

METROPOLITAN DEVELOPMENT COMMISSION OF

MARION COUNTY, INDIANA

FINAL AMENDED ECONOMIC REVITALIZATION AREA RESOLUTION

RESOLUTION NO. 2023-A-014

REAL PROPERTY TAX ABATEMENT

Gershman Partners – Madera Office Project

6407, 6411, 6417 (aka 6415) Ferguson Street and 6419 Ferguson Street (aka 853 East 65th Street)

WHEREAS, I.C. 6-1.1-12.1 allows a partial abatement of property taxes attributable to "redevelopment or rehabilitation" activities (hereinafter "Project") in "Economic Revitalization Areas"; and

WHEREAS, I.C. 6-1.1-12.1 empowers the Metropolitan Development Commission (hereinafter "Commission") to designate Economic Revitalization Areas and determine the length of the abatement period, annual abatement schedule and deduction limit during the term of the abatement for such property by following a procedure involving adoption of a preliminary resolution, provision of public notice, conducting of a public hearing, and adoption of a resolution confirming the preliminary resolution or a modified version of the preliminary resolution; and

WHEREAS, the Commission has established in Resolution No. 01-A-041, 2001, certain standards and procedures for the designation of Economic Revitalization Areas for the partial abatement of property taxes attributable to redevelopment or rehabilitation activities; and

WHEREAS, I.C. 6-1.1-12.1 empowers the Commission, at the time an Economic Revitalization Area is designated, to limit the dollar amount of the deduction that will be allowed with respect to a project; and

WHEREAS, I.C. 6-1.1-12.1 requires an applicant for Economic Revitalization Area designation to provide a statement of benefits and requires the Commission, before it makes a decision to designate such an area as an Economic Revitalization Area, to determine that the Project can be reasonably expected to yield the benefits identified in the statement of benefits and determine that the totality of benefits arising from the Project is sufficient to justify Economic Revitalization Area designation; and

WHEREAS, a business (hereinafter "Applicant") named in the attachment to this Resolution, which is incorporated herein by reference, has an ownership interest in the geographical area (hereinafter "Subject Real Estate") described in such attachment; and

WHEREAS, the Applicant has requested the Subject Real Estate be designated as an Economic Revitalization Area for the purpose of achieving property tax savings in connection with the Project set forth in the attachment to this Resolution and occurring on the Subject Real Estate; and

WHEREAS, during a preliminary hearing at 1:00 p.m. on Wednesday, May 4, 2022, the Commission received evidence about whether the Subject Real Estate should be designated as an Economic Revitalization Area and recommended the appropriate length of the abatement period for such Area, and the Commission adopted **Preliminary Resolution No. 2022-A-007**, preliminarily designating the Subject Real Estate as an Economic Revitalization Area for an abatement period of ten (10) years ("Preliminary Resolution"); and

WHEREAS, pursuant to IC 6-1.1-12.1-2(k), a statement of benefits for property located within an allocation area, as defined by IC 36-7-15.1-26, may not be approved unless the City-County Council of Indianapolis and Marion County, Indiana (hereinafter referred to as "City-County Council") adopts a resolution approving the Statement of Benefits; and

WHEREAS, the City-County Council, on June 6, 2022, adopted a resolution approving the Applicant's Statement of Benefits; and

WHEREAS, during a final public hearing at 1:00 p.m. on Wednesday, June 15, 2022, the Commission received evidence about whether the Subject Real Estate should be designated as an Economic Revitalization Area and recommended the appropriate length of the abatement period for such Area, and the Commission adopted **Final Resolution No. 2022-A-022**, designating the Subject Real Estate as an Economic Revitalization Area for an abatement period of ten (10) years ("Final Resolution"); and

WHEREAS, the Applicant has requested that the City-County Council and the Commission approve amendments to the Statement of Benefits and Final Resolution, respectively, as set forth in this Resolution; and

WHEREAS, the City-County Council, on March 6, 2022, adopted a resolution approving the Applicant's amended Statement of Benefits; and

WHEREAS, pursuant to Commission Resolution No. 01-A-041, 2001, the Applicant and the City have entered into an amended Memorandum of Agreement which shall be utilized to measure compliance with the proposed Project described in the attachment to this Amended Final Resolution; and

WHEREAS, proper legal notices were published indicating the Commission's intent to hold a public hearing to consider adoption of this Amended Final Resolution and stating when and where such final public hearing would be held.

