

Regional Housing Initiative Annual Report

April 2023 to April 2024



REGIONAL HOUSING INITIATIVE

May 2024

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Established in April 2018, the McLean County Regional Housing Initiative is an inter-jurisdictional effort to proactively address housing issues in the region through research and collaboration. The purpose of this annual report is to summarize the activities completed from April 2023 to April 2024.

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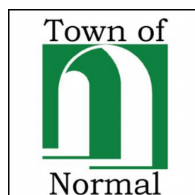


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BACKGROUND

Introduction

In 2017, the McLean County Regional Planning Commission (MCRPC) partnered with the City of Bloomington, Town of Normal and the Bloomington Housing Authority (BHA) to complete the region's first housing study, *BN Home*. A key recommendation in *BN Home* was to create an inter-jurisdictional group that would proactively address housing issues in the region as identified in *BN Home* and other relevant community plans.

Consequently, MCRPC established the Regional Housing Initiative (RHI) through an intergovernmental agreement in May 2018, which the Community Development Block Grant (CDBG) has funded since the RHI's beginning. The Initiative is composed of the Regional Housing Staff Committee and the Affordable and Supportive Housing Committee. Both Committees are responsible for discussing federal, state and local updates regarding grant opportunities, legislation and planning activities.

Regional Housing Staff Committee

The Staff Committee utilizes its professional expertise to inform the priorities and policies of the Regional Housing Initiative and serves as the conduit between local housing efforts and state and federal housing agencies. Committee members represent the following organizations and meet monthly:

- Bloomington Housing Authority (BHA)
- City of Bloomington (CoB)
- McLean County Behavioral Health Coordinating Council (BHCC)
- McLean County Regional Planning Commission (MCRPC)
- PATH Crisis Center (PATH)
- Town of Normal (ToN)

The Affordable and Supportive Housing (ASH) Committee

The Affordable and Supportive Housing Committee researches and coordinates best practices in the advancement of safe, healthy, affordable and supportive housing in McLean County. The target populations include low and moderate income households, seniors, and persons with disabilities. Committee members work to promote affordable and supportive housing in McLean County. Three new organizations joined the Committee in the 2023 to 2024 Program Year: Home Sweet Home Ministries, Thrive Housing, and Habitat for Humanity of McLean County. In addition to the Staff Committee, the ASH Committee meets quarterly and includes the following organizations:

- Chestnut Health Systems (CHS)
- Home Sweet Home Ministries (HSHM)
- Habitat for Humanity of McLean County (HHMC)
- Life Center for Independent Living (LIFE-CIL)
- Life Long Access (formerly MarcFirst McLean County)
- McLean County Center for Human Services
- Mid Central Community Action Agency (MCCA)
- Prairie State Legal Services (PSLS)
- Supportive Housing Providers Association - IL (SHPA)
- Thrive Housing

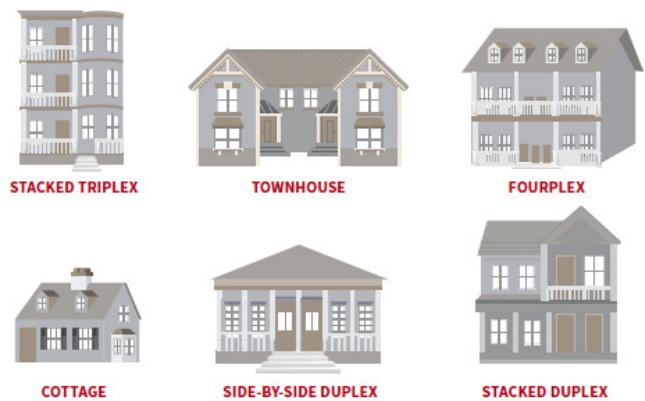
RESEARCH

Both the City of Bloomington Comprehensive Plan (2015) and Town of Normal Comprehensive Plan (2017) identified affordable housing needs in McLean County, including rehabilitating the current housing stock and new housing development. In addition, the updated Illinois Housing Blueprint 2022 stated that the greatest need for rental housing is for households earning less than \$20,000 annually and the second largest need is for households earning more than \$75,000 in McLean County. According to the Illinois Housing Blueprint, the lack of housing at a higher income bracket forces upper-middle income households into lower priced units, which leaves lower income households with less rental options. This process is known as housing “filtering,” a term in housing economics.

