



OPPORTUNITY HOUSING - AFFORDABLE HOUSING PLAN for American Square

Residential developments of 20 units or more must submit an Affordable Housing Plan to the City of Bloomington as a part of the application for a final site and building plan, a final development plan or for NOAH preservation. An Affordable Housing Plan is not required for a development in which the affordable housing obligation is satisfied by a payment in lieu. The developer’s commitment to meet the requirements of the Opportunity Housing Ordinance and the description of the affordable housing tools and incentives requested in the Affordable Housing Plan will be included in the development agreement with the city.

An example Affordable Housing Plan is shown below to provide guidance in submitting a plan to the City of Bloomington. Developers are encouraged to use this example as a starting point and to add as many additional details as needed to completely answer questions about the creation and maintenance of affordable housing within their development. Fill in a response beneath the italicized text for each section below and submit this document with your application to serve as your Affordable Housing Plan.

#	Section	Ordinance Requirement (text in grey) and Example Responses
1.	OPPORTUNITY HOUSING REQUIREMENTS SUMMARY	<p><i>Provide a summary of the tools, methods, and related approaches used to meet the requirements of § 9.06 and include options in § 9.07 to § 9.13 to construct rental or for sale residential development on-site or off-site, purchase and rehabilitate Naturally Occurring Affordable Housing, or acquire and rehabilitate existing market rate units</i></p> <p>American Square is a multiphase redevelopment of an underutilized aging parking ramp and ancillary surface lots. The redevelopment will include the new construction of 328 multi-family rental development units; 86 of these units (26%) will be affordable to those at 60% AMI or below. The Opportunity Housing Ordinance requires that 30 affordable housing units are needed to comply. The requested OHO incentives are only applicable to Phase 2 WF(Workforce) project, because the affordable units will be built only in phase 2 of this project, we will deposit with the city the required amount of \$9.60 per rentable square footage (Approx. \$1,699,239 [177,004sq ft x \$9.60]) at the time we pull the permit for the Phase 1 Market Rate building and request the ability to apply those specific funds to our affordable project when it is built. We plan to receive FDP approval within 24 months of beginning construction on the market rate units. The in lieu payment will be assigned to Phase 2 WF project and be subject to the Phase 2 WF FDP applicability, which is 2 years, with option for a 1 year extension.</p>
2.	PROJECT METRICS	<p><i>Provide the development philosophy and description of project performance metrics including, but not limited to, development returns such as return on costs, return on equity, and both leveraged and unleveraged internal rate of return to assist the city in analyzing public participation § 9.06 and § 9.32</i></p> <p>American Square will be developed and held for a minimum of ten years and will be built to a 6% yield to cost, with a target unleveraged IRR of 8% and leveraged IRR of</p>

13%. We are requesting TIF in addition to the allowed incentives because we are producing nearly three times more affordable units than required by the Ordinance.

3. PROPOSED MARKET RATE AND AFFORDABLE UNITS

Provide the number, location, description of the structure such as but not limited to attached, semi-attached, or detached, size and cost of the proposed market rate and affordable units § 9.32

All units are in a multi-building multi-family development located on 2 separate lots at 3701 American Blvd E. and 6 Appletree Square., Bloomington, MN. The units are composed of:

124 Studio units; averaging 543 square feet

139 One-bedroom units; averaging 721 square feet

59 Two-bedroom units; averaging 1,995 square feet

6 Three-bedroom units; averaging 1,337 square feet

There are 86 affordable housing units within our development.

The market rate buildings estimated development cost is approx. \$311,000/unit and affordable buildings estimated development cost is approx. \$277,000/unit.

4. AFFORDABILITY

Provide the income levels to which each affordable unit will be made affordable § 9.32

The Minnesota Housing annual income levels to which each affordable unit will be made affordable (for a family of four), this Area Medium Income level is adjusted each year by Minnesota Housing:

ELI (30% AMI): none currently, will work with staff to obtain funding needed for 4-6 units at this income level

VLI (50% AMI): currently no units at this income level

LI (60% AMI): 33 studio units; averaging 506 square feet

LI (60% AMI): 30 one-bedroom units; averaging 653 square feet

LI (60% AMI): 23 two-bedroom units; averaging 911 square feet

5. TERM OF AFFORDABILITY

Provide the methods to be used to maintain affordability and the duration over which affordability will be maintained § 9.32

We commit to maintaining the affordability limits shown here for the Opportunity Housing units for a minimum of 26 years (length of TIF District) as provided for in a deed restriction.

6. AFFORDABILITY MONITORING

Provide your plan to monitor ongoing affordability § 9.32

We plan to work with our affordable housing partners, Steven Scott Management and Janken Housing Solutions, to implement and monitor household affordability as required for tax credit compliance. Steven Scott Management and Janken Housing Solutions manage initial tenant income verification and ongoing annual recertifications.

7. CONFIRMATION OF RENTAL

Provide written confirmation that households with U.S. Department of Housing and Urban Development (HUD) Housing Choice Voucher rent assistance will be considered for tenancy in rental development § 9.32

**ASSISTANCE
ACCEPTANCE**

American Square would be open to tenant use of HUD Housing Choice Vouchers for the life of the tenant voucher or a minimum of 20-year affordability period if vouchers continue to meet the 60% AMI rent levels.

8. INCENTIVES

Check and provide a description of the tools and incentives that your project is eligible for § 9.15 through § 9.31

Density bonus

The development qualifies for an increased density incentive, but we currently do not need it as we meet current zoning limits.