NOW, THEREFORE, IT IS RESOLVED:

1. The Commission now amends, confirms, adopts and approves such Preliminary and Final Resolutions and thereby finds and establishes the area as an Economic Revitalization Area subject to the conditions that designation as an Economic Revitalization Area allows the abatement of property taxes only relative to the Project and the effectiveness of the designation can be terminated by action of the Commission if:
 - A. The Applicant is unable to secure approval of the necessary variance or rezoning petition to provide for the proposed development.
 - B. Construction on the Subject Real Estate is not in substantial conformance with the Project description contained in the final resolutions as supplemented by information in the application, site plan and elevations; or
 - C. Construction of the Project is not initiated within one (1) year of the date a final resolution designating the Subject Real Estate as an Economic Revitalization Area is adopted.

2. The Economic Revitalization Area (ERA) designation terminates three (3) years after the date a final resolution is adopted; however, relative to redevelopment or rehabilitation completed before the end of the ERA period, this termination does not limit the period of time the Applicant or successor owner is entitled to receive a partial abatement of property taxes to a period of not less than ten (10) years.
3. In the event the investment period, as identified on the Statement of Benefits form, covers more than one assessment cycle, it is the intention of the Commission that Marion County Auditor shall treat each year of partial assessment as the first year of the abatement deduction schedule outlined in this abatement resolution. Each new increment of assessment that occurs during the approved investment period will trigger its own deduction schedule, ensuring that the Applicant is eligible to receive the full, intended abatement savings associated with its forecasted investment, provided that the Applicant timely files with Marion County a separate deduction application (State Forms CF-1 and 322/RE) for each new increment of assessment for which it seeks an abatement deduction.
4. This Economic Revitalization Area designation is limited to allowing the partial abatement of property taxes attributable to redevelopment or rehabilitation activities: **This designation does not allow abatement of property taxes for installation of new manufacturing equipment under I.C. 6-1.1-12.1-4.5.** Pursuant to IC 6-1.1-12.1-2 (i), the Commission hereby limits the dollar amount of the deduction that will be allowed, with respect to redevelopment in the ERA, to those respective tax savings attributable to the development of a new office building of approximately 62,000 square feet in total area, inclusive of approximately 55,000 square feet of leasable area.
5. The Commission has determined that the Project can be reasonably expected to yield the benefits identified in the attached "statement of benefits" and the "statement of benefits" is sufficient to justify the partial abatement of property taxes requested, based on the following findings:
 - A. The estimate of the value of the proposed Project is reasonable for projects of that nature.
 - B. The estimate of the number of individuals who will be employed or whose employment will be retained can reasonably be expected to result from the proposed Project.
 - C. The estimate of the annual salaries of those individuals who will be employed or whose employment will be retained can reasonably be expected to result from the proposed Project.
 - D. Other benefits about which information was requested are benefits which can reasonably be expected to result from the proposed Project.
 - E. The "Totality of Benefits" is sufficient to justify the deduction.
6. Under the authority of I.C. 6-1.1-12.1, the Commission directs the Department of Metropolitan Development to survey projects receiving Economic Revitalization Area designation for compliance with job creation/retention figures, salaries associated with these figures, Workforce Support Commitments and investment figures contained in the applicant's approved Final Economic Revitalization Area Resolution, the Memorandum of Agreement executed by and between the applicant and the City, and/or the statement of benefits form. The Commission may reduce the dollar amount, or rescind the deduction in its entirety, and/or require repayment of all or a portion of the deductions received by the applicant for failure to achieve the benefits identified in the

Memorandum of Agreement and/or "statement of benefits", or for failure to respond to the mandatory survey.

