

**AGENDA**  
**SPECIAL MEETING OF THE AMES CITY COUNCIL**  
**COUNCIL CHAMBERS - CITY HALL**  
**JUNE 18, 2019**

**CALL TO ORDER:** 5:30 p.m.

1. Second passage of ordinance amending Chapter 22 of the *Ames Municipal Code* regarding deferral of infrastructure improvements
  
2. Proposed 2019-2023 Community Development Block Grant (CDBG) Consolidated Plan and Priority Goals and 2019-2020 Action Plan Projects:
  - a. Resolution approving goals and priorities for the 2019-2023 proposed Five-Year Consolidated Plan and 2019-2020 Annual Action Plan activities in connection with the City's Community Development Block Grant Program
  
3. Rental Housing Regulations

**DISPOSITION OF COMMUNICATIONS TO COUNCIL:**

**COUNCIL COMMENTS:**

**ADJOURNMENT:**

**COUNCIL ACTION FORM**

**SUBJECT: PROPOSED 2019-2023 COMMUNITY DEVELOPMENT BLOCK GRANT CONSOLIDATED PLAN PRIORITY GOALS AND 2019-2020 ACTION PLAN PROJECTS**

**BACKGROUND:**

One major requirement in receiving the Community Development Block Grant (CDBG) funds is for the City to submit a three or five-year Consolidated Plan to the federal Department of Housing and Urban Development (HUD). The Consolidated Plan is the planning document for a Comprehensive Housing Affordability Strategy (CHAS) for the jurisdiction. This plan requires detailed background information on the community, derived both from census data and other comprehensive studies performed by the community. **The Plan must identify, over the selected period, the goals and priorities to address the housing and community development needs of both low and moderate-income persons and non-low and moderate-income persons.**

The City of Ames has selected the five-year period for its plan and will complete the administration of its third five-year Consolidated Plan on June 30, 2019. CDBG regulations require that the City must now submit an updated five-year plan for the period from July 1, 2019 through June 30, 2023.

Federal regulations require that the Consolidated Plan be submitted for HUD's approval within 45 days before the beginning of the program fiscal year, which is on or before May 17, 2019. **However, staff requested and received approval to submit the plan on or before August 15, 2019, which is the latest statutory submittal date.** They also require that the proposed Consolidated Plan be published for 30 days to allow for citizen review.

The process for updating the Consolidated Plan began with the December 4, 2018 City Council workshop. The public was invited to participate with the City Council at the workshop to solicit input regarding possible goals and priorities for the 2019-23 Five-Year Consolidated Plan.

During the workshop, staff presented an overview of the CDBG Program and New HOME Program along with a review of the 2004, 2009, and 2014 goals and priorities (see Attachments A-C). Then the public and the City Council members divided up into small groups to discuss the needs for low- and moderate-income persons, as well as the needs of non-low and moderate-income persons in the community, to determine if either continues to reflect the needs, if they should be updated and to discuss new perceived needs of the community.

After the small group discussions, each group was asked to share their comments on the goals and any proposed goals. (see attachment D).

In reviewing the comments from each of the small groups there were similar conversations about themes for goals that emerged:

1. Need to provide affordable (rental and homeownership) housing for homeless, very low and moderate income households.
2. Need to increase the supply of affordable housing for homeless, special needs, low and moderate income households.

At the December meeting, staff indicated the next steps in the process would be to collect and analyze data through the City's Fair Housing Impediments Study. This data is provided by HUD in the form of the American Community Survey (ACS) and the Comprehensive Housing Affordability Strategy (CHAS).

As reported in the 2019 update to the Fair Housing Impediments Study, the ACS and the CHAS data, continue to identify the following top two as barriers and needs of the community 1) the supply of housing for lower income households for renting and 2) the cost of housing for lower income households for both renting and home buying.

