

Economic Development Commission
Board Meeting Minutes
May 16, 2018
City Hall – Hooker Conference Room

Kurt Zorn called the meeting to order.

ROLL CALL: Dorothy Granger, Geoff McKim, Malcolm Webb

STAFF: Brian Payne, Alex Crowley, Laurel Waters, Larry Allen, Dan Sherman

GUESTS: Chuck Heintzelman – Milestone Ventures

APPROVAL OF MINUTES – October 18, 2017 and April 18, 2018

Geoff moved to approve minutes. Dorothy seconded the motion. The motion passed unanimously.

OLD BUSINESS

Alex mentioned the Crescent Development which was approved for Tax Abatement by this Board, then went to Council where it was approved. The current plan for the development they will not be allowed to take down trees between March & October because of bat migration. They are in the final stages of locking down their financing and plan to begin work in October. There are a couple of issues that popped up in their final site plan, and those are currently being worked through. Alex stated he will keep the Commission updated.

NEW BUSINESS

- **Res. 18-03 and 18-04: Real Property Tax Abatement Application – Milestone Ventures, LLC – 1107 W. 3rd Street**

Brian explained the two Resolutions are to designate an economic revitalization area and then to approve a tax abatement.

Milestone Ventures is an Indianapolis based developer but they have recent experience developing affordable housing projects in Bloomington, including the Crawford I and Crawford II housing projects. In this case they are looking to develop a 31 unit, two story affordable project on about 1.26 acres at 1107 West 3rd Street, across from Rose Hill Cemetery. The unit breakdown will be 15 studio apartments, 8 one bedrooms, 5 two bedrooms, and 3 three bedrooms. All 31 units will be affordable to households at or below 80% of the area median income, and at least 75 percent of the units will be affordable to those with incomes at or below 60 percent. Seven of these units will be set aside as permanent supportive housing for folks experiencing homelessness, and then another seven will be set aside for adult with developmental disabilities with support services provided by Life Designs. This is on the old Kinser Flats parcel so it has an approved site plan that the new site plan would be very close to meeting. They were a couple of points short on their LIHTC application from the lowest funded score. Additional public investment could make up that gap. The total project costs is about 6.3

million. The current assessed value of the property which has a historic church and a single family dwelling unit on it is \$364,000.

Brian explained how the affordable housing commitment would work. The first 30 years 100 percent of the units will be affordable. After 15 years, which is a junction point in TIHTC process, all the units must be at least affordable to individuals who are making 80 percent of the area median income. Beginning in year 31 no fewer than 50 percent of the units will be affordable to individuals making 80% of AMI for years 31 to 99.

Geoff asked if those timespans all line up with the LIHTC requirements. Brian stated it meets and exceeds the LIHTC requirements.

Brian stated the investment budget is 6.3 million and 4.66 million of that is made up by federal LIHTC credits. Brian explained further the formula to bring this up to the threshold they need to meet. This will be a 98% abatement over 10 years. This is a 10 to 1 Federal to City investment for 31 affordable housing units, several which are two and three bedrooms, which is not always the case.

This will be a sustainable building, it will obtain LEED Silver Green Building status.

This affordable housing with its different types of supporting housing is a great benefit to the community. There is a historic church on the site and they will turn that church into community space for residents. This develops an otherwise difficult to develop PUD across from the cemetery with a couple of existing buildings.

Brian reviewed the criteria for establishing an economic revitalization area. Thanks to Geoff for sending his drone out to take photos.

Kurt asked that the Commission consider the issue of the ERA, then consider the project and hear from the Petitioner. The Commission agreed.

Geoff made a motion to approve Resolution 18-03 Economic Development Commission to designate an Economic Revitalization Area. Dorothy seconded the motion. No discussion, motion passed unanimously.

The Petitioner gave a history of the previous project designed for this site, and how that plan and developer has changed. This will help cost containment points that are looked at by the State. Also looked at how to boost the score with public/private investment. This is based on a percentage of total development costs. There will be \$375,000 in HOME funds which is an aggregate commitment the city made to the Kinser Flats project in the last round. With the tax abatement it will get the developer up to 3 ½ points. The basis of the tax abatement is twofold. By being able to count the public/private investment and increase it, the project is able to score. Also, now because of the 10 year flat abatement we are able to leverage some of the savings with more debt, which means asking for less credit from the state. This helps boost the cost containment score. The average rent for all 31 units comes out at \$498 a month. This gives some really affordable units into the Bloomington market. Market study showed a need for almost 5,000 units of affordable housing in Bloomington. The lowest rent will start at \$255 a month, and cap out with the most expensive being \$725 per month for the 3 bedroom.

Geoff moved to approve Resolution 18-04 Real Property Tax Abatement revised to 98 percent. Dorothy 2nd the motion.

Alex stated the 98% was able to get the Petitioner what he needed, but also wanted to make a clear signal to the public that 100% is not a default number.

Dorothy stated this was really good, and appreciated it as a Council member.

Malcolm stated he appreciated hearing why the abatement made a difference.

Mr. Heintzelman gave a brief overview of the project.

Alex asked Mr. Heintzelman if the market study was something they commissioned which he stated it was. Alex asked if he could share that, and Mr. Heintzelman stated he would be happy to send a copy along. Alex added it is interesting to understand the quantification of the need, and how the market study gets to that, which would help evaluate future proposals.

Mr. Heintzelman was also asked if he could share the Performa. Mr. Heintzelman stated it would be okay.

Mr. Heintzelman added this is a great market for affordable housing, but it's a difficult market to compete in at the state level. In years past, if there was a vacant, blighted historic, formerly commercial building that was being redeveloped into housing then it was hitting on all cylinders, but when you come to Bloomington, there are not that many industrial lots that have land costs cheap enough to pull it off. This project's land cost was not horrible.

After discussion the motion passed unanimously.

- **Annual Tax Abatement presentation – 2018 (City Staff)**

Brian explained the Tax Abatement process, followed by the Tax Abatement Report. This report will also be presented to the Common Council on June 6th.

Brian stated this can be a difficult bookkeeping process because the City does not have all the files the County has, as everything is filed with the County, and they keep all the records for whether the deduction has been applied, and exactly when they filed. Mary Sloane who is at the County has been great in this process. If the City makes a recommendation that everyone is in financial compliance, we forward that final report to Council, in this case we will recommend substantial compliance on every tax abatement.

FOR THE GOOD OF THE ORDER

Dorothy will not be at the next meeting.

ADJOURNMENT:

Dorothy moved for adjournment. Motion seconded. Meeting adjourned at 5:16 p.m.