

# 5

## housing & neighborhoods

### Chapter Overview

Bloomington has a strong housing market and unique neighborhoods. This chapter contains goals, policies, and programs that express Bloomington's long-term commitment to revitalizing its housing stock and neighborhoods as well as providing smart-growth, supply-end strategies for future development and redevelopment. This chapter will set the stage for Housing and Neighborhoods by considering today's context, looking into housing trends and issues, and analyzing Bloomington's neighborhoods.

### Today's Context

Within Bloomington's current housing stock, the affordability and accessibility of quality single-family and multifamily housing continue to be a concern. The impact of an expensive, high-demand housing market within multiple cohort groups is profound. According to the 2010 Census, there were 33,239 total housing units located within the City of Bloomington (estimated to be 33,338 total housing units in 2015). Of that 2010 total, 31,425 housing units, or 94%, were occupied, while only around 1,800 housing units, or 6%, were considered to be vacant. This is a sign of a healthy housing market, which typically has a vacancy rate of around 5%. Considering the 2010 Census was taken near the bottom of the Great Recession, this is indeed indicative of a robust market, as most metro areas were suffering much higher vacancy rates at that time. This market condition indicates demand is exceeding supply, a situation that can further explain the relatively high cost of housing in Bloomington. Furthermore, the vacancy rate for lower income households

may be closer to 0% as market pressures continue to increase the costs of housing.

About 50% of Bloomington's population consists of Indiana University and Ivy Tech students, causing the percentage of rental housing units to be higher than in many communities. Nationally, the Census reports that the homeownership rate is around 64%. Other college towns often have a lower percentage of population that are students, and consequently a lower percentage of rental housing. Current Census figures estimate that Bloomington's rental percentage is about 66% of the total housing units within the city. This increased rental demand has pushed apartment rents to disproportionate levels, especially compared to surrounding areas. According to the Indiana Business Research Center's 2015 report on Indiana's Housing Market, a general pattern of decline in respect to current rental vacancy (10.8%) and homeowner vacancy (2.3%) rates since 2006 indicates a tightening housing market. The 2011-2015 American Community Survey indicates an even tighter housing market for Bloomington: It sets the rental vacancy rate at 4.8% and the homeowner vacancy rate at 1.4%.

Currently, 82% of households in Bloomington spend more than 45% of their annual income on housing and transportation costs (Center for Neighborhood Technology H+T Index). Therefore, there is a concern that many residents looking for quality rental or owner-occupied housing within the City are being priced out of the market. The community must offer living options across the community



for people from a wide range of life circumstances, incomes, and capacities.

The average selling price of homes in Monroe County has increased approximately \$21,000 since 2013. In 2015, Bloomington Township saw 214 housing units sold at an average price of \$191,823. This was the third-highest number of units sold by townships in Monroe County. Bloomington fell below the average selling price for Monroe County of \$202,763, and above the statewide average price of \$159,702 (Source: Stats Indiana/Bloomington Board of Realtors, Exhibit 6). Many communities have a “missing middle” for housing types where there are not many housing options beyond large multifamily units or detached single-family units. These options include duplex, triplex, courtyard apartments, bungalow courts, townhomes, multiplex, and live/work units. Bloomington is no different. Such housing varieties used to be common in American cities, and they offer opportunities to further explore affordable housing options for Bloomington.

### Housing Trends and Issues

Bloomington’s neighborhoods are relatively diverse, both economically and by housing types, although they could benefit from greater diversity in housing types within each neighborhood. Most are stable but are trending towards a lower percentage of new single-family homes and a higher proportion of apartments. With greater density comes the opportunity to strengthen neighborhoods as active community centers. Examining housing trends and exploring

supply-side solutions to further enhance the availability of quality housing in Bloomington is an appropriate approach. The two most dominant trends in Bloomington are the decrease in construction of new, single-family, detached dwellings and the increase in multifamily residential (MFR) housing development in the Downtown area. On the multifamily side, construction of new units has been strong for many decades. However, policies in the 2002 Growth Policies Plan redirected the location of new MFR units away

## exhibit 6

Units Sold & Average Sales Price in Monroe County (2015)		
Townships in Monroe County	Units Sold	Average Selling Price
MONROE COUNTY	1,604	\$202,763
BEAN BLOSSOM	26	\$168,794
BENTON	49	\$240,408
BLOOMINGTON	214	\$191,823
CLEAR CREEK	116	\$185,009
INDIAN CREEK	8	\$168,713
PERRY	776	\$222,667
POLK	3	\$193,633
RICHLAND	215	\$162,099
SALTCREEK	11	\$349,000
VANBUREN	165	\$168,651
WASHINGTON	21	\$251,540
Statewide Average*	81	\$159,702
Source: IAR Data Warehouse		
*Statewide average does not include 15 townships in Wayne County, Indiana, as that is the only MLS/BLC that is not part of the statewide partnership that generates the IAR DW.		



