

ITEM #:	13
DATE:	02-24-26
DEPT:	P&H

COUNCIL ACTION FORM

**SUBJECT: THIRD AMENDMENT TO RESTRICTIVE COVENANTS DESIGNATING
 AFFORDABLE AND MARKET RATE HOUSING LOTS FOR BAKER
 SUBDIVISION**

BACKGROUND:

In 2016, the City used its Community Development Block Grant (CDBG) funds to purchase a 10+ acre parcel of land now known as the Baker Subdivision. To develop the site for mixed-income households rather than exclusively as low- and moderate-income housing, the City sought and received approval from HUD to create the area as a Neighborhood Revitalization Strategy Area (NRSA) designation. Under NRSA regulations, for any housing construction activities that are undertaken, 51% of the housing units have to benefit households with incomes at or below 80% of the Area Median Income Limits.

With the goal in mind of a mixed-income development, the intent of the Council was to provide 51% of the single-family home lots as low and moderate-income affordable housing sites and for the remainder to be market-rate lots. The subdivision final plat created 26 single-family home lots, and covenants were approved that identified which lots were restricted for affordable housing and which lots were to be market-rate (see attachment of the identified market-rate lots).

The approved covenants identified 15 affordable lots and 11 market-rate lots, which is 57% of the total lots as affordable. Staff recently identified a miscalculation for the number of market rate lots; the calculation should have been 12, rather than 11. This would change one designated affordable lot to a market-rate lot.

Staff would like to correct this number so that it is reflected in the subdivision covenants before proceeding with selling any of the remaining lots in the subdivision. This change would also align with how the project has been routinely described in City reports about the project, including the Annual Action Plan and CAPER.

The City's legal department has prepared the attached Third Amendment to the Restrictive Covenants for the Baker Subdivision to designate Lot 13 as a market-rate lot.

ALTERNATIVES:

1. Approve a Third Amendment to Restrictive Covenants for Baker Subdivision, Ames, Iowa, to create one additional market-rate lot for a total of 12 and reduce the affordable housing designated lots to 14.
2. Do not approve an amendment to Restrictive Covenants for Baker Subdivision, Ames, Iowa, thereby keeping 15 affordable lots and 11 market-rate lots.

CITY MANAGER'S RECOMMENDED ACTION:

Approving this action would allow the City to be consistent with the number of market-rate lots of 12 that have been identified throughout the City CDBG reporting documents. The remaining 14 affordable lots would still represent 54% of the total single-family lots. It is therefore the recommendation of the City Manager that the City Council adopt Alternative #1, as described above.

ATTACHMENT(S):

[Highlighted Market Rate Lots Map Baker Sub.pdf](#)

[Third Amendment to Restrictive Covenants \(Baker Subdivision\).pdf](#)