

Memo in Response to Director Killion-Hanson

To: Bloomington City Council Colleagues
From: Hopi Stosberg, District 3 Councilmember
Date: May 5, 2026
RE: Anna Killion-Hanson's recent Hopewell documents

When I was reading through the Right of First Refusal/Silent Second document from Director Killion-Hanson, I paid special attention to the formulas being used and the mathematical assumptions being made. I found some incorrect assumptions and calculations. I'm not sure whether any related conclusions would need to be reevaluated based on correct mathematical calculations.

The example formula used three calculations to draw its conclusions, appraisal, appreciation cap and change in index. I will deal with these one at a time.

Appraisal

I believe the appraisal was an estimated number used only as an example and have no comment on the estimation made of \$125,000.

Appreciation Cap

There is a capped appreciation of 3% per year considered over a 10 year period. The formula shared in this document is incorrect. If you simply take the original price multiplied by the 3% and then the number of years, you get an appreciated value of \$856,548 ($\$83,160 * 1.03 * 10$). This is clearly not correct. Using the [formula for compound interest](#) is a more appropriate formula. If we assume that the dwelling will only appreciate once per year, then you need to take capped interest and raise it to the power of time (years) and then multiply that by the original value. This gives an appreciated value of \$111,760 (after 10 years) ($\$83,160 * 1.03^{10}$).

Change in Index

The document presented gives a Change in Index of 14%, estimating the AMI at time of sale to be \$26,000. Similar to the appraisal, this is a number that cannot be truly known, however, you can look at historic AMI data to see what kind of changes have occurred to the AMI calculation over a similar period of time. Looking at [AMI changes between 2015-2025](#) I calculated the change in Index over that 10 year period to be 73%. Using this change of index, the Formula price becomes \$143,867 ($\$83,160 * 1.73$) and the estimated 30% AMI for a single person household is \$39,357 ($\$22,750 * 1.73$). This is still an estimate, but I deem it to be more accurate since it is calculated using historic AMI data over the same number of years as appreciation.

Average

The average of the correctly figured Appreciation Cap and what I consider to be a more accurate Change in Index becomes \$127,814 (the sum of \$111,760 and \$143,867, divided by 2).

Conclusions

Perhaps this changes nothing about the conclusion, except I am still left wondering how this difference is going to be made up by the funding entity. In other words, the question is, if the city has the right of first refusal to purchase this house for the new value of \$125,000 (since the appraised value is now the lower number), where does that \$125,000 come from? If in the original purchase, there was assistance with the down payment utilizing a silent second mortgage of \$16,632 (20% of the original purchase price), then in the subsequent sale, if the silent second follows the same rule, then it would be a silent second of \$25,000. Where does that money come from? The original silent second can be essentially "imaginary" since we currently own the property, but that subsequent silent second needs to pay off the first owner. Even if we subtract the first silent second, there is still a balance of \$8,368 that someone needs to come up with. How would this work? Addressing these concerns would help my understanding of this process.

To address one other thing in the memo from Director Killion-Hanson, methods of financing are a concern with this PUD because this is currently city property and a city commission and department are on the hook for ensuring this works. City commissions and departments use public funds to operate and as part of the fiscal body of the city it is within my purview, and the purview of all councilmembers, to ask these questions and receive satisfactory answers before consenting to deviate from our city documents.