



OPPORTUNITY HOUSING - AFFORDABLE HOUSING PLAN

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.

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 Responses
1.	OPPORTUNITY HOUSING REQUIREMENTS SUMMARY	<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> In the proposed BCS4 Housing project we plan to deliver approximately 400 newly constructed multifamily rental units and 14,500 sq. ft. of retail space. Currently, it is our plan to provide 9% of the of the multifamily units at 60% AMI.
2.	PROJECT METRICS	<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> The proposed BCS4 project will be a newly constructed, approximately 400 unit multifamily Texas wrap building with all the enclosed parking provided in an above grade ramp. As the exact financing structure has not been fully determined our return metrics are still in flux. • Return on Cost: ~6.30% • Return on Equity: ~9.30% • Unlevered IRR: ~7.8% • Levered IRR: ~11.75%

- 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*
- The proposed BCS4 multifamily project will be a Texas wrap style project with approximately 400 units. The building will be 6 stories which will wrap around the parking ramp providing the added benefit for renters to drive to the floor of their unit. The affordable units will have identical finishes to the comparable market rate units thus making the cost to build affordable units the same as the market rate units. We do not intend to have the affordable units in a specific part of the building but distributed throughout the building. The average unit size of the proposed project is approximately 767 Sq. Ft. and the cost to build each individual unit is roughly \$211k.
- 4. AFFORDABILITY** *Provide the income levels to which each affordable unit will be made affordable § 9.32*
- The proposed BCS4 project will intends to provide 9% of units at 60% AMI and rents will be based off the annual published rents.
- 5. TERM OF AFFORDABILITY** *Provide the methods to be used to maintain affordability and the duration over which affordability will be maintained § 9.32*
- The affordable units will remain affordable until at least the remainder of the TIF district which expires in 2039 and after the expiration of the TIF district the owner has the ability to choose to keep units affordable.
- 6. AFFORDABILITY MONITORING** *Provide your plan to monitor ongoing affordability § 9.32*
- The to be selected property manger will manage the affordable units in the project. Applicants will go through a screening process to ensure they qualify for 60% AMI units.
- 7. CONFIRMATION OF RENTAL ASSISTANCE ACCEPTANCE** *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*
- At this time the proposed BCS4 project is intending to provide units at 60% AMI. We will not discriminate against specific forms or payment but renters will still have to meet income eligibility screening requirements set by the property manager.
- 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
 - ☐ Floor area ratio bonus
 - ☐ Height bonus
 - ☒ Parking stall reduction
 - ☐ Enclosed parking space conversion
 - ☐ Minimum size reduction

- ☐ Alternative exterior materials allowance
- ☒ Storage space reduction
- ☐ Landscape fee in-lieu reduction
- ☐ Development fee reimbursements
- ☐ Development fee deferment
- ☐ Expedited review of plans
- ☐ 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

The proposed BCS4 project will generally leave the advertising of all units to the to be selected property manager. It is our intent to advertise the affordable units on various websites listing affordable units such as

<https://affordablehousingonline.com/> and <https://housinglink.org> in order to reach as many prospective renters as possible.

10. DISPERSION

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

The proposed BCS4 project intends to provide 9% of the units at 60% AMI which will continue to increase the number of affordable units in the South Loop District. This mixture of affordable and market rate units will continue provide an opportunity to have a more diverse occupancy within the East side of Bloomington, and in particular among the increasing new housing within the City's South Loop District.

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 proposed BCS4 project is not planning to have specifically designated affordable units and these units will be equitably distributed throughout the building based on availability and the location preference on the renter.

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 – affordable and market rate - within the proposed BCS4 project will be built to the same construction quality inclusive of having the same finishes in all respects.

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

We plan to deliver our building in 2 phases. The first phase will deliver a little over half of the units in phase 1 and the remainder in phase 2. We do not intend to group the affordable units in one area of the building but to be equitably distributed throughout the building. We anticipate renting as many of the project's affordable units within the first phase as possible, subject to sufficient demand from income eligible applicants. However, the affordable units will be distributed throughout the entire project over the course of the full lease up and subsequent

renewals. This approach to lease up the full allotment of affordable units in phase 1 will allow eligible applicants to rent affordable units and move in immediately, rather than wait for the delivery of phase 2 which we expect to be delivered a few months after phase 1 is completed.

14. CONSTRUCTION TIMING

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

Affordable units will be created in proportion to the market rate units, subject to the initial lease-up strategy noted above, acknowledging that if demand is sufficient, we may lease the entire 9% of units as affordable in the first of two phases; provided, however, that going forward thereafter, the 9% affordable component will be distributed evenly across the mix of unit types and throughout the build as a whole on future renewals and/or turn over of units to new tenants.

15. PROJECT PLANS

Provide a site plan and a floor plan depicting the location of the affordable and the market rate units § 9.32

The proposed BCS4 project is not designating specific units as affordable prior to construction. The affordable units will be designated and distributed throughout the building and occupied by verified income eligible renters once one or more corresponding certificates of occupancy are issued for the project. Please see attached site plan and floor plans depicting the building layout.

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

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 McGough Development Date 3/17/2021

blm.mn/opportunityhousing