AGENDA

SPECIAL MEETING OF THE AMES CITY COUNCIL

AMES WATER PLANT - 1800 E 13TH STREET

AUGUST 18, 2026

NOTICE TO THE PUBLIC: The Mayor and City Council welcome comments from the public during discussion. The Standards of Decorum, posted at the door and available on the City website, define respectful conduct for public participation. If you wish to speak, please fill out the form on the tablet outside the door to the Council Chambers or scan the QR Code to the right to fill out the same form on a personal device. When your name is called, please step to the microphone, state your name for the record, and keep your comments brief so that others may have the opportunity to speak.

CALL TO ORDER: 5:15 p.m.

CONSENT:

1. Resolution approving contract for R3C Bid Package No. 14-1 - Elevator Lift Work to TK Elevator Corporation, of Atlanta, GA, in the amount of $109,800

WORKSHOP:

2. Council Goals and Priorities Update Session

COUNCIL COMMENTS:

ADJOURNMENT:

Please note that this agenda may be changed up to 24 hours before the meeting time as provided by Section 21.4(2), Code of Iowa.

CITY OF ames

MEMO

To: Mayor and City Council

From: Justin Clausen, Director of Public Works

Date: August 18, 2026

Subject: Contract Approval

City staff has spent a significant amount of time negotiating this contract in consultation with the City Attorney and mutually agreed upon terms that will allow for continued progress at the Resource Recovery and Recycling Campus (R3C).

Approval of this contract will allow the required work to take place in accordance with the construction schedule.

This item is for approval of the contract only. Approval of the required bonds will occur at a future Council meeting once they are received.

There is no Council Action Form for the R3C Bid Package No. 14-1 Elevator Lift Work to TK Elevator Corporation of Atlanta, GA, in the amount of $109,800. City Council approval of the contract for the project is simply fulfilling a *State Code* requirement.

Public Works
515.239.5105 main
515.239.5142 fax
515 Clark Ave. P.O. Box 811
Ames, IA 50010
www.CityofAmes.org

Item No. 2

MEMO

To: MAYOR AND CITY COUNCIL MEMBERS

From: Brian Phillips and Pa Vang Goldbeck, Assistant City Managers

Date: August 18, 2026

Subject: Council Goals and Priorities Update Session

The City Council is scheduled to meet on Tuesday, August 18 to review the status of the City Council goals. Attached is a list of the goals and the most recent status update for each. We will review the goals and Council's priorities in this session.

ATTACHMENT(S):
January 2026 to December 2027 Council Goals - August 2026 Status.pdf
June 20 2023 Housing Staff Report.pdf

City Council Values, Goals, and Tasks

January 1, 2026 to December 31, 2027

VALUES* - *GOALS* – *TASKS* – *AUGUST 2026 STATUS

A. WE VALUE COMMUNICATION AND ENGAGEMENT WITH THE PUBLIC

A1. Increase methods and opportunities for public feedback.

Status: **In Progress.** Several new outreach strategies to gather public input have been implemented this year.

With a concerted effort to strengthen neighborhood connections and activities, staff has organized four “neighborhood road trip stops” to engage with community members through informal block-party-style gatherings. The first two stops were held at Moore Memorial Park and Kate Mitchell Elementary school. Two more stops are scheduled for August 20 at Tahira and Labh Hira Park and September 24 at Roosevelt Park. Multiple City departments are present to connect with residents.

The City Council explored an experimental feedback method with the data center listening session late June. Over 400 participants were present. During the session, Mentimeter, a tool for conducting a live poll, was used to gather immediate feedback, and participants were split into smaller groups to allow for more robust discussions between City Council, staff, and community members.

Parks and Recreation held two open house events so far that each drew out over 200 people. The first open house was held in May for Ontario Park, where participants were invited to complete a survey to share how they would like to see the park space be used. The second open house was held in June for the Fitch Family Indoor Aquatic Center.

Council Connect events have continued through a new partnership with the Sixty Forward Center. City staff and/or City Council are present monthly to conduct outreach and gather community feedback on timely and relevant topics. Community participation levels vary averaging about ten to fifteen community members.

The City continues to use its traditional outreach methods, including tabling at community events, posting information on community bulletin boards, having a presence at the Farmers’ Market, using surveys to gather input on a pet licensing program, traffic corridor studies, park development, and more.

National Night Out continues to be another highly successful event that allows the community an opportunity to interact with City staff. This event attracts over 2,500 community members.

In October 2026, EcoFair, the City's sustainability-focused event, will be held again.

A1.T1. Develop an outreach policy setting expectations for the types of outreach that should be used for various types of activities.

Status: **In Progress.** Work continues on developing an outreach policy that establishes baseline communication expectations across all City departments. The guidance will help ensure residents receive consistent, timely, and appropriate information when the City undertakes activities such as launching programs or services, considering new facilities or developments, advancing transportation projects – from studies and conceptual planning through design and construction – and responding to planned or emergency repairs involving public infrastructure.

The framework will consider the appropriate level of communication based on factors such as the number of residents or community members impacted, the duration and extent of the impact or disruption, and the type of activity involved, such as ordinance changes or street reconstruction. The City has numerous communication tools available and will tailor its approach to use the most effective and efficient methods to reach those affected. In most situations, multiple communication tools will be used to ensure information reaches residents through different channels and at the appropriate time.

The goal is to establish clear expectations and develop a policy that helps City staff understand Council's expectations while allowing departments the flexibility to tailor outreach based on the specific circumstances of each project, service, or emergency.

B. WE VALUE DIVERSE HOUSING OPTIONS FOR THE COMMUNITY

B1. 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 housing.

