

In the Council Chambers of the Showers City Hall on Wednesday, June 27, 2012 at 7:30 pm with Council Vice President Sandberg presiding over a Special Session of the Common Council.

COMMON COUNCIL
SPECIAL SESSION
June 27, 2012

Roll Call: Neher, Ruff, Sandberg, Spechler, Sturbaum, Volan, Granger
Absent: Mayer, Rollo

ROLL CALL

Council Vice President Sandberg gave the Agenda Summation

AGENDA SUMMATION

Danise Alano-Martin, Director of Economic and Sustainability for the City of Bloomington, presented the annual review and report of the Tax Abatement Program. She reviewed the criteria, process, and history of the program giving aggregate numbers for total investment and economic impact.

REPORTS:

- Annual Tax Abatement Report

Adam Wason, Assistant Director of the department reviewed the abatements project by project, giving their status and a preliminary finding of compliance with the original Statement of Benefits. Wason outlined the abatements that expired in 2011; he reported on two properties that did not file CF-1 forms – Habitat for Humanity on N. Hay Street (3 properties) and Woolery Ventures, LLC on Tapp Road. Wason noted that the Habitat abatements may be expired at this time. Wason outlined the Woolery project and said that there had been no work on the project. He reminded that the council had decided not to rescind the abatement and would continue to have the ED&SC staff work with the owner for development. He said the EDC and staff requested that the property owner agree to amend the original Statement of Benefits. The petitioner was requested to provide a new Statement of Benefits, with new details on project readiness through current construction or design contracts, current financing agreements, current budgets with sources and uses of funds. Also requested was an overall Statement of Financial Position of Woolery Ventures, LLC that would include the financial history over the last three years, financial projections with profit/loss statements, balance sheets, capital expenditure estimates with explanations. Wason said that they've worked closely with the owner and company and felt they could come forward with a new request.

Neher asked that Wason state that the petitioner had not realized average economic benefit on this project yet. He also asked that for clarification when the abatement would actually start. Alano-Martin said that the clock would start when new assessed value had been created. She said that there was nothing to abate because there had been no activity on the property with regards to this project. She said that there had been discussion at the Economic Development Commission level on having a time limit on the Economic Revitalization Area designation which would cut off a tax abatement after a certain time.

Spechler asked if the property owner was currently paying taxes on the assessed value of the property. Alano-Martin said he was. Spechler then said that there was no reason to worry if he was adding assessed value to the property. Spechler said that, in his campaign for council, he had declared he would not vote for abatements for residential properties, but was glad to vote for abatements which would create better jobs. He said he was happy to hear that there had been no residential abatements since 2006, but thought that he should modify his campaign statement because he believed that Habitat and affordable housing efforts were exceptions to this rule. He said that EDC discussions, when he served on the EDC many years ago, did not include a substantial examination of the question of whether the projects would have gone forth without the tax abatement. He said it was a crucial matter as tax benefits were given to

the petitioner, but all other tax payers would be paying more. He asked why the city had not given a tax abatement since 2006 since it was beneficial in creating jobs.

Alano-Martin said the State of Indiana had created new tools for investments including the Enterprise Zone Investment Deduction, a tax abatement available within the Enterprise Zone. She said this was a 100% tax abatement every year for 10 years, and was sometimes automatic with the proper documentation and filings. She said that a "participation fee" (comprised of a portion of a company's tax saving) was paid to the EZ Board, and that was often invested in the Enterprise Zone. She added that the State of Indiana also gained a portion of the savings of these after-the-fact abatements. She said the automatic three year deduction program had ended in 2010.

Spechler asked if Alano-Martin would agree that the city was being outbid by the State in property tax relief. She said that there were a number of tools, and that some fit certain projects better than others.

Spechler asked if it were true that no tax abatement applications had come before the Economic Development Commission in the last six years. She said there had been no applications made, but the department had discussed options with investors.

