Specific Areas Needing Improvement

Despite some success the administration has achieved thus far in diversifying its housing stock and in providing affordable housing options for its more at-risk populations, much work remains to be done for all of Bloomington's residents to have access to safe, affordable, accessible, and appropriate housing not just for today, but for the future as well.

Specific areas include:

A. Homeless/Very Low Income Housing. According to the State's Point in Time survey, Bloomington had 353 homeless persons in January of 2016. The lack of housing for these individuals makes their lives more difficult than necessary and they represent a social service cost to the community. Despite the best efforts of existing programs, more work is needed.

1. Centerstone provides 116 units of affordable housing for individuals with mental illness and/or substance abuse issues.
2. The Bloomington Housing Authority gives priority to individuals who are experiencing homelessness as it serves residents with very low income. The housing authority administers almost 1,400 Section 8 vouchers (with a waiting list of nearly 800 families) for housing and provides 310 public housing units across the City.
3. Crawford I Apartments is a 25 bedroom facility that provides immediate housing and access to intensive support services supported by HOME and other federal funds.

B. Low/Moderate Income Housing. Over the years, the City has utilized its Community Development Block Grant (CDBG) and HOME dollars to assist its citizens who are classified as low- to moderate-income households. Still this population is still not being adequately served in terms of having appropriate housing. For calendar year 2016, CDBG and HOME funds will be used to provide:

1. $148,000 to support seven homeowner families in purchasing or rehabilitating their homes
2. $558,000 to provide rent assistance and support developers with the rehabilitation of housing for low to moderate income individuals and families.

C. Workforce Housing. There is a need for more affordable workforce housing in the City. Unfortunately this demographic is particularly challenging for the administration to assist as the individuals who need this type of housing do not typically meet the requirements for State or Federal assistance. It is the hope that by establishing a new Housing Fund that the administration can encourage construction of more housing for this segment of the population.

D. Special Needs Housing. Housing the most vulnerable populations of our community must be a priority, including people with special needs, whether mental or physical, people without homes as well as seniors seeking to age in place.

Efforts Taken Within the Past Six Months
Recognizing the need for a range of housing options for non-students, especially those at lower income levels, the administration has taken steps in the past six months to attract additional support for the community's low income populations, contributed to the establishment of workforce housing, and cooperated with a developer to obtain funds for the City to utilize in efforts to provide affordable housing across the community.

1. Housing for Low Income Populations. The City is in the process of negotiating an agreement with Pedcor Investments to develop a LEED-certified multifamily housing complex for low-income eligible residents in the Trades District:

- To provide about 30 residences for low income households earning 50% or less of the area median income
- To protect affordability for at least 30 years and perhaps longer
- Groundbreaking expected in calendar year 2017

2. Low to Moderate Income Housing. In 2016, the city has continued its commitment to home ownership by providing Habitat for Humanity $120,000 in HOME funds to purchase two lots and construction dollars to build homes for 2 low-income families.

3. Workforce Housing. To address affordable rate workforce housing that is in short supply in the City, the administration cooperated with HM Mac Development Corporation to provide it in their recently approved development on the site of the Chocolate Moose:

- To provide 5 units of permanently affordable workforce housing
- Groundbreaking expected in calendar year 2016

4. Special Needs Housing. The administration negotiated and has approved a plan by Evergreen Partners to build a low income assisted living housing development for seniors on the southeast side of the City:

- To provide 115 units for individuals with incomes at or below 60% of area median income who need assisted care with a safe place to reside (services unavailable within fifty miles of Bloomington)
- To protect affordability for at least thirty years
- Groundbreaking expected in the fall of 2016

5. Crawford II. The administration has committed $400,000 in HOME funds to assist Life Designs with building Crawford II which is expected to break ground in 2017. This will add 35 additional permanent supportive housing units for individuals experiencing homelessness.

6. Donation of Funds. The owners of the current Dunnhill Apartments are seeking to redevelop their entire parcel of property that will increase the overall density at the site. The developer realizes that said units will only be appropriate for the student population and has voluntarily agreed to provide the City with a financial donation to use towards the development of affordable housing projects in other areas of the City.
The overall redevelopment of Dunnhill will result in the creation of 265 units with 746 bedrooms, which exceeds the permitted density under the Unified Development Ordinance by 175 units.

The Developer has voluntarily agreed to provide the City with $1,340 per each bedroom it develops on the site, but in no case shall the donation exceed $1,000,000.

The donated money will be deposited into a new City fund designed solely for the purpose of providing affordable housing in the City's jurisdiction.

The City Administration's Affordable Housing Strategy Going Forward

Bloomington has worked to help provide and support appropriate housing for all of its citizens, but much remains to be done. The administration will encourage a broad range of housing stock that includes rental, ownership, and any other available options, and that accommodates individuals with differing needs, interests, and income levels, with a special focus on expanding options for low to moderate income individuals and families (60-80% of median income), workforce housing (80-130% of area median income) and special needs housing.

Interim Pilot Steps: In the short term, the administration will focus on pilot projects with limited numbers of housing units and/or in limited geographical areas that will allow us to experiment with solutions at a modest scale while we work through the public input and approval process for the Comprehensive Master Plan and refine our current incentives to be able to do more in the area of affordable housing. We also will convene a Task Force to advise and steer development of affordable housing approaches in connection with the Plan Commission and Common Council.

