

ORDINANCE 2026-01
TO AMEND TITLE 20 (UNIFIED DEVELOPMENT ORDINANCE)
OF THE BLOOMINGTON MUNICIPAL CODE –
Re: Response to Resolution 2025-12 Related to Amending the Affordable Housing
Incentives and Payment-in-Lieu Provisions

WHEREAS, the Common Council, by its Resolution 18-01, approved a new Comprehensive Plan for the City of Bloomington, which took effect on March 21, 2018; and

WHEREAS, thereafter the Plan Commission initiated and prepared a proposal to repeal and replace Title 20 of the Bloomington Municipal Code, entitled “Unified Development Ordinance” (“UDO”); and

WHEREAS, on December 18, 2019, the Common Council passed Ordinance 19-24, to repeal and replace the UDO; and

WHEREAS, on January 14, 2020, the Mayor signed and approved Ordinance 19-24; and

WHEREAS, on April 15, 2020, the Common Council passed Ordinance 20-06, to repeal and replace the official zoning map within the UDO, and Ordinance 20-07, to amend the UDO; and

WHEREAS, on April 18, 2020, the Unified Development Ordinance became effective; and

WHEREAS, on July 30, 2025, the Common Council adopted Resolution 25-12, which was initiated by the Common Council to assess and amend the relevant provisions of the UDO in order to incentivize developers in creation of affordable housing units and to ensure any payment-in-lieu options are meeting the long term interests of Bloomington housing needs; and

WHEREAS, Resolution 25-12 directed the Plan Commission to prepare a proposal consistent with the resolution to amend the text of the UDO (BMC 20.04.110(c)(5)) (Affordable Housing Incentives) to assess the incentive structure and consider creating additional incentives for affordable housing, including but not limited to expected owner-occupied unit development; and

WHEREAS, Resolution 25-12 also directed the Plan Commission to prepare a proposal to amend the text of the UDO (BMC 20.04.110(c)(7)) (Payment-in-Lieu), to assess the payment-in-lieu option and consider an increase in the qualifying standard for developments utilizing a payment-in-lieu procedure; and

WHEREAS, Resolution 25-12 further directed the Plan Commission to review and recommend UDO amendments to the Common Council in response to this resolution; and

WHEREAS, on November 10, 2025, the Plan Commission voted to forward an amendment proposal with no recommendation to the Common Council, after providing notice and holding public hearings on the proposal as required by law; and

WHEREAS, the Plan Commission certified the amendment proposal to the Common Council on November 20, 2025; and

WHEREAS, in preparing and considering this amendment proposal, the Plan Commission and Common Council have paid reasonable regard to:

- 1) the Comprehensive Plan;
- 2) current conditions and character of current structures and uses in each district;
- 3) the most desirable use for which land in each district is adapted;
- 4) the conservation of property values throughout the jurisdiction; and
- 5) responsible development and growth;

NOW, THEREFORE, BE IT HEREBY ORDAINED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, MONROE COUNTY, INDIANA, THAT:

SECTION 1. Title 20, entitled "Unified Development Ordinance," is amended.

SECTION 2. An amended Title 20 of the Bloomington Municipal Code, entitled "Unified Development Ordinance," including other materials that are incorporated by reference, is adopted. The amended ordinance consists of the following documents which are attached and incorporated:

- A. The amendment proposal forwarded to the Common Council by the Plan Commission with no recommendation ("Attachment A");
- B. Amendments to the UDO provisions on Affordable Housing Incentives in 20.04.110(c)(5) and Payment-in-Lieu in 20.04.110(c)(7) ("Attachment B"); and
- C. Any Council amendment thereto ("Attachment C").

SECTION 3. The Clerk of the City is hereby authorized and directed to oversee the process of consolidating all of the documents referenced in Section 2 into a single text document for codification.

SECTION 4. Severability. If any section, sentence, or provision of this ordinance, or the application thereof to any person or circumstances shall be declared invalid, such invalidity shall not affect any of the other sections, sentences, provisions, or applications of this ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are declared to be severable.

SECTION 5. This ordinance shall be in full force and effect from and after its passage by the Common Council and approval by the Mayor.

PASSED AND ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this 04 day of February, 2026.