In terms of relevant deliverables, the Housing Staff Committee released three White Papers between May and November 2023. The White Papers explore the complex topics and systems in affordable housing, such as zoning changes and eligibility requirements for income-restricted housing. The research in the White Papers rely heavily on demographic and housing cost data and the Area Median Incomes (AMI).

The first White Paper Update, “Preservation of LIHTC and Other Income-Qualified Housing in McLean County,” Issue 2B (drafted April 2023, finalized May 2023), MCRPC staff interviewed LIHTC property owners/managers of five properties whose tax credits expire before 2027. Results showed that three out of the five total property owners plan to exit the LIHTC program and convert the units to market-rate housing (94 LIHTC units will be converted to market rate and 24 will remain affordable by 2027). LIHTC property managers/owners stated that the tax credit program (1) lacked adequate incentives to renew contracts, (2) possessed burdensome and costly administrative requirements to adhere to LIHTC regulations and (3) was less profitable than market-rate housing. This White Paper also included several strategies used nation-wide to preserve LIHTC units. Examples of strategies include: Promoting access to government capital, networking with national nonprofits with access to capital and implementing a County Property Tax Abatement Incentive Program.

The second White Paper, “Best Practices in Residential Zoning Changes,” released in September 2023, analyzes residential zoning changes that planners in other American cities have made to accommodate for the increase in housing prices and promote affordable housing development. Policy changes in two states and six cities researched demonstrated the lack of a “one size fits all” solution to affordable housing and zoning reform. Whereas the city of Minneapolis, MN eliminated single-family zoning completely, other cities made smaller steps, such as Buffalo, NY which eliminated parking minimum requirements and Walla Walla, WA eliminated minimum lot size requirements. This White Paper also explored the concept of the “Missing Middle,” which refers to the lack of different housing typologies that include (but are not limited to) duplexes, triplexes, cottage courts, and townhouses. The image (right) visually depicts the “Missing Middle” concept, from the American Association of Retired Persons (AARP).



Source: AARP, “Legalizing Middle Housing.”


RESEARCH



30% AMI
Hairdresser or
Library Technician



50% AMI
Legal Assistant or
Highway
Maintenance Worker



80% AMI
Civil Engineer or
Physical Therapist

The third White Paper, “Income-Qualified Housing in McLean County, Issue 1: Area Median Income (AMI),” was finalized in November 2023. Income-Qualified Housing, as well as several federal and state grant-funded programs, rely heavily on AMI as a determinant of eligibility for services that are aimed towards helping low-income households. Once per year, the U.S. Department of Housing and Urban Development (HUD) updates the Household AMI, including Bloomington, Normal and McLean County. In Fiscal Year 2023, the AMI for McLean County stood at \$115,000 annual household income, which increased by 20% from Fiscal Year 2022 at \$108,500.

However, despite the Household AMI growth in McLean County, recent estimates show that housing costs continue to outpace wage growth: between April 2021 and August 2023, the U.S. Federal Housing Finance Agency noted that the Housing Price Index for Bloomington-Normal increased by 37%.