from established core neighborhoods and larger tracts of land in suburban locations. Rather, new MFR construction was encouraged and guided towards Downtown and near-campus areas. In response, approximately 1,900 units or 2,500 new bedrooms have been added in these areas. The consensus in the community in 2016 is that Downtown housing is catering largely to Indiana University students. New multifamily housing projects catering largely to students must be better planned and distributed adjacent to campus or in underdeveloped commercial corridors along transit routes outside Downtown, but still relatively close to the university.

In addition to these local trends, national trends in the housing market are rapidly changing. The surge of the Baby Boomer generation into retirement, the consequent downsizing of their residential footprint, and the increase in energy and transportation costs are all factors that are shifting markets toward the need for fewer detached housing units on large lots. The desire and preference for smaller, more sustainably designed units, a growing interest in attached housing and co-housing arrangements, and the need for both physical accessibility of housing units and proximity of such units to basic day-to-day service hubs are increasingly important issues. Therefore, walkability or preference towards livability has increased significantly as a factor in housing choice for residential neighborhoods.

After many years of development that focused specifically on Indiana University students, the City has started to reevaluate housing markets across the city and especially in Downtown. Affordable housing for the community has become a major issue that both administration and City Council are working to address. Local policy makers have affirmed affordable housing as a major focus area of the City's administration, while the City Council formed the Affordable Living Committee to specifically address this challenge. Increasing housing supply, along with offering a range of housing programs for extremely low income households through (workforce) households with upwards of 120% of annual median income, to help ensure accessible mixed-income neighborhoods. Building a growing stock of affordable housing requires assuring sustainability and long term affordability so unaffordable stock is not the only option for future generations. Mixed income neighborhoods are fundamental to successful, sustained, and permanent affordable housing stock.

One area of interest the Affordable Living Committee is looking at is the number of individuals living alone. Based on 2010 numbers, they estimate about 40% of all households in Bloomington are one-person households, where 1,300 are 65+ and living alone. Furthermore, recognizing that a vast majority of residents over 50 years old desire to "age in place," the Working Group identified eight neighborhoods



along the B-Line Trail as potentially becoming naturally occurring retirement communities (NORCs). Challenges and opportunities within both the age-in-place category and the larger issue of housing affordability are a high priority.

## Neighborhoods

Appreciating Bloomington's existing neighborhoods and understanding previous neighborhood planning efforts helps to demonstrate the importance of preserving and revitalizing urban neighborhoods. It also is important to acknowledge that new neighborhoods will emerge and others may reinvent themselves and further strengthen Bloomington's livability.

Bloomington's neighborhoods are essential to a strong and economically diverse community; they further contribute to its unique character. More than 70 neighborhood associations have registered with the City's Housing & Neighborhood Development Department (HAND). The Council of Neighborhood Associations (CONA) acts as an umbrella organization that represents neighborhood associations regarding public policy development and government relations.

The 2002 Growth Policies Plan recognized the importance of preserving and enhancing neighborhoods, as well as improving the quality of life for both current and future residents. This has not changed. New neighborhoods will be established as the community grows. Embracing innovation and creativity will foster vibrant new neighborhoods. All of Bloomington's neighborhoods must avoid monocultures that serve only a small range of household incomes and attract a limited segment of the market. Monocultures are not a healthy characteristic of a community. Ensuring a diversity of housing types and serving a mix of household incomes should help define Bloomington's most vibrant neighborhoods.

Through the City's Neighborhood Planning Initiative, several neighborhoods participated in a comprehensive planning process to construct clear visions of overall needs and priorities, as well as a step-by-step outline of the methods needed to achieve their goals. The Planning and Transportation Department collaborated with the following neighborhoods to draft plans through the Neighborhood Planning Initiative: McDoel (2002), Broadview (2003), Prospect Hill (2005), and Green Acres (2006).

The Downtown Vision and Infill Strategy Plan (2005) focused on the emergent Downtown residential market. Now that 1,900 new housing units have been constructed Downtown within the past decade (almost all of them apartments), the market dynamic is shifting. More market opportunities may exist to convert single-family homes from student-rental to owner-occupied. This can allow more people to have a chance to live in urban neighborhoods, which are often closer to employment, shopping, and other amenities. This may also have the added benefit of reducing automobile traffic and the negative environmental impacts of traffic congestion.