**The major difference from the 2014-19 data, is that the cost of housing is now #1 and the availability of housing is now #2.**

Also staff took into consideration the City Council's Housing goals (see Attachment E) in preparation of a new goals for the Consolidated Plan.

Based on all of the above information staff is proposing the following goals and priorities for the 2019-2023 five-year Consolidated Plan for the City Council's consideration:

**Goals and Priorities to address Low and Moderate Income residents in the community.**

1. Utilize and leverage CDBG and HOME Funds through "private, non-profit, and public" partnerships to create, sustain, and expand affordable housing for *low and moderate income* households through:
  - Increase supply of single family or two family housing for ownership in the Neighborhood Revitalization Strategy Area (NRSA);
  - Reduce the cost burden for low income households to access or maintain rental housing citywide;
  - Increase the affordability, quality, and availability of owner housing for homeowners citywide.

**Goals and Priorities to address the major Housing and Community Development needs of Non-Low and Moderate Income residents in the community**

1. Utilize and leverage CDBG\* and HOME Funds through "private, non-profit and public"

partnerships create, sustain, and expand housing for *NON-low and moderate income* households through:

- Integrate affordable and market rate residential developments;
- Remove blight and deteriorated housing to reuse into new housing;
- Support and address code enforcement of deteriorated housing;
- Remove blight and deteriorated housing in flood plain and other hazardous areas.

*\*Expenditures for non-low and moderate income activities cannot exceed 70% of allocation over a 3-year period.*

Staff feels that the two simplified goals can be easily understood but broad enough to allow the flexibility/variety to create and implement programs during the five-year period.

If the City Council is in agreement with the proposed goals and priorities for the 2019-23 Consolidated Plan, the next step is for staff to prepare the Consolidated Plan for the required 30-day comment period and public hearing for submittal to HUD on or before August 15, 2019.

### **2019-2020 Annual Action Plan Activities**

In addressing the 2019-2020 Annual Action Plan projects, staff is proposing the following program projects to address the needs outlined in the data:

1. Utilize both CDBG and HOME funds to complete the 321 State Avenue Subdivision, which will include public infrastructure and new home construction;
2. Utilize CDBG to acquire, demolish, or rehabilitate deteriorated housing city wide (as possible convert single rentals back to single family home ownership); to sale or transfer these lots or houses to non-profit housing organizations to provide to low income households for rent or purchase.

Staff believes that focusing on these two projects for the 2019-20 program year will help make an impact on the need outlined from the data, while accomplishing program projects that have been adopted in the previous action plans that have not been completed. **It is important to remember that with both CDBG and HOME funds the City Council can redirect programming each year to accomplish housing needs in the community that fall within the goals and priorities.**

The proposed budgets for CDBG & HOME to address the above two projects would be as follows:

<b>Anticipated CDBG 2019-2020 Program Revenue Sources</b>	
19-20 CDBG Allocation	\$581,968
18-19 Anticipated Program Rollover	\$570,000
19-20 Anticipated Program Income (Stafford, Morningside, Village, 6th)	\$350,000
<b>Total 2019-2020</b>	<b>\$1,501,968</b>
Non-CDBG Revenue Resources (GO Bonds)	\$250,000
<b>Grand Total Revenues</b>	<b>\$1,751,968</b>

<b>Proposed 2019-2020 HOME Program Revenues</b>	
19-20 HOME Allocation	\$481,968
18-19 Rollover	\$747,750
Adjustment for CHDO Set Aside	-\$184,795
<b>Grand Total Availability</b>	<b>\$1,044,923</b>

<b>Proposed 2019-20 HOME Activities and Expenses</b>	
New Home Construction at 321 State Ave.	\$883,976
<b>Total Programming</b>	<b>\$883,976</b>
2019-20 Program Administration	\$120,947
<b>Grand Total</b>	<b>\$1,004,923</b>

**ALTERNATIVES:**

1. The City Council can approve the goals and priorities for the 2019-2023 proposed five-year Consolidated Plan and the 2019-20 Annual Action Plan activities in connection with the City's Community Development Block Grant Program. Staff will then finalize the plans and publish
2. The City Council can modify, and then approve, the goals and priorities for the 2019-2023 proposed five-year Consolidated Plan and the 2019-20 Annual Action Plan Activities in connection with the City's Community Development Block Grant Program.