Photo: Turnberry Square Apartments in Bloomington

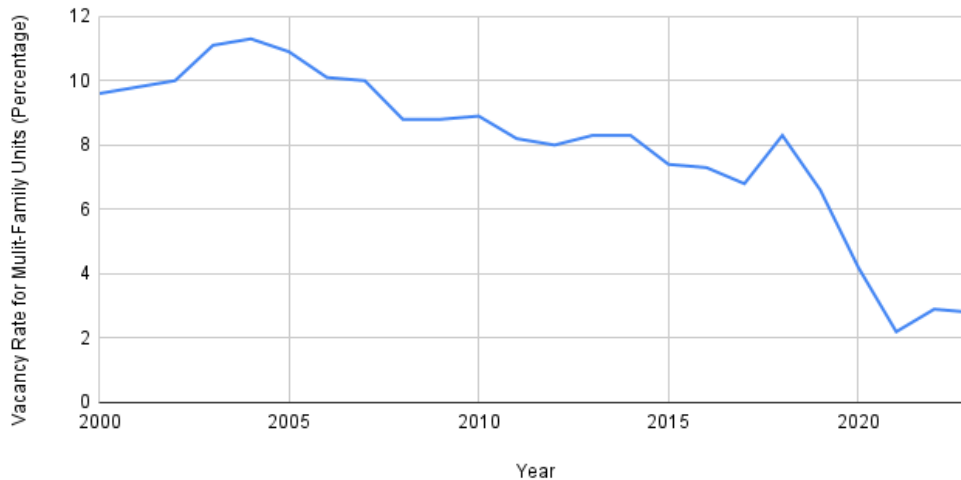
Household Size	Extremely Low Income (30% AMI)	Very Low Income (50% AMI)	Low Income (80% AMI)
One-person	\$23,200	\$38,650	\$61,800
Two-person	\$26,500	\$44,150	\$70,600
Three-person	\$29,800	\$49,650	\$79,450
Four-person	\$33,100	\$55,150	\$88,250
Five-person	\$35,750	\$59,600	\$95,350
Six-person	\$40,280	\$64,000	\$102,400
Seven-person	\$45,420	\$68,400	\$109,450
Eight-person	\$50,560	\$72,800	\$116,500

Source: HUD

WEBSITE, DATA, AND HOUSING DASHBOARD

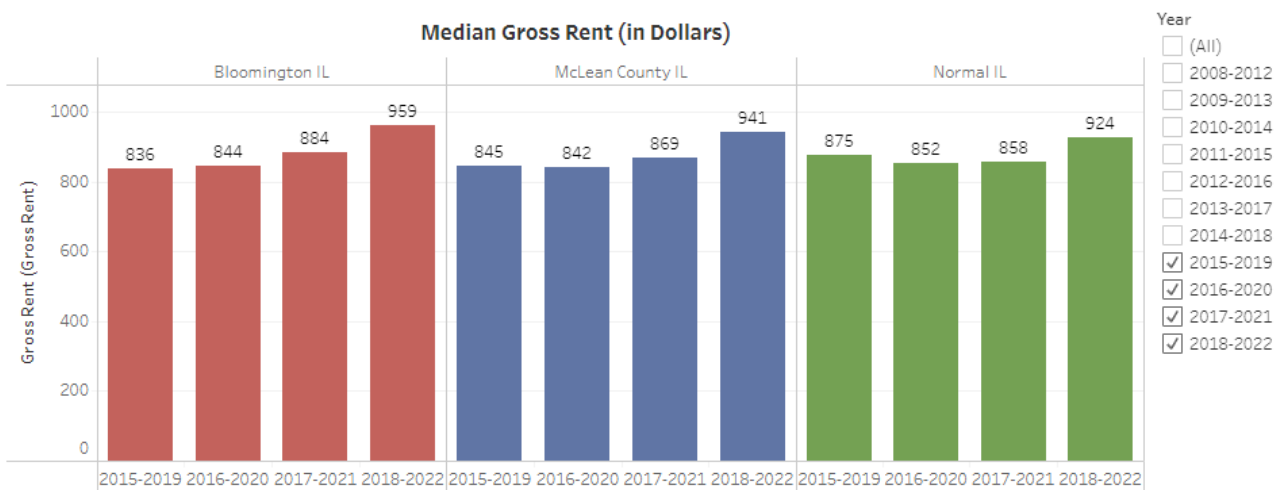
MCRPC staff continue to maintain the *BN Home* web page on the MCRPC website, which contains housing and neighborhood plans from MCRPC and partners, the McLean County Housing Data Dashboard, published RHI White Papers, and updates on the Community Development Block Grant (CDBG) Consolidated Plan. The McLean County Housing Data Dashboard provides the most recent and relevant housing data available, including demographics, housing units and costs, affordability and persons experiencing homelessness in McLean County. The Housing Data Dashboard was most recently updated in March 2024.

