City of Bloomington
Common Council

Legislative Packet

Wednesday, 31 May 2017

Regular Session

For legislation and material regarding
Ordinance 17-23 and Ordinance 17-24 please consult the
17 May 2017 Legislative Packet.

All other legislation and material contained herein.

Office of the Common Council
P.O. Box 100
401 North Morton Street
Bloomington, Indiana 47402
812.349.3409
council@bloomington.in.gov
http://www.bloomington.in.gov/council

City of Bloomington Indiana

City Hall
401 N. Morton St.
Post Office Box 100
Bloomington, Indiana 47402

Office of the Common Council
(812) 349-3409
Fax: (812) 349-3570
email: council@bloomington.in.gov

To: **Council Members**
From: **Council Office**
Re: **Weekly Packet Memo**
Date: **May 26, 2017**

Packet Related Material

Memo
Agenda
Calendar
Notices and Agendas:
Notice

Legislation for Second Reading *(found in the Weekly Council Legislative Packet issued for the May 17, 2016 Regular Session)*:

- **Ord 17-23** To Amend Title 15 of the Bloomington Municipal Code Entitled "Vehicles and Traffic" - Re: Adding Active Transportation Facility Definitions; Amending Bicycle Operation Parameters; Deleting Prohibition of Coasters, Skateboards and Roller Skates on Streets and Replacing It with Regulation of Coasters; Deleting Bicycle License Requirements, Bicycle License Issuance, Bicycle License Records, and Prohibition of License Decal Removal; Amending Bicycle Rentals; Deleting Bicycle Paths Established and Replacing It with Bicycle Lanes Established; Deleting Right-of-Way of Bicycle Riders on Bicycle Lanes and Replacing It with Use of Bicycle Lanes; Adding Penalties for Violations to Bicycle Parking; Amending Violation and Penalties for Bicycles, Skateboards and Other Foot-Propelled Vehicles from a Class E to a Class G Violation; Adding a Vulnerable Road Users Section and Opening Vehicle Doors Section to the Miscellaneous Traffic Rules; Amending the Class C, D, and G Traffic Violation Sections; and, Deleting the Class E and F Traffic Violation Sections.
  - **Am 01 (Sponsor, Cm. Granger)** – would change the term "dog" to "service animal" in regard to deference being given by persons on coasters toward "vulnerable road users" – DP Recommendation: 9 - 0;
  - **Am 02 (Sponsor, Cm. Chopra; Co-Sponsors: Cms. Granger, Mayer & Piedmont-Smith)** – would designate "dismount zones" in the code for the most highly traversed sidewalks (including both sides of

Kirkwood from Sample Gates to and including all sides of the Courthouse Square). To improve compliance and avoid visual clutter, notice for these dismount zones shall include appropriate stencils painted on the sidewalks;

- **Possible Am 03 (Sponsor, Cm. Chopra)** – Currently, and is proposed by this ordinance, persons under the age of 18 must wear helmets when operating a coaster or bicycle on a public right-of-way. Chopra is exploring whether to propose an amendment that would apply this requirement to everyone without regard to age;
- **Other Amendments Contemplated?** – If so, please contact Council Office staff soon.

Contact: Barbara McKinney, 812-349-3426, mckinneb@bloomington.in.gov
Andrew Cibor, 812-349-3423, cibora@bloomington.in.gov

- **Ord 17-24** To Amend Title 15 of the Bloomington Municipal Code (BMC) Entitled "Vehicles and Traffic" - Re: Deleting BMC Chapter 15.36 (Resident-Only Parking Permits)
  Contact: Barbara McKinney, 812-349-3426, mckinneb@bloomington.in.gov
  Andrew Cibor, 812-349-3423, cibora@bloomington.in.gov

Legislation and Background Material for First Reading on May 31st (or Accompanying Such Legislation for Discussion at the Committee of the Whole on June 7th)

- **App Ord 17-02** To Specially Appropriate from the General Fund, Parks General Fund, Motor Vehicle Highway Fund, Parking Facilities Fund, Parking Meter Fund, and Vehicle Replacement Fund Expenditures Not Otherwise Appropriated (Appropriating a Portion of the Amount of Funds Reverted to Various City Funds at the End of 2016 for Unmet Needs in 2017)
  - Memo to the Council from Jeffrey Underwood, Controller

Contact: Jeff Underwood at 812-349-3412, underwoj@bloomington.in.gov

Conforming the Economic Development Target Area (EDTA) and Economic Revitalization Area (ERA) for the Hoffman Project on South Walnut Street with the Period of Abatement Approved by the Council

- **Memo to the Council**
  Contact: Alex Crowley, Director of Economic and Sustainable Development, 812-349-3477, crowleya@bloomington.in.gov

- ***To be Introduced at the Regular Session on May 31st* - Ord 17-26** To Amend Ordinance 16-17, which Established an Economic Development Target Area (EDTA), by Extending the Expiration Date an Additional Five Years - Re: Property Located at 405 S. Walnut Street; 114, 118, and 120 E. Smith Avenue; and 404 S. Washington Street and Identified by the Monroe County Parcel ID Numbers 015-35020-00, 015-35010-00, 015-35030-00, 015-10000-00, 015-33130-00 (H.M. Mac Development, LLC, Petitioner)
  - **Ord 16-17** as amended by **Ord 17-26**

- ***To be Introduced at the Committee of the Whole on June 7th* - Res 17-26** To Amend Resolution 16-12, Which Established an Economic Revitalization Area (ERA), by Extending the Expiration Date for this ER By Another Five Years – Re: Property Located at 405 S. Walnut Street; 114, 118, and 120 E. Smith Avenue; and 404 S. Washington Street and Identified by the Monroe County Parcel ID Numbers 015-35020-00, 015-35010-00, 015-35030-00, 015-10000-00, 015-33130-00 (H.M. Mac Development, LLC, Petitioner)
  - **Res 16-12** as Amended by **Res 17-26**

Tax Abatement Petition for Property at Gourley and Kinser Pikes (Petitioner, Naples, LLC)

- ***To be Introduced at the Regular Session on May 31st and Discussed on June 7th* -- Ord 17-27** To Designate an Economic Development Target Area (EDTA) - Re: Property Located at N. Kinser Pike and Identified by the Monroe County Parcel ID Number 53-05-28-300-170.000-005 (015-38250) (Naples, LLC, Petitioner)

- ***To be Discussed on June 7th* -- Res 17-29** To Designate an Economic Revitalization Area, Approve the Statements of Benefits, and Authorize Periods of Abatement for Real Property Improvements - Re: Property Located at N. Kinser Pike 53-05-28-300-170.000-005 (015-38250) (Naples, LLC, Petitioner)

- Memo to Council from Alex Crowley, Director of Economic and Sustainable Development
- Visuals (location map, aerials, elevations)
- Petitioner's Completed Statement of Benefits Form & Application
- Tax Abatement Calculations for the Subject Project
- Economic Development Commission Resolutions 17-01 and 17-02
- Market Rent Data (First Appraisal Group)
- City of Bloomington's *Tax Abatement Guidelines* (also linked)

Contacts:
Alex Crowley, Director of Economic and Sustainable Development, 812-349-3477, crowleya@bloomington.in.gov;
Thomas Cameron, Attorney, City Legal, 812-349-3557, cameront@bloomington.in.gov

Minutes from Regular Session:
None

Memo

Reminder - No Annexation Hearings on May 31st

Two Ordinances Ready for Second Readings and Three Ordinances Ready for First Reading at the Regular Session on Wednesday, May 31st

There are two ordinances ready for Second Reading and three ordinances ready for First Reading at the Regular Session next Wednesday. The former two ordinances can be found online as indicated above and may have amendments as indicate below. The latter three ordinances can be found in this packet and are summarized below. Please note that two of those ordinances involve tax abatements and are accompanied by resolutions that are also included and summarized in this packet.

Second Readings – Possible Amendments

Ord 17-23 – Proposed and Possible Amendments

The Committee of the Whole discussion of **Ord 17-23**, which proposed changes in Title 15 (Vehicles and Traffic) regarding "human-powered" vehicles, led to an unusual Do Pass recommendation of 3-3-3 and the prospect of amendments. Here are the summaries of one amendment voted upon last week and two that might be

introduced next week. ***Please let staff know if anyone has further amendments in mind*:**

- Am 01 (Sponsor, Cm. Granger) – would change the term "dog" to "service animal" in regard to defer being given by persons on coasters toward "vulnerable road users" – DP Recommendation: 9 - 0;
- Am 02 (Sponsor, Cm. Chopra; Co-Sponsors: Cms. Granger, Mayer & Piedmont-Smith) – would designate "dismount zones" in the code for the most highly traversed sidewalks (including both sides of Kirkwood from Sample Gates to and including all sides of the Courthouse Square). To improve compliance and avoid visual clutter, notice for these dismount zones shall include appropriate stencils painted on the sidewalks;
- Possible Am 03 (Sponsor, Cm. Chopra) – Currently, and is proposed by this ordinance, persons under the age of 18 must wear helmets when operating a coaster[1] or bicycle[2] on a public right-of-way. Chopra is exploring whether to propose an amendment that would apply this requirement to everyone without regard to age.

Ord 17-24 – Guidance to Staff? Amendments?

The Do Pass Recommendation on **Ord 17-24**, which would remove the Resident-Only Permit provisions from Title 15 (Vehicles and Traffic), was 0-7-1. After the meeting, P & T staff asked what should be done in preparation for next Week. It appears that the Council believes that the program has a long history and has, over the years, improved some difficult situations that may not be adequately addressed by other approaches. With this in mind, I believe, P & T staff will revisit the rationales for this change and see whether they still hold after last week's discussion. They may also be able to describe in more detail how the procedure for obtaining "accessible" parking spaces in these situations might work. Council members can help, as well, by thinking through what they like and don't like about the current program and what changes might address some of the problems identified by staff.

First Readings (and, in Two Instances, Accompanying Resolutions)

Item One - App Ord 17-02 – Appropriating from the General Fund, Parks General Fund, Motor Vehicle Highway Fund, Parking Facilities Fund, Parking Meter Fund, and Fleet Maintenance Fund – Using a Portion of Reversions in 2016 to Address Unmet Needs in 2017

[1] BMC 15.56.025 (j)
[2] BMC 15.56.100 Requirements for helmet and restraining seat use.

The first item to be introduced for First Reading next Wednesday is **App Ord 17-02**. It appropriates an additional $2.7 million that reverted to six funds[3] at the end of 2016. Recall that early last year, the Administration and Council appropriated about $2.79 million of funds that reverted at the end of 2015, and used those funds primarily for capital outlays (~$2.6 million – largely for replacement of aging vehicles) and for training & education (~ $190,000).

This year, about half of the appropriation is in the same vein as last year – proposing use of reversions to address City-wide needs and priorities. The use of the other half of the appropriations, however, brings forward an initiative announced by the Mayor during the budget presentations last year and is new. It, in a sense, rewards departments by allowing them to propose departmental uses for those monies and do so early enough in the year to see some results by the end of the year.

Proposed Uses of Funds in 2017

The memo from Jeffrey Underwood indicates that "major themes from departments," which are broken down into the four Budget Categories and amount of the appropriation as follows:

- Short term personnel (Category 1 – Personnel) - $11,000;
- Supplies (Category 2 – Supplies) - $25,883;
- Training, outside services, and program support for grants and outreach efforts (Category 3 – Other Services and Charges) - $804,815; and
- Equipment and equipment replacement along with capital/vehicle replacement (Category 4 – Capital) ~ $1.78 million.

Please note that the memo also highlights funding for: a Parking Study, Master Architect, and Capital/Vehicle Replacement.

[3] General Fund, Parks General Fund, Motor Vehicle Highway Fund, Parking Facilities Fund, Parking Meter, and Fleet Maintenance.

Here's a breakdown of appropriations by Fund, Amount, and Budget Category:

Appropriations by:

Fund		**Appropriation**	**Category**
General Fund (#101)		$1,795,702	Cat 1: $11,000[4] Cat 2: $25,883[5] Cat 3: $804,815[6] Cat 4: $954,004[7]
Parks General Fund (#200) Parks and Recreation Department		$86,500	Cat 4: $86,500
Parking Meter Fund (#455) Police Department		$93,000	Cat 3: $40,000 Cat 4: $53,000
Parking Facilities Fund (#452) Public Works		$243,000	Cat 3: $40,000 Cat 4: $203,000
Motor Vehicle and Highway Fund (#451) Public Works Department		$440,774	Cat 4: $440,774
Vehicle Replacement Fund (#610) Controller		$48,571	Cat 4: $48,571
Total:		$2,707,547	$2,707,547 *
*** Total by Category:**	**Category 1**	Personnel	$11,000
	Category 2	Supplies	$25,883
	Category 3	Other Services and Charges	$884,815
	Category 4	Capital	$1,782,849

[4] Category 1 – includes the following requests: Council Office ($6,000); ITS ($2.000); and, Legal ($3,000).
[5] Category 2 – includes the following requests: Clerk ($7,402); Council ($1,500); CFR ($4,981); and, HAND ($12,000)
[6] Category 3 – includes the following requests: Clerk $505); Council ($1,500); CFR ($6,150); Controller ($325,000); ESD ($10,325); PW-Facilities ($84,698); Fire ($618); HAND ($40,000); HR $46,295; ITS ($16,000); Legal ($100,000); and P&T $174,280.
[7] Category 4 – includes the following requests: Animal Shelter ($135,000); PW-Facilities ($103,000); ITS ($29,000); Legal ($32,000); P&T ($34,000); Police ($293,004); and, PW ($328,000).

Total Appropriation and Effect on Fund Balances

According to the Memo from Jeff Underwood, Controller, this appropriation will leave about $1,194,307 of the $3,901,854 that departments reverted at the end of 2016 in these six funds. The City, it goes on to say, is "continuing to review capital replacement needs and may return to the Council later in the year to appropriate the remaining reversions."

The Memo indicates that the City "strives to maintain appropriate reserve levels in each of its funds" and to do so "conduct(s) a risk-based analysis for each of our funds … (which) looks at a number of factors such as the potential for revenue shortfalls, unanticipated expenditures, creditworthiness and liquidity."

As a gauge of suitable reserves, the Memo cites the recommendation of Government Finance Officers Association (GFOA) that "general purpose governments … maintain unrestricted budgetary fund balance in the general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures." After this appropriation, there will be $14.9 million in the General Fund and Rainy Day Fund which, with a budgeted expenditures of $39.1 million in 2017, comprises about a four-month cushion.

Here are the above appropriations by fund and balances in those funds (along with the Rainy Day Fund) at the end of 2016:

Appropriations by Fund

Fund	**Appropriation**	**Balance at End of 2016**
General Fund (#101)	$1,795,702	$12,021,636
Rainy Day Fund	$0	$4,658,566
Parks General Fund (#200) Parks and Recreation Department	$86,500	$955,595
Parking Meter Fund (#455) Police Department	$93,000	$1,608,382
Parking Facilities Fund (#452) Public Works	$243,000	$2,241,769

Motor Vehicle and Highway Fund (#451)		
Public Works Department	$440,774	$1,096,348
Vehicle Replacement Fund (#610)		
Controller	$48,571	$347,720
Total:	$2,707,547	$22,930,016

Item Two – Ord 17-26 (Amending Ord 16-17)
Accompanied by Item Three - Res 17-26 (Amending Res 16-12)
to Align the Term of the Economic Development Target Area (EDTA) and Economic Revitalization Areas (ERA) with the Period of Abatement Approved by the Council – Re: Hoffman Project on South Walnut

Last year, the Council approved a tax abatement for the Hoffman project on South Walnut (aka "The Urban Station" or the Chocolate Moose project). The project entailed the demolition of the existing structures and the investment of over $11 million in a mixed retail and residential development, which included some workforce housing. Over the course of deliberations, the Council negotiated a larger number of workforce housing units for a longer period of affordability than initially proposed in exchange for a longer period of abatement.[8]

The tax abatement included an ordinance (Ord 16-17) which approved an Economic Development Target Area (EDTA) and was required because of the presence of residential units. It also included both a declaratory resolution (Res 16-11) and confirmatory resolution (Res 16-12), which designated an Economic Revitalizations Area (ERA), approved a Statement of Benefits and set a period of abatement. These pieces of legislation set the EDTA and ERA to expire on December 31, 2024, which was long enough to cover the initially proposed 5-year period of abatement, but not the eventually negotiated 10-year abatement.

Ord 17-26 amends Ord 16-17 to extend the EDTA another five years and Res 17-26 amends Res 17-12 to extend the ERA another five years as well.

[8] The initial declaratory resolution proposed 5 bedrooms for a period of 30 years in exchange for a five year period of abatement and, after an amendment that lowered the period of abatement to 3 years, the subsequent confirming resolution approved 15 bedrooms of workforce housing for a period of 99 years in exchange for a 10 year period of abatement.

For further information please read the:

- memo from Alex Crowley, Director of Economic and Sustainable Development (in this packet);
- packets for the June 29, 2016 and August 31, 2016 Regular Sessions; as well as
- minutes for the July 13, 2016 and August 31, 2016 Regular Sessions.

Items Four and Five –
Res 17-29 and Ord 17-27 - Proposing a Tax Abatement for the Construction of a Residential Project at Gourley Pike and Kinser (Naples, LLC, Petitioner)

Bloomington-based Naples, LLC (the Petitioner") is petitioning the Council for a tax abatement to build a three-story residential building comprised of 39, one-bedroom units to be constructed on 1.82 acres of undeveloped land at the southeast corner of Gourley and Kinser Pikes.[9] Petitioner has committed to devoting 6 (~15%) of the 39 units to workforce housing and has committed to keeping these units priced at a workforce rate for 99 years, essentially the life of the building. As proposed, the abatement will run for a period of seven years.

Generally, tax abatements are intended to be tools to incent development in the interest of improving the economic welfare of the city and its residents. With this petition, Naples proposed to invest approximately $4.0 million, increasing the Assessed Valuation (AV) from $127,400 to approximately $4.5 million.[10] As with other abatements recently considered by Council, this abatement is structured on a sliding scale, whereby the amount abatement drops off proportionately. The Administration is supportive of this request and the City's Economic Development Commission (EDC) voted 4-1 on 25 May 2017 in support of the abatement. The EDCs forwards this petition to the Council for its consideration.

[9] As relayed in a memo to the Council from Alex Crowley, Director of Economic and Sustainable Development, Naples, LLC is more precisely a Bloomington-based land-holding company, managed by, and sharing an ownership structure with, the First Capital Group.

[10] This figure reflects that cited on Petitioner's Statement of Benefits. However, the ultimate AV is difficult to predict with precision at this point, because AV is predicate on the value of the property in use.

Schedule for Consideration

This tax abatement proposal implicates three discrete pieces of legislation: 1) one which makes certain statutory findings and assertions as required by statute (Res 17-29); 2) one which designates the area as one warranting targeted economic development, a designation that is required for abatements on most residential projects (Ord 17-27) and; 3) one which confirms the statutory findings and assertions made by Res 17-29 (Res 17-30).