Status: **In Progress.** The Harrison Workforce Housing project was approved in March 2026.

Six market rate lots in Baker Subdivision are approved for sale October 2026.

City staff continue to work through the housing development incentives identified in December 2025. Three development outlines have been completed (Ansley, Domani 3rd Addition, Auburn Trail). Greenbriar, Hayden's Preserve, Bluffs at Dankbar, and Ontario Scholl Road will all be presented to Council by October 2026.

B1.T1. Analyze: 1) resident demographics (including income), 2) target housing price points, and 3) possible incentives to "match" income.

Status: **Completed.** City Council determined as part of the Planning Division Work Plan review in April that no new study was needed at this time. City Council requested a copy of the 2023 affordable housing staff report prepared by Planning. See the accompanying June 20, 2023 Low and Moderate Income Staff Report.

B1.T2. Leverage community partnerships to foster diverse housing developments and rehabilitation of existing housing at various purchase and rental price points.

Status: **In Progress.** City staff applied for a grant opportunity available through Story County for low-income housing grant funds as a match to City HOME funds for the construction of three low- and moderate-income ownership houses in the Baker Subdivision for 2026-2027. The City is currently awaiting award notification.

Iowa State University recently sold surplus land along Ontario and Scholl Road to a partnership of local developers. The developer intends to construct up to 97 market rate workforce housing units. The project will be presented to Council for review in September 2026.

In May 2026, the City received a conditional commitment from USDA for a $7.6 million zero-interest Rural Energy Savings Program loan, which would support an on-bill energy efficiency financing program that facilitates investments in residential electric energy upgrades. Staff will return to City Council in fall 2026 to present the award agreement and program details.

In July 2026, the Council approved a net-zero-ready high-performance home pilot project. This initiative will reimburse a home builder $20,000 for building a net-zero-ready high-performance speculative home. Staff is currently working on an agreement with Hunziker Construction Services for a speculative home on Greene Street. The home is expected to be completed in December 2026.

C. WE VALUE A FUN, VIBRANT, AND HEALTHY COMMUNITY THAT ATTRACTS AND RETAINS PEOPLE

C1. Plan for construction of multiple projects prioritized by City Council.

C1.T1. Complete Schainker Plaza.

Status: **In Progress.** At the end of February 2026, the City reached a settlement agreement with Henkel Construction. In mid-June, the non-ice-ribbon portion of the plaza opened for public use. The community has responded positively to the opening of the splash pad. Starting in July, the plaza began hosting food trucks. As part of our commitment to being a good neighbor, the City installed fencing along the west side of the plaza in July.

Beginning September 1, 2026, occupancy of the entire plaza will revert to Henkel Construction, and the contractor will begin demolishing the existing ice-ribbon slab for replacement. The settlement agreements dictate a completion date of no later than November 15, 2026.

C1.T2. Conceptually design and determine funding strategy for (in priority order):

- Indoor Multi-Purpose Community Recreation Center for Ames Community Members

Status: **In Progress.** The Parks and Recreation Director and Assistant City Manager will be hosting focus groups in August with community partners and local sport clubs to learn more about their interest in this project. In early fall, a public input survey will be provided to gather additional input from residents. The feedback received will be used to finalize the scope of services in the RFP for a feasibility study. Staff intend to issue the RFP in late 2026. $100,000 has already been designated for this study. Additional outreach to the community will commence once the consultant is hired.

Currently there is no site location secured for this project. This is an important component of the project yet to be decided.

- Downtown Parking Ramp

Status: **In Progress.** The City was awarded a USDOT Rural and Tribal Planning Grant for $500,000 to evaluate the feasibility of constructing and operating a multi-modal parking structure. The federal planning grant includes conceptual design options for a downtown intermodal facility and a parking rate study. The kick-off meeting with the federal grant partners is scheduled for September 2026. The study work is expected to take place throughout 2027 with a final report in late 2027/early 2028.

- New Community Park along Ontario Road in west Ames

Status: **In Progress.** The Parks and Recreation Commission and City staff held an open house for Ontario Park in May 2026, soliciting input from community members about how they envision the parkland being used. A survey to collect feedback was provided and over 200 people attended. The survey has remained open this summer and is being promoted at several outreach events including the neighborhood road trip stops, community events, social media, and the website. The Commission and City staff will host another open house for Ontario Park this fall, along with a volunteer cleanup day at Ontario Park.

The FY 2026/27 CIP includes $1.3 million for improvements at the north end of the park, such as demolition of the existing buildings, installation of parking, a pedestrian bridge over Clear Creek, a trail from the parking lot to the bridge, and the addition of a shelter/restroom. In late 2025, the City successfully secured a $200,000 Resource Enhancement and Protection grant for the pedestrian bridge.

C1.T3. Continue discussion regarding the Event Center at the LINC.

Status: **In Progress.** On August 25, Discover Ames will be officially presenting their request for support for the Ames Event Center, which includes a $12.5 million investment towards the construction of the facility at the LINC, to be matched by another $12.5 million raised from non-City funds. The $25 million budget was not prepared by City staff, and the accuracy and completeness are unknown. Additionally, the request is for the City to own the facility with the corresponding responsibility for covering operational deficits and building maintenance and replacement costs. Following a letter received from Discover Ames, Council has requested that City staff prepare a staff report addressing the major issues reflected in the request.

C1.T4. Continue discussion regarding a possible partnership with ISU and IDOT for an entry corridor beautification project.

