

THE FLATS

611

HOUSING

“What else is a nation
but a patchwork of cities
and towns; cities and
towns a patchwork
of neighborhoods;
and neighborhoods
a patchwork of homes?”

—Matthew Desmond, *Evicted: Poverty and Profit in the American City*

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Enclave Subdivision in the New Suburban Area



In recent years, the Town of Normal has made a pronounced shift toward new land use philosophies and the incorporation of smart growth principles. To build on this progress and provide adequate housing options to all current and future residents, the Town will need to better align its housing policies with those principles and continuously adapt to demographic and market changes.



As discussed elsewhere in this *Plan*, the Town has fostered innovation with recent developments like Uptown Normal and the proposed Uptown 2.0 projects by embracing compact and sustainable growth principles. However, while Normal has been successful in promoting smart growth principles in its public places and the Town center, obstacles remain in pushing these ideas forward in the area of housing development.

One such obstacle is an overabundance of certain types of housing units. One of the key findings of the regional housing study is that Normal (and the BN Metro Area) is generally overbuilt and has more housing units than can be absorbed by 2020. This is especially true for single-family detached units. Making matters more complicated is Normal's potential to add nearly 4,000 new residential units through already-approved annexation agreements. These developments have the potential to add to the oversupply of single-family detached housing while increasing sprawl and associated infrastructure costs.

They are also out of step with how the housing market is evolving. A multitude of studies have shown that preferences are shifting from large, single-family detached homes in suburban-style subdivisions to smaller homes in more vibrant, walkable locations with a variety of things to do. These trends are particularly strong among young professionals and Baby Boomers. Indeed, the Uptown Housing Study, published as part of the "Uptown 2.0" plan in 2015, proposes that the Town add nearly 1,000 units in the Uptown area, primarily aimed at young professionals and "empty nesters" who want urban amenities in a smaller, more affordable setting.

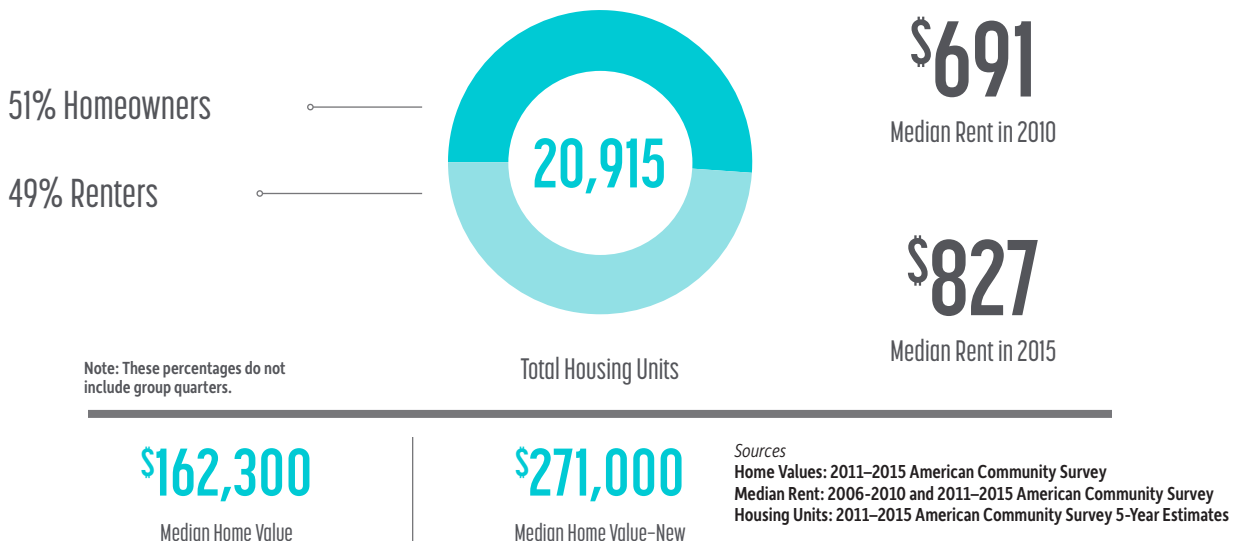
Another potential challenge is affordability. Normal's (and the BN Metro Area) housing stock is reasonably priced for most people, but affordability remains a concern for certain populations, including recent graduates, young professionals, seniors on fixed incomes, people with disabilities, and low- to moderate-income households. A number of factors contribute to this issue:

- The long-lasting housing boom of large single-family detached styles has turned into a prominent business model for developers.
- Developers tend to pursue the most profitable developments, so new affordable housing

cannot happen without significant public subsidies.

- Student housing demand has created a highly profitable rental market focused primarily on high-end units in recent years. While this type of development does serve the needs of many students and encourages other types of economic development, it also drives up rents and does little for people who need more affordable housing options.
- The cost of retrofitting existing homes to improve accessibility for people with mobility limitations (seniors, people with disabilities, etc.) is often prohibitive, and building accessibility features into new homes is an added cost for developers.
- Human service providers are generally located in Bloomington, which has encouraged the development of affordable housing there rather than in Normal. Housing developments that include some degree of supportive service integration may avoid these difficulties, but they are presently uncommon in both communities.
- Affordable housing development in Illinois is strongly driven by the Illinois Housing Development Authority (IHDA)'s Opportunity Area designations, which provide incentives for affordable housing development in areas that meet certain criteria. In Normal, some of these areas lack good access to transit and amenities, making affordable housing development more challenging [See Map H2].
- Some developers cite increased regulatory costs and high property taxes as factors that significantly reduce their margins for new construction.
- A longstanding culture of sprawl—large homes and large lots—deterred smaller, more affordable housing options particularly with multimodal transportation access.
- Subsidized housing units (project-based Section 8) tend to be concentrated rather than evenly distributed throughout the Town.

Despite these challenges, the trend toward more sustainable development and general support from policymakers for new types of housing development provide a window of opportunity to embrace new design, rehabilitate existing neighborhoods, and create a more diverse and affordable housing stock that meets the needs of all residents in Normal. This will require new approaches to regulating developments, incentive structures, programming, and partnerships as policymakers work in concert with the development community to adapt to changing market conditions.





BN Home—Regional Housing Study

Housing is a regional issue that will need to be addressed by multiple partners. The BN Home study provides an overview of regional issues and recommendations, along with other plans such as the *Mental Health Action Plan* and the *Bring It On Bloomington Comprehensive Plan*, which include deeper analyses of issues beyond Normal's borders.

