



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Economic Development Division

m e m o r a n d u m

TO: Laurel Lunt Prussing, Mayor

FROM: Elizabeth H. Tyler, FAICP, Director, Community Development Services

DATE: September 10, 2015

SUBJECT: **A Resolution Approving Property Tax Rebates for Certain Properties within the Beringer Commons Subdivision**

Summary

Attached to this memorandum is a Resolution approving property tax rebates for certain properties within the Beringer Commons Subdivision. These tax rebates would be awarded under the same restrictions and limitations as for other properties that were included in the recently adopted Economic Incentive Agreement with the East Urbana Development Corporation (adopted by Council on August 3, 2015 by Resolution No. 2015-07-035R). Seven (7) of the nine (9) properties addressed by this current Resolution were not able to be included in the Economic Incentive Agreement because they are not currently owned by the Developer and/or were not yet in the City's seven-year rebate cycle established by a now expired Annexation Agreement for the Beringer Commons Subdivision. In addition, there are two properties that were inadvertently left out of the Economic Incentive Agreement, but for which the City would still provide one final seventh year payment due and payable in 2015.

Background

The recently adopted Economic Incentive Agreement provided for the continuation of certain property tax rebate provisions that had been available to the developer and to the homeowners of Beringer Commons Subdivision since 2001. The rebates cover the difference between the tax rate in the City and that in the County and have been provided for a total of seven years under the terms of a Circuit Court Stipulation and Consent Decree filed on August 1, 2000. It was necessary to adopt the Economic Incentive Agreement to continue these rebate payments because the underlying agreement that allowed for the rebates had expired in 2011. The Economic Incentive Agreement allowed for those homeowners who were being rebated their taxes to continue to receive their rebates until the agreed-upon term of seven years and also allowed the lots and homes that are still under the ownership of East Urbana Development Corporation to continue to be eligible for the rebates.

It is anticipated that the proposed Urbana Enterprise Zone will be substituted for these provisions at such time as it is certified by the State of Illinois and takes effect in Urbana. This timeline is anticipated to be no later than June 30, 2016.

Discussion

Attached to this Memorandum is a Resolution providing for the payment of the final installment of tax rebates for properties at 2940 Rutherford Drive and 2952 Rutherford Drive. These payments total \$1,023.50 and \$1,620.49, respectively and under the Resolution, the Finance Director would be authorized to make these payments immediately.

The Resolution also identifies the following properties as being eligible for the same tax rebate arrangement as provided for in the Economic Incentive Agreement:

Address	PIN	Owner	Eligible Tax Years
601 N Abbey Road	91-21-10-403-005	Bash & Schrock Inc	not yet built
603 N Abbey Road	91-21-10-403-006	Bash & Schrock Inc	not yet built
2811 E. Clarion Road	91-21-10-404-016	Kenton & Sara McHenry	not yet built
2813 E. Clarion Road	91-21-10-404-017	Stanley E. Freeman	not yet built
3011 E. Beringer Circle	91-21-10-405-035	William & Kim Colbrook	not yet built
3102 E. Beringer Circle	91-21-10-408-001	James O. Hurlbert	not yet built
2821 E. Haydon Drive	91-21-10-410-025	Phyllis P. Koski, Trustee	2016-2022

Of these properties, only 2821 Haydon Drive has been issued building permits. The residence at this address was issued a certificate of occupancy on June 5, 2015, so that their first tax bill would be issued in 2016 and would be eligible for rebate at that time. The Finance Director would also be authorized to make these payments at such time as these property owners receive a certificate of occupancy and receive their first property tax bill. It is more likely, however, that the tax rebates will be handled by Champaign County as a part of the City’s pending Enterprise Zone arrangement.

Also attached to this Memorandum is a map highlighting the location of the nine subject properties.

Fiscal Impact

The continuation of tax rebates to Beringer residents, including those covered within the proposed Resolution, will have a fiscal impact upon the City in the short-term, but a significant financial benefit to the City in the long-run. The proposed Resolution itself will have an immediate fiscal impact of \$2,643.99, which can be accommodate in the current budget for this line item.

As noted previously, based on the pattern of past payouts and the current list of properties, it is estimated that the cost of the entire Beringer Commons rebate program will be approximately \$40,000 per year. Because no payouts occurred in 2014-15 due to the expiration of the underlying agreement, double payments will need to be made in 2015-16. This will likely

necessitate a budget amendment later in the year as funds are drawn down. Alternatively, any expenditures beyond the budgeted amount can be reconciled as part of the year-end estimates for the FY budget process next year. Under the terms of the agreement, the cost of the program for newly built homes going forward into 2016 will be picked up by the Enterprise Zone program. The Enterprise Zone program will offer a deeper incentive over a shorter period of time.