Changing markets and consumer demands creates opportunities to consider that furthers the diversification of existing housing stock and neighborhoods. Accessory dwelling units (ADUs), tiny homes, and cooperative housing are some examples of housing options used throughout the country. Through experimentation and pilot programs the City supports ADUs, tiny homes, cooperative housing, and other housing options that address long-term affordability, aging in place, and create fewer monocultures of housing stock.

Many neighborhoods in Bloomington were developed during a span from the late 1800s through the 1950s. These older homes are generally well built and have distinctive architectural features. They also often have smaller footprints compared to more modern homes. As seen in communities across the nation, this can lead to the phenomenon of people purchasing these homes purely for their desirable urban locations and tearing down the existing structure to make way for a brand-new home, which often features an excessively large footprint and a contemporary architectural style. Such homes may not fit into the period context of their surroundings and can negatively impact the fabric of the entire neighborhood. Unchecked, this practice can lead to the large-scale loss of a community's historic integrity and also the loss of affordable housing stock. The City's Demolition Delay Ordinance was specifically developed to address this situation and protect the fabric of historic neighborhoods. Another method that municipal governments can consider for addressing this issue is historic preservation legislation. This allows locally designated areas to receive a higher level of protection through architectural plan review, historical compatibility assessment, and compliance with design guidelines. Historic preservation can effectively



contribute to affordability by keeping existing housing stock in place. (Historic housing is typically smaller than most modern structures, which improves affordability.) It allows for home improvements, protects older neighborhoods, and ensures a gradual transition that does not harm the character of a neighborhood. If the historic guidelines are enforced over time, they will stabilize older neighborhoods and protect them from neglect and incompatible in-fill development. Through re-use rather than replacement of historic structures, historic preservation can be a way to both preserve the physical heritage of the community and enhance affordability and sustainability. It is essential to consider the benefits of historic preservation alongside those of affordability, compatibility, and innovation.

The City of Bloomington has worked with many interested neighborhoods to create several historic districts that are administered through the Historic Preservation Commission. In recent years this has included the Garden Hill, Matlock Heights, and Elm Heights neighborhoods.



## Chapter 5: | Housing & Neighborhoods Goals & Policies

*Policies in this chapter respond to the adopted 2013 Vision Statement objectives to*

*“Embrace all of our neighborhoods as active and vital community assets that need essential services, infrastructure assistance, historic preservation, and access to small-scaled mixed-use centers”;*

*“Offer a wide variety of quality housing options for all incomes, ages, and abilities”;* and to

*“Meet basic needs and ensure self-sufficiency for all residents.”*

### **Goal 5.1 Housing Affordability: Sustain access to a wide range of housing types in Bloomington and strive for permanent affordability for households making less than 120% of the annual median income.**

**Policy 5.1.1:** Promote an income-diverse and inclusive city by expanding programs that serve middle-income and workforce households and by sustaining programs that serve extremely low to low-income households for long-term affordability.

**Policy 5.1.2:** Establish affordable housing in locations with close proximity to schools, employment centers, transit, recreational opportunities, and other community resources to increase access.

**Policy 5.1.3:** Encourage a wide range of housing types to provide a more diverse mix of housing opportunities and household income levels within neighborhoods.

### **Goal 5.2 Housing Planning and Design: Guide growth, change, and preservation of residential and business areas through planning policies that create and sustain neighborhood character, and that build a sense of community, civic involvement, and neighborhood pride.**

**Policy 5.2.1:** Evaluate all new developments and redevelopments in light of their potential to contribute to the overall well-being of the surrounding neighborhood.

**Policy 5.2.2:** In historic neighborhoods and districts, preserve or enhance authentic design characteristics, such as building form, by encouraging new or remodeled structures to be historically compatible with or complementary to the neighborhood and adjacent structures, including those using more contemporary design characteristics.

**Policy 5.2.3:** Design and arrange new multifamily buildings, including entries and outdoor spaces, so that dwellings have a clear relationship with the public street and operate on a pedestrian scale.

**Policy 5.2.4:** Seek to ensure that all neighborhoods enjoy reasonable access to local, small-scale commercial developments that can serve the daily needs of neighborhood residents.

**Policy 5.2.5:** Encourage diverse architectural design considerations that support a wide range, from traditional to contemporary designs.

**Goal 5.3 Housing Supply: Help meet current and projected regional housing needs of all economic and demographic groups by increasing Bloomington's housing supply with infill, reuse, and vacant land developments.**

**Policy 5.3.1:** Encourage opportunities for infill and redevelopment across Bloomington with consideration for increased residential densities, innovative design, and nontraditional housing types such as accessory dwelling units.

