

**METROPOLITAN DEVELOPMENT COMMISSION OF**

**MARION COUNTY, INDIANA**

**PRELIMINARY ECONOMIC REVITALIZATION AREA RESOLUTION**

**Resolution No. 2023-A-040**

**REAL PROPERTY TAX ABATEMENT**

**Patch Washington Street, LLC**

8501, 8505, 8509, 8517 and 8609 West Washington 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 and annual abatement schedule during the term of the abatement for such property and to limit the dollar amount of the deduction that will be allowed with respect to a Project, 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** 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, I.C. 6-1.1-12.1-11.3** empowers the Commission, by resolution and following a public hearing, to waive the requirement that an area be designated as an economic revitalization area before initiation of the redevelopment; and

**WHEREAS**, the Applicant is requesting, pursuant to the provisions of I.C. 6-1.1-12.1-11.3, that the Commission waive the requirement that an area be designated as an economic revitalization area before the initiation of the redevelopment (the "Waiver"); and

**WHEREAS**, a public hearing upon the Waiver is fixed for Wednesday, December 6, 2023, in the Public Assembly Room of the City-County Building for the receiving of remonstrances and objections from persons interested in or affected by the Waiver; and

**WHEREAS**, during a hearing at 1:00 p.m. on Wednesday, November 15, 2023, the Commission received evidence about whether the Subject Real Estate should be designated as an Economic Revitalization Area, and sufficient evidence was provided which established Assertion 1 and some evidence was provided which tended to establish Assertions 2, 3, 4, 5, and 6 stated on the attachment to this Resolution.

**NOW, THEREFORE, BE IT RESOLVED:**

1. The Subject Real Estate is preliminarily designated as an Economic Revitalization Area for an abatement period of up to seven (7) years with a proposed abatement schedule as shown on the attachment to this Preliminary Resolution. Final designation as an Economic Revitalization Area does not occur unless a resolution confirming this Preliminary Resolution is adopted in accordance with the governing statute.
2. Designation as an Economic Revitalization Area allows abatement of property taxes, for the period indicated, only relative to the Project and **the effectiveness of the designation can be terminated by action of the Commission if:**
  - A. Construction on the Subject Real Estate is not in substantial conformance with the Project description contained in a final resolution as supplemented by information in the application, site plans, and elevations; or
  - B. 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.
3. The Economic Revitalization Area designation terminates two (2) years after the date a final resolution is adopted; however, relative to redevelopment or rehabilitation completed before the end of the two (2) year period, this termination does not limit the period of time the Applicant or successor owner is entitled to receive an abatement of property taxes to a period of less than five (5) years and up to seven (7) years.
4. This Economic Revitalization Area (ERA) designation is limited to allowing the abatement of property taxes attributable to redevelopment or rehabilitation activities: **This designation does not allow abatement of property taxes for new manufacturing equipment pursuant to 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 and rehabilitation activities occurring in the ERA, to those respective tax savings attributable to the redevelopment of an industrial building not greater than 106,000 square feet of leasable area.

5. 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 and investment figures contained in the Applicant's approved statement of benefits form. The annual date of survey shall be contained in a final resolution designating the property as an Economic Revitalization Area.
6. The Commission fixes 1:00 p.m. on Wednesday, December 6, 2023, in the Public Assembly Room of the City-County Building for the public hearing of remonstrances and objections from persons interested in the Project and the Waiver and directs the publication of notice of public hearing in accordance with the governing statute. At this hearing, the Commission will take action relative to this Preliminary Resolution and Waiver and determine whether the Subject Real Estate should be designated as an Economic Revitalization Area, fix the length of the abatement period at up to seven (7) years and establish an abatement schedule.
7. A copy of this Resolution shall be filed with the Marion County Assessor.

