit Development (PUD) Overlay.
8. Sale of land to developer at time of preliminary plat approval; if developer does not proceed within 1 year the City can reacquire the land.
9. Development of the site is at the sole cost of the developer.
10. Partial property tax abatement for new house construction available per city-wide program.
11. Staff will review proposals with neighborhood interests prior to presenting to City Council.
12. No minimum scoring thresholds; City Council to select developer based upon experience, desirable housing concept, feasibility, and timeline.
13. Preference for all electric high efficiency homes (e.g. HERS index score of 42).
14. Open Space set-a-side if required by the City Council.

**With City Council's concurrence regarding the elements for the draft RFP, Planning and Purchasing staff will finalize the RFP with the goal of issuing it by July 10. Staff will host an informational meeting before responses are due on August 7. Staff will evaluate the responsiveness of the proposals and then hold a neighborhood meeting before presenting a recommendation to City Council. The tentative date to select a developer is August 25.**

**ALTERNATIVES:**

1. Direct staff to finalize the RFP with no specific Open Space requirement and to include the general terms identified by staff in this report. (Option 1)
2. Direct staff to finalize the RFP with a specific set aside requirement of Open Space supported by the City Council and to include the general terms identified by staff in this report.
3. Direct staff to finalize the RFP with modified terms.
4. Direct staff to not proceed with the RFP.

### **CITY MANAGER'S RECOMMENDED ACTION:**

The 1.7 acres surplus land site is a unique opportunity for City Council to pursue its goal of supporting the development of more diverse housing types. The RFP is designed to identify the City's preferences, but at the same time illustrate willingness to consider viable development options for the site to attain our goal of developing infill housing.

Staff needs direction regarding the issue of setting aside open space. Open space would need to be situated at the front of the site for neighborhood access. **Adding some open space may provide an opportunity for a neighborhood amenity, but it also can limit the usefulness of the site for infill housing due to the site's relatively small size and configuration.** Staff believes development options with a small to medium open space set aside are probably viable along with achievement of our primary infill housing goal. However, the larger 4th and 5th options could hamper development of the site with increased costs and lower development density. The 6th option is potentially viable, but the rear location has drawbacks of access and visibility that may not make it useful. In addition to potential siting issues, an end owner of the open space would need to be identified, since the area is not in a needed public park service area, making the open space concept an appreciable uncertainty in the process.

The challenge posed to the City staff is to balance two objectives; 1) promoting more infill housing with 2) incorporating some amount of open space for the general neighborhood. Given the limited size of the site, staff believes optimizing housing options should be the priority for this unique infill opportunity. Therefore, it is the recommendation of the City Manager that the City Council approve Alternative #1.

### **ATTACHMENT(S):**

[Harrison open space examples.pdf](#)