**Policy 5.3.2:** Enable people who are elderly and moving into later life to remain in their own homes to “age in place,” and consider options to meet their needs through shared housing, accessory dwellings, smaller homes and lots, adult foster homes, and other assisted residential living arrangements.

**Policy 5.3.3:** Support home modifications (e.g. Universal Design standards) for non-student-oriented, multifamily housing to accommodate the needs of older adults and people with disabilities, including designs that allow for independent living, various degrees of assisted living, and/or skilled nursing care.

**Policy 5.3.4:** Evaluate the cumulative impact of regulations and the development review process and how it affects the ability of housing developers to meet current and future housing demand.

**Goal 5.4 Neighborhood Stabilization: Promote a variety of homeownership and rental housing options, security of housing tenure, and opportunities for community interaction that are also aimed towards different stages of life, ages, and household incomes, and strategies that avoid monocultures within neighborhoods.**

**Policy 5.4.1:** Promote and maintain housing options within neighborhoods to ensure that a diversity of housing types, a mix of household incomes, and a variety of homeownership and rental opportunities exist, including for locally protected classes of vulnerable residents.

**Policy 5.4.2:** Enhance the appearance, safety, and walkability of sidewalks, multiuse paths and trails, and streets in all neighborhoods through proactive repair and cleaning programs to reinforce an open network connecting each neighborhood to adjacent land uses and to the city as a whole.

**Policy 5.4.3:** Turn abandoned and/or neglected properties back into neighborhood or community assets.

## Programs

### Affordable Housing

- Evaluate the range of housing types and household income levels throughout the city to identify opportunities where greater diversity in income and housing types should be encouraged.
- Conduct a residential market analysis and housing inventory to help identify gaps in current and future market demand for all income levels.
- To the extent permitted by law, develop and implement programs that require and/or incentivize affordable housing within new developments, with rezones, and with changes to development standards through land development activities.
- Seek to expand compact urban housing solutions such as pocket neighborhoods, tiny houses, accessory dwelling units, and similar housing solutions, wherever they can be implemented in a manner that does not attract primarily student populations that would adversely affect the surrounding neighborhood.
- Adopt zoning regulations that allow for flexible and safe reuse of existing structures in order to maintain or increase the city's housing supply.
- Expand opportunities for affordable housing partnerships with non-profits and the development community.
- Evaluate new development and redevelopment proposals with the goal of minimizing displacement of lower income residents from Bloomington neighborhoods and from the city as a whole.
- Adopt zoning regulations that ensure, to the extent possible, that any multifamily housing developments can successfully transition to serving other populations as the student market evolves and demand changes.
- Support the development of senior housing organized around affinities such as LGBTQ housing, Senior Arts Colony housing, and senior and intergenerational cooperative housing.
- Develop policies and enforcement programs around new housing options that assure neighborhood stability and preserve neighborhood character.

### Neighborhood Character and Quality of Life

- Identify priority street and sidewalk improvements that would make a substantial contribution to the quality of neighborhoods.
- Evaluate access to health care and other community services and amenities for older adults and people with disabilities.
- Survey existing neighborhoods to measure livability by examining the connection to neighbors for safety and assistance, home modification policies, assistance with utilities and weatherization, ease of transportation options, number of older adults who suffer from cost-burdened housing, and connection to social services as needed.
- Identify individual potential high-value properties or sites where redevelopment could significantly enhance neighborhood and community quality and consider pre-planning potential development options.



## Outcomes & Indicators

**Outcome:** Housing is affordable and well-maintained.

- Percent of dwelling units priced at various affordable levels
- Percent of dwelling units occupied
- Percent of dwelling units in poor condition
- Housing and Transportation (H +T) Affordability Index Score relative to Median Household Income
- Long-term affordability – greater than 10 years
- Percent ownership
- Percent spending more than 30% of household income on housing
- Tenure of affordability

**Outcome:** Housing access to parks, open space, and basic necessities is improved.

- Percent of population within 0.25-mile walk of public indoor or outdoor recreation space
- Walk and Transit Scores of parks, schools, community service providers, and health care facility locations (immediate care clinic/non-emergency)
- Percent of dwelling units within a 0.25-mile and 0.5-mile walk of a grocery store

**Outcome:** Neighborhood Diversity has increased.

- Index of housing by category and costs by neighborhood or census-determined geography
- Non-monoculture neighborhood characteristics
- Ratio of ownership to rental units by city and neighborhood