7. The Commission directs the Department of Metropolitan Development to survey the Project described in the attachment to this Resolution annually for at least fourteen (14) years. The dates of the initial fourteen (14) surveys shall be on or about the following dates: 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036 and 2037.
8. The Subject Real Estate and Project area are approved for an abatement period of **ten (10) years**.
9. The real property tax abatement shall utilize the following abatement schedule:

**GERSHMAN PARTNERS – MADERA OFFICE PROJECT
REAL PROPERTY TAX ABATEMENT**

YEAR OF DEDUCTION	PERCENTAGE
1 st	70%
2 nd	70%
3 rd	70%
4 th	70%
5 th	70%
6 th	70%
7 th	70%
8 th	70%
9 th	70%
10 th	70%

10. A copy of this Resolution shall be filed with the Marion County Auditor.

METROPOLITAN DEVELOPMENT COMMISSION

John J. Dillon III, President

Bruce Schumacher, Vice-Secretary

Date

Approved as to Legal Form
and Adequacy this 7th day
of March 2023.

_____/s/Toae Kim_____
Toae Kim,
Deputy Chief Counsel

STAFF ANALYSIS
REAL PROPERTY TAX ABATEMENT

Area Surrounding Subject Real Estate: The site is located in Broad Ripple, north of the Indianapolis Central Canal.

Current Zoning:.....MU-1

New Jobs Created:62

Jobs Retained:None.

Estimated Cost of proposed project: \$23,523,594.00

STAFF ANALYSIS

In 2022, Gershman Partners had proposed the redevelopment of 0.68 acres of property at the southeast corner of East 65th Street and Ferguson Avenue. The proposed “Madera” project would replace the existing buildings on site with a new construction, four-story, approximately 56,000-square foot office building with first floor covered and surface parking. The project plans indicated the improvement of both Ferguson and 65th Streets, with the addition of missing public sidewalks, removal of existing encroachments and creation of 12 total on-street parking spaces. The Madera project was approved for 10 years’ Real Property Tax Abatement, by the City-County Council and the Commission.

In response to market conditions, Gershman Partners, has proposed to revise the Madera project to include an additional story of leasable office space. In staff’s opinion, the proposal expansion of the Madera project, including an increase in committed real estate investment, new jobs, and average hourly wages, all represent enhancements to the project. However, it is also necessary for the City-County Council and the Commission to consider and approve of these changes in order of the project to remain in compliance with City agreements.

The project’s Inclusivity Plan will still require a donation to the Broad Ripple Village Association (BRVA) to support infrastructure improvement projects in the Broad Ripple area, however the donation amount will increase to \$85,930 as a result of the increase scope and resulting taxes of the amended Madera project.

The applicant is requesting tax abatement to assist in off-setting the high costs of investment associated with this proposed project. The granting of property tax abatement will assist the petitioner in making this project more economically feasible by phasing in the increased tax liability resulting from the investments. In staff’s opinion, a project such as this would not be economically feasible without the tax abatement incentive. Staff believes that the use of tax abatement is an appropriate tool to assist with this project and support continued development within Marion County. For these reasons, staff believes tax abatement to be an appropriate tool for development.

Staff believes this project does comply with the requirements of Metropolitan Development Commission Resolution No. 01-A-041, 2001 concerning the granting of property tax abatement.

RECOMMENDATION: Staff recommends approval of ten (10) years real property tax abatement.