Recognizing that housing is best addressed at the regional level, the McLean County Regional Planning Commission (MCRPC), in partnership with the City, the Town, and the Bloomington Housing Authority (BHA), initiated the region's first housing study: *BN HOME*. MCRPC retained the services of a consultant team, RATIO and AREA, to conduct this study, which is expected to be completed by fall 2017. Below are the findings from the first phase of the study-existing conditions analysis. These findings are for the entire region and not specific to Normal.

KEY FINDINGS

- **Bloomington-Normal is currently overbuilt**, meaning there is more housing than can be absorbed by 2020. This is especially true for single-family detached residential developments. Between 2010 and 2020 the region will need about one-third as many new housing units as were delivered in the prior decade. Based on the population projections, new housing needs will continue at approximately the same pace through 2040.
- **There is a mismatch between new housing supply and household size.** An analysis of the housing stock in Bloomington-Normal indicates that between 2000 and 2010 the number of housing units with three or more bedrooms increased by more than 10,300 while the region added only 2,500 households with three or more persons. In contrast, the region added about 5,500 one- and two-person households but only 2,500 housing units with zero to two bedrooms.
- **McLean County is relatively affordable compared to peer communities;** however, there are two gaps in the supply of affordable housing. The first is low-income households that need a rent subsidy. Currently, subsidies are available for less than 10% of the estimated 8,000 family households that need them. The second group is elderly households with incomes between \$25,000 and \$35,000.
- **Few housing opportunities exist for the homeless population.** Providing the homeless with permanent housing remains a major challenge.
- **Housing options for persons with disabilities aged 18 to 64 are limited.** There appears to be a variety of housing options for older persons with disabilities but facilities are limited for persons aged 18 to 64 who have mobility limitations or other disabilities. The actual need is difficult to identify because those in this category tend to live with family. Experience suggests that suitable affordable housing would enable persons with mobility limitations to lead more independent lives.

Connection to the Vision

Core Value 2: Economy. Ours will be an innovative and diverse economy in 2040 that has grown from what it was in 2016.

Core Value 3: Ours is an inter-related community visible through safe and accessible spaces that people love.

Core Value 4: Ours is a compassionate community that strives for social consciousness, responsiveness, and justice.

Core Value 8: Ours is an equitable health and wellness system, ensuring the healthy choice is the easy choice.

GOAL

Goal H1: Ensure the availability of safe, affordable, attractive, and high-quality housing meets the needs, preferences, and capabilities of all current and future residents.



Neighborhood on the west side of Normal



Neighborhood on the east side of Normal

Goal H1: Ensure the Availability of Safe, Affordable, Attractive, and High-Quality Housing Meets the Needs, Preferences, and Capabilities of All Current and Future Residents.

Broadly speaking, Normal residents have a diverse and attractive set of housing options. Normal's housing stock includes a mix of new and old homes in a variety of styles; safe, largely affordable neighborhoods; and a balanced mix of ownership and rental units.

At the neighborhood level, however, housing options tend to be fairly homogeneous, especially in the newer neighborhoods—one may be dominated by large, single-family detached homes, while another consists exclusively of apartments, townhomes, and duplexes. Prices are reasonable overall, but affordable housing is lacking for people of low to moderate incomes, and low-rent housing is generally kept separate from higher-priced areas. Low densities and inconsistent multimodal access limit connectivity to shopping, education, and green space while raising utility and transportation costs. Near the center of town, where small, well-designed units could attract young professionals, empty-nesters, and childless adults with a desire for more urban-style living, such units are almost entirely unavailable. Future housing development should aim to create more complete, connected, and compact neighborhoods, as outlined in the Planning Framework Chapter.

Achieving this goal will require a thorough understanding of changing market conditions. As discussed in the *Community Snapshot and Outreach Report*, Normal in 2040 will have smaller families, an older population, and two dominant generations—Millennials and Generation Z—that have different housing preferences from their predecessors. Normal's neighborhoods must offer more varied housing types and price points, more support for aging in place, better integration with supportive services, and greater accessibility for users of all modes of transportation. In short, they should provide a broader range of housing options that more effectively meet the demands of a changing population.

Positive Contributors

- Existing housing diversity at the Town-wide level
- Effective code enforcement and not much blight
- Collaboration with committees like the Historic Preservation Commission and Uptown Design Review Commission
- Neighborhood Action Team (NAT)
- Lack of organized and active neighborhood groups throughout the Town
- Developers not interested in pursuing innovative housing solutions
- Most multi-family units are near Illinois State University (ISU) and cater mostly to college students
- Privately owned infrastructure and challenges to neighborhoods without a HOA or change in property ownership

Challenges

- Lack of programming, incentives, educational workshops, partnerships, etc. to help make housing more affordable and accessible

Indicators and Metrics

- Housing diversity index by neighborhood
- Median Home Value

Median Rent

- % Homeownership
- Average sale price of a new home
- Average sale price of all homes
- Average cost of construction per square foot
- # Residential construction permits broken down by housing type
- # Code violations/ Neighborhood
- Housing cost burden (ownership and rental)

Partners

- See Appendix for a list of partner agencies and organizations marked with a [H]



Strategy H1.1—Ensure That New Housing Development and Redevelopment Contribute to a Complete, Compact, and Connected Community

- H1.1a Encourage Well-Designed New and Redeveloped Housing on Vacant, Infill, or Undeveloped Land with Access to Existing Municipal Services, Infrastructure, and Transit
- H1.1b Minimize Regulatory Barriers to Allow Innovative and Compact Developments
- H1.1c Utilize Future Annexation Agreements as an Instrument to Increase Diversity in Housing Types, Sizes, and Densities in New Development Projects
- H1.1d Ensure That Diverse Housing Options Located in and around Neighborhood, Local, and Regional Centers are of Higher Density
- H1.1e Investigate Incorporating Visitability or Universal Design Standards in New Construction
- H1.1f Encourage the Inclusion of Public Green and Gathering Spaces Within New Developments
- H1.1g Hold Seminars and Workshops for Developers, Landlords, Homeowners, and Policymakers on Housing Issues

Strategy H1.2—Preserve and Improve the Existing Housing Stock

- H1.2a Incorporate Findings from the Town's Rental Inspection Program into Future Planning Decisions
- H1.2b Create Financial Incentives to Rehabilitate Existing Homes and to Enhance the Quality of Residential Neighborhoods

Strategy H1.3—Guarantee Access to High-Quality Supportive and Affordable Housing Options

