

City of Bloomington Common Council

Legislative Packet

Wednesday, 29 May 2019

Regular Session

Annual Tax Abatement and Economic Development
Commission Report contained herein.

For a schedule of upcoming meetings of the Council and the City's boards and commissions, please consult the City's [Calendar](#).

Office of the Common Council
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<http://www.bloomington.in.gov/council>

**City of
Bloomington
Indiana**



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To: Council Members
From: Council Office
Re: Weekly Packet
Date: 24 May 2019

LEGISLATIVE PACKET CONTENTS

**REGULAR SESSION
WEDNESDAY, 29 MAY 2019**

- Memo from Council Office
 - Agenda
 - Notice: PS-LIT -- 30 May 2016, 6pm
 - Annual Tax Abatement and Economic Development Commission Report (Covering Activity in 2018)
 - Memo to Council from Brian Payne, Assistant Director, Small Business Development, Economic and Sustainable Development;
 - *Report (in the form of a PowerPoint presentation);*
 - Link to [Tax Abatement Guidelines](#)
- Contact:
Brian Payne at 812-349-3477, payneb@bloomington.in.gov

REGULAR SESSION ON WEDNESDAY, 29 MAY 2019, AT-A-GLANCE

Mayor and City Offices Reports:

- Public Engagement/City Survey (Report from Vendor)
- Bloomington Commission on Sustainability Awards
- Annual Tax Abatement and Economic Development Commission Report (*Summary below*)

First Reading:

- None

Second Reading and Resolutions:

- None

Preliminary Matters – Reminders, Etc.

- PS-LIT Committee meeting 30 May 2019, 6pm McKinney Room (#135)

Reports from the Mayor – Summary of One Item

Annual Tax Abatement and Economic Development Commission Report (Summary of 2018 Activity)

Every year the Council hears an Annual Tax Abatement Report which, for the last few years, has been prepared and presented by Brian Payne, Assistant Director, Small Business Development, Economic and Sustainable Development Department. This year the Council will also hear an Annual Report from the Economic Development Commission (*EDC Report*).

Annual EDC Report

Statute requires that the EDC file a report with the fiscal body every year.¹ This *EDC Report* is being combined with the Annual Tax Abatement report (*Report*) this year, but should, in the future, be filed by the end of January. It must contain “information on the operations, activities, and financial expenditures² of the commission” for the previous year and may include “any other information required by the fiscal body...” The *EDC Report* mentions the Canterbury House/Limestone Crossing housing renovations which were financed, in part, by tax credits and private activity bonds issued in the City’s name (via Ordinance 19-10) in early May. In addition, the *EDC Report* provides an overview of the tax abatement program in 2018, including a recommendation to amend local criteria, which is noted in a box below. Please note, that the EDC sent a letter to the Council last Fall. However, changes to the guidelines would entail a resolution which would typically be brought forward by the staff on behalf of the EDC.

Annual Tax Abatement Report

The *Report* is an analysis of the tax abatements granted by the City and is largely based on the annual CF-1 filings by the recipient of an abatement. CF-1 forms for improvements to real estate and the installation of new manufacturing equipment (personal property) are all due on May 15 of each year.³ The Council must act within 45 days of the deadline for filing the CF-1s, if it intends to exercise its power to rescind a tax abatement.⁴ Although there is no recommendation to rescind any of the five projects currently receiving a tax abatements, the presentation of the *Report* next week would allow, if necessary, for such action.

¹ IC §36-7-12-36 (a) Each commission shall file a report, within thirty (30) days after its initial meeting and on each subsequent January 31, with the fiscal body that it serves.

(b) A report under subsection (a) must contain: (1) information on the operations, activities, and financial expenditures of the commission during the preceding calendar year; and (2) any other information required by the fiscal body that the commission serves.

² Note: There were no expenditures.

³ The forms are available in the City Clerk’s Office if you wish to review them.

⁴ IC 6-1.1-12.1-5.9

Tax Abatements

Tax abatements are a reduction of tax liability on real and personal property that applies to increased assessed valuation due to new investment.⁵ Prior to awarding a tax abatement, the Council must make a determination (in the form of designating an Economic Revitalization Area [ERA] and, for certain uses, an Economic Development Target Area [EDTA]) that the site would not develop under normal market conditions. Although this is a prediction and, therefore, a difficult determination to make, it serves as a check on the awarding of an abatement by providing an initial focus on the nature of the site and whether this tax break is needed to encourage the investments at that location.

Please note that the period of abatement may run from 1 to 10 years and the amount of the abatement is generally determined by a sliding scale which runs from 100% to 0% over the period of abatement. As of 2013, all tax abatements must be accompanied by a schedule which specifies the percentage for each year of the abatement.⁶

Based on phased-in assessed valuation rates governed by State law, the Bloomington Economic Development Commission recommends a term of abatement for each project, which requires the Council authorization. With respect to abatements on new construction and on personal property, the Council may choose to limit the dollar amount of the deduction.