TOTALITY OF BENEFITS (AMENDED PROJECT)

PETITIONER:

Gershman Partners

INVESTMENT:

Staff estimates that the proposed investment of \$23,523,594.00 should result in an increase to the tax base of approximately \$8,401,395.00 of assessed value. Staff estimates that over the ten (10) year real property tax abatement period the petitioner will realize savings of approximately \$1,718,597.76 (a 70.5% savings). During the abatement period, the petitioner is expected to pay an estimated \$719,369.51 in real property taxes relative to the new investment. This is in addition to the current taxes being paid on the properties in the amount of \$23,107.52 annually (pay 2022 taxes). After the tax abatement expires, the petitioner can be expected to pay an estimated \$258,562.04 in real property taxes annually on the new improvements, in addition to the annual taxes attributable to the value of the land and existing improvements.

EMPLOYMENT:

The petitioner estimates that this project will create a minimum of sixty-two (62) positions at a minimum wage of not less than \$27.00/hr. Staff finds these figures to be reasonable for a project of this nature.

OTHER BENEFITS:

Staff believes this project is significant for Washington Township in terms of new taxes and potential job creation and retention. Furthermore, staff believes the petitioner's project will lead to continued future investment and development in Marion County.

STAFF COMMENT:

Staff believes the "Totality of Benefits" arising from the project are sufficient to justify the granting of the tax abatement.

AMENDED PROJECT SUMMARY

Applicant: Gershman Partners

Subject Real Estate: 6407, 6411, 6417 (aka 6415) Ferguson Street and 6419 Ferguson Street (aka 853 East 65th Street)

Washington Township Parcel Numbers: 8015988, 8012293, 8011459 and 8020961

Project Description

Gershman Partners, headquartered in the city, is a full-service commercial real estate development and management firm. In 2022, Gershman proposed an investment of \$16.9MM to redevelop 0.68 acres of property at the southeast corner of East 65th Street and Ferguson Avenue as the “Madera” office building project. The Subject Real Estate is currently improved with four structures that would be demolished to allow for the construction of Madera. The original concept was a four-story, approximately 56,000-square foot office building with covered and surface parking. After Madera was approved for abatement, the concept was expanded to a \$23MM, five-story structure, approximately 62,000 in area. The site plan and building footprint have not changed significantly from the 2022 concept.

The building will be a Class A, facility, with an exterior wrapped with glass, steel, zinc and other materials, presenting a highly designed office in an area of the city with a limited supply of new and Class A offices for lease. The proposal includes lobby & common area amenities, indoor bike storage, and 4th and 5th floor balconies. Based on the size of the amended building and the nature of the intended end user(s), the Gershman has committed that the property will be occupied by tenants which would collectively create at least 62 new jobs at an average hourly wage of not less than \$27.00, by 2027.