- H1.3a Pursue Innovative Financing Mechanisms in Order to Create Greater Affordability Within the Community
- H1.3b Investigate Shared Housing Programs, Which Can Help Increase Affordability for a Vast Number of Residents
- H1.3c Support Services that Assist Underserved Populations of the Community by Partnering with the County, Social Service Agencies, the Bloomington Housing Authority, and Other Service Providers
- H1.3d Encourage Affordable and Permanent Supportive Housing Developments for Households with Low to Moderate Incomes in Qualified Census Tracts and in IHDA Opportunity Areas
- H1.3e Improve Transit Access to Neighborhoods with a Higher Concentration of Seniors to Further Promote Independent Lifestyles
- H1.3f Develop Programs to Increase Home Ownership Among Low- to Moderate-Income Residents

Strategy H1.1—Ensure that New Housing Development and Redevelopment Contribute to a Complete, Compact, and Connected Community

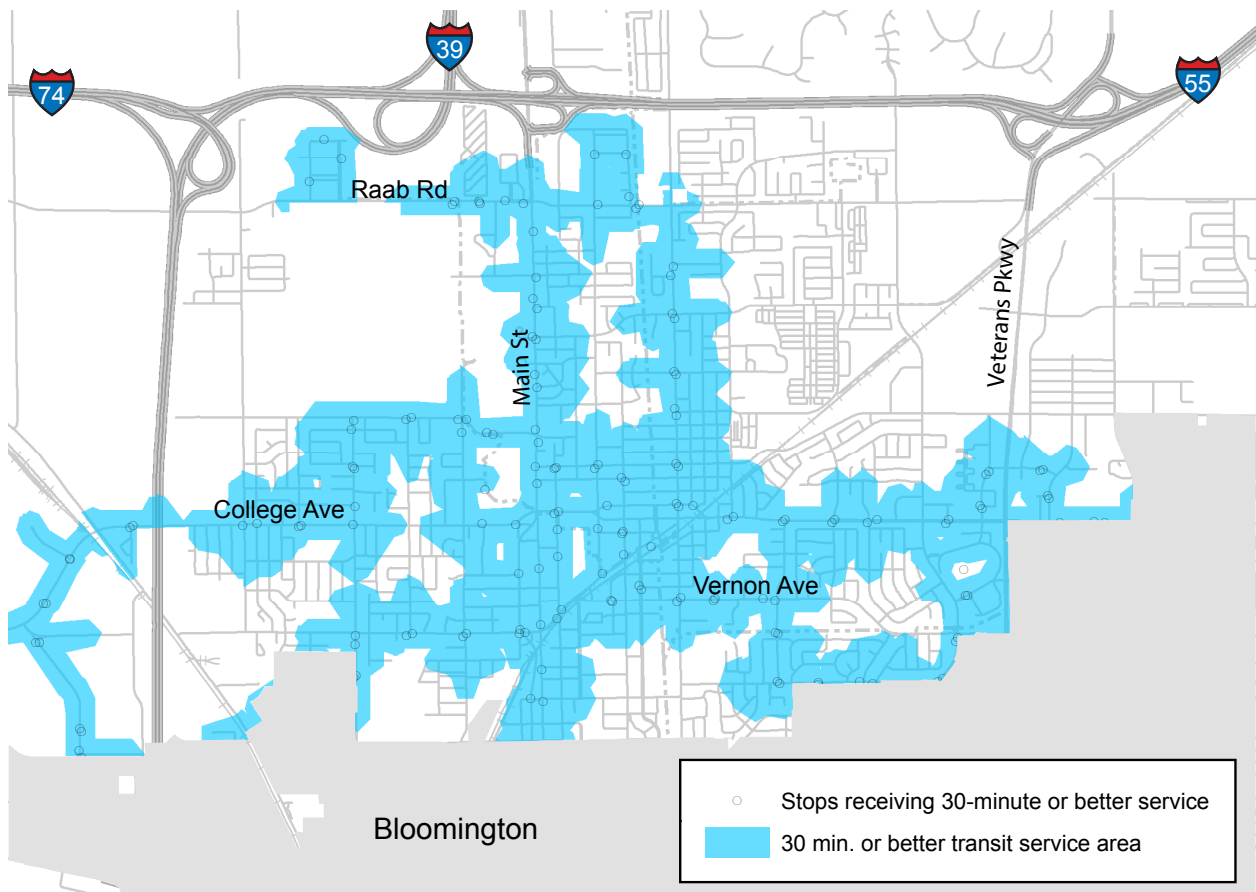
Nearly half of the Town's housing stock was built after 1980. As a result, Normal's housing stock is generally newer and reflects the suburban growth patterns and large, single-family homes characteristic of that period. Given projected demographic trends, there is a mismatch between the existing housing stock and anticipated needs going forward. Future plans and developments should accommodate changing demographics, shifts in demand, altering housing preferences, safety, affordability, and accessibility.

H1.1a—Encourage Well-Designed New and Redeveloped Housing on Vacant, Infill, or Undeveloped Land with Access to Existing Municipal Services, Infrastructure, and Transit

- Favor new neighborhood designs that promote internal connections over isolated subdivisions.
- Encourage higher densities near well-served transit stops, parks, schools, and other amenities.

H1.1b—Minimize Regulatory Barriers to Allow Innovative and Compact Developments

MAP H1: 30 Minute or Better Transit Service Areas





Single family residence in the Vineyards Subdivision on the east side of Normal

- ☐ Examine code requirements, particularly those going beyond health and safety standards, which may be contributing to higher development costs. Identify ways to minimize any burdensome regulations. (Q)
- ☐ Most new developments do not fully utilize the density provisions allowed per the Zoning Ordinance [See Table H1]. This could be due to a mismatch between densities allowed to the lot, yard, and right-of-way requirements. The Town should review development regulations and make any necessary adjustments to enable compact developments. (Q)
- ☐ The Town's Traditional Neighborhood Design standards have yet to be applied towards innovative development solutions. Educate local developers on these standards to encourage better utilization of this tool.
- ☐ Align subdivision regulation with some of the Traditional Neighborhood Design (TND) standards, such as block length and width. (Q)

TABLE H1: Allowed and observed densities by residential zoning classification

		DENSITY IN UNITS/ACRE		
		Allowed	Observed Town-wide Average	Observed New Development Average*
R-1A	Low Density Single-Family Residence Dist	4	3.4	2.6
R-1B	Medium Density Single-Family Residence Dist	6	4.9	5.1
R-2	Mixed Residence Dist	14	6.9	7.1
R-3A	Medium Density Multiple-Family Residence Dist	12 to 18	16.5	16.8
R-3B	High Density Multiple-Family Residence Dist	Up to 72	31.2	45.1

*New development average—Observed residential densities in new residential developments built after 2000
[See *Community Snapshot & Outreach Report* for more information.]

