

# COMMUNITY HOUSING NEEDS ASSESSMENT

## BLOOMINGTON, INDIANA

### 1. SUMMARY

The City of Bloomington faces an ongoing challenge to provide sufficient affordable, available, adequate, and accessible housing for all of its residents. High housing costs driven by a student-dominated market are compounded by low wages, generating an increasing demand for affordable housing.

It is estimated that Bloomington will need 13,551 new housing units between 2010 and 2030. Approximately two-thirds of the new housing demand is projected to be for multifamily properties. However, housing costs in Monroe County are the highest in Indiana. While more than 66 percent of Bloomington's housing stock is rental, rents driven by the student market are often unaffordable for low- to moderate-income families. Nearly 69 percent of the city's rental households are considered cost-burdened, spending more than 30 percent of their gross monthly income on housing costs.

Housing for over 10,000 extremely low-income renter households in Monroe County is one of the most challenging housing deficits. In Monroe County in 2011-13, there were only 14 rental units affordable and available for every 100 extremely low-income renters.

To produce more affordable housing units, the city would benefit from a Community Housing and Development Organization (CHDO) that can cultivate a pipeline of projects ready for future HOME funding and other resources to produce the desired housing. Organizational capacity-building is essential to grow a CHDO that can address local affordable housing needs. Other solutions can be found in assembling housing subsidies and regulatory relief aimed at lowering the cost of housing production.

The City of Bloomington will need to consider a multi-pronged approach to increase the development of affordable housing. Recommendations include reactivating the city's housing trust fund to support the creation of long-term affordable housing; establishing a city land bank to acquire, manage, and transfer properties to meet community needs, particularly to lower the cost of affordable housing production; and pursuing and expanding opportunities for the acquisition and rehabilitation of existing low-cost housing stock.

### 2. INTRODUCTION

Even as sparkling new residential buildings have transformed much of downtown Bloomington over the last decade, the affordability of a place to live has become more elusive for many households in the city. A combination of stagnant wages, escalating housing costs, expiring affordability requirements, and increased demand have created problematic housing conditions for many households.

Bloomington is not alone in this trend; indeed, municipalities nationwide are facing comparable or even dire housing crises as housing needs increase and assistance declines. However, a fresh look at this issue can help to stimulate new opportunities and ideas to address the need for decent, affordable housing for all of Bloomington's residents.

Access to adequate, accessible, and affordable housing for all households is essential for strong communities, economic development, and quality of life. When families spend too much of their income for housing, they face challenges affording food, medical care, transportation, education or school supplies. Stable, adequate housing helps children succeed in school, strengthens communities and neighborhoods, and fosters economic development through a stable workforce.

## 2.1 NATIONAL AND LOCAL PROBLEM TRENDS IN HOUSING AFFORDABILITY

- The Joint Center for Housing Studies' [STATE OF THE NATION'S HOUSING 2016](#) reports an 18 percent jump in the number of very low-income households--**from 15.9 million in 2007 to 18.5 million in 2013**. Yet, the **number of renters receiving some form of assistance** from the US Department of Housing and Urban Development (HUD) actually **fell** by 159,000 from 2007 to 2013. Unfortunately, an increase in housing vouchers was not enough to compensate for the loss of project-based affordable housing units.
- According to [AMERICA'S RENTAL HOUSING: EXPANDING OPTIONS FOR DIVERSE AND GROWING DEMAND](#), "The challenge now facing the country is to **ensure that a sufficient and appropriate supply of rental housing** is available for a diversity of households and in a diversity of locations. While the private market has proven capable of expanding the higher-end rental stock, **developers have only limited opportunities to meet the needs of lowest income households** without subsidies that close the large gap between construction costs and what these renters can afford to pay."
- The National Low Income Housing Coalition's [THE GAP: AFFORDABLE HOUSING ANALYSIS 2016](#) documents a **shortage of 7.2 million affordable and available rental units** for the nation's 10.4 million extremely low income (ELI) renter households, those with income at or below 30 percent of their area median income (AMI). **Three-quarters of ELI renters are severely cost-burdened**, spending more than half of their income on rent and utilities.
- **Bloomington has the third highest poverty rate in the nation--39 percent--** among cities with populations greater than 65,000 according to 2010 U.S. Census data. While that number is admittedly inflated by the city's college student population, **even halving that figure would still mean that 1 in 5 residents is experiencing poverty**. Add to that consideration another poverty indicator: **37 percent of MCCSC students are eligible for free or reduced-price lunch**. *Source: ACS 2014*