Status: **In Progress.** On May 22, 2026, staff from the City Manager's Office and Public Works walked the University Boulevard corridor from Reiman Gardens to the U.S. Hwy. 30 interchange with the Mayor and representatives from ISU's facilities team. The group identified areas where ISU could perform further weed control and where City staff could mow a wider area adjacent the shared-use path to reduce vegetation encroachment. ISU plans to evaluate several hazard trees for removal. City staff identified old streetlight pole bases in the median that need to be removed, and six light poles on University Blvd. south of Mortensen Road that should be replaced. These have been subsequently installed. Staff will continue to coordinate operational activities with the University.

C1.T5. Remodel the Welch Avenue Tree Trenches to be more aesthetically pleasing and eliminate the nuisance aspects.

Status: **In Progress.** Staff has identified different alternatives to cap or cover the tree trenches while still allowing storm water to flow through the features. Design renderings have been prepared, but staff is waiting to receive cost estimate information before a report can be returned to the City Council for consideration. Staff estimates that a report will be available in August or September 2026.

C2. Support arts and culture in the community, including community celebrations, festivals and/or events.

Status: **In Progress.** In August 2026, the City Council approved revamping the Neighborhood Improvement Grant program to include a new community-building grant pathway. The updated grant program will relaunch in September 2026 with this new component aimed at financially supporting resident-driven community events centered around building social connections.

In spring 2026, the Water Plant received the "Art in the Workplace" award from the Ames Community Arts Council for the ongoing art contest and exposition at the Water Plant, "for helping to create a workplace that incorporates the arts in a way that learning and appreciation by employees and patrons is encouraged."

With the upcoming completion of the Schainker Plaza in the winter of 2026, work can begin to retain an artist to install a signature art piece using the $150,000 the City Council has allocated for the site. Separately, the Public Art Commission is exploring a project to display the terracotta inserts from the Fifth Street brick piers that were demolished a few years ago on a brick wall at the plaza.

C2.T1. Clarify how COTA should evaluate and support events that celebrate different cultures in Ames (e.g., food events, etc.)

Status: **Not Started.**

C3. Develop additional ways in which funds can be collected for scholarships for participation in City programs.

Status: **In Progress.** Staff continues to promote the opportunity when meeting with community groups and prospective donors. A free-will donation box for the scholarship fund was available at the checkout station at the 2026 Rummage RAMPage, providing another convenient way for community members to contribute. The Parks and Recreation Program Guides include information on how to donate. Additionally, information on donating will be included in the October 2026 CitySide newsletter.

Staff will also be working on new marketing materials to promote donor participation. Lastly, the fourth annual Duck Derby rubber duck race is happening this year again, benefiting the scholarship fund.

Parks and Recreation will explore additional fundraising opportunities to expand support for the scholarship fund. This will include identifying new events, partnerships, and opportunities for residents to contribute throughout the year. Similar to Project Share, (the City's customer program for donating to help pay utility bills) some examples include:

- Round Up for Recreation - Add a "Round up my registration fee to support the Scholarship Fund" option at checkout.
- Give the Gift of Recreation – Pay it Forward. "Buy a class for someone else."
- Residents could donate the cost of a swim lesson, youth sports registration, skating class, fitness class, etc.
  Add $5 / $10 / $25 at the registration checkout: "Would you like to add $5 to help another Ames resident participate?"
- Sponsor a Scholarship
  - $6 sponsors a daily admission for one youth at Fitch
  - $45 sponsors one little tennis lesson class (ages 3-5)
  - $56 sponsors one kiddie kickers soccer class
  - $55 sponsors one dance class
  - $66 sponsors one gymnastics class
  - $67 sponsors one soccer class for grades 1-6
  - $72 sponsors one swim lesson class
  - $155 sponsors a babysitter's training course
  - $245 sponsors a youth swim pass at Fitch Aquatic Center

D. WE VALUE ENVIRONMENTAL SUSTAINABILITY

D1. Implement a new plan for collection and disposal of waste and recyclable items.

D1.T1. Develop a communication plan to engage the public and solicit feedback as a part of the decision-making process. Educate the public about what has changed from past communications over the decades where "throw everything in your trash" is no longer the case. Cast vision for waste reduction, recycling, and reuse opportunities for the future.

Status: **In Progress.** Before the July launch of residential curbside recycling, the City of Ames conducted a full-scale public education campaign to help residents understand the transition from the former waste-to-energy system and, more importantly, to cast a vision for the future of waste reduction, recycling, and reuse in Ames. The messaging moved beyond the idea of "throw everything in your trash" and focused on viewing materials as resources that can be reused and recycled multiple times rather than serving as a one-time energy source.

While the residential curbside recycling campaign focused on the May to July timeframe, public education has been ongoing since January, with recycling and/or the Resource Recovery and Recycling Campus (R3C) articles appearing monthly in the CitySide newsletter.

Two separate recycling e-newsletters were started (R3Cycled Report for R3C updates and “Inside the Cart” for curbside recycling), as well as regular updates included in the quarterly Sustainable Ames e-newsletter.

A curbside recycling survey generated more than 1,500 responses, followed up by a “Pick Your Cart Color” survey following the award of the collection contract on March 10, 2026, that attracted more than 1,000 votes.

In addition to an ongoing social media campaign, outreach also included dozens of radio interviews and media coverage from the Ames Tribune, ISU Daily, Ames Voice, and local television stations.

Furthermore, staff took the message directly into the community through presentations at elementary schools, senior living facilities, and the Sixty Forward Center, as well as tabling at Hy-vee, Juneteenth, Council Night at the Bandshell, neighborhood road trip stops, Ames Main Street Farmers’ Market, and the Northcrest Garden Tour. Articles about the recycling program were included in the City Side utility bill mailing and informational displays were available in the City Hall lobby and at the Ames Public Library. Direct mailings from the contracted hauler and the City of Ames were provided to recycling customers and a pre-recorded phone call was made to utility customers. A dedicated page to recycling remains active on the City’s website.

