



# BLOOMINGTON

## HOUSING STUDY

July 13, 2020





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# INTRODUCTION

*When creating a ten year housing plan it must be assumed that during that time period the economy will experience ups and downs. It may occur at the beginning, middle, or end, but it definitely will change the economic dynamics for at least a short time. As this study came to a conclusion in the late-winter/spring of 2020, unprecedented times fell upon Bloomington and the country. However, none of the economic upheaval, both short and long-term, change the need to provide safe attainable housing for all residents of Bloomington. This study serves this core purpose and strives to do that on many levels with a variety of strategies.*

## Why a Housing Study

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In 2019, Regional Opportunity Initiatives (ROI) completed a housing study for the 11 county Indiana Uplands region, including Monroe County. This study offered a high-level overview of the county and Bloomington and provided general guidance to community leaders on housing issues and strategies. The City of Bloomington study was commissioned to take the analysis and strategies to a more personalized level for Bloomington.

The housing study should be a resource for the many people and organizations in the city, including:

- **City Staff.** Staff are instrumental in developing programs and policies, whether supplementing other housing initiatives or crafting new programs. The housing study provides recommendations and a road map, much like the Comprehensive Plan.
- **Regional Builders and Developers.** Builders and developers can use the study to understand the market and types of development to pursue in Bloomington, giving assurance for market demand and potential programs that can help fill financing gaps.
- **Local Employers.** Employers should recognize the quality of life for their employees. Opportunities for employers to assist in the housing market can help attract and retain employees to live in Bloomington, ultimately giving them shorter commutes and potentially less turnover in positions as employees become invested in Bloomington.
- **Economic Development Organizations.** Similar to local employers, economic development organizations can use the tools in the study to create housing partnerships and market new opportunities for the community.

## Role of the Study

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The Housing Study is designed to be a strategic and frequently-used road map to identify and meet current and future housing priorities. This tool can be used by several groups and individuals including:

- Development organizations and other groups who make policy, conceive and execute programs, and seek funding to meet housing needs
- Service providers who serve specific populations and need information to support their work and evaluate their effectiveness
- Local and county governments who establish priorities, evaluate development proposals, and establish the plans that become the basis for action
- Housing professionals, including developers, builders, real estate agents, and financial institutions who make decisions that influence the supply and construction of housing
- Employers who seek to attract talent to the region and grow their business
- Existing and prospective businesses, who use housing supply to influence their investment and location decisions
- Consumers, prospective residents, citizens, and a wide variety of other users

The role of any housing study should also be to maintain diversity and equity throughout the housing market and to eliminate any lingering effects of housing discrimination that has occurred in Bloomington in the past.

## Development of the Study

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The Bloomington Housing Study uses community outreach and market analysis to help understand the vision and needs of the region. The consultant team worked closely with the technical committee, which included representatives or advocates from the city and county.

To better understand what is happening in the Bloomington market, a series of listening sessions were held over three days, and a survey was distributed that targeted the city's landlords. Building on the community input, a wide variety of sources were used to develop the demographic and economic analysis. These included:

- The U.S. Decennial Census and American Community Survey
- State of Indiana Management Performance Hub (MPH) data
- County and city data on building activity
- Existing studies completed by economic development organizations, counties and cities
- County GIS Departments
- USGS and NRCS mapping data

## EXECUTIVE SUMMARY

*At a basic level, the Bloomington Housing Study evaluates and identifies strategies to address housing issues throughout the city. Through interviews, community tours, and market analysis this process unveiled the market gaps and desires of residents and stakeholders. Many of the gaps have only been further highlighted by the events of 2020, supporting the need to continue to move forward. The following is a summary of what can be found in each of the three chapters and the major takeaways from those chapters.*

### Bloomington Today - Chapter One

Chapter 1 looks at where Bloomington is today and is a snapshot in what is a fluid market. The chapter tries to better understand this fluidity by assessing historic trends, population demographics, the economy, where and what types of housing exist today, and conditions of the housing market. Building on this and an understanding of current challenges and opportunities a forecast of future needs is estimated.

#### CHAPTER 1 TAKEAWAYS

*While Bloomington's cost burdened households declined since 2010, many neighborhoods are still paying more than 30% of their income to housing.*

Over 60% of renter households and nearly 30% of owner-occupied households in Bloomington are cost burdened. The highest percentage of cost burdened residents mirrors that of census tracts with very high value to income ratios, the measure of an areas affordability.

*Median household income jumped 26%, nearly double that of increases in home values and rent costs.*

Bloomington's median income lags behind peer communities, but outpaced many comparable cities in growth to attempt to close the gap. Since 2010, the city's median income increased just over 26%. This increase in income was double the increase in home values and rental rates.

*The greatest shortage of units is for households making less than \$25,000.*

This price point is not usually supplied by the market and requires additional subsidies to construct. It is important to note households making less than \$25,000 include some retirees living on fixed incomes with no mortgages remaining. Students receiving housing assistance from parents or through student loans also make up a small portion of this population. Producing housing for this market is the most challenging; therefore preservation of existing affordable housing is essential.



*Bloomington continues to grow at a steady rate.*

Bloomington has been growing at a very consistent rate since 1980 - between 1.3 and 1.9% annually. The population has also steadily grown from about 53% of Monroe County's population to 57%. This growth is strong and sufficient to support continued economic progress.

*Bloomington's population has remained young and is beginning to retain the student population after graduation.*

Despite retaining more young professionals in the 25 to 34 age group, Bloomington lost population in the college age cohort between 2010 and 2018. In 2010 a large number of Millennials were in their early college years. Most of this population has moved into the older age cohorts and the generation following them is smaller.

*Over the next decade, Bloomington will need an additional 2,592 units to support projected population growth.*

If Bloomington continues to grow at a steady rate of 1% the population will reach just over 90,000 by 2030. As a result, Bloomington will need to construct an average of 236 units per year. This is a slower pace than estimated in the City Comprehensive Plan but allows the city to ramp up production and focus that production on a greater variety of unit types than have been produced in the past decade. To reach this level of production with fewer student housing units being produced will be a shift and require action by many different partners.

*Homes sales have remained steady over the past few years, but median sales price continues to rise.*

Since 2016 home sales have remained around 1,900 sold annually. Median days on market has dropped from 39 to 31 while median sales price has jumped from \$167,000 to \$217,000 in 2019. This reflects a tight buyers market constrained by an unchanging supply. It appears that in the early months of the COVID-19 crisis the number of interested buyers has not decreased.

*The number of available rental units is far below the estimated city vacancy rate.*

Bloomington's estimated vacancy rate according to the American Community Survey is almost 9%. However when asked in the landlord survey the number of vacant units compared to total units, respondents indicated a rental vacancy rate of just below 2%. Traditionally, vacancy rates in the 5% to 6% range ensure some opportunities for new residents to the market and avoid price inflation due to high demand. Lower dorm occupancy in the 2020-2021 school year will only lower the vacancy rates.



## Where We Want to Go - Chapter 2

Chapter 2 identifies the opportunities and challenges based on the market analysis and community input summarized in Chapter 1. These are articulated as the themes at both a city-wide and neighborhood level. Based on these themes, overarching housing goals were identified. These goals were reviewed and confirmed by the committee.

### Strategic Housing & Neighborhood Goals

#### *Identify policies for sharing risk on development of new “affordable lots”*

Current lot development costs, which include installation of water, sewer, stormwater, and streets at a minimum, make it difficult to produce lots on which affordable housing can be built. For the private development community, these costs have to be recouped in the final sale of the home. For the construction of lower price point owner-occupied housing, densities will have to be increased and/or lot costs will have to be shared or mitigated.

#### *Find ways to streamline the development review and approval process*

During the public engagement process, many noted that the approval process a number of review steps that add costs for the development community. During the late winter of 2020, a new UDO was approved and this may streamline the process but has not yet been fully tested. Good, quality development should always be a top priority for a community, but streamlining the processes and relying on well qualified staff should lower soft costs, especially for housing that is focused on price points affordable to those making less than \$100,000 a year. The process should be reviewed in the coming year to confirm that the new UDO is achieving this goal.

#### *Leverage older commercial corridors for higher density residential development*

Retail markets are changing, and even before the closers of 2020 the news was full of mid-size to large box retailers that had gone out of business over the last several years. These sites offer a great opportunity to connect housing to existing commercial services. Older commercial corridors should be evaluated for infill opportunities to create additional housing and more walkable environments. These types of efforts also further the city’s sustainability goals through the use of existing infrastructure and reducing car dependency. The city may also consider tools that provide permanently affordable units, especially if the city is assisting in any way with a redevelopment project.

### *Secure and conserve existing housing as away to provide affordable housing and reduce the impact on the environment.*

A city's existing housing stock is its best source of affordable housing. Removing older housing often results in the removal of an affordable unit but also adds to the city's carbon footprint. The most environmentally sustainable housing unit is the one that does not have to be built. At the same time, many older homes are not as energy efficient, therefore the community must continue to find ways to invest in energy efficiency improvements to all older housing units.

### *Establish education program for tenants and land lords*

Bloomington specifically has a large number of residents who are entering the housing market for the first time in their lives. Being responsible for a living unit is a new experience for them and they are often running into conflicts with neighbors and landlords. An education program should have two focuses:

1. How to be a good tenant and what it means to be a good neighbor.
2. What are your rights as a tenant, what are the leasing laws in Indiana, and what are your responsibilities as a tenant.

### *Maintain neighborhood character while adding housing options to existing neighborhoods*

Adding density to existing areas can be a key strategy to providing affordable housing, but this must be balanced against the concerns of neighbors over their existing quality of life. Corners cannot be cut, housing and infrastructure must be built to standards that are going to last for decades, and neighborhood character must be respected to ensure continued investment in existing housing. Establishing predictability for existing residents while balancing the demand for additional housing will be essential to ensuring strong neighborhoods. The new UDO is a step in this direction and should be reviewed after a period of implementation for effectiveness around this goal.

### *Leverage opportunity sites to expand housing options within the city*

The city has a unique opportunity with the hospital site and Switchyard Park. The hospital site is a tremendous opportunity to add housing variety within the heart of the city. Additionally, investments like Switchyard Park can create significant investment interest, especially along the Walnut Street side of the Park and in older more deteriorated neighborhoods surrounding the park. Planning for these opportunities now should ensure a mix of permanently affordable and market rate housing options.

### *Encourage new development in existing communities*

The cost and ability to extend infrastructure is not getting cheaper. Communities will need to find ways to leverage existing infrastructure. Policies and incentives should encourage new development in existing centers and on existing services. Lower density housing that is not on city services will still be demanded by the market, but these types of developments have limited ability to support needed services through the property taxes they generate and therefore should not be encouraged or receive incentives.



## Achieving Our Goals - Chapter 3

Chapter 3 outlines the strategies for achieving the city's housing and neighborhood goals and how those may be applied to specific neighborhood theme areas. Every housing project is different and, therefore, one perfect solution cannot meet a communities needs. Different strategies outlined in the Chapter 3 may have to be used at different times. The following is a summary of the priorities that underly some of the key strategies and goals.

### *Development of a Housing Partnership*

Addressing the housing issue cannot be accomplished solely by the city. Through meaningful partnerships a greater impact can be achieved. This may begin by bringing key community members/leaders (as identified in chapter 3) together as a committee to lead this initiative. This may be initiated by the City, but ultimately the city is a member of the partnership and may not be viewed as the leader.

### *Development of a Pool of Funding*

In order to leverage the local, state, and federal dollars assigned to affordable housing a pool of funding, much like an economic development pool, should be established. This funding leverages existing dollars for greater impact and should have a higher level of flexibility to target projects that cannot qualify for assistance but meets demand for housing variety. This pool, which can be established as a lending consortium, a housing trust fund, or simply as an economic development fund targeted at housing for those making less than 120% of the Area Median Income, can be used to support many of the strategies outlined in Chapter 3.

### *Formation of a Nonprofit Housing Developer*

The purpose of a nonprofit developer is to work in those markets or price points where the private market cannot find success. Habitat for Humanity and Summit Hill community Development Corporation do some of this work but they have specific missions and limited capacity. A new non-profit should expand the work being done in the area of affordable housing, especially around preservation of existing affordable housing.

### *Annual Review*

On an annual basis this plan should be reviewed, likely by the housing partnership. Themes outlined in Chapter 2 should be assessed related to progress and results from implementation of strategies in Chapter 3 reviewed. Specifically, in the next year or two, the impact of the new UDO related to increased predictability for concerned neighborhood and streamlining of the review and approval process should be assessed.

### *Continue to Look for New Opportunities and Resources*

As part of the annual review, new opportunities and resources should be reviewed and discussed. Just because a strategy is not specifically identified in this study does not mean it would not be good or effective for the community. Ultimately any strategy, policy, and initiative should be assessed based on the goals identified in Chapter 2 and if it supports one or more of those goals it should be vetted for implementation.





# CHAPTER ONE

## WHERE ARE WE TODAY

MARKET AND DEMOGRAPHIC ANALYSIS

ISSUE AND OPPORTUNITY IDENTIFICATION

PROGRAMS AND SERVICES TODAY



# WHERE ARE WE TODAY

*The careful examination of Bloomington today - its historic trends, population, demographics, economy, and housing market condition- led to an understanding of current challenges, forecast future needs, and articulate a program to strengthen Bloomington's housing and neighborhoods. This chapter summarizes the characteristics of Bloomington that strongly impact the housing market. A thorough understanding of these characteristics provide the first steps in crafting the housing and neighborhood plan.*

## Market and Demographic Analysis

This section reviews Bloomington and Monroe County's demographic trends including population, housing characteristics, income, employment, affordability, and housing demand. Combined, they have a tremendous impact on the nature of the local housing market.

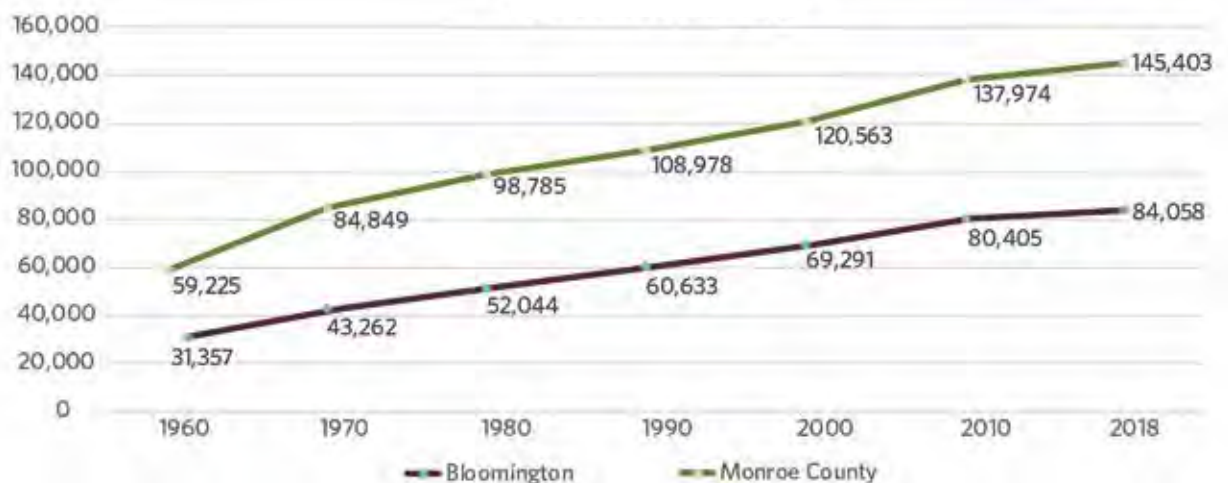
While the 2010 decennial census provides more accurate demographic data for a specific point in time, its information is increasingly outdated and therefore less relevant to current conditions. In most instances, this study uses the 2018 estimates from the American Community Survey to show current trends.

## Population Characteristics

### Historic Change

Understanding the historic population change provides context for how the community has grown and a trajectory for future growth and development. Bloomington and Monroe County have experienced steady growth rates over the past 60 years. Since 1960 the county has more than doubled the population from 59,225 to an estimated 145,403 in 2018. Growth during the 1960s likely reflected the large number of Baby Boomers entering their college years, with college enrollments around the country jumping. Bloomington maintained this population and continued to grow even as the smaller Generation X entered their college years in the 1980s and early 1990s.

**Figure 1.1: Historic Population Change 1960-2018**

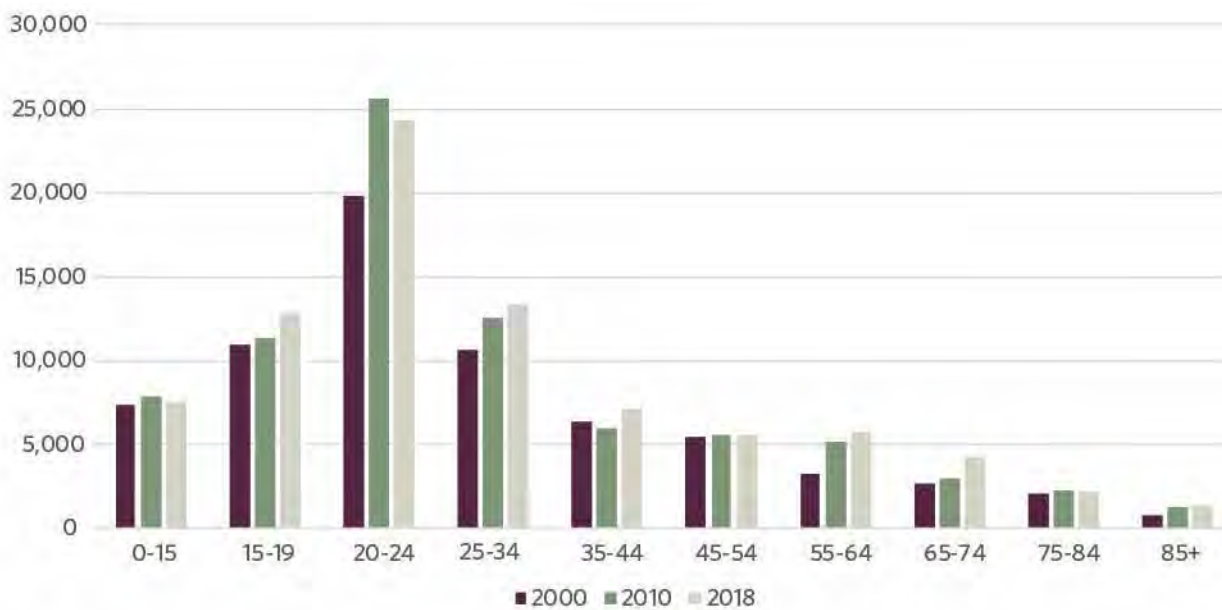


Source: U.S. Census Bureau

### Trends in Age Group

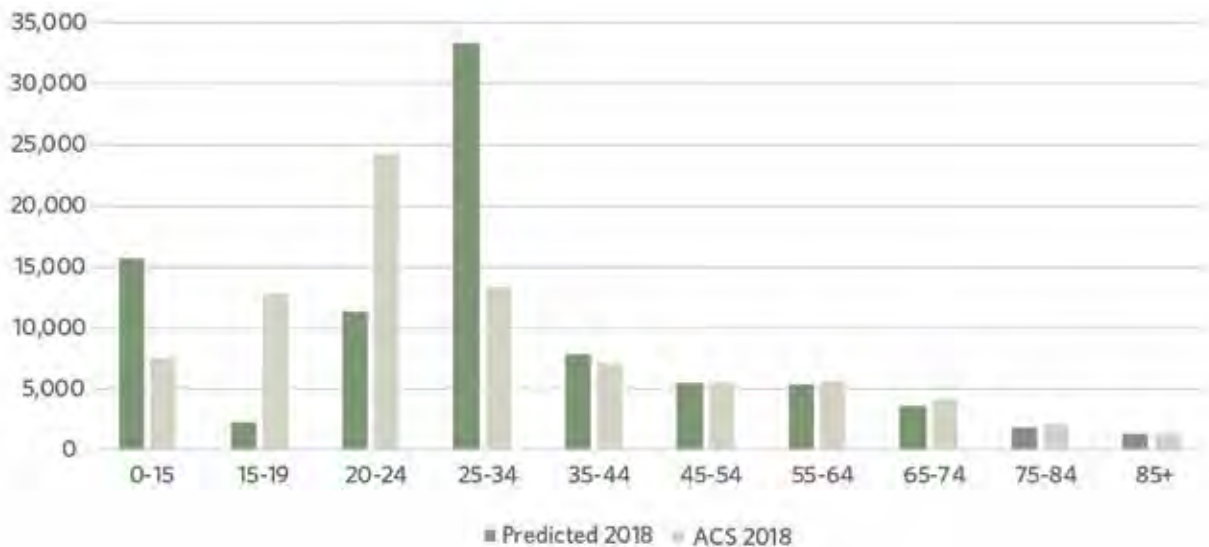
Figure 1.2 shows population change by age group from 2000 to 2018. The growth that occurred among 55-74 year olds likely reflects Baby Boomers moving into these cohorts. In 2010 the first Baby Boomers were just turning 65. The loss in population among 20-24 year olds may be caused by several factors. The University's student population remained constant between 2010 and 2017, excluding variation in the number of students as the principal cause. It could reflect an undercount by the Census in this population, but it may also reflect cost of living issues. For non-student residents in this age range, finding affordable housing can be a challenge, given the lower wages characteristic of younger households. Figure 1.3 illustrates a comparison of 2018 ACS estimated population versus the population predicted by 2010 census assuming no migration between 2010 and 2018. Traditionally student populations will replace themselves on an annual basis. When communities can retain a small portion of those graduates, growth in the base population occurs along with increases in the under 15 population.

**Figure 1.2: Population Change by Age**



Source: 2018 American Community Survey

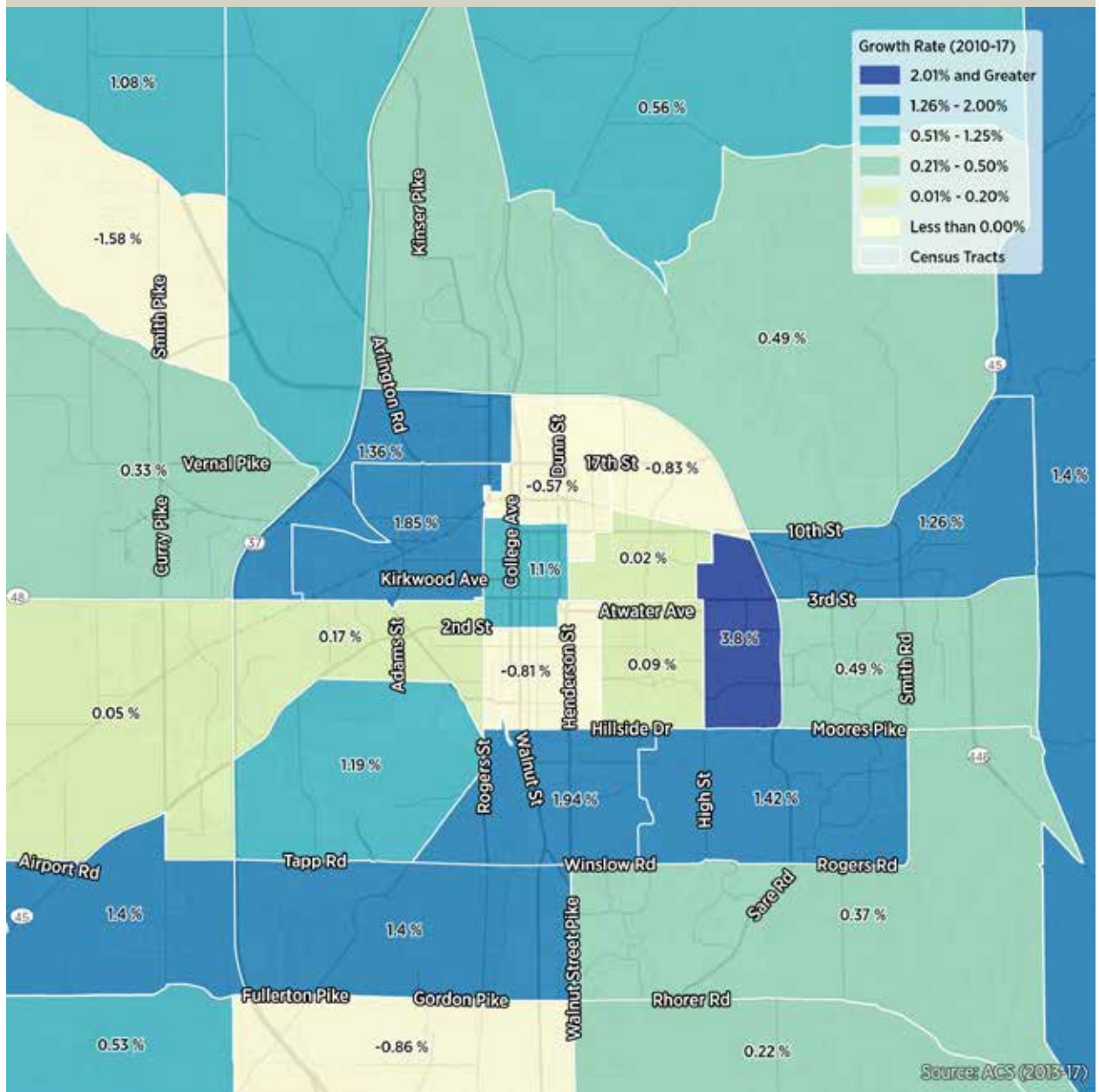
**Figure 1.3: 2018 Predicted versus Actual Population**



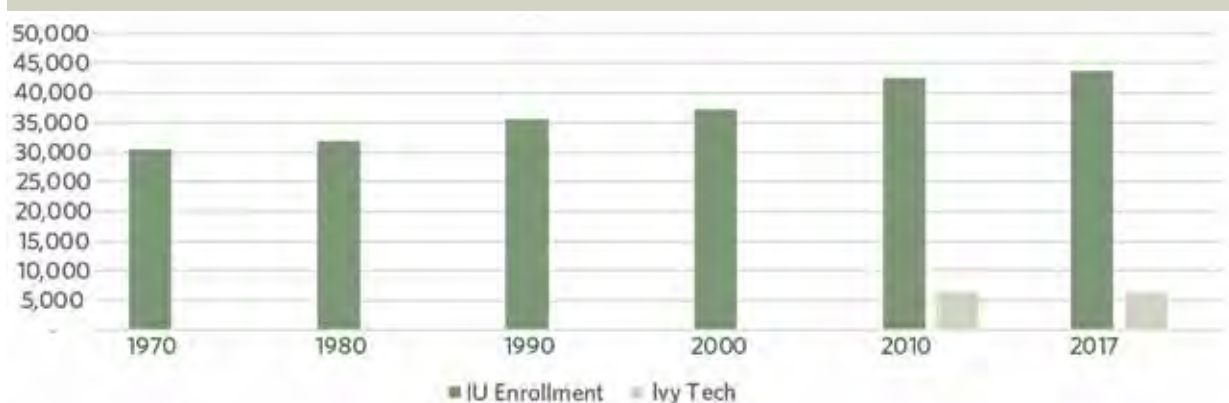
Source: U.S. Census Bureau



**Map 1.1: Growth by Census Tract 2010-2017**



**Figure 1.4: Indiana University and Ivy Tech Enrollment 1970-2017**



Source: Indiana University and Ivy Tech

## Student Population

The student population is an important part of the market, and in the opinion of many, receives the most attention from the development community. Indiana University students account for about 50% of the city's total population and another 6,200 students are enrolled at Ivy Tech. IU student enrollment peaked in 2016-2017 at 49,695 students. Many universities predict that student enrollment will level off and may even decline over the next decade. This reflects the overall decline in population for the generation entering college-age years and not related to changes in the economy or recruitment.

## Peer Community Comparison

Five communities were identified as peer communities to Bloomington. The criteria for selection included regional proximity, population size, and similar university cities. Since 2000 universities experienced growth as Millennials entered their college years. However, all sampled cities except East Lansing experienced very strong growth rates beyond student population growth. For these cities, the exiting of Millennials from college and a much smaller generation following them could have a large impact on population unless they continue to attract workers and retirees.