ISAK NTI ASARE, President
Bloomington Common Council

ATTEST:



NICOLE BOLDEN, Clerk
City of Bloomington

PRESENTED by me to Mayor of the City of Bloomington, Monroe County, Indiana, upon this 06 day of February, 2026.



NICOLE BOLDEN, Clerk
City of Bloomington

SIGNED AND APPROVED by me upon this 9 day of February, 2026.



KERRY THOMSON, Mayor
City of Bloomington

SYNOPSIS

Ordinance 2026-01 amends Title 20, the Unified Development Ordinance, in the following manner: (1) increases the maximum impervious surface coverage allowance for single-family detached and duplex residential lots in the R1, R2, R3 and R4 zoning districts for owner-occupancy projects using the affordable housing incentives; (2) increases the maximum impervious surface coverage allowance and decreases the landscape area for projects that meet Tier 2 affordability standards; and (3) increases the dollar amount of and eligibility for payments-in-lieu of providing housing.

Note: At the February 4, 2026 Regular Session, the Council adopted Amendment 01 to this ordinance. The amendment revised the impervious surface incentives in the R1, R2, R3 and R4 zoning districts.

Distributed to: Clerk, Council Attorney, Legal, Mayor, and Planning & Transportation.

ATTACHMENT A

Case # ZO2025-09-0013 (ZO-33-25) Memo

To: Common Council
From: Jackie Scanlan, AICP Assistant Director
Date: November 20, 2025
Re: Text Amendments to Unified Development Ordinance: Response to Resolution 2025-12: Affordable Housing Incentives

REVIEW: This petition was heard at the November 10, 2025 Plan Commission hearing. The Plan Commission voted to amend the petition in order to add wording that requires reference to the Administrative Manual. That amendment has been included in the redline below. The packet that went to the Plan Commission on November 10, 2025 is below, with an update to the recommendation section. The Plan Commission voted to send the petition to the Common Council with no recommendation.

This petition was heard at the October 2025 Plan Commission hearing. A number of issues were raised and the petition was continued. A description of issues raised and how they are addressed in the amendment proposal is lettered below.

- A. An increase in maximum impervious surface coverage for projects in the R1-R4 that use affordable housing incentives and include intended owner-occupancy was included in the October proposal. The percentage was not written correctly, so that is corrected in this proposal to 80 percent coverage. This increase is substantial, and doubles the allowable coverage in some districts. One goal is to appeal to developers who do not typically build affordable housing with this increase, if the increase can produce enough additional lots to make the project feasible with inclusion of affordable housing. For reference, the existing impervious surface coverage maximums for each district are included in Figure 1 below.

There was discussion of moving the owner-occupancy reference to the preamble of 20-04-110(c)(5)(A) as an additional encouragement for owner-occupancy. The Department took that suggestion, and incorporated it in this proposal.

Zoning District	Maximum Impervious Surface Coverage
R1	30%
R2	40%
R3	45%
R4	50%

B. A new system for calculating payment-in-lieu for projects utilizing affordable housing incentives, but not building or purchasing affordable housing dwelling units was proposed in the October 2025 packet. There were numerous questions raised about how it would work and whether or not it would generate more or less contribution than the current calculations does. The first question is whether or not dwelling units or beds are being used in the current calculation for payment-in-lieu amounts. Beds are being used in the current calculations, based on the Administrative Manual. The proposed language for the Administrative Manual (which does not require Plan Commission approval) is to utilize dwelling units. Below is a table with four recent projects, how much they pledged with the current payment-in-lieu system, and how much the proposed system would generate. We did not include allowances for four- and five-bedroom units, but those would raise the amount required for the incentives. It appears that the new system will consistently generate more dollars to be used through the Housing Development fund for affordable housing support.