Subdivision requirements could potentially be regulatory barriers to housing affordability.

According to a study conducted by the NAHB Research Center for the U.S. Department of Housing and Urban Development (HUD):

“Subdivision regulations are intended to ensure that proposed housing developments are cost-effective (i.e., reduce extensive long-term maintenance by the locality), meet health and safety requirements, are properly designed, and have a favorable impact on the community. The cost of these requirements represents a significant share of the cost of producing new housing. Such requirements can reasonably be considered ‘regulatory barriers’ to affordability of housing if the locally determined requirements are greater (and hence, more costly) than those necessary to achieve health and safety requirements in the community.”

The three major subdivision regulations increasing costs are lot size, lot width, and floor area. Land is the most substantial cost associated with housing and large lot size requirements will quickly increase the price. The width of lots also contributes to price due to more money being spent on sidewalks, sewer main, water main, storm sewer, curb and gutter, street pavement, etc. When houses are far away from each other (Urban Sprawl), then all of these systems have to be expanded and maintained over time, which challenges the long term fiscal sustainability of a community.

Source: Study of Subdivision Requirements as a Regulatory Barrier, by NAHB Research Center https://www.huduser.gov/portal/publications/subdiv_report.pdf

H1.1c—Utilize Future Annexation Agreements as an Instrument to Increase Diversity in Housing Types, Sizes, and Densities in New Development Projects

The *Community Snapshot and Outreach Report* showed that many existing annexation agreements, that continue to promote low-density developments, are about to expire. The Town should reexamine the annexation agreements as they expire, and create a comprehensive annexation policy to encourage more complete, connected, and compact neighborhoods. [See *Planning Framework* for more discussion] (Q)

H1.1d—Ensure that Diverse Housing Options Located in and Around Neighborhood, Local, and Regional Centers Are of Higher Density *[See Centers Chapter in the Planning Framework Section.]*



Apartments on the east side of Normal



Townhomes near ISU campus

H1.1e—Investigate Incorporating Visitability or Universal Design Standards in New Construction

Such standards will help increase the proportion of housing usable by a wide spectrum of people.

- There are several misconceptions about these standards. It is important to educate local developers and builders on the importance and practicality of these standards to meet the growing need.

Visitability and Universal Design Standards—Creating Ageless Communities

Creating ageless communities has benefits for all age groups. Ramps and gradual slopes not only benefit people in wheelchairs, but also create a welcoming environment to parents walking their children in strollers. In addition, slower traffic patterns and larger sidewalks create a safer environment for children walking and playing. These standards, when applied to new construction, can also create housing for all abilities at a more reasonable price than having to retrofit existing structures.

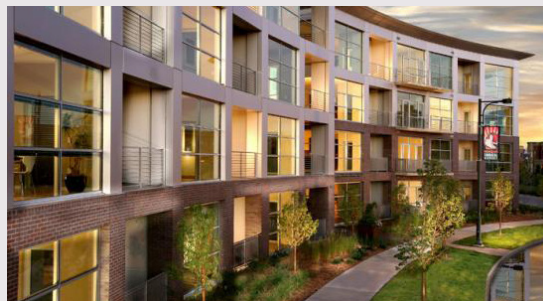
Case Study

Stapleton, Colorado is a mixed-use development complex that has numerous types of buildings, which fit the needs of different family sizes and multiple generations. This development is used as a national model for visitability and universal design concepts. The site has ample amenities such as tire pumps for bicycles and garden plots for residents, which encourage downsizing in lot space and house size, while also promoting social activity. Additionally, this development has a percentage of affordable units dedicated to families and seniors.

For more information visit <https://urbanland.uli.org/industry-sectors/building-generations>.



Images from: <http://www.stapletondenver.com>



H1.1f—Encourage the Inclusion of Public Green and Gathering Spaces Within New Developments

This strategy should be coordinated with strategy H1.1e to encourage smaller lot sizes and planned communal spaces.

- Intentionally design green spaces to cater to specific users or neighborhood needs. Ensure that these spaces are designed in a way that facilitates active usage. Apartments and condominiums are prime examples of development types capable of supporting these open spaces. *[See Health & Sustainability Element and Community Identity & Public Places Element.]*



Connie Link Amphitheatre in Normal

H1.1g—Hold Seminars and Workshops for Developers, Landlords, Homeowners, and Policymakers on Housing Issues

- This action is best accomplished at a regional level. Consider partnering with the County, City of Bloomington, the McLean County Regional Planning Commission (MCRPC), Bloomington Housing Authority (BHA), and others to bring educational topics like mixed-use developments, affordable housing developments, historic preservation, energy efficiency, universal design, and other innovative housing developments.

Strategy H1.2—Preserve and Improve the Existing Housing Stock

As the Town continues to grow, there needs to be additional emphasis on maintaining and improving existing housing structures in order to preserve the present character of the region, safeguard affordability, and maintain the Town's tax base, as the costs of new construction are going up.

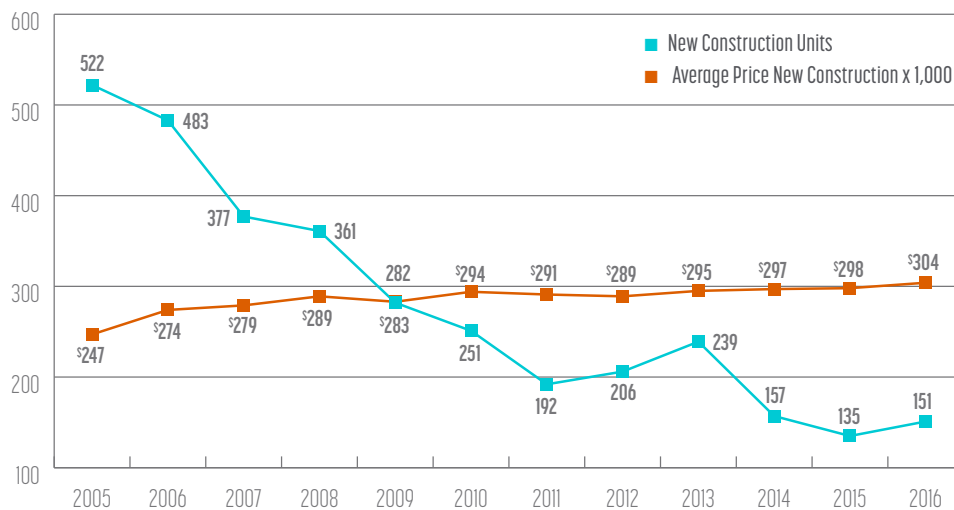


Chart H1: Average cost of new single family house in thousands and number of new constructions in BN