3. The City Council can refer this item back to staff for further development.

**MANAGER'S RECOMMENDED ACTION:**

These CDBG and HOME funds bring the City a unique opportunity to use federal funding to address local community development priorities. In order to qualify for receipt of these funds over the next fiscal year and the upcoming 5-year planning period, both of these documents must be approved. The above priorities and programs will help accomplish both of these purposes.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1. This action will approve the 2019-2023 proposed five-year Consolidated Plan and the proposed 2019-2020 Annual Action Plan Program projects in connection with the City's Community Development Block Grant Program. **Staff will then proceed with the required public notice and prepare the appropriate plan documents for the 30-day public comment period.**

**At the June 18<sup>th</sup> meeting, staff will first present the data collected as part of updating the 2019 Fair Housing Impediment Study and the 2019-23 five-year Consolidated Plan.**

## ATTACHMENT A

### 2004-09 City of Ames

Goals and Priorities to Address the  
Major Housing and Community Development Needs of  
Low and Moderate Income residents in the community:

1. Construct/Acquire/and Rehabilitate affordable housing and support to homeowners, home buyers, and renters to obtain and remain in affordable housing.
2. Support a continuum of care for new or expanded housing and services targeted for homeless, transitional housing clients and persons with special needs. Any proposed project from Human Services Agencies must have prior approval through the ASSET process.
3. Increase and improve public facilities, infrastructure and other activities and redevelopment of non-public facilities.
4. Expand job opportunities by assisting with microenterprise business development and by providing training and access to employment.
5. Support activities and services that meet the social, health, recreational and educational needs of low and moderate income residents.

Goals and Priorities to address the major Housing and Community Development needs  
of **NON** Low and Moderate Income residents in the community

1. CDBG funds should be used for slum and blight removal in non-low and moderate income areas to assist in redevelopment projects to decrease the number of substandard housing units through acquisition, demolition, and new construction.

## ATTACHMENT B

### 2009-14 City of Ames

Goals and Priorities to Address the  
Major Housing and Community Development Needs of  
Low and Moderate Income residents in the community:

- 1.CDBG funds should be used to strengthen neighborhoods by implementing affordable housing programs and services through acquiring, demolishing, and rehabilitating housing units that support homeowners, homebuyers, and renters to obtain and remain in affordable housing.
- 2.CDBG funds should be used to promote one community by implementing programs that support a continuum of new or expanded housing and services targeted for homeless, transitional housing clients, and persons with special needs.
- 3.CDBG funds should be used to strengthen neighborhoods by implementing programs that will increase or improve public facilities, infrastructure, and services

Goals and Priorities to address the major Housing and Community Development needs  
of **NON** Low and Moderate Income residents in the community

1. CDBG funds should be used for slum and blight removal in non-low and moderate income areas to assist in redevelopment projects to decrease the number of substandard housing units through acquisition, demolition, and new construction.

## ATTACHMENT C

### 2014-19 City of Ames

Goals and Priorities to Address the  
Major Housing and Community Development Needs of  
Low and Moderate Income residents in the community:

1. Goal: Utilize and leverage CDBG Funds for Low and Moderate Income Persons through private and public partnerships as follows:

A1. Objective: To create, expand and maintain Affordable Housing for Homeless and Low-income persons.

