

METROPOLITAN DEVELOPMENT COMMISSION OF

MARION COUNTY, INDIANA

FINAL ECONOMIC REVITALIZATION AREA RESOLUTION

RESOLUTION NO. 2023-A-042

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 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, 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, 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, November 15, 2023, 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. 2023-A-040**, preliminarily designating the Subject Real Estate as an Economic Revitalization Area for an abatement period of up to seven (7) years (“Preliminary Resolution”); and

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

WHEREAS, proper legal notices were published indicating the adoption of such Preliminary Resolution and stating when and where such final public hearing would be held, and

WHEREAS, at the Commission meeting on December 6, 2023, the Applicant and Staff had requested the final hearing on the Economic Revitalization Area designation and approval of the tax abatement be delayed until December 20, 2023; and

WHEREAS, the Commission granted the request to continue the hearing until December 20, 2023, without additional publication of legal notice.

NOW, THEREFORE, IT IS RESOLVED:

1. The Commission now amends, confirms, adopts and approves such Preliminary Resolution and Waiver 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 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 a partial abatement of property taxes to a period of not less than five (5) and up to seven (7) 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 building not greater than 106,000 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 eleven (11) years. The dates of

the initial eleven (11) surveys shall be on or about the following dates: 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033 and 2034.

8. The Subject Real Estate and Project areas are approved for an abatement period of **up to seven (7) years**.
9. The real property tax abatement shall utilize the following abatement schedules:

REAL PROPERTY TAX ABATEMENT

(Schedule if conditions are not met for "Enhanced Abatement," pursuant to MOA)

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

REAL PROPERTY OPPORTUNITY BUSINESS ENHANCED TAX ABATEMENT

(Must be invoked by third year of deduction)

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

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

METROPOLITAN DEVELOPMENT COMMISSION

John J. Dillon III, President

Date

Approved as to Legal Form
and Adequacy this 9th day
of November, 2023.

/s/ Toae Kim
Toae Kim
Deputy Chief Counsel

PROJECT SUMMARY
REAL PROPERTY TAX ABATEMENT
PATCH WASHINGTON STREET, LLC

Project Address:8501, 8505, 8509, 8517 and 8609 West Washington Street

Current Zoning:.....I-2

Qualified 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 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 incentives. 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 annual taxes attributable to value of the land as 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 on the building(s) thus occupied. 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.

EMPLOYMENT:

The petitioner estimates that this project will create a minimum of twenty-one (21) 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.

PROJECT SUMMARY

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.

New Jobs Created: 21 at \$18.00/hr.

Jobs Retained: None.

Estimated Cost of Project: \$12,500,000.00

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