Project Name	Dwelling Units	Beds	Payment-in-Lieu Pledged	Payment-In-Lieu with new Calculation (no 4/5 beds included)
Strauser Construction	75	135	420,000.00	\$1,150,000.00
Core/SVA Bloomington	172	463	1,400,000.00	\$2,600,000.00
Core Bloomington	441	1143	3,440,000.00	\$6,650,000.00
Clearpath Services	14	33	99,000.00	\$250,000.00

C. Because the proposal includes discussion of raising the payment-in-lieu amount, in response to Resolution 2025-12, there were questions raised about where the funds go and how they are used. The funds generated through the affordable housing incentives payment-in-lieu process go directly to the Housing Development Fund. The Housing Development Fund is utilized by the HAND Department in service of advancing affordable housing. Below are some of the ways it is used:

- Low cost loans and grants for development of affordable housing
- Down payment and closing cost assistance
- Investment in affordable developments
- Tenant-based Rental Assistance (new 2025 program)
- Interest rate buy down (new 2025 program)
- Eviction prevention program (new 2025 program)

D. There were questions raised concerning how many projects have utilized Tier 1 incentives, Tier 2 incentives, and the payment-in-lieu process, as a whole. While some

information was presented at the October 2025 Plan Commission hearing, staff is confirming those numbers and will present them at the hearing.

- E. The October proposal included a minimum of 50 units for any project seeking to use the affordable housing incentives payment-in-lieu process, in response to Resolution 2025-12. Questions were raised about this amount, and it was suggested that 30 units may be more appropriate as we saw some projects in the table below just over 30 units. There were other projects that have utilized the payment-in-lieu option in much smaller developments, as well. A unit minimum was included in order to address the desire of the Common Council to consider increasing the qualifying standards to utilize the payment-in-lieu process. Director Anna Killion-Hanson reported at the February 2025 Plan Commission hearing that the HAND Department has seen successes with developments of 20 dwelling units or less who provided on-site affordable units. Resolution 2025-12 appears to want to encourage on-site affordable dwelling units, so the Department included a unit minimum in this draft that, 30 dwelling units, that moves closer to the apparent threshold of success for on-site units, while still encouraging on-site for more projects.
- F. Plan Commissioner Holmes has one amendment that he would like to be considered. The proposed amendment “to 20.04.110(c)(7)(A), ties any and all affordable housing incentives to making a Payment-in-Lieu, and eliminates all other routes to affordable housing incentives. It includes necessary modifications to cross referencing sections of the UDO that logically depend on this change.” It is included below.

20.04.110(c)(7)(A)

- *Replace existing language with:*
- *"All petitions seeking to utilize the affordable-housing incentives established in this Section shall satisfy the affordability obligation solely through an agreement with and monetary contribution to the City of Bloomington, hereinafter referred to as a Payment-in-Lieu ("PIL"). No provision of this Title shall require or authorize the construction, sale, or rental of income-restricted dwelling units as a condition of incentive eligibility."*
- *Along with modifications to cross referencing sections logically dependent on this change.*

Through Resolution 2025-12, the Bloomington Common Council directed the Plan Commission to prepare a proposal that accomplishes two directives described in the resolution. Those directives are listed below.

1. To amend Unified Development Ordinance (UDO), 20.04.110(c)(5) “to assess the incentive structure and consider creating additional incentives for affordable housing, including but not limited to expected owner-occupied unit development.”
2. To amend the text of UDO, 20.04.110(c)(7) “to assess the payment-in-lieu option and consider an increase in the qualifying standard for developments utilized (sic) a payment-in-lieu procedure.”

Resolution 2025-12 is similar to Resolution 2024-23, which was discussed at the February 2025 Plan Commission hearing. Because the first Plan Commission hearing did not occur within the state-mandated 60 day period, the Common Council chose to re-introduce the content of Resolution 2024-23. The Common Council amended the content and only the two items listed above remained together in a resolution, 2025-12.

The Planning and Transportation Department hosted a discussion with local developers, realty representatives, builders, Plan Commission members, and other stakeholders on August 26, 2025 to gain insight on how the incentive structures of 20.04.110 (Incentives) could be improved. Along with city staff, 4 Plan Commissioners and 9 members of the development community attended. Additional feedback was received from other members of the development and design community, as well. The following four questions were sent to the group in advance of the meeting.

1. How well are the existing Housing Affordability Incentives working? What are some examples of the successful or unsuccessful application of the incentives?
2. What other incentives (beyond those involving building height and bulk) should be considered?
3. How could the payment-in-lieu qualifying standard be improved?
4. Other questions, thoughts, ideas...?

Some takeaways from that meeting and other feedback received included that more clarity is needed in the incentive process for non-residential projects; projects for strictly affordable housing single-family and duplex developers are difficult to accomplish within the current incentive and other offering structures of the city; a reduction in development standards materials requirements should be explored; the current incentives are largely targeted toward rental apartments to the detriment of other types of development; the current payment-in-lieu amount is too low; and the role of the Housing and Neighborhood Development (HAND) Department should be analyzed.