Guidelines for Granting a Tax Abatement

As noted above, tax abatements are governed by both State statute and local rules. In January 2011, the City adopted new local tax abatement guidelines, *Tax Abatement Program: General Standards*. These standards supplement the requirements outlined in State law and attach to those projects approved *after* the Local Standards went into effect. Upon determining that a site is distressed per an ERA designation, State statute and *Local Standards* require the Council to find that the benefits asserted by the petitioner are reasonable and probable and justify, in totality, the granting of the abatement. According to State law, those benefits are set forth in a Statement of Benefits (SB-1) and include the estimated cost of the project, number of persons employed, and payroll, along with any locally identified benefits.

Under current Local Standards, “[e]ach project is reviewed on its own merits, and the effect of each project on the revitalization of the surrounding areas and employment is considered. Basic eligibility is achieved by demonstrating the following:

- **the creation of full-time, permanent living-wage jobs [pursuant to Chapter 2.28 of the Bloomington Municipal Code]; and**
- **the creation of capital investment as an enhancement to the tax base.”**

⁵ The kinds of investments in real and personal property that may be eligible for tax abatements are largely found in IC 6-1.1-12.1 et seq., which, along with the ones typically authorized by the City, also include ones for distressed residential properties and vacant buildings. In addition, there is an opportunity to grant a tax abatement for Council Enterprise Information Technology Equipment with a “high technology district area” under IC 6-1.1.-10-44.

⁶ IC 6-1.1-12.1-17

In addition to these threshold requirements, current local guidelines direct that other evaluative criteria will be considered in the review of a tax abatement application. These evaluative criteria pivot on:

- quality of life and environmental/sustainability;
- affordable housing; community service; and
- community character.

These criteria are further elaborated upon in Appendix 1 of the guidelines. Recall that tax abatements granted before 2011 were approved under the old guidelines.

EDC Recommendation for Change in Local Criteria

As mentioned at the outset of this memo, in its annual report, the EDC makes a recommendation for a change in the tax abatement guidelines. The existing language is highlighted above in bold and is ambiguous in regard to whether tax abatements require, as a threshold matter, both capital investment (increase in AV) and creation of full-time, permanent living wage jobs. Immediately following that language, the local guidelines embrace other criteria which, include but are not limited to: quality of life and environmental sustainability; affordable housing; community service; and, community character.

Given the value the City places on affordable housing and the unlikelihood of projects offering both affordable housing and permanent, living wage jobs, the EDC, recommends requiring creation of capital investment and either one or the other of affordable housing and suitable jobs. Here's the proposed wording:

"Each project is reviewed on its own merits, and the effect of each project on the revitalization of the surrounding areas and employment is considered. Basic eligibility is achieved through demonstrating the following:

- Creation of capital investment as an enhancement to the tax base; and either
 - Creation of affordable housing units; or
 - Creation of permanent living-wage jobs with benefits, or a significant increase in wages."

After discussion of the *EDC Report*, the Council may want to request Brian to prepare a resolution and memo on behalf of the EDC for submission to the Council (for action after the Summer Recess).

Standard of Review

The Council reviews projects under a statutory process that focusses on the CF-1s which compare benefits committed to by the applicant in the Statement of Benefits (SB-1) with the actual benefits delivered by the project. In reviewing the CF-1s, the Council must determine whether the projects are in "substantial compliance" with the commitments made at the time the abatement was granted. Should the Council determine that a recipient of an abatement is not in "substantial compliance," it

has 45 days from the CF-1 filing deadline to initiate the rescinding of the abatement, which will result in the terminating of the deduction. The decision to terminate the tax deduction should be made only if the Council concludes that the taxpayer has not made reasonable efforts to meet its commitments and was not prevented from complying with the terms of the abatement due to factors beyond its control.⁷

If necessary, the Meeting Memo for next week's Special Session may offer the Council an order for your deliberations as well as a menu of motions from which to choose.

The Tax Abatement Activity Report

The Tax Abatement report reviews five active abatements for which CF-1 forms are required and finds all the projects to be in substantial compliance. It then summarizes four projects which are under way, but not yet subject to the CF-1 requirement. Lastly, it notes three abatements that expired in 2018 or will expire in 2019.

The *Report* was approved by the EDC on May 15th and is rendered as a PowerPoint presentation and is organized as follows:

- Introduction – slides 3-7
- Summary of the Economic Impact - slides 8-10 – presenting:
 - Progress toward new real and personal property investments
 - Progress toward new jobs and salary estimated
 - Current Assessed Valuation
- Residential Development Projects – slides 11-12
 - B&L Rentals, LLC – 718-22 West Kirkwood (*10th of 10 year abatement*)
- Mixed-Use Projects (Office/Retail & Residential) – slides 13-16
 - Urban Station – 403 South Walnut (*with workforce housing – 2nd of 10 year abatement*)
 - The Foundry – 304 West Kirkwood Ave. (*1st of 5 year abatement*)
- Commercial Projects – slides 17-20
 - Hoosier Energy – 2501 South Cooperative Way (*4th of 10 year abatement*)
 - Cook Pharmica d/b/a Catalent Biologics – 1300 South Patterson Drive (*1st of 10 year abatement on Personal Property*)
- Projects in Progress – slides 21-29
 - Woolery Mill Ventures, LLC – 2600 S. Kegg Rd (*a 10-yr abatement dating from 2004 and subject to MOA which defines substantial compliance*)
 - Union at Crescent – North Crescent Road (*a 10-year abatement for a mix of affordable and market-rate housing*)
 - Milestone Ventures – 1107 West 3rd St (*a 10-year abatement for affordable housing*)
 - Catalent Indiana, LLC – 1300 S. Patterson Dr. (*a 10-year abatement for both real and personal property*)
- Expired Abatements - slide 29