Outcomes:

- i. Increase the supply of affordable rental housing
- ii. Improve the quality of affordable rental housing
- iii. Increase the availability of affordable owner-occupied housing
- iv. Maintain the supply of affordable owner-occupied housing
- v. Provide temporary rental assistance
- vi. Increase the supply of mixed-use development
- vii. Expand and maintain the supply of emergency shelter and transitional housing

A2. Objective: To maintain the Community Development Services of the Community

Outcomes:

- i. Continue provision of the Public Service Needs for homeless, special populations, and low income households (utilities, rent, deposits, childcare, transportation, employment training, substance abuse, health services, legal services, other public service needs) and reduce duplication of services.
- ii. Continue provision of Public Facilities Needs for homeless, special populations and low income households (senior centers, homeless facilities, child care centers, mental health facilities, neighborhood facilities, and other public facility's needs).
- iii. Continue provision of Public Infrastructure Needs in low-income census tracts (water, street, sidewalk improvements).

2. Goal: Utilize and leverage CDBG Funds for NON Low and Moderate Income Persons through private and public partnerships as follows:

A1. Objective: Address Housing Needs in Non-Low and Moderate Income Census Tracts Outcomes:

- i. Integrate affordable and market rate residential developments
- ii. Remove blight and deteriorated housing to reuse into new housing
- iii. Support and address code enforcement of deteriorated housing
- iv. Remove blight and deteriorated housing in flood plain and other hazardous areas.

## ATTACHMENT D

**A summary of breakout group proposed goals discussion was as follows:**

### **Group facilitated by Council Member Betcher:**

- \$ No increase of mixed-development is needed
- \$ Expand emergency shelter and transitional housing
- \$ Increase supply and quality of affordable rental housing
- \$ Increase availability of affordable owner-occupied housing
- \$ Return to former emphasis on infrastructure/ use CDBG funding for promoting universal design of public facilities for accessibility
- \$ Use CDBG money creatively

### **Group facilitated by Council Member Nelson:**

- \$ Prioritize objectives in the existing order (2014-18 Plan)
- \$ Create/expand/maintain affordable housing for homeless and low-income persons
- \$ Create unrestricted housing for the homeless population with mental health needs
- \$ Consider longer term rental assistance for those with high risk of eviction

### **Group facilitated by Council Member Beatty-Hansen:**

- \$ No increase of mixed-use development
- \$ Prefers language including individuals with special needs under 2009-13 Plan, Goal 2
- \$ Add language including individuals with special needs under 2009-13 Plan, Goals 1a and 1b
- \$ Support facilities and services that would address above goals
- \$ Support infrastructure
- \$ Consider requirements for multi-family dwellings to accept low to moderate-income residents

### **Group facilitated by Council Member Gartin:**

- \$ No increase of mixed-use development
- \$ Address public service needs
- \$ Increase availability of affordable owner-occupied housing

### **Group facilitated by Council Member Corrieri:**

- \$ Increase and improve supply of affordable rental housing
- \$ Increase availability of affordable owner-occupied housing
- \$ Address public service needs for homeless and special needs populations
- \$ Look into supportive housing options
- \$ Lower the priority of public infrastructure
- \$ Address accessibility and deteriorating sidewalks

### **Group facilitated by Mayor Haila:**

- \$ Empower renters toward home ownership and consider employment training to help residents afford housing (2004-2008 Goal 4)
- \$ Address mental health housing needs
- \$ Address homeless population needs
- \$ Consider subsidized units
- \$ Review how CDBG funds have been used in the past
- \$ Continue activities in Strengthening Neighborhoods program
- \$ Use outcomes that can be measured

## **ATTACHMENT E**

### **2018 Ames City Council Goal**

#### **Address Housing Needs**

1. Determine how to proceed with the development of a low and moderate income affordable housing project at 321 State Avenue (Old Middle School site).
2. Learn about the concept of inclusionary zoning.
3. Consider ways to incentivize conversion of rental units back into single-family units.

Staff Report

**RENTAL HOUSING REGULATIONS**

June 18, 2019

**BACKGROUND:**

At the May 14, 2019, City Council meeting, the Council directed staff to present options to enhance rental ordinances to address quality of life, life safety, and potential increased enforcement city-wide.