While much of the feedback was not incentive-focused, it was used to inform the proposed amendments.

Redline proposals for the 2 directives in 2025-12 are below, *as amended for the November 10, 2025 Plan Commission packet.*

1. To amend Unified Development Ordinance (UDO), 20.04.110(c)(5) “to assess the incentive structure and consider creating additional incentives for affordable housing, including but not limited to expected owner-occupied unit development.”

The Planning & Transportation Department proposes to increase maximum impervious surface coverage allowances for single-family detached and duplex residential lots in the R1-R4 zoning districts in projects utilizing the affordable housing incentives when they are intended for owner-occupancy and in projects meeting the Tier 2 requirements.

(5) Affordable Housing Incentives

(A) Reduced Bulk Requirements

The following dimensional standards shall apply to single-family detached and duplex residential lots in the R1, R2, R3, and R4 zoning districts that are also intended for owner-occupancy that meet either of the two criteria in subsection (2) above:

- i. The minimum lot area for subdivision may be reduced up to 50 percent.
- ii. The minimum lot width for subdivision may be reduced up to 40 percent.
- iii. The side building setbacks may be reduced to five feet regardless of the number of stories.
- iv. The rear building setback may be reduced to 15 feet.
- v. The maximum impervious surface coverage may be increased to 80 percent.
- vi. Where these standards conflict with the neighborhood transition standards established in Section Error! Reference source not found. (Error! Reference source not found.), the neighborhood transition standards shall govern.

(B) Primary Structure Height

i. Eligibility

In addition to the eligibility criteria in Error! Reference source not found., affordable housing projects seeking increased maximum primary structure height shall comply with the following criteria:

1. The building shall contain six or more dwelling units; and
2. Unit size and bedroom mix for deed-restricted units shall be comparable to those for market-rate units.

ii. Tier 1 Projects

Projects that meet the Tier 1 affordability standards may increase the primary structure height by one floor of building height, not to exceed 12 feet, beyond the maximum primary structure height established for the zoning district where the project is located, as identified in Section Error! Reference source not found. (Error! Reference source not found.).

iii. Tier 2 Projects

Projects that meet the Tier 2 affordability standards may increase the primary structure height by two floors of building height, not to exceed 24 feet, beyond the maximum primary structure height established for the zoning district where the project is located, as identified in Section Error! Reference source not found. (Error! Reference source not found.). Projects that meet the Tier 2 affordability standards may increase the maximum impervious surface coverage allowance by 10 percent, and may decrease the landscape area by 10 percent.

iv. Sustainable Development Bonus

1. Tier 1 Projects: Projects that are eligible for increased primary structure height for affordable housing and sustainable development shall be eligible for one additional floor of building height, not to exceed 12 feet.
2. Tier 2 Projects: Projects that are eligible for increased primary structure height for affordable housing and sustainable development shall be eligible for one additional floor of building height, not to exceed 12 feet. The additional floor of building height granted under this subsection (iv)(2) shall be limited to 50 percent of the building footprint area of primary structure, and that additional floor shall be set back at least 10 feet further than the lower floors of the building.

2. To amend the text of UDO, 20.04.110(c)(7) “to assess the payment-in-lieu option and consider an increase in the qualifying standard for developments utilized (sic) a payment-in-lieu procedure.”

Resolution 2025-12 indicates that “any payment-in-lieu qualifying standard should exceed the requirements of actual creation of permanently affordable units...” When 20.04.110 was originally adopted in 2020, the requirements in order to utilize the payment-in-lieu options were more difficult to accomplish. The Common Council amended the UDO in June 2022 to amend those requirements to what they are today. As noted above, feedback received indicated that the payment amount is too low.

20.04.110(c)(7) references administrative procedures that are located in the Administrative Manual. The Department proposes to limit the Payment-in-Lieu option to petitions for projects that contain more than 30 dwelling units. This is aligned with the mandate to increase the qualifying standard for the payment-in-lieu option. The Department proposes to amend the Administrative Manual in order to change the calculation unit from ‘bedroom’ to ‘dwelling unit’ with an additional fee for dwelling units with four or five bedrooms; to increase the percentage of units considered in the calculation; and to raise the fee per calculation unit.

