



DATE: October 1, 2025

TO: City Council

CC: Housing & Redevelopment Authority Board
Port Authority Commission

FROM: Kim Berggren, Community Development Director
Kenny Niemeyer, Housing Development Specialist

RE: Annual Report on the Opportunity Housing Ordinance and Affordable Housing Trust Fund

Purpose

This memorandum serves as the 2025 annual report on the implementation of the Opportunity Housing Ordinance (OHO) and Affordable Housing Trust Fund (AHTF), as required in City Code.

The OHO is the City of Bloomington's inclusionary zoning policy designed to encourage mixed-income developments, affordable housing developments, and the preservation of existing affordable units while not causing undue constraint to the financial viability of housing developments. The AHTF is the City's dedicated fund for promoting the creation and preservation of affordable housing.

Rent and Income Limits

Each spring, the U.S. Department of Housing and Urban Development (HUD) publishes the Median Family Income and income limit categories for the Minneapolis-Saint Paul-Bloomington Metropolitan Statistical Area (Table 1). These limits establish eligibility criteria for affordable housing across many federal, state, and local programs, including affordable units created pursuant to the requirements of the OHO. The Metropolitan Council uses HUD's income limits to set an affordable rent that is inclusive of tenant-paid utilities (Table 2). Income and rent limits are sent by City staff to property managers of properties with Opportunity Housing Units.

Table 1:

2025 Minneapolis-Saint Paul-Bloomington MSA Income Limits				
	2025	2024	2023	2022
Area Median Income	\$132,400	\$124,200	\$124,900	\$118,200
80% of Area Median Income	\$104,200*	\$97,800*	\$94,650*	\$89,400*
60% of Area Median Income	\$79,440	\$74,520	\$74,520	\$70,380
50% of Area Median Income	\$66,200	\$62,100	\$62,100	\$58,650
30% of Area Median Income	\$39,750	\$37,250	\$37,250	\$35,200

*The 80% of Area Median Income limit is capped at the U.S. national median family income, so this figure is less than 80% of the Minneapolis-Saint Paul-Bloomington MSA's median family income.

Table 2:

2025 Minneapolis-Saint Paul-Bloomington MSA Rent Limits				
# Bedrooms	30% AMI	50% AMI	60% AMI	80% AMI
Efficiency	\$694	\$1,158	\$1,389	\$1,852
1 Bedroom	\$744	\$1,241	\$1,489	\$1,985
2 Bedrooms	\$894	\$1,490	\$1,788	\$2,384
3 Bedrooms	\$1,032	\$1,721	\$2,065	\$2,753
4 Bedroom	\$1,152	\$1,920	\$2,304	\$3,072

Between 2023 and 2024, HUD held the median income for families earning 60% of the area median income at the same level. This meant the maximum allowable rent for affordable units also did not change for the year. In 2025, there was a 6.6% increase in the incomes of households earning 60% of the area median income (AMI) and below, allowing for a corresponding 6.6% increase to maximum rents.

Compliance

Staff continue to annually monitor compliance with the affordability requirements of units created under the OHO. For projects financed with Low-Income Housing Tax Credits, compliance is coordinated with Minnesota Housing.

As part of the compliance process, City staff request and audit documentation of household income and rent statements from property managers to verify annual recertification of household eligibility

and compliance with applicable rent maximums. This year's audits identified some concerns that staff are addressing with property managers through technical assistance. Concerns include:

- Tenants required to pay mandatory fees that exceed allowable rent maximums – 'junk fees'
- Errors in annual household eligibility recertification process

Staff are exploring the benefits of engaging an external partner to undertake household eligibility determination and compliance monitoring.

OHO Housing Nexus Study

The Housing & Redevelopment Authority (HRA) and the Port Authority hired Daedalus Advisory Services and BAE Urban Economics to conduct a renewed Housing Nexus Study to review and update the basis for the OHO. The study is supported by a \$45,000 Metropolitan Council Policy Development Grant and funding from both the Port Authority and the HRA.

The study will be presented to the Port Authority, HRA, and City Council in late 2025, with potential ordinance amendments in early 2026. Staff received draft results and have the following takeaways to preview:

- Housing development today is challenged by high construction costs, higher interest rates, and lower investor returns, making project financial feasibility difficult.
- Adjustments to the Opportunity Housing Ordinance in-lieu fee and/or inclusionary zoning percentage may be necessary to reflect market realities while maintaining production.
- Attention to implementation of the Opportunity Housing Ordinance and responsiveness to changing market conditions and community needs remain important.