Volan asked why The Kirkwood assessed value was 40% of what it was when it was built. Alano-Martin said that there were complexities of valuation that might account for that number. She explained that the investment number on the application was used for this report rather than the current assessment value. She said that perhaps re-assessment processes could have changed that number. Volan stated that he would like clarification on the building's current valuation of six million dollars.

Ruff asked about the filings of CF-1s regarding the Habitat for Humanity projects. Alano-Martin said the property owner was responsible for submitting the forms, and that Habitat worked with the city in getting the forms filed. She said that the original applicant for the abatements was Habitat, but that the abatement stayed with the property, not the organization. He suggested that this be noted in future reports.

Spechler asked what the benefit was to the city in approving The Kirkwood abatement, specifically questioning student rentals in the building. Alano-Martin said that 31% of the property was occupied by graduate students, with the rest being retirees, professionals, service and clerical workers.

Spechler said it sounded to him like an ordinary apartment house and asked again about the benefit to the community in granting this tax abatement. Alano-Martin said at the approval it was not an ordinary project as the city was working to attract residents to the downtown and diversify downtown residences. She said that the former abatement for the Madison Park Condominium Development was also abated in the same economic development strategy. She said that strategies change and are updated. She added that in 2010 the guidelines were changed to target affordable housing rather than residential abatements.

Sandberg asked about the Evergreen Village tax abatement which was in its third of five years. Housing and Neighborhood Development Director Lisa Abbott, addressed the issue of passing the tax abatement on to future owners of these homes, and said her staff did not anticipate any turnover because the abatement would be going away in two years. She said because of the 30-year affordability covenant, any house sold would have to be to someone who met the income and other requirements. Sandberg asked about the 12th property in this

development which was not sold, and Abbott said it was a matter of housing market problems in general. She said that it was difficult for those qualified for the project to obtain financing, unlike the mortgages for Habitat which were held in-house.

There were no public comments on the Tax Abatement Report.

Sturbaum encouraged the EDC and the Mayor's office to work positively with the Woolery project. He said the Madison Park Apartments and Bicycle Apartments, both of which received a tax abatement, were in his district. He said he liked the perspective that changes and adaptation in economic development were needed, especially in future projects. He thanked Alano-Martin for her report.

Neher noted that he had commented in the EDC meeting about the realized savings for the property owner over the life of the abatement. He asked for this measure to provide insight for the public to see the return on public investment. He said this would give a tangible interpretation for the public.

Ruff said while he supported partnerships with the private sector to improve the economy, it had always bothered him that when investments worked out well, it was attributed to entrepreneurial and private sector success. He added that when it did not work out, the finding would be that the failure was beyond the control of the owner or the market went bad. He said that this was not a simple, clean judgment and that that fad should be kept in mind.

Volan said Stockton, California had declared bankruptcy partly because they had awarded tax abatements for chasing the housing bubble and to rejuvenate their downtown. He said that Bloomington didn't gamble on bubbles and that the tax abatements here were scrutinized well.

Spechler reviewed the earlier discussion of "automatic and unsupervised" tax abatements given through state law. He asked again about the city's lack of control over whether it loses tax revenue from things that are in the Urban Enterprise Zone by these tax abatements. Alano-Martin said that while there were procedural things that the owners needed to comply with, they did not need to come before the council for the abatement. She said that the board of the Enterprise Zone was kept apprised, the county Auditor kept records, but there was no approval process through the city. Spechler expressed his dismay at this situation.

It was moved and seconded that the council accept the Tax Abatement Report. The motion was approved by roll call vote of Ayes: 7, Nays: 0.

It was moved and seconded that Ordinance 12-06 be introduced and read by title and synopsis. Clerk Moore read the legislation and synopsis, stating that there was no committee recommendation on this item.

It was moved and seconded that Ordinance 12-06 be adopted.