These will be considered according to the following schedule:

- 31 May 2017 (Regular Session): First Reading of Ord 17-27
- 07 June 2017 (Committee of the Whole): Discussion of Ord 17-27 and Res 17-29
- 14 June 2017 (Regular Session): Second Reading of Ord 17-27 and Res 17-29.
- 28 June 2017 (Regular Session): Consideration of Res 17-30, confirming Res 17-29.

Please note that the IC § 6-1.1-12.1-2.5 requires that the Council hold a legally-advertised public hearing before adopting Res 17-30. In accordance with statute, the City Clerk must not only provide the relevant notice, but also file a copy of the notice and information contained in the Statement of Benefits with officials responsible for fixing budgets, tax rates, and tax levies for all of the taxing units within the City's jurisdiction.

The Project

Again, this project will be a three-story, 39-unit, apartment building with residential on all floors; six of these units will be devoted to workforce housing for a period of 99 years. The property is surrounded by both commercial and retail uses, with hotels to the north of the property, single-family residents to the south, an office building to the east, and multi-family uses to the west. *Please see* attached maps and elevations for visual representation of the site.

As spelled out in the memo from Economic and Sustainable Development Director, Alex Crowley, the project was first proposed as one in which two of the three floors would be devoted to residential use, and the ground floor (approximately 9,192 sf) would be devoted to commercial use. In part, this reflected Petitioner's intent to build the project "by right" as the project is located in an area zoned Commercial General (CG), a zoning district in which first-floor multi-family is not permitted. However, the petitioner shifted its project in response to two influences. First, unique topographic features of the lot, the parcel dimensions, and the proximity to an intermittent stream meant that commercial development, and its attendant parking requirements would be problematic. Secondly, the Administration suggested that the Petitioner include a workforce

housing component in the development. For those reasons, the Petitioner requested a use variance to allow for residential uses on the ground floor.

Both of the City's land use approval bodies supported this petition for a change in use. The Plan Commission approved the site plan for the project on 17 April 2017 and found that a use variance was consistent with the Growth Policies Plan and the the project's location within a Community Activity Center. For that reason, it made a positive recommendation to the Board of Zoning Appeals (BZA). The BZA approved the use variance on 27 April 2017. In its petition for a use variance, the Petitioner cited various environmental constraints that make development of the property for commercial use problematic, specifically, parcel dimensions, steep slopes, and proximity to an intermittent stream. Because of these constraints, petitioner wrote that "[t]here is little opportunity to provide adequate parking to support commercial uses on site." In granting the use variance, the BZA found a "peculiar condition in the fact that the southern portion of the lot is undevelopable due to environmental constraints. Applying the 75 foot riparian buffer and additional environmental constraints on the site, the developable area is small, preventing a larger mixed-use development that would likely support commercial use as a part of a mixed-use development. The proposed multi-family development provides a transition between highway commercial located to the north and existing residential to the south."[11]

[11] The minutes for the relevant BZA and Plan Commission meetings are not available. However, the packets issued in interest of both of the meetings can be accessed here: BZA Hearing on 27 April 2017 - http://bloomington.in.gov/media/media/application/pdf/28174.pdf;
Plan Commission Hearing on 17 April 2017 -- http://bloomington.in.gov/media/media/application/pdf/28133.pdf

Operationalizing Workforce Housing

As discussed at recent Council meetings, and as recounted in Crowley's memo, when it comes to a definition of "workforce housing," there is no handy HUD metric we can use, as HUD does not operationalize the term. Instead, the City must develop its own definition. In response to recent calls to pin down a calculus that can be evenly applied to all petitions involving workforce housing, the Administration offered the Council a working definition during Council's recent deliberations on the Adams Crossing/Woolerly PUD amendment (Ord 17-08). That definition was solemnized in that petitioner's zoning commitment and the same definition is being used in this proposal. That definition is as follows:

- Tenants must work at least 35 hours per week;
- Total household income must be located at 120% or less of Area Median income;
- Rent for a one-bedroom unit may not exceed $647/month (for two-bedroom it is $950/month);
- In no event may monthly rent exceed 85% of the market rate for those units; and
- HAND will annually provide income eligibility and rent structure guidelines to the petitioner and petitioner will adjust accordingly.

Similar to the Adams Crossing project, Petitioner has agreed to keep the six workforce housing units at the workforce rate recounted above for a term of 99 years. This will be a deed restriction and will be binding on subsequent purchasers. As with the Adams Crossing project, the clock on the affordability commitment will start once both occupancy and rental permits have been issued for the property.

The Requested Abatement

In return for an investment of approximately $4 million and for the commitment of workforce housing units, Petitioners are asking for a seven-year tax abatement, structured on an incremental step-down of abated taxes over the life of the incentive. The Petitioner's annual taxes, after improvements, are estimated to be $83,132. Absent an abatement, over seven years, that amounts to $581,924. Under the proposal, approximately **$274,336** would be abated. The proposed deduction schedule is as follows:

Year 1	100%	$83,132
Year 2	75%	$62,349
Year 3	60%	$49,879
Year 4	45%	$37,409
Year 5	30%	$24,940
Year 6	15%	$12,470
Year 7	05%	$ 4,157
		$274,336

Please see the "Tax Abatement Calculations" submitted by Director Crowley, and included herein, for more details.

Valuing Workforce Housing

In recent Council discussions, the question of how quantify a commitment to workforce housing has emerged. In response to these questions, the Economic and Sustainable Development Department asked Petitioner to contract with a local appraisal company to verify Petitioners' asserted impact. The third-party analysis compares the net impact of converting the first floor of the project to residential use (including the six workforce housing units) against the gains that would be realized if the Petitioner built the project with first-floor commercial, as initially planned. According to the analysis, the Petitioner's annual loss attributable to converting the first floor to residential is $23,370. As the requested 7-year abatement would abate $274,336 worth of taxes, Crowley writes the abatement "offsets approximately 12 years [$276,000] of impact to Naples's net income." The study conducted by Wayne Johnson of the First Appraisal Group is included in your packet materials. Please consult the study for details.[12]

[12] Know that Director Crowley is working to set up meeting whereby Councilmembers might discuss this, and similar valuations, with area experts. Details will be forthcoming.

Council Review of Tax Abatement Petitions

The process of granting a tax abatement is informed by both State statute and local rules. As you are aware, State law outlines the minimum requirements associated with an abatement of property taxes. Locally, we promulgate guidelines that provide further guidance and provide additional criteria an applicant must meet to be eligible for an abatement. Both are discussed below.

Indiana Code

State statute allows cities, towns, and counties to abate the incremental increase in the assessed valuation of certain real and personal property resulting from applicable investments. I.C. 6-1.1-12.1 *et seq*. Under State statute, the Council is "designating body," the entity responsible for the approval of tax abatements. Generally, the designating body may provide for an abatement between one and ten years. For the designating body to approve an abatement such as this one, it is required by statute to take the following four actions:

- Create an Economic Revitalization Area (Res 17-29)
- Approve a Tax Abatement Schedule (Res 17-29)
- Review and Approve the Petitioner's Statement of Benefits (Res 17-29)
- Create an Economic Development Target Area for most proposals involving residential projects. (Ord 17-27)

Attached to each of these actions are distinct criteria or factors the Council must weigh in making its decision. These factors are discussed below.

Economic Revitalization Area (Res 17-29)

In order to be eligible for a tax abatement, the site/project in question must first be declared an "Economic Revitalization Area" (ERA) by the designating body. An ERA is an area within the corporate boundaries "which has become undesirable for, or impossible of, normal development and occupancy because of 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." I.C. § 6-1.1-12.1-1(1). In determining whether to designate an area as an ERA and whether a tax abatement should be granted, state statute requires that those determinations be based on the following:

> (1) whether the estimate of the value of the redevelopment or rehabilitation is reasonable for projects of that nature.
> (2) 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.
(3) whether the estimate of the annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed described redevelopment or rehabilitation.
(4) 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.
(5) whether the totality of benefits is sufficient to justify the deduction. I.C. § 6-1.1-12.1-3 (b)

Notably, these are *required* findings. Statute requires that Council may not designate an ERA or approve an abatement *unless* the above findings are made in the affirmative. In Crowley's memo to Council, he relays that the estimates and benefits provided by the Petitioner in the application and the Statement of Benefits "are reasonable and the benefits, as outlined in the application packet and this memo, are sufficient to justify a tax abatement of the recommended term and schedule." Res 17-29 makes these required findings.

***Period of Abatement and Tax Abatement Schedule* (Res 17-29)**
Statute provides that the designating body must set an abatement schedule for a business situated in an ERA. I.C. § 6-1.1-12.1-17. The abatement schedule must specify the percentage amount deduction for each year. Statue generally allows an abatement for up to ten years, with the potential for full abatement each year. Again, proposed here is a 7-year abatement with the following deduction schedule: Year 1- 100%; Year 2- 75%; Year 3 – 60%; Year 4 – 45%; Year 5 – 30%; Year 6 – 15%; and Year 7 – 5%

In establishing an abatement schedule, statute provides that the Council base such a schedule on the following factors:

- The total amount of the taxpayer's investment in real and personal property.
  → *The petitioner proposes to invest $4 million with this project. Petitioner also commits to 6 of its 39 units to workforce housing for a period of at least 99 years. Please see foregoing discussion on valuing workforce housing.*
- The number of new full-time equivalent jobs created
  → *The petitioner indicated that it will create 2, part-time positions.*

- The average wage of the new employees compared to the state minimum wage.
  → *Any new employees must make the City's Living Wage*.
- The infrastructure requirements for the taxpayer's investment.
  → *There are no substantive infrastructure requirements associated with this project.* I.C. § 6-1.1-12.1-17 (a).

Statute does not provide guidance on the relative weight of each of these factors. Instead, it is likely that the General Assembly contemplated that all these factors be considered in concert, as a whole.

Review and Approve the Petitioner's Statement of Benefits **(Res 17-29)**
Statute requires that the designating body review the Petitioner's Statement of Benefits (SB-1), a State-prescribed form. With the approval of the designating body, the statement of benefits may be incorporated in a designation application. I.C. § 6-1.1-12.1-3

Note that the SB-1 included in this packet will be modified by the Petitioner to reflect Petitioner's 99-year commitment to workforce housing.[13] With that ensuing change in mind, the SB-1 outlines the following:

- That the improvements to real property will be 39, one-bedroom apartments, 6 of which will be devoted to workforce housing for ~~50~~ 99 years;
- The process of improvement will commence on 01 August 2017 and will be completed on 31 July 2018.
- The current Assessed Valuation (AV) of the property is $127,400; following the improvements the AV is estimated to be $4.5 million.
- Other benefits include "[c]onverting a difficult parcel to develop because of parcel dimensions and slope."

Additional Reasonable Requirements**.** Statute authorizes the City to impose additional, reasonable requirements on the project beyond those listed in the Statement of Benefits, as long as those benefits are cited in the resolution. Failure to make reasonable efforts to comply with these requirements, like the commitments in the Statement of Benefits, may become a basis for rescinding the abatement. These additional requirements outlined in Res 17-29 include:

[13] This shift from an initial commitment made by the petitioner early on for a commitment of 50 years to 99 years is the result of further discussions with ESD staff.

- the capital investment must total at least $4.0 million for real estate improvements;
- the land and improvements must be developed and used in a manner that complies with local code;
- the Project must be completed before or within twelve months of the completion date as listed on the application (that date is listed as 31 July 2018);
- the six units designated as Workforce Housing Units must be maintained for at least ninety-nine (99) years; and
- Petitioner must comply with all reporting requirements in the manner described by Indiana Code, Bloomington Municipal Code, and by the Memorandum of Understanding.

Note that with Ord 97-06, the Council gave the Economic Development Commission (EDC) the responsibility for making recommendations regarding the foregoing to the Council. The EDC voted to favorably recommend this project to the Council on 25 May 2017 via EDC Res17-02, attached hereto.

***Economic Development Target Area* (Ord 17-29)**

Notably, statute makes a number of development projects types ineligible for tax abatements.[14] One of those project types includes most residential development *unless* one of the following applies:

- the facility is a multifamily facility that contains at least 20% of the units available for use by low and moderate income individuals
- the facility is located in an economic development target area established under section 7 of this chapter; or
- the area is designated as a residentially distressed area. I.C. § 6-1.1-12.1-3

Under the current proposal, the Administration is seeking EDTA designation pursuant to the second exception, location within an Economic Development Target Area (EDTA). This is the subject of Ord 17-27.

[14] Such uses include golf courses, country clubs, massage parlors, tennis clubs, racetracks, suntan facilities, hot tub facilities, certain sports facilities, certain retail facilities, and, as recounted above, certain residential facilities. I.C. 6-1.1-12.1-3 (e)

Statute requires that the EDC first make a favorable recommendation that the status of the area as an EDTA. I.C. § 6-1.1-12.1-7. After such favorable recommendation, then the Council may designate a specific geographic area as an EDTA if it finds that the subject area "has become undesirable or impossible for normal development and occupancy because of a lack of development, cessation of growth, deterioration of improvements or character of occupancy, age, obsolescence, substandard buildings, or other factors that have impaired values or prevent a normal development of property or use of property." I.C. § 6-1.1-12.1-7(1). The EDC found that the parcel falls within the statutory requirements for an EDTA and so designated the subject parcel as a EDTA at its meeting on May 25, 2017. *Please see* EDC Res 17-01 attached. Note that the memo submitted by Crowley also indicates that "[s]taff views the slow development of the site as evidence that it is a location that is undesirable for normal development."

Note further that statute allows the Council to designate no more than 15% of the city's territory to be an EDTA. At present, Attorney Thomas Cameron of City Legal relays that the City is not close to that figure.

Local Requirements

Locally, the City promulgates additional guidelines, *Tax Abatement Program: General Standards* (linked here and included in this packet). Revised in 2011, the *Standards* outline evaluative criteria for considering a tax abatement petition and also outline certain factors that exclude petitioners and projects from consideration.[15] The *Standards* direct that, "[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." p. 2. Basic eligibility is achieved by demonstrating the creation of full-time, permanent living-wage jobs and the creation of capital investment as an enhancement to the tax base. While the Petitioner's SB-1 indicates that it will be creating approximately 2 part-time positions with this project, it will ultimately be adding approximately $4.0 million to the tax base.

The Standards also outline other evaluative criteria to be used in consideration of tax abatement projects. The criteria pivot on whether the project makes a "significant positive contribution to overall economic vitality and quality of life in

[15] Petitioners should not hold an outstanding obligation or debt to, be in default or arrears with, or be in litigation against, the City. Projects should not be commenced prior to final approval; involve the demolition or removal of certain historic structures; require major public infrastructure improvements at additional cost to the City; or be inconsistent with the City's long range plans for the area.

the City of Bloomington." p. 3. The *Standards* outline four primary additional criteria, but allow for petitioners to enumerate other contributions to local economic vitality that may not fit neatly within those categories. The following reflects petitioner's satisfaction of those criteria as reflected in the petitioner's statement and in the memo from Crowley.

- **Quality of Life, Environmental Stewardship, and/or Sustainability**
  As part of its site plan, petitioner will be building sidewalks along both street frontages, this will provide for connectivity in the sidewalk system. Petitioner also represents that it will be preserving much of the ground cover on the eastern property line.
- **Affordable Housing**
  The Petitioner is committing to the dedication of 6 of the 39 units to workforce housing, as defined above, for a period of 99 years. This commitment will be recorded and will run with the land.
- **Community Service**
  Not addressed.
- **Community Character**
  According to the Memo from Crowley, the project fits this criterion in that:

> The proposed development fits in with the existing land uses including the existing multi-family development to the west and serves as a transition between the commercial activity to the north and the single family residential neighborhoods to the south. The architecture is not out of character for the area and the site features pedestrian connections that enable residents to access the adjacent commercial land uses and neighborhood.

Enforcement and Reporting Requirements

Res 17-29 outlines two enforcement provisions. The first requires the petitioner to enter into a Memorandum of Understanding (MOU) with the City that sets forth the petitioner's obligations and the consequences for failing to comply with them. The second provides for what is called a "clawback" of payments in the event the petitioner ceases to operate at this site and the Council finds the petitioner intentionally provided false information concerning its plans to continue operation there.

For projects that have been granted a tax abatement, the abated taxpayer must file forms by 10 May of every year with the City indicating whether they have complied with the promised benefits of the project and the terms of the MOU. The ESD staff, in turn, present a Report to the Commission and Council in June. This year, ESD will make its annual Tax Abatement Report to the Council on 14 June 2017. Upon review, the Council may rescind any abatement if it finds the taxpayer has not made reasonable efforts to comply with the promised benefits and may also void the abatement if the project is not initiated in a timely manner or the use is different than as approved.

Happy Birthday Council Member Volan – May 31st

NOTICE AND AGENDA
BLOOMINGTON COMMON COUNCIL REGULAR SESSION
6:30 P.M., WEDNESDAY, MAY 31, 2017
COUNCIL CHAMBERS
SHOWERS BUILDING, 401 N. MORTON ST.

I. ROLL CALL

II. AGENDA SUMMATION

III. APPROVAL OF MINUTES

IV. REPORTS (A maximum of twenty minutes is set aside for each part of this section.)

1. **Councilmembers**
2. **The Mayor and City Offices**
3. **Council Committees**
4. **Public***

V. APPOINTMENTS TO BOARDS AND COMMISSIONS

VI. LEGISLATION FOR SECOND READING AND RESOLUTIONS

1. Ordinance 17-23 – To Amend Title 15 of the Bloomington Municipal Code Entitled "Vehicles and Traffic" - Re: Adding Active Transportation Facility Definitions; Amending Bicycle Operation Parameters; Deleting Prohibition of Coasters, Skateboards and Roller Skates on Streets and Replacing It with Regulation of Coasters; Deleting Bicycle License Requirements, Bicycle License Issuance, Bicycle License Records, and Prohibition of License Decal Removal; Amending Bicycle Rentals; Deleting Bicycle Paths Established and Replacing It with Bicycle Lanes Established; Deleting Right-of-Way of Bicycle Riders on Bicycle Lanes and Replacing It with Use of Bicycle Lanes; Adding Penalties for Violations to Bicycle Parking; Amending Violation and Penalties for Bicycles, Skateboards and Other Foot-Propelled Vehicles from a Class E to a Class G Violation; Adding a Vulnerable Road Users Section and Opening Vehicle Doors Section to the Miscellaneous Traffic Rules; Amending the Class C, D, and G Traffic Violation Sections; and, Deleting the Class E and F Traffic Violation Sections.

