

ITEM #:	<u>3</u>
DATE:	<u>12-23-25</u>
DEPT:	<u>P&H</u>

COUNCIL ACTION FORM

**SUBJECT: AMENDMENTS TO DEVELOPMENT AGREEMENT AND HOME
AGREEMENT WITH TOWNHOMES AT CREEKSIDE, LLLP, FOR A LIHTC
AFFORDABLE HOUSING DEVELOPMENT AT 3216 TRIPP STREET ON LOT
27 IN BAKER SUBDIVISION**

BACKGROUND:

The City Council selected Hatch Development Group in 2023 as its partner to develop a 38-unit Low-Income Housing Tax Credit (LIHTC) multifamily rental housing project on Lot 27 in the Baker Subdivision, located at 3216 Tripp Street. The developer, now known as Townhomes at Creekside, LLLP, was awarded \$9,539,896 in tax credits in July 2023 for the development of the project. In addition to donating the land, the City also provided \$2.1 million in City HOME Funding to help fill the project's funding gap. The Major Site Development Plan for the project was approved in March 2024. Construction of the project began in July 2024.

With the City's HOME funding, certain conditions were agreed upon regarding the provision of eight (8) designated HOME units and four (4) additional units for Section 8 voucher holders. The City's goal was to ensure that the project would prioritize serving low-income families, especially households with incomes at or below 50% of the Ames Median Income Limits, which would include a mix of unit sizes, of 2-, 3-, and 4-bedroom units. **In this regard, the City's designated HOME units would be all three (3) bedroom units, and the Section 8 units would be comprised of two-, three-, and four-bedroom units, to be made available and prioritized for leasing to Section 8 voucher holders.**

Development of the site was subject to both a City Development Agreement to address City requirements and a separate City HOME Funds agreement to ensure compliance with HUD requirements. **A key provision of the "original" agreements was to keep the four (4) Section 8 units open for up to 60 days to find an eligible voucher holder. After 60 days, any qualified low-income household could occupy a unit. Additionally, the HOME units are to be designated units in the project, separate from the Section 8 units.**

Creekside completed construction of the project in July 2025 and, as of December 1, reports that the project is 100% leased. The developer is responsible for submitting reports to the State, the City, and its LIHTC financier regarding the project's compliance with leasing standards to maintain its eligibility to receive tax credits.

Following the developer's and City staff's recent review of the Development Agreement and the City's HOME agreement, it was determined that clarifications and adjustments to both agreements were needed to ensure consistency with the intent. The focus of the changes is primarily directed to the accounting of the four (4) Section 8 units and the updated language regarding the occupancy of specific City HOME Units.

The Developer has been able to lease three of the four Section 8 units within the prescribed 60 day limitation. Additionally, one of the three voucher holders is occupying a City

HOME unit. Staff believes that one of the main reasons that the Developer was unable to lease all four of the Section 8 homes is that HUD has suspended the Central Iowa Regional Housing Authority (CIRHA) from issuing any new Section 8 Vouchers for the past year. This has significantly impacted the Developer's pool of Voucher holders to select. The one (1) Voucher holder that was leased in a City HOME unit was due to the fact that the unit was a handicapped unit, and that the Voucher holder could not be denied a handicapped accessible unit.

To assist the developer's administration of the project requirements and to address the City's goal to prioritize low-income family households, the following changes are proposed to make both the Development Agreement and HOME Agreement consistent:

1. Maintain a requirement for four (4) Section 8 Units within the project, but only require that one (1) of those units is maintained as a four-bedroom option. This means any other unit type in the project, 2,3, or 4 bedrooms, including the HOME units, could be used to house a Section 8 voucher holder if they otherwise meet qualification requirements. (Requires change in both Developer Agreement and HOME Agreement)
2. Include the 60-day vacancy language for prioritizing the four (4) Section 8 Units to be occupied by voucher holders as part of the Developer Agreement. (Requires change in Developer Agreement)
3. Add a requirement that the developer provide leasing and qualification records to the City on a quarterly basis. (Requires change in both Developer Agreement and HOME Agreement)
4. Add a requirement to include within the project marketing information that they accept Section 8 voucher holders. (Requires change in both Developer Agreement and HOME Agreement)
5. Include a listing of the designated home units and their addresses. (Requires change in both Developer Agreement and HOME Agreement)

Overall, these changes make both agreements consistent and easier to administer. The changes still require that at least four Section 8 voucher holders be accommodated within the project, subject to the 60-day allowance, but other than one specific 4-bedroom unit, the Developer has greater flexibility in selecting a unit for a Section 8 household.

ALTERNATIVES:

1. Approve amendments to both the Development and the HOME agreements with Townhomes at Creekside, LLLP, for a LIHTC Affordable Housing Development at 3216 Tripp Street on Lot 27 in the Baker Subdivision.
2. Do not approve the Amendments to the Development and the HOME agreements.

CITY MANAGER'S RECOMMENDED ACTION:

The Developer's requested changes to the Development Agreement and the HOME Agreement with Townhomes at Creekside, LLLP, help to clarify expectations and

provide some flexibility to the Developer for administration of the City's Section 8 unit requirements. Overall, the changes maintain opportunities for Section 8 family households, which was an initial goal of the City for this affordable housing project. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, as described above.

ATTACHMENT(S):

[Baker Amendment 20251218 v7 Final.pdf](#)