RESOLUTION 16-11

TO DESIGNATE AN ECONOMIC REVITALIZATION AREA, APPROVE THE STATEMENTS OF BENEFITS, AND AUTHORIZE A PERIOD OF ABATEMENT FOR REAL PROPERTY IMPROVEMENTS

- Re: Properties at 405 S. Walnut Street; 114, 118, and 120 E. Smith Avenue; and 404 S. Washington Street
(H.M. Mac Development, LLC, Petitioner)

WHEREAS, H.M. Mac Development, LLC, ("Petitioner") has filed an application for designation of properties at 405 S. Walnut Street; 114, 118, and 120 E. Smith Avenue; and 404 S. Washington Street, Bloomington Indiana, comprised of five parcels identified by Parcel Numbers listed herein, as an Economic Revitalization Area ("ERA") for removal of aging structures and construction of new buildings pursuant to Indiana Code 6-1.1-12.1 *et seq.*; and

WHEREAS, the subject site is identified by the following Monroe County Parcel Numbers:

53-08-04-200-037.000-009 (Alt Parcel Num: 015-35020-00)
53-08-04-200-088.000-009 (Alt Parcel Num: 015-35010-00)
53-08-04-200-021.000-009 (Alt Parcel Num: 015-35030-00)
53-08-04-200-185.000-009 (Alt Parcel Num: 015-10000-00)
53-08-04-200-203.000-009 (Alt Parcel Num: 015-33130-00); and

WHEREAS, the Petitioner has also submitted a statement of benefits form to the Common Council for its real estate improvements; and

WHEREAS, according to this material, the Petitioner wishes to invest $11.5 million to construct two four-story mixed use buildings, which will include approximately 8,000 square feet of retail or commercial space, and 54 residential units, (the "Project"); and

WHEREAS, five of the residential units will be Workforce Housing Units, available to residents who hold a full time job (constituting at least thirty five hours per week) and make less than or equal to the Bloomington Living Wage, with rents that are based on thirty percent—the average percent of income that is used for housing—of the resident's annual wages; and

WHEREAS, the Workforce Housing Units will be available for at least thirty (30) years; and

WHEREAS, as required by Indiana Code, Bloomington Municipal Code and a Memorandum of Understanding to be executed pursuant to the City of Bloomington Tax Abatement General Standards, the Petitioner shall agree to provide information in a timely fashion each year to the County Auditor and the Common Council showing the extent to which the Petitioner has complied with the Statement of Benefits, complied with the City of Bloomington's Living Wage Ordinance (B.M.C. 2.28), and complied with commitments specified in the Memorandum of Understanding, including regarding the Workforce Housing Units; and

WHEREAS, the Project is located in the Consolidated Tax Increment Finance (TIF) District and Indiana Code § 6-1.1-12.1-2(k) provides that when a property is located in an ERA for tax abatement purposes is also located in a TIF allocation area, the Common Council must approve the statement of benefits by resolution; and

WHEREAS, the Economic Development Commission has reviewed the Petitioner's application and Statement of Benefits and passed its Resolution 16-02 recommending that the Common Council designate the area as an ERA, approve the Statement of Benefits, and authorize a five-year period of abatement for the real estate improvements; and

WHEREAS, Indiana Code § 6-1.1-12.1-17 authorizes the Common Council to set an abatement schedule for property tax abatements; and

WHEREAS, the EDC has recommended that the real property abatement be a sliding scale with Year 1 abated at 100 percent, Year 2 at 80 percent, Year 3 at 60 percent, Year 4 at 40 percent, and Year 5 at 20 percent; and

WHEREAS, pursuant to Indiana Code § 6-1.1-12.1-3(b), the Common Council has investigated the area and reviewed the Application and Statement of Benefits, which are attached and made a part hereof, and found the following:

A. the estimate of the value of the Project is reasonable;
B. the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the Project as proposed;
C. the estimate of the annual salaries of these individuals who will be employed or whose employment will be retained can be reasonably expected to result from the Project as proposed;
D. any other benefits about which information was requested are benefits that can be reasonably expected to result from the Project; and
E. the totality of benefits is sufficient to justify the deduction; and