⁷ IC 6-1.1-12.1-5.9. Also, please know that the local General Standards give the following examples of grounds for terminating a tax abatement: 1) Failure to comply with any terms set forth in the Memorandum of Agreement; 2) An incomplete, inaccurate, or missing CF-1; 3) Petitioner vacates the City of Bloomington during the term of abatement; 4) Fraud on the part of petitioner; and 5) Initiation of litigation with the City of Bloomington.

- Big O Properties, LLC – 338 South Walnut (*from 2015 – ended in 2018*)
- Cook Pharmica, LLC – 1300 South Patterson Drive (*from 2004 – ended in 2018*)
- B&L Rentals, LLC – 718-22 West Kirkwood (*from 2003 – ends in 2019*)

Other Tax Abatements Within the City Without Review by the Common Council

The *Report* evaluates current tax abatement projects authorized by the City of Bloomington, but does not address another form of tax abatement within the City enacted by the General Assembly that are generally not reviewed by the Common Council. These are tied to our Urban Enterprise Zone and offer a 100% deduction of taxes for a period of either five or ten years for eligible investments within an Enterprise Zone for the purchase, construction and rehabilitation of buildings as well as the purchase and retooling of equipment. (I.C. 6-1.1-45 et al) You may recall these involve certain fees that are paid to City entities and that the Council does, in fact, review a subset of these abatements which fall within one or another of our TIF districts.

**NOTICE AND AGENDA
BLOOMINGTON COMMON COUNCIL
REGULAR SESSION
6:30 P.M., WEDNESDAY, 29 MAY 2019
COUNCIL CHAMBERS
SHOWERS BUILDING, 401 N. MORTON ST.**

- I. ROLL CALL**
- II. AGENDA SUMMATION**
- III. APPROVAL OF MINUTES** *None*
- IV. REPORTS** (A maximum of twenty minutes is set aside for each part of this section.)
- 1. Councilmembers**
 - 2. The Mayor and City Offices**
 - Public Engagement/City Survey (Report from Vendor)
 - Bloomington Commission on Sustainability Awards
 - Annual Tax Abatement and Economic Development Commission Report
 - 3. Council Committees**
 - 4. Public***
- V. APPOINTMENTS TO BOARDS AND COMMISSIONS**
- VI. LEGISLATION FOR SECOND READING AND RESOLUTIONS**
None
- VII. LEGISLATION FOR FIRST READING**
None
- VIII. ADDITIONAL PUBLIC COMMENT*** (A maximum of twenty-five minutes is set aside for this section.)
- IX. COUNCIL SCHEDULE**
- X. ADJOURNMENT**

* Members of the public may speak on matters of community concern not listed on the agenda at one of the two public comment opportunities. Citizens may speak at one of these periods, but not both. Speakers are allowed five minutes; this time allotment may be reduced by the presiding officer if numerous people wish to speak. *Auxiliary aids are available upon request with adequate notice. Please call (812) 349 – 3409 or e-mail council@bloomington.in.gov.*

**THE MONROE COUNTY LOCAL INCOME TAX
COUNCIL (TAX COUNCIL)**

NOTICE

**THE
PUBLIC SAFETY LOCAL INCOME TAX COMMITTEE
(PS LIT COMMITTEE)**

WILL MEET AS FOLLOWS:

**THURSDAY, MAY 30, 2019
6:00 p.m.
McCLOSKEY ROOM (ROOM 135) SHOWERS
BUILDING
401 NORTH MORTON STREET
BLOOMINGTON, IN, 47404**

THE TAX COUNCIL SERVES AS THE “ADOPTING BODY” IN REGARD TO CERTAIN LOCAL INCOME TAX RATES PER IC 6-3.6 ET AL. IT IS COMPRISED OF FOUR MEMBERS - THE: BLOOMINGTON COMMON COUNCIL, ELLETTSVILLE TOWN COUNCIL, MONROE COUNTY COUNCIL, AND STINESVILLE TOWN COUNCIL. REPRESENTATIVES OF THE MEMBERS SIT ON THE PS LIT COMMITTEE, WHICH WILL MEET AS INDICATED ABOVE TO DISCUSS THE PROCESS OF REVIEWING APPLICATIONS FROM QUALIFYING SERVICE PROVIDERS (QSPs) FOR FUNDING UNDER IC 6-3.6-6-8(c) AND MAKING RELATED RECOMMENDATIONS TO THE TAX COUNCIL.

PURSUANT TO INDIANA OPEN DOOR LAW (I.C. 5-14-1.5), THIS PROVIDES NOTICE THAT THIS MEETING WILL OCCUR AND IS OPEN FOR THE PUBLIC TO ATTEND, OBSERVE, AND RECORD WHAT TRANSPIRES.