**Figure 1.5: Peer Communities Population Change, 2000-2018**

|                              | 2000    | 2010    | 2018    | Change<br>2000-2018 | % Change<br>2000-2018 |
|------------------------------|---------|---------|---------|---------------------|-----------------------|
| <b>Bloomington, IN</b>       | 69,291  | 80,405  | 84,058  | 14,767              | 21.3%                 |
| % of 15-24 year olds         | 44%     | 46%     | 44%     |                     |                       |
| <b>Monroe County, IN</b>     | 120,563 | 137,974 | 145,403 | 24,840              | 20.6%                 |
| % of 15-24 year olds         | 31%     | 32%     | 30%     |                     |                       |
| <b>Iowa City, IA</b>         | 62,220  | 67,862  | 74,566  | 12,346              | 19.8%                 |
| % of 15-24 year olds         | 36%     | 36%     | 34%     |                     |                       |
| <b>Johnson County, IA</b>    | 111,006 | 130,882 | 147,001 | 35,995              | 32.4%                 |
| % of 15-24 year olds         | 27%     | 24%     | 24%     |                     |                       |
| <b>Champaign/Urbana, IL</b>  | 103,913 | 122,305 | 129,166 | 25,253              | 24.3%                 |
| % of 15-24 year olds         | 36%     | 36%     | 35%     |                     |                       |
| <b>Champaign County, IL</b>  | 179,669 | 201,081 | 209,448 | 29,779              | 16.6%                 |
| % of 15-24 year olds         | 27%     | 27%     | 26%     |                     |                       |
| <b>Lafayette, IN</b>         | 56,397  | 67,140  | 72,444  | 16,047              | 28.5%                 |
| % of 15-24 year olds         | 18%     | 17%     | 15%     |                     |                       |
| <b>Tippecanoe County, IN</b> | 148,955 | 172,780 | 189,294 | 40,339              | 27.1%                 |
| % of 15-24 year olds         | 29%     | 28%     | 28%     |                     |                       |
| <b>East Lansing, MI</b>      | 46,525  | 48,579  | 48,374  | 1,849               | 4.0%                  |
| % of 15-24 year olds         | 60%     | 64%     | 64%     |                     |                       |
| <b>Ingham County, MI</b>     | 279,320 | 280,895 | 289,564 | 10,244              | 3.7%                  |
| % of 15-24 year olds         | 22%     | 23%     | 23%     |                     |                       |
| <b>Madison, WI</b>           | 208,054 | 233,777 | 252,086 | 44,032              | 21.2%                 |
| % of 15-24 year olds         | 24%     | 22%     | 24%     |                     |                       |
| <b>Dane County, WI</b>       | 426,526 | 489,309 | 529,843 | 103,317             | 24.2%                 |
| % of 15-24 year olds         | 18%     | 17%     | 17%     |                     |                       |

Source: U.S. Census Bureau; RDG Planning & Design

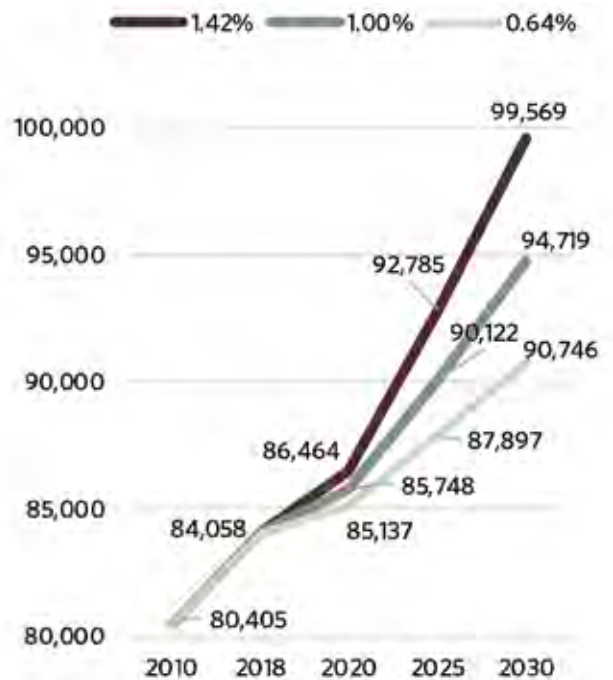


## Population Projection

The Indiana Uplands Regional Housing Study projected population based on a 2017 estimated population. This study projects population based on the same assumptions as the Upland's Study using the updated 2018 U.S. Census population estimate:

- Bloomington has seen steady rates of growth since 1980 averaging 1.5% annual growth.
- Over the next 10 years, if the student population held steady and the city's permanent population grew by 1% annually, the city would reach a population of nearly 95,000 by 2030.
- This rate could be higher if greater housing diversity that supports households at different stages of life can be provided.

**Figure 1.6: Bloomington's Projected Population**



Source: U.S. Census Bureau; RDG Planning & Design

## Retiree and Senior Population

Nationally, the number of individuals moving into their retirement years over the next 10 years will be at the highest rates in history. This population shift will have a significant impact on the housing market. Figure 1.7 outlines the projected population change for the 55 and older age groups by 2030. The population is projected using natural change with a migration factor equivalent to what was experienced in 2010. Of the three age groups, the greatest growth will occur in the cohort 75 years and older (nearly 86%). This is mostly the result of the Boomer generation aging into their later years. At the same time a decline will occur in 55 to 64 year olds as this generation is smaller than the Boomers. The impact this may have on the housing market includes:

- Some seniors may choose to age in place increasing both the demand for additional in-home services and the need to renovate existing homes to accommodate changes in mobility.
- A portion of this population will look to move to housing that offers reduced maintenance and greater connectivity to their community and peers.
- National market trends indicate aging Boomers are more likely to use in-home services, reducing the need for assisted living and skilled nursing units. For this reason, the demand for these units is not expected to substantially increase in many markets.

**Figure 1.7: Projected Population Change 55 and Over**

|                          | 2018   | 2030   | Change | % Change |
|--------------------------|--------|--------|--------|----------|
| <b>55-64</b>             | 5,693  | 5,471  | -222   | -3.9%    |
| <b>65-74</b>             | 4,209  | 4,968  | 759    | 18.0%    |
| <b>75 and Over</b>       | 3,495  | 6,490  | 2,995  | 85.7%    |
| <b>Total 55 and Over</b> | 13,397 | 16,929 | 3,532  | 26.4%    |
| <b>Total 65 and Over</b> | 7,704  | 11,458 | 3,754  | 48.7%    |

Source: 2018 American Community Survey; RDG Planning & Design

## Housing Characteristics

### Housing Occupancy

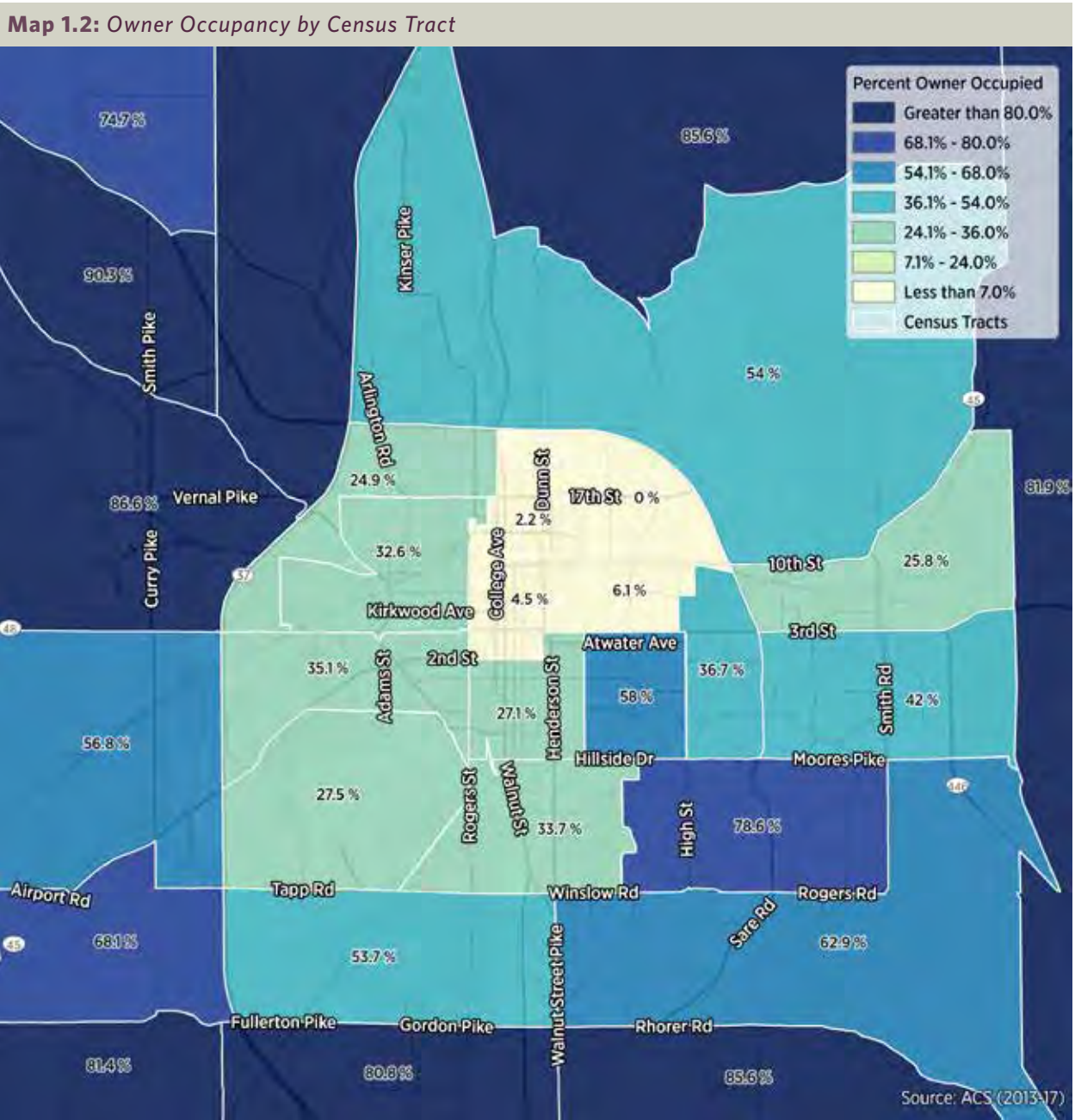
Since 2008, the majority of communities have seen more rental units added to the market than owner-occupied units. This is the result of such trends as more restrictive underwriting standards after the 2008 financial crisis, lack of resources for down payments, and more young households entering the market as renters out of preference or necessity.

The census estimates that the number of vacant units has increased and that half of the vacant units are for rent. Bloomington's rental market is not like other markets in the region. In university communities, vacancy rates fluctuate seasonally, with higher vacancy during the summer. The 2020 Census should provide a better snapshot of the city's true vacancy rate as long as students complete the Census as Bloomington residents. Figure 1.8 compares Bloomington's housing occupancy to other cities in the larger region using American Community Survey (ACS) data from the Census Bureau. Additionally, as part of this study, landlords were surveyed and asked how many units they had vacant. Based on the respondents to the survey, the city's rental vacancy rate remains very low, likely lower than the 9% estimated by the ACS.

**Figure 1.8: Bloomington's Housing Occupancy\* Against Comparison Cities, 2018**



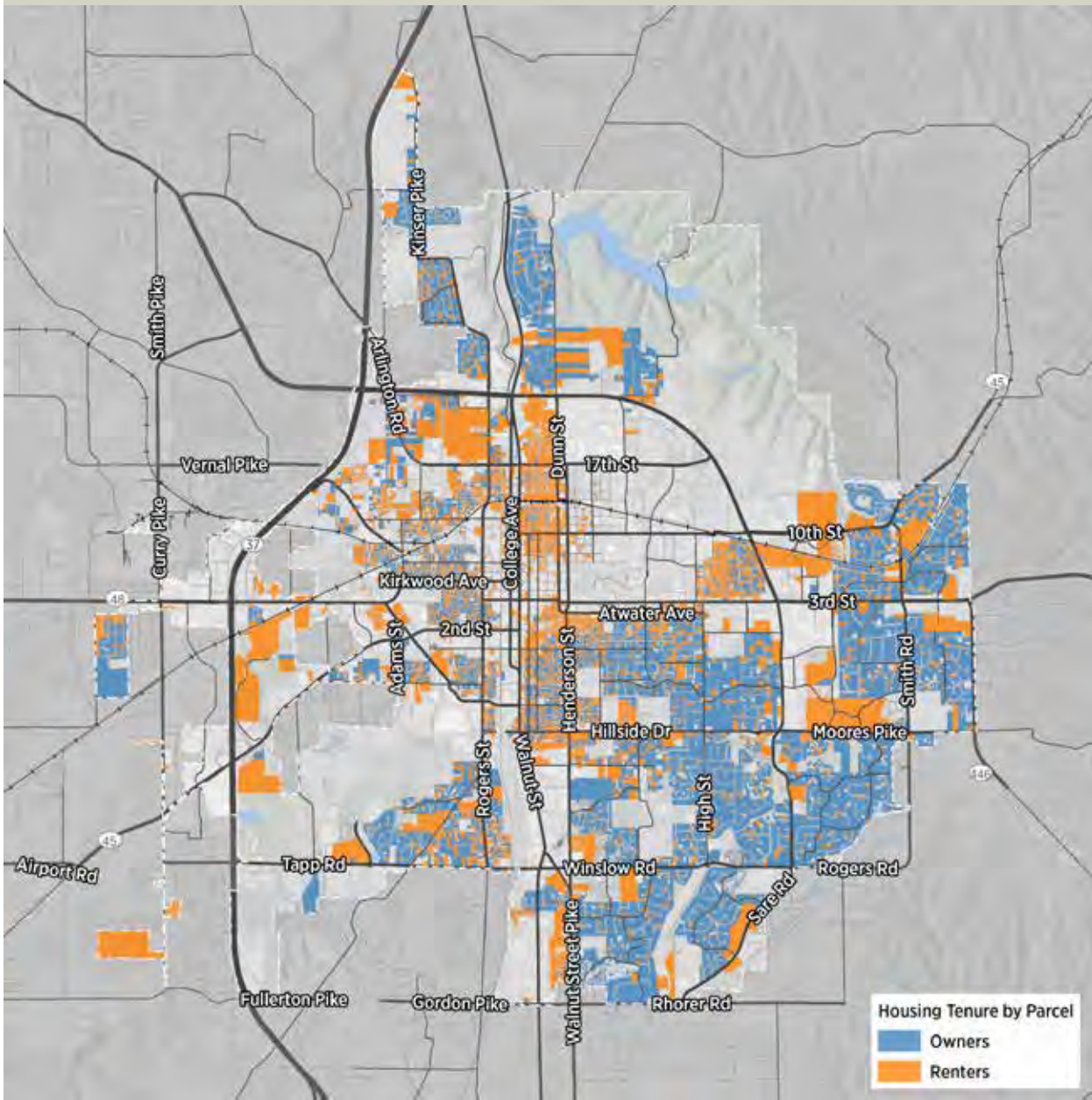
\* Owner/renter split is based on total occupied units and vacancy rate is that of all units  
Source: 2018 American Community Survey



Map 1.2 breaks down owner-occupancy by census tract, while Map 1.3 offers a more detailed view of owner and renter occupancy (tenure) by parcel. Neighborhoods closest to the University have some of the highest rental rates, but a central neighborhood like that south of Atwater Avenue maintain a high level of owner occupancy. The city has a number of neighborhoods that are very homogeneous with very few areas that have a variety of housing options.



**Map 1.3: Housing Tenure by Parcel**



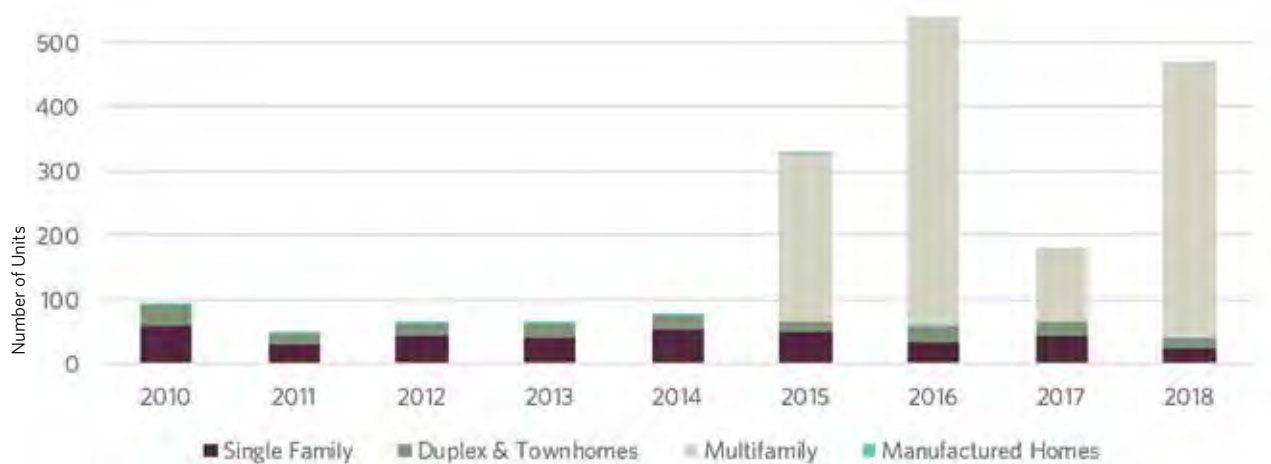
Source: 2020 Monroe County & RDG Planning & Design

## Construction Activity

Figure 1.9 breaks down construction activity by housing type.

- Multi-family permit data is only tracked for buildings and not individual units, but beginning in 2015 fees per unit were provided. Multi-family construction has dominated the market since 2015.
- The number of single-family units is well below Monroe County as a whole, which totaled 1,203 since 2010 compared to 386 in Bloomington. Stakeholders noted a tight lot supply for building new single-family and those permits are half of what occurred in 2015.
- From 2010 to 2015, only 10 manufactured homes were added to the market.

**Figure 1.9: Building Construction Activity 2010-2018**

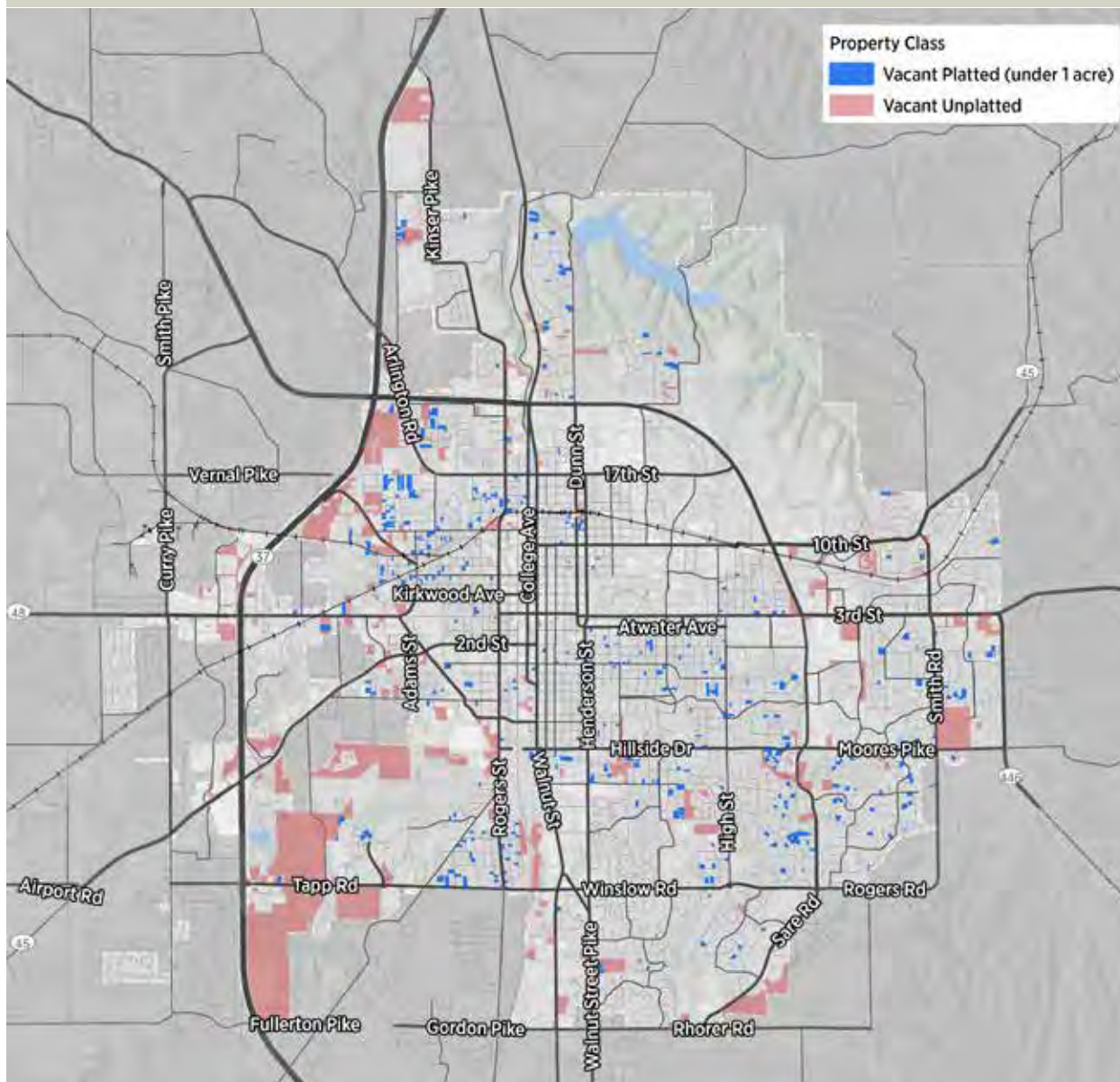


Source: Monroe County

## Lot Availability

A lack of development ready lots was a frequently mentioned issue during stakeholder discussions. Map 1.4 shows where vacant land and lots are available in the city based on City GIS data. There are approximately 565 platted lots under one acre in size. Platted lots usually have access to water and sewer services. There are another 1,104 acres of vacant land within the city. Some of this land may be within floodplains or have other issues related to development but most of this land is feasibly developable. If all the current vacant land were available and developed at an average gross density of 4 units per acre (corresponding to a net density of about 6 units per acre allowing for streets, parks, commercial area, and other non-residential uses), it could accommodate about 4,400 units, or about a 15 year supply. The city's current gross density is approximately 2.5 units per acre. Therefore, more efficient land use patterns and an increase in density over traditional development will be necessary to meet future housing needs effectively. (see Figure 1.18: Housing Demand Summary).

**Map 1.4: Plat Status of Vacant Land**



Source: 2020 Monroe County & RDG Planning & Design

## Home Sales

Home sales over the past eight years reinforce the perceptions of many stakeholders:

- Demand for owner-occupied housing has rebounded since the "Great Recession." Since then, buyers are re-entering the market at a record pace.
  - » Increased demand has shortened the number of days quality homes will be on the market. Buyers noted having to look at homes the day they went on the market.
- Sale prices have steadily increased and owners are pricing homes higher.
  - » Since 2012, the median sale price in Monroe County increased by 42%, at the same time, the Census estimated median household income only increased by 22%.
- Sale prices in Monroe County are well within the range to support new construction. Rising values may indicate a shortage of housing priced below \$200,000.

**Figure 1.10: Home Sales, Monroe County**

|                              | 2012      | 2013      | 2014      | 2015      | 2016      | 2017      | 2018      | 2019      | % Change |
|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|
| <b>Listings</b>              | 1,462     | 1,629     | 1,523     | 1,731     | 1,906     | 1,896     | 1,914     | 1,905     | 30%      |
| <b>Median Days on Market</b> | 54        | 45        | 50        | 48        | 39        | 32        | 31        | 31        | -43%     |
| <b>Median List Price</b>     | \$159,000 | \$154,900 | \$159,900 | 169,900   | \$169,950 | \$179,900 | \$199,900 | \$220,000 | 38%      |
| <b>Median Sale Price</b>     | \$152,000 | \$149,900 | \$155,000 | \$162,500 | \$167,000 | \$178,000 | \$197,750 | \$217,000 | 42%      |

Source: 2019 MLS

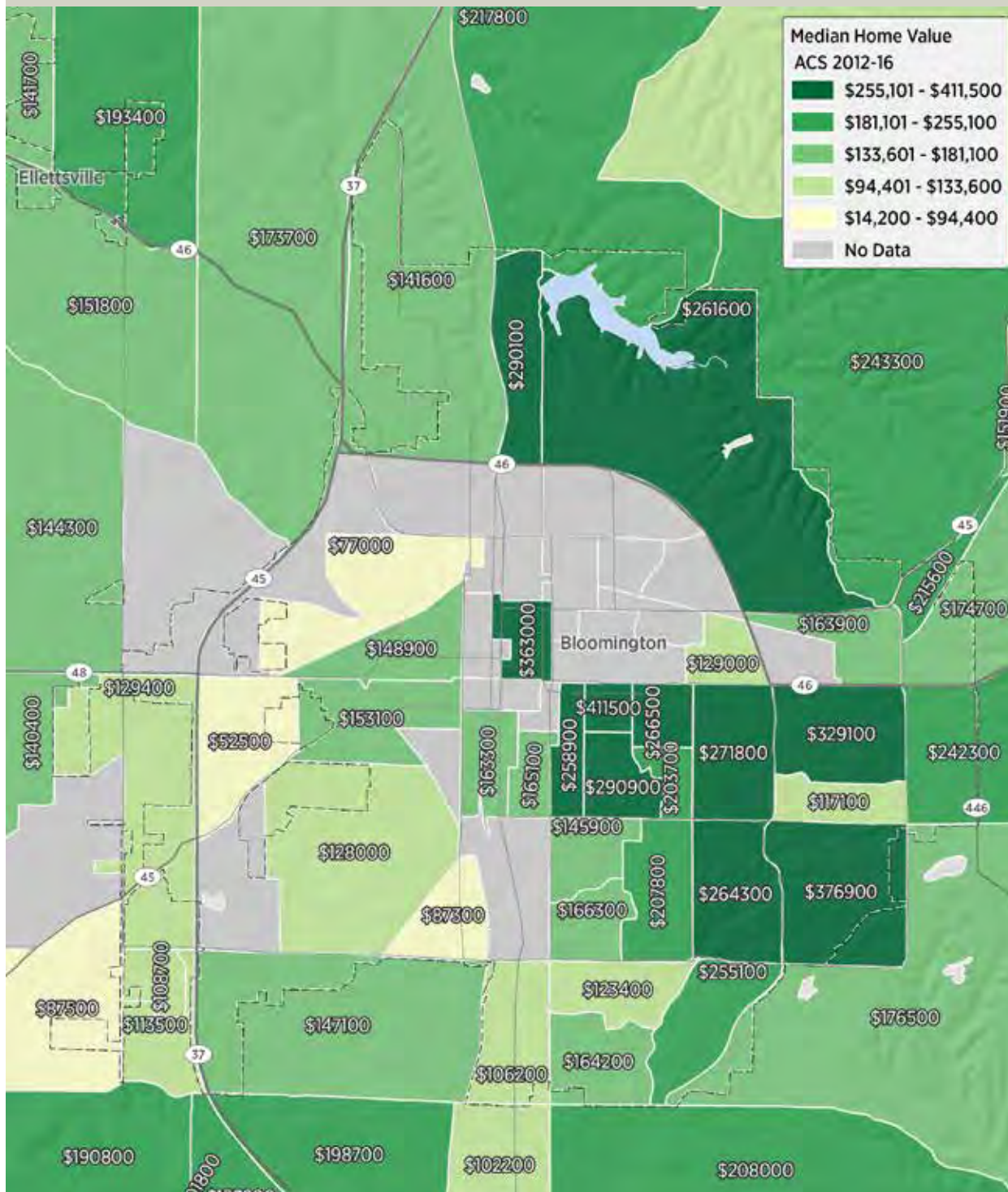
**Figure 1.11: Median Home Value**



Source: 2018 American Community Survey



**Map 1.5: Median Home Value by Census Block Group**





The census also tracks median home values. This rate typically trails median sale prices because it includes all owner-occupied units in the city, including older units that may not have been on the market for many years. Figure 1.11 compares Bloomington's home median home value to comparable cities and Map 1.5 illustrates housing costs by census tract.

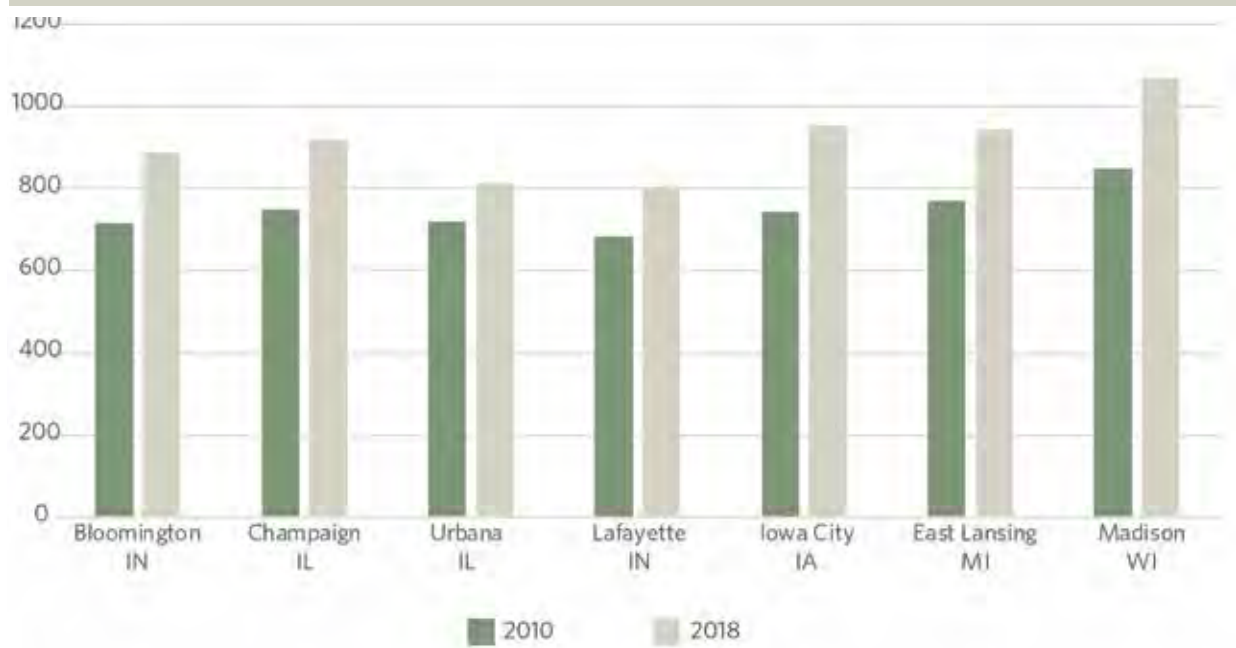
- Bloomington's 2010 median home value was exactly in the middle of the peer cities presented in Figure 1.11.
- While the city's percentage increase was higher than most cities, the city rank in home values remained the same.
- Median home values are the highest in the eastern and northeastern Census tracts. Some Census tracts had sample sizes that were too small to share.

### Contract Rent

Contract rent is the rent agreed upon regardless of any furnishings, utilities, or services that may be included. Figure 1.12 compares Bloomington's contract rent with that of comparable cities and Map 1.6 illustrates rental rates by Census Tract.