Committee Recommendation		Do Pass	3-3-3
	Am01	Do Pass	9-0-0

2. Ordinance 17-24 – To Amend Title 15 of the Bloomington Municipal Code (BMC) Entitles "Vehicles and Traffic" - Re: Deleting BMC Chapter 15.36 (Resident-Only Parking Permits)

Committee Recommendation	Do Pass	0-7-1

VII. LEGISLATION FOR FIRST READING

1. Appropriation Ordinance 17-02 - To Specially Appropriate from the General Fund, Parks General Fund, Motor Vehicle Highway Fund, Parking Facilities Fund, Parking Meter Fund, and Vehicle Replacement Fund Expenditures Not Otherwise Appropriated (Appropriating a Portion of the Amount of Funds Reverted to Various City Funds at the End of 2016 for Unmet Needs in 2017)

2. Ordinance 17-26 - To Amend Ordinance 16-17, Which Established an Economic Development Target Area (EDTA), by Extending the Expiration Date an Additional Five Years - Re: Property Located at 405 S. Walnut Street; 114, 118, and 120 E. Smith Avenue; and 404 S. Washington Street and Identified by the Monroe County Parcel ID Numbers 015-35020-00, 015-35010-00, 015-35030-00, 015-10000-00, 015-33130-00 (H.M. Mac Development, LLC, Petitioner)

3. Ordinance 17-27 - To Designate an Economic Development Target Area (EDTA) - Re: Property Located at N. Kinser Pike and Identified by the Monroe County Parcel ID Number 53-05-28-300-170.000-005 (015-38250-00) (Naples, LLC, Petitioner)

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 Reports from the Public 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 for people with disabilities are available upon request with adequate notice. Please call (812)349-3409 or e-mail council@bloomington.in.gov.*

Posted & Distributed: May 26, 2017

City of Bloomington
Office of the Common Council

To Council Members
From Council Office
Re Weekly Calendar – 29 May-03 June 2017

Monday, 29 May

Memorial Day- City Offices Closed

Tuesday, 30 May

3:30 pm Board of Public Works – Work Session, McCloskey
4:30 pm Commission on Aging – Special Session, Hooker Conference Room
5:00 pm Utilities Service Board, 600 E. Miller Dr., Board Room
5:30 pm Board of Public Works, Chambers

Wednesday, 31 May

2:00 pm Hearing Officer, Kelly
4:00 pm Board of Housing Quality Appeals – Special Meeting, Hooker Conference Room
6:30 pm Common Council – Regular Session, Chambers

Happy Birthday Councilmember Steve Volan!

Thursday, 01 June

4:00 pm Bloomington Digital Underground Advisory Council, McCloskey
5:30 pm Commission on the Status of Women, McCloskey

Friday, 02 June

12:00 pm Common Council – Internal Work Session

Saturday, 03 June

8:00 am Bloomington Community Farmers' Market, 401 N. Morton St.

*Auxiliary aids for people with disabilities are available upon request with adequate notice. Please contact the applicable board or commission or call (812) 349-3400.

Posted and Distributed: Friday, 26 May 2017

APPROPRIATION ORDINANCE 17-02

TO SPECIALLY APPROPRIATE FROM THE GENERAL FUND, PARKS GENERAL FUND, MOTOR VEHICLE HIGHWAY FUND, PARKING FACILITIES FUND, PARKING METER FUND, AND VEHICLE REPLACEMENT FUND EXPENDITURES NOT OTHERWISE APPROPRIATED (Appropriating a Portion of the Amount of Funds Reverted to Various City Funds at the End of 2016 for Unmet Needs in 2017)

WHEREAS, the Animal Care & Control desires to increase its budget Classification 4 – Capital Outlays in order to provide for the replacement of vehicles; and

WHEREAS, the City Clerk desires to increase its budget in Classification 2 – Supplies and Classification 3 – Services and Charges to provide for additional supplies and equipment; and

WHEREAS, the Council Office desires to increase its budget in Classification 1 – Personal Services, Classification 2 – Supplies and Classification 3 – Services and Charges in order to provide for additional funds for interns, supplies and training; and

WHEREAS, the Community & Family Resources desires to increase its budget in Classification 2 – Supplies and Classification 3 – Services and Charges in order to provide additional supplies, education and training for City employees, workshops grants and other needs; and

WHEREAS, the Controller's Office desires to increase its budget in Classification 3 – Services and Charges, in order to replenish funds for outside services; and

WHEREAS, the Office of Economic and Sustainable Development desires to increase its budget in - Classification 3 – Services and Charges in order to provide for arts and sustainable projects; and

WHEREAS, the Public Works Facilities Department desires to increase its budget in - Classification 3 – Services and Charges and Classification 4 – Capital Outlays in order to provide for equipment and vehicles; and

WHEREAS, the Fire Department desires to increase its budget in Classification 3 – Services and Charges in order to provide for additional materials; and

WHEREAS, the Housing & Neighborhood Development Department desires to increase its budget in Classification 2 – Supplies and Classification 3 – Services and Charges in order to provide for supplies, training, equipment and other services; and

WHEREAS, the Human Resources Department desires to increase its budget in Classification 3 – Services and Charges in order to provide for outside services; and

WHEREAS, the Information Technology Department desires to increase its budget in Classification 1 – Personal Services, Classification 3 – Services and Charges, and Classification 4 – Capital Outlays in order to provide for additional part-time assistance, replenish outside services and vehicle replacement; and

WHEREAS, the Legal Department desires to increase its budget in Classification 1 – Personal Services, Classification 3 – Services and Charges, and Classification 4 – Capital Outlays in order to provide for additional outside services and vehicle replacement; and

WHEREAS, the Planning & Transportation Department desires to increase its budget in Classification 3 – Services and Charges, and Classification 4 – Capital Outlays in order to provide for additional outside services and vehicle replacement; and

WHEREAS, the Police Department desires to increase its budget in Classification 4 – Capital Outlays in order to provide for equipment replacement; and

WHEREAS, the Public Works Department desires to increase its budget in Classification 4 – Capital Outlays in order to provide for vehicle replacement; and

WHEREAS, the Parks Department for the Parks General Fund desires to increase its budget in Classification 4 – Capital Outlays in order to provide for equipment and vehicle replacement; and

WHEREAS, the Public Works Department for the Motor Vehicle Highway Fund desires to increase its budget in Classification 4 – Capital Outlays in order to provide for vehicle replacement; and

WHEREAS, the Public Works Department for the Parking Facilities Fund desires to increase its budget in Classification 3 – Services and Charges, and Classification 4 – Capital Outlays in order to provide for outside services and facilities repair; and

WHEREAS, the Police Department for the Parking Meter Fund desires to increase its budget in Classification 3 – Services and Charges, and Classification 4 – Capital Outlays in order to provide for outside services and vehicle replacement; and

WHEREAS, the Controller's Office for the Vehicle Replacement Fund desires to increase its budget in Classification 4 – Capital Outlays in order to provide for vehicle replacement;

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

SECTION I. For the expenses of said municipal corporation the following additional sums of money are hereby appropriated and ordered set apart from the funds herein named and for the purposes herein specified, subject to the laws governing the same:

	AMOUNT REQUESTED
General Fund – Animal Shelter	
Classification 4 – Capital Outlays	$ 135,000.00
Total General Fund – Human Resources	135,000.00
General Fund – City Clerk	
Classification 2 – Supplies	$ 7,402.00
Classification 3 – Services and Charges	$ 505.00
Total General Fund – City Clerk	7,907.00
General Fund – City Council	
Classification 1 – Personal Services	$ 6,000.00
Classification 2 – Supplies	$ 1,500.00
Classification 3 – Services and Charges	$ 944.00
Total General Fund – City Council	8,444.00
General Fund – Community and Family Resources	
Classification 2 – Supplies	$ 4,981.00
Classification 3 – Services and Charges	$ 6,150.00
Total General Fund – Community and Family Resources	11,131.00
General Fund – Controller	
Classification 3 – Services and Charges	$ 325,000.00
Total General Fund – Controller	325,000.00
General Fund – Economic & Sustainable Development	
Classification 3 – Services and Charges	$ 10,325.00
Total General Fund – ESD	10,325.00
General Fund – Public Works - Facilities	
Classification 3 – Services and Charges	$ 84,698.00
Classification 4 – Capital Outlays	$ 103,000.00
Total General Fund – Public Works - Facilities	187,698.00
General Fund – Fire	

Classification 3 – Services and Charges	$	618.00
Total General Fund – Fire		618.00
General Fund – Housing & Neighborhood Development		
Classification 2 – Supplies	$	12,000.00
Classification 3 – Other Services & Charges	$	40,000.00
Total General Fund – Hand		52,000.00
General Fund – Human Resources		
Classification 3 – Other Services & Charges	$	46,295.00
Total General Fund – Hand		46,295.00
General Fund – Information Technology Services		
Classification 1 – Personal Services	$	2,000.00
Classification 3 – Other Services & Charges	$	16,000.00
Classification 4 – Capital Outlays	$	29,000.00
Total General Fund – ITS		47,000.00
General Fund – Legal		
Classification 1 – Personal Services	$	3,000.00
Classification 3 – Other Services & Charges	$	100,000.00
Classification 4 – Capital Outlays	$	32,000.00
Total General Fund – Legal		135,000.00
General Fund – Planning & Transportation		
Classification 3 – Other Services & Charges	$	174,280.00
Classification 4 – Capital Outlays	$	34,000.00
Total General Fund – Planning & Transportation		208,280.00
General Fund – Police		
Classification 4 – Capital Outlays	$	293,004.00
Total General Fund – Planning & Transportation		293,004.00
General Fund – Public Works		
Classification 4 – Capital Outlays	$	328,000.00
Total General Fund – Public Works		328,000.00
Grand Total General Fund (Fund #101)	$	**1,795,702.00**
Parks General Fund - Parks		
Classification 4 – Capital Outlays	$	86,500.00
Total Parks General Fund - Parks		86,500.00
Grand Total Parks General Fund (Fund # 200)	**$**	**86,500.00**
Parking Meter Fund - Police		
Classification 3 – Services & Charges	$	40,000.00
Classification 4 – Capital Outlays	$	53,000.00
Total Parking Meter Fund - Police		93,000.00
Grand Total Parking Meter Fund (Fund #455)	**$**	**93,000.00**
Parking Facilities Fund – Public Works		
Classification 3 – Services & Charges	$	40,000.00
Classification 4 – Capital Outlays	$	203,000.00
Total Parking Meter Fund – Public Works		243,000.00
Grand Total Parking Facilities Fund (Fund #452)	**$**	**243,000.00**

Motor Vehicle Highway Fund – Public Works		
Classification 4 – Capital Outlays	$	440,774.00
Total Motor Vehicle Highway Fund – Public Works		440,774.00
Grand Total Motor Vehicle Highway Fund (Fund #451)	**$**	**440,774.00**
Vehicle Replacement Fund – Controller		
Classification 4 – Capital Outlays	$	48,571.00
Total Vehicle Replacement Fund – Controller		48,571.00
Grand Total Vehicle Replacement Fund (Fund #610)	**$**	**48,571.00**
Grand Total All Funds	**$**	**2,707,547.00**

PASSED AND ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this _____ day of _____, 2017.

_____
SUSAN SANDBERG, President
Bloomington Common Council

ATTEST:

_____
NICOLE BOLDEN, Clerk
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this _____ day of _____, 2017.

_____
NICOLE BOLDEN, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this _____ day of _____, 2017.

_____
JOHN HAMILTON, Mayor
City of Bloomington

SYNOPSIS

This ordinance appropriates an additional $2,707,547 of funds from the General Fund, Parks General Fund, Motor Vehicle Highway Fund, Parking Meter Fund, Parking Facilities Fund and the Vehicle Replacement Fund. This amount is a portion of the $3,901,854 reverted to various City funds at the end of last year and will be used for temporary labor, supplies training, outside services, grants, equipment, and capital replacements.

MARK KRUZAN
MAYOR

CITY OF BLOOMINGTON

401 N Morton St
Post Office Box 100
Bloomington IN 47402

JEFFREY H. UNDERWOOD
CONTROLLER

CONTROLLER'S OFFICE

p 812.349.3416
f 812.349.3456
controller@bloomington.in.gov

Memorandum

To: Council Members
From: John Hamilton, Mayor & Jeffrey Underwood, Controller
Date: May 25, 2017
Re: Appropriation Ordinance 17-02

Appropriation Ordinance 17-02 is represents our request to appropriate a portion of the 2016 budget reversions.year-end appropriation.

By the end of 2016, departments reverted a total of $3,901,854 in six (6) funds (General Fund, Parks General Fund, Motor Vehicle Highway, Parking Facilities, Parking Meter, and Vehicle Replacement).

As the Mayor has discussed on several occasions it is his goal for Department Heads to be good steward of the City's funds and to strive to find innovative ways to become as efficient as possible in utilizing these funds. In doing so, he stated it was also his goal to share savings with the Department on an equal basis. This proposed ordinance reflects those goals. Department including the Council and Clerks office were presented with their share of savings and asked to prepare a plan for the use of those funds. In addition, the Administration reviewed the remaining savings and developed a plan, with input from the Council, for the use of those funds.

Major themes from departments include funding for short-term personnel, supplies, training, outside services, program support for grants and outreach efforts, equipment and equipment replacement along with capital/vehicle replacement.

The Administration requests funds for a Parking study, Master Architect and Capital/Vehicle replacement.

Conclusion:

The total amount of these requests is $2,707,547 from a total reversion in these funds of $3,901,854. This leaves reversions of $1,194,307. We are continuing to review our capital replacement needs and may return to the Council later in the year to appropriate remaining reversions.

The City strives to maintain appropriate reserve levels in each of its funds. We are currently conducting a risk-based analysis of each of our funds that will serve as a guide to the appropriate levels of reserves. This analysis looks at a number of factors such as the potential for revenue shortfalls, unanticipated expenditures, creditworthiness and liquidity.

The Government Finance Officers Association (GFOA) recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.

After this appropriation of these reversions, we will continue to maintain reserves equal to four months of general fund operating expenditures.

Thank you for the consideration of this request.

Conforming the Economic Development Target Area (EDTA) and Economic Revitalization Area (ERA) for the Hoffman Project on South Walnut Street with the Period of Abatement Approved by the Council

Packet Material

- **Memo to the Council**
  Contact: Alex Crowley, Director of Economic and Sustainable Development, 812-349-3477, crowleya@bloomington.in.gov

- **Ord 17-26** To Amend Ordinance 16-17, which Established an Economic Development Target Area (EDTA), by Extending the Expiration Date an Additional Five Years - Re: Property Located at 405 S. Walnut Street; 114, 118, and 120 E. Smith Avenue; and 404 S. Washington Street and Identified by the Monroe County Parcel ID Numbers 015-35020-00, 015-35010-00, 015-35030-00, 015-10000-00, 015-33130-00 (H.M. Mac Development, LLC, Petitioner)
  - **Ord 16-17** as amended by **Ord 17-26**

- **Res 17-26** To Amend Resolution 16-12, Which Established an Economic Revitalization Area (ERA), by Extending the Expiration Date for this ER By Another Five Years – Re: Property Located at 405 S. Walnut Street; 114, 118, and 120 E. Smith Avenue; and 404 S. Washington Street and Identified by the Monroe County Parcel ID Numbers 015-35020-00, 015-35010-00, 015-35030-00, 015-10000-00, 015-33130-00 (H.M. Mac Development, LLC, Petitioner)
  - **Res 16-12** as Amended by **Res 17-26**

CITY OF BLOOMINGTON
ECONOMIC & SUSTAINABLE DEVELOPMENT
MEMORANDUM

TO: **Members of the Common Council of the City of Bloomington**

FROM: **Alex Crowley, Director, Economic & Sustainable Development**

CC: **Dan Sherman, Council Administrator/Attorney**

RE: **H.M. Mac Development, LLC Tax Abatement**
Ordinance 17-26 and Resolution 17-26

DATE: **May 22, 2017**

In 2016, H.M. Mac Development, LLC submitted an application for a tax abatement for its development on South Walnut Street on the parcels known as 405 S. Walnut Street; 114, 118, and 120 E. Smith Avenue; and 404 S. Washington Street (the "Project"). The Project was anticipated to result in $11.5 million in investment to construct two four-story mixed use buildings, which will include approximately 8,000 square feet of retail or commercial space, and 54 residential units.

The Economic Development Commission reviewed that application and recommended the Council approve a five-year tax abatement for the Project.

Because the Project includes a residential component, a tax abatement requires three things: (1) the creation of an Economic Development Target Area; (2) the creation of an Economic Revitalization Area; and (3) the approval of a tax abatement schedule.[1]

In July 2017, the Council created an Economic Development Target Area for the Project (with an expiration date of December 31, 2024) in its Ordinance 16-17. In August 2017, the Council created an Economic Revitalization Area for the Project (with an expiration date of December 31, 2024) and approved a ten-year tax abatement schedule in its Resolution 16-12.[2]

Because the Economic Development Target Area and the Economic Revitalization Area will expire before the tax abatement schedule is completed, at present, H.M. Mac Development, LLC would not be able to receive all ten years of the abatement schedule approved by Council.

Staff recommends extending the Economic Development Target Area and the Economic Revitalization Area so that H.M. Mac Development, LLC will be eligible to receive all ten years of the abatement schedule.

[1] Projects without a residential component do not require the creation of an Economic Development Target Area.
[2] The Project approved in Resolution 16-12 had a greater number of affordable units than the version of the Project that was presented to the Economic Development Commission.

ORDINANCE 17-26

TO AMEND ORDINANCE 16-17, WHICH ESTABLISHED AN ECONOMIC DEVELOPMENT TARGET AREA (EDTA), BY EXTENDING THE EXPIRATION DATE AN ADDITIONAL FIVE YEARS - Re: Property Located at 405 S. Walnut Street; 114, 118, and 120 E. Smith Avenue; and 404 S. Washington Street and Identified by the Monroe County Parcel ID Numbers 015-35020-00, 015-35010-00, 015-35030-00, 015-10000-00, 015-33130-00 (H.M. Mac Development, LLC, Petitioner)

WHEREAS, Indiana Code § 6-1.1-12.1-7(a) authorizes the Common Council to designate an area of the city as an Economic Development Target Area; and

WHEREAS, on July 13, 2016, the Common Council approved Ordinance 16-17, which designated five parcels owned by H.M. Mac Development, LLC as an Economic Development Target Area with an expiration date of December 31, 2024; and

WHEREAS, on August 31, 2016, the Common Council approved Resolution 16-12, which authorized a ten-year tax abatement for the five parcels owned by H.M. Mac Development, LLC; and

WHEREAS, H.M. Mac Development, LLC intends to invest $11.5 million to construct two four-story mixed use buildings, which will include approximately 8,000 square feet of retail or commercial space, and 54 residential units (the "Project"); and

WHEREAS, projects with a residential component—like the Project—are not eligible for a tax abatement unless the project also fits within one of the categories identified in Indiana Code § 6-1.1-12.1-3(e)(11); and

WHEREAS, one of the categories identified in Indiana Code § 6-1.1-12.1-3(e) (11) is the facility being located in an Economic Development Target Area established under Indiana Code § 6-1.1-12.1-7; and

WHEREAS, in order for H.M. Mac Development, LLC to receive the full benefit of the tax abatement schedule approved in Resolution 16-12, it is necessary to extend the expiration date of the Economic Development Target Area created in Ordinance 16-17 from December 31, 2024 to December 31, 2029;

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

SECTION 1. Ordinance 16-17 established an Economic Development Target Area over the parcels located at 405 S. Walnut Street; 114, 118, and 120 E. Smith Avenue; and 404 S. Washington Street and identified by the following Parcel Numbers in Bloomington, Monroe County, Indiana, pursuant to Indiana Code 6-1.1-12.1-7(a):

53-08-04-200-037.000-009 (Alt Parcel Num: 015-35020-00)
53-08-04-200-088.000-009 (Alt Parcel Num: 015-35010-00)
53-08-04-200-000.021-009 (Alt Parcel Num: 015-35030-00)
53-08-04-200-185.000-009 (Alt Parcel Num: 015-10000-00)
53-08-04-200-203.000-009 (Alt Parcel Num: 015-33130-00).