Vacancy Rate for Multi-Family Units (Percentage) in McLean County: 2000-2023



Source: Co Star, McLean County Vacancy Rates

Median Gross Rent (in Dollars)



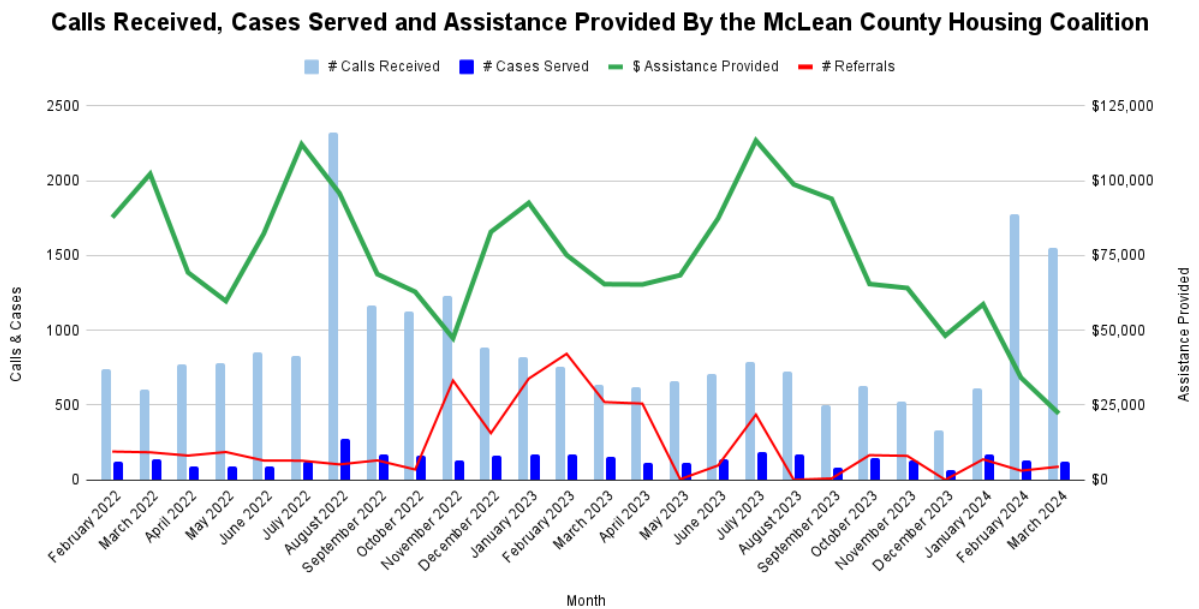
Source: U.S. Census ACS 5-Year Estimates Table B25064

CONSOLIDATED PLANNING & HOUSING COALITION

Starting in September 2023, MCRPC staff joined the City of Bloomington, Town of Normal, BHA, and PATH for the planning of the 2025-2029 Consolidated Plan for the Community Development Block Grant (CDBG) program. The City and Town approved the CDBG Citizen Participation Plans in early 2024. The CDBG Resident Survey was opened to Bloomington-Normal residents in April 2024 to gather community input on local priorities for CDBG spending, with a closing date on August 31, 2024.

