

Economic Development Commission

2023 Tax Abatement Compliance

Economic Development
Commission
(June 4, 2024)

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Agenda

- Summary of Tax Abatements
- Evaluative Criteria and Process
- Compliance Review Process
- Economic Impact of Abatements
- Residential Abatements - Project Details
- Mixed Use - Review Project Details
- Commercial Abatements - Project Details
- Pending Abatements - Project Details

Summary of Tax Abatements

- Tax abatements are financial incentives in the form of a temporary reduction or elimination of property taxes granted by local governments to stimulate business investment and development within specific areas that are economically distressed or underdeveloped.
- They apply to real property (buildings and land improvements) and personal property (machinery and equipment).
- Tax abatements apply to the **increment** or the increase in the property's assessed value

Summary of Tax Abatements

- 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) or Economic Development Target Area (EDTA) by the City of Bloomington.
- An area 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,” in order to become designated as an ERA. (I.C. § 6-1.1-12.1-1)

Summary of Tax Abatements

- Phase-in of new property taxes
 - All or part of **new** assessed value exempted from paying property tax
- Terms from 1 to 10 years (up to 20 years for Personal Property)
 - Sliding scale from 100% to **no** exemption on the new AV;
 - Designating body may provide an “alternative deduction schedule” (IC 6-1.1-12.1-17)

Evaluative Criteria and Application Process

Authorization Process

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

Evaluative Criteria and Application Process

- SB-1 sets the baseline for:
 - AV at the time of application
 - Employment at the time of application
 - Amount of investment
 - Estimated Increase in jobs and estimated wages
- Other evaluative criteria considered during application process:
 - Quality of Life and Environmental/Sustainability
 - Affordable Housing
 - Community Service
 - Community Character
 - Art, local business, historic preservation

Compliance Review Process

Roles & Responsibilities in Tax Abatement Approvals

- EDC Recommends
- Common Council authorizes
- County administers

City of Bloomington General Standards

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

Compliance Review Process

Annual Reporting

- Taxpayer submits annual compliance form (IN Form CF-1)
 - CF-1 is filed with County Auditor for deduction administration
 - CF-1 is filed with City Clerk for reporting to Common Council
 - ESD staff compares SB-1 commitments to CF-1 results
- ESD staff works with HAND and other departments to verify compliance with other evaluative criteria
- ESD recommends findings of:
 - Compliance
 - Substantial compliance
 - Noncompliance

Compliance Review Process

- EDC forwards final report to Council for final action
- Council may approve report or individual abatements as compliant or substantially compliant, or
- Council may request hearing for additional information if they wish to consider a finding of noncompliance.

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. 6-1.1-12.1-5.9

Economic Impact of Tax Abatements

New real and personal property investment
(Active Abatements only)

	Proposed New Investment (SB-1)	Actual New Investment (CF-1)	Proposed new AV (SB-1)	Actual new AV (CF-1)
Mixed Use	\$11,500,000	\$11,500,000	\$0	\$17,078,700
Commercial RE	\$56,000,000	\$11,382,577	\$14,200,000	\$100,984,000
Commercial PP	\$450,000,000	\$169,117,571	\$44,000,000	\$60,690,511
Residential	\$21,246,130	\$28,891,875	\$10,960,996	\$25,334,200
Total	\$538,746,130	\$220,892,023	\$69,160,996	\$202,872,111

22-06 PP is still in progress and represents \$340M of the SB-1 Commercial Personal Property.

Economic Impact of Tax Abatements

New and retained jobs and salary estimates

Total Jobs New and Retained	Total Salaries New and Retained
2,406	\$195,324,412
<i>Avg. New & Retained Salary</i>	
\$81,182	

- *Excludes temporary jobs and corresponding salaries from construction.*
- *Excludes unknown salary information from some businesses leasing space in mixed-use developments, and commissions/benefits.*

Economic Impact of Tax Abatements

	Avg %AMI	MOU # units	2023 units	
New Urban Station	56%	10	10	0 vacancy
Southern Knoll	25%	31	31	2 vacancies
Union at Crescent	60%	102	119	0 vacancy

Southern Knoll / Milestone Ventures *1105 W 3rd St / Resolution 18-09; 18-10*



Southern Knoll / Milestone Ventures

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

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

Public Benefits:

- 31 units affordable to households at or below 80% AMI
- 75% of units or 24 units affordable to households at or below 60% AMI
- 7 units set aside as permanent supportive housing. (Beacon)
- 7 units will be set-aside for persons with developmental disabilities. (LifeDesigns)

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

Staff Recommendation: Compliant with tax abatement commitments.