The City Council has taken a number of actions regarding the regulation of rental housing since 2017. That year, the state Legislature invalidated the City’s existing ordinance limiting occupancy of rental properties in single-family housing on the basis of familial status.

City staff began conversations in May 2017 to find an alternate way to regulate occupancy in single-family and two-family dwellings. Ultimately, a new occupancy ordinance was approved that allowed three adults to reside in one, two, or three bedroom dwellings. Dwellings with four or more bedrooms can have an equal number of adults to bedrooms with a maximum of five adults. Bedrooms were limited in existing rentals to the number of bedrooms that were on record for the property as of January 1, 2018 with the Inspection Division or Assessor’s Office, whichever was greater. New rental applications are evaluated for bedroom count at their first inspection.

With the occupancy ordinance in place, Council focused its discussions on other topics that surfaced as part of the occupancy discussions. These included: a rental concentration cap, increased enforcement, short term rentals (now known as guest lodging), different ways to enforce/incentivize on nuisance rentals, and incentives to increase the conversion of rental properties back to single-family homes.

Therefore, from 2017 to early 2019, the following areas of the Rental Housing Code were modified:

<b>OCCUPANCY LIMITATIONS</b>	<b>RENTAL CONCENTRATION CAP</b>
<ul style="list-style-type: none"> <li>• Adults per bedroom standards</li> <li>• Defined “adult” and “owner-occupied dwelling unit”</li> <li>• Updated 13.406(5) Computation of required off-street parking spaces</li> <li>• Established Near Campus Neighborhoods</li> </ul>	<ul style="list-style-type: none"> <li>• Established Concentration Cap Neighborhoods*</li> <li>• Established Percentage Cap (25%)*</li> <li>• Expanded Transitional Letter of Compliance allowances</li> <li>• Established Percentage Cap Hardship waiver*</li> <li>• Defined “primary residence” and “bona-fide rental”</li> </ul>

\*Unenforceable due to changes in state law.

The most recent legislative change at the state level invalidated the City's rental concentration cap standards. **This creates a situation where the potential number of renters in a property has increased, but the offsetting action of restricting the number of overall rentals in a neighborhood has been eliminated.**

The City Council has completed two of the required three readings to repeal the percentage cap, the Concentration Cap Neighborhoods, and the hardship processes. This repeal will remove from the Municipal Code the items in the table above that have asterisks behind them, but will leave intact the occupancy limitations, revised Transitional Letter-of-Compliance (LOC) language, the definition of primary residence, and the definition of bona-fide rental.

### **RENTAL HOUSING CODE AFTER CONCENTRATION CAP INVALIDATION:**

With the invalidation of the rental concentration cap, any person may convert any property into a rental property. There are no prerequisites or additional rules based on location of the property or who will be living in the property. If the property complies with the Rental Code, the owner can be issued a full Letter of Compliance.

The removal of the cap has indirect effects on occupancy in three ways: First, for Near Campus Neighborhoods, the occupancy ordinance freezes the number of bedrooms that count towards occupancy at the number existing on January 1, 2018. Adding bedrooms to a property would not increase the number of potential renters. **The removal of the concentration cap allows owners throughout the City to be able to easily remove the property from rental, add bedrooms, and then bring it back on as a new rental to gain occupants.** Before the elimination of the concentration cap, properties in capped neighborhoods would not be able to obtain the new LOC after the bedrooms were added.

Second, the cap prevented an owner from demolishing a dwelling and rebuilding a larger dwelling with the potential for more occupants on the same lot. With the cap, the property would lose its LOC when demolished and would not be eligible to obtain a new one at the time of the final inspection. **The current code does not prohibit the intensification of bedrooms through demolition/rebuild.**

Third, the proposed guest lodging ordinances were initially drafted under the assumption that use of a whole house as a Vacation Lodging use would need to be registered as a rental and, as such, would not be allowed in addition to existing rentals within the capped neighborhoods. City Council reviewed the draft ordinances for guest lodging at the June 11<sup>th</sup> meeting and did not include Vacation Lodging as an allowable use for any single-family property in the City. A separate staff report on options for Vacation Lodging standards was also presented on June 11<sup>th</sup>. Without creating a licensing option for Vacation Lodging, this type of use could not occur anywhere in the City.