<u>Member</u>	<u>Address</u>	<u>Phone / Email</u>
Bloomington Common Council	401 N. Morton St. (Room 110) P.O. Box 100 Bloomington, IN 47402	812-349-3409 / council@bloomington.in.gov
Ellettsville Town Council	1150 W. Guy McCown Drive P.O. Box 8 Ellettsville, IN 47429	812-876-3860 / clerktreasurer@ellettsville.in.us
Monroe County Council	100 W. Kirkwood Ave (Room 306) Bloomington IN 47404 -5140	812-349-7312 / counciloffice@co.monroe.in.us
Stinesville Town Council	P.O. Box 66 Stinesville, IN 47464	812-876-8303 / stinesville@bluemarble.net



MEMORANDUM

To: City of Bloomington Common Council
cc: Dan Sherman, Larry Allen, Alex Crowley
From: Brian Payne, Economic & Sustainable Development
Date: May 20, 2019
Re: 2018 Economic Development Commission Activity Report

Attached please find the 2018 Activity Summary for all activity by the Bloomington Economic Development Commission, including the Tax Abatement program. The Economic Development Commission (EDC) approved this activity report in their meeting on May 15, 2019, and recommended it be forwarded to the City of Bloomington Common Council. Staff and the EDC recommend a finding of substantial compliance for all projects in this report.

I look forward to presenting the details of EDC's activity, including active tax abatement projects, to Common Council on May 29, 2019, via the annual EDC activity report.

Annual Economic Development Commission (EDC) Report

2018 Activity and Tax Abatement Summary



Presentations to:

Economic
Development
Commission
May 15, 2019

Common Council
May 29, 2019



Tax Abatement Activity

- I. Introduction
- II. Economic Impact
- III. Residential Projects
- IV. Mixed-Use Projects
- V. Commercial Projects
- VI. Projects in Progress
- VII. Expired Abatements



Tax Abatements

- What is tax abatement?
 - Real and personal property
 - IC 6-1.1-12.1
 - Enterprise IT equipment
 - IC 6-1.1-10-44



Tax Abatements

- Phase-in of new property taxes
 - All or part of **new** assessed value exempted from paying property tax
 - Reduction of tax liability on **added** assessed value (AV) only
- Terms from 1 to 10 years
 - Sliding scale from 100% to **no** exemption on the new AV;
 - Designating body may provide an “alternative deduction schedule” (IC 6-1.1-12.1-17)



Tax Abatements

- Local economic development tool
 - City authorizes, County administers
- City of Bloomington General Standards
 - Evaluative criteria adopted 2010
 - Creation of full-time, permanent living-wage jobs
 - Creation of capital investment to enhance tax base (↑ AV)
 - Quality of Life and Environmental/Sustainability
 - Affordable Housing
 - Community Service
 - Community Character
- Bloomington Common Council requires an Economic Development Commission (EDC) recommendation

Authorization Process



- ESD Department
 - Receives Application and Statement of Benefits (IN Form SB-1)
- EDC recommendation
 - Economic Revitalization Area
 - Economic Development Target Area, if appropriate
 - Abatement term and schedule
- Common Council
 - Designating resolution
 - Public hearing and confirmatory resolution
 - Or modifying/confirming or rescinding resolution



Annual Reporting

- Compare estimated “benefits” to actual results
- Taxpayer submits annual Compliance form with Statement of Benefits form (IN Form CF-1)
 - Filed with County Auditor for deduction administration
 - Copied to City Clerk for reporting to Common Council
- Council has given ESD Department the responsibility to compile and report to EDC
 - EDC forwards final report to Council for any action



Economic Impacts

Progress toward new real and personal property investment estimates

Category	Proposed New Investment (SB-1)	Actual New Investment (CF-1)
Commercial RE	\$ 20,000,000	\$ 20,800,000
Commercial PP	\$ 27,500,000	\$ 31,859,287
Mixed Use	\$ 13,800,000	\$ 14,900,000
Residential	\$ 100,000	\$ 100,000
Total	\$ 61,400,000	\$ 67,659,287



Economic Impacts

Progress toward new jobs and salary estimates

Proposed New Jobs	Proposed New Salaries	Actual New Jobs	Actual New Salaries	Total Jobs New and Retained	Total Salaries New and Retained
85	\$ 4,140,000	412	\$25,871,397	592	\$41,063,260
<i>Average Proposed New Salary = \$48,705</i>		<i>Average Actual New Salary = \$62,794</i>		<i>Average New and Retained Salary = \$69,363</i>	

Figures exclude temporary jobs and corresponding salaries from construction.

Excludes unknown salary information from some businesses leasing space in mixed-use developments, non-reported information and commissions/benefits.

Economic Impacts of Active Abatements

Category	Current Assessed Values (Improvements only)
Commercial RE + PP	\$ 27,097,808
Mixed Use	\$ 22,834,300
Residential	\$ 276,100
Total	\$ 50,208,208



Department of Economic and Sustainable Development



Tax Abatement Report – 2018 Activity

III. – Residential Development Projects





B & L Rentals, LLC
718, 720 & 722 W. Kirkwood
Resolution: 03-22

Statement of Benefits

Compliance

Type: Real Estate Improvements
Length of Abatement: 10 years

Summary: The project is complete.