Together, these efforts provided residents with information about how and why recycling is changing while introducing a broader vision for Ames: reducing the amount of waste we generate, keeping valuable materials in use longer, and building a community culture that prioritizes reduction, reuse, and recycling as essential components of responsible resource management. Since launching in July, the number of residents calling Aspen Waste to request cart return is less than one percent.

So far, initial recycling efforts have produced little contamination. Efforts on recycling education will continue and be an ongoing activity.

D1.T2. Make decision on organized collection of residential waste and recyclable items. Here again, engage the public and solicit feedback as a part of the decision-making process in accordance with Goal A1.

Status: **In Progress.** The residential curbside recycling program launched on July 1. Once the Resource Recovery and Recycling Campus opens in spring 2027, staff will be able to place an item on an agenda for the City Council to discuss organized collection of municipal solid waste.

D2. Explore initiatives that use new and emerging technologies or processes to assist in meeting the Climate Action Plan.

Status: **In Progress.** Staff continue to leverage the results of the City Buildings Study to pursue energy efficiency in municipal buildings. The study included information on water and electric usages at each City facility, as well as recommendations on what energy upgrades to invest in to get the maximum carbon reduction impact while being fiscally responsible. As building maintenance occurs and major facility components are upgraded, staff will evaluate and monitor utility savings.

The City's Climate Action Grants program is in its second year of supporting local organizations and residents to implement projects that align with the Climate Action Plan. The intent was to provide a financial incentive to stimulate the community to also take actions towards reducing carbon emissions. In fall 2026, the completed grant awarded projects and their results will be presented to Council.

Council has also approved two pilot projects, inviting innovative solutions to advance sustainability efforts. In November 2025, Council authorized $20,000 for a multifamily residential recycling pilot program. The program provides a City-funded cost-share incentive to one or more interested multifamily properties to pilot recycling services. The pilot is intended to identify challenges and best practices associated with multifamily recycling. Currently there are three grantees: the Cardinal Group with three multifamily locations, Northcrest Community, and the Roosevelt Condominiums. There are 165 total living units between the three grantees.

The second pilot project was previously described above in the status of B1.T2: the net-zero-ready high-performance speculative home. Staff believes these two grant opportunities will provide meaningful insights on operationalizing recycling and constructing net-zero homes.

In spring 2026, the City received an Iowa Economic Development Authority grant to purchase a solar generator trailer, a sustainable alternative to traditional diesel generators.

In 2027, additional heavy-duty fleet equipment will utilize 100% biodiesel, including public works and CyRide.

D3. Increase use of public transit and active transportation.

D3.T1. Develop a marketing plan and strategy promoting the use of active transportation modes as well as transit.

Status: **In Progress.** Staff is working on updating the Shared Used Path Map, a popular publication for bicyclists. This updated map will also include information on other transportation modes, such as personal transportation devices.

CyRide launched Token Transit in January 2025, allowing community riders to purchase and activate fares directly from their smartphones. Effective January 1, 2026, the program expanded by offering 3-month, 6-month, and 12-month digital passes available exclusively through Token Transit. Unlike traditional paper passes tied to specific calendar periods, the digital passes begin on the date the customer activates them, providing greater flexibility. CyRide also offers discounted pricing for longer-duration passes to encourage consistent ridership. CyRide has been working with Iowa State University to expand digital fare access for faculty and staff. Since its launch, Token Transit has recorded 12,681 pass sales, nearly $50,000 in gross sales, and 1,181 unique users, with the number of unique users continuing to grow.

CyRide continues to further expand access, convenience, and reliability through trip-planning tools, real-time bus information, and fare-free service for routes numbered in the 20s, which primarily operate as Iowa State University campus circulators.

D3.T2. Explore options and support initiatives to increase availability of all modes of transportation for those unable to get to work, school, or other desired destinations within Ames.

Status: **In Progress.** In January, Council approved updates to *Municipal Code* Chapter 4: Bicycles and Personal Transportation Devices and Chapter 19: Parks and Recreation to include new regulations around using bicycles and personal transportation devices. The public was engaged through surveys and information was shared through social media about the use of various transportation modes within city limits.

CyRide has begun working with ASSET-funded human service agencies to identify opportunities for individuals who are able to use fixed-route transit to become more comfortable and confident navigating the CyRide system. Connecting individuals with fixed-route service when appropriate expands transportation options, supports greater independence, and introduces more community members to the fixed-route system.

All CyRide fixed-route buses are equipped with bicycle racks, allowing customers to combine bicycling and transit as part of their trip and supporting multimodal transportation throughout the community.

Staff Report

LOW AND MODERATE INCOME HOUSING

June 20, 2023

BACKGROUND:

City Councils from across the country have been searching for a solution to the challenge of creating "affordable housing" in their communities. With the recent increases in construction costs, supply chain issues, labor shortage, and rising interest rates; this affordable housing issue have become more acute. Local government is not typically a provider or owner of housing directly. However, through application of zoning, creation of development standards, and the use of incentives; cities have attempted to influence housing production for prioritized low income households. Many communities have approached the need for expanded low income housing choices as a critical issue to their community for both social equity as well as economic development reasons. Each community has different resources and constraints which requires local planning to address housing issues.

The City Council adopted a Council Goal in 2022 of Valuing Diverse Housing Options with a task directed to staff for recommendations regarding a Low and Moderate Income Housing Strategy. The focus of the task is:

1) What standardized incentives to offer,
2) Address code impediments, and
3) Acquisition of land or existing housing.

