



# City of Bloomington Common Council

## Legislative Packet – Addendum

Posted on Wednesday, 14 June 2023

Wednesday, 14 June 2023

Regular Session at 6:30 pm



## MEMO FROM COUNCIL OFFICE ON: Annual Tax Abatement Report

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Every year, the Council hears an Annual Tax Abatement Report, which will be provided this year by Andrea de la Rosa, Assistant Director of Small Business Development, and Alex Crowley, Director, Economic and Sustainable Development Department. The *Report* is an analysis of the active tax abatements granted by the City and is largely based on the annual Compliance with Statement of Benefit (CF-1) forms submitted 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 typically due around May 15 of each year. The Council must act within 45 days of receiving the CF-1s if it intends to exercise its power to rescind a tax abatement.<sup>1</sup> This year, one abatement recipient (H.M. Mac Development, LLC) failed to file the required CF-1 form. The *Report* notes that staff was unable to provide a recommendation on this project without the required information. The presentation of the *Report* tomorrow would allow, if necessary, for the Council to pursue rescinding an abatement. Staff will be prepared to offer guidance on the steps necessary to take this action.

If councilmembers are interested in the history of any particular tax abatement contained in the *Report*, please reach out to either council staff or to Andrea de la Rosa.

### **Tax Abatements**

Tax abatements are a reduction of tax liability on real or personal property that applies to increased assessed valuation due to new investment.<sup>2</sup> The Common Council has adopted tax Abatement Program General Standards, most recently updated by [Resolution 21-06](#). These standards supplement the requirements outlined in State law<sup>3</sup> and attach to those projects approved after the local standards went into effect.

Prior to awarding a tax abatement, the Council, upon recommendation of the Economic Development Commission, must make a determination that the site would not develop under normal market conditions and designate the area an Economic Revitalization Area (ERA) and/or, for certain uses, an Economic Development Target Area (EDTA).<sup>4</sup> Although this is a prediction and, therefore, a difficult determination to make, it serves as a check on the

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<sup>1</sup> IC [6-1.1-12.1-5.9](#).

<sup>2</sup> 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.

<sup>3</sup> IC [6-1.1-12.1-2\(g\)](#).

<sup>4</sup> [IC 6-1.1-12.1-2.5](#).



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.

For real property abatements, 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. For personal business property, the Council has discretion to grant up to either a ten-year abatement schedule or up to a twenty-year enhanced abatement schedule. All tax abatements must be accompanied by a schedule that specifies the percentage for each year of the abatement.<sup>5</sup>

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

### **Guidelines for Granting a Tax Abatement**

Tax abatements are governed by both State statute<sup>6</sup> and local rules. In March 2021, the City last revised its local tax abatement guidelines, which are included herein and available online ([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 General 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.<sup>7</sup>

### **Standard of Review**

The Council reviews projects under a statutory process that focuses on the CF-1s, which compare benefits committed to by the applicant in the SB-1 with the actual benefits delivered by the project. In reviewing the CF-1s (which are available upon request), the Council must determine whether the projects are in “substantial compliance” with the commitments made at the time the abatement was granted.

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<sup>5</sup> [IC 6-1.1-12.1-17](#).

<sup>6</sup> IC 6-1.1-12.1 et seq.

<sup>7</sup> [IC 6-1.1-12.1-4.5](#).



Should the Council determine that a recipient of an abatement is not in “substantial compliance,” it has 45 days from the receipt of the CF-1 to initiate the rescinding of the abatement, which could 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.<sup>8</sup> Please note that in this year’s report, ESD staff recommend a finding of substantial compliance for all projects except one.

If the Council determines that a recipient of an abatement is not in “substantial compliance” and that the failure to substantially comply was not caused by factors beyond the control of the abatement recipient (such as declines in demand for the recipient’s products or services), it has 45 days from the receipt of the CF-1 to mail a written notice of the finding to the abatement recipient.

The written notice must include an explanation of the Council’s determination, and the date, time, and place of a hearing to be conducted by the Council to further consider the recipient’s compliance. The hearing must occur within 30 days of the date the notice is mailed to the abatement recipient and could result in the termination of the deduction.

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<sup>8</sup> [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.

## **City of Bloomington**

### **Tax Abatement Program: General Standards**

This document sets forth the General Standards under which the City of Bloomington may authorize deductions on the rehabilitation of real and personal property (also known as tax abatement), as allowed under Indiana law.

#### **Program Description:**

The City of Bloomington recognizes tax abatement as a useful economic development tool which can be implemented to improve the overall economic lives of citizens and to aid in achieving the Administration's vision of a strong and diverse economy, with an eye toward sustainability and balance. City of Bloomington tax abatements allow taxes on real estate improvements or eligible equipment installation to be phased in over a period of time, thus promoting new business and agencies and initiatives that improve the overall quality of life in our community. New construction, rehabilitation of existing buildings or installation of eligible equipment within designated ERAs receives tax abatement through a reduced assessed valuation on those improvements over a specified period of time.

Indiana law (Ind. Code § 6-1.1-12.1) allows up to ten year abatement on the increased assessed valuation due to construction or rehabilitation improvements in the areas of the city where development needs to be encouraged. I.C. § 6-1.1-12.1 also allows a one- to ten-year abatement on "new manufacturing equipment." The equipment must be used in "the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining or finishing or other tangible personal property; and never before used by its owner for any purpose in Indiana." Further, "enterprise information technology equipment" purchased after June 30, 2009 may also be eligible for abatement if the project is approved prior to January 1, 2013. See I.C. § 6-1.1-10-44 for the statutory definitions of "enterprise information technology equipment" and eligibility requirements.