Estimated New Investment: \$100,000
Estimated New Employment: N/A
Estimated New Salaries: N/A

Actual New Investment: \$100,000
Actual New Employment: N/A
Actual New Salaries: N/A

Benefits: Renovation of Queen Anne 2 story housing with 3 apartments in the West Kirkwood area.

Current Assessed Value: \$276,100
Remarks: Staff recommends a finding of substantial compliance with the Statement of Benefits.

This abatement is in year 10 of 10.

Urban Station
403 South Walnut St.
Resolution: 16-12





Urban Station
403 South Walnut St.
Resolution: 16-12

Statement of Benefits

Type: Real Estate Property Improvements

Length of Abatement: 10 years RE

Estimated New Investment: \$11,500,000

Estimated Retained Employment: 10

Estimated New Job Created: 5

Estimated Retained Salaries: \$400,000

Estimated New Salaries: \$115,000

Benefits: Construction of one new 4 story, mixed-use building with 7,000 sq ft of commercial space on 1st and one new 4 story residential building.

Summary: First City tax abatement project that includes Workforce Housing, including five 1BR and five 2BR units, with a duration of 99 years.

Compliance

Summary: Real estate improvements are complete.

Actual New Investment: \$12,600,000

Actual retained Employment: 10

Actual New Employment: 6

Actual Retained Salary: \$400,000

Actual New Salaries: \$200,000

Current Assessed Value: \$11,834,300

Remarks: Staff recommends a finding of substantial compliance with the Statement of Benefits. This Real Property abatement is in Year 2 of 10.

The Foundry
304 West Kirkwood Ave.
Resolution: 14-15





The Foundry
304 West Kirkwood Ave
Resolution: 14-15

Statement of Benefits

Type: Real Estate and Personal Property Improvements

Length of Abatement: 5 years RE, 10 years PP

Estimated New Investment RE: \$11,500,000

Estimated New Investment PP: \$400,000

Estimated Retained Employment: 55

Estimated New Jobs Created: 10

Estimated Retained Salaries: \$3,637,099

Estimated New Salaries: \$825,000

Benefits: Construction of a new 4 story, mixed-use building with 12,640 sq ft of commercial space on 1st and 2nd floor.

Summary: Tax Abatement does not include top floor residential units

Compliance

Summary: Real estate improvements are nearly complete. Personal Property has not yet been purchased.

Actual New Investment: \$15,867,768 (RE)

Actual Retained Employees: 54

Actual Retained Salaries: \$3,673,099

Actual New Employees: 12

Actual New Salaries: \$1,452,380

Current Assessed Value: \$11,000,000 (partially complete)

Remarks: Staff recommends a finding of substantial compliance with the Statement of Benefits.

The RE abatement is in year 1 of 5. The PP abatement has not yet begun.



Hoosier Energy
2501 South Cooperative Way
Resolution: 13-03





Hoosier Energy
2501 South Cooperative Way
Resolution: 13-03

Statement of Benefits

Type: Real Estate Improvements
Length of Abatement: 10 years

Estimated New Investment:
\$20,000,000
Estimated Retained Employees: 116
Estimated Retained Salaries:
\$11,118,764
Estimated New Employees: 0
Estimated New Salaries: 0

Benefits: Construction of a new multi-story, LEED-certified 80,000+ square foot headquarters building

Compliance

Summary: Real estate improvements are complete.

Actual New Investment:
\$20,800,000
Actual Retained Employees: 116
Actual Retained Salaries: \$11,118,764
Actual New Employees: 6
Actual New Salaries: \$3,485,786
Current Assessed Value: \$9,303,400

Remarks: Staff recommends a finding of substantial compliance with the Statement of Benefits.
The abatement is in year 4 of 10.

V. – Commercial Projects

Cook Pharmica d/b/a Catalent Biologics (2015)

1300 S Patterson Drive

Resolution 15-06



Department of Economic and Sustainable Development

Tax Abatement Report – 2018 Activity



Cook Pharmica d/b/a Catalent Biologics
1300 S. Patterson Dr.
Resolution: 15-06

Statement of Benefits

Compliance

Type: Personal Property Improvements

Summary: PP investments complete.

Length of Abatement: 10 years

Actual New Investment: \$31,859,287

Estimated New Investment: \$27,500,000

Actual New Employees: 388

Estimated New Jobs Created: 70

Actual New Salaries: \$20,733,231

Estimated New Salaries: \$3,200,000

Current Assessed True Tax Value of Personal Property: \$17,797,408

Benefits: Investment in building improvements, machinery and equipment in order to expand its capacity to formulate, fill and finish (package) vials and syringes.