SECTION 2. This designation shall expire December 31, 2029, unless extended by action of the Common Council to amend this Ordinance and upon recommendation of the Bloomington Economic Development Commission.

SECTION 3. Ordinance 16-17 shall remain otherwise unchanged.

SECTION 4. This Ordinance shall be in full force and effect from and after its passage by the Common Council of the City of Bloomington and approval of the Mayor.

PASSED AND ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this _____ day of _____, 2017.

_____
SUSAN SANDBERG, President
Bloomington Common Council

ATTEST:

_____
NICOLE BOLDEN, Clerk
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this _____ day of _____, 2017.

_____
NICOLE BOLDEN, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this _____ day of _____, 2017.

_____
JOHN HAMILTON, Mayor
City of Bloomington

SYNOPSIS

This Ordinance extends the expiration date of the Economic Development Target Area established by Ordinance 16-17 for five parcels owned by H.M. Mac Development, LLC and known as 405 S. Walnut Street; 114, 118, and 120 E. Smith Avenue; and 404 S. Washington Street, from December 31, 2024 to December 31, 2029. This extension will allow the developer to receive the full benefit of the tax abatement approved by the Council in Resolution 16-12.

ORDINANCE 16-17

TO DESIGNATE AN ECONOMIC DEVELOPMENT TARGET AREA (EDTA) -
Re: Property Located at 405 S. Walnut Street; 114, 118, and 120 E. Smith Avenue; and 404 S. Washington Street and Identified by the Monroe County Parcel ID Numbers 015-35020-00, 015-35010-00, 015-35030-00, 015-10000-00, 015-33130-00
(H.M. Mac Development, LLC, Petitioner)

WHEREAS, Indiana Code 6-1.1-12.1-7(a) authorizes the Common Council to designate an area as an Economic Development Target Area (EDTA); and

WHEREAS, statutory criteria require that an area so designated must be an area that:

(1) has become undesirable or impossible for normal development and occupancy because of a lack of development, cessation of growth, deterioration or improvement or character or occupancy, age, obsolescence, substandard buildings, or other factors that have impaired values or prevented a normal development of property or use of property; or

(2) has been designated as a registered historic district under:
(A) the National Historic Preservation Act of 1966; or
(B) the jurisdiction of a preservation commission organized under:
(i) IC 36-7-11;
(ii) IC 36-7-11.1;
(iii) IC 36-7-11.2;
(iv) IC 36-7-11.3; or
(v) IC 14-3-3.2 (before its repeal); or

(3) encompasses buildings, structures, sites or other facilities that are:
(A) listed in the national register or historic places under the National Historic Preservation Act of 1966; or
(B) listed on the register of the Indiana historic sites and historic structures; or
(C) determined to be eligible for listing on the Indiana register by the state historic preservation officer; and

WHEREAS, on June 15, 2016, the City of Bloomington Economic Development Commission held a hearing to consider the request to designation of an Economic Development Target Area on five parcels in Bloomington, Indiana, which have the addresses of 405 S. Walnut Street; 114, 118, and 120 E. Smith Avenue; and 404 S. Washington Street, and is identified by Monroe County as the following parcels (and alternate parcel) numbers:

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

WHEREAS, at the conclusion of the hearing, the Economic Development Commission adopted Resolution 16-01, which recommended that the Common Council designate the above-described area as an Economic Development Target Area in compliance with Indiana Code 6-1.1-12.1-7(a);

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

Ord 16-17 as Amended by Ord 17-26

SECTION 1. The parcels located at 405 S. Walnut Street; 114, 118, and 120 E. Smith Avenue; and 404 S. Washington Street and identified by the following Parcel Numbers in Bloomington, Monroe County, Indiana, are hereby designated as an Economic Development Target Area under the authority of Indiana code 6-1.1-12.1-7(a):

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

SECTION 2. This designation shall expire December 31, ~~2024~~ **2029**, unless extended by action of the Common Council to amend this Ordinance and upon recommendation of the Bloomington Economic Development Commission.

SECTION 3. This Ordinance shall be in full force and effect from and after its passage by the Common Council of the City of Bloomington and approval of the Mayor.

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

_____
ANDY RUFF, President
Bloomington Common Council

ATTEST:

_____
NICOLE BOLDEN, Clerk
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this _____ day of _____, 2016.

_____
NICOLE BOLDEN, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this _____ day of _____, 2016.

_____
JOHN HAMILTON, Mayor
City of Bloomington

Ord 16-17 as Amended by Ord 17-26

SYNOPSIS

This Ordinance designates five parcels owned by H.M. Mac Development, LLC and known as 405 S. Walnut Street, 114, 118, and 120 E. Smith Avenue; and 404 S. Washington Street as an Economic Development Target Area (EDTA). This designation was recommended by the Economic Development Commission and will enable the proposed mixed use redevelopment project, which includes retail/commercial space and residential units, to be eligible for tax abatement. Final approval of the real estate property tax abatement for the project will also require the adoption of an initial and confirming resolution, which must designate the lot as an Economic Revitalization Area (ERA), approve the statement of benefits, and authorize a period of abatement and a schedule of deduction.

RESOLUTION 17-26

TO AMEND RESOLUTION 16-12, WHICH ESTABLISHED AN ECONOMIC REVITALIZATION AREA (ERA), BY EXTENDING THE EXPIRATION DATE FOR THIS ERA BY ANOTHER FIVE YEARS –
Re: Property Located at 405 S. Walnut Street; 114, 118, and 120 E. Smith Avenue; and 404 S. Washington Street and Identified by the Monroe County Parcel ID Numbers 015-35020-00, 015-35010-00, 015-35030-00, 015-10000-00, 015-33130-00
(H.M. Mac Development, LLC, Petitioner)

WHEREAS, Indiana Code § 6-1.1-12.1 authorizes the Common Council to establish Economic Revitalization Areas and to set abatement schedules for property tax abatements; and

WHEREAS, in Resolution 16-11, the Council indicated its intent to establish an Economic Revitalization Area on five parcels owned by H.M. Mac Development, LLC, with an expiration date of December 31, 2024, and to approve a three-year abatement schedule; and

WHEREAS, in Resolution 16-12, the Council established an Economic Revitalization Area on the five parcels owned by H.M. Mac Development, LLC, with an expiration date of December 31, 2024, and approved a ten-year abatement schedule; and

WHEREAS, in order for H.M. Mac Development, LLC to receive the full benefit of the tax abatement schedule approved in Resolution 16-12, it is necessary to extend the expiration date of the Economic Revitalization Area created in Resolution 16-12 an additional five years;

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

SECTION 1. Resolution 16-12 established an Economic Revitalization Area over the parcels located at 405 S. Walnut Street; 114, 118, and 120 E. Smith Avenue; and 404 S. Washington Street.

SECTION 2. The designation shall expire December 31, 2029, unless extended by action of the Common Council to amend this Resolution and upon recommendation of the Bloomington Economic Development Commission.

SECTION 3. Resolution 16-12 shall remain otherwise unchanged.

PASSED AND ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this _____ day of _____, 2017.

_____
SUSAN SANDBERG, President
Bloomington Common Council

ATTEST:

_____
NICOLE BOLDEN, Clerk
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this _____ day of _____, 2017.

_____
NICOLE BOLDEN, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this _____ day of _____, 2017.

_____
JOHN HAMILTON, Mayor
City of Bloomington

SYNOPSIS

This Resolution extends the expiration date of the Economic Revitalization Area established by Resolution 16-12 for five parcels owned by H.M. Mac Development, LLC and known as 405 S. Walnut Street; 114, 118, and 120 E. Smith Avenue, and 404 S. Washington Street from December 31, 2024 to December 31, 2029. This extension will allow the developer to receive the full benefit of the tax abatement approved by the Council in Resolution 16-12.

RESOLUTION 16-12

TO MODIFY AND CONFIRM <u>RESOLUTION 16-11</u> WHICH DESIGNATED AN ECONOMIC REVITALIZATION AREA, APPROVED A STATEMENTS OF BENEFITS, AND AUTHORIZED A PERIOD OF TAX ABATEMENT FOR REAL PROPERTY IMPROVEMENTS
- Re: Properties at 405 S. Walnut Street; 114, 118, and 120 E. Smith Avenue; and 404 S. Washington Street
(H.M. Mac Development, LLC, Petitioner)

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

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

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

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

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

WHEREAS, when the proposal was submitted to the Council in June, five of the residential units were be Workforce Housing Units, available for at least thirty (30) years to residents who held a full time job (constituting at least thirty five hours per week) and made less than or equal to the Bloomington Living Wage, with rents that were based on thirty percent—the average percent of income that is used for housing—of the resident's annual wages; and

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

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

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

Res 16-12 as Amended by Res 17-26

A. the estimate of the value of the redevelopment or rehabilitation is reasonable;

B. the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed described redevelopment or rehabilitation;

C. the estimate of the annual salaries of these individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed described redevelopment or rehabilitation;

D. the redevelopment or rehabilitation has received approval from the Planning Department, is consistent with the Growth Policies Plan, is expected to be developed and used in a manner that complies with local code, and provides housing in the downtown area; and

E. the totality of benefits is sufficient to justify the deduction; and

WHEREAS, the Common Council has further found that the Project will not negatively impact the ability of the Consolidated Tax Increment Finance (TIF) district to meet its debt obligations; and

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

WHEREAS, after a vote of the Common Council at its meeting on July 13, 2016 and subsequent signature by the Mayor, the City adopted Resolution 16-11, which designated the above property as an "Economic Revitalization Area," approved the Statement of Benefits, and authorized a three (3) year period of tax abatement for real estate improvements;

WHEREAS, in conjunction with Resolution 16-11, the Common Council and Mayor also adopted Ordinance 16-17, which designated this site as an Economic Development Target Area (EDTA), as required by Indiana Code § 6-1.1-12.1-7(a) and as recommended by the EDC with adoption of its Resolution 16-01;

WHEREAS, the City Clerk published notice of the passage of Resolution 16-11, which requested that persons having objections or remonstrance to the designation, statement of benefits submission, and findings of fact appear before the Common Council at its meeting on August 31, 2016; and

WHEREAS, after an amendment of the Common Council was adopted on August 31, 2016, a total of fifteen bedrooms will be for Workforce Housing, available to residents who work at least thirty five hours per week and (2) whose total household income is less than 80% of the Area Median Income for the household size or where every wage earner in the household earns less than or equal to the Bloomington Living Wage; and

WHEREAS, the rent for a one bedroom Workforce Housing unit shall not exceed Six Hundred Forty One Dollars per month ($641) and the rent for a two bedroom Workforce Housing unit shall not exceed One Thousand Two Hundred Eighty Two Dollars ($1,282), which may increase annually by the Consumer Price Index; and

WHEREAS, in no event may the rent for a Workforce Housing unit exceed eighty-five percent (85%) of the market rate rent for those bedrooms; and

WHEREAS, the Workforce Housing Units will be available for at least ninety-nine (99) years; and

WHEREAS, the Common Council has reviewed and heard all such objections and remonstrance to such designation;

Res 16-11 as Amended by Res 16-26

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

1. Pursuant to Indiana Code § 6-1.1-12.1-1 *et seq.*, the Common Council hereby modifies and confirms its determination made in Resolution 16-11 that the area described above is an "Economic Revitalization Area" and that the totality of benefits of the Project entitle the owner of the property or its successor(s) to a deduction from the assessed value of the real estate improvements for a period of ten (10) years.

2. Pursuant to Indiana Code § 6-1.1-12.1-17, the Common Council hereby sets the following abatement schedule for the Project for real estate improvements:

Year 1	100%
Year 2	95%
Year 3	90%
Year 4	85%
Year 5	80%
Year 6	30%
Year 7	30%
Year 8	20%
Year 9	10%
Year 10	10%

3. In granting this designation and deduction the Common Council incorporates Indiana Code § 6-1.1-12.1-12. It also expressly exercises the power set forth in Indiana Code § 6-1.1-12.1-2(i) (5) to impose additional, reasonable conditions on the rehabilitation or redevelopment beyond those listed in the Statement of Benefits. In particular, failure of the property owner to make reasonable efforts to comply with the following conditions is an additional reason for the Council to rescind this designation and deduction:

a. the capital investment of at least $11.5 million for real estate improvements shall be completed before or within twelve months of the completion date as listed on the application; and
b. the land and improvements shall be developed and used in a manner that complies with local code; and
c. the Workforce Housing Units shall be maintained for at least ninety-nine (99) years; and
d. Petitioner will comply with all compliance reporting requirements in the manner described by Indiana Code, Bloomington Municipal Code, and by the Memorandum of Understanding.

4. This designation shall expire no later than December 31, ~~2024~~ **2029** unless extended by action of the Common Council and upon recommendation of the Bloomington Economic Development Commission.

PASSED and ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this ___ day of _____, 2016.

_____
ANDY RUFF, President
Bloomington Common Council

ATTEST:

_____
NICOLE BOLDEN, Clerk
City of Bloomington

Res 16-12 as Amended by Res 17-26

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this _____ day of _____, 2016.

_____
NICOLE BOLDEN, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this _____ day of _____, 2016.

_____
JOHN HAMILTON, Mayor
City of Bloomington

Res 16-12 as amended by Res 17-26

SYNOPSIS

This resolution modifies and confirms Resolution 16-11 and designates five parcels owned by H.M. Mac Development, LLC and known as 405 S. Walnut Street; 114, 118, and 120 E. Smith Avenue, and 404 S. Washington Street as an Economic Revitalization Area (ERA). This designation was recommended by the Economic Development Commission and will enable the proposed mixed use redevelopment project, which includes newly constructed retail/commercial and residential units, to be eligible for tax abatement. The resolution also approves a ten-year period of abatement for real property improvements and sets its deduction schedule, in exchange for the inclusion of 15 bedrooms of Workforce Housing.

Note: This resolution was amended by the Council at its Regular Session on August 31, 2016 with adoption of Am 01 and Am 02.

Am 01:

- *indicated that the resolution was modified and confirmed;*
- *reflected the legislative history;*
- *set a maximum differential between market and workforce housing rent of 85%;*
- *approved a 10-year alternate schedule of abatement with a 10% abatement in year 10; and*
- *established that 15 bedrooms (equal to 10% of the bedrooms in the project) will be available for workforce housing for a period of 99 years.*

Am 02 was amended on the floor of the Council and revised one Whereas Clause inserted by Am 01 and added two more Whereas clauses, which together:

- *made the Workforce Housing units available to residents who "work at least thirty five hours per week and (2) whose total household income is less than 80% of the Area Median Income for the household size or where every wage earner in the household earns less than or equal to the Bloomington Living Wage;" and*

- *assured that the rent for a one bedroom Workforce Housing unit shall not exceed Six Hundred Forty One Dollars per month ($641) and the rent for a two bedroom Workforce.*

Res 16-12 as Amended by Res 17-26

Conforming the Economic Development Target Area (EDTA) and Economic Revitalization Area (ERA) for the N. Kinser Pike Property with the Period of Abatement Approved by the Council

Packet Material

- **Ord 17-27** To Designate an Economic Development Target Area (EDTA) - Re: Property Located at N. Kinser Pike and Identified by the Monroe County Parcel ID Number 53-05-28-300-170.000-005 (015-38250-00) (Naples, LLC, Petitioner)

- **Res 17-29** To Designate an Economic Revitalization Area, Approve the Statements of Benefits, and Authorize Periods of Abatement for Real Property Improvements - Re: Property Located at N. Kinser Pike and Identified by the Monroe County Parcel ID Number 53-05-28-300-170.000-005 (015-38250-00) (Naples, LLC, Petitioner)

- **Memo to the Council**
  Contact: Alex Crowley, Director of Economic and Sustainable Development, 812-349-3477, crowleya@bloomington.in.gov

- **Visuals**
  - Location Map
  - Aerial
  - Elevations

- **Petitioner's Application Materials**

- **Petitioner's Completed Statement of Benefits Form**

- **Tax Abatement Calculations for the Subject Project**

- **Economic Development Commission Resolutions**
  - Resolution 17-01
  - Resolution 17-02

- **Market Rent Data** (First Appraisal Group)

- **City of Bloomington's Tax Abatement Guidelines**

ORDINANCE 17-27

TO DESIGNATE AN ECONOMIC DEVELOPMENT TARGET AREA (EDTA) -
Re: Property Located at N. Kinser Pike and Identified by the Monroe County Parcel ID Number 53-05-28-300-170.000-005 (015-38250-00)
(Naples, LLC, Petitioner)

WHEREAS, Indiana Code § 6-1.1-12.1-7(a) authorizes the Common Council to designate an area as an Economic Development Target Area; and

WHEREAS, statutory criteria require that an area so designated must be an area that:

(1) has become undesirable or impossible for normal development and occupancy because of a lack of development, cessation of growth, deterioration or improvement or character or occupancy, age, obsolescence, substandard buildings, or other factors that have impaired values or prevented a normal development of property or use of property; or

(2) has been designated as a registered historic district under:

(A) the National Historic Preservation Act of 1966; or
(B) the jurisdiction of a preservation commission organized under:
(i) IC 36-7-11;
(ii) IC 36-7-11.1;
(iii) IC 36-7-11.2;
(iv) IC 36-7-11.3; or
(v) IC 14-3-3.2 (before its repeal); or

(3) encompasses buildings, structures, sites or other facilities that are:

(A) listed in the national register or historic places under the National Historic Preservation Act of 1966; or
(B) listed on the register of the Indiana historic sites and historic structures; or
(C) determined to be eligible for listing on the Indiana register by the state historic preservation officer; and

WHEREAS, on May 25, 2017, the City of Bloomington Economic Development Commission held a hearing to consider the request to designate an Economic Development Target Area on one parcel in Bloomington, Indiana, which is located on N. Kinser Pike, and is identified by Monroe County as the following parcels (and alternate parcel) numbers:

53-05-28-300-170.000-005 (Alt Parcel Num: 015-38250-00); and

WHEREAS, at the conclusion of the hearing, the Economic Development Commission adopted Resolution 17-01, which recommended that the Common Council designate the above-described area as an Economic Development Target Area in compliance with Indiana Code 6-1.1-12.1-7(a); and

WHEREAS, the Common Council finds that the aforementioned parcel has become undesirable for normal development due to the lack of development at the site;

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

SECTION 1. The parcel located on N. Kinser Pike and identified by the following Parcel Number in Bloomington, Monroe County, Indiana, is hereby designated as an Economic Development Target Area under the authority of Indiana Code § 6-1.1-12.1-7(a):

53-05-28-300-170.000-005 (Alt Parcel Num: 015-38250-00).