The rate at which the new assessed valuation will be phased in for approved abatements is set forth by Indiana law (I.C. § 6-1.1-12.1-3 for real property; I.C. § 6-1.1-12.1-4.5 for eligible equipment or personal property). The City of Bloomington Economic Development Commission shall recommend a term of abatement for each project, which shall be authorized by the City Council in the process outlined below and allowed for by Indiana law. With respect to new construction and personal property, the City Council may choose to limit the dollar amount of the deduction that will be allowed.

#### **Project Eligibility:**

In order for a project to be eligible for tax abatement, the area in which it is located must be designated as an Economic Revitalization Area (ERA) by the City of Bloomington. Decisions to designate areas as ERAs are determined on a project-by-project basis for any project located within the corporate limits of the City of Bloomington.

An Economic Revitalization Area (ERA) must have “become undesirable for or impossible of, normal development and occupancy,” because of such factors as “a lack of development, cessation of growth, deterioration of improvements or character of occupancy, age, obsolescence, substandard buildings, or other factors which have impaired values or prevent a normal development of property or use of property,” and includes “any area where a facility or a group of facilities that are technologically, economically, or energy obsolete are located and where the obsolescence may lead to a decline in employment and tax revenues.” (I.C. § 6-1.1-12.1-1)

**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 capital investment as an enhancement to the tax base
  1. Significantly increases full-time, permanent living-wage jobs<sup>1</sup>;
  2. Significantly increases existing wages; or
  3. Creates affordable housing units.

In addition, other qualifying and evaluative criteria will be considered. The following page provides a general list of such criteria and their definitions. It is 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.

Projects must be in accordance with the current City of Bloomington Unified Development Ordinance (UDO) and should be located within current areas of economic development focus.

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<sup>1</sup> In accordance with Chapter 2.28 (Bloomington Living Wage Ordinance) of the City of Bloomington Municipal Code.

**Additional Evaluative Criteria:**

In addition to the creation of full-time, living wage employment, capital investment enhancements to the tax base, and the creation of affordable housing units, other evaluative criteria will be considered in the review of tax abatement applications, outlined below. This list is 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.

<b>Criteria</b>	<b>Definition</b>
<b>Quality of Life and Environmental/Sustainability</b>	A project that is consistent with or advances principles found in the Sustainability Action Plan (2018), Climate Vulnerability and Risk Assessment (2020), or the Climate Action Plan (draft, 2020), and any other future sustainability planning documents; and/or a project which results in responsible sustainable development; and/or a project that results in environmental remediation or protection which makes a positive contribution to the overall quality of life within the City of Bloomington.
<b>Affordable Housing</b>	A project which is consistent with or advances principles found in the Community Housing Needs Assessment (2016), the City of Bloomington Comprehensive Plan (2018), Bloomington Housing Study (2020) and any other future planning documents related to affordable housing. Residential developments with a recorded restriction that requires the housing for a certain number of years to be rented or owned by qualified very low and low income households are considered affordable housing. Projects of this nature may be directed toward specified individuals, for example, first-time homebuyers and persons with disabilities.
<b>Community Service</b>	Volunteerism and civic engagement, such as serving on and working with boards, commissions and foundations, in the Bloomington community.
<b>Community Character</b>	A project that preserves and/or enhances the unique character of the city of Bloomington.

*A list of examples for all criteria is provided in Appendix 1.*

**Ineligible Projects:**

Facilities as listed in Indiana Code § 6-1.1-12.1-3 are ineligible. Some facilities which are generally prohibited under this law (such as retail or residential) may be eligible to apply under these General Standards for abatement if the area of the project is designated by the City Council as an Economic Development Target Area (EDTA), as allowed by I.C. § 6-1.1-12.1-7.

Other factors which may render a project ineligible for designation by the City of Bloomington include the following:

- A building permit has been obtained or construction has been initiated prior to final approval.
- The petitioner holds outstanding obligation or debt to the City which is in default or arrears, or is currently in litigation with the City.
- The project involves the demolition or removal of structures that are listed on the local Historic Register, that are eligible for individual listing on the National Historic Register or that are contributing structures within a nationally or locally designated historic district.
- The project requires major public infrastructure improvements at additional cost to the City of Bloomington.
- The project is not consistent with the City’s long-range plans for the area in question.

The City Council may void the tax abatement designation awarded to a project if the project has not been initiated within twelve (12) months of the date of the confirmatory resolution (final approval) of the tax abatement, or if the actual use is different than that approved.

**Application Procedure and Review:**

I.C. 6-1.1-12.1 requires an applicant to file a Statement of Benefits. The Economic Development Commission shall develop and implement, with the City of Bloomington Economic & Sustainable Development Department, application and Commission review procedures to ensure consistency with Indiana statutory requirements as set forth in I.C. § 6-1.1-12.1-1 and to fulfill the purpose of these General Standards.

Each application shall be reviewed by the Economic Development Commission and any other City commission as may be required by law. The Economic Development Commission shall make the final recommendation regarding designation to the City Council, based upon criteria in these General Standards and according to Indiana Code.

A non-refundable \$100.00 application fee shall be required for each application.

The Economic Development Commission’s recommendation shall be submitted to the City Council, along with all application and supplementary documents as necessary for the designating body’s review.



