



HRA ANNUAL REPORT 2020



A YEAR LIKE NO OTHER

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INTRODUCTION

The Bloomington Housing and Redevelopment Authority (HRA) helps provide affordable housing opportunities, coordinates the City's efforts to preserve existing neighborhoods and promotes development and redevelopment that enhances Bloomington.

The City of Bloomington has nine departments that deliver the full scope of municipal services. The City is governed by a 7-member City Council and operates under a City Manager form of government. One of the nine City departments is the Community Development Department; the development and regulatory service arm of the City. The HRA is one of seven divisions within the department:

- Administration
- Assessing
- Building Inspections
- Environmental Health
- Housing and Redevelopment Authority
- Planning
- Port Authority

The mission of the HRA is to build and renew the community by providing housing services, promoting renewal and guiding growth with a focus on housing creation and preservation, neighborhood revitalization and homeownership. HRA accomplishes its mission through various programs: rental assistance, housing rehabilitation loans, first-time home buyer assistance and other development and redevelopment programs. It is governed by a five-member commission appointed by the Mayor and City Council and has an Administrator that oversees all the functions and day-to-day activities within two main areas: Housing Programs & Policy and Development Programs & Policy. In 2020, the HRA budget was \$9 million for all administration, activities and programming. Funding comes from federal, state, regional and local sources.

Report Structure

The HRA annual report has three sections related to who lives in Bloomington, housing programs and policies, and development programs and policies. It is a snap shot in time providing information about the people the HRA serves and the environment it works within. The *Who Lives in Bloomington* section reviews the demographics of Bloomington residents and identifies issues the HRA works to overcome. The *Program and Policies* section reviews the HRA's most prominent housing programs and the households served. The *Development and Policies* section reviews the recent approved developments the HRA has supported through various funding mechanisms and managing the Opportunity Housing Ordinance.

Aarica L. Coleman
Housing & Redevelopment Authority Administrator



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WHO LIVES IN BLOOMINGTON

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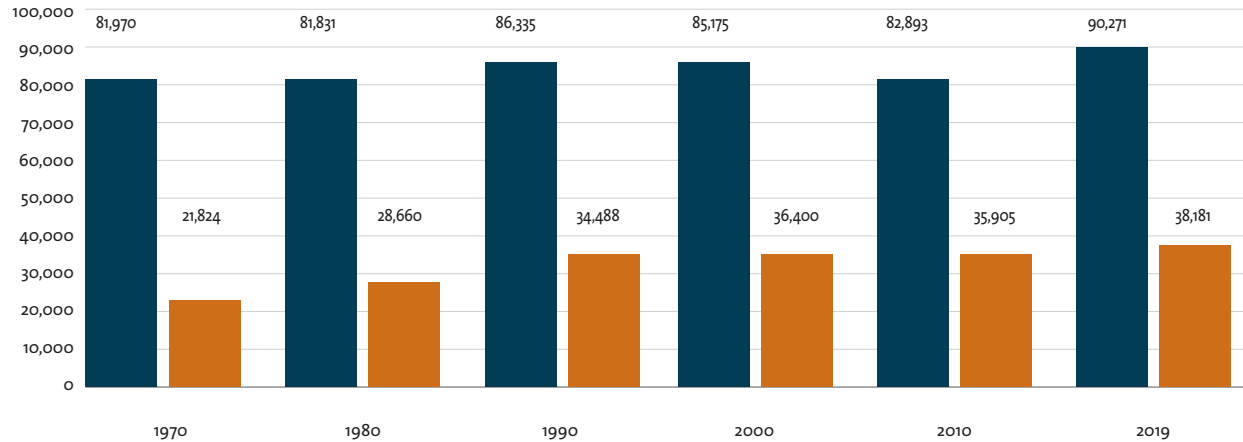
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WHO LIVES IN BLOOMINGTON

The City of Bloomington continues to grow. The Metropolitan Council estimates Bloomington’s population at over 90,000. Bloomington’s average household size today is 2.38 or less than two thirds the size of the average household in 1970. While total households have grown in recent years due to decline in household size, Bloomington has only seen moderate population growth. It is forecasted that Bloomington will continue to have moderate growth and reach about 95,000 residents by 2040.