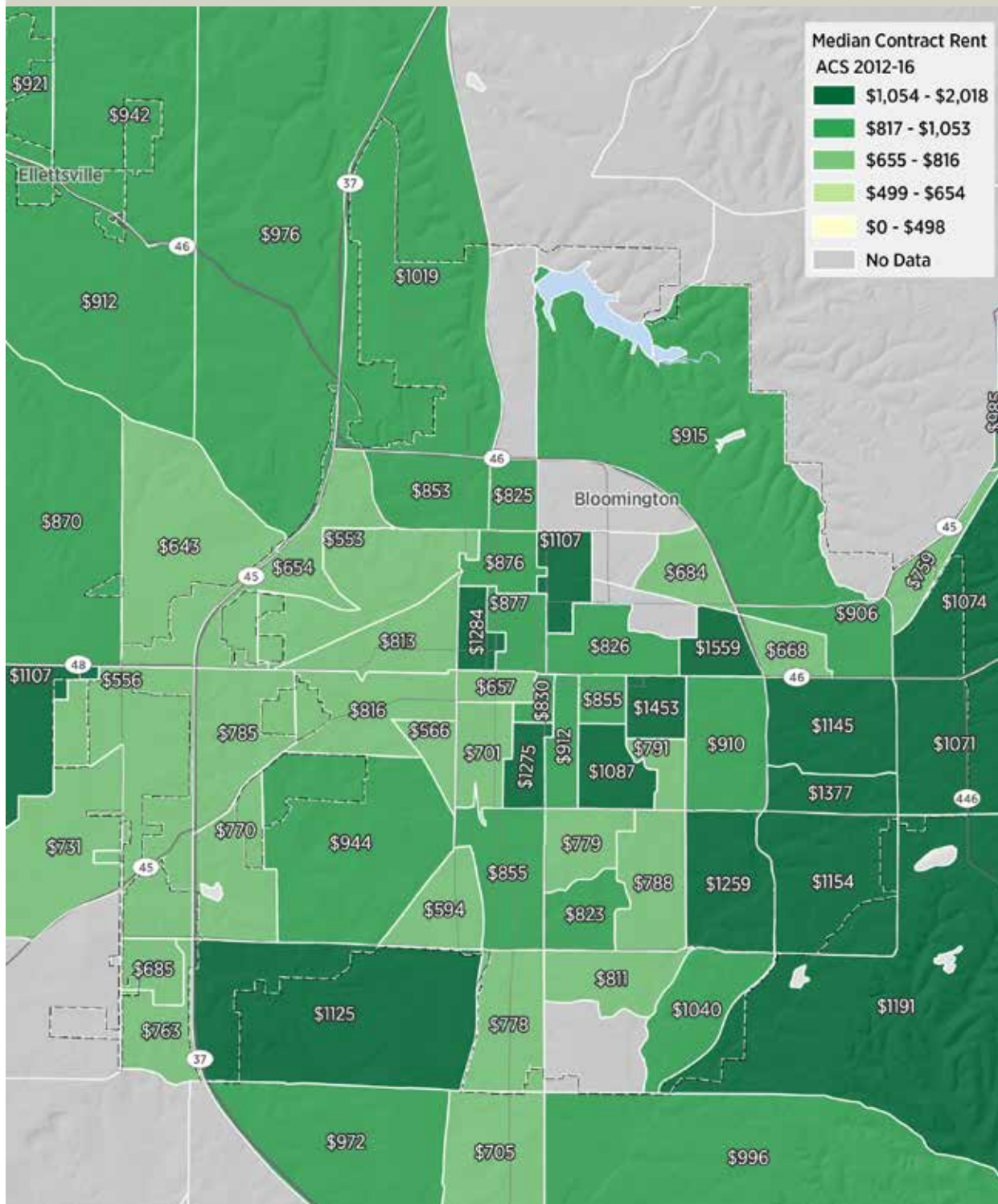
- Bloomington had one of the lowest rental rates in 2010 compared to cities in Figure 1.12. This remained true in 2018, except for Urbana and Lafayette, where rental rates grew at a much slower rate.
- Bloomington's rental rate increase was similar to that of most communities and to the increase in median income.
- Comparing Maps 1.5 and 1.6, higher rental values follow the higher ownership values. These areas tend to have fewer multi-family structures, therefore rentals in these areas tend to be larger single-family homes.
- Higher rents are also seen around the University and in areas where the newest units have been constructed.

**Figure 1.12: Median Contract Rent**



Source: 2018 American Community Survey

**Map 1.6: Median Contract Rent by Census Block Group**



## Economic Characteristics

While Bloomington has a diverse economy, Indiana University skews the industry share towards educational services. The trend in unemployment has been downward, reaching a low of 2.8% in December 2019 according to the Bureau of Labor Statistics. This rate does not reflect the acute demand certain industries have for skilled workers and the housing those workers would need.

### Industry Breakdown

Figure 1.13 illustrates the percent of people employed in each industry in Bloomington.

- Educational services, health care, and social assistance make up 39.9% of the industry in Bloomington, followed by arts, entertainment, recreation, accommodation and food services with almost 17%.
- Management, business, science, and arts occupations compose 46% of the occupations, with service occupations and sales and office occupations making up another 43%.

The major employment centers in Bloomington range from under 180 employees to 7,700 employees (see Map 1.7). There are a number of large employers with more than 1,100 employees both east and west of Interstate 69, however there are more companies with between 180 and 525 employees, many of which are located in downtown.

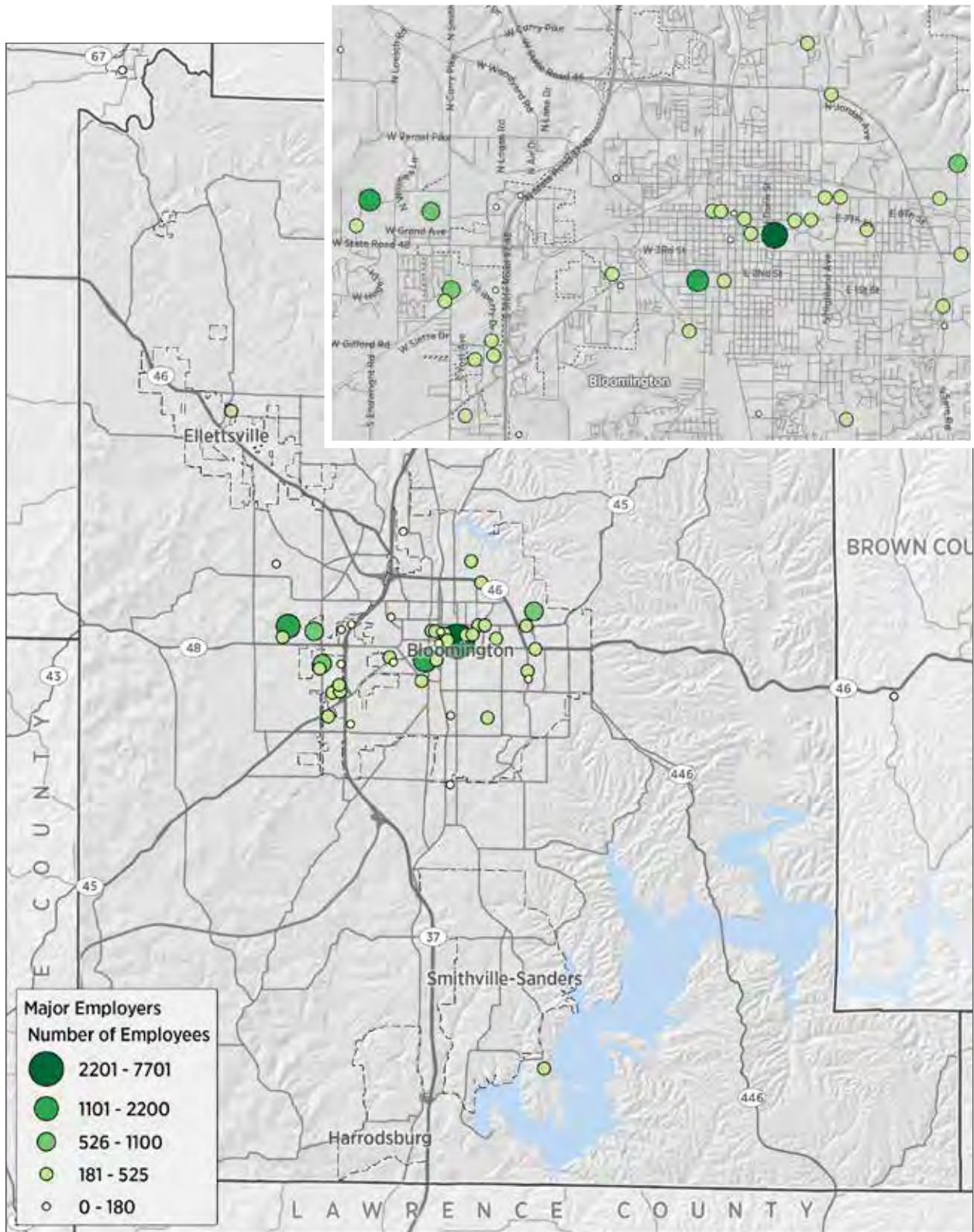
**Figure 1.13: EMPLOYMENT BY INDUSTRY, 2018 ESTIMATES**

|   |   |  |   |  |
|---|---|--|---|--|
| EDUCATIONAL SERVICES, HEALTH CARE, SOCIAL ASSISTANCE<br><b>16,129   39.9%</b> | ARTS, ENTERTAINMENT, RECREATION, ACCOMMODATION, FOOD SERVICES<br><b>6,746   16.7%</b> | RETAIL TRADE<br><b>4,342   10.7%</b>                                 | MANUFACTURING<br><b>2,624   6.5%</b>                            | PROFESSIONAL, SCIENTIFIC, MANAGEMENT, ADMIN., WASTE MANAGEMENT SERVICES<br><b>2,890   7.2%</b> |
| OTHER SERVICES, EXCEPT PUBLIC ADMINISTRATION<br><b>2,133   5.2%</b>           | FINANCE, INSURANCE, REAL ESTATE, RENTAL AND LEASING<br><b>1,261   3.1%</b>            | CONSTRUCTION<br><b>930   2.3%</b>                                    | PUBLIC ADMINISTRATION<br><b>1,122   2.7%</b>                    | INFORMATION<br><b>1,160   2.8%</b>   |
| TRANSPORTATION AND WAREHOUSING, UTILITIES<br><b>530   1.3%</b>                | WHOLESALE TRADE<br><b>432   1.0%</b>  | AGRICULTURE, FORESTRY, FISHING, HUNTING, MINING<br><b>55   0.14%</b> | Civilian employed population 16 years and over<br><b>40,354</b> |  |

\*Number represents the number of people employed within the industry, percentage represents share of all workers within the industry  
Source: 2018 American Community Survey; RDG Planning & Design



**Map 1.7: Major Employers (25 Largest Employers)**

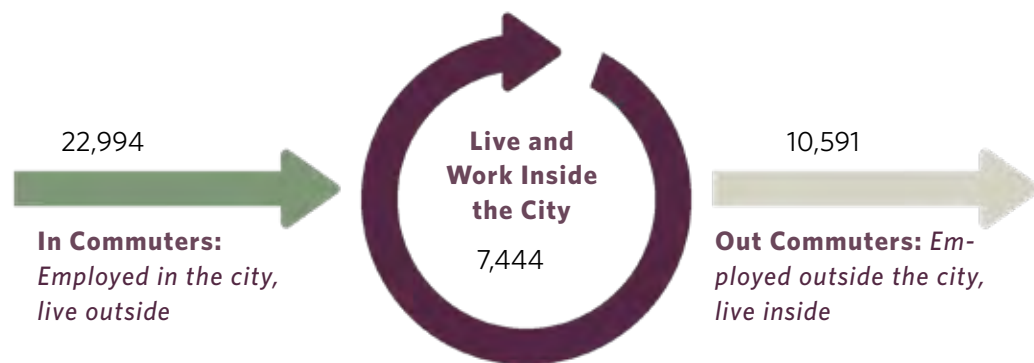


## Commuting Patterns

Employment in Bloomington attracts a sizable number of commuters from surrounding communities. Over twice as many residents commute into the city as leave the city every day for work (Figure 1.14).

- The mean commute time in Bloomington is 16 minutes, reflective of a more concentrated population with a highly-connected transportation system.
  - » For these same reasons, 12.8% of the population walk to work and 6.7% take public transportation.
- A small portion commutes to various other cities (10,591), with just under 13% commuting to Indianapolis for work.
- 63.4% of the workforce travel alone by car, truck, or van and just under 9% carpool.
- These commuting patterns have remained largely unchanged since 2010 with proportional growth in all commuting categories.

**FIGURE 1.14:** 2017 Commuting Patterns



Source: On the Map (U.S. Census) <https://onthemap.ces.census.gov/>

### Household Income

Figure 1.15 compares the city's household income in 2010 and 2018 with that of comparable cities.

- Bloomington's median income is lower than most of the cities in Figure 1.15 but comparable to East Lansing, a city with a similarly high percentage of the population between the ages of 15 and 24 years old.
- While the Bloomington's income is lower than most, it has increased at a comparable rate.
- For households earning Bloomington's median household income, the maximum affordable rentals would be approximately \$680\* a month.

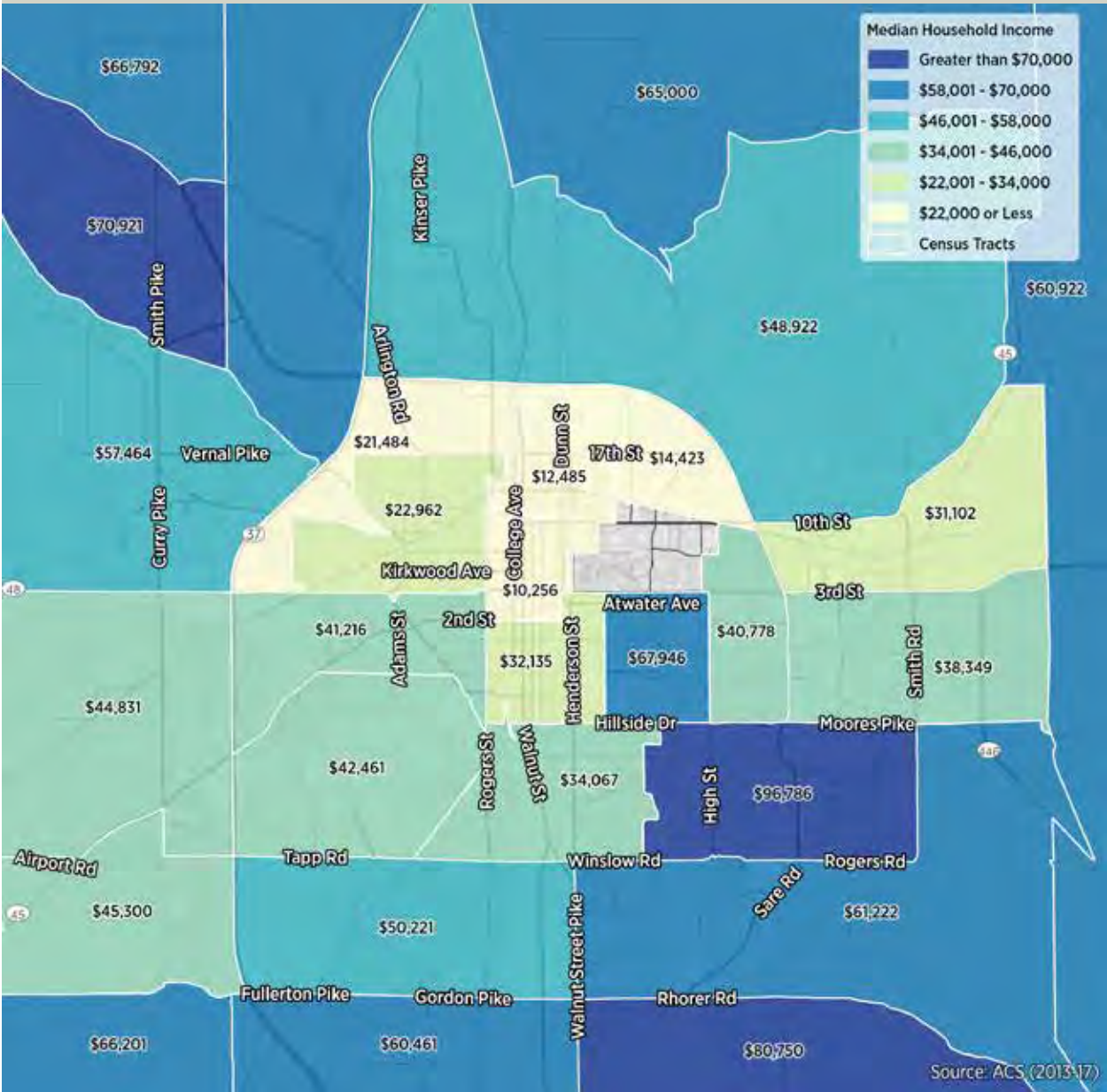
Map 1.8 illustrates median income by census tract. As expected the areas with the lowest median incomes have the highest percentage of rental occupancy and are around the University. At the same time the highest incomes correlate to the highest home values.

**FIGURE 1.15: 2010 to 2018 Household Income**



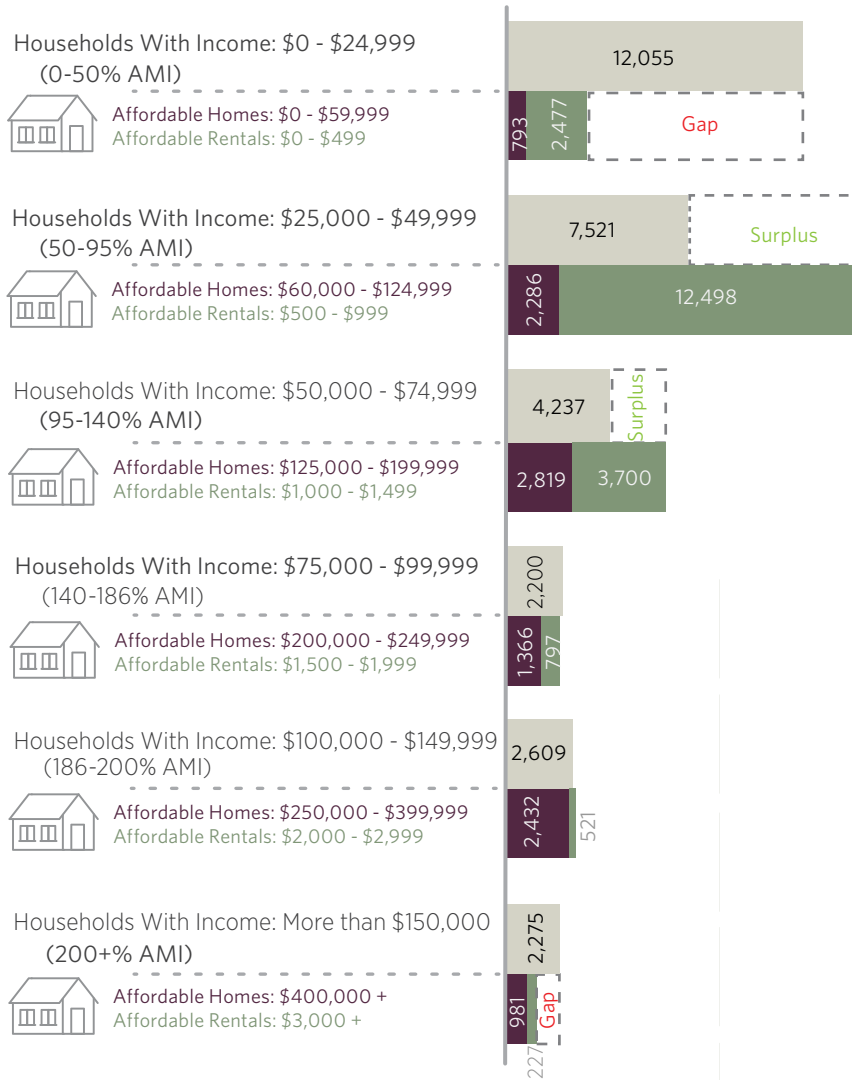
\*This calculation is based on 30% of an estimated gross median household income of \$27,548 or 80% of the 2018 median household income of \$34,435 divided over 12 months.

Map 1.8: 2018 Median Household Income by Census Tract





**Figure 1.16: Housing Affordability & Availability Analysis**



## Affordability

Figure 1.16 breaks down the number of households by income and the number of owner and renter units available based on affordable ranges requiring households to pay no more than 30% of income towards housing.

- Not surprisingly, the largest deficit of units is for households making less than \$25,000. Usually, the needs of these relatively low income households cannot be met through new construction.
  - » This price point is not usually supplied by the market and requires additional subsidies to construct.
  - » It is important to note households making less than \$25,000 includes some retirees living on fixed incomes with no mortgages remaining and students receiving assistance with housing from family, loans, or grants.
- There are a large number of rental units affordable to households making between \$25,000 and \$75,000.
  - » Many of these units are designed and marketed to students. Young professionals often noted difficulty in finding units affordable that met their specific needs.



» While households making between \$50,000 and \$75,000 are ready to purchase homes the market for them is dominated by rentals with fewer owner-occupied options.

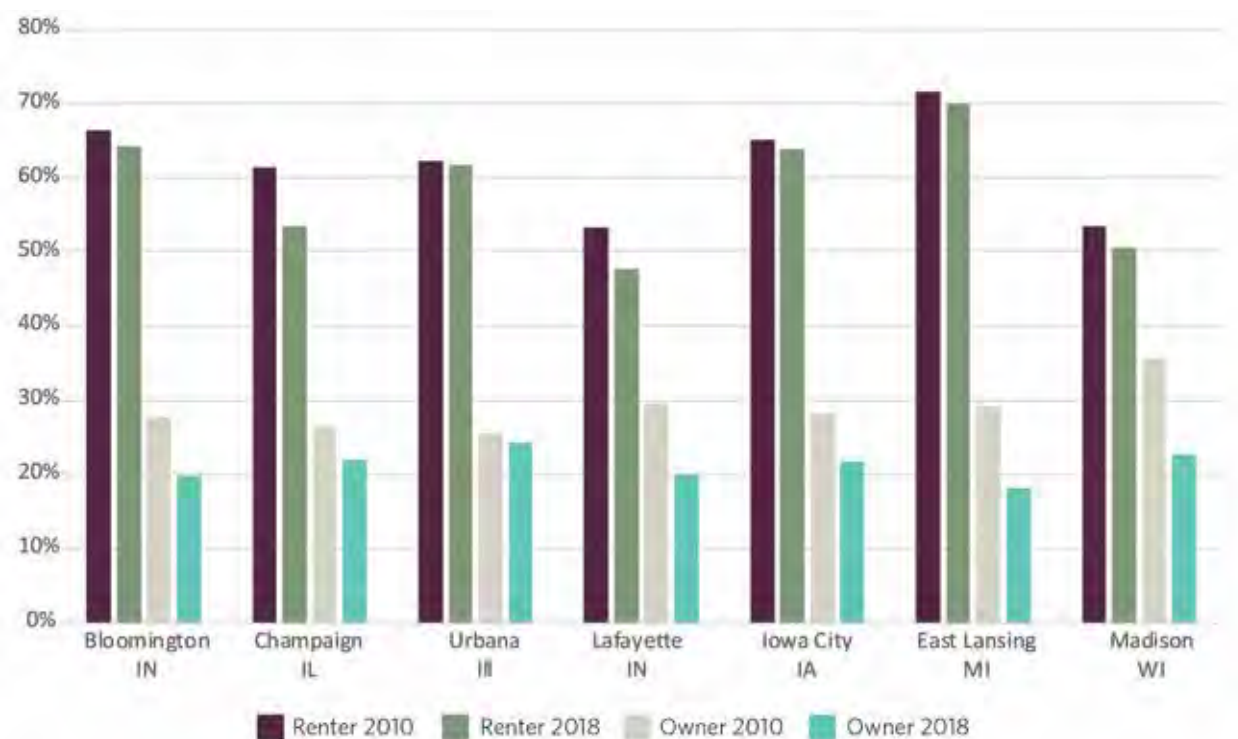
- A gap exists for households making more than \$150,000. These households are living in homes less expensive than their income would suggest. This completely understandable desire to minimize housing burden and stay in their homes helps explain the deficit of owner-occupied housing in lower price points. Simply expanding the supply of higher priced housing will not necessarily encourage these households to "move up." Additionally, some may not be able to move up due to other expenses such as school loans or other personal debt. However, greater product variety that meets their evolving lifestyle needs may have an impact.

### Cost Burdened Households

A cost burdened household is defined by HUD as one that spends more than 30% of their adjusted gross income on housing (including utilities, taxes, insurance), either for a mortgage or rent. Maps 1.9 and 1.10 show the percent of households paying more than 30% of their incomes to housing by census tract.

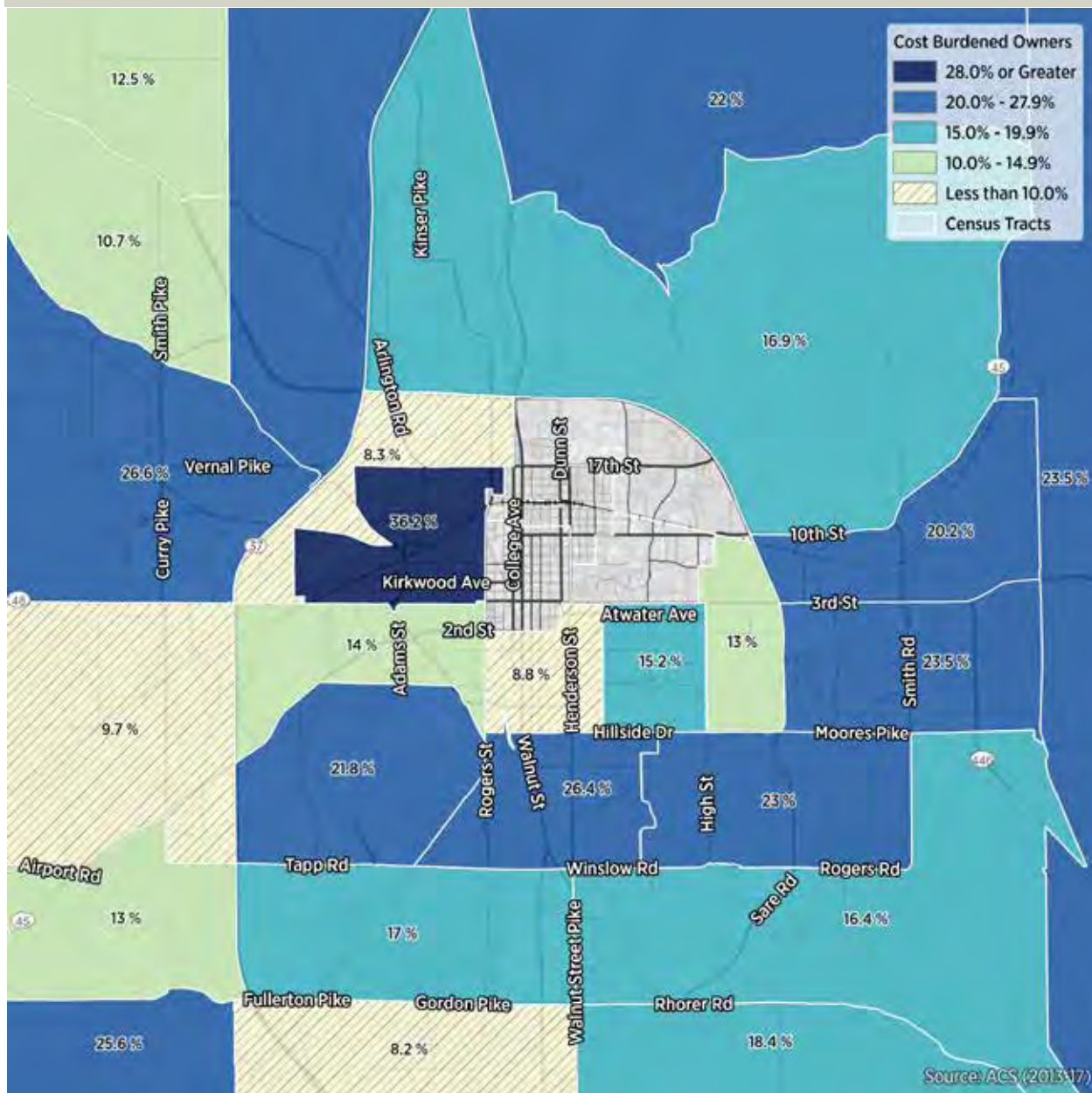
- For home owners, the neighborhoods west of Rogers and north of W. 3rd Street have the highest percentage of cost burdened residents (36%) compared to the city-wide average of 20%.
- For renters, the share of cost burdened households is concentrated around the downtown and University. Generally, these Census tracts align with where students are living (see Map 1.16 Student Population Density). Most other Census tracts fall well below the city-wide average of 64%.
- Most cities in Figure 1.17 experienced a decline in the number of households that are house burdened.
- The decrease in the number of owner-occupied households that are cost burdened likely reflects both the change in lending practices following the 2008 housing crash and the recovery from the recession.

**FIGURE 1.17: Households Paying More Than 30% Income on Housing**

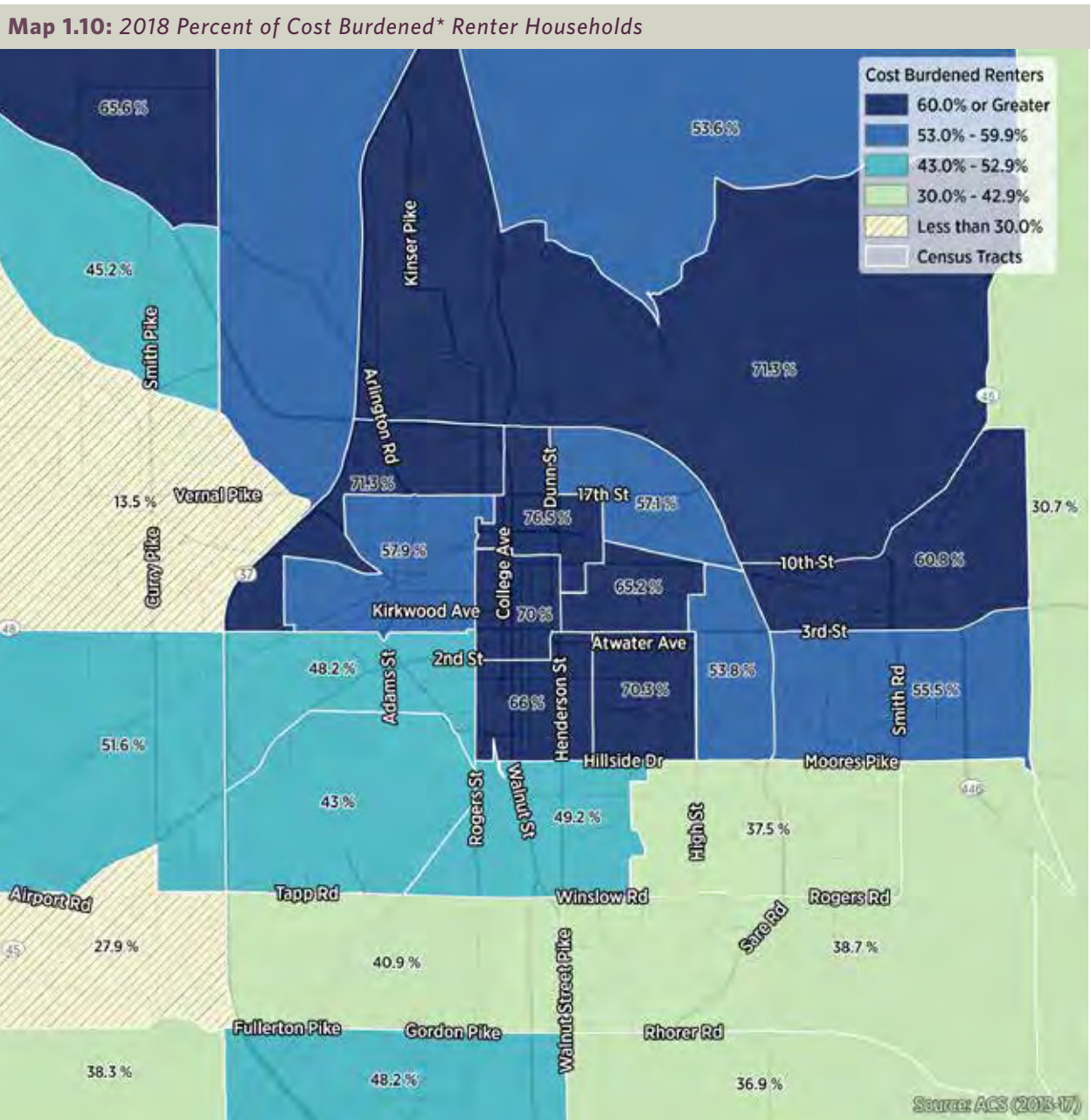


Source: 2018 American Community Survey

**Map 1.9: 2018 Percent of Cost Burdened\* Owner Households**



\*A cost burdened household is defined by HUD as one that spends more than 30% of their adjusted gross income on housing (including utilities, taxes, insurance), either for a mortgage or rent.