The City Council's determination of whether the area shall be designated as an Economic Revitalization Area shall be based on procedures and the following findings as set forth in Indiana Code (I.C. 6-1.1-12.1):

- Whether the estimate of the value of the redevelopment or rehabilitation is reasonable for the projects of that nature.
- Whether 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 proposed described redevelopment or rehabilitation.
- Whether 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 proposed described redevelopment or rehabilitation.
- Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed described redevelopment or rehabilitation.
- Whether the totality of the benefits is sufficient to justify the deduction.

If the City Council makes the above findings in the affirmative, it shall pass a declaratory resolution to designate an area an Economic Revitalization Area, approve a Statement of Benefits and authorize the term of abatement.

If the Council recommends designation of an ERA and approval thereof, the City Clerk shall:

- A. Certify a copy of the resolution and the application to the Monroe County Assessor and Auditor's Office;
- B. Publish a legal notice to inform interested parties that the tax abatement application is available for inspection at the Assessor's Office;
- C. Set a meeting date, at which time the Common Council shall hear all remonstrance and objections to the area being designated an "Economic Revitalization Area".

The Common Council shall subsequently hold a regular meeting and vote on a resolution confirming, modifying, or rescinding the earlier resolution recommending designation and approval.

**Memorandum of Agreement:**

Upon approval by the Common Council of a confirmatory resolution:

- A. The applicant will sign a Memorandum of Agreement with the City of Bloomington, thereby agreeing to all terms set forth by the Common Council approval and as required by the City of Bloomington.
- B. The City Clerk shall certify a copy of the confirming resolution and the application to the Applicant, the Monroe County Assessor and Auditor's Office.

### **Compliance Procedures and Annual Review:**

The Department of Economic & Sustainable Development will compile a yearly compliance report related to all active tax abatement projects to present to the Economic Development Commission. The Commission will forward the report to the City Council. The report will be based upon Compliance with Statement of Benefits Forms (CF-1s) as submitted by property owners receiving tax abatement. The annual compliance process for the property owner is set forth in I.C. § 6-1.1-12.1-5.1 and additional terms may be set forth in the Memorandum of Agreement.

If the CF-1 is not filed, the benefits promised are not materialized, or other terms of the Memorandum of Agreement are not fulfilled, the Council may find the property owner not in Substantial Compliance as described below, and may act to rescind the remaining term of abatement, or enforce similar penalties as set forth in the Memorandum of Agreement.

### **Substantial Compliance Requirements:**

In addition to terms set forth in I.C. § 6-1.1-12.1-5.9, the Memorandum of Agreement may set forth additional terms related to what may constitute substantial compliance or noncompliance.

Noncompliance occurs when the designating bodies (Economic Development Commission and City Council) determine that the property owner has not made reasonable efforts to comply with the Statement of Benefits. Noncompliance may not result from factors beyond the control of the property owner, such as declining demand for the owner's products or services. If factors beyond the property owner's control do not cause noncompliance, the termination of deduction procedure will be implemented as prescribed by I.C. § 6-1.1-42-30.

Factors within the control of the property owner that may contribute to noncompliance may include, but are not limited to, the following:

- Failure to comply with any terms set forth in the Memorandum of Agreement;
- An incomplete, inaccurate, or missing CF-1;
- Petitioner vacates the city of Bloomington during the term of abatement;
- Fraud on the part of petitioner;
- Initiation of litigation with the City of Bloomington.

The City Council may void the tax abatement designation awarded to a project if the project has not been initiated within twelve (12) months of the date of the confirmatory resolution (final approval) of the tax abatement, or if the actual use is different than that approved.

## Appendix 1: Project Eligibility Criteria Examples

The following is a list of general examples. It is not intended to be exhaustive nor definitive. The Department of Economic and Sustainable Development will assist potential applicants with understanding project eligibility on a case-by-case basis.

-- Job creation

- Full-time, living-wage jobs are created for Bloomington residents – from new business or expansion of existing employee base
- Compensation may include wages and benefits such as childcare.

-- Creation of capital investment as enhancement to the tax base

- Projects that provide a major private infrastructure improvement paid by the developer
- Includes real property investment – new and existing buildings
- Includes eligible manufacturing and other eligible equipment

-- Quality of Life and Environmental/Sustainability

- Urban infill redevelopment and/or brownfield remediation<sup>2</sup>
- Green building according to “Leadership in Energy and Environmental Design” (LEED)<sup>3</sup> or other commonly accepted green building standards
- A business engaged in research and development of alternative energy production or other methods to build community resilience in a volatile energy market
- A social enterprise or business helping formerly incarcerated persons re-enter the workforce
- A business specializing in fine arts/crafts (bolstering the arts sector and assisting with diversifying the local economy).

-- Affordable Housing

- A housing development sets aside 50% of the units to be affordable (at, e.g., HUD Fair Market rent) for low income to moderate income individuals
- Housing units for workforce housing
- Housing stipulated for sale to first-time homebuyers
- Affordable housing with handicap-accessible units, and/or the units are designed for occupancy by senior citizens.

-- Community Service

- Volunteering labor, materials, money, or a combination of the three to charitable organizations and non-profit agencies that make a significant impact in Bloomington.
- Serving on boards, commissions, and/or foundations whose mission involves community service and the betterment of Bloomington.

-- Community Character

- Art space and art studio expansion and development
- Petitioner is a local home-grown business, headquartered in and/or unique to Bloomington
- Rehabilitation, preservation, and renovation of historic properties according to Secretary of the Interior Standards in consultation with the City Historic Preservation Officer.