- Locally, **housing costs in Monroe County are the highest in Indiana**, and demand for low-cost rentals far outstrips supply. In Monroe County in 2011-13, there were only **14 rental units affordable and available for every 100 extremely low-income renters** (incomes at or below 30 percent of area median), a decrease of 22 percent from 2000. *Source: National Low Income Housing Coalition*
- **Low wages also contribute to challenges for housing affordability in Monroe County.** The mean local renter wage is \$8.24 an hour, according to the National Low Income Housing Coalition's **OUT OF REACH 2016** report. Yet, in order to afford rent and utilities for a two-bedroom apartment in Monroe County at the Fair Market Rent of \$924, a household would require a **Housing Wage of \$17.77**.

## 2.2 PURPOSE

This report seeks to assess the housing needs of the residents of the City of Bloomington. Housing needs can be defined as the number and type of housing units required to accommodate a population at a given housing occupancy level. Determining and addressing the housing needs of a community is a crucial task of local or regional planning.

Housing needs assessments can help identify areas in which supply of adequate housing is failing to meet demand. The purpose of this assessment is to serve as a reference point for the Bloomington Housing Authority and South Central Indiana Housing Opportunities to identify the areas of greatest need for safe, decent, and affordable housing for low- to moderate-income residents in the City of Bloomington and Monroe County.

This housing needs assessment seeks to support efforts to better understand Bloomington's housing market, modify or expand Bloomington's housing policies, and enhance and/or expand Bloomington's housing market to meet future housing needs. Toward that end, this report presents:

- An overview of present-day Bloomington and Monroe County
- A profile of Bloomington population and income
- Current characteristics of the housing supply in Bloomington and Monroe County, with an emphasis on rental housing
- Demand for housing in the City of Bloomington
- Problems with housing affordability
- Barriers to producing affordable housing
- A list of selected housing resources to support the production of affordable housing
- Recommendations

Information was compiled from the City of Bloomington 2015-19 Consolidated Plan, 2010-14 American Community Survey, U.S. Census 2010, and other City, nonprofit, and government sources.

The primary geographic scope of this study is the City of Bloomington. However, some data sources in this report use slightly different geographic parameters, such as Monroe County. These are noted where applicable.

While this study considers both owner-occupied and rental units, the emphasis is on rental units. Specific sub-groups such as extremely low-income households, people experiencing homeless, seniors, and people with disabilities were also evaluated.

This is a preliminary report to provide an overview of affordable housing needs in the study area, drawing primarily on existing reports and data. As such, it did not undertake primary research with telephone or windshield surveys to assess housing supply and demand.

### 3. POPULATION PROFILE

The 2014 Bloomington, Indiana, population was 80,440. In 2010-2014, there were 30,100 households in the City of Bloomington and the average household size was 2.2 people.

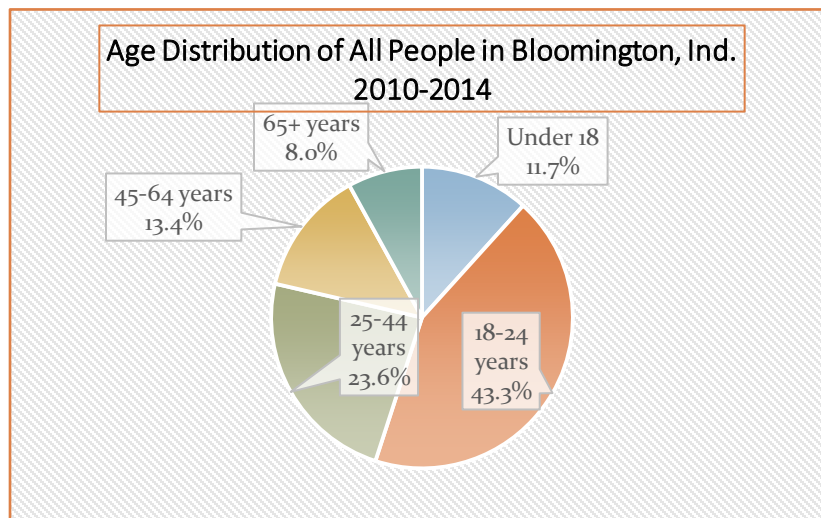
Mobility is high, as would be expected in a college town: in 2010-2014, 54 percent of the people living in Bloomington, Indiana (at least one year old) were living in the same residence one year earlier.