It must be emphasized, therefore, that the purpose of this report and the Council discussion on June 20th is to focus of increasing the number of residential units available for our low and moderate income citizens. The discussion regarding increasing the number of residential units for other income groups, for workforce housing to the high-end homes, will occur at a later time.

The purpose of this task is to address issues that may go beyond the annual programming of our federal entitlement funds of Community Development Block Grants (CDBG) and HOME. These programs require a five-year consolidated plan with a housing assessment and annual program budgeting that are not addressed in this report. Information about our federally assisted housing programs is on the City's Housing Division website. Note that new five year Consolidated Plan is scheduled to be completed in 2024.

HOUSING INVENTORY

The most recent census data is from the 2021 American Community Survey (ACS). The ACS provides multiple census products for statistics with varying degrees of margin of error between a 1-yr snapshot and a 5-yr averaging survey. Data from the ACS includes

population, age, race and importantly to this study, housing, and income characteristics. The Census also provides information based upon two types of living arrangements, a household and a family.

A “Household” within the census data is defined as an individual or group of people living together within a dwelling, regardless of their relationship. A family is defined as a two or more related people living together within a dwelling. A family is a subset of households. People living in group quarters, such as a dormitory, are not considered a household and are excluded from housing data, but included in general population information.

According to the American Community Survey 2021 1-yr data, there are approximately 25,901 occupied housing units out of a total of 27,594 housing units. There are 9,329 family households and 16,572 non-family households. Statistics based upon households and families are considerably different with families typically having higher incomes due to the general age of families, additional people within a family, potentially multiple incomes, and little influence of full-time student demographics. **The median household income is $64,569 (independent of size)** and the **median family income is $105,822, while the non-family household is $35,673 for the Ames MSA.** Average incomes are much higher than median incomes. Nationally, median household income is $69,717 and family income is $85,806. Based upon ACS data, Ames household income has increased by about 41% over the past ten years and family income by about 45%.

The City does not directly own or operate any housing. The existing income restricted units in Ames are participants in state and federal housing programs, such as Low Income Housing Tax Credits (LIHTC). Income restricted units are a mix of workforce and senior housing units, with a mix of “project based” directly subsidized units and rent subsidized units through other programs. There is an estimated 501 income restricted units within the City distributed across six projects. This is 501 units out of a total of census estimate of 14,763 rental housing units within the City.

INCOME LEVELS:

Although we are not focused on federal housing programs, the City of Ames relies upon federal Housing and Urban Development (HUD) definitions of low and moderate income households related to Area Median Income (AMI) of Ames. Generally, household incomes are categorized as Extremely Low Income at 30% of AMI, Very Low Income at 50% of AMI, Low Income below 60% of AMI, and Moderate Income below 80% of AMI.

HUD 2023 Income Limits for HOME

	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
30%	$ 22,350	$ 25,550	$ 28,750	$ 31,900	$ 34,500	$ 37,050
50%	$ 37,250	$ 42,600	$ 47,900	$ 53,200	$ 57,500	$ 61,750
60%	$ 44,700	$ 51,120	$ 57,480	$ 63,840	$ 69,000	$ 74,100
80%	$ 59,600	$ 68,100	$ 76,600	$ 85,100	$ 91,950	$ 98,750

The calculated income levels are supplied by HUD and are what are the required income limits for our federal programs. Note, these figures may differ from census data that is based upon households from census related surveys and there can be variation between census data of the City of Ames only vs. the Ames MSA which is larger area equal to Story County.

Typically, incomes at 80% or greater than AMI are able to "attain housing" within market conditions without extraordinary household expense or difficulties related to income. Attain housing means either rental or ownership housing. Household incomes greater than 80% are not addressed by federal housing programs, except for potentially home buyer assistance in some circumstances.

Households earning less than 30% of AMI typically require substantial assistance for housing expenses with federal programs of support, including the Section 8 voucher rental assistance program. The Central Iowa Regional Housing Authority (CIRHA) is the administer of the Section 8 Voucher program with approximately 1,000 vouchers in their program to serve six counties. However, there are not adequate vouchers available to meet the quantity need for these income levels. Within the City of Ames, there are currently 309 vouchers, which is a substantial increase from 2021 levels. There remains a constraint on using vouchers in Ames as most landlords will not accept Section 8 vouchers. State law preempts a City from requiring landlords to accept vouchers.

Affordability of housing is most commonly evaluated as a percentage of income used for housing costs as 30% of household income. In some situations, metrics that attempt to account for reduced transportation costs when households have easy access to public transportation or lower vehicle ownership rates will consider a combined ratio of housing plus transportation costs at 45% of income. **For this report we are focused on the traditional metric of 30%.** The ACS provides information about housing costs as a percentage of income, often referred to as housing cost burden, for both rental and ownership households. Although some households may make a choice to spend a higher percentage discretionarily income on housing to realize other benefits of housing choice and location, when it is not discretionary, and a disproportionate amount of income is used for housing it can cause insecurity related to other household needs.

Fundamentally, this is the public policy issue related to affordable and quality housing. Housing overall is not just a social issue, but also an economic driver of the community in order to support employment opportunities that benefit the overall general welfare of the community. The intersection of these issues are why the City's Comprehensive Plan devotes specific polices to these issues and does not just think of housing as a land use development issue.