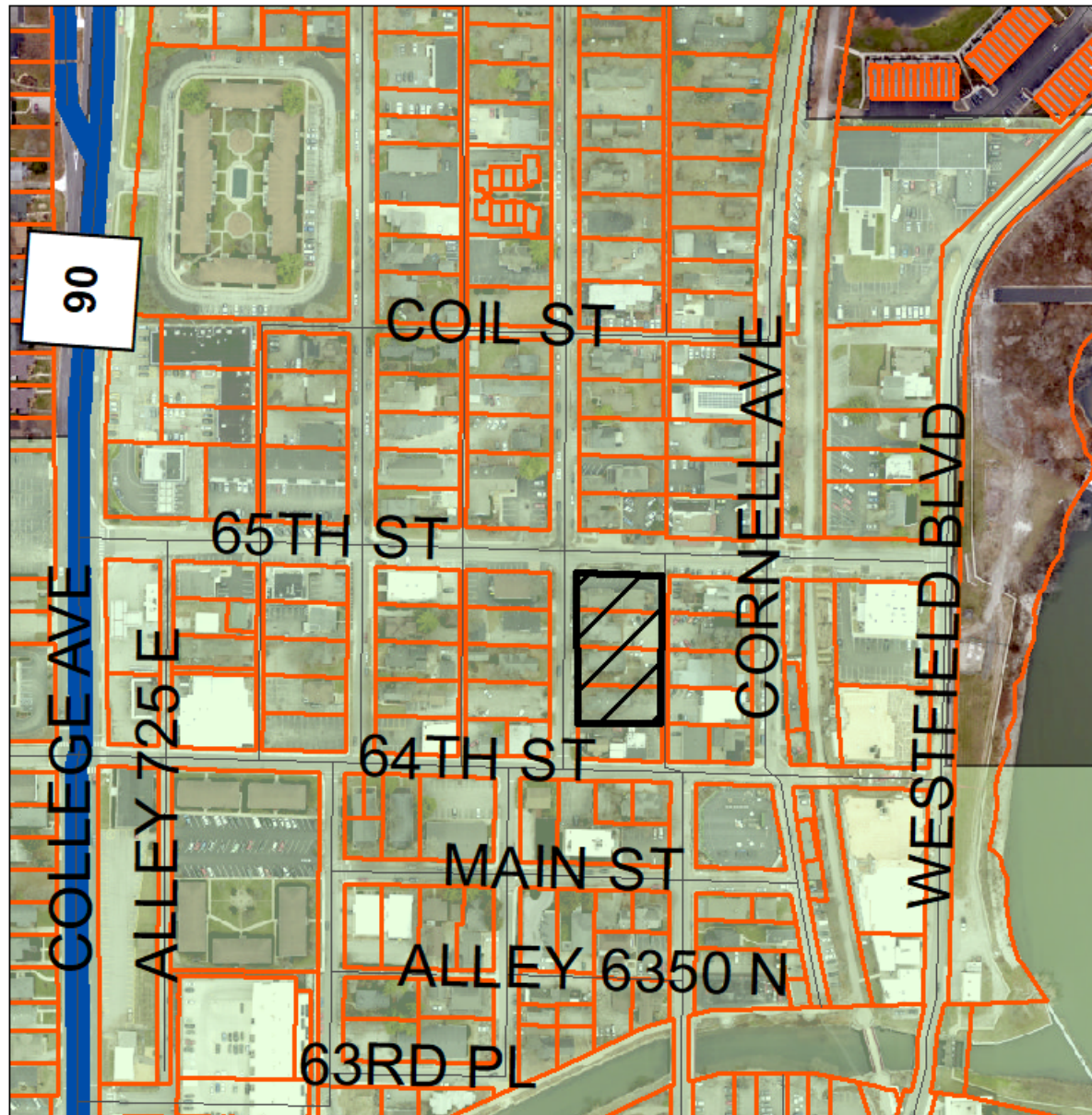
New Jobs Created: 62 at \$27.00/hr.

Jobs Retained: None.

Estimated Cost of Amended Project: \$23,523,594.00

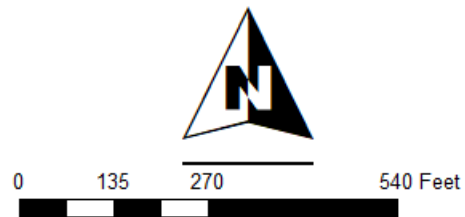
RECOMMENDATION: Staff recommends approval of ten (10) years real property tax abatement.

Gershman Partners – Madera Office Project
6407, 6411, 6417 (aka 6415) Ferguson Street and
6419 Ferguson Street (aka 853 East 65th Street)