Nineteen percent of all households had one or more people under the age of 18; 15 percent of all households had one or more people 65 years and over.

Families made up 39 percent of the city's households. This figure includes both married-couple families (26 percent) and other families (13 percent). Of other families, 6 percent were female householder families with no husband present and children under 18 years of age. Nonfamily households made up 61 percent of all households in Bloomington, Indiana. Most of the nonfamily households were people living alone, but some were composed of people living in households in which no one was related to the householder. (Source: ACS 2014)

In 2015, there were 42,588 students enrolled in degree programs at IU Bloomington, and a 1.5 percent increase from 2014. The figure includes 32,694 undergraduates and nearly 10,000 graduate and doctoral-professional students. (Source: IU Newsroom 2015)

CHART 3.1



Source: ACS 2014

For people reporting one race alone, 85 percent were White; 4 percent were Black or African American; 1 percent were American Indian and Alaska Native; 10 percent were Asian; less than 0.5 percent were Native Hawaiian and Other Pacific Islander, and 1 percent were some other race. An estimated 3 percent reported two or more races. An estimated 4 percent of the people in Bloomington were Hispanic. People of Hispanic origin may be of any race.

In Bloomington, 51 percent of the population 16 and over were employed; 44 percent were not currently in the labor force.<sup>1</sup> An estimated 71 percent of the people employed were private wage and salary workers; 25 percent were federal, state, or local government workers; and 4 percent were self-employed in their own (not incorporated) business.

An estimated 60 percent of Bloomington workers drove alone to work in 2010-2014, and nine percent carpooled. Among those who commuted to work, it took them on average 15 minutes to get to work. (Source: ACS 2014)

#### 4. INCOME

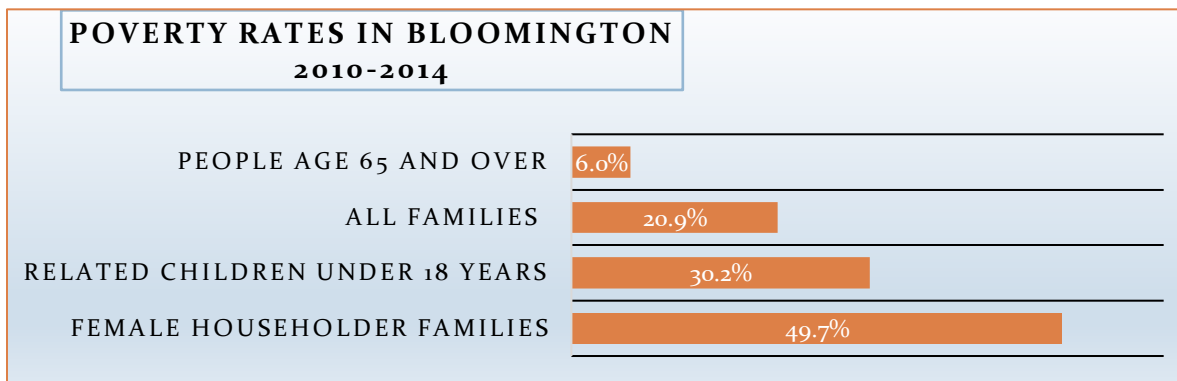
The median income of households in the City of Bloomington in 2010-14 was \$28,660. An estimated 32 percent of households had income below \$15,000 a year and six percent had income over \$150,000 or more.

An estimated 81 percent of households received earnings and 10 percent received retirement income other than Social Security. An estimated 19 percent of households received Social Security. The average income from Social Security was \$17,969. These income sources are not mutually exclusive; that is, some households received income from more than one source.

<sup>1</sup> “Not in Labor Force” refers to all people 16 years old and over who are not classified as members of the labor force, such as students, homemakers, retired workers, etc.

In 2010-2014, 39 percent of people were in poverty. An estimated 30 percent of related children under 18 were below the poverty level, compared with 6 percent of people 65 years old and over. An estimated 21 percent of all families and 50 percent of families with a female householder and no husband present had incomes below the poverty level. (Source: ACS 2014)

CHART 4.1



Source: ACS 2014

## 5. GENERAL SUMMARY OF THE HOUSING SUPPLY

In 2010-2014, Bloomington, Indiana had a total of 33,100 housing units, 34 percent owner-occupied and 66 percent renter occupied. An estimated 84 percent of householders of these units had moved in since 2000.

