



STANDARDIZED HOUSING INCENTIVE PROGRAM POLICIES AND PROCEDURES

May 2025

Applications will be accepted on a rolling basis through May 31, 2028

I. Program Overview

In 2022, the Bloomington-Normal Economic Development Council shared a housing study which showed, at that time, that the Bloomington-Normal region needed an additional 4,400 housing units. That number has grown, along with the specific need for affordable and workforce housing. In response to this study, the community has taken steps to mitigate the housing issue, including: development summits, outreach to housing developers, ongoing conversations with realtors, employers, employees, and other impacted by the shortage, and more formal steps to address the needs and concerns of the community.

On July 22, 2024, the Bloomington City Council passed Resolution No. 2024-040 which set housing priorities for staff related to the affordability of the current housing stock in the City of Bloomington. These priorities include: i) Standardize Housing Incentives; ii) Housing Rehabilitation Program; iii) Intergovernmental Collaboration; and iv) Zoning Code & Subdivision Code Review. In response to Resolution No. 2024-040, City staff drafted and presented standardize housing incentives to the Council for comment and advisement. On April 28, 2025, the Bloomington City Council passed Ordinance 2025-035 which created and outlined a Standardized Housing Incentive Program. This program was created to incentivize housing development to meet the housing needs of Bloomington and the greater Bloomington-Normal community.

II. Program Objective

The Standardized Housing Incentive Program’s objective is to incentivize the development of affordable and workforce housing through a predictable and transparent process.

III. Program Timeline

The Standardized Housing Incentive Program is effective starting at 12:00PM CST on May 31, 2025, and ending at 5:00PM CST on May 31, 2028.

IV. Eligibility

Eligible Developers

Developers who have no outstanding fees, fines, taxes, or compliance issues with the City and who have eligible projects are eligible for these incentives.

Eligible Projects

Eligible projects are outlined below:

- a. Affordable Housing Projects
- b. Workforce Housing Projects
- c. Low-Income Housing Projects
- d. Missing Middle Housing Projects
- e. Multi-Family Housing Projects
- f. New Subdivision Projects
- g. Single-Family Home Projects
- h. Tax Credit Projects

Eligible Project Definitions

- a. "Affordable Housing Projects" shall be defined as developments in which at least 20% of the units are set aside for five years for households earning at or below 80% of the Area Median Income (AMI), as defined by the U.S. Department of Housing and Urban Development (HUD). Projects may be subject to annual income verification.
- b. "Workforce Housing Projects" shall be defined as housing that is affordable for middle-income workers, earning between 80% and 120% of the area median income (AMI) as defined by the U.S. Department of Housing and Urban Development (HUD).
- c. "Low-Income Housing Projects" shall be defined as developments utilizing federal, state, or local programs aimed at serving households earning at or below 60% of the AMI. Examples include projects financed through the Low-Income Housing Tax Credit (LIHTC) program or HUD Section 8 housing.
- d. "Missing Middle Housing Projects" shall be defined as Duplexes, triplexes, fourplexes, and accessory dwelling units (ADUs) designed to integrate seamlessly into existing neighborhoods while providing additional housing options as defined by or to be constructed in areas targeted by the Opticos Missing Middle Housing study. MMH shall be targeted as housing that is affordable for middle-income workers, earning between 80% and 120% of the area median income (AMI) as defined by the U.S. Department of Housing and Urban Development (HUD).
- e. "Multi-Family Housing Projects" shall be defined as residential developments with five (5) or more dwelling units on the same site, including apartments, townhomes, and condominiums. If the units are not on the same site, the City Council must approve the units being scattered in different parts of the neighborhood or city to qualify as a Multi-Family Housing Project.
- f. "New Subdivision Projects" shall be defined as developments that involve the establishment of a new residential subdivision, including the construction of single-family homes. To qualify for incentives under this policy, such subdivisions must: (1) include a minimum of 50 homes with an estimated market value under \$400,000; (2) designate at least 10% of the homes as affordable housing (80% AMI or below) for at least five years; and (3) support the City's goals for responsible growth, sustainability, and integration with existing neighborhoods as defined in the City's Comprehensive Plan, promoting features such as walkability, environmental sustainability, and a diversity of housing types.
- g. "Single-Family Home Projects" shall be defined as new single-family residential homes with an estimated market value under \$400,000. These homes must be designed for households with earnings at or below the Area Median Income level as determined by IHDA and align with the City's objectives for expanding housing affordability while promoting community integration. This

category is intended to encourage the development of more affordable options within the single-family housing market.

- h. "Tax Credit Projects" shall be defined as housing developments utilizing tax credits such as Low-Income Housing Tax Credits (LIHTC), Historic Preservation Tax Credits, or Senior Housing Tax Credits.

