

# **City of Bloomington Housing Improvement Area Approval Process**

1. The City of Bloomington and Housing and Redevelopment Authority in and for the City of Bloomington (HRA) staff will meet with the applicant's designated Administrator to explain the policy and process for establishing a Housing Improvement Area (HIA). Staff will provide the criteria for City approval of permanent HIA project financing.
2. The applicant submits a complete application which will include the following elements:
  - a. Description of the project and how it will meet goals listed in the Bloomington HIA Policy.
  - b. Explanation of why HIA financing is necessary and documentation that permanent private financing is unavailable.
  - c. Proposed housing improvement project timeline and description of the association's process.
  - d. Petitions in support of the project application provided from at least 65% of association members.
  - e. A replacement reserve study (Reserve Study) prepared by an independent third party, with designation as a Community Associations Institute (CAI) certified reserve specialist. The Reserve Study must conform to CAI Reserve Study standards. The components of the Reserve Study must include a thirty-year replacement reserve plan (Reserve Plan).
  - f. An independent third party prepared thirty-year reserve plan (HIA Reserve Plan) with the components of the proposed project for housing improvements removed from the Reserve Plan.
  - g. An independent third party prepared thirty-year financial plan (Financial Plan) that reflects the annual replacement reserve contributions based on the HIA Reserve Plan. The Financial Plan will provide a plan for the association's operating budget with cost increases over time to finance maintenance and operation of the common elements within the association and a long range plan to conduct and finance capital improvements therein, that does not rely upon the subsequent use of the HIA tool.
  - h. A \$5,000.00 non-refundable HIA application fee, as set from time to time by resolution of the City Council.
  - i. Evidence of preliminary approval of construction financing
  - j. Copies of the following:
    - i. Recorded Association Declaration
    - ii. Association Bylaws
    - iii. Audited financial statements for previous two years
      1. If the association has not had the practice of having its annual financial statements audited, then audited financial statements for the immediately preceding fiscal year along with unaudited financial statements for the fiscal year before that.
    - iv. Certificate of Good Standing from Minnesota Secretary of State
3. City and HRA staff review an HIA application for completeness and compliance with policy requirements.

4. If preliminary approval is granted by City and HRA staff, the applicant shall submit a deposit of \$15,000 for the City and HRA legal and consultant fees and expenses. Additional deposits from the applicant may be required to pay all fees and expenses incurred by the City and HRA.
5. City inspection staff visit the site to:
  - a. Assess the physical condition of the property to verify that proposed housing improvements are necessary; and
  - b. Identify potential housing improvements that have not been included in the scope of work but that are not in compliance with the City code and the HIA property standards.
6. The City's financial advisor reviews the Reserve Study, Reserve Plan, HIA Reserve Plan, and Financial Plan, provides findings, and makes recommendations to be included in the development agreement.
7. The proposed housing improvement project's financial structure will be reviewed by the City's Chief Financial Officer, Financial Advisor and the legal components will include a review by City and HRA legal counsel. The review will include a review of performance and level of outstanding debt of any previous HIAs at the same property. If bonds are to be issued, legal and public financing components will be reviewed by the City and HRA bond counsel.
8. The City or HRA will draft a development agreement which may include, but is not limited to, the following terms:
  - i. Establishment of a reserve fund
  - ii. Staffing requirements for the proposed housing improvement project
  - iii. Submission of annual financial statements and other annual reports
  - iv. Conditions of disbursements
  - v. Required dues increases
  - vi. Notification to new association members of levied fees, to be completed by a specified party
  - vii. Requirement of multiple bids for proposed housing improvement project construction; and
  - viii. Assessments, including interest and City and HRA fees
9. The HRA Board of Commissioners will review each applicant information, or an appropriate summary thereof, for each HIA application proposed housing improvement project at a public meeting. If approved by the HRA Board at a public meeting, the relevant applicant information will be provided to the City Council for review at a public hearing.
  - a. If the HRA Board does not approve an HIA proposed housing improvement project, the applicant may appeal the decision of the HRA to the City Council by submitting a written appeal with supporting materials to the HRA within three business days of the HRA denial.
  - b. If the HRA Board action results in a tie vote, the HIA proposed housing improvement project applicant information, or an appropriate summary thereof, is automatically sent to the City Council for final action, without an HRA recommendation.
10. The City Council schedules a public hearing and notice of public hearing published in the official City publication at least 10 days prior to the meeting. Notice is also mailed to each association member at the same time of publication.
11. The City Council holds a public hearing and may adopt an ordinance declaring a Housing Improvement Area and designating the Implementing Entity.
12. Notice to association members of fee resolution is mailed within five (5) business days of the City Council public hearing, if an HIA project ordinance is adopted.

13. Upon expiration of the statutory 45-day veto period, the applicant finalizes construction financing from a private lender. The private lender and its inspecting agent approve draw requests and monitor the construction process.
14. Sixty days after issuance of a certificate of completion and receipt of final lien waivers, the City may issue bonds or notes to satisfy the construction loan.

Adopted by the City of Bloomington City Council December 20, 2021

Adopted by the Housing and Redevelopment Authority in and for the City of Bloomington November 23, 2021