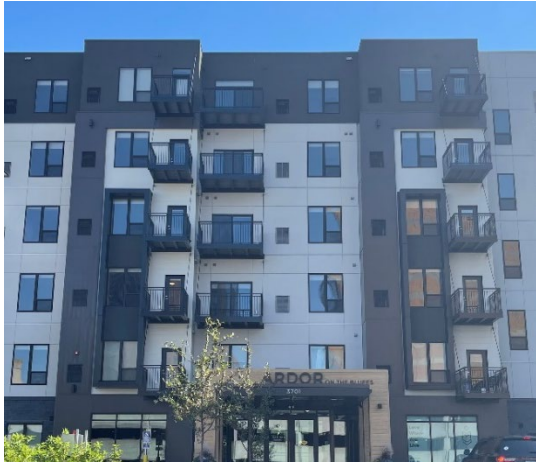
Metropolitan Council Allocation of Future Affordable Housing Need

The Metropolitan Council allocates the Twin Cities region's Future Need of affordable housing across cities as part of the comprehensive planning cycle. Future Need is distributed based on projected household growth in sewer-served areas, each city's existing stock of affordable housing, and the ratio between local low-wage jobs and residents earning low wages.

Bloomington has made strong progress toward its Future Need allocation of 842 affordable units and continues to work toward production of units affordable to households earning extremely low incomes (30% of the AMI). Recent and ongoing residential projects are shown on the following page:

Completed Projects

- Ardor on the Bluffs: 242 units; paid fee-in-lieu of developing affordable housing.



- The Knox Apartments: 99 units; 9 units affordable at 50% AMI.



Under Construction

- Ever Apartments: 208 units; 19 units affordable at 60% AMI.



- The Rosalyn: 128 senior units; 8 at 30% AMI, 104 at 50% AMI, 16 at 60% AMI.



The Metropolitan Council tracks housing production by city submitted building permit data. New housing counts toward a city's affordable housing goal in the year that it was permitted. Internally, the City has tracked progress toward the 2021–2030 Metropolitan Council Allocation of Future Affordable Housing Need based on housing completion year. Table 3 below shows the multifamily housing developments that were permitted within Bloomington since 2021 and count toward providing the City's allocation of Future Need for affordable housing units. The City has surpassed its allocation for the construction of new units affordable at or below 80% of the AMI and has made significant progress toward construction of units affordable at or below 50% of the AMI.

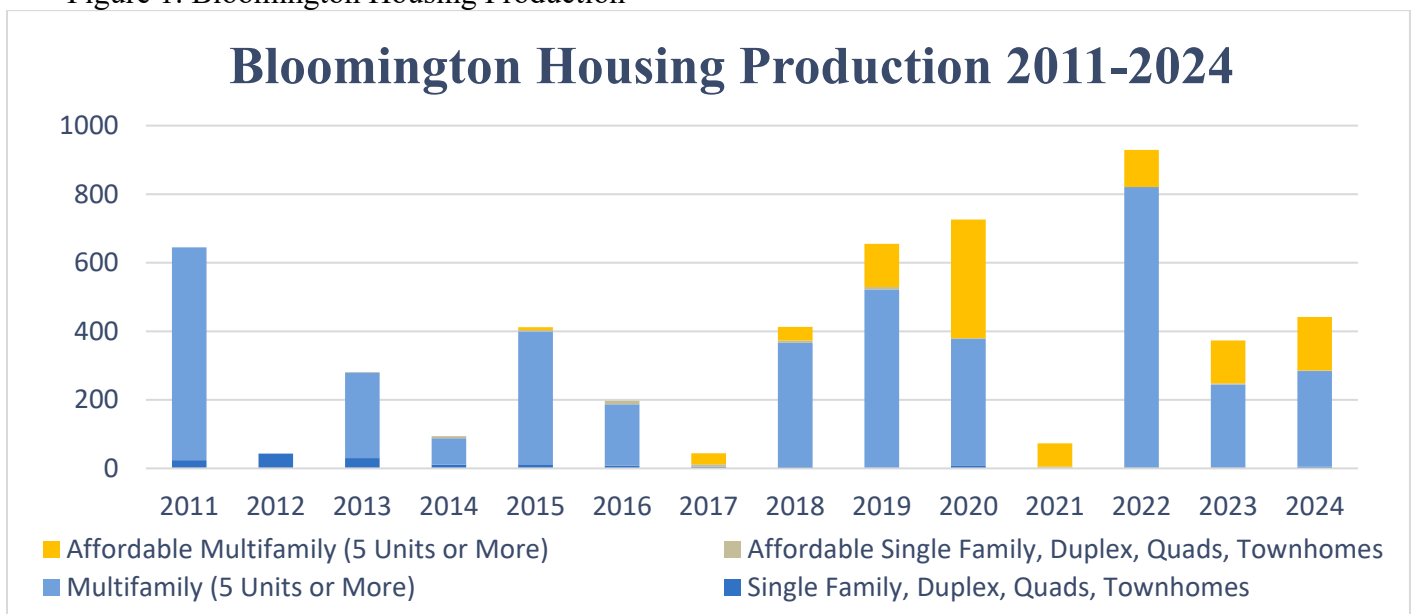
Only 23 units affordable at or below 30% of the AMI have opened or are under construction toward the goal of 445 units by 2030.