V. Program Incentives

The following incentives are available to eligible projects:

- a. City Fee Reductions
 - i. A base 50% reduction in City Fees is available for any Qualifying Project that commences construction prior to May 31, 2028. Projects that demonstrate a financial gap or require additional financial assistance to proceed may receive an increased fee reduction, up to 100%, based on financial need and approvals required herein
 - ii. A 100% reduction in City Fees for any Tax Credit Projects that commence construction prior to May 31, 2028.
- b. Tax Increment Financing (TIF) Benefits
 - i. If a Qualifying Project is located within a Tax Increment Financing (TIF) district and meet statutory TIF standards for eligibility, the project shall receive up to 75% of the TIF increment for eligible project costs, including infrastructure improvements, site preparation, and public amenities.
- c. Density Bonuses
 - i. Qualifying Projects that allocate at least 20% of units for affordable housing (80% AMI or below) shall be eligible for increased allowable density, reduced parking requirements, and relaxed height restrictions where not prohibited by other governing bodies.
 - ii. Developments incorporating workforce housing (earning between 80% and 120% AMI) may qualify for additional density incentives.
- d. Property Tax Freeze
 - i. Qualifying Affordable Housing, Low-Income Housing, and Tax Credit Projects may be eligible for a five-year property tax abatement of the City's portion of property taxes. The five-year period would begin once occupancy permits are granted and the abatement would be of the city's portion of the property taxes owed and paid above the amount assessed at the time the project's building permit is granted. Eligibility and specific terms shall be subject to a development agreement approved by the City Council, which will outline project commitments, affordability requirements, and any additional conditions deemed necessary by the City
- e. Commercial Tax Rebates
 - i. Qualifying Projects that include commercial components, such as retail or restaurant spaces, may be eligible for a five-year 50% rebate on sales and food & beverage taxes. Eligibility and the specific terms of the rebate will be subject to approval by the City Council, which will review the project's overall impact, business viability, and alignment with the City's goals for economic development. Rebates shall be contingent on the business being (i) new to the city of Bloomington or (ii) a 2nd location to an existing Bloomington business contingent upon the original location remaining open and the Municipal Taxes generated by said original location remaining at or above the amounts

generated in the 12-month 446 calendar year prior to the opening of the commercial location at the qualifying project.

VI. Application Process & Approvals

Pre-Application Form

All applicants must submit a pre-application form. This form is found on the City of Bloomington's website. City staff will review the pre-application to determine the eligibility of the project and which incentives the project qualifies for, if any.

If the project is eligible for the Standardize Housing Incentive Program, staff will notify the applicant via email of the applicable incentives available to the project and the next steps.

If the project is eligible for more than just a fee reduction, then the incentives will be formalized in a redevelopment agreement that will outline the specific terms and conditions for the project, including the project scope, performance targets/deadlines, and the incentive terms. This redevelopment agreement will need to be approved by the Bloomington City Council. If the project is eligible for more than just a fee reduction and more than one (1) other incentive under this Program, then the more detailed application process will be followed to account for all the necessary information in one (1) application process. Additional information may be requested as needed. Only one (1) redevelopment agreement will be formalized per project. If the project is eligible for more than one incentive that requires a redevelopment agreement, then all incentives will be formalized in one (1) redevelopment agreement.

Next Steps

Fee Reduction

- a. If the project is solely eligible for Fee Reductions, a letter will be sent via email to the applicant outlining the project's eligibility and directions to ensure fees are reduced or waived throughout the construction process.
- b. If the project qualifies for additional incentives through the Standardized Housing Program, the fee reductions or fee waivers will be memorialized through a redevelopment agreement.

Tax Increment Financing (TIF) Benefits

- a. If the project is located within a TIF District within the City of Bloomington boundaries, the applicant will be required to submit a full incentive application and provide additional supporting documents for Staff review. City Staff will provide the application via email to the applicant. In total, the applicant must submit:
 - a. Full Incentive Application
 - b. Project Budget
 - c. Project Proforma
 - d. Project Site Plan
 - e. Project Renderings, if available

Once all documents have been submitted, City Staff will review the documents for eligibility of incentives under the State of Illinois Tax Increment Financing (TIF) Act (65 ILCS 5/11-74.4-3) and compliance with City Code. The City will also submit the documents to a 3rd party consulting firm

for independent review. The City contracts with Peckham Guyton Albers & Viets, Inc. (PGAV), an economic development consulting firm. Additional documents may be requested as needed. Once the review is complete, City Staff will notify the applicant via email what incentive package the City is able to provide and outline the terms of the agreement to be formalized in a redevelopment agreement which will go before the Bloomington City Council for approval.