Geography: Bloomington-Normal. Source: Bloomington Normal Association of Realtors

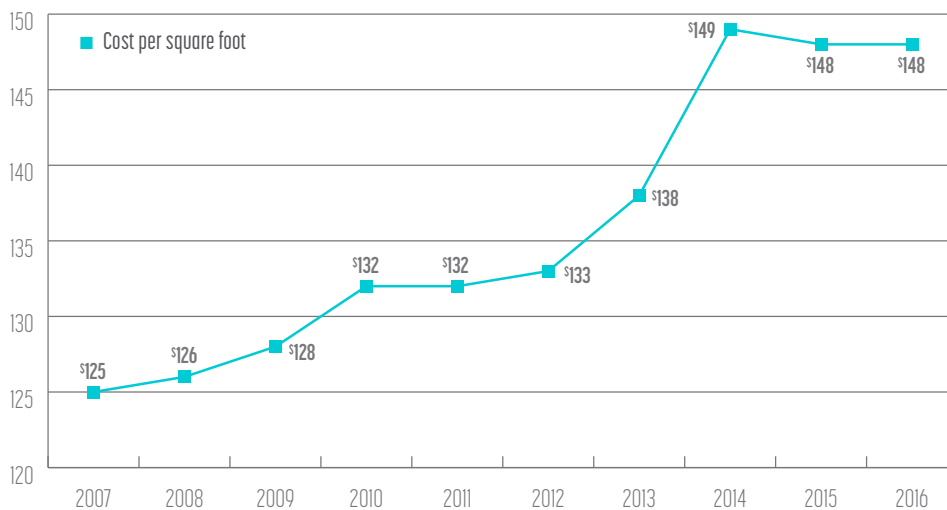


Chart H2: Average construction cost per square feet.

Source: Bloomington Normal Association of Realtors

H1.2a—Incorporate Findings from the Town’s Rental Inspection Program into Future Planning Decisions

Staff should consider utilizing geographic information systems (GIS) and other technologies to gather data from the Town’s Rental Inspection program and document their findings to be used for future planning.

Normal’s Rental Inspection Program

All multi-family rental properties are required to apply for a rental occupancy license each year. This process includes a rental inspection before a license is issued. Based on last year’s annual report, this generally includes about 1,230 buildings and 8,900 dwelling units. The majority of the rental inventory is apartments but also includes rental duplexes, Fraternities and Sororities, and Mixed Use buildings (commercial with units above). The inspection is pass or fail and properties that face minor infractions have 1–2 weeks to fix the problem before a re-inspection. For more information on the criteria scored see the Town of Normal annual housing inspection checklist.

H1.2b—Create Financial Incentives to Rehabilitate Existing Homes and to Enhance the Quality of Residential Neighborhoods

Incentives should be structured bearing in mind accessibility, energy efficiency, and other issues unique to older homes. Examples include loans to fix roofs, repair windows and water heaters, improve front porches, and improve the physical accessibility of homes.



Single family home in the historic Cedar Crest Neighborhood

Strategy H1.3—Provide Access to High-Quality Supportive and Affordable Housing Options

As identified by the BN Home study, Normal and the BN Region are generally affordable. However, there is a need for affordable housing options for certain sectors of the population within the community. Seniors, households with low to moderate incomes, people with intellectual, mental, and physical disabilities, and chronically homeless populations have varying service, housing, and transportation needs. Providing an array of affordable housing options with access to services for all residents is imperative.

Affordable housing programs established by HUD (public housing and Section 8) use different eligibility criteria than the Low Income Housing Tax Credit (LIHTC) program. Households are eligible for HUD's low-income housing programs if they earn below 80% of Area Median Income (AMI), even though the vast majority of participants earn less than 30% of AMI. The LIHTC program, which provides financial incentives for the development of affordable rental housing, restricts rents to levels affordable for households earning 60% or 50% of AMI. Thus, the public housing and Section 8 rent subsidy programs tend to serve households of considerably lower incomes than those who can afford rents charged for units created by the LIHTC program.

Definitions of housing costs for owners and renters.

Housing costs for homeowners = mortgage + property taxes + insurance + utilities

Housing costs for renters = rent + utilities

These definitions are important to distinguish because housing costs include expenses beyond rent and mortgage payments, and these additional costs are often forgotten about in this discussion. Families or individuals may still be spending well over 30% of AMI due to energy inefficiency or spikes in property taxes. Housing is considered affordable for a family when housing costs do not exceed 30% of income.

Bloomington-Normal Income Limits for Affordable Housing Programs

Category	AMI	1 Person	2 Person	3 Person	4 Person	5 Person
Low- Income	80%	\$46,000	\$52,000	\$59,150	\$65,700	\$71,000
Very Low- Income	50%	\$30,700	\$35,100	\$39,500	\$43,850	\$47,400
Extremely Low- Income	30%	\$18,420	\$21,060	\$23,700	\$26,310	\$28,440

Rent Limits for Low Income Housing Tax Credits in McLean County

AMI	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
60%	\$921	\$987	\$1,185	\$1,368	\$1,527
50%	\$767	\$822	\$987	\$1,140	\$1,272

H1.3a—Pursue Innovative Financing Mechanisms in Order to Create Greater Affordability Within the Community

- Consider establishing a rehabilitation grant geared toward updating affordable housing units for people with low to moderate incomes in both single and multifamily structures.
- Create a loss fund for landlords in partnerships with other stakeholders such as banks and insurance companies. Such a fund would help secure affordable rental housing units by alleviating the burden of security deposits for eligible tenants.
 - Example: City of Orlando and Orange County, Florida created a Central Florida Supportive Housing Program.²
- Examine the effectiveness of tax deferrals, homestead exemptions, and senior exemptions in maintaining senior property taxes at affordable levels for seniors on fixed incomes.
 - The Maturing For America: Communities Moving Forward For An Aging Population, a report produced by Metlife Foundation, American Planning Association, National League of Cities, and other partners, identified that the property tax relief for older adults on limited incomes shows a steep drop in availability, from 72% in 2005 to 54% in 2010³.