Floor area ratio bonus

Height bonus

The development will increase one extra story from 3 to 4 stories.

Parking stall reduction

The development is inside a designated transit area and qualifies for a 20% outdoor parking stall reduction with 9% of the units qualifying as low income or below. We expect to utilize the 20% reduction in required stalls for the phase 2 affordable building, this will be incorporated into the overall parking study done for this area, which incorporates shared additional stalls and some day/night sharing with the Office building. The additional underground stalls in excess of the 78 required in the below requirement, will be rented out to the Market Rate, Office and WF tenants for an additional fee.

Enclosed parking space conversion

The development qualifies for a 10% garage parking space conversion to canopy covered spaces with 9% of the units qualifying as low income or below. We are requesting to provide 8 (86x10%) less underground stalls for the WF building, we will still provide 1 stall per unit with no parking fee, 78 under the building and 8 in the ramp.

Minimum unit size reduction

The development qualifies for a 10-30% reduction in minimum unit sizes for the opportunity units, we may use a portion of this reduction on Phase 2. For WF Phase 2 we expect about 15-20% of the units may fall slightly under the City Code minimum standard.

Alternative exterior materials allowance

The back and side facades of the development will utilize the 50% alternative exterior materials allowance and will incorporate a mix of fiber cement and metals.

Storage space reduction

The units qualify for a 50% reduction in required storage spaces and we will utilize the reduction. Steven Scott management normally recommends only including 25% Storage units/apartment unit otherwise they are not utilized.

Landscape fee in-lieu reduction

Development fee reimbursements

Development fee deferral

The development will take advantage of the 24-month deferral of fees. – our area does not qualify

Expedited review of plans – Not available in this area – per staff

Land write down

- Tax increment financing
- Project based housing vouchers

9. MARKETING

Provide the methods to be used to advertise the availability of the affordable units § 9.32

Advertising methods for availability of units will occur using three primary channels:

- 1) Online, through the development’s website and promotions through online partners
- 2) Social media, through the development’s Instagram, Facebook and Twitter accounts
- 3) In print, through brochures that will be made available at selected affordable housing partners and non-profit organizations in Bloomington

American Square will meet Federal and State Fair Housing Marketing Regulations.

10. DISPERSION

Describe how the Opportunity Housing units encourage racial and economic integration and distribute affordable housing units throughout the city § 9.36

The development is in a mixed-income and mixed-use transit corridor of the City and will encourage further racial and economic integration. The addition of over 26% of the units in the Preliminary Development Plan Area being Opportunity Housing units combined with a high-end Market Rate building on these sites assists in the distribution of affordable housing units throughout the City.

11. INTEGRATION

Describe how the affordable housing units in the development are mixed with and not clustered together or segregated in any way from market rate units § 9.36

The Opportunity Housing units are located in the Planned Development area, but are in separate buildings, this is required to make the overall economics of the project work and allows for 26% of the units to be affordable vs just the 9% required by the ordinance.

12. DESIGN

Describe how the affordable housing units are comparable in construction quality and exterior design to the market rate units constructed as part of the development § 9.36

All units at American Square are designed and will be constructed to the same high-quality construction standards. The affordable and market buildings designs will be complementary to one another.

13. PHASING PLAN

For a phased development, describe how your phasing plan provides for the concurrent development of the number of affordable units proportionate to the number of market rate units for each proposed phase of development § 9.32 and § 9.36

The proposed project will be built in two phases: 1) the market rate building will begin in 2020; 2) the workforce building will follow in 2021 once Bonds and tax credits are secured; there is a possible 3rd phase, but the mixed-use building will only happen if the State changes the Housing TIF requirements related to parking ramps below them and the current owner of the ramp honors the original LOI at some point in the futures.

14. CONSTRUCTION TIMING

Describe how the construction and occupation of affordable units will be proportionate construction and occupation of market rate units § 9.36

Construction and completion of all units will occur in two phases. See item 13 for phase details. A request for a certificate of occupancy will be sought for each Building as it is completed.

- 15. **PROJECT PLANS** *Provide a site plan and a floor plan depicting the location of the affordable and the market rate units § 9.32*

Please see attachments that include the American Square site plan and the floorplans of the proposed development. Affordable, market rate and mixed-use buildings are marked on the plans.

- 16. **ADDITIONAL INFORMATION** *Provide any additional information reasonably requested by the community development department to assist with evaluation of the affordable housing plan. Check with the community development department to discuss additional information requested. § 9.32*

We do not have additional information to submit at this time but are open to submitting any information requested of us by the City of Bloomington.

A developer or owner may propose an alternative method to meet the opportunity housing requirement. Based on evidence specified in the Affordable Housing Plan, the community development department may approve such an alternative if the alternative will provide as much or more affordable housing at the same or lower income levels, and of the same or superior quality of design and construction, and will otherwise provide greater public benefit than compliance with the requirements of this chapter.

Upon submittal, the community development department will determine if the affordable housing plan is complete and conforms to the provisions of this chapter and the opportunity housing guidelines. The Developer will receive written comments on their Affordable Housing Plan at the next scheduled Pre-Application or Post-Application Development Review Committee Meeting. The decision of the community development department may be appealed.

Applicant Name *Michael Wald U.P.* Date *5-28-20*

Contact Housing Opportunity Advisor Cherie Shoquist at cherie.shoquist@BloomingtonMN.gov or 952-563-8946

or visit blm.mn/opportunityhousing for more information