The Bloomington vacancy rate for owner-occupied homes was 1.5 percent and rental 3.1 percent. Renters made up 60.22 percent of the Bloomington, Indiana population.

Of the total housing units, 43 percent were in single-unit structures, 53 percent were in multi-unit structures, and 3 percent were mobile homes. An estimated 34 percent of the housing units were built since 1990. (Source: ACS 2014)

In 2000, there were about 1,800 residential units located in downtown Bloomington. By 2015, roughly 1,900 additional units had been built downtown, primarily in student-oriented multifamily properties. (Source: *Draft City of Bloomington Comprehensive Master Plan.*)

The median home value in Bloomington, Indiana in 2014 was \$173,200. Home appreciation was 1.90 percent over the previous year. The median age of Bloomington, Indiana real estate was 34 years.

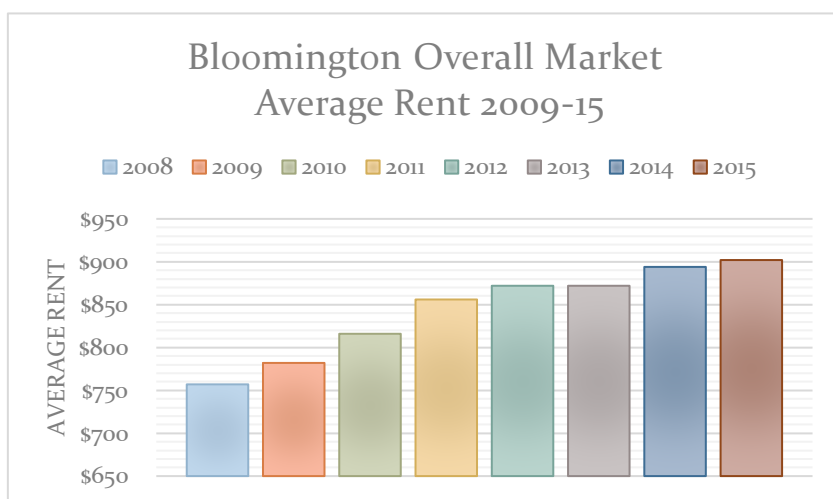
The median number of rooms in all housing units in Bloomington, Indiana was 5. Of these housing units, 42 percent had three or more bedrooms. (Source: ACS 2014)

## 6. HOUSING COSTS FOR THE CITY OF BLOOMINGTON

An estimated 24 percent of owners with mortgages, 14 percent of owners without mortgages, and 68 percent of renters in Bloomington spent 30 percent or more of household income on housing. In 2014, the median monthly housing costs for mortgaged owners was \$1,211 and non-mortgaged owners, \$436. An estimated 61 percent of the owner occupied units had a mortgage. (Source: ACS 2014)

Rents have risen steadily over the last seven years, at an annual rate of 3.0 percent to 3.5 percent. The chart below illustrates the climb over average rents in Bloomington over a recent seven-year period.

Chart 6.1



Source: Bloomington Rent Survey Report

## 7. DEMAND FOR HOUSING IN THE STUDY AREA

The *Draft City of Bloomington Comprehensive Master Plan*, projects that between 2010 and 2030 the City of Bloomington will need 13,551 new housing units. This includes an estimated 7,421 new housing units as well as 6,131 existing housing units that are expected to need replacement. Approximately two-thirds of the new housing demand is expected to be for multifamily properties.

Monroe County residential building permits issued from 2011 to 2015 included 974 permits for single-family homes and 1092 permits for multifamily properties. Using this 4-year period as a representative example to address the expected need for 2010 to 2030, that would produce 5,460 rental units—or only 60 percent of predicted demand for the nearly 9,000 apartments.

Basic economics indicates that a shortage in supply pushes prices up; thus, compounding the projected gap in housing supply is the affordability challenge. The local housing market has been steadily increasing in value. According to the Indiana Business Review's *Bloomington Forecast 2016*, home closing sales in Monroe County through September 2015 were 15 percent over 2014. During this same period, median sales prices increased by 4 percent. The inventory of homes on the market in September 2015 was 11 percent less than

the year before, indicating a tightening of supply that is likely to continue to push home prices up. In residential construction, total local building permits issued in 2013 and 2014 were at their highest levels since 2007, and 2015 only slightly less. Building permits issued for single family homes have been climbing steadily, although multifamily permits have been more uneven. Despite a slower pace for multifamily building permits, the value of the construction remains relatively high, suggesting that upscale housing accounts for an increasing share of recent building activity.