Population and Households

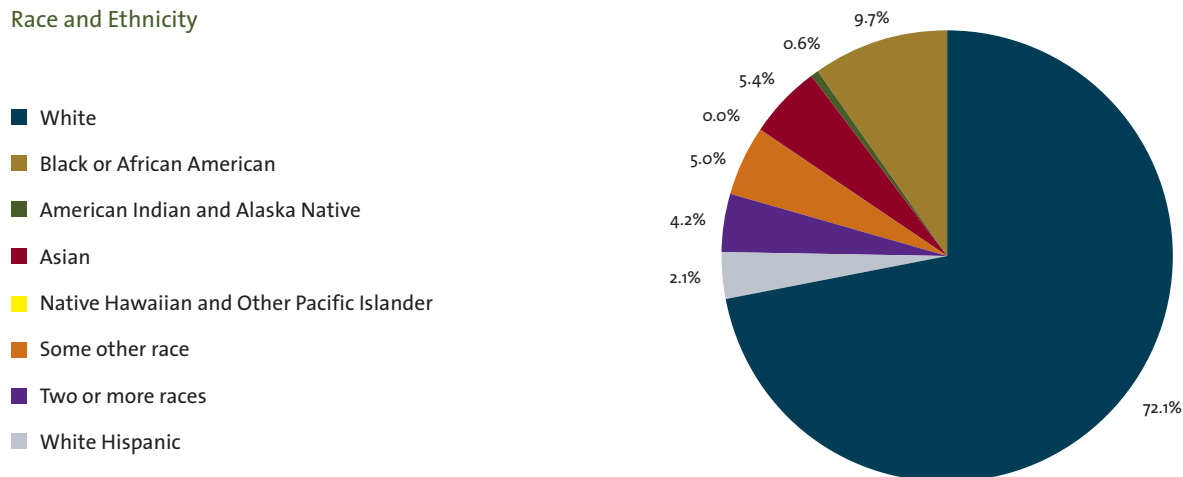


Source: US Census Bureau and Metropolitan Council Estimates for 2019

Bloomington’s relatively small household size is not surprising. Bloomington’s median age is 41 which is 4 years older than the metro region. The population over 65 makes up about 19% of total population which is 6% higher than the metro region. These older households are smaller, 1 and 2 person households, compared to young families with children. Bloomington’s youth population, age 18 and under, is about 20%, which is about 3.5% lower than the metro region. Households with children are distributed evenly among renters and owners at about 23% of households.

Bloomington continues to diversify in race and ethnicity. In 1970 the Black Indigenous and People of Color (BIPOC) population in Bloomington was about 1% whereas today it is about 28%.

Race and Ethnicity

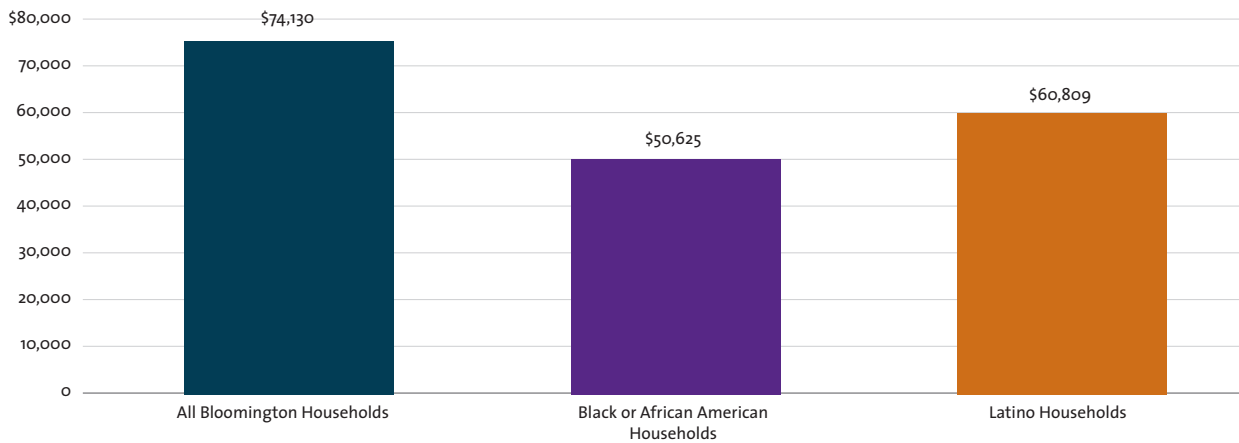


Source: 2019 American Community Survey 5-year Estimates US Census Bureau

Income and Housing Affordability

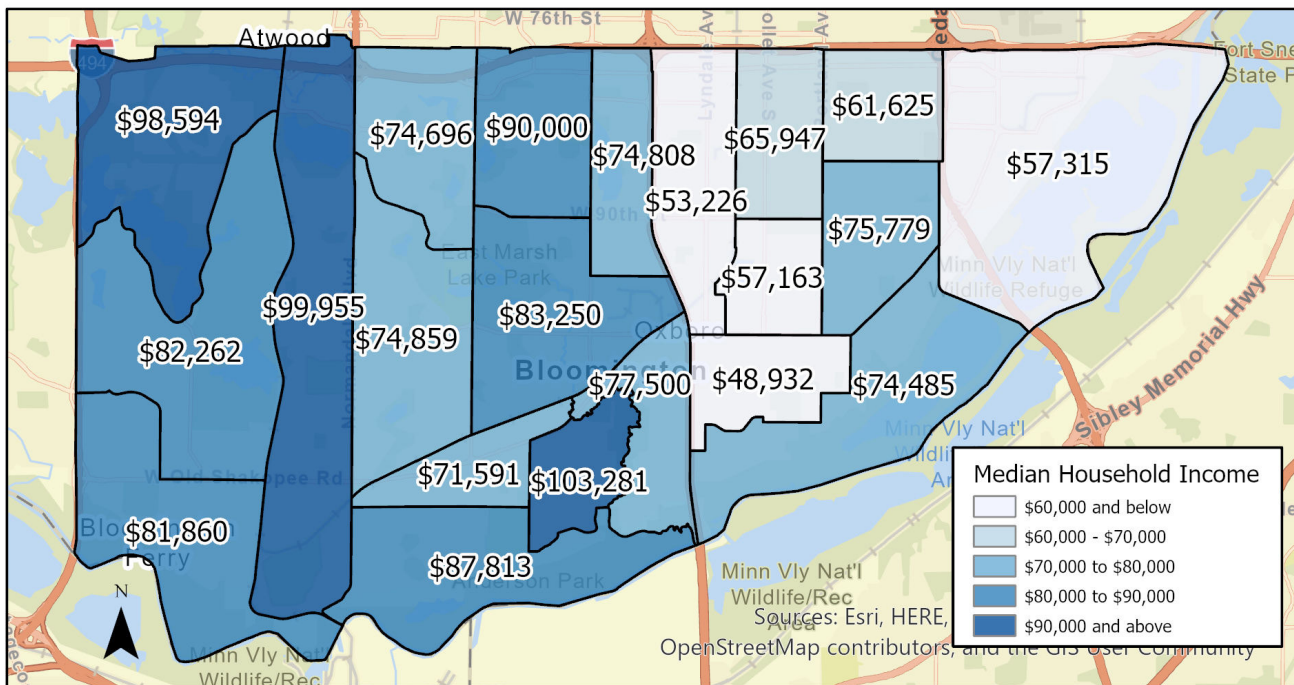
The affordability of housing is a relationship between household income and cost of housing. In 2019 the median household income for Bloomington was \$75,130. This is slightly below the metro region median income at \$80,421. Bloomington has in recent years tracked closely with the regional median income. However, Black or African American households and Hispanic or Latino households in Bloomington have substantially lower incomes. African American household median income is 33% lower than the City and Hispanic or Latino household median income is 20% lower than the City median household income.

