



DATE: October 1, 2026

TO: City Council

CC: Housing & Redevelopment Authority Board
Port Authority Commission

FROM: Kim Berggren, Community Development Director
Ryan Solberg, Housing Development Specialist

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

Purpose

The memorandum serves as the 2026 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 housing units without causing undue constraint on 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: Minneapolis-Saint Paul-Bloomington MSA Income Limits (family of four)

	2026	2025	2024	2023
Area Median Income (AMI)	\$131,500*	\$132,400*	\$124,200*	\$124,900*
80% of Area Median Income	\$105,200**	\$104,200**	\$97,800**	\$94,650**
60% of Area Median Income	\$78,900	\$79,440	\$74,520	\$74,520
50% of Area Median Income	\$65,750	\$66,200	\$62,100	\$62,100
30% of Area Median Income	\$39,450	\$39,750	\$37,250	\$37,250

*The AMI for Minneapolis-Saint Paul-Bloomington MSA declined by 0.7% from 2025 to 2026. This led to a corresponding decrease in maximum rents across income levels, shown in Table 2.

**The 80% AMI limit is capped at the U.S. national median household income, which is lower than the Minneapolis–Saint Paul–Bloomington MSA median. Because the national median increased while the regional median declined, the 80% AMI figure rose even though the other AMI figures decreased.

Table 2: 2025 Minneapolis-Saint Paul-Bloomington MSA Rent Limits

# Bedrooms	30% AMI	50% AMI	60% AMI	80% AMI
Efficiency	\$690	\$1,151	\$1,381	\$1,841
1 Bedroom	\$739	\$1,233	\$1,479	\$1,972
2 Bedrooms	\$888	\$1,480	\$1,776	\$2,368
3 Bedrooms	\$1,026	\$1,710	\$2,052	\$2,736
4 Bedroom	\$1,144	\$1,907	\$2,288	\$3,051

Compliance

Staff conduct annual monitoring to verify that units created under the OHO, as well as units required by development agreements, meet affordability requirements. For projects financed with Low Income Housing Tax Credits, Minnesota Housing verifies compliance and staff request those verification records to confirm OHO compliance.

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 maximum rents. This and previous years' audits raised concerns that staff are working to address. Concerns include:

- Tenants required to pay mandatory fees that lead monthly payments to exceed maximum allowable rents (i.e., “junk fees”)

- Opaque utility billing from third party servicers that make it difficult to determine if charges are exceeding utility allowances
- Errors in annual household eligibility recertification process
- Large differences in how property managers collect and report information required by the audit

Staff have identified a need for clearer and more consistent technical assistance for developers and property managers. Creating technical assistance materials and reporting templates will streamline the compliance process and establish consistent expectations for developers and property managers.

OHO Housing Nexus Study

In 2025, the Housing and 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 was supported by a \$45,000 Metropolitan Council Policy Development Grant and funding from both the Port Authority and the HRA.

The final study was presented at a concurrent meeting of the City Council, HRA, Planning Commission, Port Authority, and Sustainability Commission on March 10, 2026. Key takeaways included:

- Bloomington's economy has changed, but income gains have not been shared equally. Meanwhile, housing supply has lagged demand—heightened by the community's central, desirable location—pushing prices upward and intensifying pressure on residents whose wages have not kept pace.
- Rising construction costs, higher interest rates, flat rental rates, and high investor return expectations have made new housing development more difficult to finance.
- Eighty percent of Bloomington's 2030 housing production targets are for units affordable at 30–50% AMI. This level of affordability is increasingly challenging to achieve in today's development environment.

In response to these findings, staff recommend several updates to the OHO to maintain its effectiveness and better align it with the City's evolving housing goals:

- Adding more compliance tier options to the existing requirement that 9% of units be affordable at 60% AMI.
- Clarifying affordability requirements for both rental and ownership housing.
- Adjusting the fee-in-lieu rate to reflect inflation.

Additional revisions will clean up outdated or confusing language and simplify formatting. The OHO's building performance and parking reduction incentives are also being updated to align with proposed changes to the Planning and Zoning Code.

Metropolitan Council Allocation of Future Affordable Housing Need

The Metropolitan Council allocates the Twin Cities region's future need of affordable housing 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. Since its adoption in 2019, the OHO has supported the creation of 621 housing units affordable to households at or below 60% AMI. Continued work is needed to encourage production of units affordable to households with low and extremely low incomes (50% AMI and 30% AMI, respectively). While over 80% of future need is at 30-50% AMI, only 38.5% of units created under the OHO fall within this affordability band.

2026 Completed Projects

Ever Apartments, 6701 W 78th St
208 units; 19 units affordable at 60% AMI.