SECTION 2. This designation shall expire December 31, 2030, unless extended by action of the Common Council to amend this Ordinance and upon recommendation of the Bloomington Economic Development Commission.

SECTION 3. This Ordinance shall be in full force and effect from and after its passage by the Common Council of the City of Bloomington and approval of the Mayor.

PASSED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this _____ day of _____, 2017.

_____
SUSAN SANDBERG, President
Bloomington Common Council

ATTEST:

_____
NICOLE BOLDEN, Clerk
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this _____ day of _____, 2017.

_____
NICOLE BOLDEN, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this _____ day of _____, 2017.

_____
JOHN HAMILTON, Mayor
City of Bloomington

SYNOPSIS

This Ordinance designates one parcel owned by Naples, LLC on N. Kinser Pike as an Economic Development Target Area (EDTA). This designation was recommended by the Economic Development Commission and will enable the proposed residential redevelopment project to be eligible for a tax abatement. Final approval of the real estate property tax abatement for the project will also require the adoption of an initial and confirming resolution, which must designate the lot as an Economic Revitalization Area (ERA), approve the statement of benefits, and authorize periods of abatement and a schedule of deduction.

RESOLUTION 17-29

TO DESIGNATE AN ECONOMIC REVITALIZATION AREA, APPROVE THE STATEMENTS OF BENEFITS, AND AUTHORIZE PERIODS OF ABATEMENT FOR REAL PROPERTY IMPROVEMENTS
- Re: Property Located at N. Kinser Pike and Identified by the Monroe County Parcel ID Number 53-05-28-300-170.000-005 (015-38250-00)
(Naples, LLC, Petitioner)

WHEREAS, Naples, LLC, ("Petitioner") has filed an application for designation of property on N. Kinser Pike comprised of one parcel identified by Parcel Numbers listed herein, as an Economic Revitalization Area ("ERA") for construction of new buildings pursuant to Indiana Code 6-1.1-12.1 *et seq.*; and

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

53-05-28-300-170.000-005 (Alt Parcel Num: 015-38250-00); and

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

WHEREAS, according to this material, the Petitioner wishes to invest $4.0 million to construct a new, 3-story, 39 unit multi-family building which will include approximately 39 residential units, (the "Project"); and

WHEREAS, six of the residential units will be Workforce Housing Units, available to residents who hold a full time job (constituting at least thirty five hours per week) and make less than or equal to 120% of the Area Median Income; and

WHEREAS, the rent for the Workforce Housing Units will not exceed the lesser of $647 or 85% of the market rate rent for those units adjusted annually based on the Housing Consumer Price Index; and

WHEREAS, the Workforce Housing Units will be available for at least ninety-nine (99) years; and

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

WHEREAS, the Project is not located in a TIF allocation area; and

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

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

WHEREAS, the EDC has recommended that the real property abatement be a sliding scale with Year 1 abated at 100 percent, Year 2 at 75 percent, Year 3 at 60 percent, Year 4 at 45 percent, Year 5 at 30 percent, Year 6 at 15 percent, Year 7 at 5 percent; and

WHEREAS, the Common Council has investigated the area and reviewed the Application and Statement of Benefits, which are attached and made a part hereof, and found the following:

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

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

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

SECTION 1. The Common Council finds and determines that the properties on N. Kinser Pike comprised of the one parcel identified above should be designated as an "Economic Revitalization Area" as set forth in Indiana Code 6-1.1-12.1-1 *et. seq*., and Petitioner's Statements of Benefits is hereby approved.

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

a. For real estate improvements for the Project, a period of seven (7) years with the following deduction schedule, pursuant to Indiana Code § 6-1.1-12.1-17:

Year 1	100%
Year 2	75%
Year 3	60%
Year 4	45%
Year 5	30%
Year 6	15%
Year 7	5%

SECTION 3. In granting this designation and deductions the Common Council incorporates Indiana Code § 6-1.1-12.1-12 and also expressly exercises the power set forth in Indiana Code § 6-1.1-12.1-2(i)(6) to impose additional, reasonable conditions on the rehabilitation or redevelopment beyond those listed in the Statement of Benefits, and authorizes the City of Bloomington to negotiate a Memorandum of Understanding with the Petitioner specifying substantial compliance terms and consequences and remedies for noncompliance. In particular, failure of the property owner to make reasonable efforts to comply with the following conditions is an additional reason for the Council to rescind this designation and deduction:

a. the capital investment of at least $4.0 million for real estate improvements; and

b. the land and improvements shall be developed and used in a manner that complies with local code; and
c. the Project shall be completed before or within twelve months of the completion date as listed on the application; and
d. the six units designated as Workforce Housing Units shall be maintained for at least ninety-nine (99) years, as agreed to by Petitioner and solemnized in Petitioner's Statement of Benefits and Petitioner's Application for Designation as an Economic Revitalization Area; and
e. Petitioner will comply with all reporting requirements in the manner described by Indiana Code, Bloomington Municipal Code, and by the Memorandum of Understanding.

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

SECTION 5. This designation shall expire no later than December 31, 2030, unless extended by action of the Common Council and upon recommendation of the Bloomington Economic Development Commission.

SECTION 6. The Common Council directs the Clerk of the City to publish a notice announcing the passage of this resolution and requesting that persons having objections or remonstrances to the ERA designation appear before the Common Council at a public hearing on June 28, 2017.

PASSED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this _____ day of _____, 2017.

_____
SUSAN SANDBERG, President
Bloomington Common Council

ATTEST:

_____
NICOLE BOLDEN, Clerk
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this _____ day of _____ ____, 2017.

_____
NICOLE BOLDEN, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this _____ day of _____, 2017.

_____
JOHN HAMILTON, Mayor
City of Bloomington

SYNOPSIS

This resolution designates one parcel owned by Naples, LLC on N. Kinser Pike as an Economic Revitalization Area (ERA). This designation was recommended by the Economic Development Commission and will enable the proposed residential redevelopment project to be eligible for a tax abatement. The resolution also approves the Petitioner's Statement of Benefits, authorizes a seven-year period of abatement for real property improvements, and sets a deduction schedule. Further, the resolution declares the intent of the Council to hold a public hearing on June 28, 2017 to hear public comment on the ERA designation.

CITY OF BLOOMINGTON
economic & sustainable development

MEMORANDUM

To: Common Council Members

CC: Jeff Underwood, Controller
Thomas Cameron, Assistant City Attorney

From: Alex Crowley, Director, Economic & Sustainable Development

Date: May 26, 2017

RE: Council Ordinance 17-27 and Resolution 17-29
To Designate an EDTA and To Designate an ERA, Approve the Statements of Benefits, and Authorize Periods of Abatement for Real Property Improvements
Petitioner: Naples, LLC – Southeast Corner of Gourley Pike and Kinser Pike

---

Naples, LLC ("Naples") is a Bloomington-based land holding company. It is managed by and shares its ownership structure with First Capital Group. Naples is proposing to develop a 1.82 acre property it owns at the southeast corner of Gourley Pike and Kinser Pike into a single, 3-story residential rental building with 39 one-bedroom apartments, including 6 workforce housing units.

Converting First Floor Commercial to Residential

The building as originally proposed included 2 residential floors, each with 13 one-bedroom units (total of 26) units, and 9,192 square feet of commercial space encompassing the entirety of the first floor. In discussions with Naples, City of Bloomington staff suggested conversion of the first floor commercial into 13 residential units and that Naples agree to commit 6 of the 13 units, or approximately 15% of the project's 39 units, to Workforce Housing Units (as defined by the City). Naples agreed to a workforce housing duration of 99 years, which would commence once both occupancy and rental permits have been issued for the property. Naples provided its written commitment to the City and the City and the Plan Commission and Board of Zoning appeals meetings accepted the changes on April 17, 2017 and April 27, 2017 respectively.

Workforce Housing Guidelines

There is no nationwide definition for workforce housing. Locally, we use the guidelines established in PUD #16-30 as our definition. They are as follows:

In order to qualify as a tenant of the units, the workforce housing resident ("Resident") must work at least thirty-five (35) hours per week and have a total household income less than 120% of the Area Median Income. The Resident must provide documentation supporting these criteria to Naples upon request.

Rent for the Resident for a one-bedroom workforce housing unit at the time of the commitment made by Naples shall not exceed the lesser of $647 or 85% of the market rate rent for those units. The Housing and Neighborhood Development Department, City of Bloomington ("HAND") will annually provide income eligibility guidelines and rent structure guidelines to the owner for use in this workforce housing project and owner will adjust its requirements accordingly.

Tax Abatement Calculation

Staff and Naples have worked together to develop a quantitative approach to evaluating the impact to Naples of providing workforce housing in the Project, which leverages financial assumptions put forth by Naples. The analysis compares the net income to Naples of converting the first floor to residential (including 6 units of workforce housing) to its original 'by right' mixed-use proposal. The assumed annual loss to Naples of net income, according to the analysis, is the basis for the total assumed impact of providing the workforce housing units.

Significant in the analysis are three data point assumptions that drive the cumulative impact of providing the workforce housing units. These are: 1) the commercial rate/sq.ft. plus common area maintenance (CAM); 2) the commercial vacancy rate; and 3) the residential market rate. Staff requested that Naples validate these using a third party expert. Naples contracted with First Appraisal Group (Wayne Johnson) to complete a summary of market data, a copy of which has been attached for reference.

According to the analysis and for comparison, Naples's annual loss of net income from the mixed-use variant of the Project to the fully-residential variant of the Project (including workforce housing) equals $23,370. The proposed tax abatement therefore offsets approximately 12 years of impact to Naples's net income.

Based on the analysis and validating information, the Administration supports the property owner's application for tax abatement, specifically a 7-year phase-in of taxes on the capital improvements to real property as detailed in the attached Estimated Property Tax Abatement Calculations, Real Estate Property schedule.

Criteria: City of Bloomington Tax Abatement General Standards

Capital Investment as an enhancement to the tax base

Total estimated project costs will be $4.0 million. Current tax liability for the subject properties is $2,647.76 annually, according to County's GIS data. Based on the total

estimated project costs, the new tax liability (excluding the abatement) will be $83,132 annually.

Evaluative Criteria

The City's Tax Abatement General Standards describe additional criteria to evaluate whether a project will make "a significant positive contribution to overall economic vitality" of the city. Four categories are outlined as examples, and the petitioner may provide supportive evidence for how their project addresses any or all of the evaluative criteria, and may also offer a description of the project's contributions outside of these four categories as the petitioner deems appropriate. A summary of the application's listed categories and Staff assessments are below. Please also refer to the petitioner's application, which has been included in your packet.

Quality of Life/Environmental Sustainability: This site will assist with connectivity of the sidewalk system and the preservation of much of the ground cover on the East property line.

Affordable Housing: This project will include a recorded deed restriction that requires workforce housing for 99 years. As mentioned above, six (6) units will be designated as workforce housing. In order to qualify as a tenant of the units, the Resident work at least thirty-five (35) hours per week and have a total household income less than 120% of the Area Median Income. The Resident must provide documentation supporting these criteria to Naples upon request. Rent for the Resident for a one-bedroom workforce housing unit at the time of the commitment made by Naples shall not exceed the lesser of $647 or 85% of the market rate rent for those units. The Housing and Neighborhood Development Department, City of Bloomington ("HAND") will annually provide income eligibility guidelines and rent structure guidelines to the owner for use in this workforce housing project and owner will adjust accordingly.

Community Character: The proposed development fits in with the existing land uses including the existing multi-family development to the west and serves as a transition between the commercial activity to the north and the single family residential neighborhoods to the south. The architecture is not out of character for the area and the site features pedestrian connections that enable residents to access the adjacent commercial land uses and neighborhood.

Criteria: Indiana Code

Establishing an Economic Revitalization Area and a Term of Abatement

Upon the EDC's favorable recommendation, the City Council will take the necessary legislative steps to review the abatement. In order for a property to be eligible for tax abatement, it must be designated an Economic Revitalization Area, or must be within an area already designated as an Economic Revitalization Area by the Common Council. An Economic Revitalization Area or "ERA" is an area which has obstacles to "normal development and occupancy because of a lack of development, cessation of growth,

deterioration of improvements or character of occupancy, age, obsolescence, substandard buildings, or other factors." (Indiana Code § 6-1.1-12.1-1)

In order to establish an Economic Revitalization Area and authorize a tax abatement term, the Council must find that:

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

City staff finds the estimates and benefits described in the Application and on the Statement of Benefits form are reasonable and that the benefits, as outlined in the application packet and this memo, are sufficient to justify a tax abatement of the recommended term and schedule.

Economic Development Target Area

In general, in order for most types of residential projects to be eligible for abatement, Indiana Code requires Economic Development Target Area designation (I.C. § 6-1.1-12.1-3), and requires a favorable recommendation from the EDC before the Council can designate an EDTA (IC § 6-1.1-12.1-7). An EDTA is property that "has become undesirable or impossible for normal development and occupancy because of a lack of development, cessation of growth, deterioration of improvements or character of occupancy, age, obsolescence, substandard buildings, or other factors that have impaired values or prevent a normal development of property or use of property."

This project's market-rate housing component necessitates an EDTA designation. Staff views the slow development of the site as evidence that it is a location that is undesirable for normal development.

Recommendation & Rationale

With the consideration of all factors outlined above and additional rationale below, Staff and the Administration support the property owner's application for tax abatement with the following terms:

- 7-Year Real Estate (RE) Property Tax Abatement, phased-in at **100% in Year 1**, **75% in Year 2**, **60% in Year 3**, **45% in Year 4**, **30% in Year 5**, **15% in Year 6**, **5% in Year 7**. The total estimated abatement value based on 2017 tax rates and capital investment estimates is $274,336.

Staff recognizes the property's topographical challenges and the impact those challenges would have on the success of commercial space on the first floor. As noted in the April 27, 2017 Board of Zoning Appeals findings, "the (Planning & Transportation) Department finds peculiar condition in the fact that the southern portion of the lot is undevelopable due to environmental constraints. Applying the 75 foot riparian buffer and additional environmental constraints on the site, the developable area is small, preventing a larger mixed-use development that would likely support commercial use as part of a mixed-use development."

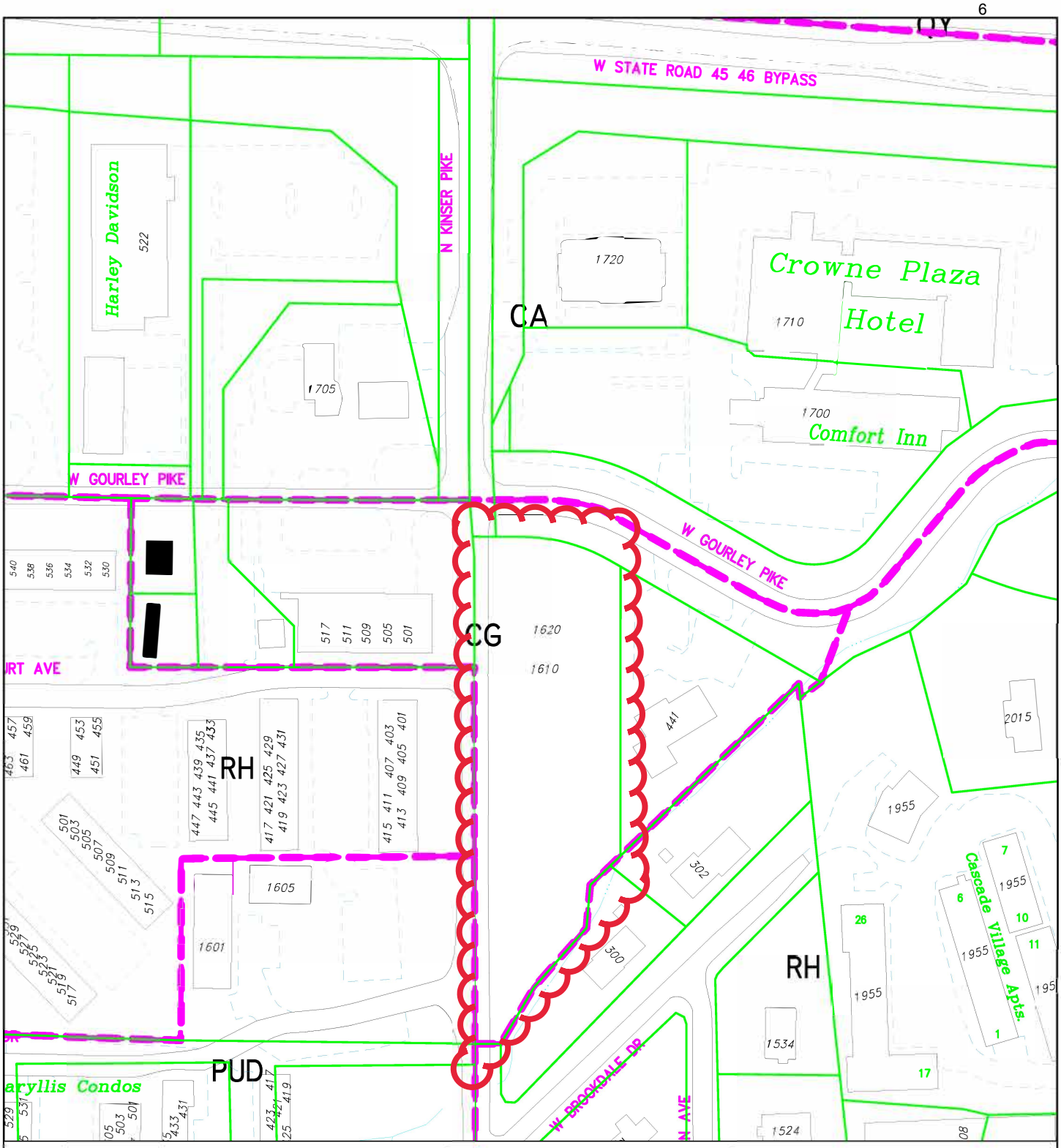
Additionally, Staff appreciates Naples's willingness to offer 6 units of workforce housing for a duration of 99 years as part of the development. By offering these units, Naples is supporting a key Administration objective to combine long-term affordability with market rate housing in developments throughout the city.

Should the Council approve the abatement, the City will negotiate and execute the required Memorandum of Agreement with Naples, LLC. This agreement will include clawback provisions (remedies and consequences for noncompliance) related to the benefits stated in the Application and Statement of Benefits (SB-1) forms, and will define other substantial compliance terms though the duration of the tax abatement periods.

The Economic Development Commission approved the tax abatement as detailed above on May 25, 2017.