Southern Knoll / Milestone Ventures

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

Abatement Type:	Real Property (Affordable Housing)		
Abatement Length, Rate:	10-year, 98% (Year 4 of Abatement)		
	Commitment (SB-1)	Compliance (CF-1)	Staff Evaluation
New RE Investment:	\$4,000,897	\$4,417,937	Compliant
New Employment:	2	2	Compliant
New Salaries:	\$21,632 (\$20.8/hr)	\$44,815 (\$21.5/hr)	Compliant
Assessed Value:	\$1,033,096	\$1,794,800	On target
Units at <80% AMI:	31	31	Compliant
Units at <60% AMI:	24	23	Substantially compliant

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



032

Union at Crescent

N. Crescent Road / Resolution 17-30

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

Public Benefits:

- No fewer than 70% or 102 units allocated to households with incomes at or below 60% of the AMI

Development Status: Real estate improvements are complete.

Staff Recommendation: Compliant with tax abatement commitments.

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

Abatement Type:		Real Property (Affordable Housing)	
Abatement Length, Rate:		10-year, 100% (Year 5 of Abatement)	
	Commitment (SB-1)	Compliance (CF-1)	Staff Evaluation
New RE Investment:	\$17,245,233	\$24,473,938	Compliant
New Employment:	5	5	Compliant
New Salaries:	\$135,200 (\$13/hr)	\$223,006 (\$21.5/hr)	Compliant
Assessed Value:	\$9,927,900	\$7,839,300	On target
Housing Units <60%AMI	102	119	Compliant

Mixed Use

Urban Station

401 S. Washington St. / 403 S Walnut St. / Resolution 16-11 & 16-12



035

Mixed Use

Urban Station (Previously Approved)

401 S. Washington St. / 403 S Walnut St. / Resolution 16-11 & 16-12

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

NB: This abatement was reviewed

Public Benefits:

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

Development Status: Real estate improvements are complete.

Staff Recommendation: Compliant with tax abatement commitments.

Mixed Use

Urban Station

401 S. Washington Street / Resolution 16-12

Abatement Type:	Real Property (Affordable Housing)
Abatement Length, Rate:	10-year, 30% (Year 7 of Abatement)

	Commitment (SB-1)	Compliance (CF-1)	Staff Evaluation
New RE Investment:	\$11,500,000	\$11,500,000	Compliant
Retained Employment:	10	10	Compliant
Retained Salaries:	\$400,000 (\$19.20/hr)	\$400,000 (\$19.20/hr)	Compliant
New Employment:	5	5	Compliant
New Salaries:	\$165,000 (\$15.86/hr)	\$170,000 (\$16.34/hr)	Compliant
Assessed Value:	0	\$17,078,700	On target
Units at <80% AMI	15	15	Compliant

Woolery Mill Ventures, LLC

Property at 2550 S Breaking A Way / Resolutions 04-02; 13-14



Commercial

Woolery Mill Ventures, LLC

Property at 2550 S Breaking A Way / Resolution: 04-02; 13-14

Property Description: Renovation and reactivation of historic limestone mill.

Public Benefits:

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

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

Staff Recommendation: Compliant with tax abatement commitments.

Commercial

Woolery Mill Ventures, LLC

Property at 2550 S breaking A Way / Resolution: 04-02; 13-14

Abatement Type:	Real Property
Abatement Length, Rate:	10-year, 50% (Year 5 of Abatement)

	Commitment (SB-1)	Compliance (CF-1)	Staff Evaluation
New RE Investment:	\$6,000,000	\$4,670,977	Substantially Compliant
New Employment:	45	63	Compliant
New Salaries:	\$762,000	\$990,000 (PT - \$15/hr.) (FT - \$20/hr.)	Compliant
Assessed Value:	\$4,200,000	\$2,725,300	On schedule/meets expectation

Catalent Indiana, LLC (Formerly Cook Pharmica)

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



Catalent Indiana, LLC (Formerly Cook Pharmica)

1300 S Patterson Drive / Resolution 15-06, 19-04, 22-06

- Multiple tax abatements covering separate expansion phases and employee growth projections
- Initial abatement with Cook Pharmica, assumed by Catalent Indiana as part of its acquisition
- Real and Personal Property abatements have distinct phases
- Employee growth is blended in Catalent's CF-1's
- CF-1 data reflects total annual payroll and year-end headcount.
- Projected job growth significantly exceeds commitments
- Catalent's 2022 tax abatement passed February 2022 and therefore is included in compliance assessment

Staff Recommendation: 15-04 and 19-06: Compliant with tax abatement commitments.
22-06: Substantially compliant with tax abatement commitments.