In addition to the Consolidated Plan, MCRPC staff have been active participants of the McLean County Housing Coalition (referred to as the “Housing Coalition”) since its inception in response to the COVID-19 impact on housing needs and expenses especially for renters. The Housing Coalition is chaired by United Way of McLean County (UWMC) and Prairie State Legal Services (PSLS), and was created in response to local need to cross-coordinate referrals and financial assistance for clients. Through this effort, members distributed \$7.1 million in pandemic and financial relief from May 2020 to March 2024. In September 2023, the Housing Coalition split into two groups- the Data & Awareness Committee and the Housing Case Managers Committee. Although these two Committees are not part of the RHI, MCRPC staff have participated in these efforts by analyzing the Cases, Calls and Financial Tracking spreadsheet which tracks the referrals, cases and financial assistance at participating non-profits, many of whom serve on the ASH Committee. The graph below provides more detail (Source: McLean County Housing Coalition).

The Housing Coalition tracked Calls, Cases and Financial Tracking data from agencies to connect residents to available housing resources. Also, the Housing Coalition updated the Periodic Report in March 2024, which outlined housing needs and local resident stories that convey the housing shortage in McLean County. Local non-profit organizations, including the Immigration Project, Mid Central Community Action, and Salvation Army, shared striking stories from residents who have experienced financial and housing instability due to the rapid growth in housing costs. The Periodic Report demonstrates the results of the COVID-19 pandemic and the ensuing inflation, which led to housing and financial instability for low and moderate income households.



REGIONAL HOUSING RECOVERY PLAN

In 2022, MCRPC was awarded the Research in Illinois to Spur Economic Recovery (RISE) grant, from the Illinois Department of Commerce and Economic Opportunity (DCEO). After a seven-month planning process between September 2023 through March 2024, under the guidance of a project steering committee, MCRPC adopted the Regional Housing Recovery Plan on March 27, 2024. The purpose of the Housing Recovery Plan is to provide research, analysis and actionable recommendations and implementation strategies for recovery of the housing sector from the impact of the COVID-19 pandemic in McLean County.

Throughout the planning process, MCRPC staff worked with Thomas P. Miller & Associates (TPMA) to analyze local data and planned continuous community engagement activities and events. The first instance was a trilingual Housing Needs Survey conducted from October 15 through November 25, 2023 in which 1,181 responses were received in English, Spanish and French. TPMA conducted nine individual or small group interviews with local housing stakeholders, such as Bloomington Housing Authority, Bloomington-Normal Economic Development Council, Mid-Central Community Action, and Rivian. Two stakeholder workshops were hosted in January 2024, which engaged 26 participants, such as Veterans Assistance Commission of McLean County, Bloomington-Normal Community Land Trust, OSF Healthcare, Connect Transit and United Way of McLean County. MCRPC staff hosted a Public Forum on Housing Needs on January 9, 2024, in which over 120 residents participated in-person or over Zoom. Lastly, the Draft Regional Housing Recovery Plan was released for a public review and comment period in late February 2024 and was opened for three weeks. The 22 public comments that MCRPC received were considered and included in the Appendix of the final plan.



Image Above: MCRPC Public Forum on Housing Needs, 1/9/2024.

Moreover, key findings from the planning process included limited affordable housing options (specifically for young professionals and seniors), a lack of diverse housing typology, high upfront rental costs and predatory rental practices, a lack of permanent supportive housing, low vacancy rates and rapidly increasing rental costs that have correlated with a rise in the unhoused population, and limited public transportation. Key recommendations of the Regional Housing Recovery Plan include coordination on regional resources, hire/assign a housing coordinator, increase access to housing information and resources for housing developers, expand housing development opportunities, maximize funding opportunities and partnerships, support vulnerable populations, and increase access to information and resources.

For the immediate next steps, MCRPC staff started making community presentations on the adopted Plan, doing research on best practices in formation of an Implementation Committee, and exploring grant funding opportunities.