The Rosalyn, 700 American Blvd W
128 senior units; 8 units affordable 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 of Bloomington has tracked progress towards 2021-2030 Metropolitan Council Allocation of Future Affordable Housing Need based on housing completion year. Table 3 shows the multifamily housing developments that were permitted within Bloomington since 2021 and count toward Bloomington'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% AMI and has made progress toward construction of units affordable at or below 50% AMI. Only 23 units affordable at or below 30% AMI have opened and count towards 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 Housing Developments Permitted Since 2021

Development (Year Complete)	30% AMI	50% AMI	60% AMI	70-80% AMI	Market Rate	Total Affordable	TOTAL
Cadence (2022)	6	3	59	-	-	68	68
Aire Apartments (2022)	-	33	11	-	141	44	185
Carbon 21 (2023)	-	-	36	-	366	36	402
Risor – Senior (2023)	-	-	14	-	132	14	146
Noble Apartments (2024)	-	14	-	-	135	14	149
Oxboro Heights – Senior (2024)	9	23	43	50	-	125	125
Ardor on the Bluffs (2024)	-	-	-	-	242	-	242
The Knox Apartments (2025)	-	9	-	-	90	9	99
Ever Apartments (2026)	-	-	19	-	189	19	208
The Rosalyn – Senior (2026)	8	104	16	-	-	128	128
SUBTOTAL	23	186	198	50	1,295	457	1,752
2030 Goals	445	246	151			842	
Percent Progress	5%	76%	164%			54%	

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

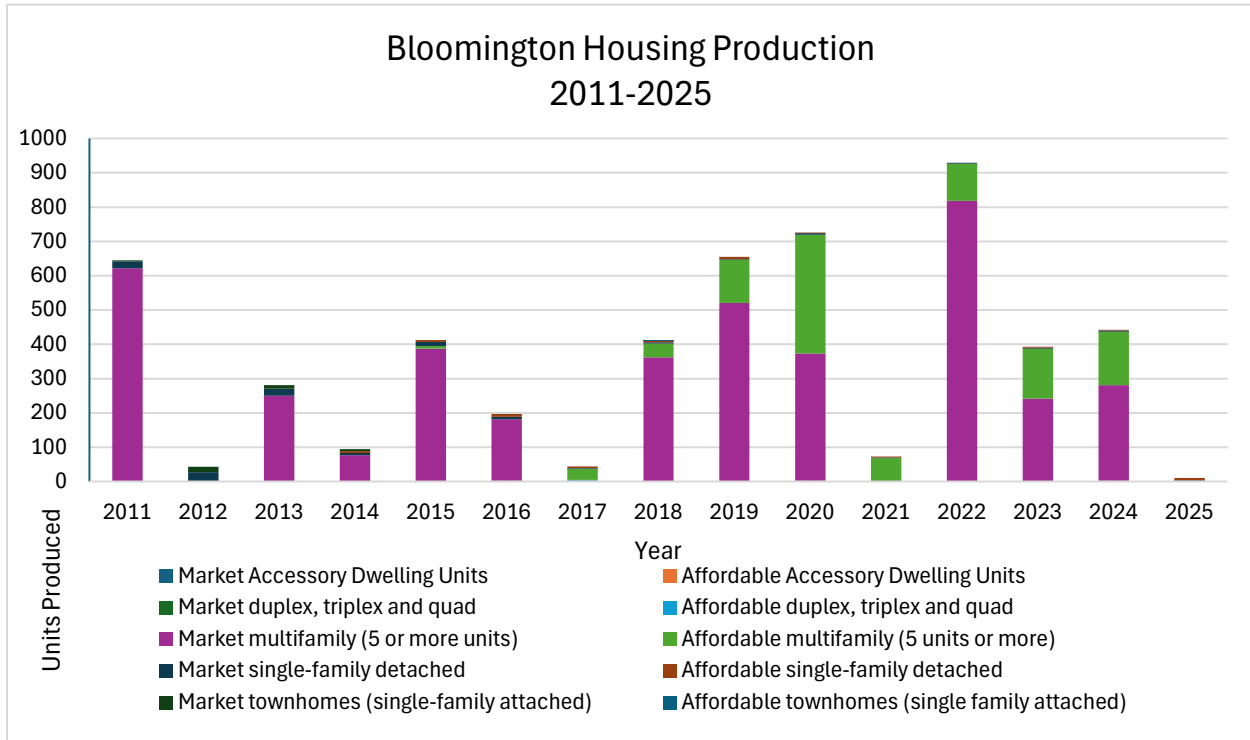


Figure 1:

Source: Metropolitan Council Residential Building Permit Survey

Affordable Housing Trust Fund

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

- 303 units affordable at 60% AMI
- 142 units affordable at 50% AMI
- 40 units affordable at 30% AMI

Of all affordable units permitted in Bloomington since 2020, 69% have 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 financing (TIF) revenues and loan repayments from projects with TIF loans. The HRA is setting aside \$500,000 of its levy each year to be prepared to cover bond payments, if needed.

Staff continue to explore potential sources of funding to support the ongoing utilization of the AHTF to achieve housing affordability objectives. Identified sources include:

- Local Affordable Housing Aid (LAHA): Bloomington is expected to receive approximately \$1,478,986 in LAHA funding annually. The City and HRA have adopted a plan to allocate 50% of these funds to affordable homeownership initiatives and 50% to affordable housing development and preservation. A one-time LAHA allocation was made in early 2026 toward Emergency Rental Assistance.
- TIF Districts: future and current housing TIF districts established in collaboration with the Port Authority may provide additional resources.
- County, regional, and federal resources: AHTF contributions strengthen Bloomington's competitiveness for external funds such as Hennepin County's Affordable Housing Incentives Fund (AHIF) and Metropolitan Council Livable Communities Act grants.

Conclusion

The OHO and AHTF continue to contribute to Bloomington's progress in developing and preserving affordable housing. This fall, staff will be recommending revisions to the OHO to ensure the ordinance is relevant to current economic conditions and responsive to evolving policy objectives. Staff also plans to create technical assistance materials and standardized reporting formats to ensure ongoing compliance with the ordinance and make compliance audits smoother. Staff will return to the City Council later this year with a draft updated ordinance for consideration.