\*A cost burdened household is defined by HUD as one that spends more than 30% of their adjusted gross income on housing (including utilities, taxes, insurance), either for a mortgage or rent.

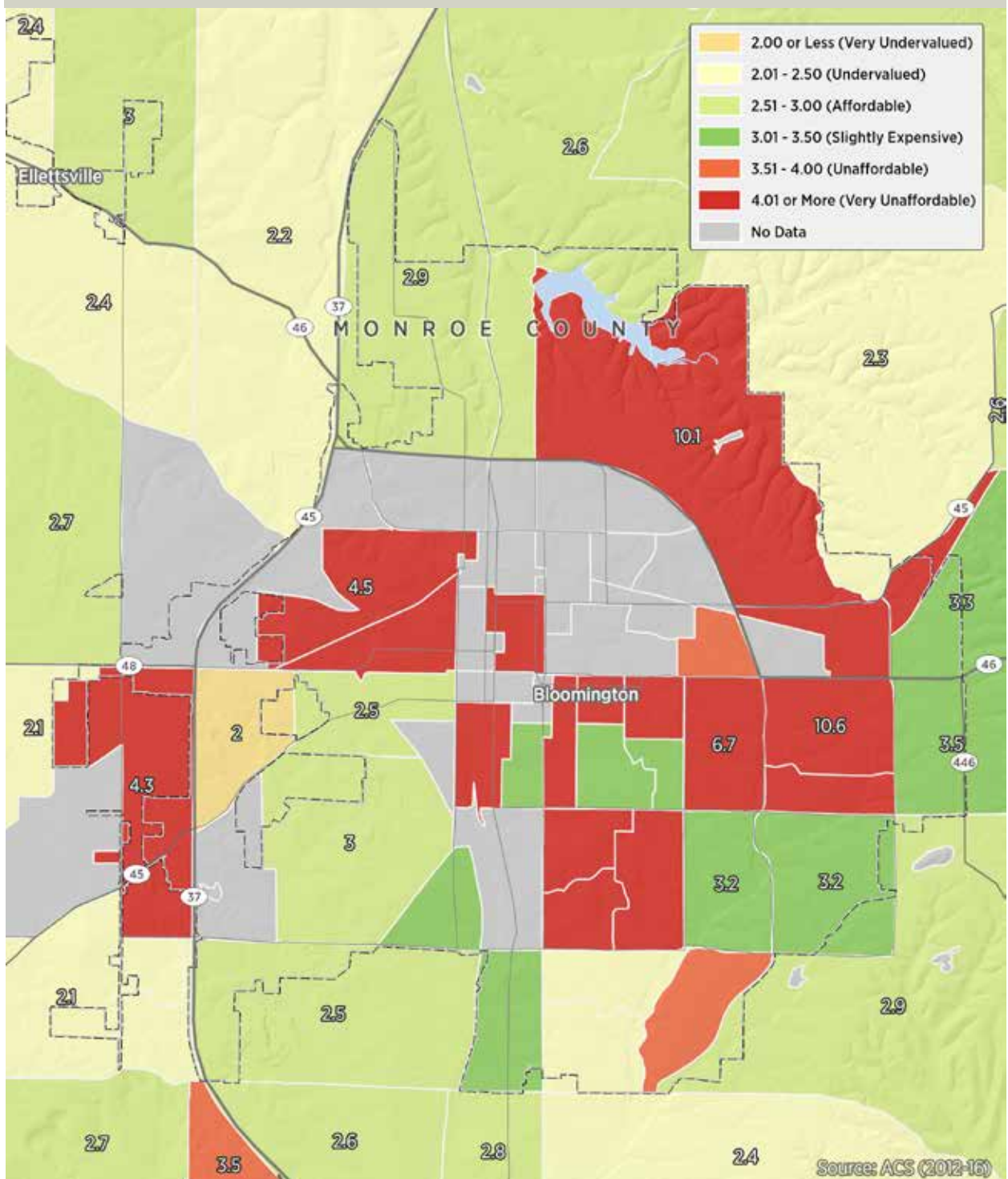
### Value to Income Ratio

One metric for evaluating relative affordability in the ownership market is to compare household income to the value of the home. Map 1.11 on the following page shows the ratio of median home values to median household income by census tract.

- An affordable, self-sustaining ownership housing market, with adequate value and revenues to support market-rate new construction, typically exhibits a value to income ratio between 2.5 to 3.0.
- Ratios above 3.0 present affordability issues, while ratios below 2.0 are significantly undervalued relative to income.



**Map 1.11: Value to Income by Census Block Groups**



- There are neighborhoods that appear to have extreme unaffordability. It is likely that those areas have either a good number of students or retirees that are living on smaller annual incomes and the homes in these areas have a much higher value.
- The city's overall ratio is well above 3.00 indicating a relatively expensive housing market given the incomes of its households.

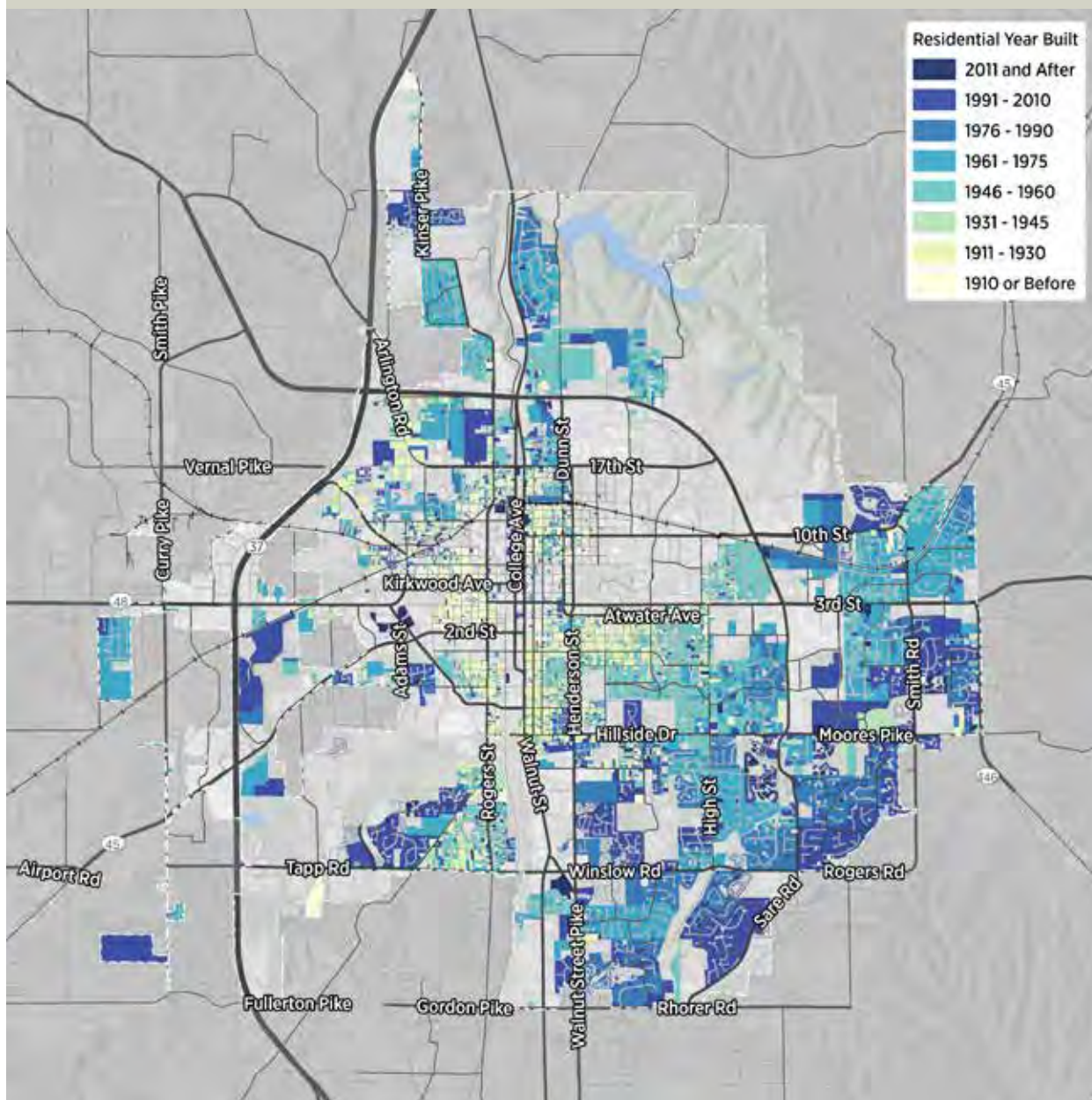


## Neighborhood Atlas

The previous sections reviewed the city demographics, economics, and housing characteristics in tables, charts, and maps. The maps on the following pages, along with the previous maps, form an atlas of the city that highlights neighborhood features. The following maps include:

- Residential Year Built, illustrating the radiating pattern of development from the city's center (see Map 1.12).
- Residential Value per Square Foot, using the assessed value to identify value patterns (see Map 1.13).
- Owner Occupied Housing Units, illustrating where households over the age of 55 are concentrated (Map 1.14).
- Rental Unit Density, showing where the highest concentrations of rental housing are located based on the city's rental registration program (Map 1.15).
- University Student Residents, illustrating where registered students are living (Map 1.16).
- Opportunity Zones, showing designated areas where new rental units or businesses can be developed through financial incentives to investors in a qualified opportunity fund. The tool has no cap on the amount that can be invested into opportunity zones, meaning there is no limit to the extent the program can be used for the development of affordable housing in these areas (see Map 1.17).

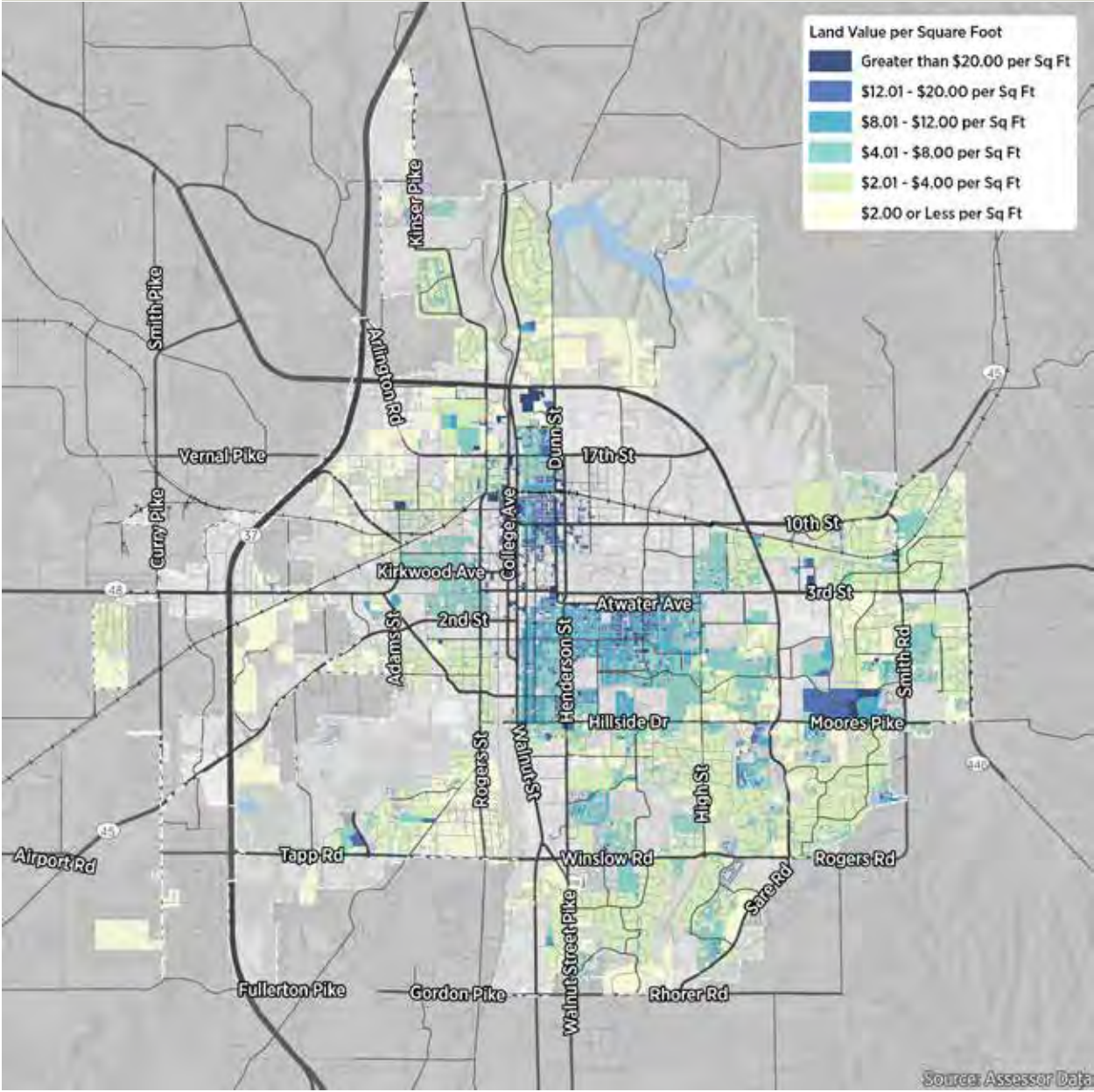


**Map 1.12: Residential Year Built**

From these maps, opportunities and challenges emerge. These include:

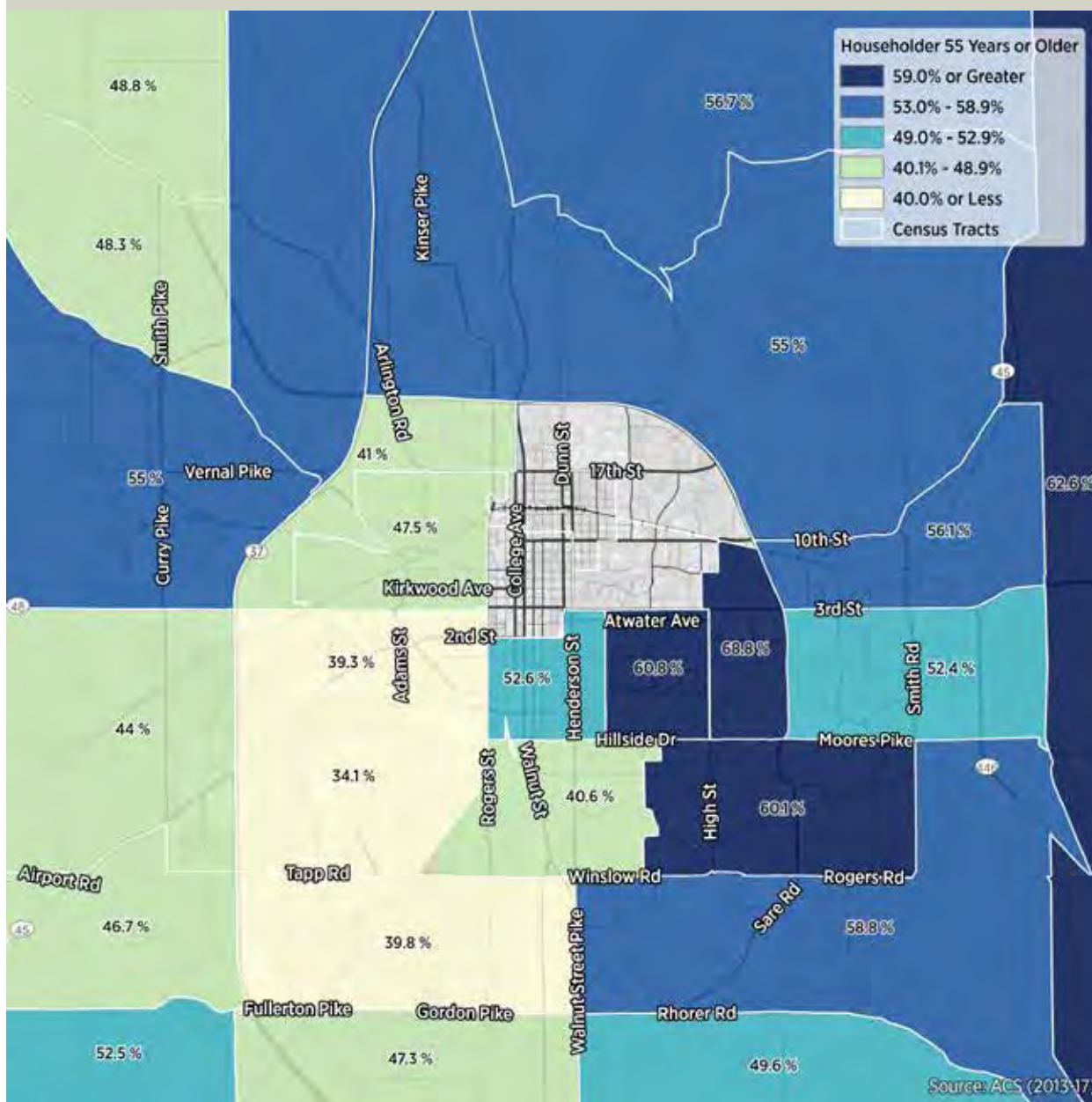
- Some of the city's oldest neighborhoods still have some of the highest land values, reflecting strong values on smaller parcels.
  - » This pattern reinforces national research that smaller lot development is more likely to "pay for itself" with regards to city services and taxable value.
- Neighborhoods north of 2nd Street and West of Rogers have a higher percentage of cost burdened households and moderately strong land values. This may reflect the reinvestment that is beginning to occur in this area.

Map 1.13: Land Value Per Square Foot



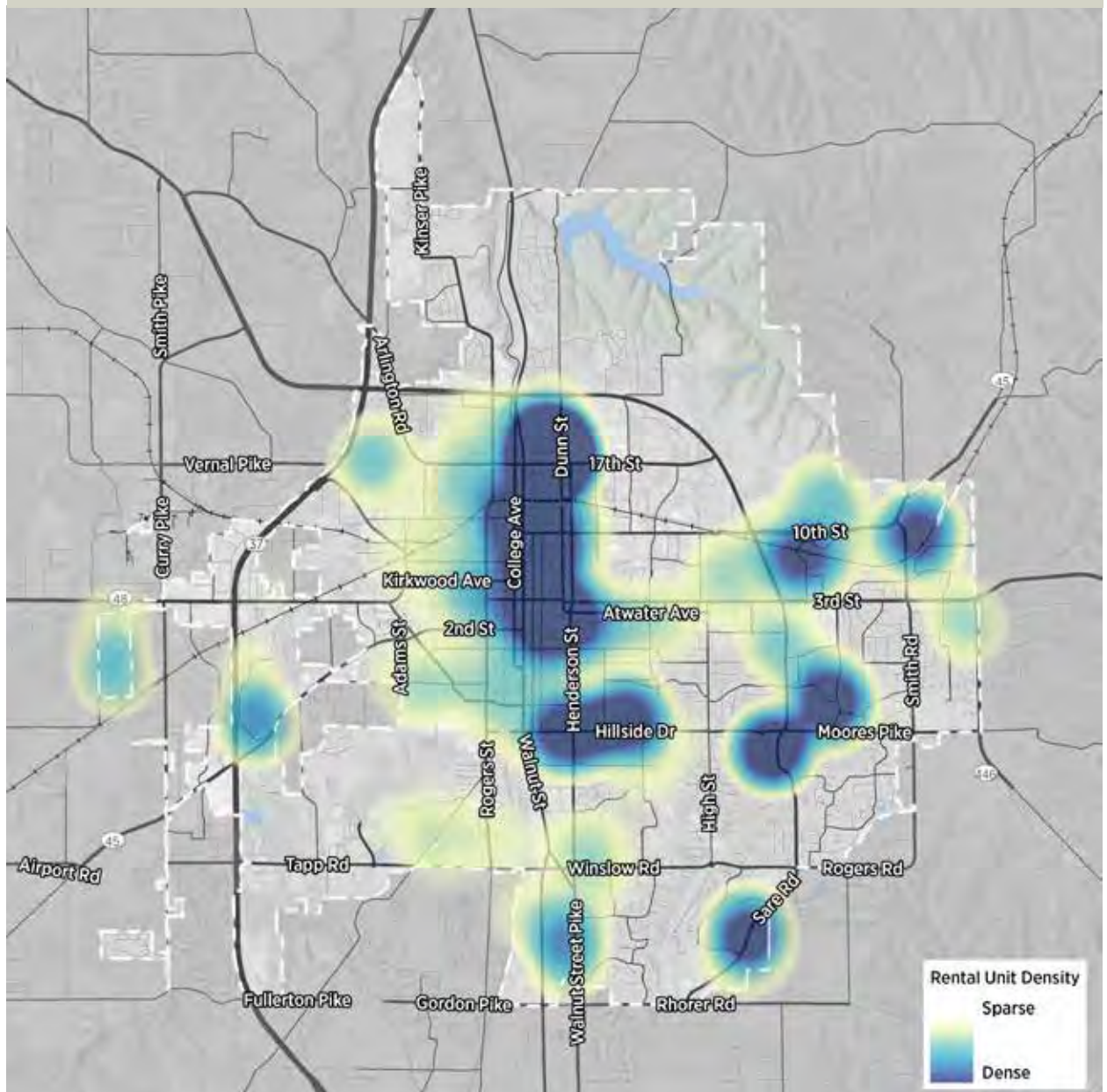


**Map 1.14: Owner Occupied Housing Units - Householders Over 55 Year Old**



- East-Central neighborhoods have a high percentage of households over the age of 55.
  - » These same areas have some of the highest median home values in the city.
  - » In the next 10 years a number of these households will be looking for housing products that better match their stage in life creating opportunities for additional housing for families.
  - » While these units will provide additional family housing, the high value of these homes will not address the need for entry level housing targeted towards young families.

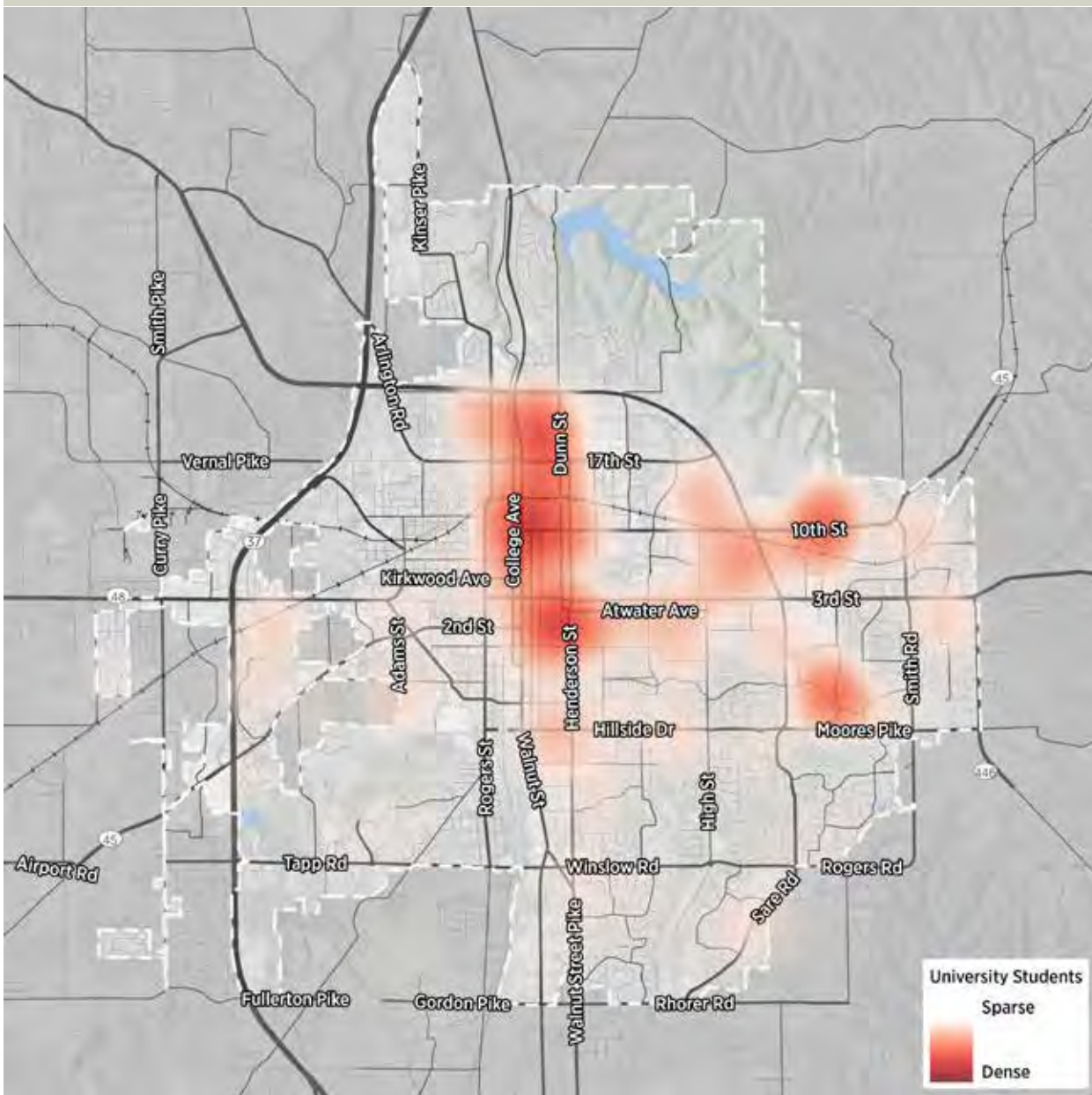


**Map 1.15: Rental Unit Density**

Density is calculated using a formula within ARCGIS but generally the "Dense" areas are approximately 300+ units and the "sparse" are approximately 10 units.

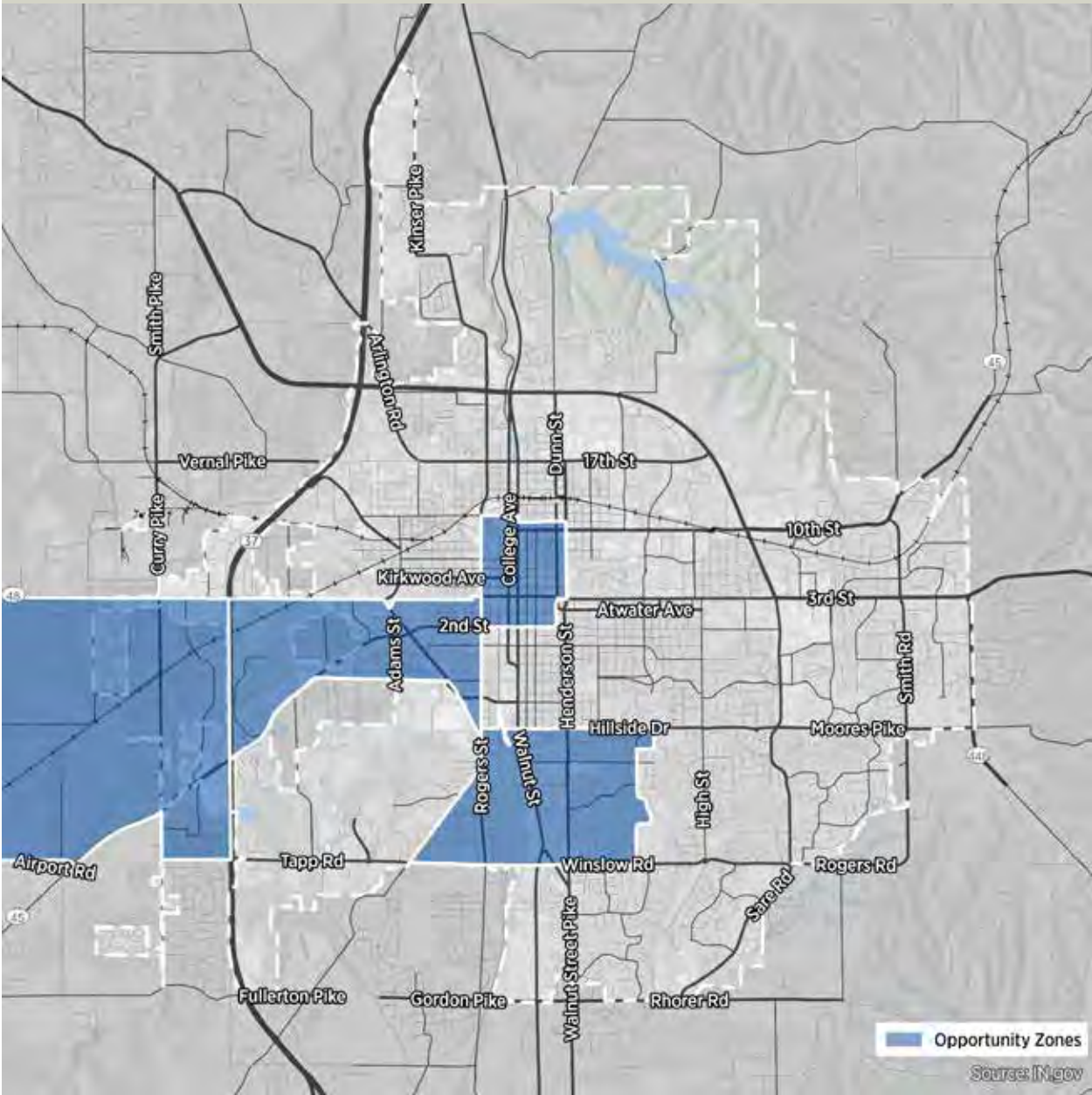
- When rental concentration is compared to student densities, areas begin to emerge where non-student renters are living. Not surprising, these areas are to the south and west.
- The city has a limited number of large parcels with redevelopment potential, making the hospital site and neighborhoods around Switchyard Park important.
  - » The hospital site will be key for adding new housing products and affordable options.
  - » The neighborhoods around Switchyard Park have relatively few vacant parcels, but proximity to this asset is likely to provide greater development interest on some opportunity sites.
  - » The South Walnut corridor adjacent to the park is another opportunity to add higher density housing.