Median Household Income in Bloomington



Source: 2019 American Community Survey 5-year Estimates US Census Bureau

On average the census tracts located in the western part of the City have higher median incomes than the census tracts located on the eastern part of the City. This is in part a function of housing supply. Newer and larger homes, which tend to be located in the western part of Bloomington, have attracted higher income households.



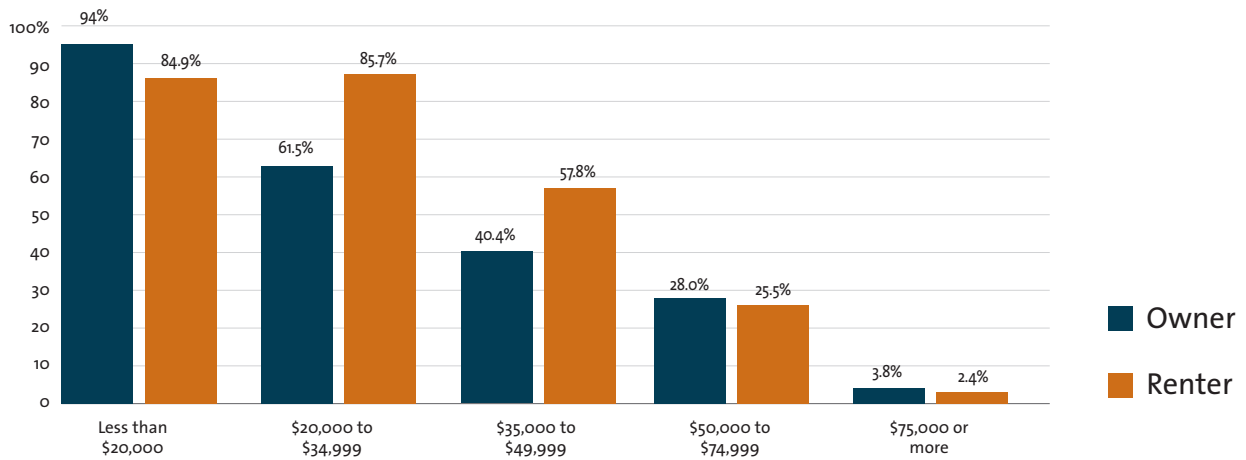
Source: 2019 American Community Survey 5-year Estimates US Census Bureau

CITY OF BLOOMINGTON, MINNESOTA

While Bloomington’s median income is slightly below the regional average the City’s poverty rate is better. Bloomington’s population under the poverty level is about 7.4% compared to the region which is about 8.6% in 2019. However, Bloomington’s BIPOC population experiences poverty at three times the rate of Bloomington’s White Non-Hispanic residents at about 15.9% as compared to 4.8%.

Housing cost burden is when a household pays more than 30% of their income for housing. This includes rent/mortgage, utilities, etc. Homeowners in Bloomington, particularly households with incomes between \$20,000 – \$50,000 are less likely to be housing cost burdened than renters. As a result, owners in Bloomington experience housing cost burden at half the rate of renters.

Percent of Households that are Housing Cost Burdened



Source: 2019 American Community Survey 5-year Estimates US Census Bureau

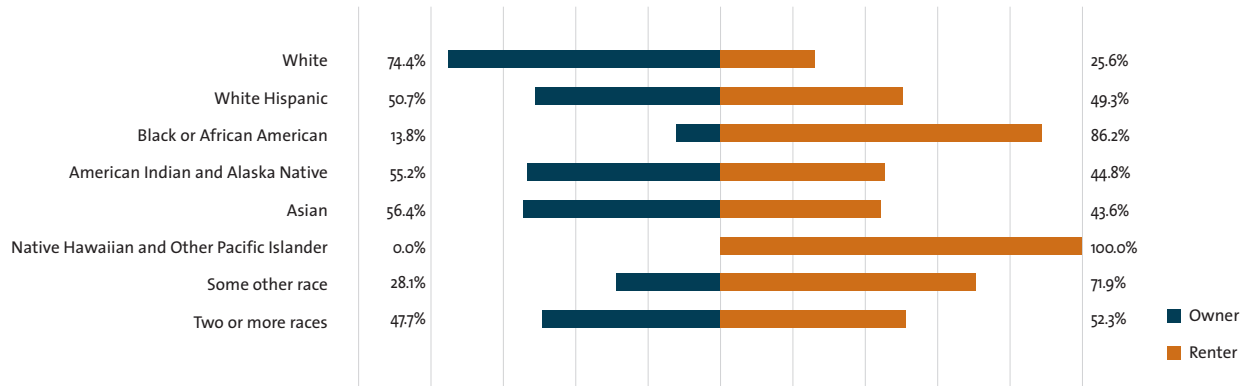
Percent Cost Burdened

Owner	20.5%
Renter	41.8%

Source: 2019 American Community Survey 5-year Estimates US Census Bureau

Homeownership is a way to stabilize housing costs and reduce likelihood of being housing cost burdened. While homeownership is largely accessible to White-Non Hispanic households, it’s less prominent among the BIPOC community. This is especially true for Black or African American Households in which only 13.8% of households are homeowners. Providing a path to affordable homeownership for all residents who want it is a goal of the HRA.