(7) Payment-in-Lieu

(A) The dollar amount provided as a payment-in-lieu of providing housing must be based on the minimum percentage of eligible units as described in the Administrative Manual. A payment-in-lieu option is only available that meets the Tier 1 or Tier 2 affordability criteria in petitions for projects that contain more than 30 dwelling units, may be authorized by an agreement with the City, and all payments will be deposited into the Housing Development Fund.

(B) The provisions of this Section 20.01.010(a)(7) shall become effective no later than the effective date of the UDO, by which time administrative procedures for calculating, collecting, accounting for, and spending payments-in-lieu in compliance with all applicable law shall be adopted and publicly available in the Administrative Manual within the Planning and Transportation Department. The procedures used for calculating, collecting, accounting for, and spending shall be reviewed frequently and updated as local housing market conditions change. The calculations may use or be based upon one or more of the following methods:

- i. Housing and Urban Development (HUD) annual rents based on Area Median Income;
- ii. Area Median Income (per person, income bracket, etc.);
- iii. Rental rates per unit or per bedroom;
- iv. Utility rates allowances per unit;
- v. Tiered rental rates based on percentages above and/or below AML; and
- vi. Payment contribution rates.

Below is an excerpt from the Administrative Manual: Affordable and Workforce Housing in Development Process section with proposed amendments.

Calculating a Housing Development Fund Contribution (aka “Payment-in-Lieu”)

For nonresidential, student housing, or dormitory projects, a linkage study must first be approved by the City. The project must also satisfy all applicable standards within 20.04.110 C, Affordable Housing, of the UDO. Residential projects must satisfy all applicable standards within 20.04.110 C, Affordable Housing, of the UDO.

Contributions to the Housing Development Fund will be calculated as follows: on a bedroom basis as follows:

- Eligible units calculation: Eligible bedroom calculation:
 - 30.15% of total project bedrooms dwelling units, rounded up to the nearest whole unitbedroom.
- The base contribution rate per eligible bedroom-unit is \$5020,000. This rate applies for units containing one to three bedrooms. For units with four or five bedrooms, an additional \$5,000 is required for each bedroom over three bedrooms. This contribution rate may be changed annually by City staff to reflect changing construction costs or other economic factors affecting development costs.

Sample Project Calculation:

32-132 total bedrooms-units x 0.300.15 = 39.64.8

Round up to 405 bedroomseligible units

5 bedrooms40 eligible units x \$20,00050,000 = \$2,000,000100,000

Extra bedrooms over three bedroom units: 12

12 x \$5,000 = \$60,000

\$2,060,000 total contribution to the Housing Development Fund

CONCLUSION: The proposed changes requested by the Common Council through Resolution 2025-12 are intended to ‘incentivize developers in creation of affordable housing units’ through changes to Title 20 (UDO) of the Bloomington Municipal Code. The Planning and Transportation Department proposes the above amendments to increase the use of bulk standards reductions in the creation of platted subdivisions, and to limit which projects can bypass affordable housing dwelling unit creation through the payment-in-lieu option, in response to the directives in Resolution 2025-12. Plan Commissioner Holmes has included an amendment that requires reliance on payment-in-lieu as the only option for utilizing the affordable housing incentives. As discussed at the October Plan Commission hearing, the Plan Commission will need to decide which proposed changes incentivize developers in creation of affordable housing units, which is the overall goal of Resolution 2025-12.

RECOMMENDATION: The Plan Commission forwards the petition to the Common Council with no recommendation.

Passed 8-0 (Rollo absent)

RESOLUTION 2025-12

**TO INITIATE A PROPOSAL TO AMEND TITLE 20 (UNIFIED DEVELOPMENT
ORDINANCE) OF THE BLOOMINGTON MUNICIPAL CODE Re: Preparation of a Proposal to
Amend Chapter 20.04.110 (Incentives).**

WHEREAS the Common Council, by its Resolution 18-01, approved a new Comprehensive Plan for the City of Bloomington, which took effect on March 21, 2018; and

WHEREAS thereafter the Plan Commission initiated and prepared a proposal to repeal and replace Title 20 of the Bloomington Municipal Code, entitled “Unified Development Ordinance” (“UDO”) in order to implement the vision for community development put forward in the Comprehensive Plan; and