**7.1 EXTREMELY LOW-INCOME RENTER HOUSEHOLDS**

Housing for over 10,000 extremely low-income (ELI) renter households in Monroe County is one of the most challenging housing deficits. From 2000 – 2013, the already tiny number of adequate, affordable, and available units for this population dropped by 22 percent. Without HUD assistance, there were only 5 affordable units per 100 ELI households in Monroe County.

TABLE 7.1

Adequate, Affordable, and Available Rental Units for Extremely Low Income Households in Monroe County,* 2000-2013						
Year	ELI households	Adequate, affordable, and available rental units	Gap between ELI households and units	Units serving ELI households with HUD assistance	Units per 100 ELI households	Units per 100 ELI households without HUD assistance
2000	7,273	1,295	5,978	726	18	8
2005-'07	8,939	1,742	7,196	1,147	19	7
2011-'13	10,873	1,569	9,303	1,078	14	5

\* Extremely low-income households earn no more than 30 percent of the area median income. In Monroe County, the income cutoff for a household of four was \$14,900 in 2000, \$17,750 in 2007, and \$18,350 in 2013.

Source: Mapping America’s Rental Housing Crisis



## 7.2 SENIOR HOUSING

There were approximately 6,523 persons over the age of 65 living in Bloomington in 2014. (Source: ACS 2014) Bloomington is frequently named as a top location to retire. According to the HAND 2015-19 Consolidated Plan, demand for senior housing continues to increase, particularly affordable senior housing.

## 7.3 HOUSING FOR PEOPLE WITH DISABILITIES

According to the 2010 U.S. Census, there are approximately 5,532 persons in Bloomington who have a disability and are under the age of 65. The 2000 edition of the Directory of Resources and Services for People with Disabilities developed by the Bloomington Council on Accessibility shows 388 accessible units. HAND's last count in 2015 noted 455 units that are accessible in Monroe County. In June 2016, 178 people (25 percent) on the Bloomington Housing Authority's Housing Choice Voucher Waitlist had a disability.

## 7.4 AFFORDABLE HOUSING WITHIN WALKING DISTANCE OF EMPLOYMENT CENTERS

The robust growth over the last decade in downtown multifamily residential units has primarily benefited Indiana University students. As the *Draft City of Bloomington Comprehensive Master Plan* notes, the high rate of student demand for living space downtown has increased rental prices per square foot, and it appears to have priced many other households out of the downtown market. The plan indicates that other needs, such as senior resident, workforce, and affordable housing options, should also be part of the housing development in downtown Bloomington.

## 7.5 PEOPLE EXPERIENCING HOMELESSNESS

The Indiana Region 10 Point-in-Time Homeless Count conducted in January 2016 shows a total of 340 persons and 246 households experiencing homelessness in Monroe County, including 98 children. There are several nonprofit operated shelters available to provide emergency housing. The Interfaith Winter Shelter has operated for the last several years. Crawford Homes is permanent supportive housing property that opened in 2013 with 25 units. Crawford II is now underway and expected to provide an additional 35 permanent supportive housing units for individuals experiencing chronic homelessness.

## 8. HOUSING AFFORDABILITY PROBLEMS

The combination of high housing costs and low wages create challenges for housing affordability in Bloomington. According to HAND's 2015-19 Consolidated Plan, cost burden is the biggest obstacle to the Bloomington housing market, driven by the Indiana University students that make up about half the city's population. More than twenty-six percent of owner-occupied households are spending more than 30 percent of their gross monthly income on housing costs. As described above, students are a lucrative market for new multifamily construction since they can often pay higher rents. In addition older housing stock in the core neighborhoods are prime student rental property, with prices inflated by their investment value.

Over 57 percent of households in Bloomington make less than \$35,000 annually according to the 2009-2013 ACS. The maximum house price a household with an annual income of \$34,999 could afford is \$131,000

(assuming 4 percent interest rate for 30 years). Yet, the median home value in Bloomington in 2014 was \$173,200.