Percent of Households that are Housing Cost Burdened

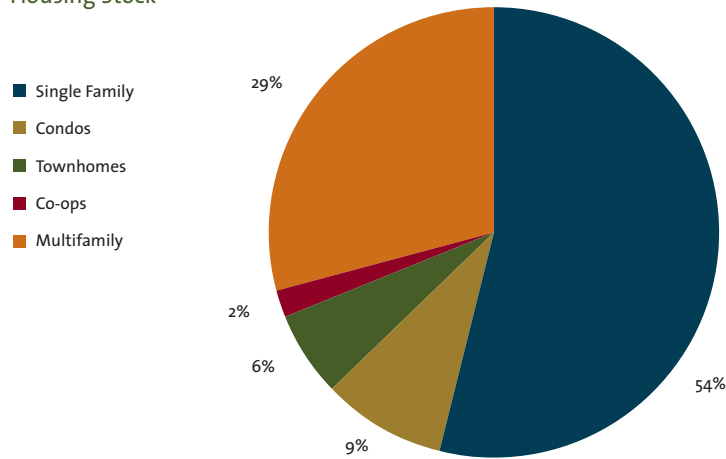


Source: 2019 American Community Survey 5-year Estimates US Census Bureau

Housing Choice

Bloomington strives to be a community of choice. This includes providing a range of housing options and affordability levels. Single family homes make up the majority of housing in Bloomington. In 2020 the median value of a single family home was valued at \$286,400.

Housing Stock



Source: Bloomington Assessing Division 2020 Annual Report

However, with limited land to develop, housing growth is expected in more dense multi-family construction. This could be in anything from townhomes, condos, co-ops, or multi-family buildings. Recent growth has largely been in renter occupied multi-family as outlined in the development program section of this report.

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HOUSING PROGRAMS AND POLICY

Rental Assistance:

The HRA assists over 950 households within its rental assistance programs each month. The Housing Choice Voucher Rent Assistance Program, more commonly known as Section 8, is one of the HRA's biggest programs and is federally funded. Housing Choice Vouchers are specific to individuals and families. Project Based Section 8 is specific to housing units. Both programs provide affordable rental units to a wide variety of households and underserved communities, including senior and disable households, as well as many families.

Rental Assistance Summary 2020:

- 551 Households assisted with Housing Choice Voucher Program
- 405 Households assisted with Project-Based Section 8

Single-Family Rehabilitation Loan Programs

The housing rehabilitation loan programs offered by the HRA provides home rehabilitation loans of up to \$35,000 to Bloomington homeowners. In 2020, the HRA completed 73 loans to homeowners.

The Home Improvement loans are available at a 2% interest rate of accrual for 10-years with no monthly payment. The loan is deferred, requiring full repayment by the borrower when the home is transferred or sold, or is no longer the owner's principal place of residence. The purpose of the loan is to help Bloomington owner occupants make repairs correlating to health and safety such as energy efficiency, lead based paint abatement, external structure repairs and City Code compliance requirements.

Single-Family Rehabilitation Loans Summary 2020:

- 22 loans completed through the Community Development Block Grant (CDBG) Rehab Loan Program
- 51 loans completed through the Neighborhood Rehabilitation Loan Program

Rental Homes for Future Homebuyers

The Rental Homes for Future Homebuyers program helps families save money for future home purchases. Eligible families of 3 – 6 members may apply for the program waiting list. The waiting list is approximately 3 – 5 years long and each year 3 – 5 new families enter the program.

Families accepted into the program rent one of 21 houses owned by the Housing and Redevelopment Authority. All the houses are three-bedroom single family houses located in Bloomington.

To help aspiring homeowners achieve their goals, HRA saves a portion of the families rent each month, which is placed in escrow. After five years, those funds are used by the family toward a down payment to buy their own home. Over the period of five years, HRA works with families to set goals and help them prepare to purchase and maintain their own home.

Single-Family Redevelopment Program

The Single-Family Redevelopment Program (also known as the Blighted Properties Program) allows the HRA to help preserve and revitalize neighborhoods by acquiring and removing sub-standard single-family homes. The vacant lots are then sold to a family or developer that will build a new home on the property. The new homes are owner occupied and must meet design standards set by the HRA. All acquisitions of sub-standard homes by the HRA are voluntary. After the HRA removes the old home, the vacant lots are sold through an open bid process at market value.

Single-Family Redevelopment Program 2020 activity:

- Two sub-standard homes acquired
- One lot sold and a new home constructed

Home Energy Squad Program

The HRA partners with the Center for Energy and Environment (CEE) to offer the Home Energy Squad (HES) program to Bloomington residents at a reduced price. The HES program encourages homeowners to make sustainable energy improvements to their homes and connects them to affordable financing options through the HRA and CEE. During the visit, energy experts show how much energy the home is using and ways to decrease energy bills. Energy efficient light bulbs and other items will be installed, which alone exceeds the \$50 cost of the visit for Bloomington homeowners. A report is provided at the end of the visit and provides details on additional improvements that will increase the energy efficiency of the home, such as installation of new windows or insulating the attic space. Renters may also request visits from the program for a reduced fee.