Density Bonuses

- a. If the project qualifies for Density Bonuses, the applicant will be required to provide additional supporting documents for review. In total, the applicant must submit:

- a. Project Site Plan
- b. Project Renderings, if available

Once all documents have been submitted, City Staff will review the documents for project feasibility and compliance with City Code.

Once the review is complete, City Staff will notify the applicant via email the Density Bonuses the City is able to provide and outline the terms of the agreement to be formalized in a redevelopment agreement which will go before the Bloomington City Council for approval

Property Tax Freeze

- b. If the project is not located within a TIF District, but is within the City of Bloomington boundaries, the applicant will be required to provide additional supporting documents for review. In total, the applicant must submit:

- a. Project Budget
- b. Project Site Plan
- c. Project Renderings, if available

Once all documents have been submitted, City Staff will review the documents for project feasibility and compliance with City Code.

Once the review is complete, City Staff will notify the applicant via email what final incentive package the City is able to provide and outline the terms of the agreement to be formalized in a redevelopment agreement which will go before the Bloomington City Council for approval.

Commercial Tax Rebates

- a. If the project includes commercial components, the applicant will be required to provide additional supporting documents for review. In total, the applicant must submit:

- a. Project Budget
- b. Project Site Plan
- c. Project Renderings, if available

Once all documents have been submitted, City Staff will review the documents for project feasibility and compliance with City Code.

Once the review is complete, City Staff will notify the applicant via email what final incentive package the City is able to provide and outline the terms of the agreement to be formalized in a redevelopment agreement which will go before the Bloomington City Council for approval.

VII. Contact Information

Development Services Department
City of Bloomington, Illinois

P: (309) 434-2525

E: econdev@cityblm.org

W: www.Bloomingtonil.gov

VIII. Terms and Conditions

- a. **Fast-Tracking Applications.** To promote timely project development, all applications for benefits under this policy shall be fast-tracked. The City will prioritize these applications for review and approval to ensure expedited processing while maintaining necessary due diligence.
- b. **Program Marketing.** Program marketing will be conducted by the City. Examples of marketing include a press release posted to the City's website and social media platforms, distribution of information about the program to a list of Developers and interested parties, and direct outreach to housing developers.
- c. **Equal Opportunity Compliance.** The program will be implemented in ways consistent with the City's commitment to State and Federal equal opportunity laws. No person, business, or developer shall be excluded from participation in, denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part with program funds on the basis of his or her religion, religious affiliation, age, race, color, ancestry, national origin, sex, marital status, familial status (number or ages of children), physical or mental disability, sexual orientation, or other arbitrary cause.
- d. **Applicant Confidentiality.** All personal and business financial information will be kept confidential to the extent permitted by law. Files submitted by applicants with personal and business confidential information will be securely stored.
- e. **Dispute Resolution/Appeals Procedure.** Applicants whose applications are not selected or not deemed eligible have the right to appeal the decision of the City, limited to procedural errors in the selection process. In the event that no such procedural errors are found to have occurred, the decision of the City shall be final. An applicant may, within seven (7) business days after the denial, appeal in writing to the Director of Development Services or their Designee. The appeal must state all facts and arguments upon which the appeal is based. The Director, or the appointed Designee, will review the content of the City's Standardized Housing Incentive Program Policy & Procedures, the applicant's pre-application, and the facts which form the basis for the appeal. The Director, or the appointed Designee, will render a written decision within thirty (30) business days of the receipt of the appeal.
- f. **Exceptions/Special Circumstances.** The City, however, reserves the right, at its sole discretion, to deviate from City-imposed policies and procedures in extenuating circumstances. A request for exception to program guidelines shall be submitted to staff in writing by applicant. Exceptions are defined as any action which would depart from policy and procedures stated in this document.
- g. **Prevailing Wage.** All awarded projects must follow the Illinois Prevailing Wage Act 820 ILCS 130/0.01 *et seq*, as applicable.
- h. **Conflict of Interest.** Applicant must disclose in writing to the City any potential conflict of interest with the Applicant, Developer, Business, Contract, Sub-Contract, or other as applicable affecting the awarding of incentives to the Project.
- i. **Clawback Provision.** Each redevelopment agreement will contain a clawback provision specific to that Project and Developer. Clawback provisions are not applicable to Projects which only qualify for fee reductions.

4/30/2025

- j. Incurred Costs. Fee reductions will not be retroactively applied if fees were paid prior to the awarding of the fee reduction through this program. Any costs incurred prior to the execution of the redevelopment agreement are not eligible for reimbursement for Projects requiring a redevelopment agreement that will need to be approved by the Bloomington City Council.

Individuals with disabilities who require reasonable accommodations and wish to apply or have questions can contact the City of Bloomington's Development Services Department at (309) 434-2226 or by emailing comdev@cityblm.org.

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