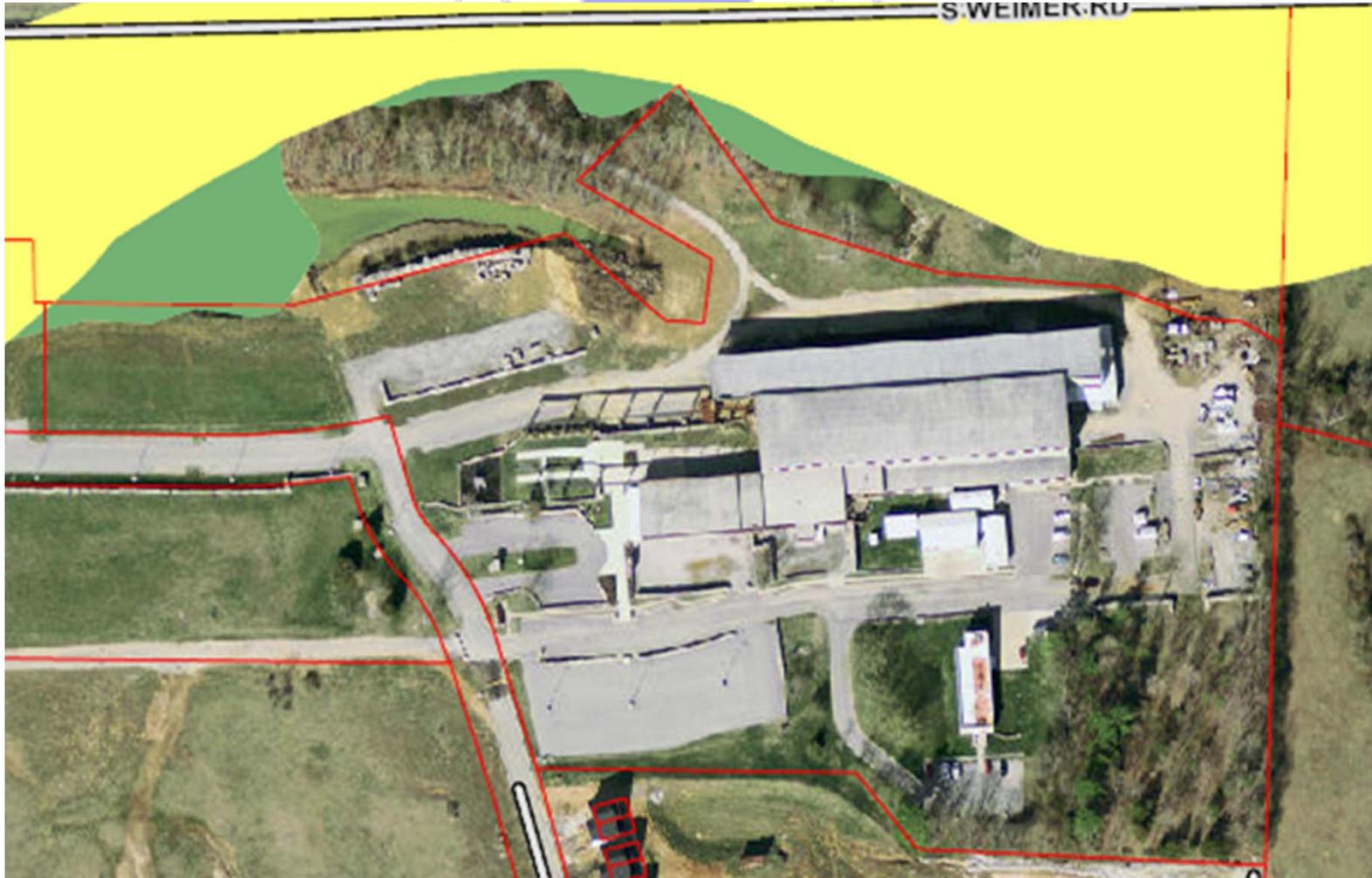
Remarks: Staff recommends a finding of substantial compliance with the Statement of Benefits.

Summary: 70% personal property tax abatement

This abatement is in year 1 of 10.



Woolery Mill Ventures, LLC
Property at 2600 S. Kegg Rd
Resolution: 04-01; 13-14





Res. 04-01; 13-14 - Woolery Ventures LLC

Statement of Benefits

Type: Real Estate Improvements
Length of Abatement: 10 years
Estimated New Investment: \$6,000,000
Estimated New Employment: 45
Estimated New Salaries: \$1,183,104
(FTE count x living wage)
Benefits: Renovation of an abandoned limestone mill into a mixed use facility (42 apts/condos, 55-room hotel, recreational amenities, event space) rehabilitated to the historic standards of the Secretary of Interior.