**Map 1.16: University Student Household Density**



Density is calculated using a formula within ARCGIS but generally the "Dense" areas are approximately 350+ students and the "sparse" are approximately 15 students.

Map 1.17: Opportunity Zones







## Housing Demand

- The housing demand summary (Figure 1.18) is based on an assumed 1% annual growth rate and a stable student population, 2.23 people per household, and a constant vacancy rate.
- Replacement need is the number of housing units demolished or converted to other uses. Homes in poor condition or obsolete should be gradually replaced in a city’s housing supply. The number of units lost annually is based the city’s historic demolition permit data.
- Cumulative need shows the number of total units needed at the end of each five year period (2025 and 2030) and cumulative need.

These assumptions generate a demand for 2,592 housing units or an average annual construction need of 236 units. This is below the number of permitted units between 2015 and 2018 (Figure 1.9) which included a large number of multi-family units. Nationally, the number of individuals between the ages of 10 and 18 is declining (the population entering colleges and universities in the next 10 years), therefore the number of student oriented rental units will likely be leveling off, but demand for rentals may still be high. Based on the survey of landlords (following section) the city’s vacancy rate is likely well below 9%. Survey respondents only had about a 2% vacancy rate. If the 2020 Census finds that the city’s vacancy rate is below 6%, then additional units - beyond those estimated in Figure 1.18 - should be constructed to provide more variety in the market and to keep rental rates from increasing.

**Figure 1.18: Housing Demand Summary, Bloomington**

|  | 2018   | 2025   | 2030   | Total |
|--|--------|--------|--------|-------|
| <b>Population at End of Period</b>           | 84,058 | 88,125 | 90,837 |       |
| <b>Household Population at End of Period</b> | 69,028 | 72,048 | 74,265 |       |
| <b>Average People Per Household</b>          | 2.23   | 2.23   | 2.23   |       |
| <b>Household Demand at End of Period</b>     | 30,897 | 32,249 | 33,241 |       |
| <b>Projected Vacancy Rate</b>                | 9.0%   | 9.0%   | 9.0%   |       |
| <b>Unit Needs at End of Period</b>           | 33,953 | 35,438 | 36,529 |       |
| <b>Replacement Need (total lost units)</b>   |        | 90     | 75     | 165   |
| <b>Cumulative Need During Period</b>         |        | 1,427  | 1,165  | 2,592 |
| <b>Average Annual Construction</b>           |        | 238    | 233    | 236   |

Source: 2018 American Community Survey; RDG Planning & Design

## Housing Development Program

Building on the housing demand summary the development program forecasts production targets for owner- and renter-occupied units based on the following assumptions:

- The city's demand for future housing (Figure 1.18) will be distributed based on the current estimated income distribution (by percent of households). The demand for lower price points could be smaller if incomes rise.
- Recent market activity has been focused on rental housing with few ownership options. Over the next several years greater production of ownership options should focus on pent up demand and the need to offer more affordable housing options; therefore the Housing Development program has a greater portion of the city's future demand going to owner-occupied options.
- Most low-income residents will be accommodated in rental units.
- Over 600 new owner-occupied units should be priced below \$130,000.
  - » It will be very difficult for the private market to produce housing in this price range in Bloomington. Most will need to come from the existing market and individuals moving up or to other product types freeing up homes in this price range or produced through assistance programs like Habitat for Humanity or through a filter effect created by the production of move-up housing.
- Over 800 rental units will need to be produced with rents below \$700 per month.
  - » A number of households in these income thresholds are students receiving assistance from family or loan programs to cover housing costs. However, with the rising costs of higher education and the need by low income households for adequate and safe housing, demand will remain high.
  - » A major theme during public engagement was on the lack of rental units priced below \$900. This model supports this theme with over 78% of the rental units developed under this threshold. Those under \$700 will likely have to be produced through assistance programs like low-income housing tax credits and project-based Section 8, but some may result from market adjustments due to new higher quality rental units creating competition in the market. It will also be important to preserve the units existing in this price range today.

It is important to note that these are not production goals. For example more homes constructed at \$250,000 or rents at \$800 a month may allow those living in more affordable units to change housing. Thus, indirectly producing more housing at lower price points.

**Figure 1.19: Housing Development Program**

| <b>Owner Occupied</b>           | <b>2019-2025</b> | <b>2026-2030</b> | <b>Total</b> |
|---------------------------------|------------------|------------------|--------------|
| Affordable Low: Under \$130,000 | 333              | 272              | 605          |
| Moderate Market: \$130-200,000  | 201              | 164              | 365          |
| High Market: Over \$200,000     | 322              | 263              | 585          |
|                                 | 856              | 699              | 1,555        |
| <b>Total Renter Occupied</b>    | <b>2019-2025</b> | <b>2026-2030</b> | <b>Total</b> |
| Affordable: Less than \$700     | 445              | 363              | 808          |
| Market: Over \$700              | 126              | 103              | 229          |
|                                 | 571              | 466              | 1,037        |
| <b>Total Need</b>               | 1,427            | 1,165            | 2,592        |

Source: RDG Planning & Design

## Issue and Opportunity Identification

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A plan must be built from public engagement to ensure it reflects the values and aspirations of the community - today and in the future. The Bloomington Housing Study and the Indiana Uplands Regional Housing Study engaged hundreds of residents and stakeholders on issues relating to the housing market. This section summarizes the information gathered in this process to identify challenges, opportunities, and aspirations for the future.

### Listening Sessions & Regional Survey

As part of the Indiana Uplands Housing Study, community input was gathered through community discussions and a regional survey. The Bloomington Housing Study built on this information through a series of listening sessions held over three days. The following section will first summarize the information gathered in the previous study followed by a summary of the listening sessions held in October 2019 for the Bloomington Housing Study.

#### *Indiana Uplands Housing Community Input*

During community discussions common themes included:

- A sense that the new construction market has focused on student housing and not housing for the larger community.
- A limited number of improved lots available for new construction.
- A tremendous quality of life that is attracting new residents to the county.
- A high standard set for nonprofit development established by Habitat for Humanity.
- Good infill and redevelopment opportunities.

#### *Community Perception Survey*

The regional survey asked residents to identify their county of residence. This section explores the 735 respondents who identified Monroe County as their primary residence.

Respondents were asked to rate a series of amenities based on their impact to the attractiveness of the county from highly positive to very negative.

- K-12 education received an overwhelming majority as a highly positive amenity for Monroe County, closely followed by parks and recreational facilities, community and cultural facilities, and churches.
- Amenities frequently ranking as somewhat positive include nearby shopping, county safety and security, quality of public services, and attractive physical environment.
- Housing affordability was seen as one of the least attractive features of the county.

Respondents were asked to respond to whether they felt a series of different housing products would be successful in Monroe County. The intent of this question was to explore the type of housing products that may be needed in Monroe County.

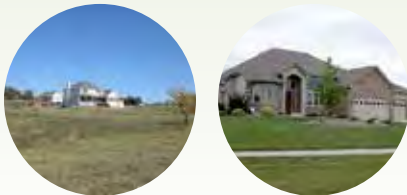
**Which types of housing solutions would you support to reduce the cost of housing in your county?**



- Over 90% of respondents felt that affordable, smaller two- or three-bedroom homes **would be successful** in Monroe County.
- Over 80% felt that mid-size three-bedroom house and independent senior living **would be successful**.



- A majority also felt that townhome/duplexes, apartments, and downtown housing **would continue to be successful**.



- Over 60% of respondents felt that large homes and large lots **would not be successful** or were at least not needed in the market.

This survey was completed in 2019 and perceptions may have shifted during the COVID-19 crisis. However, these shifts may be only temporary and many units like small lot single family and townhomes will continue to allow for social distancing and offer more affordable housing models.



Respondents were asked about the types of housing solutions they would support to reduce the cost of housing. This will be important as area leaders begin to determine the strategy for addressing housing issues in the county.

- Housing rehabilitation loans were the most frequently supported housing solution, representing 51% of respondents.
- When asked whether respondents would support the use of public funding to remove dilapidated housing, 81% answered affirmatively. However, when asked whether public acquisition of dilapidated properties should be used as a housing solution only 37% said yes.
- The two least supported housing solutions were pre-manufactured or modular housing and construction financing assistance to builders (20% and 24% respectively). This often reflects the confusion of manufactured, mobile, and modular housing and the negative perception of older mobile homes and mobile home parks.

*71% of respondents would support greater enforcement of property maintenance.*

### *Bloomington Housing Study Listening Sessions*

Many of the same themes were reinforced during the listening sessions with some new insight on those issues.

#### *For Sale Market*

- While home sales have been strong, new home construction has not responded in kind
- There are few downsizing options
- Some single-family rentals are coming up for sale but not at entry level prices
- Over all there has been very little movement in the market, people are staying in existing homes and not moving up or downsizing due to limited options
- More options are needed with prices under \$250,000 along with more condominium products with prices below \$350,000

#### *Rental Market*

- Prices on some single-family rentals seem to be holding steady or even going down
- Vacancy rates are very low for all rental products
  - » IU's work on three dorms could be creating an anomaly in the vacancy rate
- Rental market for non-students is tight with few options and prices that are hard for service workers to afford

#### *Student Market*

- Sense of how expensive the market is depends on perspective of where the student comes from
- Often students have little knowledge about leases and renter expectation
- Renting by the bedroom protects students from roommates not covering rent

- Choosing to live in single-family home rentals for the extra space and cheaper parking but choose traditional multi-family for the lower maintenance
- The pressure to sign leases a year in advance to secure the best rental rates is challenging as students near graduation

### *Development Directions*

- Perceptions on infill:
  - » The city wants to encourage infill development in the core
  - » Developers feel like the city makes such development too difficult
  - » Residents are concerned that expediting higher density infill will flood centrally located neighborhoods with density that changes the character
  - » These concerns led many residents to express concern over the some proposed provisions of the new Unified Development Ordinance. An ultimate compromise permits additional units on existing lots by special permit.
- Neighborhood opposition can make the development process unpredictable and can increase soft costs and risk for the developer
- Many view the Affordable Housing Fund implementation is unpredictable and not being used
- The hospital site is a critical housing development opportunity
- The city offers few developable sites and a limited number of improved lots. This is caused by both land scarcity and lack of infrastructure to potential development areas

### *Housing Conservation*

- Rehabilitation of existing owner-occupied houses is a strong trend
- Residents in central neighborhoods are concerned about the loss of existing single-family homes to higher density
  - » For many central neighborhoods current codes do not make this process easy
- Limited amount of house "flipping" occurring
  - » Rising sale prices make this market less profitable

*"Flipping" refers to the practice of buying a home and quickly selling it for a profit, usually after making repairs or improvements.*

### *Low-Income Households*

- Non-student households earning minimum wage have very few options
- Habitat for Humanity is the only nonprofit building quality units but they struggle to find affordable sites
  - » Bloomington Housing Authority is considering construction of new units using programs like Low Income Housing Tax Credits
- Units accessible for the disabled and elderly are hard to find

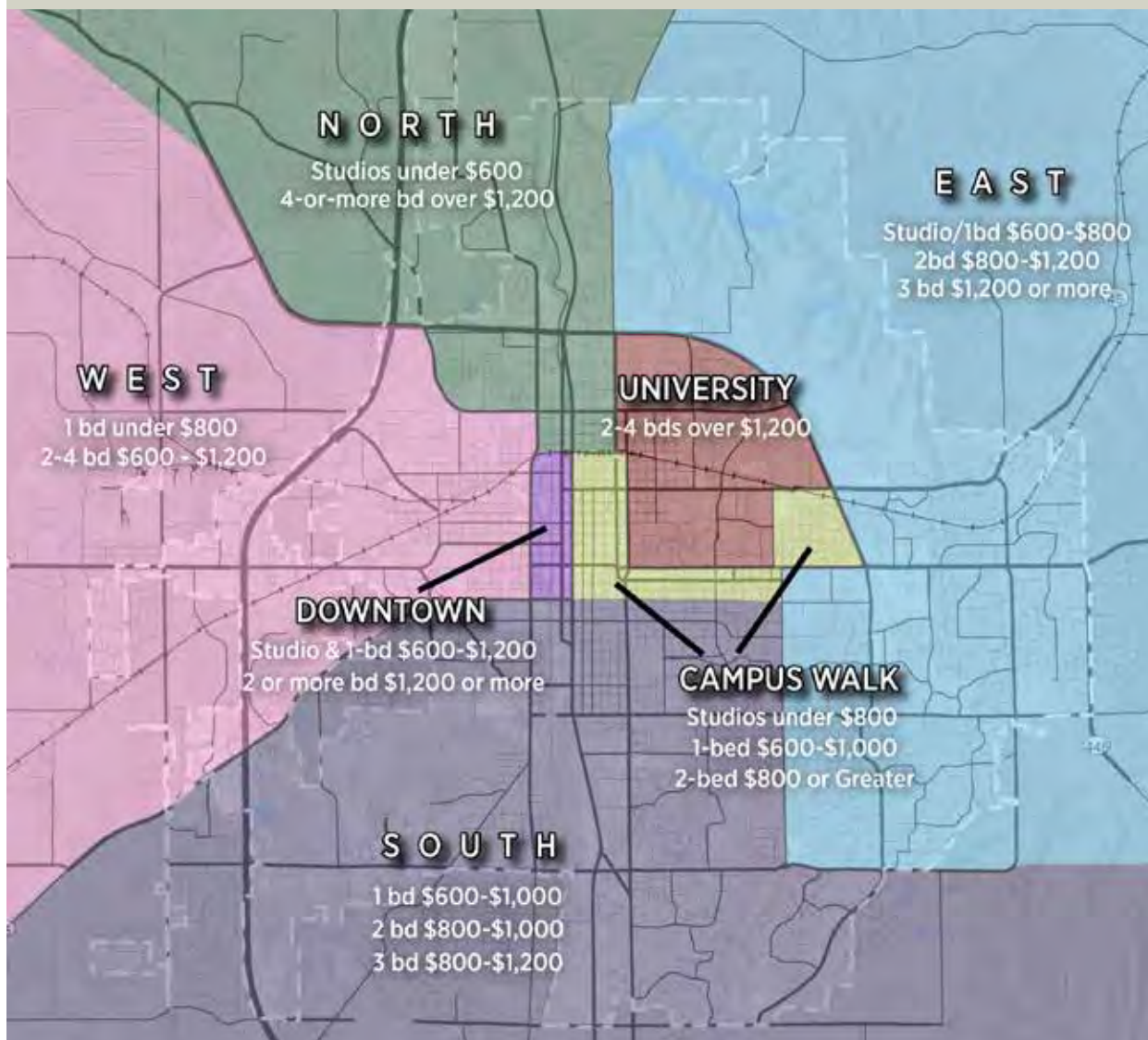
## Landlord Survey

As noted earlier, a general community survey was completed as part of the Indiana Uplands Regional Housing Study. Through this survey and the listening sessions a gap appeared in the data with regard to the rental housing market. In an effort to better understand this market a survey of landlords was completed in late 2019. A survey was sent out to all landlords within the city's landlord registry and reminders were sent out through landlord association groups. There were 187 responses with 5,012 units identified. The following offers a summary of the results of the survey.

### Respondents and Product Type

Survey respondents were asked if the majority of their rental units were single-family homes or more traditional multi-family structures. Respondents reporting an inventory of traditional multi-family structures were asked to provide information on their rental units based on sub-markets in the city. These sub-markets are traditionally recognized areas by the housing development and real estate community (see Map 1.18). The following analysis will compare responses in these sub-markets and the single-family rental market.

**Map 1.18: Bloomington Housing Sub-Markets with Rent Ranges: Most Common Responses\***



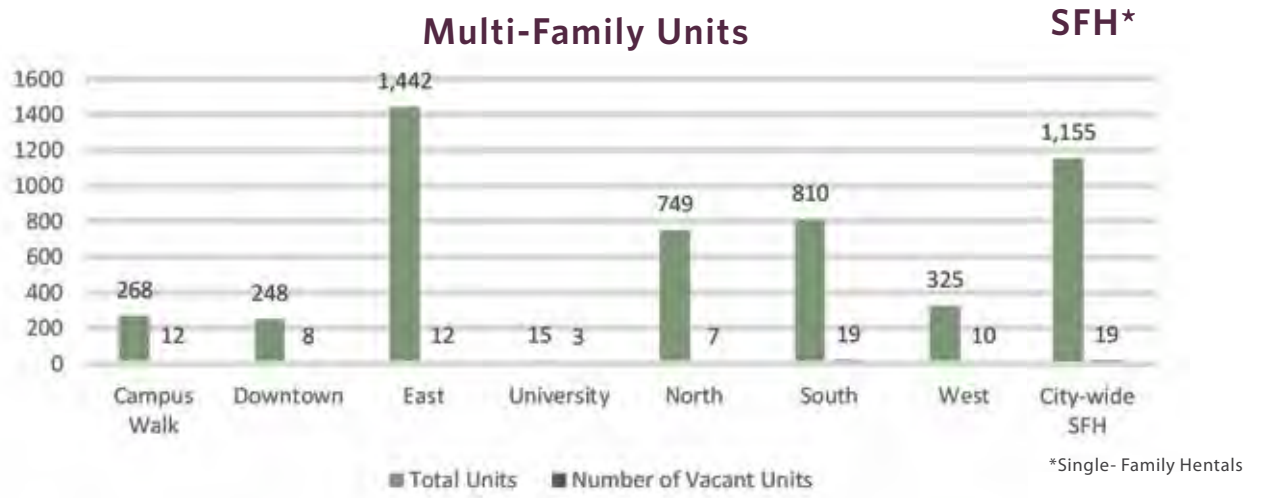
\* Data for largest sample sizes only.

### Total Respondents and Vacancy

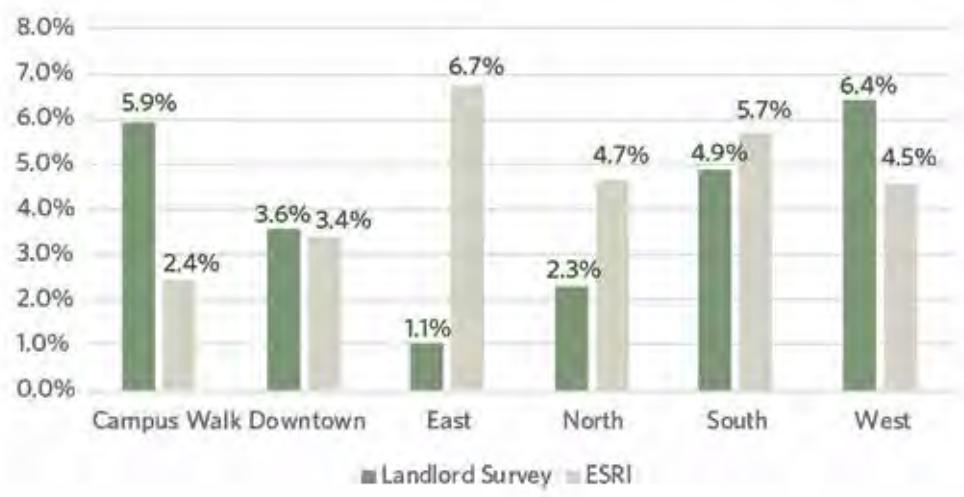
Despite the American Community Survey estimates of an almost 9% vacancy rate, many participants in the listening sessions noted a lack of rental units. Landlords were asked to identify the number of total units they owned and how many of those were vacant by sub-market. Figures 1.20 and 1.21 summarize the total number of units and vacant units reported by survey respondents and their vacancy rate compared to ESRI data (based on American Community Survey data). As shown, nearly all sub-market areas have equally low numbers of vacant units, regardless of the number of multi-family rentals available. When considering single-family rentals city-wide, landlords who took the survey only identified 19 vacant units of the 1,155 available.

Traditionally vacancy rates in the 5% to 6% range ensure some opportunities for new residents to the market and avoid price inflation due to high demand. Based on survey feedback, none of the sub-markets have an excess of units and some are very low creating competitive rental markets. This does change some at the end of the academic year but many units are rented year-round in order to ensure having a unit in the fall.

**Figure 1.20: Total Units and Vacant Units by Sub-Market and Unit Type**



**Figure 1.21: Vacancy Rates By Survey Response and ESRI Estimates**



### Rental Ranges

City-wide rental rates:

- 50% of studio apartments rent for a maximum of \$600 a month
- 84% of one-bedrooms apartments rent for less than \$1,000 and for the small number of single bedroom houses the majority of rents were below \$800 a month
  - » 45% of apartments are between \$600 and \$800 a month
- 74% of two-bedroom apartments rent for more than \$800 a month and 70% of two-bedroom houses rent for \$600 to \$1,000 a month
- 55% of three-bedroom apartments rent for more than \$1,200 a month and 69% of houses rent for greater than \$1,000 a month
- 67% of four-bedroom apartments rent for greater than \$1,200 and 83% of four-bedroom houses rent for greater than \$1,000 a month
- 82% of five-bedroom homes rent for greater than \$1,200 a month

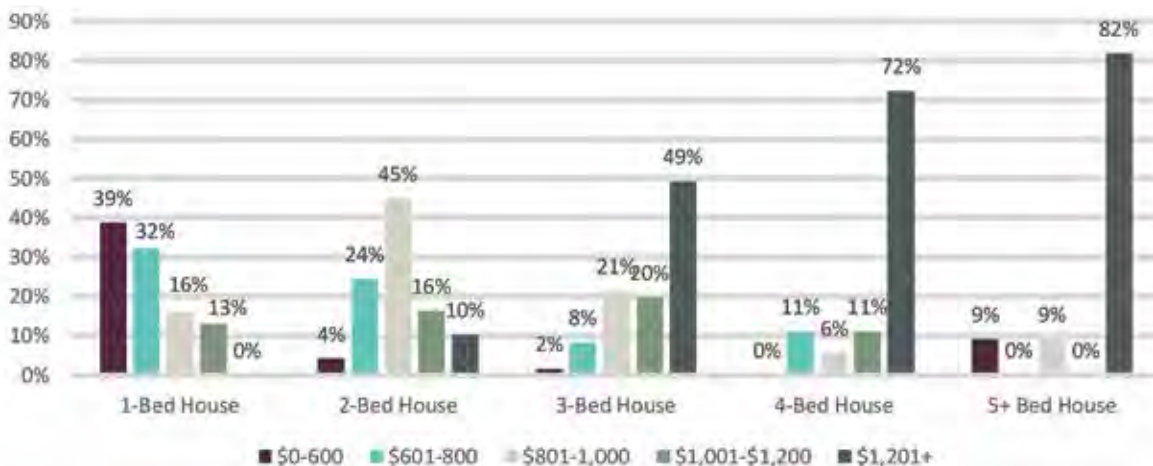
Sub-market rental rates (see Map 1.18):

- The highest rental for a one-bedroom unit is located in the south (\$600-\$1,000/month), while the lowest rates are in the east sub-market (\$600-\$900/month)
- The university and downtown sub-market have some of the highest rents in the city.

Single family rental rates (see Figure 1.22):

- Most one-bedroom homes rent for less than \$800/month
- Larger homes with 4 or more bedrooms rent primarily for more than \$1,200/month
- Nearly half of two-bedrooms rent for between \$800 and \$1,000 and three-bedroom homes for more than \$1,200, with the remainder of units split evenly among the other rent brackets for both bedroom count units

**Figure 1.22: Rent Range for Single Family Homes**





### *Utilities and Amenities*

- Water/Sewer and Trash are the most frequently provided utility or amenity provided with rent
- The Campus Walk and Downtown had the highest percentage of units with utilities included in the rent
- Pets commonly require additional costs above the rent
- Parking and fitness space were the most common amenities promoted by landlords

### *Affordable Housing*

- 28 respondents out of 173 said they accept Section 8 Housing Vouchers
  - » 17 currently have Section 8 rentals; the remainder are renting to non-Section 8 renters

### *Student Renters*

Most landlords predominately rent to IU or Ivy Tech students.

- 42% of respondents have majority student renters
- Only 28% of respondents rent to no students
- Respondents reinforce the data in Map 1.16 with high student rentals in the University, Campus Walk and North sub-markets
- The majority of respondents estimated that they had no renters over the age of 55
- Those that did have renters over 55 tended to be in the East and Downtown markets



## Chapter 1 Takeaways:

*While Bloomington's cost burdened households declined since 2010, many neighborhoods are still paying more than 30% of their income to housing.*

Over 60% of renter households and nearly 30% of owner-occupied households in Bloomington are cost burdened. The highest percentage of cost burdened residents mirrors that of census tracts with very high value to income ratios, the measure of an areas affordability.

*Median household income jumped 26%, nearly double that of increases in home values and rent costs.*

Bloomington's median income lags behind peer communities, but outpaced many comparable cities in growth to attempt to close the gap. Since 2010, the city's median income increased just over 26%. This increase in income was double the increase in home values and rental rates.

*The greatest shortage of units is for households making less than \$25,000.*

This price point is not usually supplied by the market and requires additional subsidies to construct. It is important to note households making less than \$25,000 include some retirees living on fixed incomes with no mortgages remaining. Students receiving housing assistance from parents or through student loans also make up a small portion of this population.

*Bloomington continues to grow at a steady rate.*

Bloomington has been growing at a very consistent rate since 1980 - between 1.3 and 1.9% annually. The population has also steadily grown from about 53% of Monroe County's population to 57%. This growth is strong and sufficient to support continued economic progress.

*The material presented in this chapter is a snapshot in time and housing markets are fluid, even in a non-pandemic time. For this reason many communities will do annual reviews of data and progress on initiatives.*

*Bloomington's population has remained young and is beginning to retain the student population after graduation.*

Despite retaining more young professionals in the 25 to 34 age group, Bloomington lost population in the college age cohort between 2010 and 2018. In 2010 a large number of Millennials were in their early college years. Most of this population has moved into the older age cohorts.

*Over the next decade, Bloomington will need an additional 2,592 units to support projected population growth.*

If Bloomington continues to grow at a steady rate of 1% the population will reach just over 90,000 by 2030. As a result, Bloomington will need to construct an average of 236 units per year.

*Homes sales have remained steady over the past few years, but median sales price continues to rise.*

Since 2016 home sales have remained around 1,900 sold annually. Median days on market has dropped from 39 to 31 while median sales price has jumped from \$167,000 to \$217,000 in 2019. This reflects a tight buyers market constrained by an unchanging supply.

*The number of available rental units is far below the estimated city vacancy rate.*

Bloomington's estimated vacancy rate according to the American Community Survey is almost 9%. However when asked in the landlord survey the number of vacant units compared to total units, respondents indicated a rental vacancy rate of just below 2%. Traditionally, vacancy rates in the 5% to 6% range ensure some opportunities for new residents to the market and avoid price inflation due to high demand.

*Multiple factors influence the cost of housing and the ability to produce affordable housing; therefore, multiple partners will have to be called upon to address housing needs.*

*Housing costs and a households ability to afford housing are influenced by many factors, including the product types being produced, land costs, growth in income, and competition in the market to name a few. For this reason no one entity will be able to address Bloomington's housing challenges.*





# CHAPTER TWO

WHERE WE WANT TO GO

THEMES AND GAPS

STRATEGIC HOUSING & NEIGHBORHOOD GOALS





# WHERE WE WANT TO GO

*The community engagement process and market analyses presented in the previous chapter identified where the community has been, is today, and what needs to be produced in the future for continued growth. From this, specific policy directions and initiatives can be identified that will help the city meet the residential needs of a range of residents and strengthen neighborhoods. The purpose of this chapter is to articulate these specific issues and opportunities, and to provide a city-wide policy framework for moving forward.*

## THEMES

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Bloomington is a city made of quality neighborhoods and residents that are highly engaged. With regards to housing, key themes can easily be identified for the entire city, but there are also unique features of different parts of the city. These commonalities and distinctions can determine housing opportunities and challenges. The following section summarizes city-wide themes and identifies more specific policy areas with common themes.

### City-Wide Themes

*The new construction market has often focused on student housing.*

Since 2015 the majority of new units have been designed for students in terms of both configuration and location. A very limited supply of single-family and townhome developments have been completed leaving a gap in the market.

*A limited number of new “greenfield” lots.*

Available lots in the Bloomington city limits are low. Costs of development has deterred many developers from initiating new lots. Additionally, the generation of risk takers who led these developments is dwindling with few new risk takers entering the market.

*Habitat for Humanity is setting the standard for nonprofit development.*

The nonprofit is doing innovative and high quality projects that provide affordable homeownership options. There appears to be a continued capacity or need within this area for development entities that can learn from and work with existing local organizations like Habitat.

*Good infill/redevelopment opportunities.*

Cities can leverage existing infrastructure to encourage new affordable housing. Efficient use of existing water, sewer, and streets helps control costs when assistance with site preparation is provided. Bloomington still has a number of opportunities for redevelopment and infill housing, specifically in the hospital site and neighborhoods surrounding Switchyard Park. These areas should be leveraged to create stronger neighborhoods and communities.

### *Balancing competing demands for quality, amenities, and affordability*

Adding density to existing areas can be a key strategy to providing affordable housing, but this must be balanced against the concerns of neighbors over their existing quality of life. Corners cannot be cut, housing and infrastructure must be built to standards that are going to last for decades, and neighborhood character must be respected to ensure continued investment in existing housing. Finding this balance will be one of the most important challenges facing cities in the coming decade.