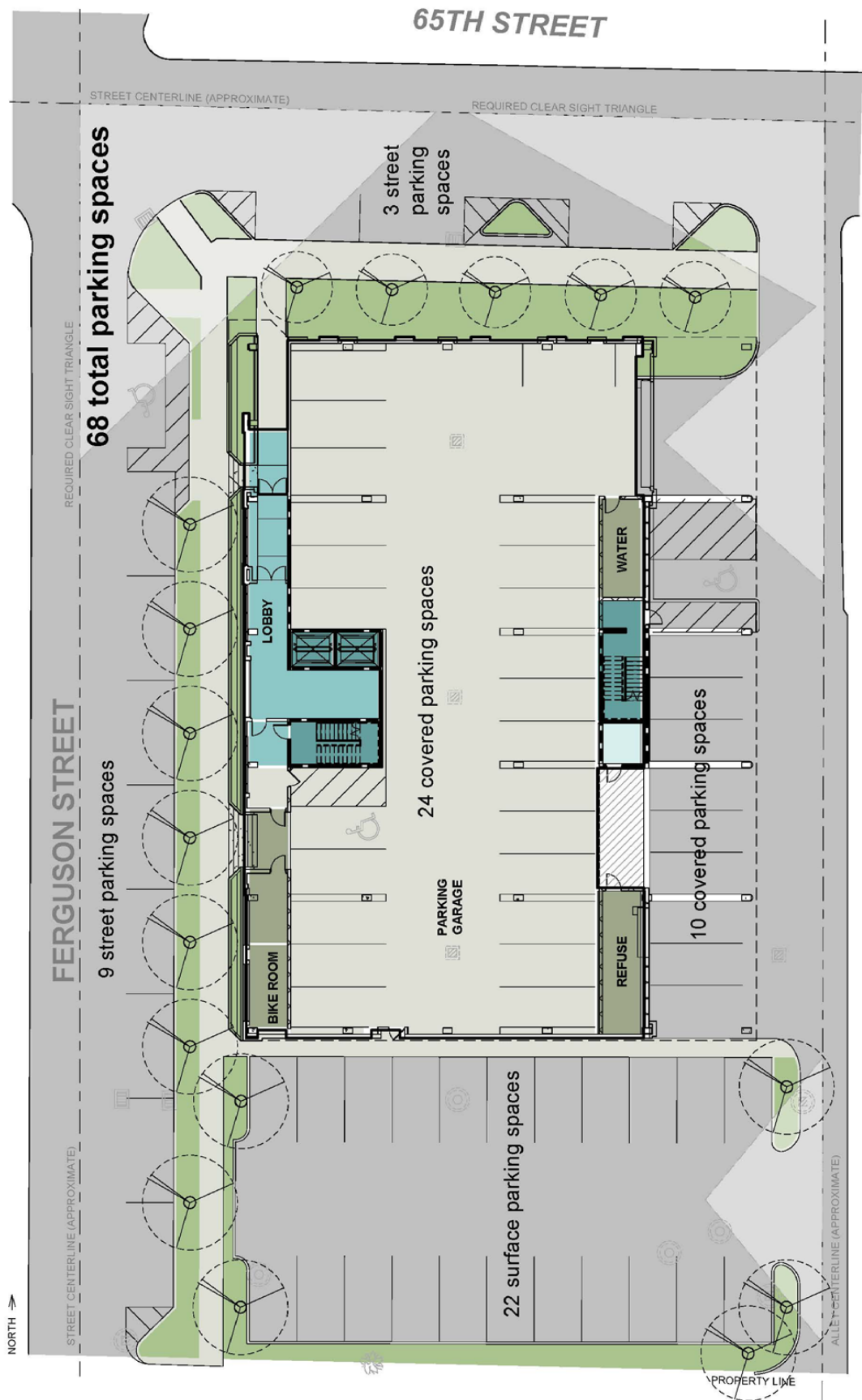
Legend

-  IndyGo Transit Routes
-  Parcels
-  TIF Districts
-  Project Site



Produced by: DMD REED February 22, 2022

2022 Approved Development Plan



2023 Amended Elevations



65TH + FERGUSON: REVISED IMAGERY

PREPARED FOR GERSHMAN PARTNERS
12 JULY 2022

DKG



65TH + FERGUSON: REVISED IMAGERY

PREPARED FOR GERSHMAN PARTNERS
12 JULY 2022

DKG