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<sup>2</sup> 1 By definition, a brownfield site is real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant. 42 U.S.C. §9601(39) (Public Law 107-118 (H.R. 2869) – “Small Business Liability Relief and Brownfields Revitalization act” – signed into law Jan. 11, 2002).

<sup>3</sup> www.usgbc.org

## Appendix 2:

### **Excerpt from IC 6-1.1-12.1-5.9: Determination of substantial compliance with statement of benefits; notice of noncompliance; hearing; resolution; appeal**

- (a) This section does not apply to a deduction under section 3 of this chapter for property located in a residentially distressed area; or
- (b) Not later than forty-five (45) days after receipt of the information described in section 5.1, 5.3(j), or 5.6 of this chapter, the designating body may determine whether the property owner has substantially complied with the statement of benefits approved under section 3, 4.5, or 4.8 of this chapter. If the designating body determines that the property owner has not substantially complied with the statement of benefits and that the failure to substantially comply was not caused by factors beyond the control of the property owner (such as declines in demand for the property owner's products or services), the designating body shall mail a written notice to the property owner. The written notice must include the following provisions:
  - (1) An explanation of the reasons for the designating body's determination.
  - (2) The date, time, and place of a hearing to be conducted by the designating body for the purpose of further considering the property owner's compliance with the statement of benefits. The date of the hearing may not be more than thirty (30) days after the date on which the notice is mailed.
- (c) On the date specified in the notice described in subsection (b)(2), the designating body shall conduct a hearing for the purpose of further considering the property owner's compliance with the statement of benefits. Based on the information presented at the hearing by the property owner and other interested parties, the designating body shall again determine whether the property owner has made reasonable efforts to substantially comply with the statement of benefits and whether any failure to substantially comply was caused by factors beyond the control of the property owner. If the designating body determines that the property owner has not made reasonable efforts to comply with the statement of benefits, the designating body shall adopt a resolution terminating the property owner's deduction under section 3, 4.5, or 4.8 of this chapter. If the designating body adopts such a resolution, the deduction does not apply to the next installment of property taxes owed by the property owner or to any subsequent installment of property taxes.
- (d) If the designating body adopts a resolution terminating a deduction under subsection (c), the designating body shall immediately mail a certified copy of the resolution to:
  - (1) the property owner;
  - (2) the county auditor; and (3) the county assessor.The county auditor shall remove the deduction from the tax duplicate and shall notify the county treasurer of the termination of the deduction. If the designating body's resolution is adopted after the county treasurer has mailed the statement required by IC 6-1.1-22-8.1, the county treasurer shall immediately mail the property owner a revised statement that reflects the termination of the deduction.
- (e) A property owner whose deduction is terminated by the designating body under this section may appeal the designating body's decision by filing a complaint in the office of the clerk of the circuit or superior court together with a bond conditioned to pay the costs of the appeal if the appeal is determined against the property owner. An appeal under this subsection shall be promptly heard by the court without a jury and determined within thirty (30) days after the time of the filing of the appeal. The court shall hear evidence on the appeal and may confirm the action of the designating body or sustain the appeal. The judgment of the court is final and conclusive unless an appeal is taken as in other civil actions.
- (f) If an appeal under subsection (e) is pending, the taxes resulting from the termination of the deduction are not due until after the appeal is finally adjudicated and the termination of the deduction is finally determined.

*As added by P.L.14-1991, SEC.6. Amended by P.L.90-2002, SEC.124; P.L.256-2003, SEC.7; P.L.1932005, SEC.5; P.L.154-2006, SEC.30; P.L.3-2008, SEC.37; P.L.146-2008, SEC.128; P.L.288-2013, SEC.17, eff. July 1, 2013.*



**To:** City of Bloomington Common Council  
**From:** Andrea de la Rosa, Assistant Director for Small Business Development  
**Cc:** Stephen Lucas Council Attorney, Ash Kulak Council Attorney, Alex Crowley - Exec Director- ESD  
**Date:** June 12, 2023  
**Re:** 2022 Activity Summary of Tax Abatements and EDC

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Attached, please find the 2022 Activity Summary of Tax Abatements. The Economic Development Commission (EDC) accepted the activity report in their meeting on June 9, 2023, and recommended it be forwarded to the City of Bloomington Common Council. The EDC has approved all of the Staff's recommendations.

We look forward to presenting to you, on June 14, 2023, the details of active tax abatement projects via the annual Tax Abatement Activity Report.

# Economic Development Commission

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## *2022 Activity and Tax Abatement Summary*

Economic Development  
Commission  
*June 9, 2023*

**Alex Crowley**

Director of Economic & Sustainable Development  
[crowleya@bloomington.in.gov](mailto:crowleya@bloomington.in.gov)

Common Council  
*June 14, 2023*

**Andrea “De” de la Rosa**

Assistant Director, Small Business Development  
[de.delarosa@bloomington.in.gov](mailto:de.delarosa@bloomington.in.gov)

# Agenda

- Overview of Compliance Review Process
- Evaluative Criteria and Process
- Economic Impact of Abatements
- Residential Abatements - Project Details
- Commercial Abatements - Project Details
- Pending Abatements - Project Details
- Other Economic Development Commission Activity

# Overview of Compliance Review Process

## Annual Reporting

- Compares original commitments to self-reported results
- Taxpayer submits annual compliance form (IN Form CF-1)
  - CF-1 is filed with County Auditor for deduction administration
  - CF-1 is filed with City Clerk for reporting to Common Council
- Council has given ESD Department the responsibility to compile and report to Economic Development Commission
- Economic Development Commission forwards final report to Council for any action