## **Neighborhood Theme Areas**

Across Bloomington some areas of the city have similar context. The Bloomington Comprehensive Plan acknowledges the need to differentiate between different parts of the city and specifically calls out focus areas. Expanding on the focus areas identified in the Comprehensive Plan, the neighborhood themes areas are differentiated by common residential context and were informed by the Comprehensive Plan and the UDO. The following summarizes those areas and in the next chapter specific policies that address these themes will be identified. These areas are identified in Map 2.1.



### *Urban Neighborhoods/Rural Character*

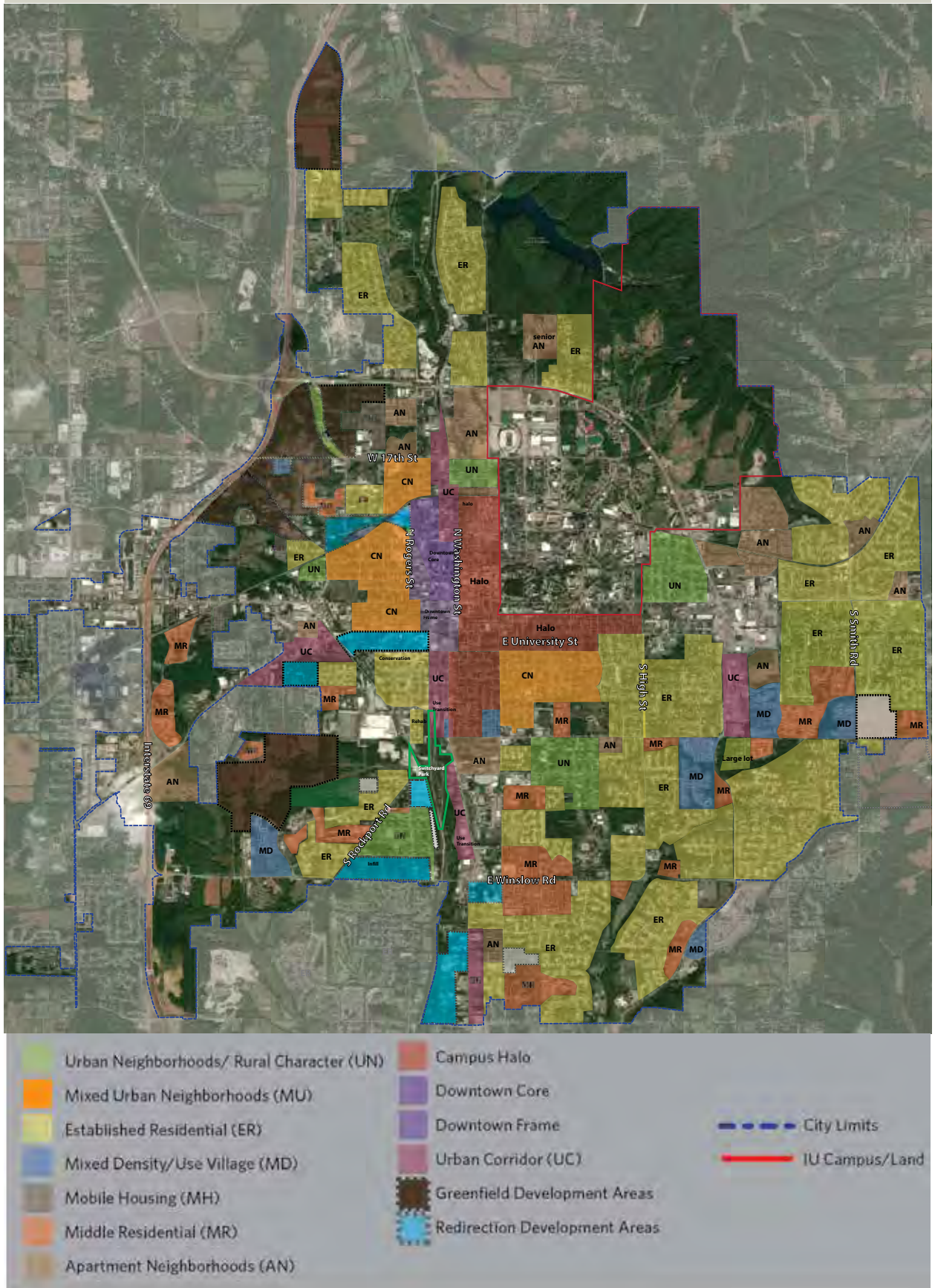
The urban/rural neighborhoods are generally surrounded by the existing city. Housing is mostly single-family. Lots are smaller than rural neighborhoods, but densities are still very low. Streets typically lack curb and gutter (sometimes referred to as "rural sections") and sometimes lack sidewalks. However, homes are served by city utilities, including water and sewer. Continued investment in existing housing will be key to keeping these neighborhoods strong and vital. Some potential exists for new infill housing and higher density development on very low-density sites, but an emphasis should be placed on maintaining neighborhood character. Examples of this neighborhood category include Broadview and Green Acres.

### *Mixed Urban Neighborhoods*

The city's mixed urban neighborhoods have a high degree of local and resident identification. Low to medium density, detached houses are typical of the housing stock in these areas. They have also experienced some conversion and multi-family infill, particularly in areas closer to the IU campus and downtown. These areas are or have experienced development pressures and are affected by the demand for student off-campus housing. Conservation of existing housing stock and balancing demand for new housing with preservation of neighborhood character will be key issues in the coming years. These neighborhoods were at the forefront of recent controversies over proposed provisions of the UDO. Policies should identify and encourage infill development on sites with obsolescent structures; provide specific standards to evaluate special permit applications for accessory dwelling units on existing lots; upgrade neighborhood infrastructure to encourage existing property owners to reinvest where necessary; and provide specific guidelines and transitional standards where opportunities are available. Examples of neighborhoods in this category include the Near West Side and Elm Heights.



**Map 2.1: Neighborhood Policy Areas**



*Non-designated areas include parks, schools, major employment centers and areas identified in the Bloomington Comprehensive Plan as future employment centers*



### *Established Residential Neighborhoods*

The established residential neighborhoods are composed mostly of single-family detached homes with some attached and townhome units. These neighborhoods generally were developed in the last half of the 20th century and are oriented toward automobile transportation. These neighborhoods often have relatively large blocks, curvilinear streets, and relatively limited through access. Their location further away from the IU campus development and the city center make them relatively insulated from major development pressure. Opportunities may exist for mixing density on the few open sites within these generally established areas, while rehabilitating urban infrastructure where necessary, encouraging small neighborhood reinvestment projects, and improving connectivity to existing services. Examples of these neighborhoods include Arden Place and Covenanter.

### *Mixed Density/Use Village*

The mixed density village areas have a mix of housing products and some have adjacent commercial uses. These areas often have features that follow principles of New Urbanism, offering a high level of street connectivity, short blocks, pedestrian and bicycle connections, and a variety of housing product that should support a range of income groups. This neighborhood form often requires the development flexibility offered by the new UDO. Policies and incentives should continue to encourage the use of this kind of compact development while encouraging housing and income diversity with participation in infrastructure development. Examples of mixed density village development include Meadow Creek and Covenanter Hills.

### *Manufactured Housing*

Manufactured housing often referred to as mobile homes includes a mix of ownership on rented lots to rental units. For generations this housing product has been a source of affordable housing. Issues with sporadic quality both in units and infrastructure have arisen. Addressing the quality of both units and infrastructure in small and substandard units will be important to offering safe and affordable housing. Some cities and suburbs have also found manufactured units in a high quality, subdivision-like setting to be a useful technique of providing attainable housing. Arlington Valley is an example of an existing manufactured housing development.

### *Middle Housing*

"Middle housing" is a term that has been introduced recently to describe a variety of mid-density housing types that fall in a continuum between single-family detached and multi-family forms. These housing types include attached units such as townhomes and relatively family-friendly multi-family building. The types can include both owner and renter configurations. The relative construction efficiency of these units can (but not necessarily will) reduce housing costs. Bloomington has an inventory of "middle housing" in unified developments, in projects large enough in scale to qualify as neighborhood policy areas. When owner-occupied, these projects typically have homeowners associations (HOA's) that maintain building exteriors and





*The replacement of this building with housing is a great example of adding residential uses within an older commercial urban corridor.*

common outdoor areas and site improvements. Some of these HOA's, especially in more moderately-priced developments, face serious challenges as maintenance needs exceed their available resources. Policies for existing "middle" developments should consider mechanisms, including loan assistance, to preserve affordable housing stock by helping to finance needed exterior and site rehabilitation. Overall policy should integrate middle housing into new development areas, potentially through infrastructure finance incentives and requirements for mixed density residential. Middle housing neighborhoods are distributed around the city, but a significant concentration occurs east of College Mall Road and north of Moore's Pike.

### *Apartment Neighborhoods*

The apartments neighborhoods have some of the city's highest density multi-family housing. This includes multi-building groups with self-contained parking and common space and facilities. Most are marketed to students and are located in both the core and periphery areas to the University. Rehabilitation and maintenance of the oldest structures will be important to provide affordable options for a non-student population. Ideally, large multi-family concentrations should be replaced by smaller apartment groups integrated into mixed density development areas. Examples of these areas can be found across the city from the areas west of the IU stadium to the Woods at Latimer and Stratum south of the Mall area.

### *Developing High-Density District*

The high-density district is urban in nature on smaller sites. Structures are street-oriented built to the property line. Often include street-level commercial and parking incorporated into the project. An area like this has the opportunity to mix jobs and housing next to a community asset. Housing policy options may encourage or require a certain percentage of units in these major areas to be priced within attainable ranges, affordable to people at 60% or less of the area median income. A program should be developed to provide some level of compensation to developers for lost revenue, including assistance with site preparation and acquisition, or focused use of tax increment financing. Higher vacancies are occurring in the commercial spaces and therefore future first floor mixed use should be tied to market demand.

### *Urban Corridors*

The urban corridor neighborhoods consist of College Avenue, Walnut Street, College Mall Road and Bloomfield Road. The older portions of these corridors tend to have inefficient land use patterns, large under-used parking lots, and multiple access points that create traffic conflicts. These issues create poor pedestrian and bicycle environments while still being primary public transit routes. More efficient use of land in these corridors, including redevelopment and conversion from parking and marginal commercial use, can provide excellent opportunities for higher density housing with minimum neighborhood opposition. These corridors also provide many of the commercial and transportation support systems that are needed by high-density residential.

### *Greenfield Sites*

Greenfield sites have no existing development, but the potential to receive city services. Areas are generally located in the northwest, southwest, southeast, and east. The capacity to serve these areas with infrastructure will be the biggest hurdle to development. For this reason future development will need to capitalize on infrastructure investment with highly efficient development patterns. Public participation in infrastructure funding can help accelerate development on these greenfield sites, but should be directly tied to a project's ability to provide housing with a variety of needed housing types and price points, most notably by providing "middle" housing assets.

### *Redirection Sites*

Redirection sites are areas of the city where uses are obsolete or have deteriorated structures or changing conditions make redevelopment logical. Sites like the hospital are logical, but less obvious may be locations like the neighborhood just west of Switchyard Park where the significant investment in the park may create development pressures on this older neighborhood. The potential pressures should be acknowledged early with clear policy directions for when market demand supports reinvestment. Master development plans should be developed with processes that invite the participation of nearby neighborhoods and stakeholders. These plans should articulate public goals and concepts, providing a template for both private and public decision making and establishing mutual expectations.

### *Downtown Core*

The downtown core is the major civic and commercial core of the city. Historic buildings are typically in the two- and three-story scale with more contemporary builds introducing larger scales. Preservation of historic structures around the square while newer, larger developments outside the square should include affordable housing units.

### *Downtown Frame*

The downtown frame neighborhoods are located south and east of the downtown core and are served or adjacent to the B-Line. These areas have a mix of uses, combining residential, commercial, automotive, and older industrial. Significant reinvestment is occurring with limited amount of affordable housing options.

### *Campus Halo*

Campus halo neighborhoods are adjacent to the IU campus and heavily influenced by the university. These neighborhoods are as consistent in themes as the other identified areas. The West halo area has a significant amount of commercial/retail uses and becomes more residential to the north. The south halo areas transitions into Elm Heights with the heaviest student population north of University Street. The common thread between these two areas is the need to address the long term role of improvised apartment buildings and the need for a higher level of predictability for the existing residents. These goals should include stabilization of valuable building stock that contributes to the character of these areas and new housing development that respects their existing scale and design character.



## STRATEGIC HOUSING AND NEIGHBORHOOD GOALS

As Bloomington looks ahead to the next decade, it appears poised to grow. But, a vibrant future depends on the ability of the city to foster conditions of a thriving community - housing being an essential element. The themes identified in the previous section suggest the need for strategic housing goals. Some of these carry over from the Uplands Housing Study while others further define the needs within the City of Bloomington.

### *Identify policies for sharing risk on development of new “affordable lots”*

Current lot development costs, which include installation of water, sewer, stormwater, and streets at a minimum, make it difficult to produce lots on which affordable housing can be built. For the private development community, these costs have to be recouped in the final sale of the home. For the construction of lower price point owner-occupied housing, densities will have to be increased and/or lot costs will have to be shared or mitigated.

### *Find ways to streamline the development review and approval process*

During the public engagement process, many noted that the approval process a number of review steps that add costs for the development community. During the late winter of 2020, a new UDO was approved and this may streamline the process but has not yet been fully tested. Good, quality development should always be a top priority for a community, but streamlining the processes and relying on well qualified staff should lower soft costs, especially for housing that is focused on price points affordable to those making less than \$100,000 a year. The process should be reviewed in the coming year to confirm that the new UDO is achieving this goal.

### *Leverage older commercial corridors for higher density residential development*

Retail markets are changing, and even before the closers of 2020 the news was full of mid-size to large box retailers that had gone out of business over the last several years. These sites offer a great opportunity to connect housing to existing commercial services. Older commercial corridors should be evaluated for infill opportunities to create additional housing and more walkable environments. These types of efforts also further the city's sustainability goals through the use of existing infrastructure and reducing car dependency. The city may also consider tools that provide permanently affordable units, especially if the city is assisting in any way with a redevelopment project.

### *Secure and conserve existing housing as away to provide affordable housing and reduce the impact on the environment.*

A city's existing housing stock is its best source of affordable housing. Removing older housing often results in the removal of an affordable unit but also adds to the city's carbon footprint. The most environmentally sustainable housing unit is the one that does not have to be built. At the same time, many older homes are not as energy efficient, therefore the community must continue to find ways to invest in energy efficiency improvements to all older housing units.

### *Establish education program for tenants and land lords*

Bloomington specifically has a large number of residents who are entering the housing market for the first time in their lives. Being responsible for a living unit is a new experience for them and they are often running into conflicts with neighbors and landlords. An education program should have two focuses:

1. How to be a good tenant and what it means to be a good neighbor.
2. What are your rights as a tenant, what are the leasing laws in Indiana, and what are your responsibilities as a tenant?

### *Maintain neighborhood character while adding housing options to existing neighborhoods*

Adding density to existing areas can be a key strategy to providing affordable housing, but this must be balanced against the concerns of neighbors over their existing quality of life. Corners cannot be cut, housing and infrastructure must be built to standards that are going to last for decades, and neighborhood character must be respected to ensure continued investment in existing housing. Establishing predictability for existing residents while balancing the demand for additional housing will be essential to ensuring strong neighborhoods.

### *Leverage opportunity sites to expand housing options within the city*

The city has a unique opportunity with the hospital site and Switchyard Park. The hospital site is a tremendous opportunity to add housing variety within the heart of the city. Additionally, investments like Switchyard Park can create significant investment interest, especially along the Walnut Street side of the Park and in older more deteriorated neighborhoods surrounding the park. Planning for these opportunities now should ensure a mix of permanently affordable and market rate housing options.

### *Encourage new development in existing communities*

The cost and ability to extend infrastructure is not getting cheaper. Communities will need to find ways to leverage existing infrastructure. Policies and incentives should encourage new development in existing centers and on existing services. Lower density housing that is not on city services will still be demanded by the market, but these types of developments have limited ability to support needed services through the property taxes they generate and therefore should not be encouraged or receive incentives.



# CHAPTER THREE

ACHIEVING OUR GOALS

STRATEGIES





# ACHIEVING OUR GOALS

*The measure of a plan's success is its ability to create action. In the case of a housing plan where issues are diverse, the responsibility of implementation lies with many constituents. Therefore, the implementation road map is of utmost importance. The following chapter will lay out specific city policies and actions but to ensure a healthy, balanced housing market other partners will need to be at the table. With the philanthropic sector, builders and developers, nonprofits, and government working together, Bloomington can ensure a healthy and affordable housing market for current and future residents.*

## STRATEGIES

A housing market is a complex and ever-changing landscape of countless variables including economic factors guiding production, rehabilitation, and demand. Social factors also influence housing preferences, as does the willingness of renters and buyers to adapt to new products. This fluidity can seem daunting, but all the more important to establish strategies around Bloomington's opportunities and challenges, and the goals identified for the city in the previous chapter.

Housing affordability issues are not new to many communities but the impact and awareness of the issue for moderate income households has grown in the last decade. As those that have worked in the world of affordable housing development for decades will note, projects and developments do not happen quickly. It is easy to see a demand for housing and wonder why it isn't being filled, but there is nothing affordable and sometimes profitable about the development of affordable housing. At every step of the process there are costs. These steps traditionally include:

1. Pre-development
2. Public process
3. Planning approval
4. Financing
5. Building permit
6. Construction
7. Inspection
8. Leasing and sales

Along this path are a number of risks and the following strategies will assist in sharing some of that risk and expanding the number of affordable units. They will require both private market and public participation. These approaches may seem slow and incremental, but the complexity of the issues and the necessary partnerships will take time.

It is important to note, every housing project is different and there is no one perfect solution to address issues and capitalize on strengths across the entire city. Therefore, the following strategies may need to be combined and altered to meet the unique aspects of different projects. Additionally, case studies are provided throughout this section as examples that can be adjusted to meet the city's needs. Some are from smaller cities that can be scaled up to meet Bloomington's needs, while others are from larger metro areas and will need to be adjusted to meet local policies and regulations.

### *The Development Process*

*Want to learn more about the development process? There are numerous resources on the internet, one of those is the Urban Institutes simulator at <https://apps.urban.org/features/cost-of-affordable-housing/>*



## Opportunity Zones

Opportunity Zone legislation was established by Congress under the Tax Cuts and Jobs Act of 2017. Under this legislation, states declared qualifying low-income census tracts as Opportunity Zones based on set criteria in Spring 2018. The legislation is intended to spur investment and job creation in distressed areas. Investment in a qualified opportunity fund allows for the deferral of capital gains tax until 2027 and allows holders to reduce their tax liability by up to 15%. Many communities are interested in using the tool to spur investment in rental housing (ownership housing does not qualify because it is sold and not held within an opportunity fund). Leveraging one of these areas for housing development will require strong partnerships between the city, business community, financial institutions, and developers.



## Risk Sharing

All development comes with a level of risk. The developer often takes on a significant amount of debt in the hope that rent or sale prices will be high enough and units will fill fast enough to cover the debt while providing a living commensurate with the level of risk they take. The banking and financing community take on risk when they loan money to developers. Even the contractors and subcontractors take on risk that payment for their services will come even if the project is not as successful as the developer had hoped. For Bloomington, there are few options for lowering or sharing the level of risk these partners must take on. Bloomington developers voiced concern over the risk of lot development and the growing costs increasing the amount of debt they must carry, if they can even get the financing. All of this means the development community naturally gravitates to known project types with lower risk; a natural tendency for any business. For these reasons, Bloomington community leaders and stakeholders must find ways to lower or share risk in development of projects that have smaller profit margins or untested products. It should be noted this is true for both the production of new units and the rehabilitation of older units.

Many of the strategies in the following sections will include various ways to share risk but developing partnerships and creating financing mechanisms will be the most crucial elements to all of these strategies.

### Partnerships

It is always possible to create a greater impact through meaningful partnerships than would be possible individually; this is especially true in a housing strategy where creating ongoing action is accomplished by empowering diverse stakeholders to create positive change relating directly to their mission. The Uplands Housing Study identified the need to develop housing partnerships within the county and city. A housing partnership is somewhat similar to the economic or business development partnerships that many communities have had and could even grow out of these same organizations. Like these organizations they rarely grow out of or are led by the city. An effective community housing partnership should be able to coordinate and execute project development and financing, while also providing expertise in marketing and management.

Any partnership should begin by establishing a common purpose between each stakeholder; in other words, the reason each organization desires to improve the housing market by participating in the effort. Following is a list of the minimum participants that should participate in the partnership.

### *The City of Bloomington*

The City is responsible for promoting the health, safety, and welfare of its residents including future generations through its regulations, policies, public services, and programs. Bloomington has a number of excellent programs in place to assist lower-income households. Under Indiana Redevelopment Law, the Bloomington Redevelopment Commission can assist with community redevelopment projects and encourage development in a variety of ways including financial assistance for capital improvements, technical assistance for innovative proposals, expedited proposal review, and removing obstacles to affordable lot and housing construction. The City of Bloomington will play a key role in any partnership, and expansion of city programs, though additional funding from the partnership will be important to the quality and quantity of affordable units. Additional discussion around funding for code enforcement must also be part of the conversation. Many community stakeholders have called for greater enforcement, but this will require additional city funding for staff to expand efforts.

### *Service Providers*

Bloomington has a number of service providers focused on helping low-income residents. Many of these include housing assistance in various forms. The level of involvement these agencies have may vary based upon their mission but knowledge sharing will be an important part of their role. Some organizations like the Bloomington Housing Authority may even be able to expand services with adequate funding, and at a minimum provide excellent knowledge for others in the partnership.

### *Major Employers*

There is a growing awareness that housing, including quantity, quality, and affordability, impact employers' ability to recruit and retain employees. Each company invests a significant amount of time, energy, and money training their employees and, therefore, it is in their interest to support all aspects of retention, including housing. Employers can play multiple roles in the housing partnership:



## Housing Incentives at Saint Louis University

**Saint Louis University has provided a housing benefit to its employees through the University's Employer Assisted Housing Program (EAHP). The EAHP provides three benefits for the University employees:**

- Housing information and education on home ownership.
- When available, preferred rates and reduced closing costs on mortgage and refinancing costs through partnering institutions.
- When available, forgivable loans for eligible employees, applicable towards the purchase of a new home located in the designated neighborhoods near campus.

**This program applies to all current, full-time faculty and staff members. Properties eligible for the forgivable loan program must be located within specific revitalization areas. In the SLU program the percentage of the loan that is forgiven increases with the number of years of employment after origination of the loan, up to 100% of the loan after five years of employment.**



Washington University in Saint Louis also has a program: <https://hr.wustl.edu/items/employer-assisted-housing-program/> or more information at: <https://www.onestl.org/toolkit/list/practice/employer-assisted-housing>



- Direct construction of new ownership or rental units.
- Funding assistance to a lending consortium (see section on sharing risk) or nonprofit in the construction of units that will directly benefit their employees.
- Investment in one of the Opportunity Zones to produce housing in distressed neighborhoods and receive the tax benefits.
- More traditional programs such as down payment assistance to employees purchasing homes in the community or assistance with moving costs. It is important to note, these particular solutions do not address issues related to quantity or quality of housing.

The 2008 recession and the COVID-19 induced economic downturn both demonstrate that every economic downturn effects different businesses in different ways. Therefore, individual conversations with business is necessary.

### *Lending Community*

The lending community is intimately involved in all aspects of the housing market. While many aspects of their business and practice are tightly regulated, other aspects do permit innovation and proactive participation in the housing market. CDFI Friendly Bloomington has begun some of this work, bringing together financial institutions and those interested in doing a variety of projects that aim to strengthen Bloomington. Community Development Financial Institutions (CDFIs) are private financial institutions dedicated to lending to low-income, low-wealth, or disadvantaged communities who have difficulty accessing traditional lines of credit. The purpose of CDFI Friendly Bloomington is to market and promote Bloomington and Monroe County to CDFI's to increase flexible and affordable financing options in the community. Working with the local lending community their role, specifically in the housing market, could be expanded with the aid of CDFI Friendly Bloomington and the relationships they established. The role of the local lending community in a housing partnership may include:

- **Lending Consortium.** A lending consortium is a cooperative venture among lending institutions active in the market to spread individual risk. In addition, these cooperative ventures can attract the support of major employers or other agencies such as the Indiana Housing & Community Development Authority, Federal Home Loan Bank, and Indiana Economic Development Corporation. A lending consortium is an ideal instrument to:
  - » Finance the additional capital necessary to "fill the gap" between the cost of housing and appraisal. Gap financing should be used when the cost of construction is more than the finished value of the home or when developers are tasked with building more affordable housing options or housing that is untested in the local market.
  - » Provide short-term financing or "patient financing" for builders and contractors in the community, and to provide interim financing for projects developed by local housing partnerships, the city, or even the county.
  - » Offer down payment assistance for new homeowners. A major hurdle for many young or lower income households looking to buy includes saving enough money to make a down payment, even though these households may not meet federal criteria to be considered

### *Housing Trust Fund*

*Somewhat similar to a lending consortium, a trust fund is a way to pool local dollars that can be used toward specific housing objectives or goals. The advantage of either a consortium or trust fund is increased local control and flexibility. Local dollars allow communities to tailor a program to their specific needs and also show that a community is "housing ready" when applying for other state and federal housing programs.*



low income. Assistance in the form of grants or forgivable loans helps these households get into housing ownership and begin to build equity in the market. Local lenders will offer a deeper understanding of this issue when forming the consortium and may view this as a lower priority as other programs exist both at the state and federal level.

- **Community Reinvestment Act.** The application of Community Reinvestment Act (CRA) funding to support housing initiatives led by the nonprofit housing development corporation.

#### *Chamber of Commerce & Economic Development Organizations*

The Chamber and economic development leaders seek to further the collective interests of their partners while advancing the community and region. Housing in Bloomington represents a significant economic factor both in the business of actual housing construction and for its impact on providing a place for business leaders and employees to live. The role of economic development in a housing partnership may include:

- Convening the partnership.
- Educating the public and its members on the importance of housing to the overall economy and inviting members to expand their role in the partnership.
- Promoting housing incentive programs to employers and their employees.
- Bringing funding partners together and championing their partners' involvement in programs like the lending consortium.

#### *Philanthropic and Foundations*

Philanthropic groups and foundations will continue to play a key role in the affordable housing solution. Additionally, they serve as providers of information and benchmarks to understand the impact of these programs moving forward.

#### *Indiana University*

The student and faculty population play a major economic role in all aspects of the community including housing development and occupancy. The university can play many roles from direct housing



## Neighborhood Finance Corporation Des Moines, IA

The Neighborhood Finance Corporation was formed in response to the need to promote reinvestment in the core of the city. The City, the lending community, and countless partners gathered forces and resources to develop a program to target investment to core neighborhoods of Des Moines.

The Neighborhood Finance Corporation provides a variety of programs to homeowners without any income restrictions. Programs include: forgivable home improvement loans, a loan refinancing program, and a program to support the purchase of homes.

This type of funding source could be an important resource to neighborhoods like South of Downtown looking to proactively support reinvestment in their neighborhood.

More information can be found at:  
[www.neighborhoodfinance.org](http://www.neighborhoodfinance.org)

development for students or faculty or community clean-ups efforts to data collection.

#### *Other Partners*

There are many other potential partners not included in this list such as real estate agents, builders, and faith-based organizations. All can and should have a role in supporting efforts to conserve existing affordable units and bring additional units to the market. Any partnership should begin by establishing a common purpose between each stakeholder. In other words, the reason why each organization will choose to improve the housing market by participating in the effort.



## Wayne Community Housing Development Corporation: Wayne, NE

Wayne, Nebraska is a thriving community of 5,500 in Northeast Nebraska with a mixed economy based on a small state college, strong industries, and regional agriculture. Over 20 years ago, the leaders of Wayne saw the need to provide housing for their workforce and formed the Wayne Community Housing Development Corporation (WCHDC).

Growing out of the local economic development organization, WCHDC is a proactive nonprofit with the mission to improve the region through affordable housing development. Offering a purchase/rehab/resale program, home buyer education, and assistance on local projects, like new rent-to-own housing, WCHDC works to expand housing options for the local workforce.

<https://ne-wayneed2.civicplus.com/82/Housing>

### *Nonprofit Developer*

Bloomington Habitat for Humanity is doing excellent work in the city but is the only nonprofit currently producing affordable housing. Bloomington Housing Authority also produces affordable housing and does have a non-profit arm called Summit Hill Community Development Corporation. Summit Hill was established in 2017 and allows for greater funding options.

Nonprofits can play an essential role in the development of affordable housing and often reside within an existing organization such as an economic development group or even a church. However, they must have the express mission of implementing housing programs where the private market cannot find success. A housing nonprofit's board of directors and stakeholders should be comprised of partners whose mission is impacted by the housing market. As a nonprofit they can accept an assortment of funding sources, can implement a variety of housing programs, and can work on behalf of its partner organizations to strengthen a county's housing market for the mutual benefit of all.

The benefits of a nonprofit housing developer include:

- An entity dedicated solely to addressing housing issues and serving partner organizations including employers, institutions, the development community, and resident groups.
- A nonprofit status allows the corporation to operate in markets where private developers cannot (low revenue price points or untested products).
- The ability to execute and coordinate an assortment of housing programs and policies, using a variety of funding mechanisms including tax increment financing, charitable gifts and donations, and federal and state dollars.

Ultimately the nonprofit is able to take on additional risk when supported by the community that the private development community cannot.

## Development of Below Market Rate Housing

Bloomington currently has a shortage of housing affordable to households making less than \$25,000 and over the next ten years will need nearly 1,000 housing units priced below \$130,000 or with rents below \$800 (see Figure 1.19). These products are very challenging for the private market to produce and will depend heavily upon the housing partnership for funding and the nonprofit development community. Increasing the number of Low Income Housing Tax Credit projects and expanding rental programs will be important to producing these units in addition to preserving the city's existing stock of affordable housing.

### *Low Income Housing Tax Credit*

During the early 2000s and following the 2008 recession few low income housing tax credit (LIHTC) projects were completed in Bloomington for many reasons. In recent years more projects are being executed but stakeholders indicated issues with land prices and the overall approval process. Adding to this struggle is the Tax Cuts and Jobs Act of 2017 which lowered the corporate tax rate, reducing the appeal of tax breaks like LIHTC's. The effect was almost immediate, dropping the value of individual tax credits from \$1.05 per credit in November 2016 to 90 cents each. The market has rebounded some, but at less than a \$1 per credit, developers are scrambling to fill the gap. In some places developers have chosen to focus on market rate developments rather than struggle to find the funding necessary to complete low-income housing.