WHEREAS on December 18, 2019, the Common Council passed Ordinance 19-24, to repeal and replace the UDO; and

WHEREAS on January 14, 2020 the Mayor signed and approved Ordinance 19-24; and

WHEREAS the UDO has since been revised by action of the Plan Commission and the Common Council several times; and

WHEREAS pursuant to IC 36-7-4-602, the Common Council may initiate a proposal to amend or partially repeal the text of the UDO and require the Plan Commission to prepare it; and

WHEREAS the Common Council previously passed Resolution 2024-23 to initiate a proposal to amend the UDO to modify the Affordable Housing Incentives; and

WHEREAS the Common Council reinitiates, in part, its intent to pursue the objectives set forth in Resolution 2024-23; and

WHEREAS the Common Council wishes to assess and amend the relevant provisions of the UDO in order to incentivize developers in creation of affordable housing units; and

WHEREAS the UDO allows developers to take advantage of affordable housing incentives by making a payment-in-lieu of the creation of permanently affordable housing units; and

WHEREAS any payment-in-lieu qualifying standard should exceed the requirements of actual creation of permanently affordable units; and

WHEREAS The Common Council further wishes to ensure any payment-in-lieu options are meeting the long term interests of Bloomington housing needs; and

WHEREAS in preparing and considering this proposal, the Plan Commission and Common Council shall pay reasonable regard to:

- 1) the Comprehensive Plan;
- 2) Current conditions and character of current structures and uses in each district;
- 3) the most desirable use for which land in each district is adapted;
- 4) the conservation of property values throughout the jurisdiction; and
- 5) responsible development and growth.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, MONROE COUNTY, INDIANA, THAT:

SECTION 1. Pursuant to IC 36-7-4-602(b), the Common Council directs the Plan Commission to prepare a proposal consistent with this resolution to amend the text of the UDO (BMC 20.04.110(c)(5)) (Affordable Housing Incentives) to assess the incentive structure and consider creating additional incentives for affordable housing, including but not limited to expected owner-occupied unit development.

SECTION 2. The Common Council further directs the Plan Commission to prepare a proposal to amend the text of the UDO (BMC 20.04.110(c)(7)) (Payment-in-Lieu), to assess the payment-in-lieu option and consider an increase in the qualifying standard for developments utilized a payment-in-lieu procedure.

SECTION 3. Upon passage of this resolution, and pursuant to IC 36-7-607, the Plan Commission shall review and recommend UDO amendments to the Common Council in response to this resolution.

SECTION 4. If any section, sentence or provision of this legislation, or the application thereof to any person or circumstances shall be declared invalid, such invalidity shall not affect any of the other sections, sentences, provisions, or applications of this legislation which can be given effect without the invalid provision or application, and to this end the provisions of this legislation are declared to be severable.

PASSED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this 30 day of July, 2025.


HOPI STOSBERG, President
Bloomington Common Council

ATTEST:



NICOLE BOLDEN, Clerk

City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this
31 day of July, 2025.



NICOLE BOLDEN, Clerk

City of Bloomington

SIGNED by me upon this 10 day of August, 2025.



KERRY THOMSON, Mayor
City of Bloomington

SYNOPSIS

This resolution, sponsored by Councilmember Stosberg, reinitiates, in part, the proposal in Resolution 2024-23 (adopted on November 20, 2024) to amend Title 20 (the Unified Development Ordinance or “UDO”) of the Bloomington Municipal Code. The resolution directs that a UDO text amendment proposal be prepared by the Plan Commission to assess and consider changes to the affordable housing incentive structure and the payment-in-lieu option.

Distributed to: Clerk, Council Attorney, Controller, HAND, Legal, Mayor, and Planning & Transportation.

ATTACHMENT B

20.04.110 – Incentives.

(c) Affordable Housing.

(5) Affordable Housing Incentives.