# Overview of Compliance Review Process

## Roles & Responsibilities in Tax Abatement Approvals

- Economic Development Commission Recommends
- Common Council authorizes
- County administers

## City of Bloomington General Standards

- Creation of capital investment as an enhancement to the tax base
  1. Significantly increases full-time, permanent, living-wage jobs;
  2. Significantly increases existing wages; or
  3. Creates affordable housing units.
- Review criteria adopted in 2022 to acknowledge affordable housing projects

# Evaluative Criteria and Process

Other evaluative criteria considered during application process:

- Quality of Life and Environmental/Sustainability
- Affordable Housing
- Community Service
- Community Character
  - Art, local business, historic preservation

# Evaluative Criteria and Process

## Authorization Process

- ESD Department
  - Receives Application and Statement of Benefits (IN Form SB-1)
  - Recommends to Economic Development Commission (EDC)
- EDC recommendation to Common Council
  - Economic Revitalization Area
    - Economic Development Target Area, if appropriate
  - Abatement term and schedule
- Common Council
  - Designating resolution
  - Public hearing and confirmatory resolution

# Evaluative Criteria and Process

- 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 – from *improvements* only
- Terms from 1 to 10 years (up to 20 years for Personal Property)
  - 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)

# Economic Impact of Tax Abatements

New real and personal property investment  
(Active Abatements only)

Category	Proposed New Investment (SB-1)	Actual Investment (CF-1)
Mixed Use	\$11,500,000	DNF
Commercial RE	\$59,500,000	\$162,798,922
Commercial PP	\$110,000,000	\$139,344,733
Residential	\$21,246,130	\$28,891,875
<b>Total</b>	<b>\$202,246,130</b>	<b>\$331,035,530</b>

# Economic Impact of Tax Abatements

New and retained jobs and salary estimates

	<b>Proposed New &amp; Retained (SB-1)</b>	<b>Actual Reported (CF-1)</b>
<b>Total Jobs</b>	1,907	3,282
<b>Total Salaries</b>	\$117,337,832	\$183,798,493
<b>Average Salary</b>	<b>\$61,530</b>	<b>\$56,002</b>

- *Excludes 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.*

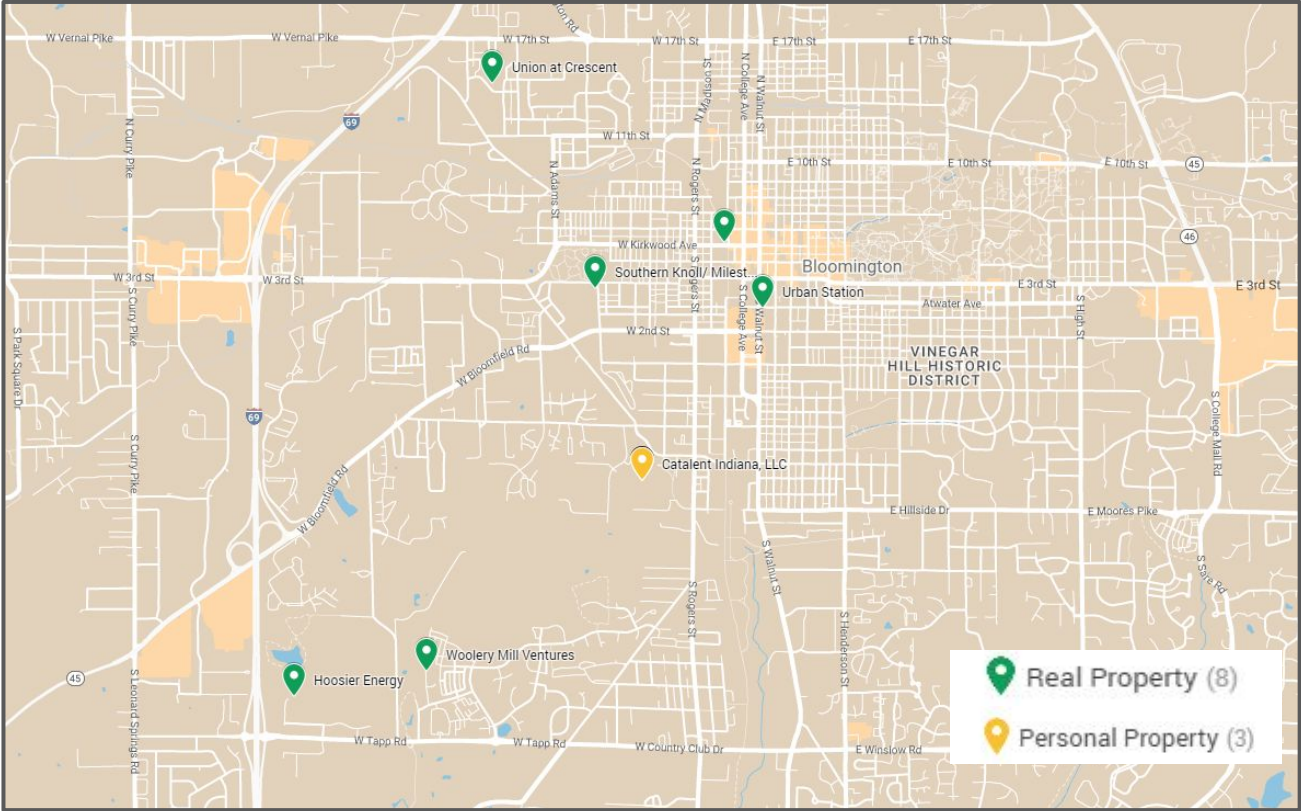
# Economic Impact of Tax Abatements

Category	Estimated Assessed Value * (Src: SB-1)	Actual New Improvements ** (Src: CF-1/Act AV)
Mixed Use	N/a	\$15,863,400
Commercial RE	\$41,625,000	\$100,552,800
Commercial PP	\$44,000,000	\$70,213,600
Residential	\$10,960,996	\$5,991,100
<b>Total</b>	<b>\$96,585,996</b>	<b>\$192,620,900</b>