Recommendation

Given the established commitment of the City of Urbana to work with the developer and the residents of Beringer Commons to promote the buildout of the subdivision through the tax rebate program, and the positive contribution of the Beringer Commons Subdivision to the overall tax base of the City and to the local economy, staff recommends that Council authorize the adoption of the attached Resolution, as presented.

Attachments:

1. Location Map
2. A Resolution Approving Property Tax Rebates for Certain Properties within the Beringer Commons Subdivision.

Cc: Ivan Richardson

RESOLUTION NO. 2015-09-049R

A RESOLUTION APPROVING PROPERTY TAX REBATES FOR CERTAIN PROPERTIES WITHIN THE BERINGER COMMONS SUBDIVISION

WHEREAS, the City of Urbana (the "City") is a home rule unit of local government pursuant to Article VII, Section 6, of the Illinois Constitution, 1970, and may exercise any power and perform any function pertaining to its government and affairs, and the passage of this Resolution constitutes an exercise of the City's home rule powers and functions as granted in the Illinois Constitution, 1970; and

WHEREAS, Section 8-1-2.5 of the Illinois Municipal Code, 65 ILCS 5/8-1-2.5, authorizes the corporate authorities of a municipality to appropriate and expend funds to promote economic development; and

WHEREAS, in furtherance of the economic development of the City, the City adopted Resolution 2015-07-35R on August 3, 2015 which approved an Economic Incentive Agreement between the East Urbana Development Corporation and the City which provides financial incentives for the construction and purchase of new homes in the Beringer Commons subdivision; and

WHEREAS, such incentives will serve the public purpose of enabling the Developer to proceed with promoting occupancy of the subdivision, thereby increasing economic development in the City, adding to the tax base, and utilizing existing public improvements; and

WHEREAS, the improvements to the subdivision will be compatible with and will further the City 's 2005 Comprehensive Plan, as amended, and will provide an economic stimulus for the City by offering employment opportunities and by furthering the City's growth; and

WHEREAS, certain lots within the Beringer Commons subdivision as herein identified were not included within the Economic Incentive Agreement, but for which it is also desirable to promote and incentivize construction and sale of new homes; and

WHEREAS, the City Council, after due consideration, has determined that it is necessary and desirable to foster additional economic development and to further enhance, promote, and serve the best interests and general welfare of the City and its residents by offering incentives for new construction on certain additional properties within the Beringer Commons Subdivision similar to those offered under the Economic Incentive Agreement approved pursuant to Resolution 2015-07-035R.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Urbana, Champaign County, Illinois, as follows:

Section 1. The Finance Director is hereby directed to pay the following total within 30 days after approval of this Ordinance, in accordance with and to complete payments made under a previous annexation agreement:

Address	PIN	Owner	Amount
2940 Rutherford Drive	91-21-10-406-031	Ivan Richardson	\$1,023.50
2952 Rutherford Drive	91-21-10-406-039	Ivan Richardson	\$1,620.49
Total			\$2,643.99

Section 2. The Finance Director shall annually pay to each owner of an undeveloped lot listed in this section, as of the effective date of this Resolution, a real estate tax rebate ("rebate") for such lot for each tax year, in accordance with the payment conditions and payment formula for tax rebates for new construction set forth in Section 1.A of the Economic Incentive Agreement adopted by Resolution 2015-07-035R:

Address	PIN	Owner	Eligible Tax Years
601 N Abbey Road	91-21-10-403-005	Bash & Schrock Inc	unbuilt
603 N Abbey Road	91-21-10-403-006	Bash & Schrock Inc	unbuilt
2811 E. Clarion Road	91-21-10-404-016	Kenton & Sara McHenry	unbuilt
2813 E. Clarion Road	91-21-10-404-017	Stanley E. Freeman	unbuilt
3011 E. Beringer Circle	91-21-10-405-035	William & Kim Colbrook	unbuilt
3102 E. Beringer Circle	91-21-10-408-001	James O. Hurlbert	unbuilt
2821 E. Haydon Drive	91-21-10-410-025	Phyllis P. Koski,Trustee	2016-22

For existing owners of lots listed above upon which construction has already occurred, Urbana shall annually pay a rebate for such lot for the eligible tax years enumerated in this Section, in accordance with the payment conditions for tax rebates for current owners set forth in Section 1.B and the payment formula set forth in section 1.A(2) of the Economic Incentive Agreement adopted by Resolution 2015-07-035R. Payment of rebates to the owners of these properties shall automatically terminate should an enterprise zone be established that pertains to that owner's lot and the lot improvements are eligible for tax abatement under the new enterprise zone.