Housing burden statistics (>30% of income) are substantially different between rental housing and ownership housing. For rental households this is estimated at 51% of households and for ownership households at 28%. The age range of the household also has a significant impact on housing burden calculations. **Within Ames, the student demographic (viewed as temporary housing condition seeking a higher education)**

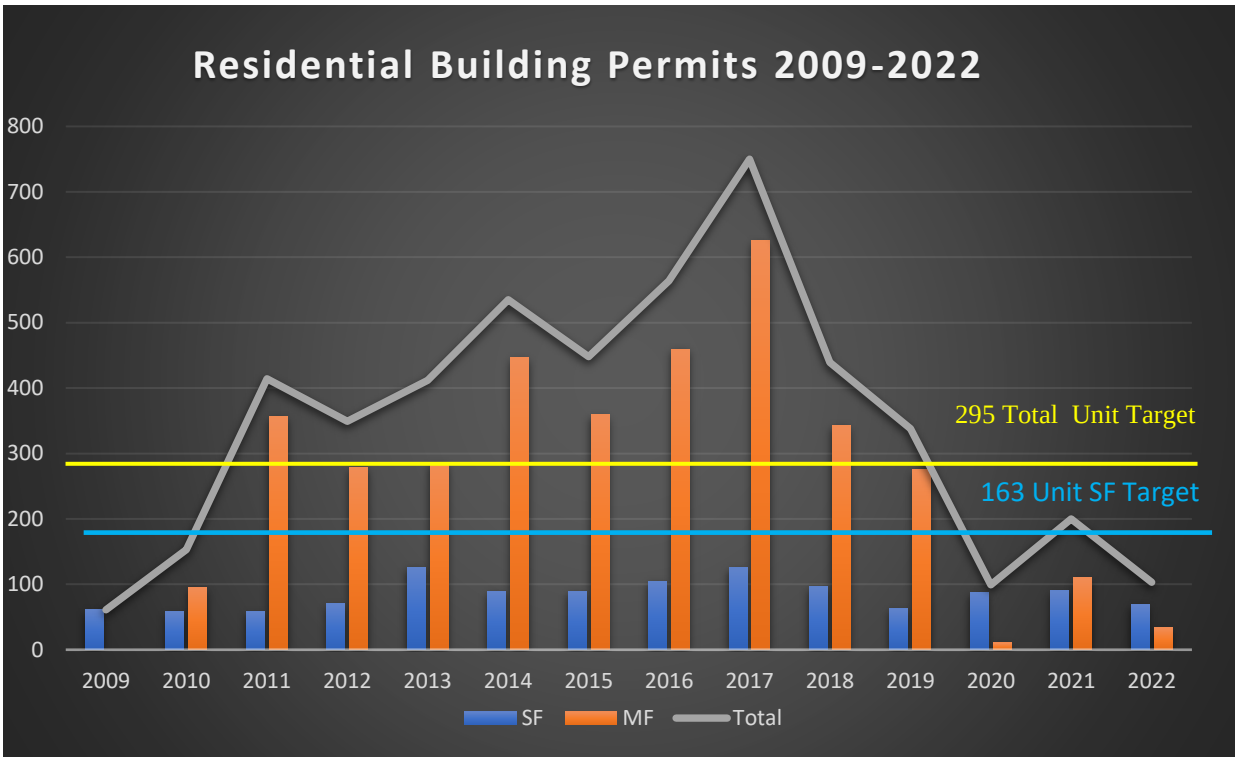
distorts both poverty and housing burden calculations. Relying on age based or family-based statistics minimizes some of the influence of student demographic on housing issues focuses on workforce and non-transient households.

The priority focus of this report is then for the low- and moderate-income households as the area most likely to be impacted by local actions. The general focus for affordability programs at the local level is between 30-60% AMI for rental households and 50%-80% AMI for home ownership.

HOUSING TARGETS:

Ames Plan 2040 includes a Neighborhood, Housing, and Sub-area Element that uses 2017 census data as a snapshot of housing needs for the City correlated to our growth projection of 15,000 people through 2040. This snapshot assessment does not address unmet existing demand.

Plan 2040 identified 2020-2030 annual housing production target of 295 units, with an overall average of 317 units through 2040 related to the 1.5 % growth used for planning purposes. Actual population growth is often well below the 1.5% assumption. The unit projections are divided between ownership and rental housing. The City currently has approximately 60% rental households and 40% ownership households. Plan 2040 identifies a target of 55% of ownership housing and 45% rental housing for new construction. However, this should be understood as target number of units produced rather than division of the actual units built in year. Ownership can be either detached or attached housing. A significant multi-family component is needed as well to meet general housing needs, but not at the same proportions as the current make up of housing stock due to no planned substantial increases in enrollment at ISU.



Household income categories are also described within this Housing Element snapshot and support policies of action related to affordable housing correlated to types of housing produced and to consider incentives for priority types of affordable housing. **The Affordable Housing Strategy is an implementation step of the Plan 2040 Housing Policies. Typically, due to construction costs, addressing low and moderate income housing is divided between creation of affordable rental housing compared to ownership opportunities. The greatest need measured by attainability and availability is directed to rental housing. A secondary need is for ownership housing affordable to low and moderate incomes due to the substantial lift needed to attain this goal for an individual family.**

CODE IMPEDIMENTS:

One common strategy to support affordable housing is to consider the impact or regulations on the production of housing, specifically unique obstacles related to low income housing. Building and Zoning Codes are designed to manage development of housing in safe and desirable manner that is compatible with the community. Developers incorporate development costs and construction costs into their project pro forma and build projects when the rent or sales price provides an expected level of profit over costs.