\*Initial estimated assessed values do not equate to a taxpayer commitment.

\*\*2023 Pay 2024 Improvements.

# Location of Tax Abatements





# Economic Impact of Tax Abatements

- “But for” threshold means no increase in Assessed Value without presence of the tax abatement
- Benefits to residents are investments in quality of life: new/retained jobs, expanded community economic vibrancy, direct/indirect increased assessed value; investment in challenging property sites
- Example of impact of tax abatements on individual tax rates:
  - Assuming a flat levy
  - Total Bloomington Net Assessed Value: \$4.2 billion
  - Example: \$10 million AV @ 100% abatement = 0.2% impact on tax rate

## Southern Knoll / Milestone Ventures *1107 W 3rd St / Resolution 18-09; 18-10*



## Southern Knoll / Milestone Ventures

*1107 W 3rd St / Resolution 18-09; 18-10*

**Property Description:** A 31-unit 2-story affordable housing complex.

### Public Benefits:

- All units affordable to households at or below 80% AMI
- At least 75% of 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)

**Development Status:** Real estate improvements are complete. Property is 100% occupied.

**Staff Recommendation:** Compliant with tax abatement commitments.

# Residential

## Southern Knoll / Milestone Ventures

1107 W 3rd St / Resolution 18-09; 18-10

<b>Abatement Type:</b>	Real Property (Affordable Housing)
<b>Abatement Length, Rate:</b>	10-year, 98% (Year 3 of Abatement)

	<b>Commitment (SB-1)</b>	<b>Compliance (CF-1)</b>	<b>Staff Evaluation</b>
<b>New RE Investment:</b>	\$4,000,897	\$4,417,937	Compliant
<b>New Employment:</b>	2	2	Compliant
<b>New Salaries:</b>	\$21,040	\$34,939	Compliant
<b>Assessed Value:</b>	\$1,007,396	\$699,500	69% of estimated

# Residential

## Union at Crescent *N. Crescent Road / Resolution 17-30*





## Union at Crescent

*N. Crescent Road / Resolution 17-30*

**Property Description:** A new 146-unit, 5-story multi-family, mixed affordable and market rate housing development within four attached buildings.

### Public Benefits:

- No less than 70% or 102 units allocated to households with incomes at or below 60% of the AMI
- No less than 20% of the units will be Market Rate

**Development Status:** Real estate improvements are complete.

**Staff Recommendation:** Compliant with tax abatement commitments.

# Residential

## Union at Crescent N. Crescent Road / Resolution 17-30

<b>Abatement Type:</b>	Real Property (Affordable Housing)
<b>Abatement Length, Rate:</b>	10-year, 100% (Year 4 of Abatement)

	<b>Commitment (SB-1)</b>	<b>Compliance (CF-1)</b>	<b>Staff Evaluation</b>
<b>New RE Investment:</b>	\$17,245,233	\$24,473,938	Compliant
<b>New Employment:</b>	5	5	Compliant
<b>New Salaries:</b>	\$135,200 (\$13/hr.)	\$156,000 (\$15/hr.)	Compliant
<b>Assessed Value:</b>	\$9,907,900	\$5,291,600	53% of estimated *

\*City staff to engage with County regarding assessment.

# Mixed Use

## Urban Station 403 South Walnut St. / Resolution 16-12





## Urban Station

*403 South Walnut St. / Resolution 16-12*

**Property Description:** A new 4-story, mixed-use building with 7,000 sq ft of commercial space and 148 bedrooms.

### Public Benefits:

- No less than 15 bedrooms will be allocated to households with incomes at or below 80% of the AMI
- Rent for the affordable units may not exceed 85% of the market rate
- Affordability duration of 99 years.

**Development Status:** Real estate improvements are complete.

**Staff Recommendation:** Cannot make a recommendation as the taxpayer did not file a 2023 Pay 2024 CF-1.

# Residential

## Urban Station

403 South Walnut St. / Resolution 16-12

<b>Abatement Type:</b>	Real Property (Affordable Housing)
<b>Abatement Length, Rate:</b>	10-year, 80% (Year 6 of Abatement)

	<b>Commitment (SB-1)</b>	<b>Compliance (CF-1)</b>	<b>Staff Evaluation</b>
<b>New RE Investment:</b>	\$11,500,000	DNF	N/A
<b>Retained Employment:</b>	10	DNF	N/A
<b>Retained Salaries:</b>	\$400,000	DNF	N/A
<b>New Employment:</b>	5	DNF	N/A
<b>New Salaries:</b>	\$115,000	DNF	N/A
<b>Assessed Value:</b>	N/a	\$15,863,400	100% of estimated

# Commercial

## The Foundry *304 West Kirkwood Ave. / Resolution 14-15*



## The Foundry

304 West Kirkwood Ave. / Resolution 14-15

**Property Description:** A new 4 story, mixed-use building with 12,640 sq ft of commercial space on 1st and 2nd floor, residential condominiums above (excluded from abatement).