Home Energy Squad activity in 2020:

- 163 HES visits

Homeownership Programs

The HRA has partnered with Twin Cities Habitat for Humanity for over 25 years to provide home ownership opportunities to low-income and underserved families. Through their model of volunteer and homeowner labor, Habitat has built over 17 homes in Bloomington, the most recent in 2020 on a lot acquired by the HRA to remove a sub-standard home. The HRA sold the lot at a reduced price to assist the project. The HRA will continue to find opportunities to partner on future homeownership projects with Habitat.

The HRA has also partnered for several years with the West Hennepin Affordable Housing Land Trust (WHAHLT), which does business as Homes Within Reach (HWR). This non-profit works in many Hennepin County cities to provide affordable homeownership opportunities to low-income and underserved families. The HRA and other funders assist HWR in the acquisition and rehabilitation of existing homes. Once fully updated, the home is then sold to an eligible family who has applied with HWR. By retaining ownership of the land, HWR is able to reduce the purchase price and make it affordable to the family. HWR completed two projects in Bloomington last year.

Senior Services

Helping seniors successfully stay in their home is the goal of The Senior Community Service's (SCS) HOME Program. By providing maintenance and housekeeping services, seniors are able to remain safely in their homes. The HRA has provided funding to SCS for the HOME program for over 20 years. The services provided by the program include house cleaning, grocery shopping, minor household repairs, lawn care and snow removal. These essential services assisted 62 seniors in Bloomington last year.

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DEVELOPMENT PROGRAMS AND POLICY

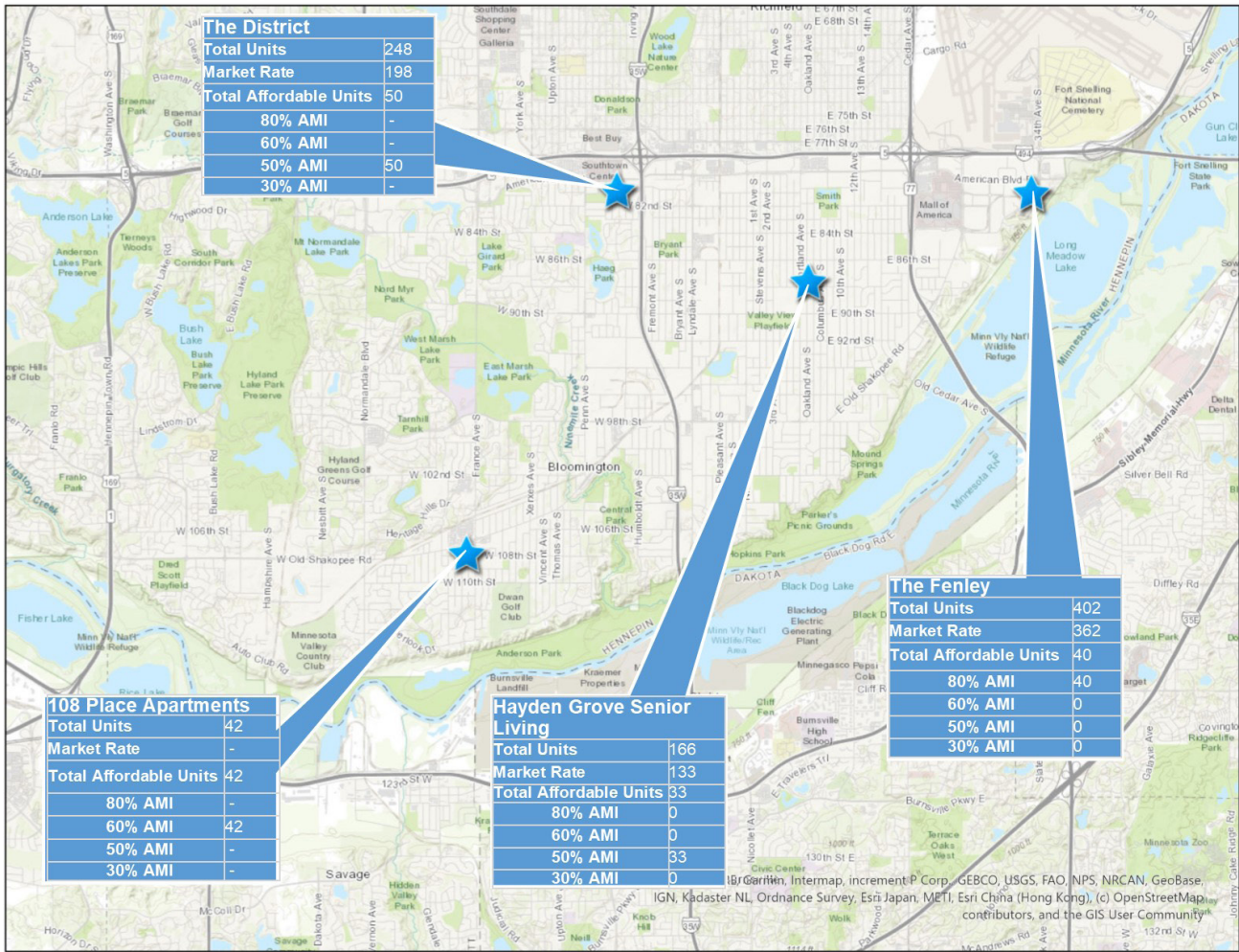
The City of Bloomington strives to be a community of choice and provide a variety of housing options at a range of affordability levels. While single family growth is constrained due to the lack of available land, the City has seen interest in multi-family construction and mixed use construction. The City’s Comprehensive Plan 2040, consistent with goals outlined in the Metropolitan Council 2040 Housing Policy Plan, has identified a goal of creating 842 affordable units by 2030. These are further broken down by income bands of 30% Area Median Income (AMI) and below, 31%-50% AMI, and 51%-80% AMI.