Attached:

- Petitioner's City of Bloomington Tax Abatement Application
- Petitioner's Statement of Benefits Form, Real Estate Improvements (SB-1)
- Estimated Property Tax Abatement Calculations, Real Estate Property
- First Appraisal Group Market Data for north Bloomington



By: lewisa
12 Apr 17

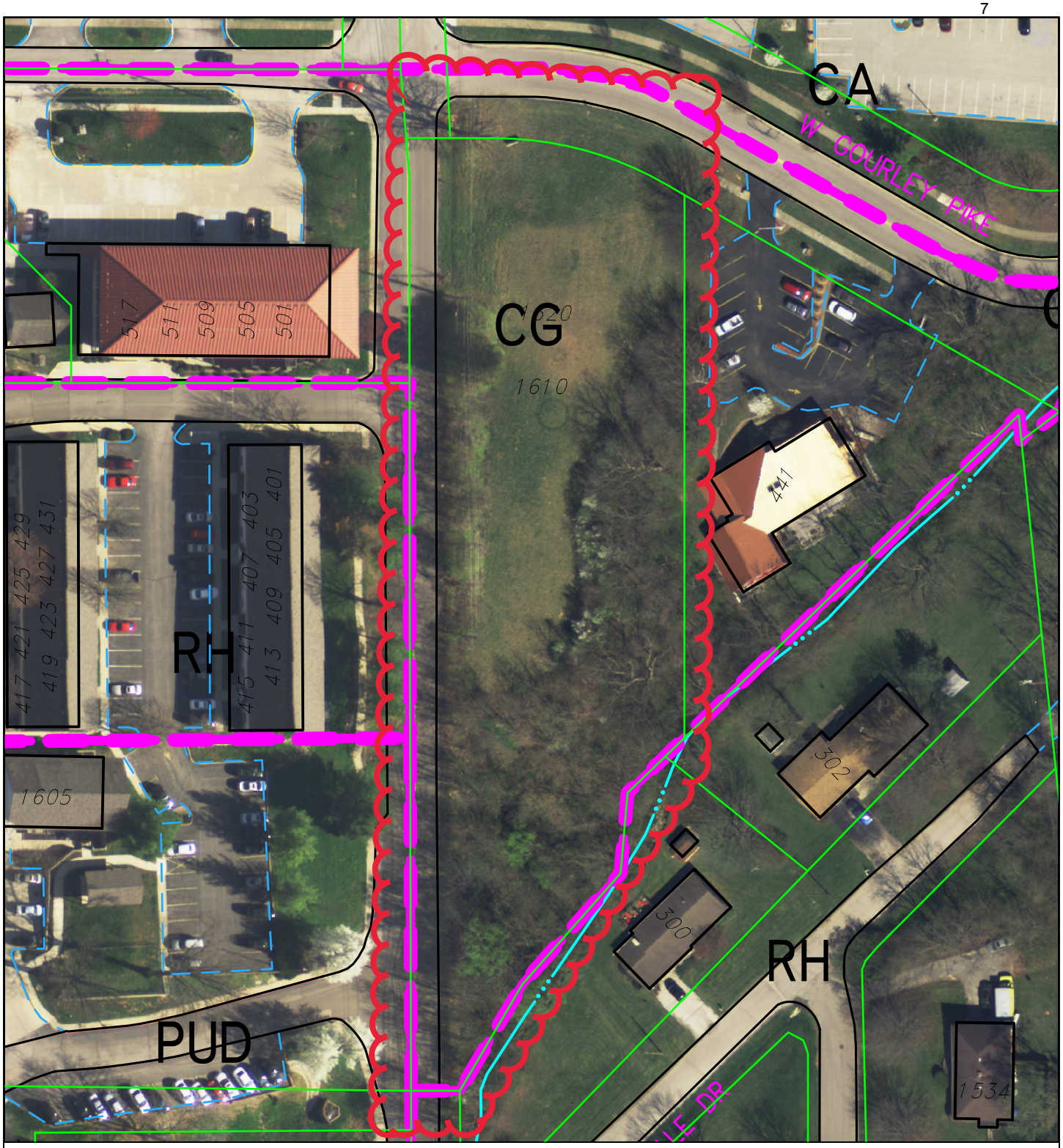
150 0 150 300 450

N

City of Bloomington
Planning & Transportation

Scale: 1" = 150'

For reference only; map information NOT warranted.



By: lewisa
12 Apr 17

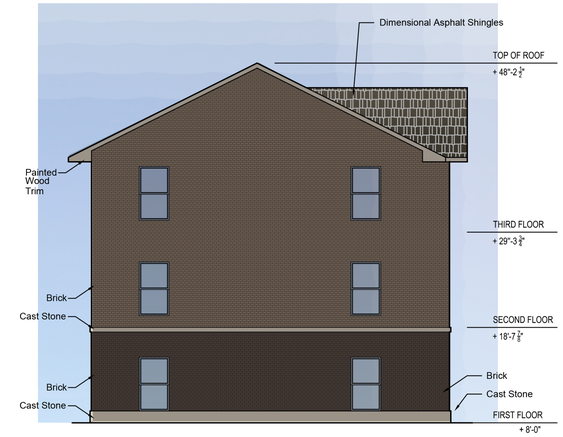
80 0 80 160 240

N

City of Bloomington
Planning & Transportation

Scale: 1" = 80'

For reference only; map information NOT warranted.



NORTH ELEVATION

WEST ELEVATION

CSO Architects

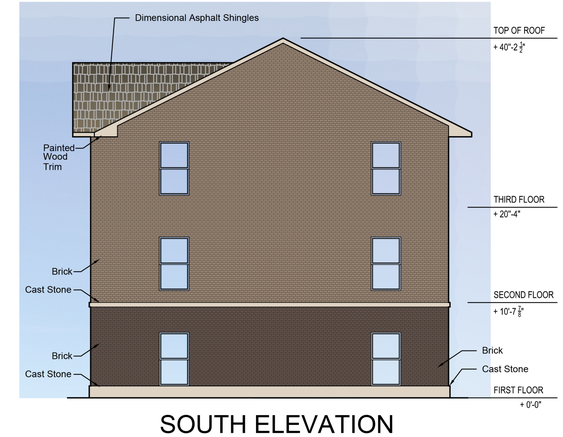
PRELIMINARY ELEVATIONS

0 4 8 16 32

Kinser and Gourley Pike Apartments

Bloomington, IN | 27 December 2016

16143



SOUTH ELEVATION

EAST ELEVATION

CSO Architects

PRELIMINARY ELEVATIONS

0 4 8 16 32

Kinser and Gourley Pike Apartments

Bloomington, IN | 27 December 2016

16143

NOTE: *The Economic and Sustainable Development Department advises that this document will be revised to reflect Petitioner's 99-year commitment to providing workforce housing .*

STATEMENT OF BENEFITS
REAL ESTATE IMPROVEMENTS

State Form 51767 (R6 / 10-14)
Prescribed by the Department of Local Government Finance

20____ PAY 20____
FORM SB-1 / Real Property
PRIVACY NOTICE
Any information concerning the cost of the property and specific salaries paid to individual employees by the property owner is confidential per IC 6-1.1-12.1-5.1.

This statement is being completed for real property that qualifies under the following Indiana Code (*check one box*):

☐ Redevelopment or rehabilitation of real estate improvements (IC 6-1.1-12.1-4)
☐ Residentially distressed area (IC 6-1.1-12.1-4.1)

INSTRUCTIONS:

1. *This statement must be submitted to the body designating the Economic Revitalization Area prior to the public hearing if the designating body requires information from the applicant in making its decision about whether to designate an Economic Revitalization Area. Otherwise, this statement must be submitted to the designating body* ***BEFORE*** *the redevelopment or rehabilitation of real property for which the person wishes to claim a deduction.*
2. *The statement of benefits form must be submitted to the designating body and the area designated an economic revitalization area before the initiation of the redevelopment or rehabilitation for which the person desires to claim a deduction.*
3. *To obtain a deduction, a Form 322/RE must be filed with the County Auditor before May 10 in the year in which the addition to assessed valuation is made or not later than thirty (30) days after the assessment notice is mailed to the property owner if it was mailed after April 10. A property owner who failed to file a deduction application within the prescribed deadline may file an application between March 1 and May 10 of a subsequent year.*
4. *A property owner who files for the deduction must provide the County Auditor and designating body with a Form CF-1/Real Property. The Form CF-1/Real Property should be attached to the Form 322/RE when the deduction is first claimed and then updated annually for each year the deduction is applicable. IC 6-1.1-12.1-5.1(b)*
5. *For a Form SB-1/Real Property that is approved after June 30, 2013, the designating body is required to establish an abatement schedule for each deduction allowed. For a Form SB-1/Real Property that is approved prior to July 1, 2013, the abatement schedule approved by the designating body remains in effect. IC 6-1.1-12.1-17*

SECTION 1 — TAXPAYER INFORMATION

Name of taxpayer: Naples, LLC

Address of taxpayer (*number and street, city, state, and ZIP code*): PO Box 40, Bloomington, IN 47402-0040 — Dduncan@FirstCapitalusa.com

Name of contact person	Telephone number	E-mail address
Douglas Duncan	(812) 322-1692	eddllc@yahoo.com

SECTION 2 — LOCATION AND DESCRIPTION OF PROPOSED PROJECT

Name of designating body		Resolution number
Location of property: Southeast corner Gourley Pike & Kinser Pike	County: Monroe	DLGF taxing district number

Description of real property improvements, redevelopment, or rehabilitation (*use additional sheets if necessary*): 39 one-bedroom apartments; 6 of those units will be in the Workforce Housing program for 50 years

Estimated start date (*month, day, year*): 8/1/2017

Estimated completion date (*month, day, year*): 7/31/2018

SECTION 3 — ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT

Current number	Salaries	Number retained	Salaries	Number additional	Salaries

SECTION 4 — ESTIMATED TOTAL COST AND VALUE OF PROPOSED PROJECT

	REAL ESTATE IMPROVEMENTS	
	COST	ASSESSED VALUE
Current values	500,000	127,400
Plus estimated values of proposed project	4,000,000	
Less values of any property being replaced	-0-	
Net estimated values upon completion of project	4,500,000	

SECTION 5 — WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER

Estimated solid waste converted (*pounds*) _____

Estimated hazardous waste converted (*pounds*) _____

Other benefits: Converting a difficult parcel to develop because of parcel dimensions and slopes

SECTION 6 — TAXPAYER CERTIFICATION

I hereby certify that the representations in this statement are true.

Signature of authorized representative	Date signed (*month, day, year*)
[signature]	5/16/2017

Printed name of authorized representative	Title
Tim J. Mitchell	Managing Member

FOR USE OF THE DESIGNATING BODY

We find that the applicant meets the general standards in the resolution adopted or to be adopted by this body. Said resolution, passed or to be passed under IC 6-1.1-12.1, provides for the following limitations:

A. The designated area has been limited to a period of time not to exceed _____ calendar years* *(see below)*. The date this designation expires is _____.

B. The type of deduction that is allowed in the designated area is limited to:
   1. Redevelopment or rehabilitation of real estate improvements ☐ Yes ☐ No
   2. Residentially distressed areas ☐ Yes ☐ No

C. The amount of the deduction applicable is limited to $ _____.

D. Other limitations or conditions *(specify)*_____

E. Number of years allowed: ☐ Year 1 ☐ Year 2 ☐ Year 3 ☐ Year 4 ☐ Year 5 (* see below) ☐ Year 6 ☐ Year 7 ☐ Year 8 ☐ Year 9 ☐ Year 10

F. For a statement of benefits approved after June 30, 2013, did this designating body adopt an abatement schedule per IC 6-1.1-12.1-17?
   ☐ Yes ☐ No
   If yes, attach a copy of the abatement schedule to this form.
   If no, the designating body is required to establish an abatement schedule before the deduction can be determined.

We have also reviewed the information contained in the statement of benefits and find that the estimates and expectations are reasonable and have determined that the totality of benefits is sufficient to justify the deduction described above.

Approved (*signature and title of authorized member of designating body*)	Telephone number ( )	Date signed (*month, day, year*)
Printed name of authorized member of designating body	Name of designating body	
Attested by (*signature and title of attester*)	Printed name of attester	

* If the designating body limits the time period during which an area is an economic revitalization area, that limitation does not limit the length of time a taxpayer is entitled to receive a deduction to a number of years that is less than the number of years designated under IC 6-1.1-12.1-17.

A. For residentially distressed areas where the Form SB-1/Real Property was approved prior to July 1, 2013, the deductions established in IC 6-1.1-12.1-4.1 remain in effect. The deduction period may not exceed five (5) years. For a Form SB-1/Real Property that is approved after June 30, 2013, the designating body is required to establish an abatement schedule for each deduction allowed. The deduction period may not exceed ten (10) years. (See IC 6-1.1-12.1-17 below.)
B. For the redevelopment or rehabilitation of real property where the Form SB-1/Real Property was approved prior to July 1, 2013, the abatement schedule approved by the designating body remains in effect. For a Form SB-1/Real Property that is approved after June 30, 2013, the designating body is required to establish an abatement schedule for each deduction allowed. (See IC 6-1.1-12.1-17 below.)

IC 6-1.1-12.1-17
Abatement schedules
Sec. 17. (a) A designating body may provide to a business that is established in or relocated to a revitalization area and that receives a deduction under section 4 or 4.5 of this chapter an abatement schedule based on the following factors:
(1) The total amount of the taxpayer's investment in real and personal property.
(2) The number of new full-time equivalent jobs created.
(3) The average wage of the new employees compared to the state minimum wage.
(4) The infrastructure requirements for the taxpayer's investment.
(b) This subsection applies to a statement of benefits approved after June 30, 2013. A designating body shall establish an abatement schedule for each deduction allowed under this chapter. An abatement schedule must specify the percentage amount of the deduction for each year of the deduction. An abatement schedule may not exceed ten (10) years.
(c) An abatement schedule approved for a particular taxpayer before July 1, 2013, remains in effect until the abatement schedule expires under the terms of the resolution approving the taxpayer's statement of benefits.

CITY OF BLOOMINGTON
economic & sustainable development

Application for Designation as an Economic Revitalization Area (ERA):
Real Property Tax Abatement

City of Bloomington, Indiana
Department of Economic and Sustainable Development
401 N. Morton St., PO Box 100, Bloomington, Indiana 47402-0100
812.349.3418

INSTRUCTIONS

1. State law and City of Bloomington policy require that the designation application and statement of benefits form (SB-1) be submitted **prior to the initiation of the project** (i.e., prior to filing for building permits required to initiate construction). If the project requires a rezoning, variance, or approval petition of any kind the petitioner must file prior to submission of the tax abatement application, and must be approved prior to a final hearing on the tax abatement request.
2. All questions must be answered as completely as possible and must be verified with a signature on the completed Statement of Benefits Form (SB-1) and last page of this application. Incomplete or unsigned applications will not be accepted as official filings. If attaching additional pages, please label responses with corresponding Section numbers.
3. Return completed Application and **$100.00 non-refundable Application Fee** (payable to the **City of Bloomington**) to City of Bloomington Department of Economic & Sustainable Development, PO Box 100, 401 N Morton Street, Suite 130, Bloomington, IN 47402-0100 (economicvitality@bloomington.in.gov).

Section 1 – Applicant Information

Name of Company for which ERA Designation is being requested: Naples, LLC

Primary Contact Information (for questions concerning this application and the Project)

Name: Douglas Duncan — Job Title: Project Manager
Phone: (812) 322-1692 ext. — Email: edd1lc@yahoo.com
Address (street and/or PO, city, ZIP): PO Box 40, Bloomington, IN 47402

Compliance Contact Information (person responsible for completion and timely submittal of mandatory annual compliance forms if designation is granted)

Name: Allyson Fox — Job Title: Dir. of Property Mgmt
Phone: (812) 330-0077 ext. 112 — Email: allyson@firstcapitalusa.com
Address (street and/or PO, city, ZIP): PO Box 40, Bloomington, IN 47402

Section 2 – Real Property Location and Description

Monroe County Tax Parcel ID Number(s): 013382500 0 — Township: Bloomington
Street Address: SE corner Gourley Pike & Kinser Pike — ZIP: 47404
Current Zoning: CG — Current Use(s) of Property: Vacant Lot
Estimated Market Value of Property:
Property or Building(s) Listed as Historic on the City of Bloomington Historical Survey? ☐ Yes ☒ No — If yes, check one: ☐ Outstanding ☐ Notable ☐ Contributing — Age of Building(s), if applicable: N/A
Describe any other national or local historical significance or designation, if applicable: N/A
Please list all owners of the property: John Bender, Tim Mitchell, Harold Harrell

Attach additional sheets as necessary to include all relevant property records. The City of Bloomington may require a copy of the property deed.

Section 3 – Criteria for Economic Revitalization Area ("ERA") or Economic Development Target Area ("EDTA") Designation

Describe how the project property and surrounding area have become undesirable for normal development and occupancy. Parcel is narrow and slopes toward the South portion of parcel

Section 4 – Company Profile

Does your company currently operate at this location? ☐ Yes ☑ No
If yes, how long has your company been at this location?

Will this property be your company's headquarters location? ☐ Yes ☑ No
If no, where is/will be your company's HQ?

Company is a: ☑ LLC ☐ LLP ☐ LP ☐ Corporation ☐ S. Corporation ☐ Nonprofit Corporation
☐ Mutual Benefit Corporation ☐ Other-Please describe:

Provide a brief description of your company history, products and services.
Naples, LLC has only owned land

Please list all persons and/or entities with ownership interests in the company. Harold Harrell John Bender, Tim Mitchell

Current/Retained Jobs and Wages (include only current permanent jobs, and exclude benefits and overtime from wage values)

Number of part-time employees	N/A	Median part-time hourly wage	
Number of full-time employees	____	Average part-time hourly wage	
TOTAL current employees (permanent jobs)		Median full-time hourly wage	
		Average full-time hourly wage	
What is the lowest hourly wage in the company? (inc. PT, FT, other)			
What is the median hourly wage in the company (inc. PT, FT, other)		TOTAL Annual Payroll (current/retained)	

New Jobs and Wages As Result of the Proposed Project (include only new permanent jobs, and exclude benefits and overtime from wage values)

Number of part-time employees	2?	Lowest starting part-time wage	Unknown at this time
Number of full-time employees	____	Lowest starting full-time wage	
TOTAL NEW employees (new permanent jobs)	2?	TOTAL NEW Annual Payroll (new jobs only)	

Describe your company's benefit programs and include the approximate value of benefits for existing and new employees on a per hour basis (e.g., benefits are valued at an additional $3.00 per hour, etc.) N/A

Market for Goods and Services; Local Sourcing

To the extent possible, please estimate the relative percentages of your company's reach (via your products or services) into following markets:

100%	Inside Monroe County, Indiana
____	Outside Monroe County, but inside Indiana
____	Outside of Indiana
____	Outside of the United States
100%	

If applicable, list the name and location (City, State) of your five largest vendors or suppliers.

1. N/A
2.
3.
4.
5.

Section 5 – Proposed Improvements (the "Project")

Describe all real estate improvements for which tax abatement on the property is being sought.

The building structure consists of 39 one-bedroom units.

Estimated Total Project Cost (Capital Improvements only)	4,000,000	Has Bloomington Planning approval been obtained for the Project?	☑ Yes ☐ No
Estimated Construction Start Date (month-year)	8/2017		If yes, Case Number:
Estimated Completion Date (month-year)	9/2018		

Will the Project require any City expenditures (for public infrastructure, etc.)? ☐ Yes ☑ No

If yes, please describe

Proposed Use(s) of the property after Project completion. Describe uses for entire Project space, including any uses not of the applicant company (e.g., if portions of space are intended to be leased to other entities, provide details). 39 one-bedroom units, 6 units will be Workforce Housing units.