### Public Benefits:

- Redevelopment of parcel abutting B-Line trail
- Retention and creation of new economy jobs for growing local technology business

**Development Status:** Real estate improvements are complete. Given changes in technology, the Company no longer plans to make the personal property investment related to this abatement.

**Staff Recommendation:** Compliant with tax abatement commitments.

# Commercial

# The Foundry

304 West Kirkwood Ave. / Resolution 14-15

<b>Abatement Type:</b>	Real Property
<b>Abatement Length, Rate:</b>	RE 5-year, 60% (Year 4 of Abatement)

	<b>Commitment (SB-1)</b>	<b>Compliance (CF-1)</b>	<b>Staff Evaluation</b>
<b>New RE Investment:</b>	\$11,500,000	\$17,847,312	Compliant
<b>Retained Employment:</b>	54	54	Compliant
<b>Retained Salaries:</b>	\$3,637,099	\$3,637,099	Compliant *
<b>New Employment:</b>	11	38	Compliant
<b>New Salaries:</b>	\$825,000	\$6,469,825	Compliant *
<b>Assessed Value:</b>	\$7,425,000	\$19,261,200	>100% of estimated

\*City staff to engage with developer to clarify salary classifications.

# Hoosier Energy

2701 South Cooperative Way / Resolution 13-03



# Commercial

## Hoosier Energy

*2701 South Cooperative Way / Resolution 13-03*

**Property Description:** A new multi-story, LEED-certified 80,000+ square foot headquarters building.

### Public Benefits:

- Development of a LEED-certified corporate headquarters facility
- Retention of jobs for growing local business

**Development Status:** Real estate improvements are complete.

**Staff Recommendation:** Compliant with tax abatement commitments.

# Commercial

## Hoosier Energy

2701 South Cooperative Way / Resolution 13-03

<b>Abatement Type:</b>	Real Property
<b>Abatement Length, Rate:</b>	10-year, 40% (Year 6 of Abatement)

	<b>Commitment (SB-1)</b>	<b>Compliance (CF-1)</b>	<b>Staff Evaluation</b>
<b>New RE Investment:</b>	\$20,000,000	\$20,800,000	Compliant
<b>Retained Employment:</b>	116	116	Compliant
<b>Retained Salaries:</b>	\$11,118,764	\$11,118,764	Compliant
<b>New Employment:</b>	N/a	29	N/a
<b>New Salaries:</b>	N/a	\$8,879,729	N/a
<b>Assessed Value:</b>	\$20,000,000	\$9,099,400	45% of estimated



## Woolery Mill Ventures, LLC

*Property at 2600 S. Kegg Rd / Resolutions 04-02; 13-14*



# Commercial

## Woolery Mill Ventures, LLC

*Property at 2600 S. Kegg Rd / Resolution: 04-02; 13-14*

**Property Description:** Renovation and reactivation of historic limestone mill.

### Public Benefits:

- Renovation of an abandoned limestone mill into a mixed use facility (original abatement forecasted 42 apts/condos, 55-room hotel, recreational amenities, event space)
- Rehabilitation to the historic standards of the Secretary of Interior.

**Development Status:** Woolery Ventures completed Phase I (event space) in May 2019. They have met their investment and construction timeline for Phase I requirements. The property owners continue to work to develop Phase II (condo/hotel) but have been significantly delayed given a variety of market pressures.

**Staff Recommendation:** Compliant with tax abatement commitments.

# Commercial

## Woolery Mill Ventures, LLC

*Property at 2600 S. Kegg Rd / Resolution: 04-02; 13-14*

<b>Abatement Type:</b>	Real Property
<b>Abatement Length, Rate:</b>	10-year, 80% (Year 4 of Abatement)

	<b>Commitment (SB-1)</b>	<b>Compliance (CF-1)</b>	<b>Staff Evaluation</b>
<b>New RE Investment:</b>	\$6,000,000	\$4,306,645	Compliant
<b>New Employment:</b>	45	55	Compliant
<b>New Salaries:</b>	\$762,000	\$1,944,800	Compliant
<b>Assessed Value:</b>	\$4,200,000	\$1,978,600	47% of estimated *

\*City staff to engage with County regarding assessment.

**Catalent Indiana, LLC (Formerly Cook Pharmica)**

*1300 S Patterson Drive / Resolution 15-06, 19-04*



## Catalent Indiana, LLC (Formerly Cook Pharmica)

*1300 S Patterson Drive / Resolution 15-06, 19-04*

- Multiple tax abatements covering separate expansion phases and employee growth projections
- Initial abatement with Cook Pharmica, assumed by Catalent Indiana as part of its acquisition
- Real and Personal Property abatements have distinct phases
- Employee growth is blended in Catalent's CF-1's
- CF-1 data reflects total annual payroll and year-end headcount.
- Catalent's 2022 tax abatement passed February 2022 is pending and therefore is not included in compliance assessment

**Staff Recommendation:** Compliant with tax abatement commitments.

# Commercial

## Catalent Indiana, LLC (Formerly Cook Pharmica)

1300 S Patterson Drive / Resolution 15-06

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

<b>Abatement Type:</b>	Personal Property
<b>Abatement Length, Rate:</b>	10-year, 70% (Year 5 of Abatement)

	<b>Commitment (SB-1)</b>	<b>Compliance (CF-1)</b>	<b>Staff Evaluation</b>
<b>New PP Investment:</b>	\$25,000,000	\$31,859,287	Compliant
<b>Assessed Value:</b>	\$10,000,000	\$5,751,094	57% of estimated



# Commercial

## Catalent Indiana, LLC (Formerly Cook Pharmica)

1300 S Patterson Drive / Resolution 19-04

**Property Description:** Phase 1: Build out 15,000 ft of manufacturing space to expand packaging capacity and to support new specialized device assembly.