METROPOLITAN DEVELOPMENT COMMISSION

---

John J. Dillon III, President

---

Date

Approved as to Legal Form  
and Adequacy this 12<sup>th</sup> day  
of November, 2023

/s/ Toae Kim  
Toae Kim,  
Deputy Chief Counsel

**ATTACHMENT TO**  
**METROPOLITAN DEVELOPMENT COMMISSION RESOLUTION**  
**REAL PROPERTY TAX ABATEMENT**

**FACTUAL INFORMATION**

Applicant: Patch Washington Street, LLC

Subject Real Estate: 8501, 8505, 8509, 8517 and 8609 West Washington Street

Wayne Township Parcel Numbers: 9000815, 9027899, 9031589, 9006277, 9010822 and 9025581

**PROJECT DESCRIPTION**

Patch Washington Street, LLC is a single-purpose business entity created by Westfield-based Patch Development to construct, own and manage a proposed 105,000-square foot, speculative industrial building on the far west side of Indianapolis. The subject site is comprised of six parcels along West Washington Street, totaling 8.71 acres. Prior to acquisition by Patch, the property was tax-exempt and owned by the Indianapolis Airport Authority (“IAA”).

In late 2022, Patch received an offer of tax abatement from the City and its economic development partners, Develop Indy, a unit of the Indy Chamber. Having not previously participated in the City’s tax abatement program, Patch was under the impression that the offer letter represented the ‘approval’ of the abatement.

Moving forward with an assumption of the tax incentive having been approved, Patch closed on the purchase of the real estate from the IAA, Patch subsequently obtained building permits and began construction of the project at a cost of \$12,500,000.00. Shell construction is anticipated to be completed by end of year, and the tenant improvements in spring of 2024. Additionally, Patch has been in negotiations with three potential tenants for the building, which collectively would create not less than 21 new jobs at the site.

**FACTUAL ASSERTIONS**

1. The Subject Real Estate:
  - A. ☐ Is in a planned area which has a tax abatement policy as a part of its plan, or
  - B. ☐ is in a planned area which has a tax abatement policy as part of its plan, but such plan does not contain a recommendation for Economic Revitalization Area designation and the recommended length of abatement, or

- C.   x   is not located in a planned area with a tax abatement policy.
2.   x   The Subject Real Estate and the surrounding area are undesirable for normal development.
3. The project is allowed by zoning restrictions applicable to the subject real estate, or the necessary variance, rezoning or approval petitions are on file at the time of this application, and have final approval prior to a final hearing on this resolution.
- A.   x   Current zoning allows project.
- B.        Appropriate petition is on file.
- C.        Final approval for variance, rezoning or approval petition has been granted.
4. A.        The application for Economic Revitalization Area designation was filed before a building permit was obtained or construction work was initiated on the property, or
- B.   x   substantial evidence has been provided supporting that work was started under the following appropriate exception: Waiver Requested.
5. A.   x   The subject real estate is governed by Metropolitan Development Commission Resolution No. 01-A-041, 2001 Real Property Tax Abatement Policy for Commercial Projects, which allows up to ten years of abatement for qualifying development, or
- B.        The project is eligible to receive ten (10) years tax abatement due to the following recognized exceptional circumstances which justify the longer deduction period:
6. The Subject Real Estate is:
- A.   x   Located outside of a previously established allocation area as defined in I.C. 36-7-15.1-26, or
- B.        Located in an allocation area, but has been determined by the Commission to be acceptable for real property tax abatement.

**PROPOSED ABATEMENT SCHEDULE**  
**PATCH WASHINGTON STREET, LLC**  
**REAL PROPERTY TAX ABATEMENT**

YEAR OF DEDUCTION	PERCENTAGE
1 <sup>st</sup>	100%
2 <sup>nd</sup>	80%
3 <sup>rd</sup>	60%
4 <sup>th</sup>	40%
5 <sup>th</sup>	20%

**PROPOSED ABATEMENT SCHEDULE**  
**PATCH WASHINGTON STREET, LLC**  
**REAL PROPERTY OPPORTUNITY BUSINESS EXTENDED TAX ABATEMENT**  
*(Must be invoked by third year of deduction)*

YEAR OF DEDUCTION	PERCENTAGE
1 <sup>st</sup>	100%
2 <sup>nd</sup>	80%
3 <sup>rd</sup>	60%
4 <sup>th</sup>	55%
5 <sup>th</sup>	45%
6 <sup>th</sup>	35%
7 <sup>th</sup>	25%

**STAFF ANALYSIS**  
**REAL PROPERTY TAX ABATEMENT**

Area Surrounding Subject Real Estate: The site is located in a legacy commercial/industrial area, on US 40, north of the Indianapolis International Airport.