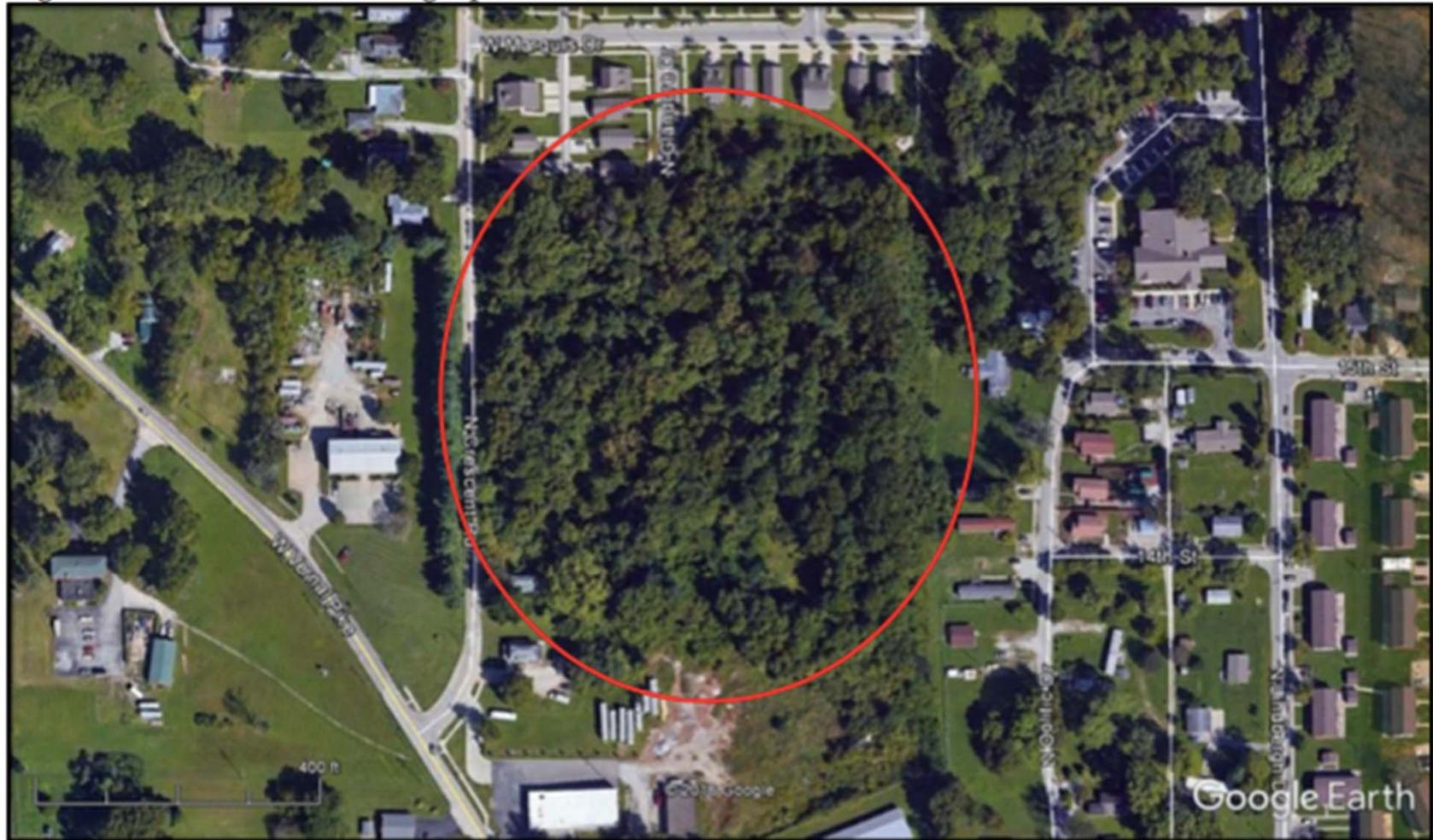
Phase I includes site improvements and completion of event space.

Compliance

Summary: Between 2004-2016, \$1M in infrastructure and aesthetic site improvements occurred; Phase I investment since then appears to be well in excess of \$6 million, but hasn't been assessed. Memorandum of Agreement has been executed - defines substantial compliance, requires Mill renovation project to begin by 12/31/18 (building permit). The MOA acknowledges complexity of project may require phased development, and this tax abatement would then apply to a first phase if so. MOA contains clawback provisions with regard to compliance reporting and substantial compliance requirements.

Woolery Ventures obtained a building permit for Phase I (event space) and completed the event space in May 2019. They have met their investment and construction timeline requirements, and will begin their abatement next year when Phase I is assessed.

Union at Crescent
8 acres on N. Crescent Rd
Resolution: 17-30





Union at Crescent
8 acres on N. Crescent Rd
Resolution: 17-30

Statement of Benefits

Type: Real Estate Improvements

Length of Abatement: 10 years RE / 70% rate

Estimated New Investment RE: \$17,600,000

Estimated New Job Created: 5

Estimated New Salaries: \$135,200

Benefits: Construction of a new 146-unit, 5-story multi-family mixed affordable and market rate housing development. Current designs provide 245 bedrooms (67 one-bedroom units, 59 two-bedroom units, and 20 three-bedroom units) within four attached buildings.

Summary: No less than 70% of the units (102 units) will be allocated to households with incomes at or below 60% of the Area Median Income, and no less than 20% of the units will be Market Rate. The affordable housing commitment will be not less than 99 years: at least 70% of the units will be affordable for the first 30 years and at least 50% of the units (73 units) will be affordable in years 31-99.

Milestone Ventures
1107 W 3rd St
Resolution: 18-09



Milestone Ventures
1107 W 3rd St
Resolution: 18-09



Statement of Benefits

Type: Real Estate Improvements

Length of Abatement: 10 years RE / 98% rate

Estimated New Investment RE: \$4,000,000

Estimated New Job Created: 1 FTE

Estimated New Salaries: \$23,200

Benefits: A 31-unit 2-story affordable housing complex on 1107 W. 3rd St. All units affordable to households at or below 80% of the Area Median Income (AMI), at least 75% of the units affordable to households at or below 60% AMI.