Filling the gap between what the credits cover and the actual development costs will be necessary to increase the appeal of using this program. The need for gap financing will also affect the development of units by nonprofits. Additionally, some legislative changes could stabilize these and make them more appealing.

### *Gap Financing*

Gap financing covers costs that make it challenging for the private market to produce a product. In many of the regions rural communities this may be the difference between cost and appraisals. For Bloomington, where values are strong, it can cover the gap between costs, including profit by a private



## HOTIF & RTIF

The Housing TIF program was added in 2006 by the Indiana General Assembly, which permits Redevelopment Commissions throughout the state to undertake a housing tax increment program. There are nine findings that a redevelopment commission must satisfy to approve a HOTIF within their jurisdiction. The criteria relate to lack of occupancy, property tax delinquencies and code violations. If met, the redevelopment commission can establish the HOTIF area to capture the increment from all real property improvements in the area and apply it to projects for neighborhood renovation. There are three HOTIF projects located within the state, all within the City of Indianapolis.

In 2019 new legislation was passed creating Residential TIF. This program allows a redevelopment commission of either a city or county to establish a residential TIF based on one criteria related to low housing production. While it is too soon to share examples of projects, it would appear that this legislation will allow for a much greater flexibility in the creation and redevelopment of housing.

developer, and the ability to produce a unit that is affordable to a targeted household. Often these are households making less than 80% of Area Median Income (AMI) but in many cities the need to produce housing products affordable to households making less than 100% or even 120% of AMI is a growing issue. One of the most effective local tools for addressing the issues with gap financing is a local lending consortium or trust fund due to the flexibility that these funds can offer. However, every project is unique and may require a mix of tools.

**Housing Development Fund.** The Bloomington Housing Development Fund is an affordable housing fund supported by the City of Bloomington. The purpose of the fund is to increase the supply of decent, affordable housing for residents earning 120% or less of AMI and whose monthly rental housing costs are not more than 30% of their monthly income. Funds can be used for acquisition, new construction, rehabilitation of existing structures, down payment and closing costs assistance, or to leverage other funding sources.

**Tax Abatement.** Tax abatement programs have been used in communities across Indiana. Tax abatement can come in a variety of forms, but simply provides an offset in property taxes paid. For the developer of



## 4d Affordable Housing Incentive Program - Minneapolis, MN

The 4d program in Minneapolis is a good model of combining property tax relief and the preservation of naturally occurring affordable housing (NOAH) units.

The 4d program preserves affordable housing in Minneapolis by assisting apartment building owners with property tax reductions in exchange for their agreement to keep 20% or more of their rental units affordable for a minimum of 10 years. It also provides funding for energy efficiency improvements and solar installations. Affordability is defined as households making less than 60% Area Median Income (AMI).

### Benefits to Property Owners:

- 40% tax rate reduction on qualifying units for 10 years
- \$100 per affordable unit grant (up to \$1,000 per property)
- Payment of first year application fee for the Low Income Rental Classification (\$10/unit)
- Free or low cost energy efficiency and healthy homes assessment
- Cost share funding up to 90% of qualified upgrades for green energy upgrades
- Priority for Solar Project funding up to \$75,000 per project

### Requirements/Eligibility:

- Building must have at least 2 units
- Can include owner occupant units, but those units are not eligible for 4d tax status
- Property must not have rental housing license revocations or outstanding housing orders
- Owner must record a 10-year affordability declaration that runs with the property
- Annual income verification is not required but as units turn over, new tenants must have household incomes at or below 60% AMI
- Must accept tenant based assistance (ex: Section 8 vouchers)

**A 4D type program could be combined with existing rehab programs or toward the construction of new affordable units in census tracts with the highest level of rent burdened households.**

<http://www.minneapolismn.gov/cped/housing/WCMSP-214366>



lots, this reduces the lot costs and lessens the pressure to sell the lots. This strategy can be especially effective with rental developments where the cost of higher taxes are not passed on to the renter, thus keeping rents lower.

**Grants.** While often highly competitive, the Federal Home Loan Bank, USDA, or Federal programs such as CDBG or HOME can help with infrastructure financing.

**Tax Increment Financing (TIF), RTIF, & HOTIF.** TIF uses the added tax revenue created by the development to finance project-related costs, such as public improvements. Bloomington has used this tool before and some cities across the country are discussing the need to connect the use of TIF to the inclusion of affordable housing in projects.

**City Bonds.** A growing number of cities, and even states, have used voter approved bonds to help capitalize the development and reinvestment in affordable housing. The initiatives are clearly laid out to fund the purchase, construction, and improvement of affordable housing. It is not unusual for cities to bond specific projects under their approved bonding capacity but in these instances cities, both large and small, are requesting funding to address the affordable housing issue.

## Lot Development

One of the biggest hurdles to the development of affordable housing is the cost of land and the preparation of that land for development. The following are strategies for lowering these costs and risks related to infill and new or "greenfield" development on the edge of the city. Additionally, shared risk strategies discussed in the previous section can help increase the number of affordable units.

### *Reducing Land Costs - Infill*

Infill development has several benefits for communities. First, placing housing on vacant lots sustains the character of established neighborhoods rather than giving a perception of disinvestment. Second, roads and infrastructure already in place reduce the upfront cost of development. On the other hand, infill has to be carefully balanced with neighborhood character. Residents in the mixed urban neighborhoods and campus halo neighborhoods are concerned about the development of large scale projects that change



## Small Area TIF - Grand Island, NE

The City of Grand Island used tax increment financing (TIF) to support small scale infill development in existing neighborhoods. Through the use of "micro-tax increment financing," the city targets small concentrations of blight (vacant lots or dilapidated structures that require demolition). By calculating the additional value that would be created with a new duplex or four-plex, the CRA then issues a grant or loan that is given or sold to a developer that can be used to secure financing from a bank.

### Allowable expenses include

- Property acquisition
- Demolition
- Site preparation
- Utility extensions and connections
- Sidewalks and landscaping
- TIF fees and contracts
- City development fees
- Engineering and architecture costs
- Interest and financing costs

The City of Grand Island used micro-TIF to support the demolition of a dilapidated single-family home valued at \$48,000 and the development of two duplexes with an estimated value of \$320,000. The redevelopment removed a blighted structure, created four additional affordable housing units, and brought additional tax base to the city without requiring additional infrastructure.

<https://www.grand-island.com/departments/regional-planning/community-redevelopment-authority-cra>



## Housing Bonds - Greensboro, NC

In October 2016, Greensboro put to vote a \$25 million bond project to fund the purchase, construction, and improvements to housing for low to moderate households. Projects include housing or neighborhood revitalization programs or providing loans and grants to individuals, developers, or other organizations for both single and multi-family projects. The bonds are projected to leverage \$54 million in investments on 1,007 housing units.

### Projects include:

- Development or buyer assistance for 320 units of workforce housing
- Code compliance repair through a revolving loan fund for 120 repairs with property liens
- Handicapped accessibility improvements for 80 units
- 27 new supportive housing units targeted to homeless/disabled/veterans.
- Revolving loan fund for 50 low income homebuyers
- 150 units of heating systems, lead-based paint, health hazards and emergency repairs
- 150 affordable multi-family units
- 30 owner-occupied home rehabs

Using a city bond initiative is not exclusive to larger cities like Greensboro. Newton, Iowa population 15,000, used a bond initiative to assist with subdivision development and incentivizing housing construction after the Maytag closing resulted in a loss in confidence by the development community.

<https://www.greensboro-nc.gov/government/2016-bond-referendum-approved/housing-bonds>

the character of their neighborhoods. Traditionally, developers are not interested in working with multiple land owners to assemble enough land for a larger scale project, and the cost of site preparation (removing dilapidated structures or addressing aging infrastructure) increases costs for the developer. For these reasons, they have and will continue to look to the city to play a key role in the development of infill lots.

It is important to note that infill is not just large scale developments, like those adjacent to the University. Infill may also include large sites in a redevelopment area or the use of an obsolete commercial site along a major corridor for higher density residential development. Key tenets of the city's existing Comprehensive Plan that are important to reinforce include ensuring well-designed and properly sited infill projects that reinforce neighborhood quality.

**Land Assembly.** One of the biggest hurdles to infill development is the assembly of lots. The development community in Bloomington has created some nice units by doing this. However, many perceive that these units were not affordable or designed to appeal to a broad market. Market demand in some parts of the city may not require involvement by the city in land assembling but in other locations, where demand is not as high, the city can play a role in fostering affordable housing development. The city has the ability to do land acquisition. Under this authority, HAND can acquire vacant property or substandard housing units for clearance or rehabilitation. The city's currently policy is to divest property to parties interested in building, leasing, or selling the property for low-income housing. Using the neighborhood policy guide in the following section, the city can also guide the type of development that occurs by neighborhood.

**Free or Reduced Infill Development Lots.** By offering free or discounted lots for new development, the total development cost is significantly less than in greenfield development, and the city reaps the benefit of using its existing infrastructure while also directing investment to help stabilize neighborhoods. Any costs incurred by the removal of a dilapidated structure or legal costs can be recaptured over time with the property taxes generated by the new development.

The housing partnership (page 70), once formed, should also play a role in lot availability. Entities within the partnership may assemble or prepare land

for development of housing targeted at households making less than 80% AMI. This role is no different than the assembling or preparation of land for business and industrial development that has occurred for many years in our communities. Sites should be coordinated with the city to ensure they fit into the overall land use and transportation vision for the city. Appropriate sites should have good access to public transportation and fit within the context of the neighborhood.

**Land Bank.** Land banks are governmental nonprofit organizations that can acquire vacant, abandoned or dilapidated properties for renovation or demolish for future development. Land banks are appealing in some communities because they allow for land assembly without the city having to hold and maintain properties. Recent legislation has been passed allowing eligible organizations and cities to establish a joint land bank.

### *Reducing Land Cost - New Site Development*

The current process for lot development places most of the cost on the developer who then passes on the costs through rental rates or home purchase. This is not the fault of the developer nor the city. The developer must cover their costs and most cities do not have a pot of money from which they can fund new lot development (most are struggling to maintain existing streets and infrastructure). For households making at or above the city's AMI and who can afford the market rate rental or home-ownership, these costs can be absorbed; therefore, strategies should be targeted to developments that produce units affordable to lower-income households. Additionally, developments should use these programs as efficiently as possible. Low-density, suburban style developments should not be eligible for these programs. Rather, these strategies should apply to higher density developments or innovative medium density (above six units per acre) projects that address what is often referred to as the "missing middle housing."

**Shared Cost.** The public share might be 30% to 50% of construction cost. Repayment is derived from the added property taxes created by new development. The city has precedence for this, sharing some cost of infrastructure when the units have been affordable, but has no established program. Under a standardized program, shared cost would only occur

when 50% or more of the units are affordable with the blend of affordability tied to the level of shared cost by the city.

**Special Assessments.** In many communities, special assessments are used to finance new infrastructure. While assessments reduce the initial purchase price of the house, they are repaid through monthly payments, and therefore add to the monthly and overall cost.

**Subordinate Payments.** The city front-ends a portion of public improvements, repaid over a longer period through a second mortgage on the property. This reduces payments over special assessments by extending the loan term and reducing the principal. The city could also use a portion of the property's city taxes to pay down the infrastructure cost.

**Deferred Payment.** The city finances the infrastructure as a deferred loan. The infrastructure loan is paid back upon sale of the house. The repayment represents the same percentage of the sale proceeds that the initial infrastructure loan made up of the original price.

**Tax Abatement.** Tax abatement can come in a variety of forms, but simply provides an offset in property taxes paid. For the developer of lots, this reduces lot costs and lessens the pressure to sell the lots. This strategy can be especially effective with rental developments where the cost of higher taxes are not passed on to the renter, thus keeping rents lower.

**Expedited TIF Process.** The use of Tax Increment Financing is often necessary to make a project work even at market rate rents (the "but for" test). As noted earlier, time can correlate to money. The TIF approval process can take several months and an expedited process could be tied to 40% or more of the units being affordable.



## Community-Based Action and Risk Sharing

Risk sharing is noted throughout this document as a vehicle for addressing housing challenges. However, communities cannot simply wait around for development opportunities and developer interest. Residents and stakeholders within several communities in Iowa are recognizing the need to take action by pooling their own resources and expertise to act as the developer of new lots. Two examples are described below:

- Fairfield, Iowa. A group of local stakeholders combined equity stakes to act together as the developer and builder of 27+ townhomes and duplexes in Fairfield. Risk sharing included private equity, City TIF funds, tax abatement, and Iowa Workforce Housing Tax Credits. Units were priced between \$160K-\$220K.
- Humboldt, Iowa. Similar to development in Fairfield, local stakeholders pooled equity to finance 32 single-family and duplex units. The City helped share risk through TIF financing and tax abatement. Units are priced between \$230K-\$280K.

**These are a couple examples of local action to share risk and start a grassroots, proactive effort for housing development. These projects were assisted in part by 571 Polson Developments, LLC. For more information on these and similar projects in Iowa go to:**

<https://571polson.com/>

## Policy & Code Support of Affordable Housing

Nationally, there is growing discussion regarding the negative impact ordinances have on the development of affordable housing. As shown in this study, there are numerous factors on the ability to produce affordable housing exclusive of codes. Additionally, the city has recently updated the unified development ordinance (UDO). The update addressed many of the traditional issues that have limited affordable housing development, specifically around the ability to develop a variety of medium density housing products.

The development process can be an additional hurdle to development of affordable housing. The longer the approval time for a project the higher the soft costs. Soft costs include fees, insurance, contracting costs for redesigns, and additional interest paid on loans for land. These soft costs are directly passed along to the buyer or renter at the completion of the project. A long approval process can also create a greater sense of risk-risk that the project will not be approved or additional requirements will make the project financially unfeasible. When a project is not approved the developer has no way to recapture these soft costs, design fees, insurance, and interest payments. Stakeholders indicated that the perceived risk in Bloomington is too high and they are choosing to forgo projects.

Bloomington must find ways to streamline the development process. Adding steps and uncertainty, like the additional Land Use Review Committee, make the process more cumbersome. The city has well trained and qualified staff and a new ordinance that addresses many past concerns. The development process should rely on this staff and the new ordinance and avoid multiple committees that can often delay the process and create a sense of arbitrary decision making by the development community.

## Neighborhood & Housing Conservation

Cities are ever evolving and thus neighborhoods that make up a city are impacted by those changes. Neighborhoods also have unique qualities and circumstances and, therefore, blanket policies and programs often cannot be applied the same across a city. The following section looks at specific housing conservation programs and then delves into neighborhood specific strategies.

### Conservation

Overall, Bloomington's housing stock is in good condition. While there are pockets of troubled housing, the vast majority of the city's housing stock is in good condition. Maintaining housing and improving units in disrepair should stabilize neighborhoods and encourage private investment. Additionally, the city has a number of neighborhood improvement programs including grants and clean-up programs.

### Rehab Programs

The City has a number of housing programs, including:

- Emergency Home Repair
- Owner-Occupied Rehabilitation Program
- Home Modifications for Accessible Living

Through additional funding from either the city or the housing partnership, programs could be expanded to include:

**Rental rehabilitation programs.** With Bloomington's low rental vacancy rate and continued demand for quality units, there can be limited incentive for rental property owners to make improvements. A rental rehab program needs to ensure that quality housing is being provided to households that struggle to afford current rental rates in new construction. Aspects of the program should include:

- All or a majority of the units rehabilitated must be affordable to households making less than 80% AMI for either five years or the loan period plus some additional time.
- Properties should be available for inspection by either the city or a third party. Any property that receives funding must be maintained to basic standards.



## Phase 2 Program - Sioux City, IA

The Sioux City Phase 2 program is designed to preserve and improve properties currently tagged as uninhabitable. The program does so by providing funds to new owners to bring the property into compliance with applicable building codes and standards. Applicants are required to be a new owner of the property or developer who intends to repair and sell the home.

Currently the program provides up to \$40,000 per home, as a forgivable loan over ten years. Owners must address the building code deficiencies first, then can use the remainder of the funds for additional exterior and interior improvements.

A primary reason for the program adoption was to repair rather than demolish units. Funding for Phase 2 comes from City general funds, money that was previously budgeted for annual demolition of tagged homes not brought into compliance.

[www.sioux-city.org/home/showdocument?id=3644](http://www.sioux-city.org/home/showdocument?id=3644)

- Affordability should be connected to the unit. Under many programs if a household finds a better job or receives a raise they will no longer qualify to live in the unit. Finding quality affordable units for households making between 80-100% AMI is also challenging. Allowing a household to improve their financial footing without immediately losing their housing should be encouraged. Additionally, the paper work of checking each residents income on an annual basis can discourage some property owners from participating in the program. Only requiring income verification at the time of the rental application can remove some of these hurdles. This type of approach is usually not allowed with the use of federal dollars and therefore would require local funding.





## Tenant Landlord Education

The “Housing Navigators” program, managed by the South Central Indiana Housing Opportunities, is designed for both tenants and landlords to create safe and stable rental housing. Volunteers with the program are trained to help individuals and families access local housing resources, advise them on their rights and responsibilities, and look up information using the Housing4Hoosiers website. They also help distribute the “Renting in Indiana” handbook. The handbook provides information on:

- Finding an affordable housing option
- What to look for in an apartment
- Understanding a lease
- Utilities and deposits

The program is funded through an Empower Indiana grant, part of the Prosperity Indiana program funded by the CareSource Foundation. Training is provided several times a month throughout Bloomington with special hours for the Housing and Eviction Resource Table through the Charlotte Zietlow Justice Center.

<https://sciho.org/programs-and-projects/housing-navigators/>



Image Source: [sciho.org](https://sciho.org)

**Purchase-Rehab-Resale programs.** In this model, houses are acquired and sold in a rehabilitated or “turnkey” state to owner-occupants. Traditionally these programs are administered by a nonprofit housing developer or development corporation. The model recognizes the limited number of prospective buyers who want to carry out a major home rehabilitation project. This program works best when candidate houses can be purchased at relatively low cost, usually due to their quality. Under the program, a development corporation purchases existing houses, rehabilitates them, and resells them to new homebuyers. The lending community may participate cooperatively in this effort by providing interim financing. Mortgage financing for low- and moderate-income buyers may be assisted by CDBG or HOME “soft-second” loans. Realtors may also participate by reducing commissions on selected projects.

**First-Time Home Buyer Rehab Program.** HAND currently administers a housing rehabilitation program with income qualifications. This program is great for existing owner-occupied households, but today many households making between 80% and 120% of AMI are struggling to find quality housing. These households may be able to assemble the downpayment and qualify for lending but would not qualify for the additional funding needed to make improvements to an older unit. Expansion of a rehab program to these households could be administered by either the city or a nonprofit development corporation. Funding for this type of program would have to come from local dollars as most state and federal programs limit the incomes to below 80% AMI. A low-interest loan or deferred loan, paid out at the time of sale, would create an incentive for more middle-income households to purchase and rehabilitate older housing units. Many of these households are currently living in rental units that would be affordable to households making less than 80% AMI. Thus by transitioning them into different housing units, an affordable rental unit is once again available. Requirements can also be put in place regarding residency and penalties for sales that occur within five years to discourage the use of the program by investors.

### *Tenant & Landlord Education*

The best property maintenance programs include awareness and outreach. Currently the University provides assistance with rental leases and problem landlords but awareness of these programs is sometimes limited. Additionally, education on what it means to be a good tenant is also limited, both among students and the general public. Expanded efforts should include:

**Tenant and Landlord Education.** A program should be established that educates renters on what it means to be a good tenant in addition to what their rights are as a tenant. Programing should also be considered for problem landlords that receive multiple complaints or citations. Much like a traffic violation class, this program could lower fines if completed by the landlord. The challenge of this type of program in a city like Bloomington are the large number of management companies.

**Preparing and Distributing a Property Standards Manual.** This should be a friendly and clear document that sets out the legal requirements and expectations for individual building and property maintenance. It can also help to provide useful information, such as sites to dispose of or recycle unwanted household items. It can be distributed by real estate agents and landlords or be the first step in the enforcement process. Often communities will send a letter notifying a household that they have a violation and have a certain number of days to address the issue before further action. This document could be included with the letter. This material exists in Bloomington but is not distributed to students moving off campus. These materials should be provided to students with information on “how to be a good neighbor.”

### *Permanent Affordability*

Most programs that support the development of affordable housing units have no guarantee that these units will remain affordable into the future. Over time programs expire or succeeding owners are not required to meet income qualifications. A growing movement is looking at ways to maintain permanent affordability for future generations. These efforts can include land trusts, land use commitments that are tied to property deeds, or covenants tied to city assistance on a project. Every project is different and therefore a mixture of these opportunities should be explored.



## Renter Training Program

Nebraska RentWise is a renter education program based in Nebraska with active-learning curriculum to help renters obtain and maintain rental housing. The program stresses tenant responsibility, providing participants with a certificate after completing the nine hour education course. The six modules provide how-to information on unit maintenance and creating collaborative relationships with landlords and neighbors. These modules include:

- Communication with landlords and neighbors
- Managing your money
- Finding a place to call home
- Getting through the rental process
- Taking care of your home
- When you move out

The RentWise program is run through a coalition of members representing several local housing focused agencies. There are over 600 trainers across Nebraska that teach the RentWise program. Several trainings are offered each month with a few dual language courses.

[www.rentwise.org](http://www.rentwise.org)



Image Source:

## Neighborhood Theme Areas

Historically, cities apply housing and neighborhood programs like those identified in the previous section on a city-wide basis and unless a program is only allowed within certain designated zones (defined by state or federal standards) there is limited differentiation between neighborhoods. As noted in Chapter 2, neighborhoods across the city have unique issues and opportunities and therefore differing program and policy implications. The neighborhood themes identified in Chapter 2 are based on common residential contexts and were informed by the Comprehensive Plan and the UDO. The following section identifies the common characteristics among the neighborhood categories identified in Chapter 2 and the policy and program strategies that apply to their unique contexts. Map 3.1 identified the location of these categories within Bloomington.

| Urban Core Neighborhoods/Rural Character (UN) |   |
|---|---|
| Characteristics                               |   |
| <b>Housing Characteristics</b>                | » Mostly single-family detached   |
|   | » Houses are generally older but some contemporary (20 years or less) infill has occurred                                     |
|   | » Low-urban density (less than six units per acre)  |
| <b>Development Characteristics</b>            | » Rural- section streets  |
|   | » City infrastructure   |
|   | » May be in or near central part of the city  |
|   | » Regular development pattern of generally continuous streets with few dead-ends and connectivity to collectors and arterials |
| Policy Directions                             |   |

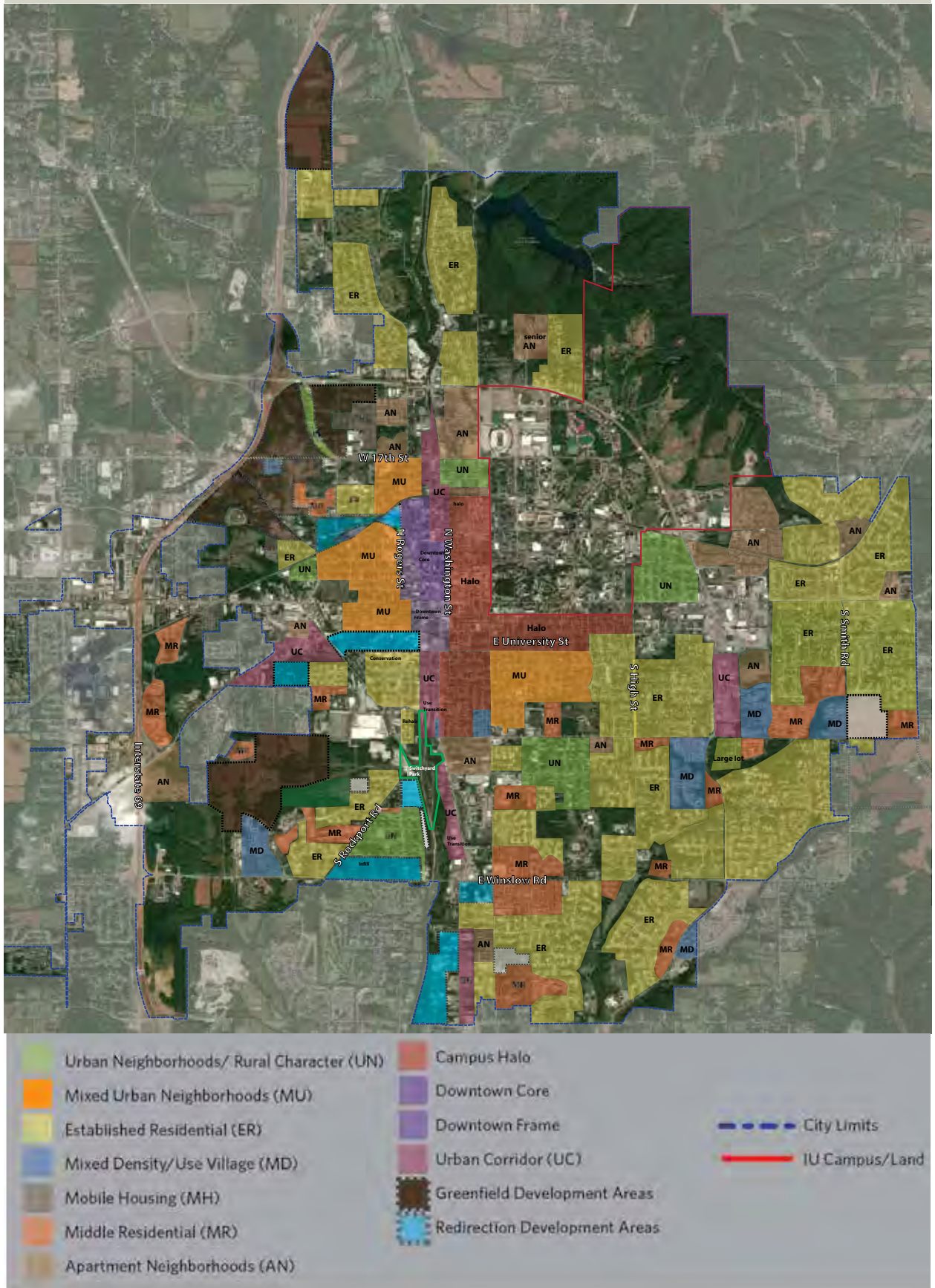
- Overall the rural character should be maintained
- Low-impact infill should be encouraged that may increase density but not compromise the character of the neighborhood. This may include:
  - » Accessory dwelling units (units above garages or within existing housing units)
  - » Infill development of attached single-family or townhome developments that occur around the neighborhood edges
  - » Density transitions, where types and scale of development step down adjacent to existing homes
- Due to the open drainage system street projects or infill development on the edges should incorporate green infrastructure practices
- First-time home-buyer rehab and purchase-rehab-resale programs should be encouraged in the oldest neighborhoods
- Connectivity to services and jobs should be improved with bike and pedestrian infrastructure including traffic calming and advisory mobility lanes (a preferred space for bicyclist to operate, usually identified by a dashed line, on narrow streets that would otherwise be shared roadway)
- Education of residents on common code enforcement issues and incompatible uses to encourage the continued investment in housing

*Rural Section streets traditionally have no curb and gutter and stormwater is handled through open drainage.*

*Urban Section Streets have curb and gutter and paving is traditionally concrete.*

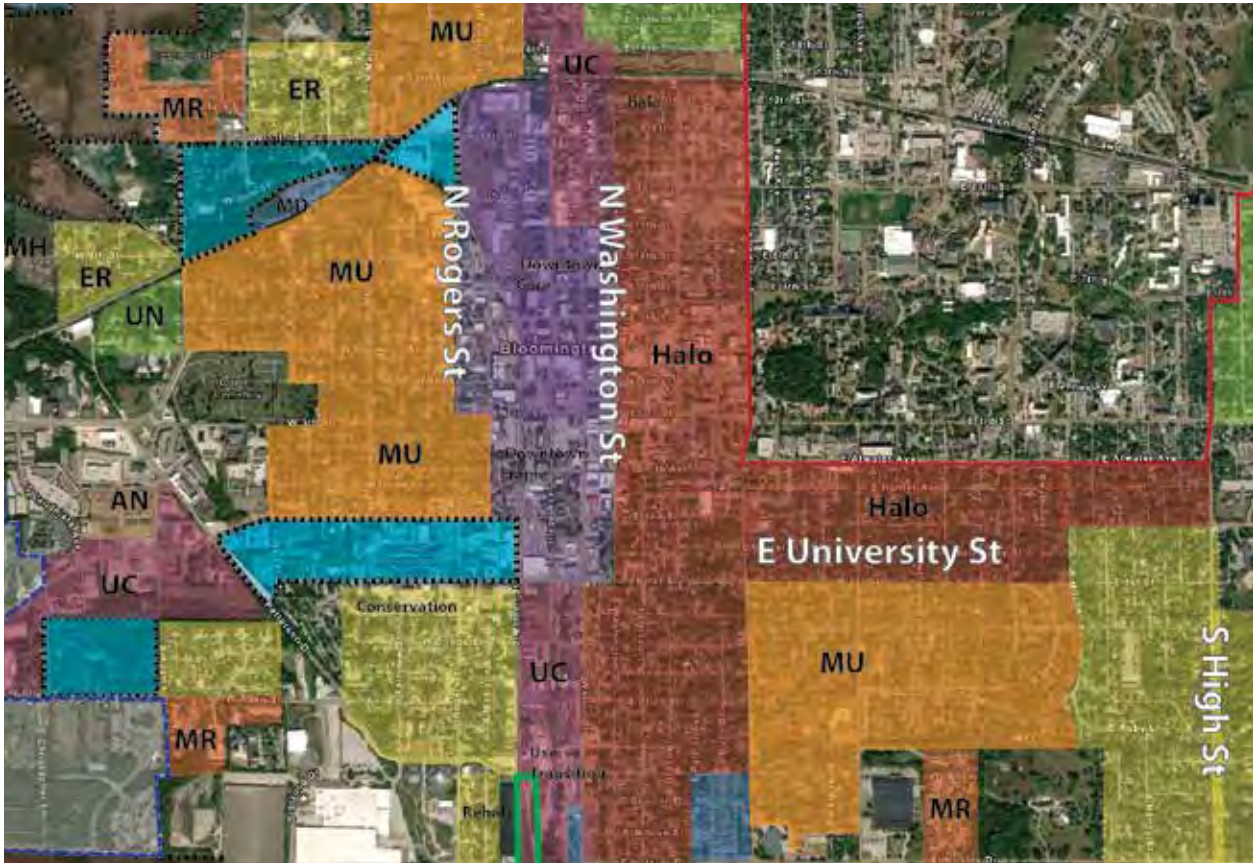


**Map 3.1: Neighborhood Theme Areas**



Non-designated areas include parks, schools, major employment centers and areas identified in the Bloomington Comprehensive Plan as future employment centers