WHEREAS, the property described above has experienced a cessation of growth; and

WHEREAS, in conjunction with this resolution, the Common Council will consider Ordinance 16-17, which designates this site as an Economic Development Target Area (EDTA), as required by Indiana Code § 6-1.1-12.1-7(a) and as recommended by the EDC with adoption of its Resolution 16-01;

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

SECTION 1. The Common Council finds and determines that the properties at addresses 405 S. Walnut Street; 114, 118, and 120 E. Smith Avenue, and 404 S. Washington Street, comprised of the five parcels identified above, which are within the Consolidated Tax Increment Financing (TIF) District, should be designated as an "Economic Revitalization Area" as set forth in Indiana Code 6-1.1-12.1-1 *et. seq.*, and Petitioner's Statements of Benefits is hereby approved.

SECTION 2. The Common Council further finds and determines that the Petitioner, or its successors as allowed by the Memorandum of Understanding, shall be entitled to an abatement of real property taxes for the Project as provided in Indiana Code § 6-1.1-12.1-1 *et seq.*, as follows:

a. For real estate improvements for the Project, a period of three (3) years with the following deduction schedule, pursuant to Indiana Code § 6-1.1-12.1-17:

Year 1	100%
Year 2	66%
Year 3	33%

SECTION 3. In granting this designation and deductions the Common Council incorporates Indiana Code § 6-1.1-12.1-12 and also expressly exercises the power set forth in Indiana Code § 6-1.1-12.1-2(i)(6) to impose additional, reasonable conditions on the rehabilitation or redevelopment beyond those listed in the Statement of Benefits, and

authorizes the City of Bloomington to negotiate a Memorandum of Understanding with the Petitioner specifying substantial compliance terms and consequences and remedies for noncompliance. In particular, failure of the property owner to make reasonable efforts to comply with the following conditions is an additional reason for the Council to rescind this designation and deduction:

a. the capital investment of at least $11.5 million for real estate improvements; and
b. the land and improvements shall be developed and used in a manner that complies with local code; and
c. the Project shall be completed before or within twelve months of the completion date as listed on the application; and
d. the Workforce Housing Units shall be maintained for at least thirty (30) years; and
e. Petitioner will comply with all compliance reporting requirements in the manner described by Indiana Code, Bloomington Municipal Code, and by the Memorandum of Understanding.

SECTION 4. The provisions of Indiana Code 6-1.1-12.1-12 are hereby incorporated into this resolution, so that if the Petitioner ceases operations at the facility for which the deduction was granted and the Common Council finds that the Petitioner obtained the deduction by intentionally providing false information concerning its plans to continue operations at the facility, the Petitioner shall pay the amount determined under Indiana Code 6-1.1-12.1-12(e) to the county treasurer.

SECTION 5. This designation shall expire no later than December 31, 2024, unless extended by action of the Common Council and upon recommendation of the Bloomington Economic Development Commission.

SECTION 6. The Common Council directs the Clerk of the City to publish a notice announcing the passage of this resolution and requesting that persons having objections or remonstrances to the ERA designation appear before the Common Council at a public hearing on August 31, 2016.

PASSED AND ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this 13th day of July, 2016.

ANDY RUFF, 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 15th day of July, 2016.

NICOLE BOLDEN, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this 15th day of July, 2016.

JOHN HAMILTON, Mayor
City of Bloomington

SYNOPSIS

This resolution designates five parcels owned by H.M. Mac Development, LLC and known as 405 S. Walnut Street; 114, 118, and 120 E. Smith Avenue, and 404 S. Washington Street as an Economic Revitalization Area (ERA). This designation was recommended by the Economic Development Commission and will enable the proposed mixed use redevelopment project, which includes newly constructed retail/commercial and residential units, to be eligible for tax abatement. The resolution also authorizes a three-year period of abatement for real property improvements and sets its deduction schedule. The resolution also declares the intent of the Council to hold a public hearing on August 31, 2016 to hear public comment on the ERA designation.

Note: On July 13, 2016, this resolution was amended with the adoption of Am 01 and Am 02. Am 01 changed the date of the public hearing on the Confirmatory Resolution. Am 2 lowered the period of abatement from 5 years to 3 years.