Describe the impact on your business if the proposed Project is **not** undertaken (e.g. loss of jobs, contract cancellations, loss of production, change in location, etc.).

Attach renderings, site plans, drawings, etc., of the Project.

Section 6 – City of Bloomington Evaluative Criteria

Describe how the Project will make a significant positive contribution to the community's overall economic vitality in at least one of the following areas which apply. Feel free to add details to any and all other categories which apply. See "General Standards" for explanations and examples.

☐ Quality of Life, Environmental Stewardship, and/or Sustainability	Connectivity of sidewalk system Preservation of much of ground cover on east property line
☐ Affordable Housing	6 units will be in Workforce Housing program for 50 years
☐ Community Service	
☐ Community Character	Provide mixed-use housing

If applicable, describe any further (not yet described above) beneficial *and detrimental* impact to the community's economic, social or environmental wellbeing, resulting from the Project.

Attach any additional information or documentation you feel to be pertinent to the City's decision to authorize this tax abatement.

Section 7 – Certification:

The undersigned hereby certify the following:

[Initials]

TM DD ■ The statements in the foregoing application for tax abatement are true and complete.

TM DD ■ The person(s) executing this application for tax abatement have been duly authorized by the business entity for which this application is being filed to execute and file this application, and all required approvals by the appropriate board or governing body of the business entity have been received.

TM DD ■ The individual(s) or business entity that is applying for Economic Revitalization Area (ERA) or Economic Development Target Area (EDTA) designation or approval of a Statement of Benefits is not in arrears on any payments, fees, charges, fines or penalties owed to the City of Bloomington, Indiana, including but not limited to, City of Bloomington Utilities, Bloomington Transit, and any other City departments, boards, commissions or agencies.

TM DD ■ I/we understand that if the above improvements are not commenced (defined as obtaining a building permit and actual start of construction) within 12 months of the date of the designation of the above area as an ERA, EDTA or of approval of a Statement of Benefits for the above area, whichever occurs later, the Bloomington Common Council shall have the right to void such designation.

TM DD ■ I/we understand that all companies requesting ERA and/or EDTA designation will be required to execute a Memorandum of Agreement (MOA) with the City. The MOA shall contain the capital investment levels, job creation and/or retention levels and hourly wage rates and other benefits that the applicant has committed to the City in order to receive consideration for the designation. The MOA shall also contain information relative to what the City and applicant have agreed upon as "substantial compliance" levels for capital investment, job creation and/or retention and wage rates and/or salaries associated with the project.

Additionally, the MOA shall indicate that the City, by and through the Economic Development Commission and the City of Bloomington Common Council, reserves the right to terminate a designation and the associated tax abatement deductions if it determines that the applicant has not made reasonable efforts to substantially comply with all of the commitments, and the applicant's failure to substantially comply with the commitments was not due to factors beyond its control.

If the City terminates the designation and associated tax abatement deductions, it may require the applicant to repay the City all or a portion of the tax abatement savings received through the date of such termination. Additional details relative to the repayment of tax abatement savings shall be contained in the Memorandum of Agreement.

TM DD ■ I/we understand that if this request for property tax abatement is granted that I/we will be required to submit mandatory annual compliance forms as prescribed by State law and local policy. I/we also acknowledge that failure to do so or failure to achieve investment, job creation, retention and salary levels contained in the final resolution and MOA may result in a loss of tax abatement deductions and the repayment of tax abatement savings received.

TM DD ■ I/we understand that beneficiaries of a city tax abatement are subject to the City of Bloomington's Living Wage Ordinance (BMC 2.28), and therefore I/we must certify the entity's Living Wage compliance annually during the tax abatement term, if this abatement request is approved.

OWNER(S) OR AUTHORIZED REPRESENTATIVE(S)

SIGNATURE (Print Name Below)	TITLE	DATE
X [signature] Printed Name Tim J Mitchell	Managing Member	05/16/2017
X Douglas Duncan Printed Name Douglas Duncan	Project Manager	5/16/2017

Submitted to Controller's Office for Deposit 5/16/17
LW.

ORIGINAL DOCUMENT PRINTED ON CHEMICAL REACTIVE PAPER WITH MICROPRINTED BORDER

PAR 100313 03761 2015.09.27

0856

NAPLES LLC
P.O. BOX 40
BLOOMINGTON, IN 47402

MAINSOURCE BANK
71-330/749

Check Number: 0856

Memo:

DATE		AMOUNT
May 15, 2017	$	100.00

PAY One Hundred and 00/100 Dollars

TO THE ORDER OF City of Bloomington
401 N Morton
PO Box 100
Bloomington, IN 47402

SAFEGUARD

THIS DOCUMENT CONTAINS HEAT SENSITIVE INK. TOUCH OR PRESS HERE. RED IMAGE DISAPPEARS WITH HEAT.

⑈000856⑈ ⑆074903308⑆ 0007204113⑈

Tax Abatement Calculations for Real Property Improvement

Naples, LLC - Kinser & Gourley Site

Using 2016 Payable 2017 Tax Rate and Project Estimates

Improvements:	$4,000,000
Net Rate:	2.0783%
Annual Taxes without Abatement:	$83,132

Year	Abatement Percent	Value Abated	Taxes Payable
1	100%	$83,132	$0
2	75%	$62,349	$20,783
3	60%	$49,879	$33,253
4	45%	$37,409	$45,723
5	30%	$24,940	$58,192
6	15%	$12,470	$70,662
7	5%	$4,157	$78,975
8			
9			
10			
		$274,336	**$307,588**

RESOLUTION 17-01
OF THE
ECONOMIC DEVELOPMENT COMMISSION
OF THE
CITY OF BLOOMINGTON, INDIANA

TO DESIGNATE AN ECONOMIC DEVELOPMENT TARGET AREA

WHEREAS, Indiana Code § 6-1.1-12.1-7 specifies that the Common Council may designate an economic development target area after a favorable recommendation by the Economic Development Commission; and

WHEREAS, Naples, LLC has submitted an application in which it seeks to have an area located at N. Kinser Pike, and including the following Monroe County Parcel Number, designated as an economic development target area

53-05-28-300-170.000-005 (Alt Parcel Num: 013-38250-00)

WHEREAS, the Economic Development Commission of the City of Bloomington, Indiana held a meeting on May 25, 2017 to consider Naples, LLC's application; and

WHEREAS, the Economic Development Commission of the City of Bloomington, Indiana has determined that the application falls within the statutory qualifications in Indiana Code § 6.1.1-12.1-7 and has voted to approve the designation;

NOW, THEREFORE, BE IT RESOLVED BY THE ECONOMIC DEVELOPMENT COMMISSION OF THE CITY OF BLOOMINGTON THAT:

The Economic Development Commission of the City of Bloomington, Indiana recommends to the Common Council of the City of Bloomington that the above-referenced location be designated as an economic development target area.

APPROVED this 25TH day of MAY, 2017.

Kurt Zorn, President
Bloomington Economic Development Commission

Malcolm Webb, Secretary
Bloomington Economic Development Commission

RESOLUTION 17-02
OF THE
ECONOMIC DEVELOPMENT COMMISSION
OF THE
CITY OF BLOOMINGTON, INDIANA

WHEREAS, the Economic Development Commission of the City of Bloomington, Indiana, recognizes the need to stimulate growth and to maintain a sound economy within the corporate limits of the City of Bloomington, Indiana; and

WHEREAS, Indiana Code § 6-1.1-12.1-1 *et seq.* provides for the designation of "Economic Revitalization Areas" ("ERA") within which property taxes may be abated on improvements to real estate and within which property taxes may be abated on personal property; and

WHEREAS, in addition to ERA designation, an applicant for tax abatement must receive the Common Council's approval of the Statement of Benefits regarding the proposed project; and

WHEREAS, the Common Council of the City of Bloomington—in Ordinance 97-06—gave the Economic Development Commission the responsibility for making recommendations to the Council regarding requests for tax abatement; and

WHEREAS, the Common Council of the City of Bloomington—in Resolution 11-01—adopted Tax Abatement General Standards that established the standards to be used in finding an area to be an ERA; and

WHEREAS, Naples, LLC, ("Petitioner") proposes a project on one (1) parcel on N. Kinser Pike ("Project"); and

WHEREAS, Petitioner has applied for a tax abatement on the real estate improvements associated with the Project ("Application"); and

WHEREAS, Petitioner's Application includes a Statement of Benefits; and

WHEREAS, the Economic Development Commission of the City of Bloomington, Indiana, has met and considered Petitioner's Application and Statement of Benefits, and recommends a phased-in ten-year tax abatement on the proposed real estate improvements;

NOW, THEREFORE, BE IT RESOLVED BY THE ECONOMIC DEVELOPMENT COMMISSION OF THE CITY OF BLOOMINGTON THAT:

The following recommendations are made to the Common Council of the City of Bloomington, Indiana:

1. One (1) parcel — identified by Monroe County as the following Parcel Number — be designated an Economic Revitalization Area:

   53-05-28-300-170.000-005 (Alt Parcel Num: 015-38250-00)

2. Petitioner's Statement of Benefits regarding the Project at N. Kinser Pike be approved, including a seven-year tax abatement with the following deduction schedule:

Year 1	100%
Year 2	75%

Year 3	60%
Year 4	45%
Year 5	30%
Year 6	15%
Year 7	5%

APPROVED this 25TH day of May, 2017.

Kurt Zorn, President
Bloomington Economic Development Commission

Malcolm Webb, Secretary
Bloomington Economic Development Commission

First Capital Group
810 South Auto Mall Road
Bloomington, Indiana 47401
Attention: Mr. Doug Duncan

I have prepared this correspondence for your internal use. It summarizes market conditions for multifamily and commercial real estate rental in north Bloomington, Indiana. The following is a summary of market data only and does not constitute an appraisal or specific market study.

The following data provides multifamily market rental rates for one-bedroom apartments to be within a range of $593 per month to $1,085 per month plus utilities and unfurnished. The average rent for the north side is $940 per month for the 2016 season. Rents are increasing at the moment for the upcoming season, but several projects are planned to be constructed, adding several units.

Presently in the 2016 season, the vacancy rate is estimated to be 5% with a range of 90% to 100%. This is a strong rental market and is expected to continue to be strong in the short term.

Commercial rates for gross leases per CoStar range from $13.00 to $14.00 per square foot. Net leases from CoStar range from $9.00 to $12.00 per square foot for the north side market. Most new leases are NNN as are the majority of the one shown in the Monroe County Lease Summary. No other hard studies are available for office lease data for vacancy and collection losses. For purposes of this summary, a 10% vacancy should be considered based on a NNN rate of $10.00 - $11.00/SF.

If a specific assignment is desired, a formal study can be prepared specifically for the property in question. The results presented here are merely data for the north side market area around SR 46 and Kinser Pike.

Sincerely,

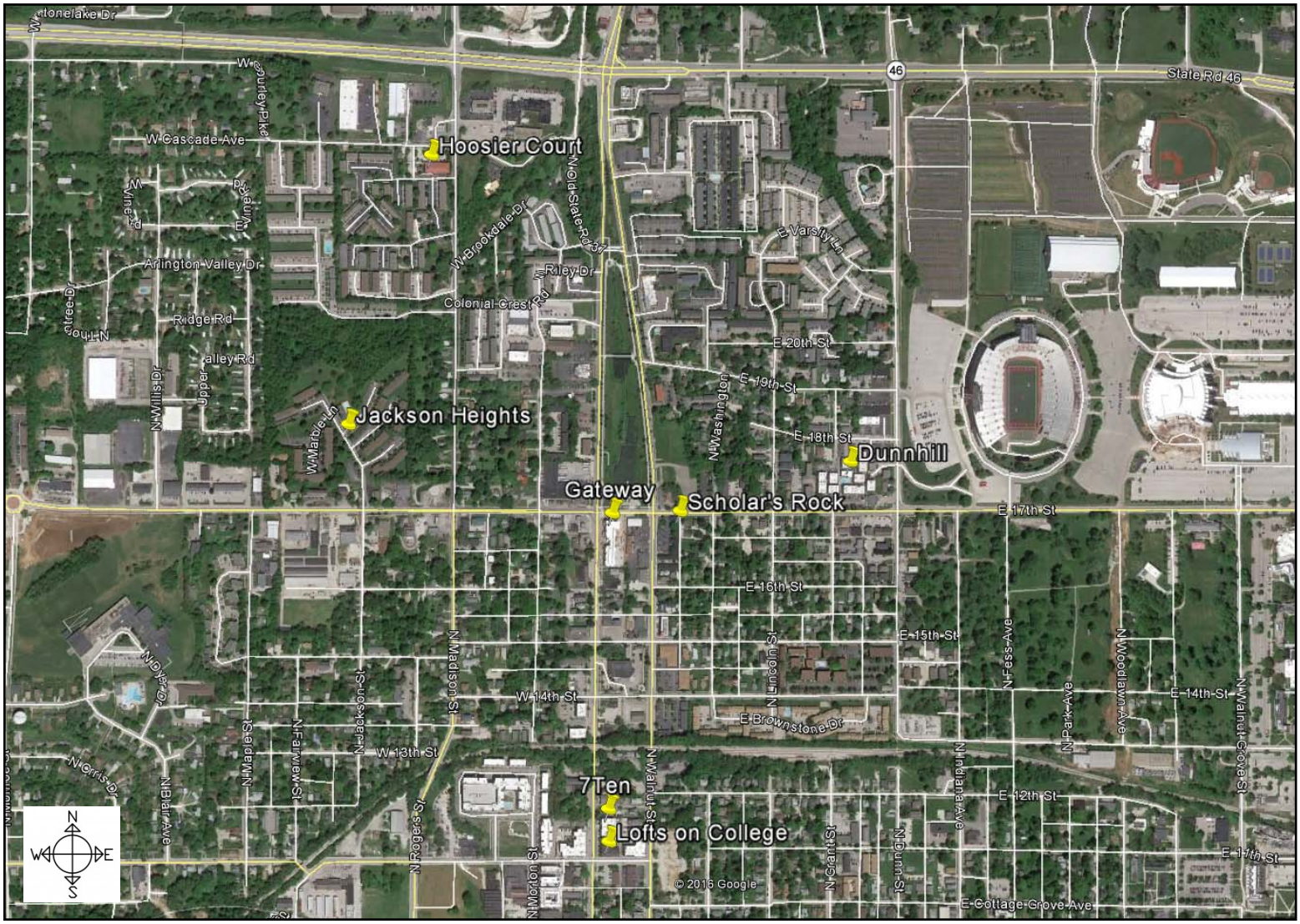
Wayne F. Johnson, II, MAI, RM, MRICS
Indiana Certified General Appraiser CG69100499
First Appraisal Group, Incorporated

Comparable Rental Properties – One Bedroom Apartments
North Bloomington

Comparable Rental Properties - One Bedroom Apartments						
		Beds	*Baths*	*SF*	*Rent*	*Rent/SF*
		1	1	700	$794*	$1.13
		1	1	560	$695*	$1.24
		1	1	650	$755	$1.16
		1	1	660	$975	$1.48
		1	1	780	$1,020	$1.31
		1	1	740	$1,050	$1.42
		1	1	660	$1,045	$1.58
		1	1	780	$1,065	$1.37
		1	1	740	$1,000	$1.35
		1	1	660	$990	$1.50
		1	1	780	$1,000	$1.28
		1	1	740	$1,050	$1.42
		1	1	925	$1,085	$1.17
		1	1	715	$990	$1.38
		1	1	715	$975	$1.36
		1	1	715	$990	$1.38
		1	1	715	$990	$1.38
		1	1	672	$1,005	$1.50
		1	1	657	$979	$1.49
		1	1	624	$940	$1.51
		1	1	650	$593	$0.91
		1	1	N/A	$699	N/A
Average				**707**	**$940**	**$1.35**
Median				**715**	**$990**	**$1.38**
High				**925**	**$1,085**	**$1.58**
Low				**560**	**$593**	**$0.91**

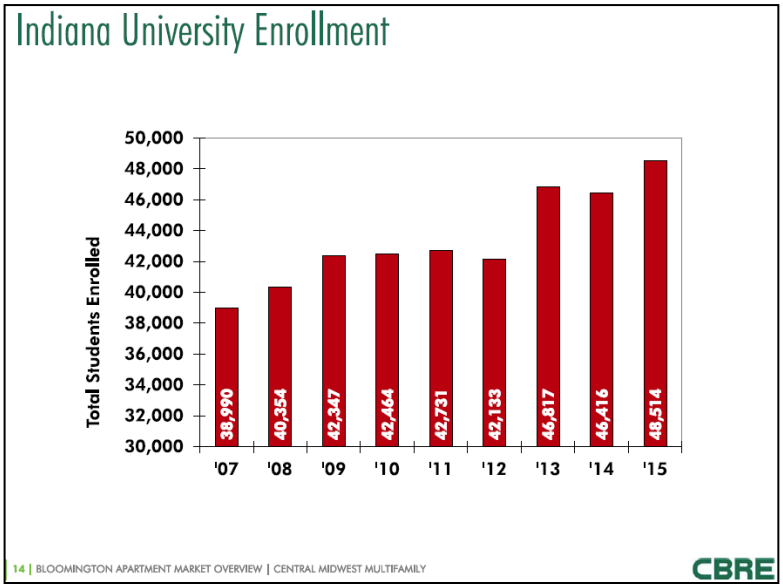
*Averages

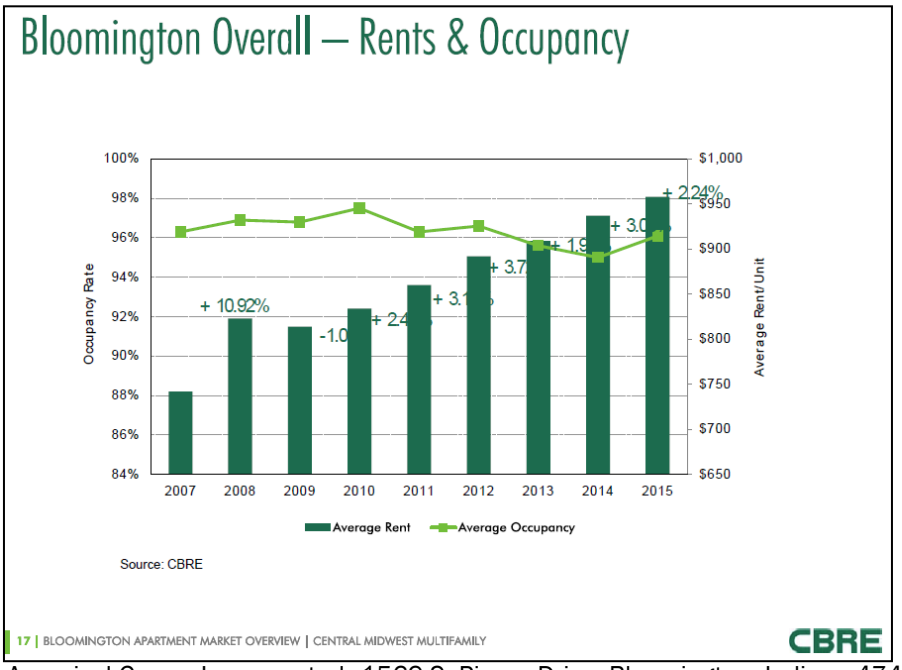
Location Map
Google Earth



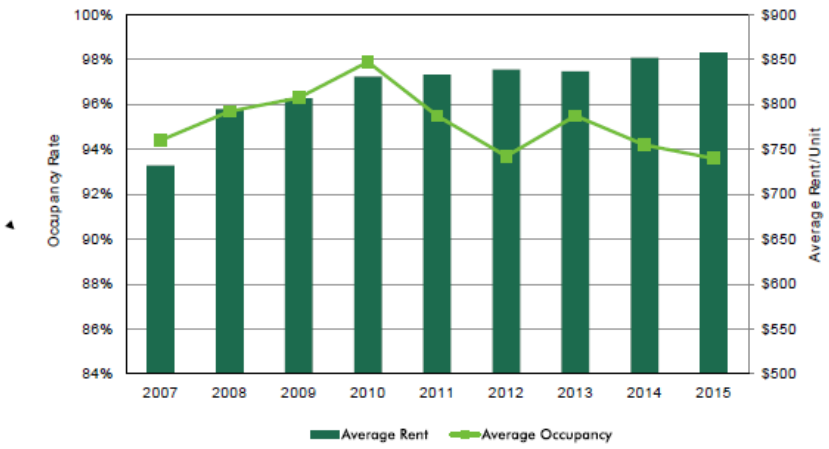
Vacancy and Collection Loss

Bloomington's population is greater than 50% renters. This strong multifamily market is primarily driven by the large, transient student population. Most units are in the 95% to 100% occupancy range. A study conducted by us including 55 properties, over the last four years, demonstrated vacancy less than 10% in all cases, and a median vacancy of 0% (average of 4.0%). A secondary source data is the Bloomington Apartment Market Overview by CBRE for 2016. This reported the university enrollment as shown; a steady increase since a one year "bleep" in 2012.