H1.3b—Investigate Shared Housing Programs, which Can Help Increase Affordability for a Vast Number of Residents

According to the National Shared Housing Resource Center, shared housing programs are when a homeowner offers accommodation to a homesharer in exchange for an agreed level of support in the form of financial exchange, assistance with household tasks, or both. These programs can also alleviate the constraints agencies and individuals face due to detailed program requirements.

H1.3c—Support Services that Assist Underserved Populations of the Community by Partnering with the County, Social Service Agencies, the Bloomington Housing Authority, and Other Service Providers

Door-to-door and door-through-door transportation services assist seniors and people with intellectual disabilities, mental disabilities, and limited physical ability to live more independently.

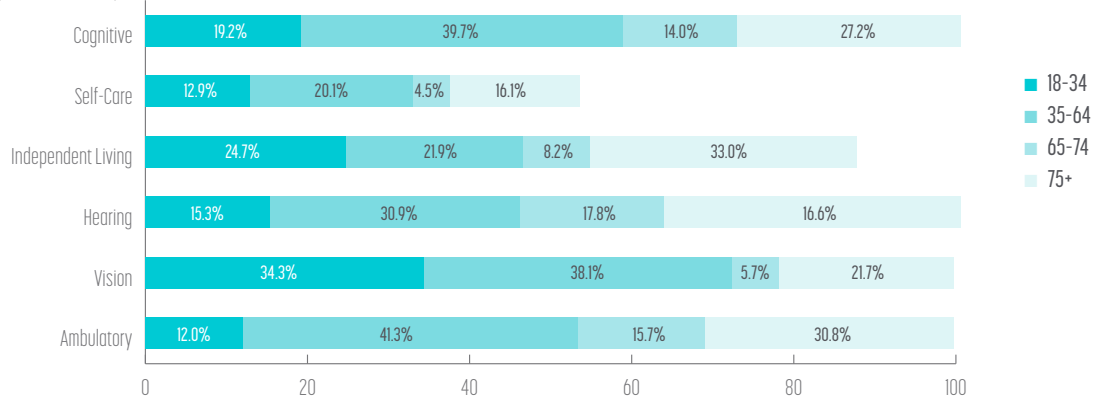


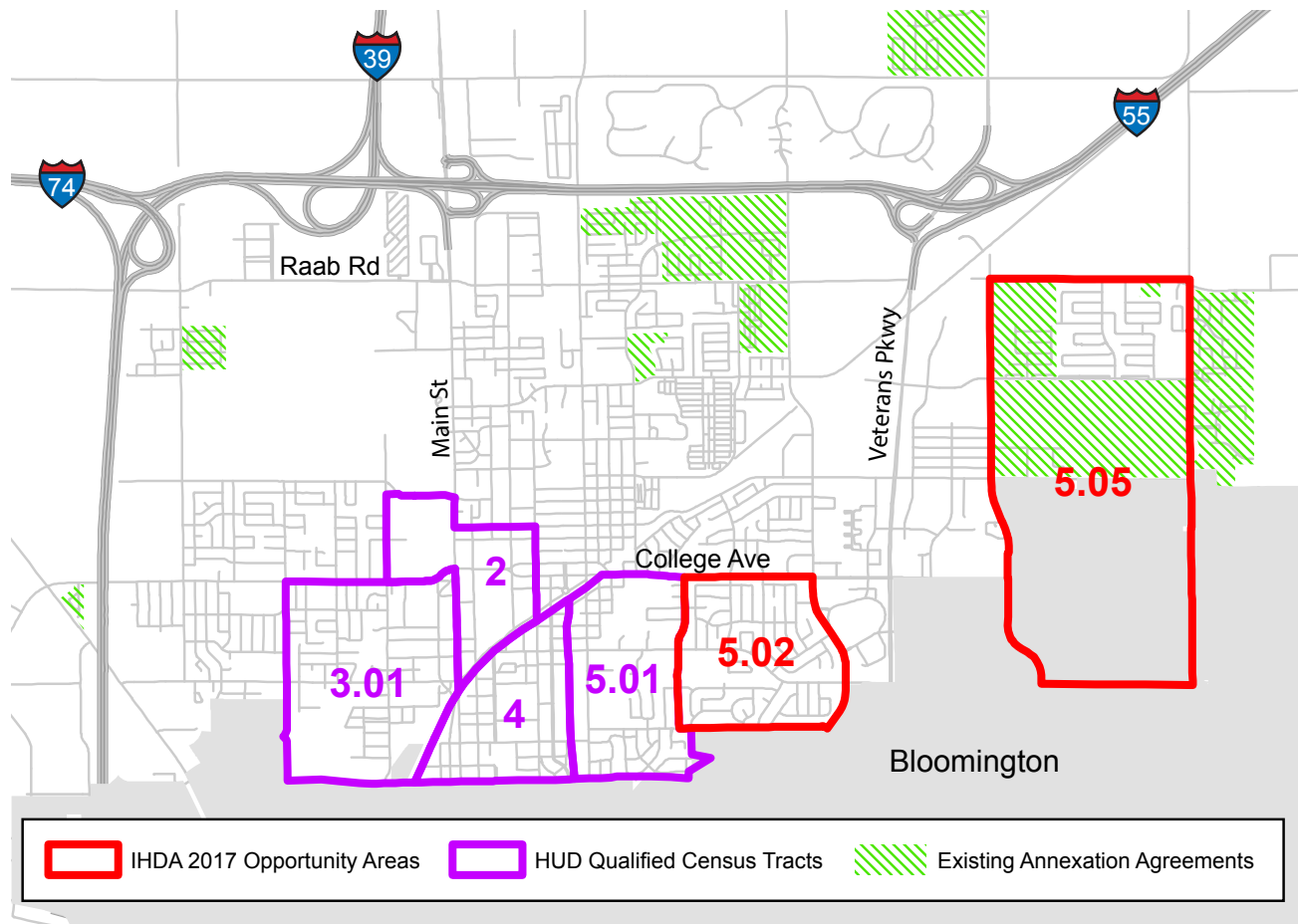
Chart H3: Percentage of people with a disability by age group in McLean County.

Source: American Community Survey, 5-year 2014; Applied Real Estate Analysis through BN Home: Regional Housing Study

H1.3d Encourage Affordable and Permanent Supportive Housing Developments for Households with Low to Moderate Incomes in Qualified Census Tracts and in IHDA Opportunity Areas

[See Map H2.]