## **QUALITY OF LIFE, LIFE SAFETY, AND ENFORCEMENT:**

The Council has considered a variety of potential ways to regulate rental housing in the past two years. Different approaches exist to address quality of life issues, life safety challenges, and enforcement concerns. Therefore, it is important for the City Council to articulate what goals it wishes to achieve with potential new regulations. The list below outlines concepts previously considered by the City Council to regulate rental housing, as well as other concepts that address the Council's direction. These concepts are grouped based on the issue or concern each is meant to address:

### **Quality of Life, Health, and Safety:**

- Holding owners responsible for nuisance issues caused by either the occupant or the owner (garbage, parking, over-occupancy, nuisance parties, noise, household furniture, grass height, junk vehicles, exterior building maintenance, yard waste accumulation, sidewalk clearance, etc.):
  - Suspending or revoking LOCs after repeated violations
  - Tiered fee system (increase rental fees when violations increase)
  - Issue longer LOCs for those in compliance
- Requiring a local agent (who resides in Story County) to take corrective action for rental properties in violation of the code
- Making an LOC non-transferrable with repeated violations (new owner cannot obtain LOC if repeated violations occurred)
- Implement Rent Abatement (adopting state law provision that empowers tenants not to pay rent until landlord is in compliance with health/life safety and registration requirements)
- Making all LOCs non-transferable (Upon transfer of ownership, the new owner must ensure the property meets all existing codes before a new LOC is issued)
- Prohibit or restrict the addition of off-street parking
- Prohibit the enclosing of porches to create additional living space
- Make illegal rentals ineligible to receive an LOC for a substantial period of time (suggestion from SCAN representatives)

### **Reducing the Intensity of Rentals:**

- Establish a minimum distance between rentals
- Prohibit owner-occupied rentals (owners would not be allowed to register their property so that they can sell it as a rental sometime in the future)
- Enhance the code requirements for new rentals (for example: above grade egress windows for every bedroom, hard-wired smoke detectors in every rental, require non-compliant conditions such as plumbing fixtures and guardrails to be brought into compliance instead of allowing them to continue as we currently do)

### **Incentivizing Conversion of Rentals to Owner-Occupied Dwellings:**

- Provide a financial incentive for conversion (tax abatement, financial assistance for rehabilitation or purchase)
  - Note – included in the Planning and Housing Department’s program of work is a staff report regarding this topic, which is expected to be delivered in summer 2019

Occupancy Limitations:

- Limit occupancy based on the number of off-street parking spaces
  - Prohibit or restrict the addition of off-street parking
- Limit occupancy based on the square footage of a dwelling or bedroom
- Limit occupancy based on the number of students
- Prohibit or restrict current rentals from adding bedrooms
- Freeze the number of bedrooms on all properties (including properties not used as rentals now) as of January 1, 2019 (suggestion from SCAN representatives)
- Prohibit or restrict rentals from expanding the footprint of the dwelling
- Eliminate the roomer exemption from rental code, and require an LOC if any room is rented
- Change the definition of bedroom to match the Assessor’s definition (suggestion from SCAN representatives)

**STAFF COMMENTS:**

**The first question for the City Council to consider is whether it is satisfied with the Rental Housing Code after the repeal of the concentration cap mechanisms. If the Council believes the removal of the concentration cap raises new concerns that require changes in policy, the next step is to identify whether those concerns relate to quality of life, life safety, or enforcement. The Council can identify potential solutions to address these areas from the list provided above, or direct staff to identify new areas to study.**