Commercial

Catalent Indiana, LLC (Formerly Cook Pharmica)

1300 S Patterson Drive / Resolution 15-06

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

Abatement Type:	Personal Property
Abatement Length, Rate:	10-year, 70% (Year 6 of Abatement)

	Commitment (SB-1)	Compliance (CF-1)	Staff Evaluation
New PP Investment:	\$25,000,000	\$31,859,287	Compliant
Assessed Value:	\$10,000,000	\$4,787,105	On schedule/ meets expectation

Commercial

Catalent Indiana, LLC (Formerly Cook Pharmica)

1300 S Patterson Drive / Resolution 19-04

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

Abatement Type:		Real Estate and Personal Property	
Abatement Length, Rate:		RE: 10-year, 80% (Year 3 of Abatement) PP: 10-year, 95% (Year 3 of Abatement)	
	Commitment (SB-1)	Compliance (CF-1)	Staff Evaluation
New RE Investment:	\$40,000,000	\$0	DNF
New PP Investment:	\$85,000,000	\$107,485,476	Compliant
RP Assessed Value:	\$10,000,000	\$26,384,800	Exceeds Expectation
PP Assessed Value:	\$34,000,000	\$43,994,271	Exceeds Expectation

044

Commercial

Catalent Indiana, LLC (Formerly Cook Pharmica)

1300 S Patterson Drive / Resolution 22-06

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

Abatement Type:	Real Estate and Personal Property		
Abatement Length, Rate:	RE: 10-year, 100% (Year 1 of Abatement) PP: 20-year, 100% (Year 1 of Abatement)		
	Commitment (SB-1)	Compliance (CF-1)	Staff Evaluation
New RE Investment:	\$10,000,000	\$6,711,600	Compliant
New PP Investment:	\$340,000,000	\$29,772,838	Substantially Compliant
RP Assessed Value:	N/a	\$72,599,900	N/A
PP Assessed Value:	N/a	\$11,909,135	N/A

045

Commercial

Catalent Indiana, LLC (Formerly Cook Pharmica) 1300 S Patterson Drive / Resolution 15-06, 19-04, 22-06

	Resolution 15-06	CF-1	Resolution 19-04	CF-1	Resolution 22-06	CF-1
Retained Employment:	550	550	839	839	3,212	2,324
New Employment:	70	1,774	200	1,485	1,000	0
Total Employment:	620	2,324	1,039	2,324	4,212	2,324

Commercial

Catalent Indiana, LLC (Formerly Cook Pharmica) 1300 S Patterson Drive / Resolution 15-06, 19-04, 22-06

	Resolution 15-06	CF-1	Resolution 19-04	CF-1	Resolution 22-06	CF-1
Retained Salaries:	\$31,000,000	\$45,793,083	\$43,926,000	\$43,926,000	\$200,428,800	\$193,496,591
New Salaries	\$3,200,000	\$147,703,508	\$13,312,000	\$149,570,59	\$62,400,000	\$0
Total Salaries:	\$34,200,000	\$193,496,591	\$57,238,000	\$193,496,591	\$262,828,800	\$193,496,591
Total Employment:	620	2,324	1,039	2,324	4,212	2,324
<i>Avg. Salaries:</i>	\$55,161 (<i>\$26.5/hr.</i>)	\$83,260 (<i>\$40/hr.</i>)	\$55,090 (<i>\$26.5/hr.</i>)	\$83,260 (<i>\$40/hr.</i>)	\$62,400 (<i>\$30/hr</i>)	\$83,260 (<i>\$40/hr.</i>)

Catalent Indiana, LLC (Formerly Cook Pharmica)

1300 S Patterson Drive / Resolution 15-06, 19-04, 22-06

Rationale for Staff Recommendation of Substantial Compliance

- Personal Property capital investments for 15-06 exceed commitments
- Personal Property investments for 19-04 exceed commitments
- Real and Personal Property investments for 22-06 are in process and meet the level of commitment per the MOU. (that is, capital investments have been made, and the company has until 2027
- CF-1 data reflects total annual payroll and year-end headcount.

Retreat at Switchyard

Property at 1730 S Walnut Street / Resolutions 20-21; 20-22



Not Yet Active

Retreat at Switchyard

Property at 1730 S Walnut Street / Resolutions 20-21; 20-22

Property Description: An affordable housing development, which would include 64 units in a five-story building with dedicated first-floor retail space

Public Benefits:

- 48 of 64 housing units (75% of the total units) will be reserved for low to moderate-income residents for a period of 99 years, and the remaining 16 units would be available for lease at the market rate
- Partnering with Stone Belt and will set aside 10 units (of the 48) as housing along with additional service areas within the Project for Stone Belt's clients;
- According to Petitioner's Statement of Benefits, this Project would create two new full-time, permanent jobs with an estimated total annual payroll of \$80,000.00, with the lower starting full-time wage of \$35,000.00 per year.
- **Development Status:** The development will be complete in October 2024.

Staff Recommendation: Informational only

Not Yet Active

Retreat at Switchyard

Property at 1730 S Walnut Street / Resolutions 20-21; 20-22

Abatement Type:	Real Property
Abatement Length, Rate:	10-year, N/a (Year 0 of Abatement)

	Commitment (SB-1)	Compliance (CF-1)
New RE Investment:	\$9,777,112	\$695,200
New Employment:	2	0
New Salaries:	\$80,000	\$0
Assessed Value:	\$1,440,000	\$2,725,300

THANK YOU.

Questions?

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