Low income housing has a different model where the revenue side of the equation is capped to meet a targeted level, i.e. income restrictions. However, most communities have taken a strategic approach to Zoning and Building Code changes to not dilute the quality of housing and to ensure it is of the same equitable quality as other housing in a

neighborhood**. In fact, many subsidy programs will require higher quality elements with affordable housing to ensure there is a high quality living environment.**

Staff believes the most common code impediments related to the construction of new housing include:

1. Parking Requirements
2. Lot sizes/density limits
3. Limits on apartment building size within medium density areas (no limit in high density zoning districts)
4. Architectural design requirements

Additionally, staff believes the lack of available zoned land for housing is as significant of an impediment as any of the above specific regulations on the cost or production of affordable housing.

Staff has identified these constraints based upon development project review with Home Allies, Bridge, and LIHTC developers, as well as national commentary on affordable housing constraints.

OPTIONS:

Option .1 - Evaluate parking reductions

Of the four issues listed above, parking is a uniquely positioned issue related to low-income households. Statistically car ownership rates are lower for lower income households regardless of the costs of housing. This is most pronounced for household likely earning less than 50% of AMI. Parking regulations in Ames are based upon bedroom counts per apartment, which are predominantly occupied by student households with multiple cars. Additionally, ideal locations for affordable housing are centrally located transit accessible and walkable neighborhoods that are not as vehicle dependent**. This means projects within the core of the City are likely to need even less parking than for low-income housing projects in periphery areas of the City.**

Parking is applied universally regardless of income levels of an apartment development. This approach has been the basic policy of the City to ensure that regardless of long-term occupancy of the units that parking would be adequate to meet needs and not impact the surroundings. **This approach allows for versatility of use of a property over time, but it does hamper initial construction of low-income housing.** A standard surface parking lot has a per space cost of construction of $4,000 to $5,000, which does not account for potential loss of developable land for parking spaces.

The PUD ordinance allows for Council to approve as few as 1.5 parking spaces per unit vs. the standards requirement of 1 per bedroom. **The key question is really if projects that are not part of a PUD Overlay could take advantage of the parking reduction**

for sites less than 2 acres or if it could be approved for any residentially zoned site even if it is not in a PUD Overlay.

Council could direct staff to proceed with parking code changes related to affordable housing development subject to land use and affordability restrictions. Staff's experience is that these restrictions are for upwards of 30 years. After 30 years the property may become a market-based project, if that occurs no additional parking would be provided.

If City Council is interested in additional parking reductions, Council would need to direct staff under this option on whether to consider it a by-right allowance for all zoning districts or if it a discretionary process as defined with the PUD Overlay.

Option #2 - Lot Size and Density Limits

Lot size can be viewed as cost component of a home or in relation to allowed density of a project. Commonly for single family development a rule of thumb is a lot is approximately 20% of the cost of a home and that the house itself will be 3 to 4 times the cost of the lot. Therefore, a smaller lot could have marginal change in the overall cost of a home if a large home is still constructed, or if smaller homes are built on smaller lots it could have much greater reduction of cost related to a lot.

Fortunately, in Ames there is a strong land use ethic for efficient and smart growth and, therefore, there currently exists reasonably high maximum density allowances as a result. Upper density limits are rarely an issue for a project as they be in other cities. However, Minimum lot size regardless of overall density could be a constraint for smaller houses that may or may not have lower prices. This issue if fundamentally related to ownership or single-family building types. This issues was discussed two years ago the time of adoption of the PUD ordinance. The decision at that time was that = the City wanted to see an overall plan before approving smaller lots and to require higher architectural design requirements within a PUD to address negative impacts to aesthetics.

City Council could direct staff to propose minimum lot size changes. In isolation of design requirements and an overall plan review, staff has some general reservations about eliminating minimum lot sizes, even though lot size itself is not an important issue to staff.

Option #3 - Limits on Building Sizes

The building size limit is blunt standard that limits efficiency to address overall massing and height of structures outside of actual design guidelines and architectural standards. Currently, this standard has not been a constrain to affordable housing as it only applies in medium density areas and does not apply in high density areas. However, if we strive for a mix of affordable housing in our growth areas with FS-RM zoning, this standard could impact a future project.

Council could direct staff to propose eliminating this building size standard in certain zoning districts and determine if any replacement standards would be more appropriate.

Option #4 - Evaluate Architectural Design Requirements

City Council could direct staff to evaluate in greater detail specific zoning regulations and related development costs compared to design quality and then consider additional text amendments. **Staff does have general reservations about substantial changes to design standards or impacts to future infill design requirements that could make project less accepted within neighborhoods.** Having acceptance of projects, even with higher costs, is more desirable in staff's eyes than having projects not be accepted.

Option #5 - Identify Other Code Impediments

Can the City Council identify other development issues for review by staff?

INCENTIVES:

Affordable housing is most commonly developed with the assistance of federal or state funding programs. However, at times there can still be a financial gap for the viability of a project and the City may receive a request assistance. The two most recent instances are the Baker Subdivision 9% LIHTC project where we are providing land for free and use of federal HOME program dollars and the other project was a request from the Annex Group for a property tax abatement in support of their development site Hayden's Preserve along 190th Street a 4% LIHTC project. The Annex Group project did not proceed and was one of the initial reasons to pursue a housing strategy related to incentives.

Staff believes there two main components of the incentive discussion.