-7 units set aside as permanent supportive housing for the homeless. (Shalom)

-7 units will be set-aside for persons with developmental disabilities. (LifeDesigns)

Summary: Construction is in progress, estimated completion July 2020

VI. – Projects in Progress

Catalent Indiana, LLC
1300 S. Patterson Dr.
Resolution: 19-03; 19-04





Catalent Indiana, LLC
1300 S. Patterson Dr.
Resolution: 15-06

Statement of Benefits

Type: Real Estate and Personal Property

Length of Abatement: 10 years / 45% rate

Estimated New Investment: \$40,000,000 RE; \$85,000,000 PP

Estimated New Jobs Created: 200

Estimated New Salaries: \$13,312,000

Benefits: Phase 1: Build out 15,000 ft² of manufacturing space to expand packaging capacity and add new capabilities to support specialized device assembly. (End of 2019)

-Phase 2: Build out the facility's drug product sterile filling capacity by 79,000 sq ft. (End of 2021)

Summary: Declining tax abatement, 45% average rate per year, over 10 years on both RE and PP investments.



Abatements Expiring in 2018/2019

2018

Big O Properties, LLC
Real Property Tax Abatement
338 S. Walnut St
Resolution: 15-01

Cook Pharmica, LLC d/b/a Catalent
Personal Property Tax Abatement
1300 S. Patterson Dr
Resolutions: 04-08; 04-09

2019

B&L Rentals, LLC
Real Property Tax Abatement
718, 720, 722 W Kirkwood Ave
Resolution: 03-22



Other EDC Activity

- I. Housing Bond Approval
- II. Tax Abatement Guidelines Review and Recommendation



Canterbury House/Limestone Crossing Housing Renovations

- Canterbury House, a 208-Unit affordable housing facility, proposed \$24M renovation
- Petitioners applied for and received federal tax credit
 - Required publicly issued bond and inducement resolution
 - 30% Bonus for distressed tract achieved last December
- City acts as conduit - petitioner pays all bond service
 - No financial or opportunity cost to City
 - 27M+ Renovation
 - Capital Improvements: New roofs, parking lot repair, enhanced site lighting, security and accessibility.
 - Unit Improvements: New flooring, countertops, windows, doors, HVAC and appliances



Canterbury House/Limestone Crossing Housing Renovations

Housing Renovation Bond Timeline

- EDC unanimously passed inducement EDC Resolution 18-05 (at Common Council request) - 11/20/18
- Common Council passed inducement resolution 18-27 before expiration of QCT status in 2019 - 12/19/18
- H&K applied for and received IHEDA tax credits - April 2019
- H&K negotiated financing agreement - April 2019
- EDC held public hearing approving financing agreement, issuance of bonds (EDC resolution 19-02) - April 17, 2019
- **Common Council approved financing agreement and issuance of bonds - May 1, 2019**
- Construction 2019-2021



Tax Abatement Guidelines Review

- Government abates property taxes on increased assessed value of new construction, rehabilitation of existing buildings or installation of eligible equipment over a specified period of time between one to 10 years
- Applications for tax abatement are considered on their merits on a case-by-case basis and according to the General Standards outlined in the Tax Abatement Guidelines adopted by City Council.
 - Up to 10 years
 - Flexible length and rate, can be 0-100% in each year
 - Must be located in an “Economic Revitalization Area”
- Process
 - Submit successful application to Administration
 - EDC recommendation of abatement schedule and designation of ERA
 - Common Council ERA designation and approval of abatement schedule



Tax Abatement Guidelines Review

- **Review Criteria:** Each project is reviewed on its own merits, and the effect of each project on the revitalization of the surrounding areas and employment is considered. Basic eligibility is achieved through demonstrating the following:
 - Creation of Full time, permanent living-wage jobs; and
 - Creation of capital investment as an enhancement to the tax base
- **Additional Evaluative Criteria:** “Other qualifying and evaluative criteria will be considered...list intended to be neither exhaustive nor definitive, and applicants are encouraged to submit proposals of projects that may not be found on this list but make a significant positive contribution to overall economic vitality and quality of life in the City of Bloomington.”
 - Quality of Life/Environmental Sustainability; Affordable Housing; Community Service; Community Character
 - Appendix 1 provides examples



Tax Abatement Guidelines Review

Problems with Current Guidelines

- Ambiguous language
 - Are Job creation/capital investment “threshold” factors (both factors required or just one?)
 - Appendix 1 indicates job creation/capital investment/affordable housing, etc. are equally considered, while language in the document itself indicates otherwise
- Nonsensical to evaluate affordable housing/community service/character/quality of life projects through the basis of capital investment and job creation
- Does not match breadth or flexibility of other process requirements (ERA designation, abatement schedule, application form)



Tax Abatement Guidelines Recommendation

-Edit “Review Criteria” Section as follows:

“Each project is reviewed on its own merits, and the effect of each project on the revitalization of the surrounding areas and employment is considered. Basic eligibility is achieved through demonstrating the following:

- Creation of capital investment as an enhancement to the tax base; and either
 - Creation of affordable housing units; or
 - Creation of permanent living-wage jobs with benefits, or a significant increase in wages.”

-Signed letter sent to Common Council, ESD, and the Mayor in October 2018



Thank you for your work!