(A) Reduced Bulk Requirements. The following dimensional standards shall apply to single-family (detached) and duplex residential lots in the R1, R2, and R3 zoning districts that are also intended for owner-occupancy that meet either of the two criteria in subsection (2) above:

- i. The minimum lot area for subdivision may be reduced up to fifty percent.
- ii. The minimum lot width for subdivision may be reduced up to forty percent.
- iii. The side building setbacks may be reduced to five feet regardless of the number of stories.
- iv. The rear building setback may be reduced to fifteen feet.

v. The maximum impervious surface coverage may be increased as follows:

- a. 40% for the R1 zoning district.
- b. 50% for the R2 zoning district.
- c. 60% for the R3 zoning district.
- d. 65% for the R4 zoning district.

vi. Where these standards conflict with the neighborhood transition standards established in Section 20.04.070(d)(5) (Neighborhood Transition Standards), the neighborhood transition standards shall govern.

(B) Primary Structure Height.

- i. Eligibility. In addition to the eligibility criteria in Section 20.04.110(c)(2) (Eligibility), affordable housing projects seeking increased maximum primary structure height shall comply with the following criteria:
 1. The building shall contain six or more dwelling units; and
 2. Unit size and bedroom mix for deed-restricted units shall be comparable to those for market-rate units.
- ii. Tier 1 Projects. Projects that meet the tier 1 affordability standards may increase the primary structure height by one floor of building height, not to exceed twelve feet, beyond the maximum primary structure height established for the zoning district where the project is located, as identified in Section 20.04.020 (Dimensional Standards).

ATTACHMENT B

- iii. Tier 2 Projects. Projects that meet the tier 2 affordability standards may increase the primary structure height by two floors of building height, not to exceed twenty-four feet, beyond the maximum primary structure height established for the zoning district where the project is located, as identified in Section 20.04.020 (Dimensional Standards).
Projects that meet the Tier 2 affordability standards may increase the maximum impervious surface coverage allowance by 10 percent, and may decrease the landscape area by 10 percent.
- iv. Sustainable Development Bonus.
 - 1. Tier 1 Projects. Projects that are eligible for increased primary structure height for affordable housing and sustainable development shall be eligible for one additional floor of building height, not to exceed twelve feet.
 - 2. Tier 2 Projects. Projects that are eligible for increased primary structure height for affordable housing and sustainable development shall be eligible for one additional floor of building height not to exceed twelve feet. The additional floor of building height granted under this subsection (iv)(2) shall be limited to fifty percent of the building footprint area of the primary structure, and that additional floor shall be set back at least ten feet further than the lower floors of the building.

...

(7) Payment-in-Lieu.

- (A) AThe dollar amount provided as a payment-in-lieu of providing housing that meets the tier 1 or tier 2 affordability criteria must be based on the minimum percentage of eligible units as described in the Administrative Manual. A payment-in-lieu option is only available in petitions for projects that contain more than 30 dwelling units. may be authorized by an agreement with the city, and all payments will be deposited into the housing development fund.
- (B) The provisions of this Section 20.04.110(c)(7) (Payment-in-Lieu) shall become effective no later than the effective date of the UDO, by which time administrative procedures for calculating, collecting, accounting for, and spending payments-in-lieu in compliance with all applicable law shall be adopted and publicly available in the administrative manual within the Planning and Transportation Department. The procedures used for calculating, collecting, accounting for, and spending shall be reviewed frequently and updated as local housing market conditions change. The calculations may use or be based upon one or more of the following methods:
 - i. Housing and urban development (HUD) annual rents based on area median income;
 - ii. Area median income (per person, income bracket, etc.);
 - iii. Rental rates per unit or per bedroom;

ATTACHMENT B

- iv. Utility rates allowances per unit;
- v. Tiered rental rates based on percentages above and/or below AMI; and
- vi. Payment contribution rates.

Attachment C

City of Bloomington, Indiana Common Council Amendment Form

- Ordinance: 2026-01
- Amendment: Amendment 01
- Submitted by: Councilmembers Rollo and Ruff
- Date: February 4, 2026

Proposed Amendment:

1. Amend Attachment B of Ordinance 2026-01 (as shown in Amended Attachment B) such that the maximum impervious surface incentives are as follows:
 - 40% for the R1 zoning district.
 - 50% for the R2 zoning district.
 - 60% for the R3 zoning district.
 - 65% for the R4 zoning district.

Synopsis

This amendment, sponsored by Councilmembers Rollo and Ruff, revises the impervious surface incentives in the R1, R2, R3 and R4 zoning districts.

02/04/2026 Regular Session Action: 6-2 (Daily absent)