On June 30, 2016, a review of the properties for sale in Bloomington (homefinder.org) showed 730 listings with Bloomington addresses. Two hundred fifty-one (251) properties are available for sale with listing prices of \$150,000 or below. The price breakdown for those 251 properties: below \$50,000 (7), between \$50,001 - \$100,000 (97), and between \$100,001 - \$150,000 (147).

Rents driven by the student market are often unaffordable for low to moderate income families. Sixty-six percent (66.2 percent) of Bloomington's housing stock is rental. Nearly 69 percent of the rental households spend more than 30 percent of their gross monthly income on housing costs.

On June 30, 2016, a review of the properties for rent in Bloomington (trulia.com) showed 410 listings with Bloomington addresses. Three hundred and twenty-two (322) properties are available for rent for \$1500/month or less. The price breakdown for those 322 properties: below \$500/month (24), between \$500 - \$1000 (173), and between \$1001 - \$1500 (125).

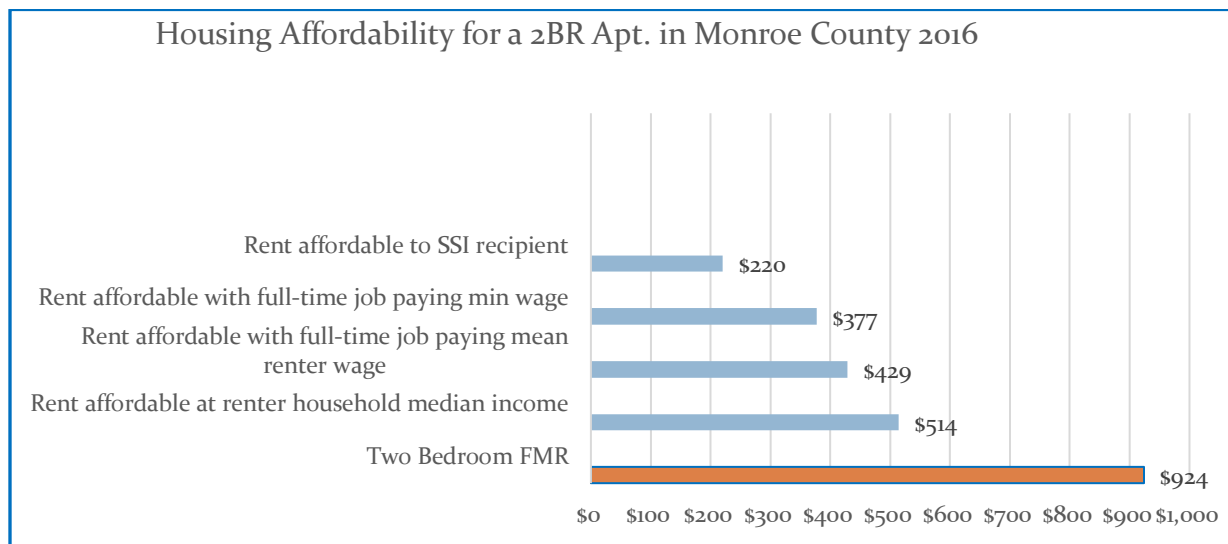
Low wages contribute further to the difference between household income and housing costs. The average wage of a renter in Bloomington is \$8.25 an hour. Even for employees eligible for a higher minimum wage—\$12.32 an hour in 2016 under Bloomington's Living Wage Ordinance—would need to earn 44 percent more, or \$17.77 an hour, to afford a two-bedroom apartment in the city.

TABLE 8.1

Calculating the Housing Wage Needed to Afford a Two-Bedroom Apartment in Monroe County		
	Monroe County	Indiana
<b>Total Households</b>	53,778	2,492,183
<b>Renter Households</b>	24,686	761,229
<b>Percent Renters</b>	46%	31%
<b>Estimated Mean Renter Wage</b>	\$8.24	\$12.15
<b>Housing Wage Needed to Afford Fair Market Rent</b>	\$17.77	\$14.84
<b>Fair Market Rent</b>	\$924	\$772
<b>Annual Income Needed to Afford Fair Market Rent</b>	\$36,960	\$30,868
<b>Estimated Renter Area Median Income</b>	\$20,566	\$28,199
<b>Rent Affordable at the Estimated Renter Area Median Income</b>	\$514	\$705

Source: Out of Reach 2016

Chart 8.2



Source: Out of Reach 2016

## 9. BARRIERS TO PRODUCING AFFORDABLE HOUSING

Primary deterrents to the production of affordable housing include high housing costs and regulatory barriers. Land is often costly near Bloomington’s employment centers, which increases the costs of new development that inhibits the production of affordable units.