North Submarket – Rents & Occupancy



Source: CBRE

CBRE

Bloomington By The Numbers – Overall Market

Unit Type	0/1	1/1	2/1	2/1.5	2/2	2/2.5	3/1	3/1.5	3/2	3/2.5	4/2	4/4
$/SF	$1.62	$1.09	$0.88	$0.76	$1.08	$1.01	$0.82	$0.72	$0.99	$0.84	$1.46	$1.65
$/Bed	$690	$739	$357	$375	$533	$565	$271	$302	$398	$393	$490	$664
$/Unit	$690	$738	$713	$750	$1,066	$1,130	$812	$907	$1,194	$1,179	$1,959	$2,656
Avg. SF	364	680	807	981	983	1,118	990	1,257	1,204	1,411	1,343	1,609
YOY Rent Growth	2.8%	0.3%	1.3%	2.0%	-0.2%	2.0%	1.1%	-1.1%	0.3%	-1.1%	-0.7%	-0.3%

Avg. $/SF	**$1.04**
Avg. $/Unit	**$958**
Avg. SF	**920**

*Averages above include all unit styles

CBRE

CoStar tracks 183 multifamily properties in the City of Bloomington. Statistics for the entire market is below.

Leasing Units	Survey	5-Year Avg
Vacant Units	548	569
Vacancy Rate	4.0%	4.4%
12 Mo. Absorption Units	109	191

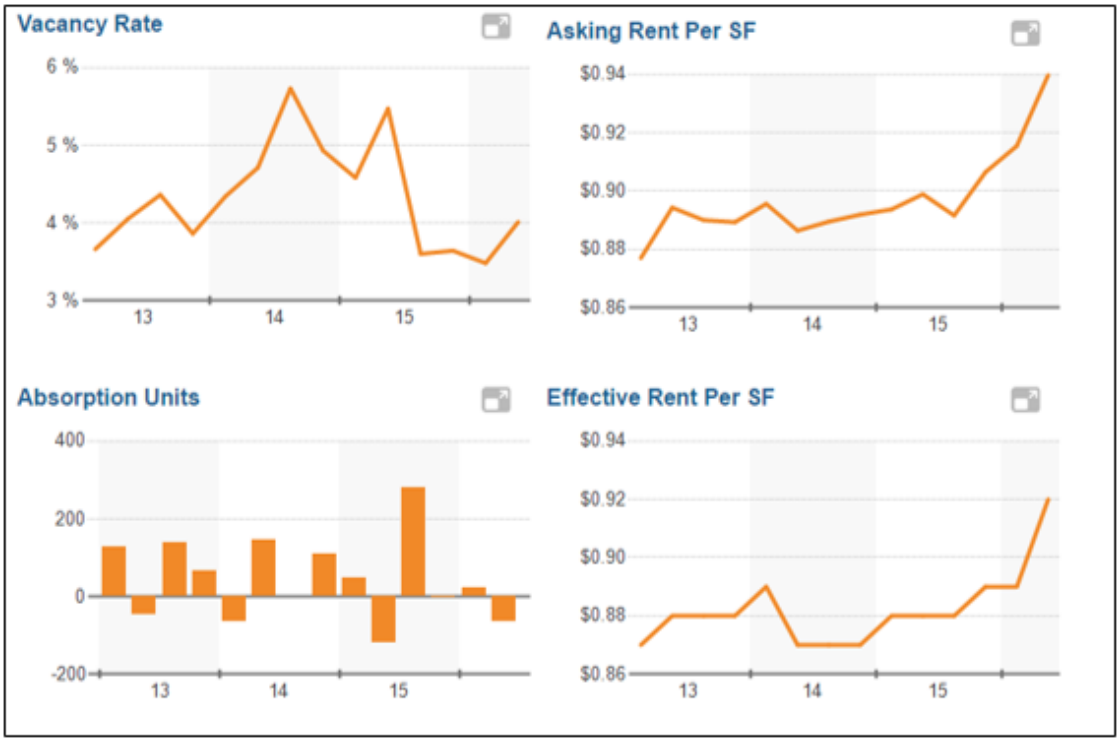
Inventory in Units	Survey	5-Year Avg
Existing Units	14,939	14,290
12 Mo. Const. Starts	112	183
Under Construction	112	227
12 Mo. Deliveries	24	172

Rents	Survey	5-Year Avg
Studio Asking Rent	$661	$584
1 Bed Asking Rent	$727	$692
2 Bed Asking Rent	$827	$775
3+ Bed Asking Rent	$1,087	$979
Concessions	2.6%	1.5%

Sales	Past Year	5-Year Avg
Sale Price Per Unit	$129,684	$91,185
Asking Price Per Unit	$145,275	$50,562
Sales Volume (Mil.)	$49	$197
Cap Rate	6.7%	7.6%

Source: CoStar

Additional CoStar analytics on the Bloomington multifamily market



COMMERCIAL OFFICE LEASES

Source: CoStar

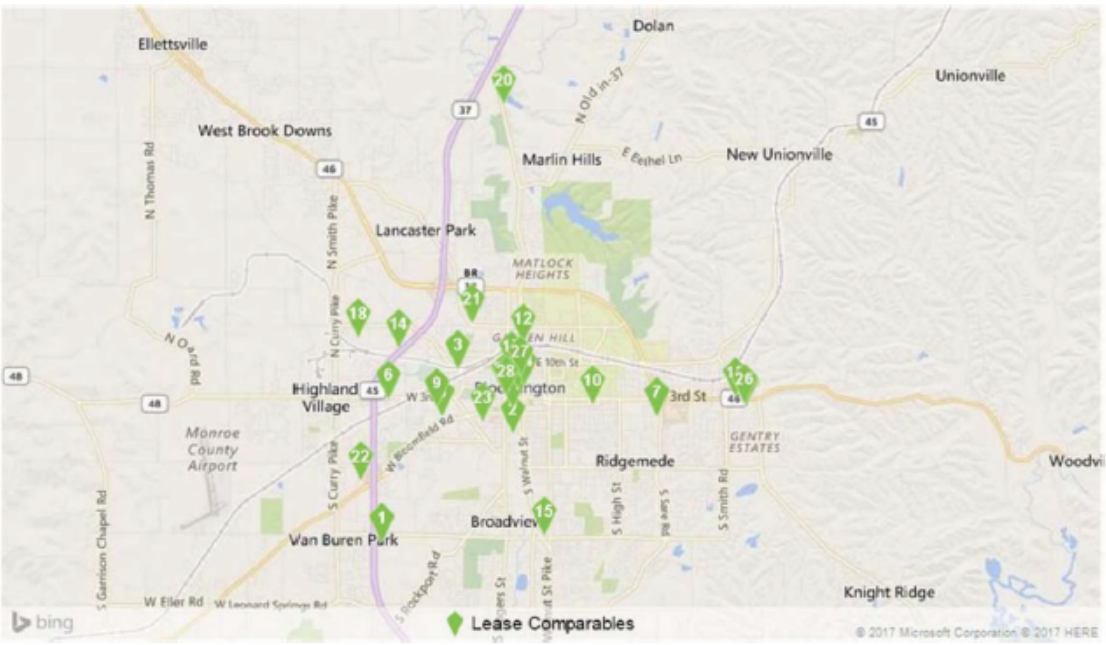
Bloomington Rents 2.5 mile radius+/-

Lease Comps Summary

Lease Comps Report

Deals	Gross Asking Rent Per SF	Gross Starting Rent Per SF	Avg. Months On Market
476	$13.15	$14.09	11

TOP 50 LEASE COMPARABLES



SUMMARY STATISTICS

Rent	Deals	Low	Average	Median	High
Gross Asking Rent Per SF	387	$3.77	$13.15	$12.86	$28.57
Gross Starting Rent Per SF	179	$4.00	$14.09	$14.05	$26.29
Gross Effective Rent Per SF	191	$5.01	$13.95	$13.67	$53.17
Asking Rent Discount	153	-81.9%	0.3%	0.0%	50.0%
TI Allowance	13	$0.00	$0.00	$0.00	$0.00
Months Free Rent	55	0	1	1	7

Lease Attributes	Deals	Low	Average	Median	High
Months on Market	388	0	11	7	75
Deal Size	476	120	1,739	900	22,938
Lease Deal in Years	345	0.2	1.9	1.0	10.0
Floor Number	470	LL	1	1	8

Copyrighted report licensed to First Appraisal Group - 581648.

CoStar

3/28/2017

First Appraisal Group, Incorporated · 1569 S. Piazza Drive, Bloomington, Indiana 47401
(812)337-0772 · www.firstappraisalgroup.com

COMMERCIAL OFFICE RENTS

Source: CoStar

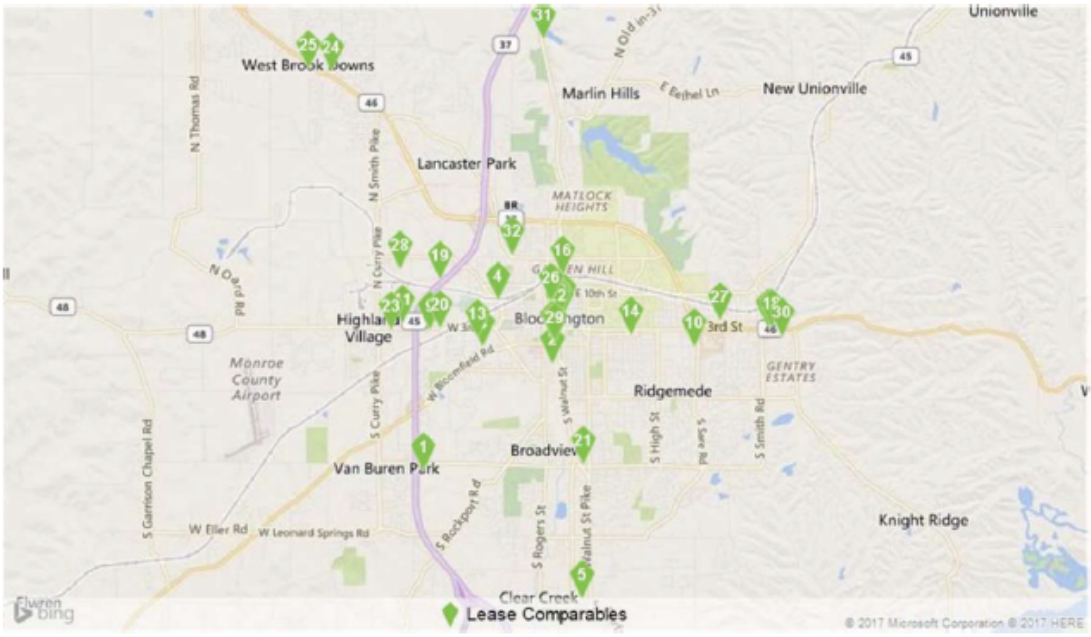
Monroe County Indiana Rents

Lease Comps Summary

Lease Comps Report

Deals	Asking Rent Per SF	Starting Rent Per SF	Avg. Months On Market
772	$8.65	$9.50	13

TOP 50 LEASE COMPARABLES



SUMMARY STATISTICS

Rent	Deals	Low	Average	Median	High
Asking Rent Per SF	608	$2.22	$8.65	$12.00	$50.00
Starting Rent Per SF	253	$2.95	$9.50	$12.00	$45.82
Effective Rent Per SF	246	$2.90	$10.55	$11.97	$45.85
Asking Rent Discount	209	-81.9%	5.4%	0.0%	50.4%
TI Allowance	14	$0.00	$0.00	$0.00	$0.00
Months Free Rent	98	0	1	1	7

Lease Attributes	Deals	Low	Average	Median	High
Months on Market	634	0	13	7	117
Deal Size	772	120	2,973	1,189	150,057
Lease Deal in Years	493	0.2	2.4	1.1	25.4
Floor Number	759	LL	1	1	8

Copyrighted report licensed to First Appraisal Group - 581648.

CoStar

3/28/2017

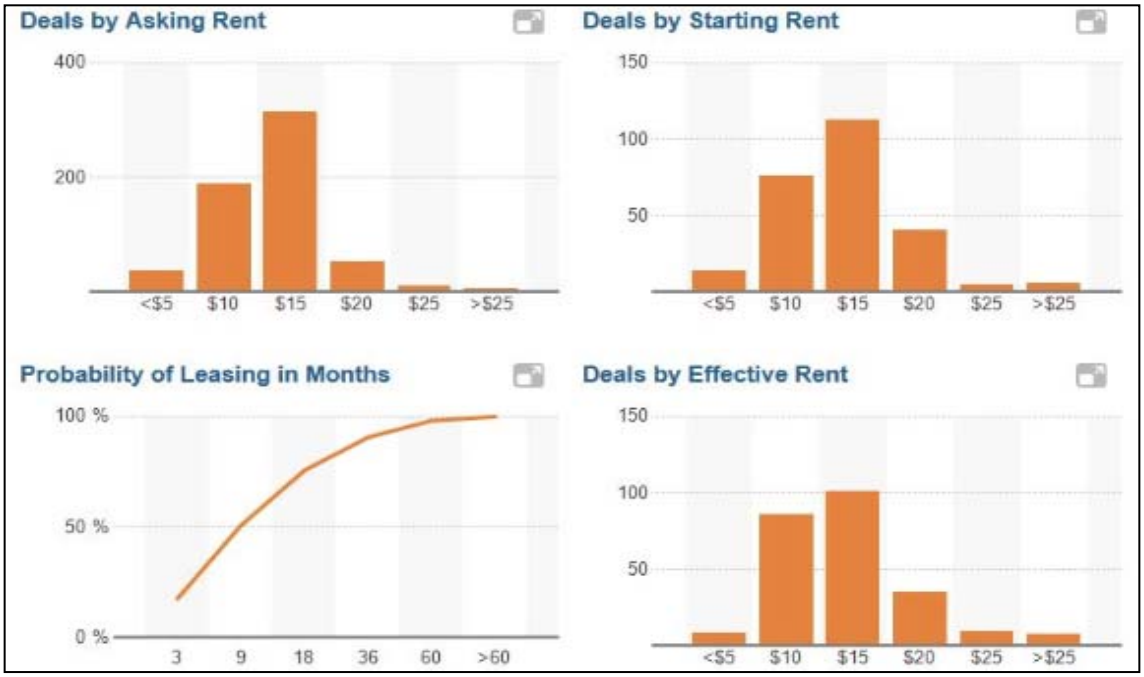
First Appraisal Group, Incorporated · 1569 S. Piazza Drive, Bloomington, Indiana 47401
(812)337-0772 · www.firstappraisalgroup.com

Rents Per SF	Survey	Low	High
Asking Rent	$8.65	$2.22	$50.00
Starting Rent	$9.50	$2.95	$45.82
Effective Rent	$10.55	$2.90	$45.85

Concessions	Survey	Low	High
Months Free Rent	1.4	0.0	7.0
TI Allowance Per SF	$0.00	$0.00	$0.00
Concessions	6.7%	2.3%	67.3%
Asking Rent Discount	5.4%	-81.9%	50.4%
Annual Rent Increase	3.1%	1.8%	10.0%

Volume	Survey	Low	High
Deals	772	-	-
SF Leased	2,295,376	120	150,057
Average Deal SF	2,973	120	150,057
Buildings	244	-	-
Building SF	6,534,925	696	636,000

Time on Market	Survey	Low	High
Months on Market	7.3	0.0	116.8
Months Vacant	8.0	0.0	119.1
Average Term in Years	2.4	0.2	25.4



Properties	Survey	Min	Max
Existing SF	560,381	900	79,657
Vacancy Rate	6.1%	0.0%	77.3%
Gross Rent Per SF	$18.21	$12.00	$20.00
12 Mo. Absorption	-14,166	-8,457	4,845
12 Mo. Leasing SF	7,846	0	3,131

Source: CoStar

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 (I.C. 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 IC 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." (IC 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 full-time, permanent living-wage jobs[1]
- Creation of capital investment as an enhancement to the tax base

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.

[1] 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 and capital investment enhancements to the tax base, 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.

Criteria	Definition
Quality of Life and Environmental/Sustainability	A project which is consistent with or advances principles found in the Redefining Prosperity report (2009); 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.
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.
Community Service	Volunteerism and civic engagement, such as serving on and working with boards, commissions and foundations, in the Bloomington community.
Community Character	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:

IC 6-1.1-12.1 (et seq.) 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 IC 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 (IC 6-1.1-12.1 *et seq.*):

- 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 IC 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 IC 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 IC 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[1]
- Green building according to "Leadership in Energy and Environmental Design" (LEED)[2] 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.

---

[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 (Public Law 107-118 (H.R. 2869) – "Small Business Liability Relief and Brownfields Revitalization act" – signed into law Jan. 11, 2002).

[2] 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:
  (1) a deduction under section 3 of this chapter for property located in a residentially distressed area; or
  (2) any other deduction under section 3 or 4.5 of this chapter for which a statement of benefits was approved before July 1, 1991.

(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.193-2005, SEC.5; P.L.154-2006, SEC.30; P.L.3-2008, SEC.37; P.L.146-2008, SEC.128..