Lisa Abbott, Director of the Housing and Neighborhood Development Department introduced Nikki Vaught, Administrative Director of the Bloomington Housing Authority who spoke about the council waiving their Payment in Lieu of Taxes this year. She noted their service covered 310 units for low income families, the administration of 1300 Section 8 vouchers, and 60 VASH (Veterans Affairs Supportive Housing) vouchers for homeless veterans. She noted 3300-3500 people benefited from these services.

LEGISLATION FOR SECOND
READING
Resolution 12-06 Waiving Current
Payments in Lieu of Taxes by the
Bloomington Housing Authority to the
City

Spechler asked how the Housing Authority was funded besides the unit rental fees. Vaught said the funding from the US Department of Housing and Urban Development (HUD) was about \$700,000 with about \$257,600 coming from unit rents. Spechler asked about the reduction in the HUD subsidy and asked if it had forced BHA to raise the rent on the units. Vaught said the rent was 30% of the tenants' income. Spechler speculated this would reduce the BHA's ability to renovate older units and asked her about the possibility of adding units. Vaught said BHA was regulated and restricted by HUD as to what they could do.

Sturbaum asked about the VASH vouchers. Vaught said it was an initiative of the Veterans Administration and HUD for veterans who are undergoing screening and case management through the Veterans Affairs Medical Center (VMAC). She said the need existed for more of these vouchers. Sturbaum asked about the number of Section 8 vouchers. Vaught said they would remain the same.

Sandberg asked if the BHA recruited property owners to accept Section 8 vouchers. Vaught said HAND helped by holding an annual Landlord Seminar to promote and explain the program. Sandberg asked Vaught to use the podium to make a pitch for new landlords and to dispel myths about Section 8 housing.

Spechler said he would like to know more about the voucher system. He asked if the renter would have to pay rent in addition to the voucher. Vaught explained how the system worked. Spechler asked about evictions in section 8 housing, Vaught said it happened no more or less than in the retail rental market.

Ordinance 12-06 received a roll call vote of Ayes: 7, Nays: 0.

It was moved and seconded that Ordinance 12-07 be introduced and read by title and synopsis. Clerk Moore read the legislation and synopsis, stating that there was no committee recommendation on this item.

It was moved and seconded that Ordinance 12-07 be adopted.

Patty Mulvihill, Assistant City Attorney working with the Police Department, explained the grant. She explained that US Department of Justice awards are administered by states through their Department of Homeland Security. She said the Monroe County Sheriff's Department and the City of Bloomington Police Department were sharing the grant of \$34,000. This would be done through an Interlocal Cooperation Agreement with the county. She said the Sheriff's department would be purchasing three in-car cameras, and the city would be purchasing two kiosks for reports, submitting requests, complaints, applying for permits, and more. She said that would be available 24 hours a day at the Police Department and also during the hours that City Hall is open. She also noted that there would be a secure server for access to the Law Enforcement National Data Exchange.

Spechler asked if there would be additional persons needed to staff the kiosks. Mulvihill said they would not need additional staff. She noted that the lobby of the police department is not staffed 24 hours a day, but could be accessed during that time.

Spechler asked who made the decisions as to how the money would be spent. Mulvihill said there was a different set of criteria each year that narrowed the guidelines for purchases. She said capital improvements

Resolution 12-07 To Approve an Interlocal Cooperation Agreement Between the City of Bloomington and Monroe County, Indiana in Regards to 2012 Edward Byrne Memorial Justice Assistance Grant (JAG)

were within the usual guidelines. She said that the state decided what amount would go to each county.

Ordinance 12-07 received a roll call vote of Ayes: 7, Nays: 0.

Ordinance 12-15 To Reauthorize the Cumulative Capital Development Fund

LEGISLATION FOR FIRST
READING
Ordinance 12-15

It was determined that there were enough council members to conduct the Internal Work Session on Monday, July 2 at noon.

COUNCIL SCHEDULE

The meeting was adjourned at 9:12 pm.

ADJOURNMENT

APPROVE:

ATTEST:



Timothy Mayer, PRESIDENT
Bloomington Common Council



Regina Moore, CLERK
City of Bloomington