Table 3: Metropolitan Council Allocation of Future Need for Affordable Housing in Bloomington from 2021 to 2030 and Bloomington Housing Development Permitted Since 2021

Development P: Year Permitted, C: Year Completed	30% AMI	50% AMI	60% AMI	70-80% AMI	Market Rate	Total Affordable	TOTAL
Opened							
Cadence (P: 2021 C:2022)	6	3	59			68	68
Aire Apartments (P: 2022 C:2022)		33	11		141	44	185
Carbon 31 (P:2022 C:2023)			36		366	36	402
Risor – Senior (P:2022 C:2023)			14		132	14	146
Noble Apartments (P:2022 C:2024)		14			135	14	149
Oxboro Heights - Senior (P:2023 C:2024)	9	23	43	50		125	125
Ardor on the Bluffs (P:2023 C:2024)					242		242
The Knox Apartments (P:2024 C:2025)		9			90	9	99
SUBTOTAL	15	82	163	50	1,106	310	1,466
Under Construction							
Ever Apartments (P:2024)			19		189	19	208
The Rosalyn - Senior (P:2024)	8	104	16			128	128
SUBTOTAL	8	104	35	-	189	147	336
Opened and Under Construction	23	186	198	50	1,295	457	1,802
2030 GOALS	445	246	151			842	
Percent progress toward goals	5%	76%	164%			54%	

Since the adoption of the OHO in 2019, 30% of all newly built housing units (946 of 3,198 units) were affordable to households earning 80% of the area median income or below. 89% of affordable units built since 2011 were built between 2019 and 2024 (Figure 1).

Figure 1: Bloomington Housing Production



Source: Metropolitan Council Residential Building Permit Survey

Affordable Housing Trust Fund

The Affordable Housing Trust Fund (AHTF) was enabled in 2019 by the Opportunity Housing Ordinance to provide a dedicated fund for affordable housing. Initial capitalization came from a \$15.2 million bond issued to Old National Bank in 2019. Since its inception, the AHTF has supported the creation of:

- 303 units affordable at 60% of Area Median Income (AMI)
- 142 units affordable at 50% AMI
- 40 units affordable at 30% AMI

In total, 69% of all affordable units permitted in Bloomington since 2020 received AHTF support, including every unit affordable at 30% AMI. The per unit subsidy provided by the AHTF ranges from \$15,945 to \$28,333.

Repayment of the Old National Bank bond relies on tax increment revenues and loan repayments from projects with AHTF loans. The HRA is levying \$500,000 a year to be prepared to cover bond payments, if needed.

Staff continue to explore sources to support the ongoing utilization of the AHTF to achieve City, HRA, and Port Authority housing affordability objectives. Identified sources include:

- **Local Affordable Housing Aid (LAHA):** Bloomington is expected to receive around \$1,478,986 in LAHA annually. The City and HRA have allocated 50% of LAHA to affordable homeownership and 50% to affordable housing development and preservation.
- **TIF Districts:** Future housing TIF districts may provide additional resources, established in collaboration with the Port Authority.
- **County, regional, and federal resources:** AHTF contributions strengthen Bloomington's competitiveness for external funds, including Hennepin County's Affordable Housing Incentives Fund (AHIF) and Metropolitan Council Livable Communities Act grants.

Conclusion

The Opportunity Housing Ordinance and Affordable Housing Trust Fund continue to contribute to Bloomington's progress on developing and preserving affordable housing. Staff are revisiting the OHO as a living document to ensure the ordinance is relevant to current economic conditions and responsive to City, HRA, and Port Authority objectives. Staff will return later this year with study results and recommendations for potential ordinance updates in 2026.