MAP H2: OPPORTUNITY AREAS AND HUD QUALIFIED CENSUS TRACTS



Both IHDA opportunity areas and HUD-qualified census tracts provide extra incentives for developers to build affordable housing. When a developer builds affordable housing in opportunity areas, they receive extra points on LIHTC applications. Qualified census tracts receive a financial benefit, called a basis boost, when they develop affordable units within the tract.

H1.3e—Improve Transit Access to Neighborhoods with a Higher Concentration of Seniors to Further Promote Independent Lifestyles

H1.3f—Develop Programs to Increase Home Ownership Among Low- to Moderate-Income Residents

Partner with banks, major employers, the City of Bloomington, the Bloomington Housing Authority, not-for-profit organizations, and other regional agencies to assist low- and moderate-income households with home purchases and home improvements.

- Potential programs may include lease-to-purchase, private activity bonds, downpayment assistance, employer-assisted housing, and credit counseling.

Relaxed Pet Policies

Agencies and residents suggested that relaxed pet policies would be beneficial, as pets are vital companions for many seniors. Many seniors have pets and are not allowed to bring them to their assisted living arrangements, which can cause pets to go up for adoption or delay moving to supportive housing. While the Town has no control over this issue, it did arise during the outreach portion of this *Plan*.

[See the Community Snapshot & Outreach Report for more information on additional concerns of aging in place for seniors.]



HOUSING TOOLKIT

Funding Sources

Community Development Block Grant (CDBG) Grants

HUD's program works to ensure decent affordable housing, to provide services to the most vulnerable in our communities, and to create jobs through the expansion and retention of businesses. HUD determines the amount of each grant by using a formula comprised of several measures of community need, including the extent of poverty, population, housing overcrowding, age of housing, and population growth lag in relation to other metropolitan areas.

Community Reinvestment Act (CRA) Funds

CRA requires banks with at least \$250 million in assets to play an active role in community and economic development. This includes their lending and investing services. Therefore, local banks can become partners in a community's affordable housing efforts. For example, in the Chicago area, CRA programs have helped to create or re-finance senior housing, special needs housing, battered women's shelters, and single family homes.⁵

HOME Funds

The HOME Investment Partnerships Program (HOME) provides formula grants to States and localities that communities use—often in partnership with local nonprofit groups—to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people. HOME is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households.⁶

Illinois Public Housing Authority Energy Program

The Illinois Energy Efficient Affordable Housing Construction Program, which is funded by the Energy Efficiency Portfolio Standards fund (EEPS), provides \$5 million annually in grants to non-profit and for-profit affordable housing developers to help offset the cost of incorporating energy efficient building practices in residential construction.⁷

Impact Fees

Impact fees are payments required by local governments of new development for the purpose of providing new or expanded public capital facilities required to serve that development. The fees typically require cash payments in advance of the completion of development, are based on a methodology and calculation derived from the cost of the facility and the nature and size of the development, and are used to finance improvements offsite, but to the benefit of, the development.⁸

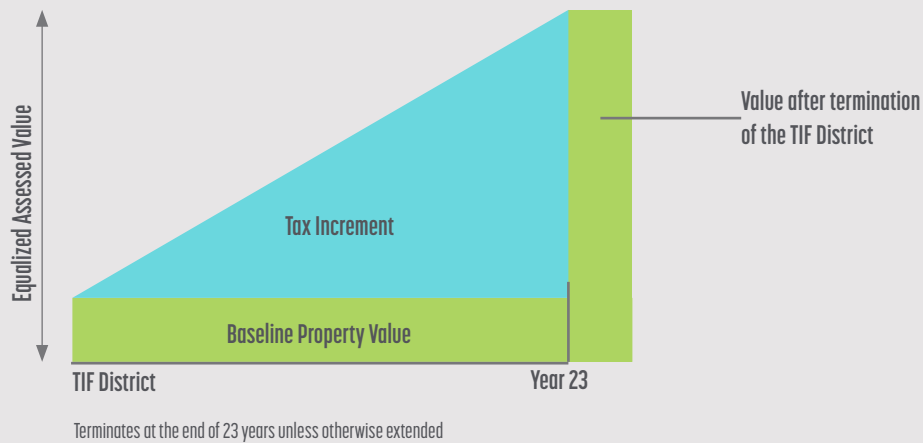
Low Income Housing Tax Credit (LIHTC)

Created by the Tax Reform Act of 1986, the LIHTC program gives State and local LIHTC-allocating agencies the equivalent of nearly \$8 billion in annual budget authority to issue tax credits for the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households.⁹

Funding Sources Continued—

Tax Increment Financing (TIF)

TIF districts are created to fund economic development projects in areas where development would not otherwise occur. Property tax revenue derived from increases in property value that occur after the district is established, or the “tax increment,” is used to fund projects within that district. Most often housing-related developments or improvements qualify for TIF funding. The Town of Normal currently has five (5) active TIF districts: One Normal Plaza, Main/Osage, Main/I-55, North Normal Warehouse, and Uptown Normal. Some encompass wide areas; others are site-specific.



Transit Oriented Development (TOD) Tax Credits

Under Illinois' Economic Development for a Growing Economy (EDGE) incentive, businesses are awarded corporate income tax credits based on the value of personal income tax revenue that will be created at companies that are relocating or expanding. The Business Location Efficiency Incentive Act revised the EDGE incentive to better align with the state's goal of promoting compact development and defines a location-efficient project as one that “avoids or minimizes additional government expenditures for new infrastructure, and has nearby affordable housing or has accessible and affordable mass transit.” Companies that locate in location-efficient sites get a 10 percent bonus on EDGE payments.

Social Impact Bonds (SIB)

Social Impact Bonds are a performance-based financing tool that enables governments to pay for programs that meet the expected outcomes. They are a financing instrument in which repayment of principal and a rate of return are contingent on the success of achieving agreed-upon program goals. Example: In 2016, the City of Denver developed an SIB initiative of \$8.7 million to provide housing and supportive case management services to at least 250 homeless individuals.

Weatherization Assistance Programs

The U.S. Department of Energy (DOE) Weatherization Assistance Program reduces energy costs for low-income households by increasing the energy efficiency of their homes, while ensuring their health and safety.⁶

Development Incentives and Other Tools

Density Bonus

A density bonus is an incentive-based tool that permits developers to increase the maximum allowable development on a property in exchange for helping the community achieve public policy goals.⁷ This technique would be beneficial in desirable areas such as Uptown. Public policies could reflect environmental preservation and affordable housing goals.

