

Developing and Implementing an Affordable Housing Strategy for Bloomington

The following document updates the Mayor's Affordable Housing Strategy ("Strategy"), announced in 2016, to reflect activities undertaken to date. It also identifies current and future efforts the Administration is pursuing to tackle Bloomington's affordable housing challenges.

Summary of 2016 Strategy

In 2016, Mayor Hamilton laid out a number of strategies to address the significant challenges associated with the shortage of affordable housing in Bloomington. These strategies included implementation of several short-term pilots to experiment with possible solutions as the Comprehensive Master Plan ("Comp Plan") development process continued in parallel.

The pilots proposed included: Accessory Dwelling Units (ADUs); Tiny Homes; Inclusionary Zoning; Cooperative Housing; Long Term Affordability Covenants; the Housing Development Fund; Incentives (including use of Tax Abatements, Enterprise Zone Investment Deductions ("EZID"), Tax Increment Financing ("TIF")), and other collaborations with developers.

The 2016 Strategy also clarified the Administration's commitment to explore and implement interim steps, while at the same time working on longer-term solutions for ensuring a broad and diverse housing market for our future. The 2016 Strategy makes clear the Administration's goal to make available to Bloomington residents at all income levels a menu of housing options to suit their needs, whether they want to own their own homes or rent, while encouraging a sense of community, supporting urban density, and reducing our carbon footprint.

In the 2016 Strategy, it was anticipated that the Comp Plan, as well as the updated Unified Development Ordinance (UDO), would include specific goals, policies and programs for enhancing affordable housing supply. The process for reviewing and vetting the Comp Plan began with the Plan Commission, Council and the public in 2017, and the Plan was formally adopted in March 2018. It is anticipated that amendments to the UDO will be completed by early 2019 and adoption will follow.

The 2016 Strategy additionally called for the convening of a task force to advise and steer development of affordable housing approaches in connection with the Plan Commission and Common Council.

Accomplishments 2016-2017

The Administration took bold steps toward achievement of the goals outlined in the Strategy. They include:

- Approval of 212 affordable units consisting of 422 beds for low- and moderate-income individuals, seniors and people with disabilities. These include:
 - Evergreen Village for seniors, 115 units on Sare Road
 - Crawford II built by Life Designs and overseen by Shalom Community Center, 36 units for people experiencing homelessness, at South Rogers Rd, and
 - Pedcor, with 34 units near the Trades District and the B-Line Trail downtown.
- Launch of and investments from the Housing Development Fund to incentivize affordability, which resulted in an additional 130 affordable units consisting of 145 beds with a long term affordability period of from 50 - 99 years by the end of 2017. These units include:
 - Crescent development, 102 units at Crescent Road
 - Middle Earth development, 20 units at 404 West Kirkwood
 - SCIHO development, 8 units at 1901 South Rogers
- Convening of an affordable housing task force of community stakeholders, which evolved into an internal task force which includes key staff members from HAND, Legal, Planning & Transportation, Economic & Sustainable Development and the Bloomington Housing Authority (“BHA”). Additionally, the City Council has convened an Affordable Living Committee which is evaluating Bloomington’s housing and transportation, food and healthcare, and childcare and employment needs. It is anticipated that a final report with their findings will be released by the end of 2018.
- Approval and implementation of ordinances to permit Accessory Dwelling Units (ADUs) and pocket neighborhood developments as alternative affordability options. These are now conditional approved uses in the UDO.
- Testing of various incentive structures and negotiations around actual developments to incentivize affordable housing among market rate developments.
- Formal evaluation of Community Development Funding Institutions (“CDFI”) funding opportunities and development of a CDFI Strategy to maximize investments in the community, which resulted in Bloomington becoming the nation’s first “CDFI Friendly City” in March 2018.
- Continuing to utilize tax abatement when appropriate to incentivize affordable housing in housing developments.
- The total number of housing units/bedrooms approved for construction 2016, including affordable units, was 1,003 units/1,986 bedrooms. The total number of housing units/bedrooms approved for construction in 2017, including affordable units, was 436 units/793 bedrooms.

Complicating the Administration’s efforts was the passage by the state legislature of Senate Enrolled Act 558 in May 2017, which prohibits any Indiana community from instituting inclusionary zoning as a means of formalizing an affordability component in new, market rate developments. This caused the task force to pivot its tactical approach to relying more heavily on financial and planning incentives to maximize affordability.

Other strategies still under consideration include EZID and Housing Tax Increment Financing (“HOTIF”). The city of Bloomington’s Enterprise Zone designation temporarily expired, thus limiting this option in

the short-term. An analysis of the HOTIF program revealed that it was not feasible to implement at this time, but may be considered in the future.

2018 Activities To Date

The new 2018 Comprehensive Plan, which was adopted by City Council in March of 2018, identifies several goals and policies that are embraced in this strategy document for increasing affordable housing. The Comp Plan calls for improved access to affordable housing for a continuum of needs in Bloomington, including people experiencing homelessness, and low- and moderate-income households. The Comp Plan also encourages a wide range of housing types to provide a more diverse mix of housing opportunities within neighborhoods and multi-family housing developments. With the Comp Plan adopted, the Unified Development Ordinance update is underway in order to codify the direction set forth in the Plan.