Preserving existing older housing stock is an important element to maintaining affordability, but this often requires funding for rehabilitation and other improvements. In addition, market prices for older houses that would typically filter down to be more affordable in many communities instead are buoyed by their status as prime investment properties, particularly in high-demand neighborhoods close to Indiana University.

While the demand for affordable housing exceeds the supply, other resources that could help manage housing costs are also too limited or not accessible. For example, there are not enough Housing Choice Vouchers (HCV) for households in need. In June 2016, there were 713 people on the Bloomington Housing Authority’s HCV waiting list. Even households that have obtained a HCV can be stymied in their efforts to find housing since landlords may legally discriminate renting to voucher holders based on source of income.

Regulatory hurdles can also deter the production of affordable housing. A 2016 study by the National Association of Home Builders estimated that regulations for all levels of government account for 24.3 percent of the final price of a new for-sale single-family home built for sale. The City of Bloomington should examine how local development and construction standards either directly increase costs to builders and developers, or cause delays that translate to higher costs.

Current incentives designed to promote affordable housing include the Bloomington’s fee waivers for Plan Commission and Board of Zoning Appeals filing fees, right-of-way excavation permit fees, and sewer hook-on fee waivers. Other incentives also seek to provide regulatory relief to encourage lower-cost housing, such as the city’s installation of sidewalks and street trees, reduced parking requirements, reduced lot area standards, reduced lot width standards, reduced side yard building setbacks, and reduced rear yard building setbacks. However, the city should review the effectiveness of existing policies to relieve regulatory burdens, given the ongoing gap between supply and demand for affordable housing. The prospect of additional measures may be useful to consider.

The draft of the city’s Comprehensive Master Plan is currently under review and the final version is expected to be released by early 2017. It is expected that the adopted plan and associated unified development code will include further provisions for increasing the supply of affordable housing.

## 10. HOUSING RESOURCES

Bloomington’s housing needs can be addressed through policy and funding tools. Subsidies are essential for the production of affordable housing, since the cost of construction typically exceeds what low-income households can affordably pay for housing. Table 10.1 lists selected possible sources of federal, state, and local support for affordable housing development.

TABLE 10.1

Source	Grant
<b>Community Foundation of Bloomington and Monroe County</b>	Community Impact Grant
<b>Federal Home Loan Bank - Indianapolis</b>	Competitive Affordable Housing Program
<b>HAND/City of Bloomington</b>	Section 108/CDBG
<b>HAND/City of Bloomington</b>	Bloomington Housing Trust Fund (currently inactive)
<b>HAND/City of Bloomington with funds from US Dept of Housing and Urban Development</b>	HOME Investment Partnerships Program
<b>Indiana Housing and Community Development Authority (IHCDA)</b>	Rental Housing Tax Credit (a.k.a. LIHTC, Sec 42)
<b>IHCDA</b>	National Housing Trust Fund
<b>IHCDA</b>	Indiana Affordable Housing and Community Development Fund
<b>IHCDA</b>	Project-Based Section 8 Vouchers
<b>Monroe County Government</b>	Sophia Travis Community Service Grant
<b>US Dept of Housing and Urban Development</b>	Self-Help Homeownership Opportunity Program (SHOP)
<b>US Dept of Housing and Urban Development</b>	HOPWA - Housing Opportunities for People with AIDS

### 10.1 Community Housing Development Organizations

State-certified and city-certified Community Housing Development Organizations (CHDOs) are an important resource for affordable housing development, and can be eligible for federal HOME funds for affordable housing. Participating jurisdictions must set aside a minimum of 15 percent of each annual HOME allocation for homebuyer or rental housing which is owned, developed, or sponsored by certified CHDOs. Participating jurisdictions must ensure these funds are used for specific housing projects and cultivate a pipeline of projects ready for future funding.

In addition to the mandatory set-aside, participating jurisdictions may opt to use HOME funds to provide special assistance to CHDOs such as capacity-building assistance, operating assistance, project-specific predevelopment assistance, or HOME project proceeds.

## 11. RECOMMENDATIONS

The City of Bloomington must consider how to address local demand for more affordable housing, short-term as well as long-term considerations. This dual strategy aims to yield demonstrable results and meet local housing needs in the near future, while also taking the additional time needed to adopt an effective housing policy that will serve the City of Bloomington for the next decade or more.