<b>Abatement Type:</b>	Real Estate and Personal Property		
<b>Abatement Length, Rate:</b>	RE: 10-year, 100% (Year 2 of Abatement) PP: 10-year, 95% (Year 3 of Abatement)		
	<b>Commitment (SB-1)</b>	<b>Compliance (CF-1)</b>	<b>Staff Evaluation</b>
<b>New RE Investment:</b>	\$40,000,000	\$119,844,965	Compliant
<b>RP Assessed Value:</b>	\$10,000,000	\$26,384,800	>100% of estimated
<b>New PP Investment:</b>	\$85,000,000	\$107,485,476	Compliant
<b>PP Assessed Value:</b>	\$34,000,000	\$58,582,386	>100% of estimated

# Commercial

## Catalent Indiana, LLC (Formerly Cook Pharmica) 1300 S Patterson Drive / Resolution 15-06, 19-04

	SB-1 Commitments		Consolidated Total	Company Reported	Staff Evaluation
	Resolution 15-06	Resolution 19-04		Consolidated CF-1(s)	
<b>Retained Employment:</b>	550	839	1,389	1,389	Compliant
<b>New Employment:</b>	70	200	270	1,594	Compliant
<b>Total Employment:</b>	<b>620</b>	<b>1,039</b>	<b>1,659</b>	<b>2,983</b>	<b>Compliant</b>



# Commercial

## Catalent Indiana, LLC (Formerly Cook Pharmica)

1300 S Patterson Drive / Resolution 15-06, 19-03, 19-04

	SB-1 Commitments		Consolidated Total	Company Reported	Staff Evaluation
	Resolution 15-06	Resolution 19-04		Consolidated CF-1(s)	
<b>Retained Salaries:</b>	\$31,000,000	\$43,926,000	\$74,929,000	\$74,929,000	Compliant
<b>New Salaries</b>	\$3,200,000	\$13,312,000	\$16,512,000	\$76,628,337	Compliant
<b>Total Salaries:</b>	<b>\$34,200,000</b>	<b>\$57,238,000</b>	<b>\$91,441,000</b>	<b>\$151,557,337</b>	<b>Compliant</b>
<b>Total Employment:</b>	620	1,039	1,659	2,983	Compliant
<b>Avg. Salaries:</b>	\$55,161	\$55,090	\$55,118	\$50,807	Compliant

## Catalent Indiana, LLC (Formerly Cook Pharmica)

*1300 S Patterson Drive / Resolution 15-06, 19-04*

### Rationale for Staff Recommendation of Substantial Compliance

- Personal Property capital investments for 15-06 exceed commitments
- Real and Personal Property investments for 19-04 exceed commitments
- Cumulative employment growth significantly exceeds commitments
- CF-1 data reflects total annual payroll and year-end headcount.

## Pending (Commercial)

### Catalent Indiana, LLC

*1300 S. Patterson Drive / Resolution 22-06*

**Property Description:** Expanded drug substance capacity in Building A (Parcel 1); expanded drug product fill/finish capacity, additional quality control lab space, and expanded packaging capacity in Building B (Parcel 1); expanded packaging capacity and additional cold storage in Building D (parcel 5); and the development of surface parking at the former IMI parcel.

#### Development Status:

	Commitment (SB-1)
<b>New RE Investment:</b>	\$10,000,000
<b>New PP Investment:</b>	\$340,000,000
<b>New Employment:</b>	1,000
<b>New Salaries:</b>	\$66,560,000

# Pending (Residential)

## Real America, LLC

*1730 S. Walnut St. / Resolution 21-20*

**Property Description:** 48 affordable units with 10 fully ADA units reserved for individuals working with StoneBelt. 6 units at 80% AMI, 6 at 70% AMI, 6 at 50% AMI, and 6 at 30% AMI. 16 additional market rate units (excluded from abatement).

**Development Status:** Project broke ground on June 9, 2022. Estimated completion: 2023.

	Commitment (SB-1)
<b>New RE Investment:</b>	\$9,777,122
<b>New Employment:</b>	2
<b>New Salaries:</b>	\$80,000

# Other Economic Development Commission Activity

- **January:** Real and Personal Property Tax Abatement for Catalent Indiana, LLC
  - Passed by Bloomington Common Council in February, 2022
  - Compliance on or before December 31, 2026: \$315,000,000 in real and personal property investment and 900 new, full-time jobs
- **June:** Approved Project Expenditure and Financing Agreement for City-wide Fiber Internet with Hoosier Networks, LLC (Meridiam).
  - Part of creation of a new tax increment financing district for business property
- **October:** Recommended Issuance of Economic Development Revenue Bonds for the Renovation of Country View Apartments, 2500 S Rockport Road
  - Renovation of a 206-unit affordable apartment complex receiving Indiana Low-Income Housing Tax Credit (LIHTC) / Rental Housing Tax Credit (RHTC)

# THANK YOU.

## Questions?

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