As part of this effort to create more housing affordability to varying incomes, the City adopted the Opportunity Housing Ordinance (OHO) in 2019. The ordinance creates incentives and provides flexibility from development standards for affordable units. The OHO was created with assistance from Daedalus Advisory Services and BAE Urban Economics. These consultants conducted a nexus study and determined the City should require a minimum of 9% of new units be affordable. They also identified a fee-in-lieu payment amount of \$9.60 per square foot. This was adopted in February of 2019 with a six month grace period for education and outreach to developers. In August 2019 the ordinance was amended to provide minor modifications clarifying the implementation of the ordinance. The OHO went into full effect in September 2019.

Income Range	Number of Housing Units Needed by 2030	Total Units Approved	Approved in 2019 (Post-OHO)	Approved in 2020 (Post-OHO)
At or below 30% AMI	445	27	0	27
31% - 50% AMI	246	121	84	37
51% - 80% AMI	151	371	42	329
Total New Units	842	519	126	393

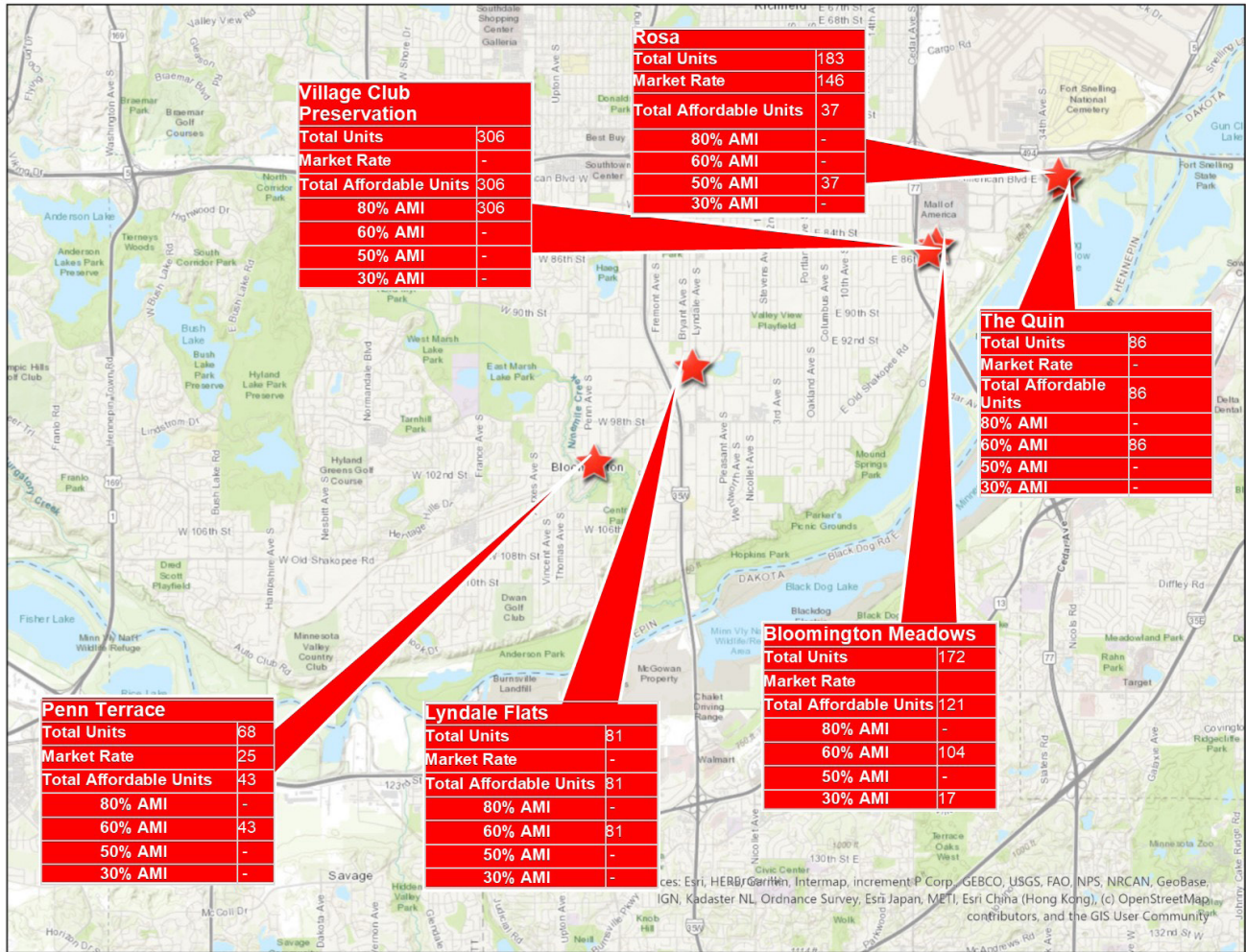
The housing market in recent years has shown strong growth in multi-family housing. Prior to the OHO there were efforts to create affordable units but since the OHO’s adoption the amount of affordable units has more than tripled. The maps below show pre and post OHO growth in the City as well as the units developed.