1. Types of Funding, and how much funding
2. Prerequisites for funding.

Some of the financial incentives that have been offered to developers by other cities to entice them to build multi-family or single-family homes have included:

1. Tax Increment Financing (TIF) for infrastructure construction
2. TIF as a developer rebate for building a project
3. Property Tax Abatement (full or partial)
4. Waiver of fees
5. Low or no cost land donation
6. Development grants/Housing Trust Fund
7. Homebuyer down payment assistance
8. Low interest or forgivable loans
9. Federal CDBG and HOME funds

Tax abatement can lower operating costs helping a property owner carry their loan payments and other expenses. Tax Increment Financing can be used as a rebate to a developer for their investment in a project or to fund public infrastructure that lowers costs of development. Using TIF to fund public infrastructure requires a setaside of approximately 45% of the TIF proceeds to be used for affordable housing and is counted against a city's debt limit, while TIF rebates don't have these same issues. Fee waivers for building permits or connection districts would only come at the time of actual development and result in a city foregoing revenue which lowers the initial costs of development.

Direct grants to a developer will require a funding source which may be difficult under the current restrictions placed upon cities in Iowa for generating additional revenues. Further exploration will be needed to identify the appropriate funding sources.

It should be noted that each of these incentives have different value and order of magnitude, meaning there are variable cost to the city and benefit to a developer, home buyer, or operator of affordable housing.

PREREQUISITES:

Staff believes that if the City provides financial assistance, the city's priorities should also be addressed within a development. Provided below are multiple interests that could guide use of local incentives:

1. Affordability levels at or below 50% of AMI
2. Affordability restrictions of at least 30 years
3. Participation with another agency for oversight, such as Iowa Finance Authority
4. Operational Support or Initial Capital Support
5. Cost per unit produced
6. Types of units for workforce and family, minimum of 10-15% family units
7. Acceptance of Section 8 Vouchers, set aside for Section 8 voucher holders
8. Project based Section 8 Units committed by CIRHA
9. Location Preferences
    - Availability of services
    - Transit access for very low-income households
    - Housing choice and dispersal throughout the city

Staff believes Location Preference is an important issue on this list that is not financially based. As described earlier, development in the core of the City is often beneficial for support of residents of low and moderate income housing and likely the best solution if available. The difficulty in staff's view arises from two concerns. The first is availability of land and if it is available the higher cost for acquisition and development which likely then requires a greater financial incentive.

Secondly, diversity of housing choice would support providing affordable housing in multiple areas of the City as we grow, this includes the to the north, south, east, and west, but in many cases there are limited services available at this time and site are likely more vehicle dependent. It is possible that some types of housing will only be eligible for other program money within the core areas of the City, known as Qualified Census Tracts. However, development of LIHTC with 4% tax credits is not competitive and could be accomplished within any area of the City. The question is not if an affordable project should be developed on the periphery of the City, it is if we would use financial incentives to support it.

City Council would need to provide guidance on priorities for issues from the above list so that staff will be able to formulate guidelines that can be communicated to future developers. Staff believes the greatest needs at are at the lower end of the household income ranges and we should require that included deeper levels of affordability than minimum requirements of LIHTC and expect that Section 8 Voucher holders would be able to use a voucher in these projects.

PROPERTY ACQUISITION:

One specific action that could be identified within the housing strategy is a property acquisition plan. This acquisition plan will help guide long-term thinking for acquisition, development strategies of larger projects, and potential dispersal of affordable housing. There has been a 20-year gap between the City's west Ames Bentwood affordable housing subdivision and the Baker Subdivision project. **A more intentional program about either buying land within new development for a future project or to buy individual lots within new or existing subdivisions will allow the City to take advantage of opportunities as they arise.**

Subdivision Development

As a landowner, the City will be able to solicit opportunities for partner developers and pursue local low income housing subdivision development on a more regular basis. In a land market as tight as Ames, it may be necessary for the City to land bank sites to eventually realize greater production of housing.

Individual Lot Development

An alternative to larger site acquisition could be lot acquisition in both existing and newly developed subdivisions. Typically, our lot acquisitions in existing areas are to remove blight and, if possible, make them available as affordable housing. The same strategy and likely costs could be applied to buying an individual lot for a house builder, such as Habitat for Humanity**. Staff believes this strategy allows for small steps toward housing availability, dispersal of housing throughout the city, and is one of the few means of providing for ownership housing options.**

As is the case with funding for incentives to the developers highlighted previously, a financial mechanism for this subdivision/single lot acquisition strategy would

need to be defined which, hopefully, could provide a means to recoup the investment for reuse over time.

STAFF COMMENTS:

In summary, Staff supports the following next steps:

1) Developing a Low and Moderate Income Housing Strategy that includes the individual development incentives that that the City Council identifies for possible support.

-The use of TIF for public infrastructure or tax abatement would be the most appropriate incentive mechanisms. These mechanisms allow the City to offer an incentive without having to budget for them on an annual basis.

-Depending on which incentive the Council chooses to pursue, further study will be needed to determine viable funding sources.

- A maximum duration for the incentive or a percentage cap on the assistance should be included in the incentive policy to ensure that projects are financially viable and efficient in their development plan.

2) Developing a Low and Moderate Income Housing Strategy that includes a property acquisition strategy that will promote development of multi-family and/or single-family housing.

3) Developing a Low and Moderate Income Housing Strategy that includes a multi-year financing plan with one pot of money to accomplish the first two items listed above.

4) In addition to the Council's recent action to reduce required parking in a PUD, reduce parking requirements in other zoning districts for future low and moderate income housing projects.

5) Developing incentive criteria that provide for greater incentives for projects within the Core of the city recognizing inherent value of the location and higher development costs, but also supports diversity of housing choice in expanding areas of the City, but with a lower incentive.

It should be noted that with the initial implementation of the components included within this strategy, it is unlikely that additional staff would be needed for this activity. If the City takes on a more significant role developing property, administering affordability requirements, or monitoring compliance; over time additional staff support could be need.