1. Accessory Dwelling Units. Accessory dwelling units (ADUs) are a simple and old concept - a second smaller dwelling on the same grounds as a primary residence. Also known as 'granny flats,' 'in-law suites' or other names, they may be an apartment over a garage or in a basement, or a carriage house, tiny house etc. Whatever the physical form, they typically cannot be separated legally from the primary residence. ADUs can allow additional housing stock to be added to the overall housing supply-an added "density without intensity," merging home ownership and rental properties onto single zoning lots, creating more affordability and mixed-income levels within neighborhoods, and for example allowing more opportunities for seniors to age in core neighborhoods or in place.

The administration will ask the Plan Commission and Common Council to amend the Unified Development Ordinance as soon as possible to permit, on a pilot basis and limited to owner-occupied properties, up to 20 accessory dwelling units in certain neighborhoods or areas as well as the Residential Single-Family zoning district.

2. Tiny Houses. Tiny houses are a national trend of homes that are typically smaller than 400 square feet, and as small as 80 square feet. Their small footprints and square footage make them inherently affordable as well as typically more sustainable environmentally. Permitting tiny houses will allow individuals who may not otherwise be able to afford to own their own homes
the opportunity to do so, and may further permit a better mixing of differing socioeconomic classes.

The administration will ask the Plan Commission and Common Council to amend the Unified Development Ordinance as soon as possible to permit, on pilot basis, up to 15 tiny houses in the following zoning districts: Residential Single-Family and Residential Core.

3. Inclusionary Zoning. Inclusionary zoning refers to an approach that requires or incentivizes private developers of market rate housing to support affordable units as well, by either providing a certain amount of lower-priced, more affordable units within a proposed development, or providing affordable units offsite from the project, or contributing a monetary fee directly to support affordable units created by others.

In the short term, the administration will work with the Plan Commission and Common Council to employ strategies that encourage developers to include affordable units in their projects, or alternatively, contribute to a city affordable housing fund, based on the intensity and nature of the proposed projects. The administration will also work with the Plan Commission and Common Council to develop and implement an inclusionary zoning ordinance that will balance zoning requirements along with incentivizing developers to provide affordable housing in connection with new developments.

4. Cooperative Housing. Cooperative housing is membership-based housing programs, with membership granted by way of a share purchase in the cooperative home. Housing cooperatives let members' pool their resources so that their buying power is leveraged, thus lowering the cost per member of home ownership, which in turn allows for a greater number of individuals to own their own homes.

Cooperative housing is currently permitted in only very limited locations in Bloomington. The administration will ask the Plan Commission and Common Council to amend the Unified Development Ordinance to permit cooperative housing units in additional locations throughout the city.

5. Long Term Affordability Covenants. Affordability covenants are legal requirements associated with particular pieces of property that require the subject land to remain at a specified rate for a particular period of time. The administration will encourage the use of very long-term and/or life-of-the-building affordability covenants that range from 50 years to permanently affordable.

6. Housing Fund. The administration intends to create a new non-reverting fund with Common Council approval in which it can deposit donations or grants, like the $1 million committed in connection with the Dunhill project, or from other sources such as the Bloomington/Monroe County Housing Trust Fund.

7. Incentives: The administration will look at all forms of subsidies available at the local, state and federal levels.
1. **Tax Abatements.** Tax abatements may continue to be utilized to encourage developers to consider including affordable units in their projects. Projects located within an economic revitalization area are eligible for an abatement of real or personal property taxes. The administration will work with the Economic Development Commission and the Common Council to establish standard guidelines for when the administration will recommend tax abatements be provided to developers if a certain number of affordable housing units are provided.

2. **Enterprise Zone Investment Deduction (EZID).** The administration will use the EZID as an incentive to property owners who wish to develop or redevelop properties and include affordable units in projects that are located within a TIF area. Currently, properties in a TIF zone require Common Council approval in order to file for the EZID. A taxpayer making a qualified investment in the Bloomington Urban Enterprise Zone receives a 100% deduction of the increased assessed value.

   - The administration will collaborate with the Common Council to amend its current EZID TIF guidelines to allow for an EZID to be approved for a housing development if a certain number of affordable units are provided.
   - The administration will work with the Common Council to allow for a waiver of the 9% EZID fee for affordable housing projects that are built within a TIF zone.

3. **Tax Increment Financing.** Tax Increment Financing as well as a potential Housing Tax Increment Financing District (HOTIF) may be utilized for the construction, rehabilitation, or repair of residential units within an area, and may further be used to provide financial assistance to enable individuals and families to purchase or lease residential units within an area.

8. **Collaborations:** The administration will collaborate with developers, both for profit and nonprofit, realtors, financial institutions, landowners and housing providers to create an Affordable Housing Task Force. The Task Force, to be convened by Doris Sims, will gather and evaluate data on the Bloomington housing market, review affordable housing in other communities and recommend new ideas and initiatives that will inform our current efforts and help steer development of the UDO in 2017.

In summary, over the past eight months, a number of tools have been implemented to increase the availability of affordable housing, including tax abatement, inclusion of work force housing in a proposed development, special needs housing and a monetary contribution for affordable housing development. Over the next twelve months, the administration intends to implement additional initiatives to increase the amount of affordable housing in that period, while the longer term adoption of the CMP and the UDO is in process.