Housing Choice Voucher

The participant is free to choose any housing that meets the requirements of the program and is not limited to units located in subsidized housing projects. Housing choice vouchers are administered locally by public housing agencies (PHAs). The PHAs receive federal funds from the U.S. Department of Housing and Urban Development (HUD) to administer the voucher program.⁸

Housing Trust Fund (HTF)

This is a new affordable housing production program that will complement existing federal, state and local efforts to increase and preserve the supply of decent, safe, and sanitary affordable housing for extremely low- and very low-income households, including homeless families. HTF funds may be used for the production or preservation of affordable housing through the acquisition, new construction, reconstruction, and/or rehabilitation of non-luxury housing with suitable amenities.⁹

Ex. Beltline Affordable Housing Trust Fund

Inclusionary Zoning

Inclusionary zoning programs vary in their structures; they can be mandatory or voluntary and have different set-aside requirements, affordability levels, and control periods. Most inclusionary zoning programs offer developers incentives, such as density bonuses, expedited approval, and fee waivers.¹⁰

LIHTC Qualified Census Tracts

Qualified census tracts have 50 percent of households with incomes below 60 percent of the Area Median Gross Income (AMGI) or have a poverty rate of 25 percent or more.¹¹

Loss Fund for Landlords

Loss funds are a risk mitigation fund as an added protection for landlords willing to rent to someone with limited income, a poor rental history, or a criminal history. The funds can cover excessive damages to the rental unit, lost rent, or legal fees beyond the security deposit. Reimbursement limits are set in advance and landlords typically submit a claim for reimbursement.¹²

Mixed-Income Developments

Mixed-income housing developments are comprised of housing units with different levels of affordability, typically with some market-rate housing and some housing that is available to low-income occupants below market rate. The mix of affordable and market-rate units that comprise mixed-income developments differ from community to community, and can depend, in part, on the local housing market and marketability of the units themselves.¹³

Opportunity Areas

Opportunity areas are communities with low poverty, high access to jobs and low concentrations of existing affordable rental housing. Developers who choose potential sites within IHDA's opportunity areas receive additional points on their LIHTC applications, which can make it more likely for the developer to actually receive these tax credits.¹⁴

Planned Unit Development

A PUD is a large, integrated development adhering to a comprehensive plan and typically located on a single tract of land. PUD is a form of development that, although conceived decades ago, can be used today to advance a number of important smart growth and sustainability objectives. A PUD has a number of distinct advantages over conventional lot-by-lot development. Properly administered, a PUD can offer a degree of flexibility that allows creativity in land planning, site design, and the protection of environmentally sensitive lands not possible with conventional subdivision and development practices. Moreover, properly applied, a PUD is capable of mixing residential and non-residential land uses, providing broader housing choices, allowing more compact development, permanently preserving common open space, reducing vehicle trips, and providing pedestrian and bicycle facilities. In exchange for design flexibility, developers are better able to provide amenities and infrastructure improvements, and find it easier to accommodate environmental and scenic attributes.

Residential Conversion Grant Programs

Residential conversion grant programs are a way for property owners to turn multi-family units back to their original single-family residential uses.

Development Incentives and Other Tools

Accessory Dwelling Units

Accessory dwelling units apply when a homeowner has a second small dwelling unit on his/her property. The unit can be an apartment over the garage, a small detached unit, or a basement apartment. These dwelling units can help bring multiple generations together, help people age in place, create affordability for the homeowner, and provide affordable rental options.

Aging in Place¹⁵

The vast majority of older adults want to age in place so they can continue to live in their homes or communities. As the older population grows, the degree to which it can participate in community life will be determined, in part, by how communities are designed. Specific policies for aging in place include integrating land use, housing and transportation; efficiently delivering services in the home; providing more transportation choices, particularly for older adults who no longer drive; and improving affordable, accessible housing to prevent social isolation.

A Live-Work Unit

A live-work unit is a way of referring to a building that is both the residence and place of business of the owner.

Employer-Assisted Housing

Employer-assisted housing helps employees live close to work, which reduces their commute time and allows for a greater choice in transportation modes. In such an arrangement, the employer will contribute to the downpayment when an employee purchases a home in the designated district. In turn, the employer will receive a tax benefit while also helping increase homeownership in their surroundings. Many communities in Illinois including Evanston, St. Charles, and Chicago have these programs. REACH Illinois, a not-for-profit organization, helps Illinois communities navigate the legal, technical, and financial aspects of the program.

Form-Based Code

A form-based code is a land development regulation that fosters predictable built results and a high-quality public realm by using physical form (rather than separation of uses) as the organizing principle for the code. A form-based code is a regulation, not a mere guideline, adopted into city, town, or county law.

Reassessing Fee Structures

Public safety, school, and water fees should be reviewed periodically to determine whether they accurately reflect the costs of servicing development.

Shared Housing Programs

Under Shared Housing Programs, a homeowner offers to share their home with an individual in exchange for money, supportive services, or both. The National Shared Housing Resource Center provides more information on programs and how they can be successful.

Supportive Housing

Supportive Housing is an approach that places a person into the long-term housing that they can afford and creates the support that a person needs wrapped around them. Those services taper off or increase as a person ages, makes changes in lifestyle, and becomes more stable in their housing. All over the nation people are turning away from transitional housing, which was once a common practice. Today, federal and local governments are trying to create permanent supportive housing, and local agencies within Bloomington-Normal also discussed this need within the outreach portion of this Plan. Providing permanent supportive housing will help the homeless population, people with disabilities, and other groups for whom it can be difficult to find and maintain homes.

Traditional Neighborhood Design

TND, also known as neo-traditional development and new urbanism, is used to describe planning and development of newer developments that take their forms from the structure and layout of early-20th-century neighborhoods built before automobiles were widely used. The key principles of TNDs include:

- Compact neighborhoods with a mix of uses and housing types.
- A network of streets with sidewalks and street trees to facilitate convenient and safe movement throughout neighborhoods for all modes of transportation, with a focus on pedestrians.
- Integration of parks and public spaces into the neighborhood.
- Placement of important civic buildings on key sites to create landmarks and a strong sense of place.

Endnotes

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17. U.S. Department of Housing and Urban Development - https://portal.hud.gov/hudportal/documents/huddoc?id=19790_200315.pdf
18. The Illinois Housing Development Authority - <https://www.ihda.org/developers/market-research/opportunity-areas/>
19. AARP -- <http://www.aarp.org/home-garden/livable-communities/info-11-2011/Aging-In-Place.html>