Pre-OHO Approved Development Map



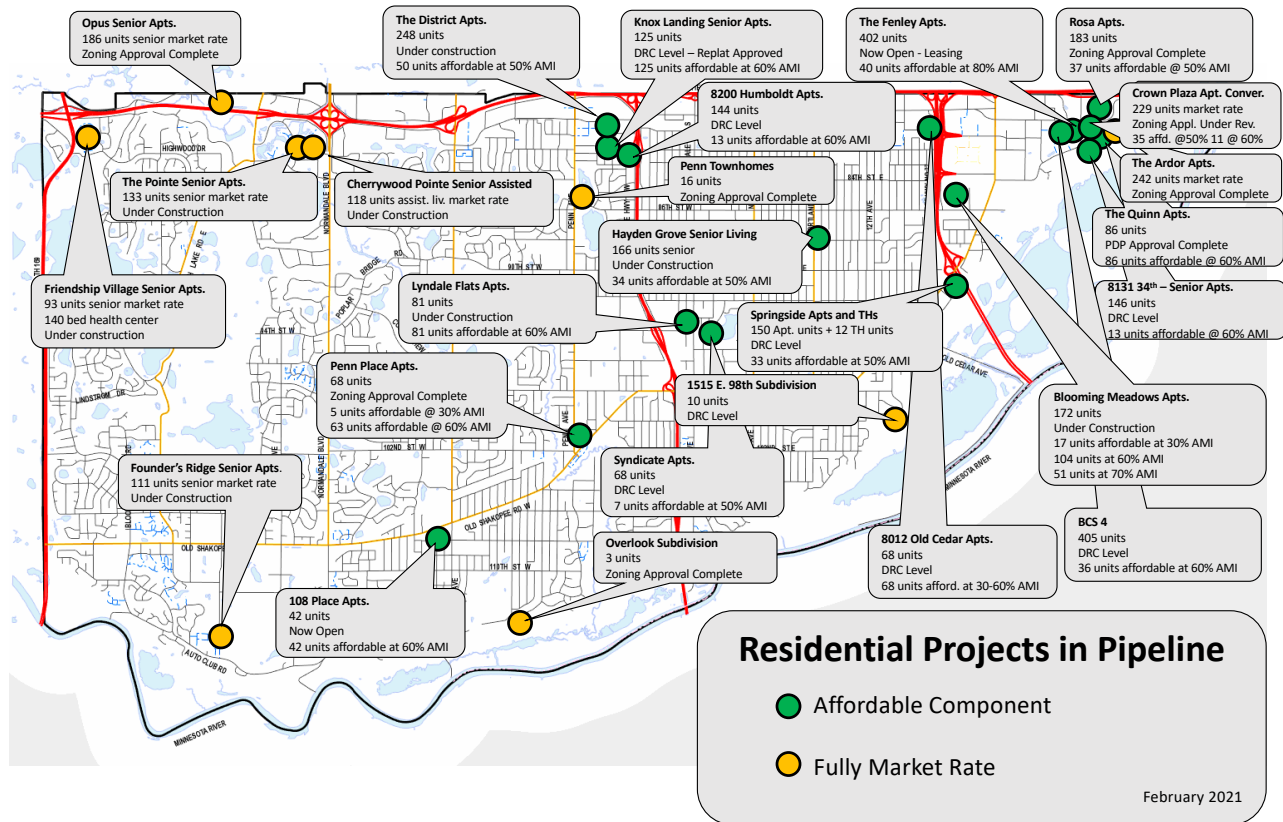
For pictures, renderings and more information about the approved developments please visit Blm.mn/HRADevelopmentMap2020

Post-OHO Approved Development Map



New Units in Pipeline

Beyond the units that have been approved and are under construction there are several projects in the Bloomington Pipeline. The following map shows future potential projects and what affordable components are proposed. The HRA and Planning Division track these projects and use this information to provide updates and reporting on an annual basis. Not all the projects on the map will be constructed and some may change unit count. The map shows a large interest in developing in Bloomington.



NOAH Reporting

Naturally Occurring Affordable Housing (NOAH) is housing that by nature of age or condition is affordable to households making 60% AMI without a subsidy or rent restriction. In recent years there has been high demand from developers to purchase these properties, perform a modest upgrade to facilities, and raise rents substantially. This effectively displaces the residents who were reliant on the relatively low rent. With a shrinking supply of NOAH properties, the ability to find housing for the displaced residents is reduced, increasing reliance on subsidized and affordable units. Preserving the affordability of these NOAH units has become a strategy for providing housing stability. It is much cheaper to purchase, renovate, and restrict rent on a NOAH property than it is to create new affordable housing units. For this reason the HRA continually monitors total NOAH units looking for opportunities to work with partners to preserve affordability.

The following tables contain information as an estimate. Prices fluctuate and units go on and off the market daily. The following information was pulled from the CoStar database in December 2020. The NOAH units were identified by using average rent per unit type for each property. All the units for the respective unit type were identified as NOAH, if the average rent for that property was less than the 60% of area median income maximum rent, provided by the Department of Housing and Urban Development (See Table 1).