The BHA, a provider and administrator of affordable housing programs for over 50 years, continues to see disinvestment at the federal level in its housing programs, yet the need in the local community continues to grow. In July 2018, the BHA Board of Commissioners approved a strategic plan “Housing Forward 2018-2030” in response to the shifting environment for public housing operations and to set a course for the future. BHA will concentrate on three main goals: 1) advancing housing access and choice; 2) improving individual housing success and community outcomes; and 3) leading with excellence and control over the financial stability of the organization.

Additional activities undertaken in 2018 include:

- Approval of four ADUs by the Planning Department
- Approval of a pocket neighborhood development known as B-town Co-Housing Neighborhood consisting of 27 single family homes and the possibility of five ADUs.
- Support for Southern Knolls, a Low Income Housing Tax Credit (LIHTC) project consisting of 31 affordable units serving low income residents, individuals with disabilities, and the homeless.
- Working with and incentivizing local housing developers to increase the amount of affordable housing.
- Hiring of a consultant to provide guidance on the re-use of the hospital site, where the City intends to incorporate housing affordable to individuals and families at various income levels .
- Preparing an RFP for a master developer to provide guidance in the development of several city owned properties including the hospital site, city property surrounding Switchyard Park, and the Trades District.

Strategies for 2018-2019

The City continues to build in the incentives that were outlined in 2016 and explore other housing strategies to increase the amount of affordable housing in the community.

Over the next several years, the administration plans to accelerate its efforts to implement affordable housing programs, using a variety of different approaches. Efforts will focus on the following strategies to continue stimulating development of additional affordable housing options:

1. Use local incentives to encourage affordable housing and leverage those incentives to maximize additional resources. The administration intends to continue to leverage locally available incentives, including the Housing Development Fund, Tax Abatements, HOME dollars, project-based vouchers, TIF funds, and other possible incentives including density, height and planned-unit-development aspects that may encourage affordability. Use of these tools will be assessed on a case-by-case basis according to their ability to maximize other available incentives such as Low Income Housing Tax Credits (LIHTC), Federal Home Loan Bank of Indianapolis' Affordable Housing Program (FHLBI AHP), CDFI resources, New Market Tax Credits, and possible Opportunity Zone funding.
2. Execute land purchases and release Requests For Qualifications (RFQs) to help guide affordable housing outcomes at strategically important sites. The administration has pursued and purchased a number of strategically located lots which it intends to prepare for sale to private developers interested in developing with a significant affordable housing component. One such property is located next to the entrance of the city's newest park, Switchyard Park. An RFQ for bids to develop this property is planned to identify a partner developer before the end of 2018. The administration will continue to seek to augment its land inventory and has released an RFQ seeking master development/brokerage services to facilitate strategic land acquisition.
3. Evaluate existing UDO and other code updates to stimulate affordability. As part of the 2018/2019 UDO update project, and alongside requirements of quality design and best practice green features, the administration will provide clarity and improve predictability of outcomes in order to encourage developers to include affordable housing in their developments, offer diverse housing types, and/or assist the City in addressing its affordable housing challenges.
4. Follow Goals and Policies identified in Comp Plan Goal 5.1 Housing Affordability. The newly adopted Comp Plan lists specific policies and programs to improve access and increase the availability of affordable housing. The City's Strategy will align with those recommendations.
5. Increase overall housing stock to help accommodate increasing demand. Exhibit 6 of the Community Profile - Future Projections section of the Comp Plan identifies the shortage of available housing for all income levels, from less than \$15,000 to \$150,000+, anticipated over the next 22 years (to 2040). While this will be considered as new housing projects are evaluated, this Strategy focuses primarily on increasing the availability of housing stock for individuals and families with incomes at or below 120% of Area Median Income (AMI). Additionally, the City is accelerating plans to help streamline development of a variety of housing stock, including the development of a sub-area plan for the largely undeveloped Sudbury Farm area.

6. Develop data analysis to prioritize tactics according to housing need gaps. Currently, data associated with affordability both in rental and ownership housing options is complicated by the inclusion of student data. The City will be working with local stakeholders to study housing needs for all sectors of the Bloomington community.

7. Preserve and improve public housing via the Bloomington Housing Authority. To achieve housing access goals, the BHA plans to pursue HUD's Rental Assistance Demonstration Program, or RAD. RAD is a voluntary program of the Department of Housing and Urban Development (HUD). RAD seeks to preserve public housing by providing housing authorities with access to more stable funding that allows for needed improvements to their properties. Through RAD, the BHA hopes to secure financing through tax credits and private investment to access and accelerate the capital needed to renovate its 312 public housing units. It is planned that RAD will allow renovations of all 312 units within 5-7 years, instead of the current model that would forecast as much as 25 years to accomplish the same result. RAD will also allow the BHA to shift its funding platform to a project-based Section 8 model, which will add stability to its long-term operations.