Current Zoning: ..... I-2

Qualified New Jobs Created:.....21

Qualified Jobs Retained:..... None.

Estimated Cost of proposed project: \$12,500,000.00

**STAFF ANALYSIS**

Patch Washington Street, LLC, through its parent company, Patch Development, will soon complete construction of a speculative industrial building of approximately 105,000 square feet in leasable area. Patch had obtained an offer of support for tax abatement from the City and Develop Indy in late 2022. Subsequently, Patch acquired the 8.71-acre site from the Indianapolis International Airport, began construction of the \$12,500,000 project shortly thereafter. Since the project was initiated prior to the submittal of the Statement of Benefits, a Waiver is required. Staff recommends approval of the Waiver, as we believe Patch began the project in good faith, and the project was, and is, aligned with the City's incentives policy on industrial development.

Petitioner has agreed to target "Opportunity Industries" as tenants for the project. Opportunity Industries are defined as those business sectors that provide for worker advancement without requiring a bachelor's degree. If an Opportunity Industry tenant or tenants are secured, two additional years of real property tax abatement would be authorized.

The petitioner's Inclusivity Plan will require donation of five percent of estimated abatement savings to the Indianapolis Housing Trust Fund, to support the development and preservation of affordable housing in the City.

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 up to seven (7) years real property tax abatement.

## **TOTALITY OF BENEFITS**

### **PETITIONER:**

**Patch Washington Street, LLC**

### **INVESTMENT:**

Staff estimates that the proposed investment of \$12,500,000.00 should result in an increase to the tax base of approximately \$9,375,000.00 of assessed value. Staff estimates that over the initial five (5) year real property tax abatement period the petitioner will realize savings of approximately \$849,530.52 (a 54.1% savings). During the abatement period, the petitioner is expected to pay an estimated \$720,781.98 in real property taxes relative to the new investment. No taxes are currently being paid on the property, as it has been owned by a tax-exempt entity (pay 2023 taxes). After the tax abatement expires, the petitioner can be expected to pay an estimated \$317,127.75 in real property taxes annually on the new improvements, in addition to the annual taxes attributable to the value of the land as improved industrial ground.

### **OPPORTUNITY INDUSTRY INCENTIVE:**

The petitioner has agreed to target Opportunity Industries in their marketing effort to lease or sell the developed property. If petitioner successful in leasing at least 51% of the gross leasable area of the building to such an industry, then the petitioner will be entitled to an alternate deduction schedule, including two (2) more years of deduction. Staff estimates that if the building qualifies for the enhanced real property tax abatement, the petitioner will realize an additional tax savings of approximately \$267,954.71, in addition to the tax savings realized during the initial abatement term. The petitioner would also pay an additional \$360,170.29 in real property taxes during the enhanced abatement term.

### **QUALIFIED EMPLOYMENT:**

The petitioner estimates that this project will create twenty-one (21) new positions at a minimum wage of not less than \$18.00/hr. Staff finds these figures to be reasonable for a project of this nature.

### **OTHER BENEFITS:**

Staff believes this project is significant for Wayne 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.



Patch Washington Street, LLC  
8501, 8505, 8509, 8517 and 8609 West Washington Street



**Legend**

-  IndyGo Transit Routes
-  Parcels
-  Project Site



0 270 540 1,080 Feet

Produced by: DMD REED November 6, 2023

## Site Plan