**Mixed Urban Neighborhoods (MU)**

| Characteristics   |  |
|---|--|
| <b>Housing Characteristics</b>  | <ul style="list-style-type: none"> <li>» Predominately single-family detached with some conversions to multi-family</li> <li>» Historic and older structures</li> <li>» Low to medium densities (less than 10 units per acre)</li> </ul>   |
| <b>Development Characteristics</b>  | <ul style="list-style-type: none"> <li>» Concentric around downtown and IU</li> <li>» Historic development pressures for both additional housing density and campus needs</li> <li>» Both urban and rural section streets</li> <li>» City infrastructure</li> <li>» Varying lot sizes</li> </ul> |
| Policy Directions   |  |
| <ul style="list-style-type: none"> <li>▪ Targeted neighborhood conservation strategies on rehabilitation of owner-occupied homes and traditional multi-family structures</li> <li>▪ Infill should be encouraged on sites with obsolete structures</li> <li>▪ Specific standards should be set for evaluating special permit applications for accessory dwelling units on existing lots</li> </ul> | <ul style="list-style-type: none"> <li>▪ Street and sidewalk rehabilitation should be a priority to improve accessibility</li> <li>▪ The city's neighborhood improvement grant programs should help build neighborhood identity</li> </ul>   |



**Established Residential Neighborhoods (ER)**

**Characteristics**

**Housing Characteristics**

- » Predominately single-family detached with some attached and townhouses
- » More contemporary houses built since 1980
- » Low to medium densities (less than 10 units per acre)
- » Adjacent to mixed urban neighborhoods radiating out from the historic center of the city

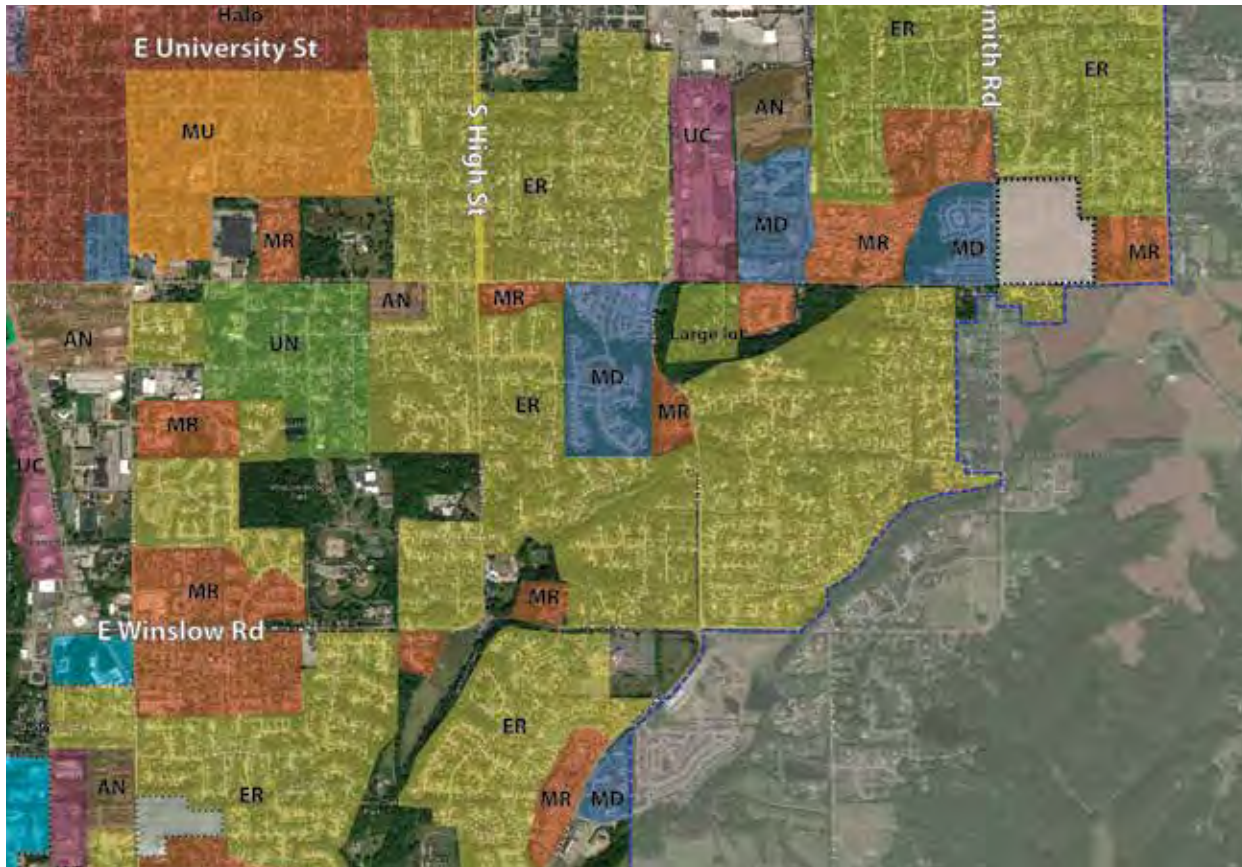
**Development Characteristics**

- » Generally stable neighborhoods, free of most development pressure, with homes in high demand
- » Urban section streets
- » City infrastructure
- » Varying lot sizes, sometimes relatively large

**Policy Directions**

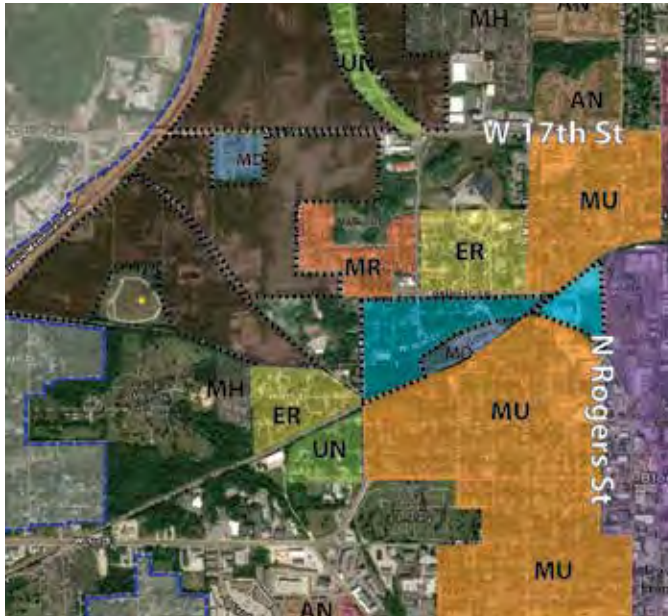
- Some mixed density should be encouraged along edges and on appropriately-sized lots but done with good transitions between new development and existing residential units
- Improvement to street connectivity should be encouraged when possible
- Pedestrian gaps should be filled along with connections to trails improved
- Workshops with neighborhood groups and homeowners associations should work to identify higher density development opportunities of adjacent sites





**Mixed Density/Use Village (MD)**

| Characteristics  |   |
|--|---|
| <b>Housing Characteristics</b>   | <ul style="list-style-type: none"> <li>» Mixed density neighborhoods with small-lot single-family detached and attached, townhomes, and lower intensity multi-family (4-6 unit structures)</li> <li>» Often follows “new urbanist” principles with housing close to commercial services and jobs</li> </ul> |
| <b>Development Characteristics</b>   | <ul style="list-style-type: none"> <li>» Generally located further away from the center of the city</li> <li>» Urban section streets</li> <li>» City infrastructure</li> <li>» Good street connectivity and access to sidewalks, bike routes, and trails</li> </ul>   |
| Policy Directions  |   |
| <ul style="list-style-type: none"> <li>▪ The general characteristics of these neighborhoods should be encouraged in new developments and infill within existing neighborhoods</li> </ul> | <ul style="list-style-type: none"> <li>▪ Infill development should include affordable units to increase income diversity and affordable options</li> </ul>  |



*What is the difference between manufactured and modular homes?*

*Modular homes are pre-fabricated and placed on a permanent foundation, whereas a manufactured home is built on a steel chassis on which wheels can be attached for moving.*

**Manufactured Housing (MH)**

**Characteristics**

**Housing Characteristics**

- » Manufactured housing developments or more commonly known as parks (note these are not modularly constructed housing)
- » Units are both owner and renter occupied with lot rental and ownership (subdivision) configurations
- » Moderate gross densities similar to small-lot single-family to townhouse (less than 10 units per acre)

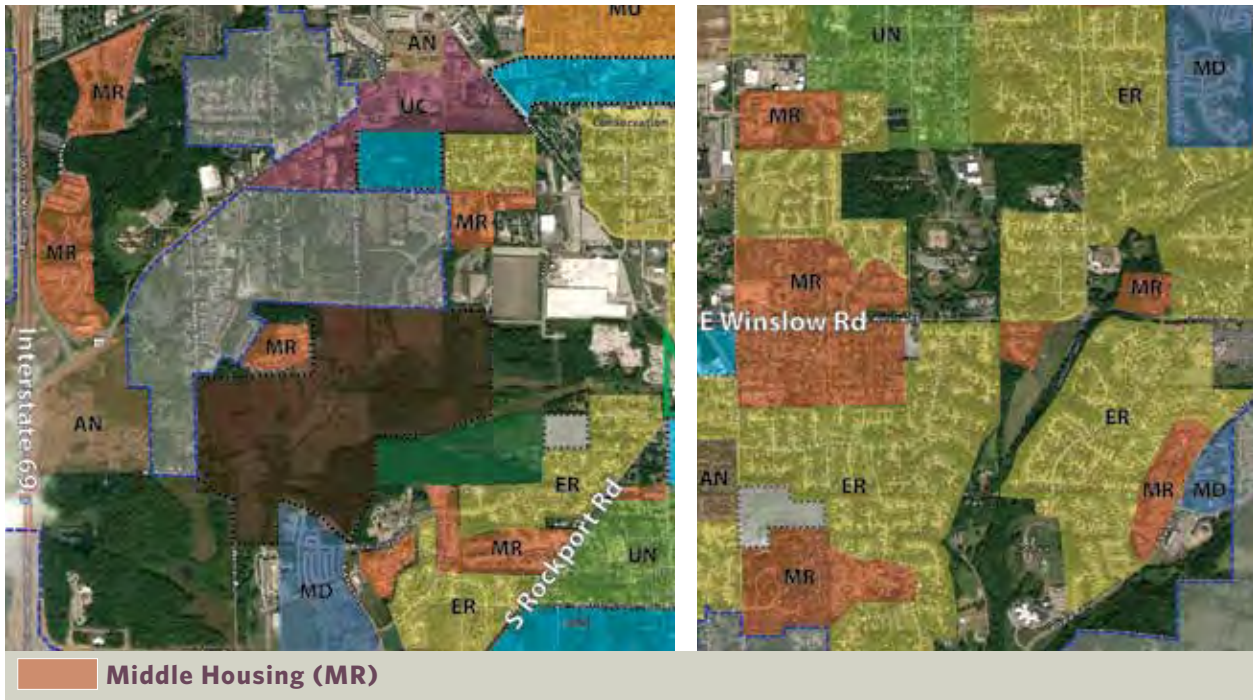
**Development Characteristics**

- » Developments were often affordable locations at the time of development, near industrial or semi-rural settings
- » Urban or community water and sewer services
- » Varying levels of quality, from normal subdivision to low-quality units and infrastructure standards

**Policy Directions**

- When well maintained, manufactured housing can be a viable affordable housing option
- Over time the very small and substandard "mobile home parks" should be phased out and replaced by other affordable units
- Require subdivision standards for new manufactured housing developments
- Identify specific and predictable standards for new manufactured developments
- Use financing and incentives from the housing partnership for improvement to existing parks and the established of new developments under the standards referenced above





**Characteristics**

**Housing Characteristics**

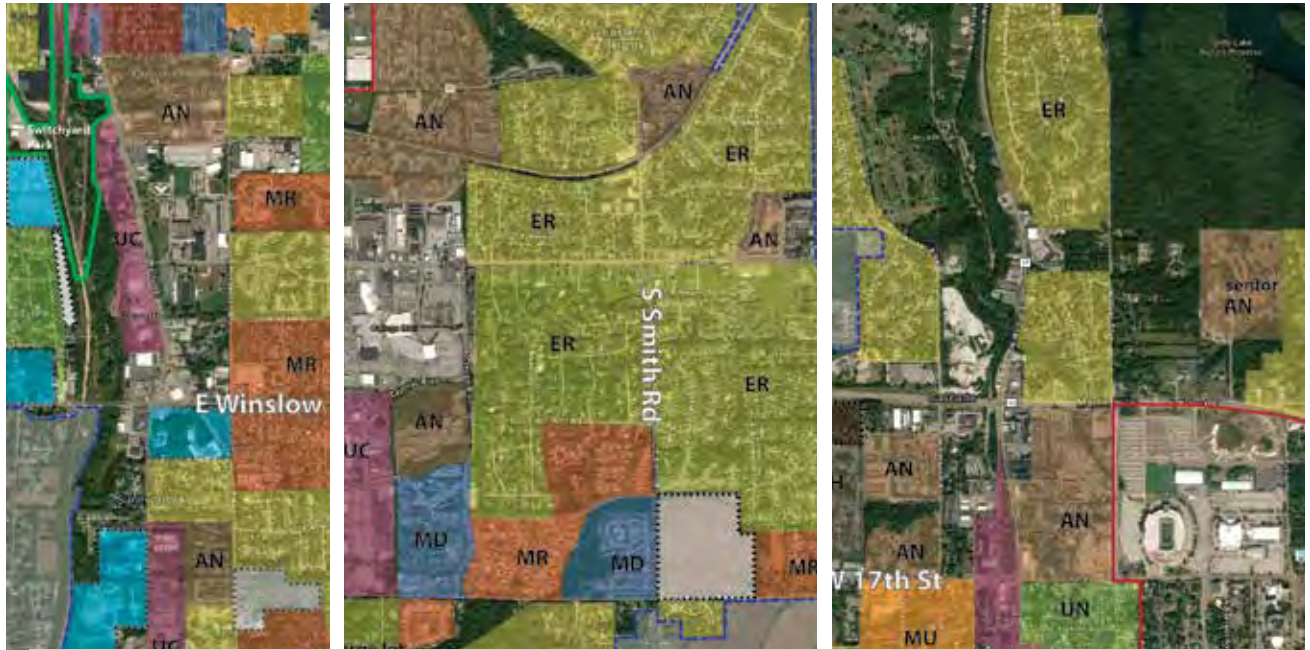
- » Mostly townhomes and smaller scale multi-family (4-6 unit structures) with densities less than 12 units per acre
- » Mixture of renter and owner-occupancy
- » Significant green space associated with larger scale multi-family structures maintains lower gross densities
- » Some structures are over 30 years old and in need of rehabilitation

**Development Characteristics**

- » Generally have urban street sections
- » Limited connectivity with few through streets and access points to collector and arterial streets in many neighborhoods
- » City infrastructure

**Policy Directions**

- Targeted rehabilitation assistance to projects that will provide affordable housing to low/moderate income non-student populations
- Improvements to street connectivity should be encouraged when possible
- Pedestrian gaps should be filled along with connections to trails improved



**Apartment Neighborhoods (AN)**

**Characteristics**

**Housing Characteristics**

- » Higher density multi-family structures with densities above 12 units per acre
- » Buildings are typically two- to four-stories in scale

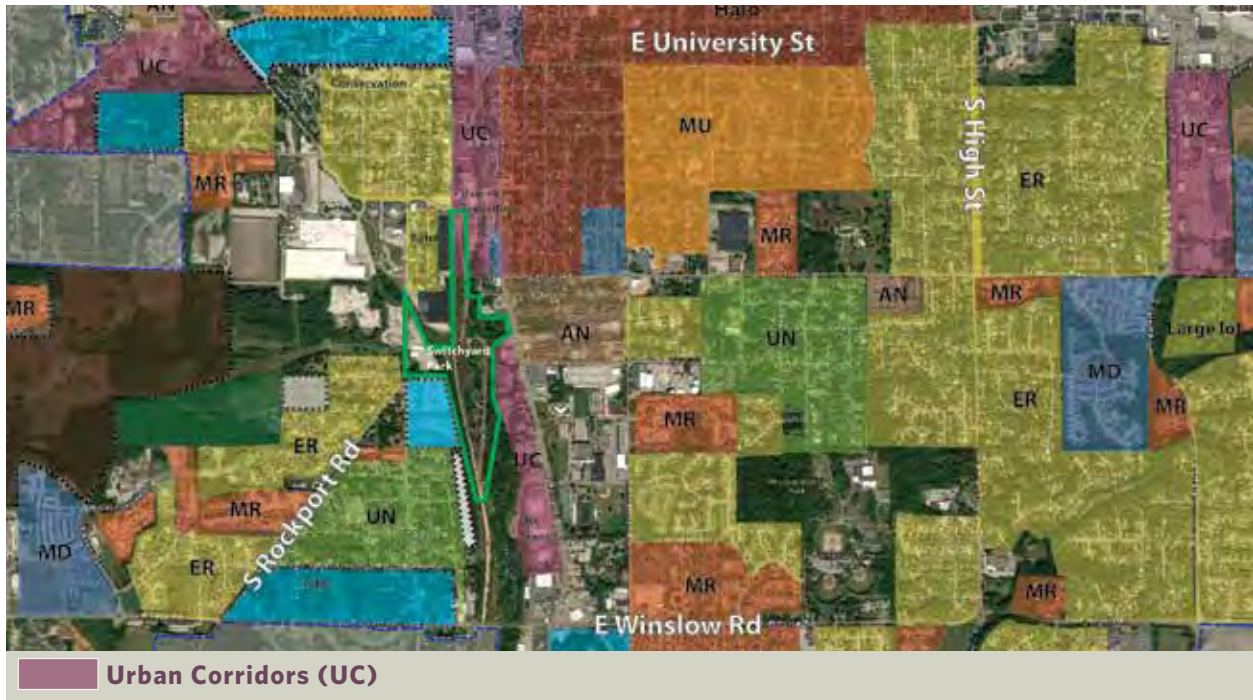
**Development Characteristics**

- » Usually includes multi-building groups with on-site parking and common spaces and facilities
- » Urban streets and contemporary subdivision standards
- » City infrastructure
- » Traditionally directed to the large student market living off-campus
- » Located in both central and peripheral areas, but usually with good access to commercial services and transportation
- » May include public housing (Crestmont) or project-based Section 8 assistance

**Policy Directions**

- Targeted rehabilitation assistance to projects that will provide affordable housing to low/moderate income non-student populations
- Marketing to encourage leasing to low/moderate income households including tenant education programs (see previous section on housing conservation) and Section 8 marketing
- Continued monitoring of housing conditions to preserve existing buildings
- Increased use of LIHTC for both rehabilitation of existing structures and the development of new housing
- Application of the city's affordable housing fund to rehab existing structures and the development of new units





**Characteristics**

**Housing Characteristics**

» Limited housing with some apartments along North College/Walnut corridors

**Development Characteristics**

- » Corridors with older commercial and light industrial use patterns
- » In locations along corridors, inefficient land use patterns and excessive parking exist
- » With more efficient parking and the phasing out of obsolete buildings and commercial uses opportunities existing for high-density residential developments
- » These areas tend to have better access to transit and jobs, naturally lowering the household expenses for low-income households.

**Policy Directions**

- Corridor specific plans should be completed that identify residential development opportunities through access management, improved site design, and better transitions between uses
- Create partnerships with corridor property owners to implement internal circulation improvements
- Consider adding density through redevelopment of sites behind properties directly facing streets
- Create a public infrastructure investment program to improve pedestrian and bicycle connectivity
  - » Create safer links to adjacent amenities like the B-Line and Switchyard Park
  - » Upgrade the overall street environment with better landscaping and sidewalks



**Greenfield**

**Characteristics**

- Sites with no existing development
- Located outside of floodplains and excessive slopes that add to development costs
- In addition to sites identified in Map 3.1 some sites just outside city limits have common characteristics
- Most commonly located to the northwest, southwest, southeast, and east peripheries of the city with some smaller infill sites
- Generally have access to city services exclusive of capacity to serve areas

**Policy Directions**

- Capacity to expand infrastructure to sites may need to be addressed
- The possibility of shared infrastructure financing for housing affordable to households making less than 120% AMI should be explored
- Require mixed densities, affordability, and a high level of connectivity, when infrastructure costs are shared or gap financing tools identified earlier in this chapter are used





**Redirection Sites**

**Characteristics**

- Sites with obsolete or incompatible uses, deteriorated structures, very low use yields, or changing conditions make redevelopment logical in short- and long-terms
- Areas where development potential is enhanced beyond current use by new public investments such as areas around Switchyard Park
- Redirection Sites also include the hospital site where institutional decisions and moves require a major reuse program

**Policy Directions**

- Development plans should be completed that express a market-based outcome with top priorities being the Hospital and south B-Line/ Switchyard Park vicinities
  - » Plans should include specific implementation and marketing programs
- Sites are adjacent to existing neighborhoods with their own neighborhood context that should be considered when establishing a redevelopment program
  - » Community stakeholders should be engaged in plan development
- Redevelopment that uses community incentives and gap financing should be required to offer a mix of housing types and densities and a percentage of affordable housing units

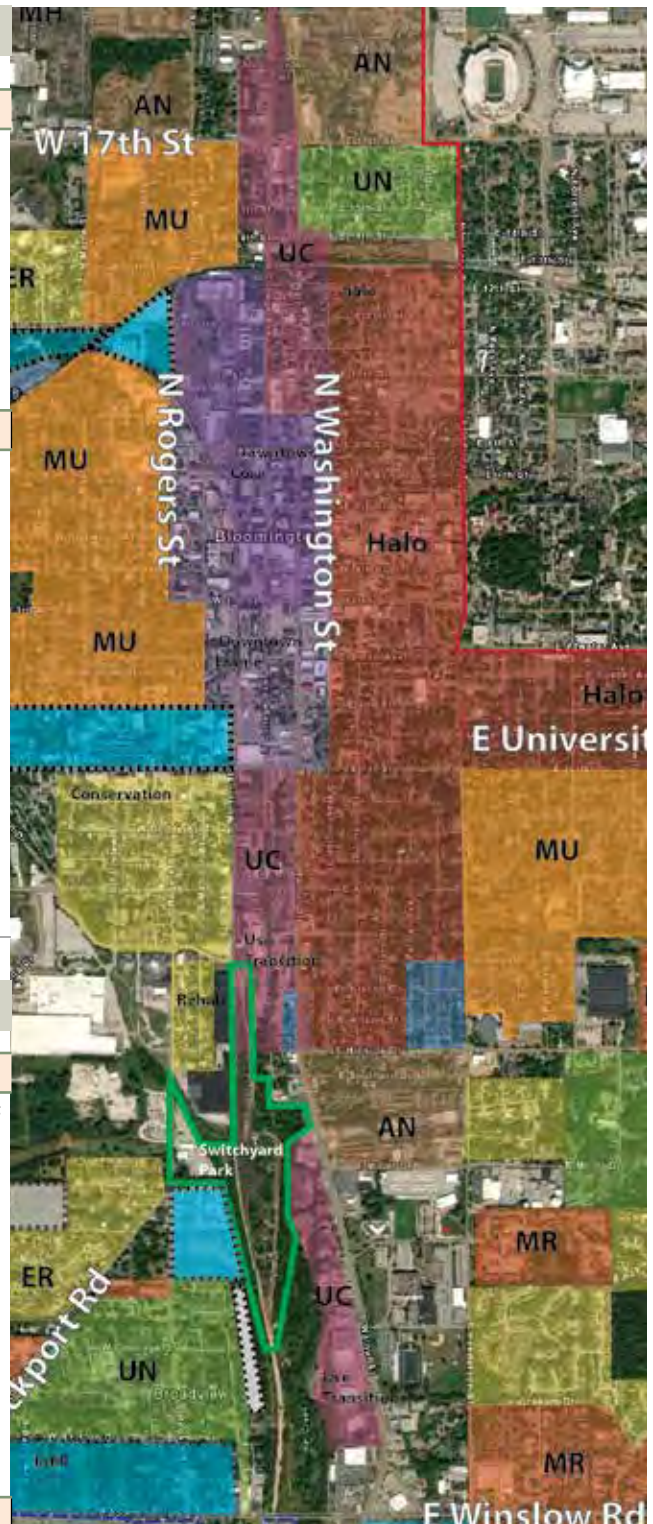
**Downtown Core**

**Characteristics**

- Major commercial and civic core of the city
- Historic buildings are typically two- and three-story in scale
- Some contemporary residential, student housing, and hotel development introduces larger buildings

**Policy Directions**

- Preservation of the character and scale of the historic core around the square should be a top priority
- Any new, large scale developments (greater than 10 units) using city incentives or gap financing should be required to include a specific number of affordable units to households making at or below 80% of median
  - » Affordable housing units should not be allowed to be separated or off-site from the main development



**Downtown Frame**

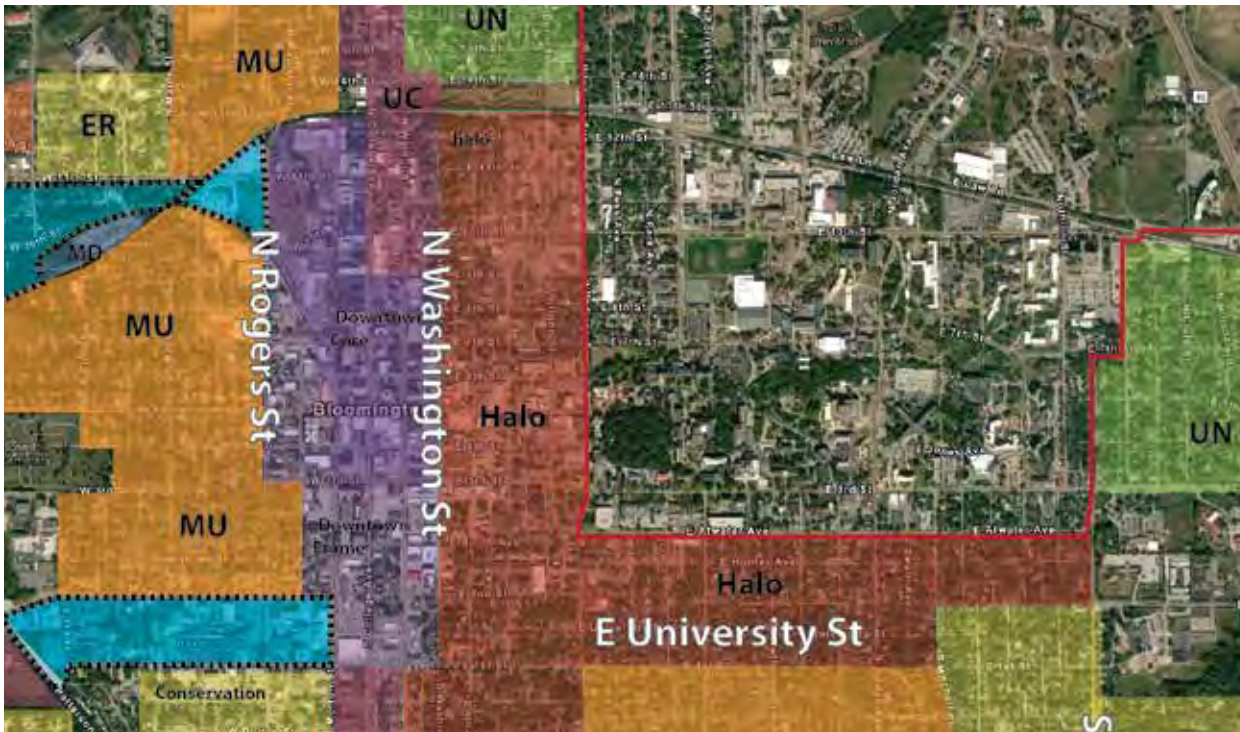
**Characteristics**

- Downtown frame areas are south and east of the traditional core and served by the B-Line.
- Mix of uses, combining residential (including some middle housing), commercial, automotive, and older industrial
- Recent developments along the trail include innovate uses and rehabilitation of older commercial and industrial spaces
- Significant opportunities for new development still exist

**Policy Directions**

- Future land use plan should support the gradual phasing out of older and lower-yield commercial and industrial uses
  - » Mixed uses, both vertically and horizontally, should be encouraged that incorporate high density residential and commercial
  - » If market demand does not exist for commercial uses then multi-modal connectivity to existing commercial uses and job centers will be necessary
- Due to the market appeal of the trail corridor, incentives and gap financing should be reserved to projects with significant site or environmental issues and the inclusion of affordable housing units





**Campus Halo**

**Characteristics**

- Areas adjacent to but not part of the IU campus proper, but heavily influenced by the University
- Issues and environmental characteristics can be divided into two areas:
  - » “West halo” extends downtown to campus with major commercial/retail uses, becoming more residential to the north
  - » “South halo” transitions into Elm Heights mixed urban neighborhood, with heaviest university influence (campus residential) north of University Street

**Policy Directions**

- In partnership with the University, development plans should be established that provide residents with a higher degree of predictability
  - » Plans should include a well defined area where housing is predominately student occupied
- Within the zones of influence older house conversions and improvised apartment buildings should be gradually phased out through city incentives and gap financing
  - » Units should be replaced with more medium to higher density housing products that address parking and transition issues

## Conclusions

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The first part of this chapter identified strategies or tools for increasing the number of attainable units. These strategies can be utilized to implement the neighborhood policies and ensure safe and attainable housing across the entire city. Additionally, tools like the Unified Development Ordinance can be used to help implement the neighborhood policies. The city's Comprehensive Plan further expands on this discussion with identification of large community-wide goals and future growth directions. These studies and ordinance should work together toward the goal of achieving a housing market that meets all current and future residents' needs.



