



OPPORTUNITY HOUSING - AFFORDABLE HOUSING PLAN for CROWN PLAZA

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	<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> The redevelopment of the Crown Plaza hotel into a mixed-use building with a smaller hotel and the Aire Apartments is a redevelopment of a currently underutilized & underperforming Hotel into a much-needed affordable housing option. The redevelopment will create 229 multi-family rentals; 35 of these units (15.2%) will be affordable to those at 50% AMI or below, 11 of these units (4.8%) will be affordable to those at 60% AMI or below. The Opportunity Housing Ordinance requires that 21 affordable housing units at 60% AMI are needed to comply. The requested OHO incentives are needed to accomplish this redevelopment as such we are proposing to increase the number of affordable units and to restrict more of them at 50% AMI instead of all at 60% AMI based on the current need in the City of Bloomington and to increase the public benefit to balance with the additional flexibility requested. The affordable units will be spread within the building on various floors and will have a similar proportionate OHO units with views in each direction as the non-OHO units.
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 redevelopment of the Crown Plaza hotel into a mixed-use building with a smaller hotel and the Aire Apartments will be built to a 6% yield to cost, with a

target unleveraged IRR of 8% and leveraged IRR of 13%. We are requesting No financial assistance in addition to the allowed incentives, but we are producing more affordable units than required by the Ordinance and at the lower income level.

**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 units are composed of:

91 Studio style units; averaging 388 square feet

73 Alcove style units; averaging 455 square feet

44 One-bedroom units; averaging 745 square feet

21 Two-bedroom units; averaging 1,036 square feet

There are 46 OHO restricted affordable housing units within our development, along with many NOAH affordable units.

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 a few units at this income level

VLI (50% AMI): 14 Studio style units; averaging 374 square feet

VLI (50% AMI): 11 Alcove style units; averaging 440 square feet

VLI (50% AMI): 7 one-bedroom units; averaging 714 square feet

VLI (50% AMI): 3 two-bedroom units; averaging 1,021 square feet

LI (60% AMI): 4 Studio style units; averaging 374 square feet

LI (60% AMI): 4 Alcove style units; averaging 440 square feet

LI (60% AMI): 2 one-bedroom units; averaging 714 square feet

LI (60% AMI): 1 two-bedroom units; averaging 1,021 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 20 years 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 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*
- The Aire Apartment building 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 50% 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 30% parking stall reduction with 15.2% of the units qualifying as low income or below 50% AMI. In addition, the parking study shows the 300 stalls being provided will be more than sufficient to accommodate the proposed uses. We are asking for additional FDP flexibility based on the OHO reduction and the parking study results
- ☒ Enclosed parking space conversion
- The development qualifies for a 50% enclosed parking space conversion with 15.2% of the units qualifying as very low income or below. We are requesting to provide 96 covered parking spaces instead of the 115 allowed by the OHO flexibility; these will include 1 covered stall reserved for each of the 46 OHO affordable units with no parking fee. This is an additional reduction of 19 covered stalls, which will require FDP flexibility, we will have 204 uncovered spaces in the ramp in addition to the 96 covered stalls.
- ☒ Minimum unit size reduction
- The development qualifies for a 20% reduction (from 400 square feet to 320 square foot) in minimum unit size for the units restricted to very low income (at or below 50% AMI), we have 13 of those units. We also will have 51 units (22%) that will be between 350- 399 square feet, 4 of those units will be restricted to low income (at or below 60% AMI) and 47 units will not be income restricted but most will still be affordable to incomes at or below 80% AMI. The average unit size for each type of unit (Studio/Alcove/1 Bed/2 Bed) will be approximately the same for each unit type, whether it's an OHO unit or a non-restricted unit, we are asking for FDP flexibility for these additional units to be under the 400 square feet as the units function nearly the same whether its 350 sq. ft. or 400 sq. ft. as we have shown in the 3D renderings provided. We also feel the overall affordability of the rents throughout the building is consistent with the intent of the OHO to also create naturally occurring affordable units in addition to restricted units, and the size reduction should be allowed for both types vs. only reducing the size of the OHO units.

☐ 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

With 15.2% of the units restricted to very low income (at or below 50% AMI), we 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 but we will still provide the 115 spaces as required, of the 1154 storage spaces 46 will be provided to the OHO units at no cost to the tenant

☐ Landscape fee in-lieu reduction

☐ Development fee reimbursements

☐ Development fee deferment

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 the units in this area being Opportunity Housing units combined with the market rate units in both this building and surrounding buildings, the site 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 Aire Apartment along with other non-restricted units that will be above the 50% and 60% AMI thresholds, but most will still fall below the 80% AMI levels.

- 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 the Aire Apartments are designed and will be constructed to the same high-quality construction standards. The affordable and market units 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 redeveloped in two phases: 1) the apartment units will be completed in 2021; 2) the potential retail redevelopment on the main floor is expected to request approval in 2022 after the apartment building is fully occupied.
- 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 2021. See item 13 for phase details.
- 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 Aire Apartment site plan and the floorplans of the proposed development.
- 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 _____ Date _____