CITY OF BLOOMINGTON, MINNESOTA

Table 1: Affordable Rent Limits

# Bedrooms	60% of Area Median Income
Efficiency	\$1,050
1 Bedroom	\$1,499
2 Bedroom	\$1,800
3 Bedroom	\$2,080

Source: U. S. Department of Housing and Urban Development

Table 2: Average Rent

	Average Rent 12-2020
All Units	\$1,182
Efficiency	\$971
1 Bedroom	\$1,053
2 Bedroom	\$1,315

Source: Costar

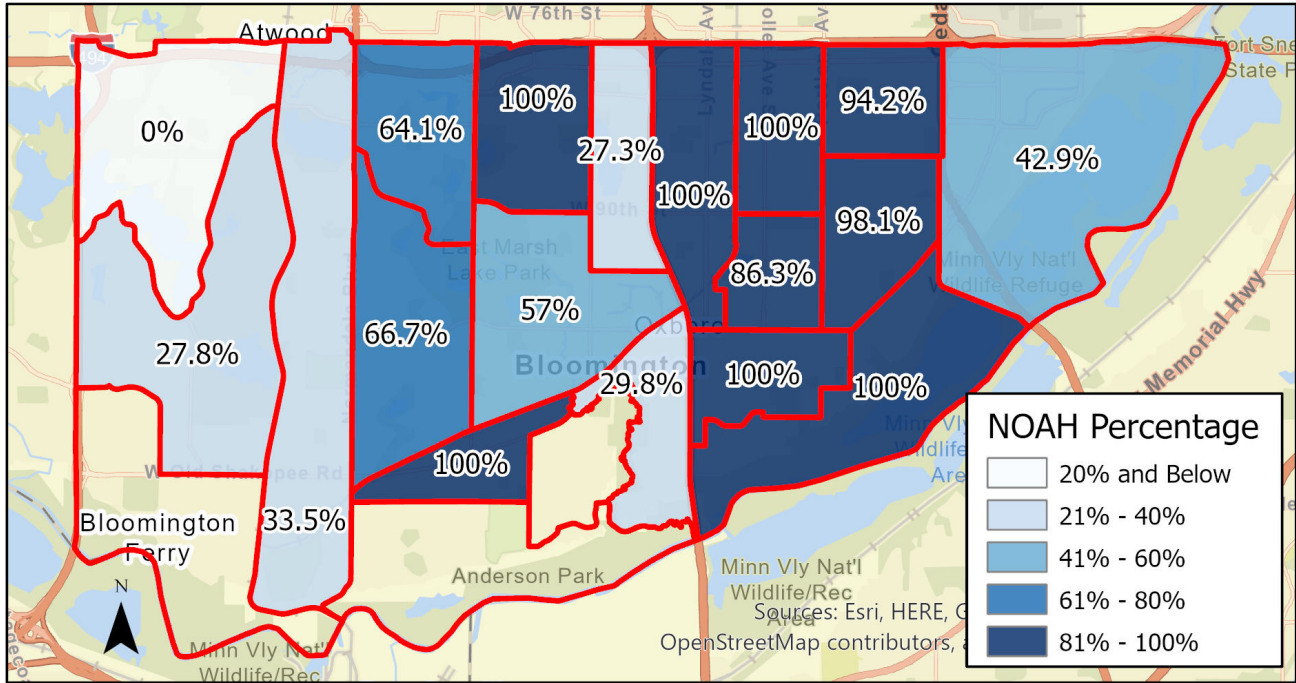
Table 3: NOAH Units by Bedroom Type

	Total	Studio	1 Bedroom	2 Bedroom	3 Bedroom
Total Units	9,119*	626	4,218	3,807	468
Noah Units	5,544	478	2,767	2,078	221
Percent Noah	60.8%	76.4%	65.6%	54.6%	47.2%

Source: Costar – December 2020

*Total units reflect number for which Rent data is available

Map Noah Percentage



Village Club – Preservation and New Unit Creation

The HRA partnered with Aeon in an innovative approach to preserving and creating affordable housing. The HRA helped purchase the Village Club apartments in order to preserve the affordability of 306 naturally occurring affordable housing units. These are 306 units that otherwise would have been purchased and slightly renovated and marketed at a substantially higher rent. The HRA is assisting in renovating the units to bring them up to code and address issues caused by years of deferred maintenance. Even with the renovation costs, on top of the purchase price, preserving the affordability is more cost effective than creating the same amount of new units. While preserving units is cost effective, that does not address the need for more affordable units in Bloomington. This project will also create 172 new units with income averaging to allow for some units that are affordable to households making 30% of area median income. Creating infill development to better utilize the land is what makes this project unique. With proximity to transit and jobs this project meets many of the HRA’s goals to create affordable and stable housing.

Affordable Housing Trust Fund

In 2019 the City of Bloomington established a Housing Trust Fund to help create and retain housing affordability and support and promote economic vitality. A set of five general criteria were developed to prioritize potential projects and communicate City objectives to developers.

Affordable Housing Trust Fund Priorities

Category	General Criteria
New Affordable or Preserves NOAH Units or Economic Development	Residential Project <ul style="list-style-type: none"> • Number of Affordable Units created or preserved • Level of Affordability • Economic Integration • Dispersion
High Impact Area	<ul style="list-style-type: none"> • Priority Area: Development Districts, Gateway District, Opportunity Zone, Priority Commercial Node, etc. • Transit Oriented Development • Comprehensive/ District Plan Objectives • Bike/Walkable • Density • Proximity to Amenities • Community input
High Quality Design	<ul style="list-style-type: none"> • Environmentally Sustainable Design LEED status or similar, high level of best practices used • Universal Design • Human Scale, Street Front Activation, Mixed Use • Consistency with district plans/relevant plans • Public Amenities (Art, Plaza, etc.) • Infill Development • Community input
Catalyst for Future Investment	<ul style="list-style-type: none"> • Visibility • Scale/ Magnitude of Project • Consequence of No Action • Demonstration Project • Taking advantage of recent City investment in the area
Return on Investment	<ul style="list-style-type: none"> • Developer Capacity • Verifiable Development Gap • Cost/Benefit • Financial Readiness • Tax Generation • Market Need • Shovel Readiness • Private Funding Ratio

The affordable housing trust fund goals help guide prioritization of available funds for potential projects. These goals help staff and developers understand the community vision and create projects that benefit residents of the development and the community as a whole.