There is currently valuable potential to pursue the new construction and/or the acquisition and rehabilitation of affordable multifamily rental units. Expediting the near-term production of these units offers multiple advantages:

- 1) Increasing the local supply of affordable units for occupancy.
- 2) Developing a template for additional housing production.
- 3) Raising public awareness about local affordable housing needs.
- 4) Cultivating community support for this issue.

In the longer-term, a robust housing policy will be indispensable in addressing ongoing affordability challenges and continued housing production that recognizes the breadth of the city's housing needs. The goal of this policy will be to manage the impact of regulatory burdens to minimize the effect on the cost of housing and to consider options for investments in permanently affordable housing.

### 11.1 RECOMMENDATIONS FOR NEAR-TERM AFFORDABLE HOUSING PRODUCTION

The recommendations below focus on near-term opportunities that include organizational capacity building and cultivating resources for affordable housing development. These strategies seek to address housing needs by increasing the supply and availability of low-cost housing, both with new construction and preservation of existing units.

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#### ORGANIZATIONAL CAPACITY BUILDING

- Seek organizations that can become city-certified CHDOs. This will provide a target to allocate the required minimum set aside of 15 percent of annual federal HOME Partnership

funds for homebuyer or rental housing which is owned, developed, or sponsored by certified CHDOs.

- Cultivate a pipeline of projects ready for future HOME funding.

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#### CULTIVATE RESOURCES FOR AFFORDABLE HOUSING DEVELOPMENT

- Reactivate the capacity of the city's housing trust fund to support the creation of long-term affordable housing.
- Establish a city land bank to acquire, manage, and transfer properties to meet community needs, particularly to lower the cost of affordable housing production.
- Work with major institutional landowners such as Baxter, Cook, First United Methodist Church, Indiana University, or IU Health/Bloomington Hospital to identify opportunities for donated or discounted real estate that can support the acquisition, rehabilitation, or new construction of affordable housing.
- Prioritize leveraging housing affordability, particularly via land acquisition, in coordination with the city's other investments in recreation, transportation, public works, etc.
- Implement tax abatement or Payment in Lieu of Taxes (PILOT) policy to reduce developers' costs to produce affordable housing.
- Identify and preserve rental and owner-occupied units with imminently expiring affordability covenants.
- Pursue and expand opportunities for the acquisition and rehabilitation of existing rental and owner-occupied low-cost housing stock.

## 12. DEFINITIONS

### **Affordable**

As defined by HUD, housing is affordable when a household pays no more than 30 percent of its gross income for housing and utilities combined.

### **Area Median Income (AMI)**

Area Median Income (AMI) is the middle point of the local income distribution for a jurisdiction: half of the families have more income, and half have less. The AMI is set according to family size and varies by region. It is calculated annually by the federal government for states, counties, and other localities, and for different family sizes. AMI is used to determine income eligibility for affordable housing programs.

### **Housing Wage**

The estimated full-time hourly wage a household must earn to afford a decent rental unit at HUD-estimated Fair Market Rent while spending no more than 30 percent of their income on housing costs.

### **Full-time work**

Defined as 2,080 hours per year (40 hours each week for 52 weeks). The average employee works roughly 34.4 hours per week, according to the Bureau of Labor Statistics.

### **Fair Market Rent (FMR)**

Typically the 40th percentile of gross rents for standard rental units. FMRs are determined by HUD on an annual basis, and reflect the cost of shelter and utilities. The calculation excludes rental units built in the last two years to avoid rental units at the high end of the market and excludes subsidized housing, which is not priced at the market rate. "Gross rent" means the cost of rent plus utilities paid by the renter. FMRs are used to determine payment standards for the Housing Choice Voucher program and Section 8 contracts.

### **Low, Very Low, and Extremely Low Income**

*U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT* definitions:

- **LOW INCOME:** households earning below 80 percent of AMI
- **VERY LOW INCOME:** households earning below 50 percent of AMI
- **EXTREMELY LOW INCOME:** households earning below 30 percent of AMI

## 13. RESOURCES

AMERICAN COMMUNITY SURVEY 2010-14 <http://factfinder.census.gov>

AMERICA'S RENTAL HOUSING: EXPANDING OPTIONS FOR DIVERSE AND GROWING DEMAND. (2015) Joint Center for Housing Studies of Harvard University.

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