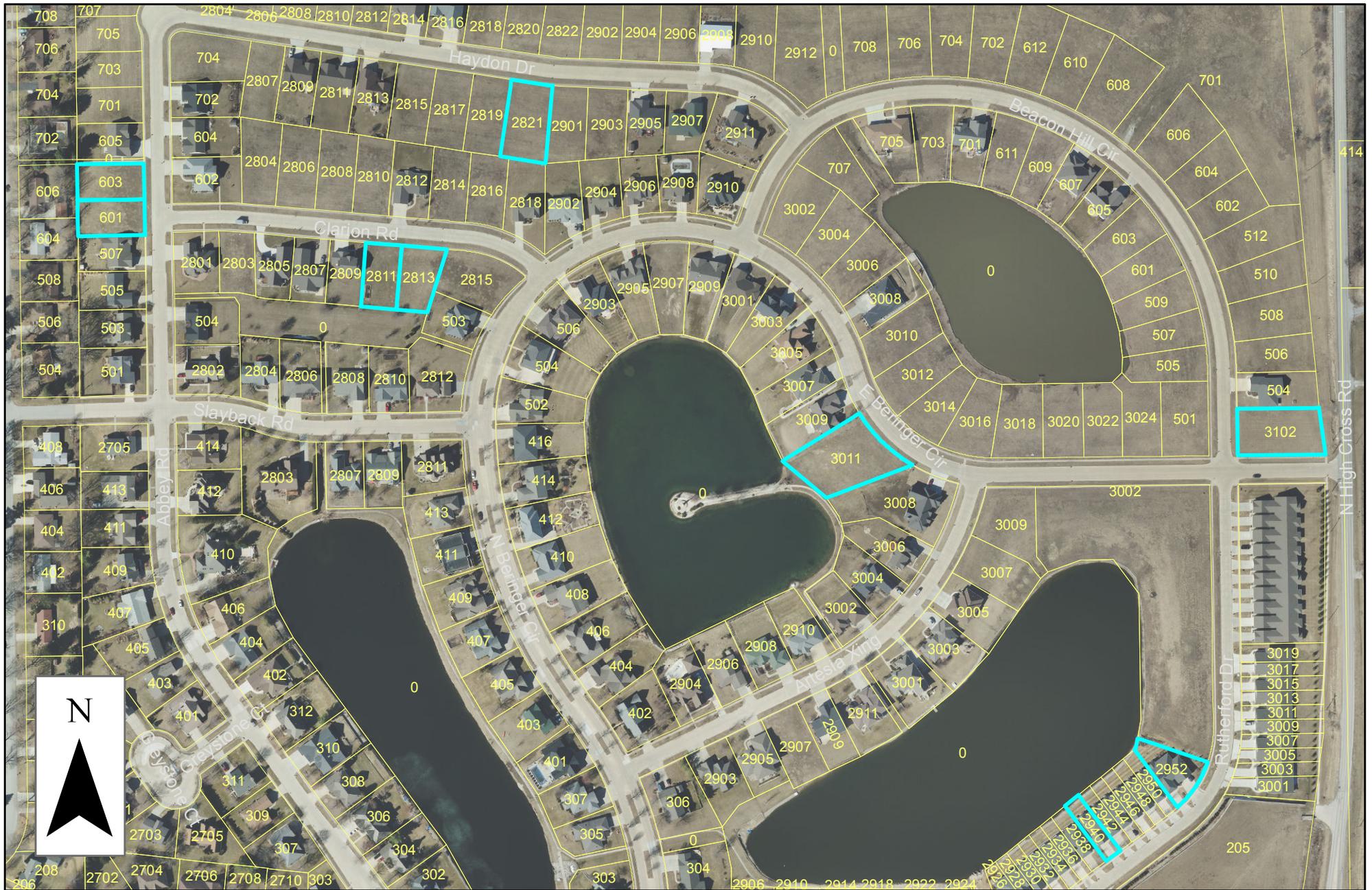
Section 3. The terms, covenants and conditions contained in the Economic Incentive Agreement approved pursuant to Resolution 2015-07-035R shall control except to the extent that they conflict with any term, covenant or condition contained in this Resolution in which case the terms, covenants and conditions contained in this Resolution shall govern.

PASSED BY THE CITY COUNCIL this ____ day of _____, _____.

Phyllis D. Clark, City Clerk

APPROVED BY THE MAYOR this ____ day of _____, _____.

Laurel Lunt Prussing, Mayor



 Properties Included in Resolution

