

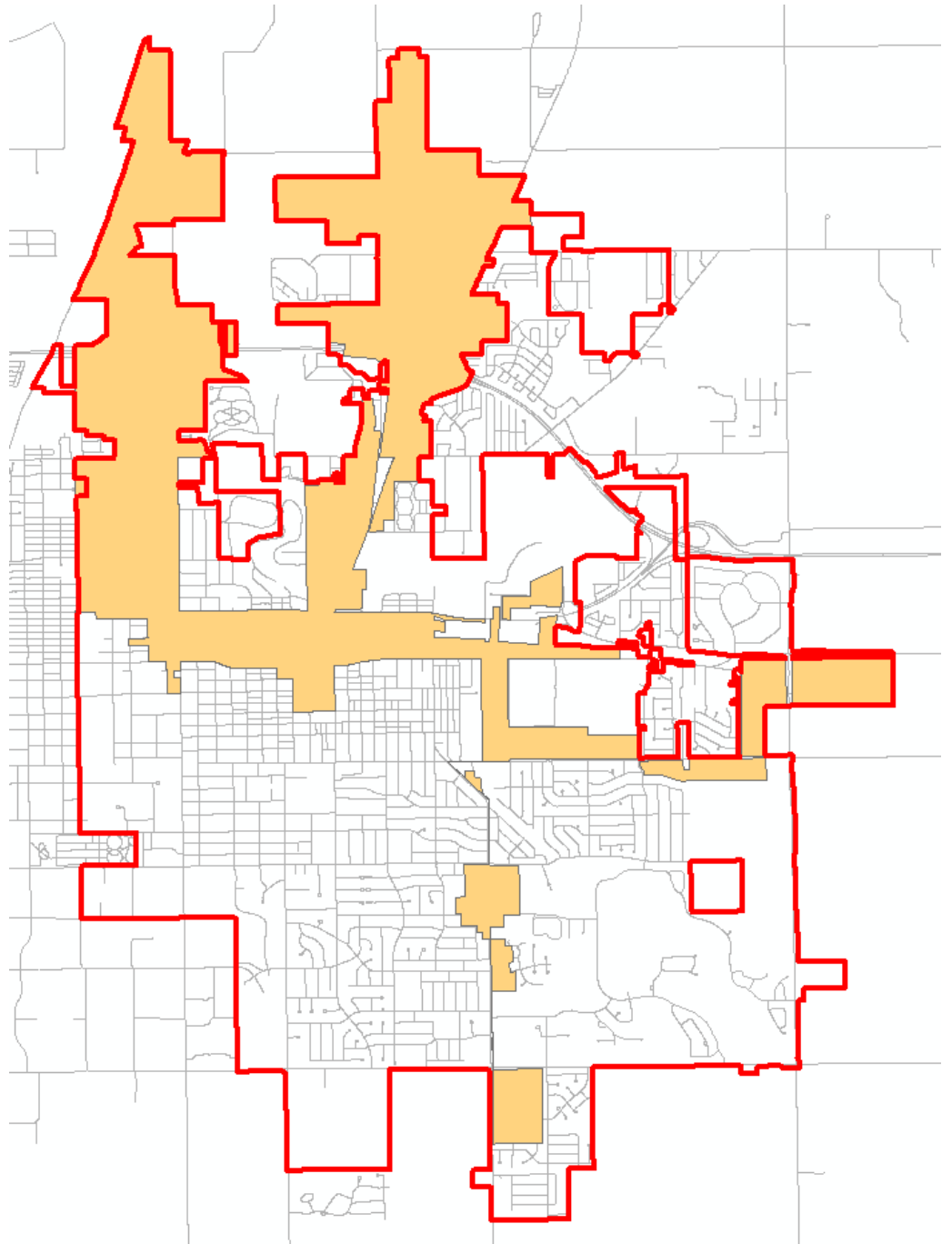
# **Urbana Enterprise Zone**

**October 21, 2014**

# What government agencies could participate in the Enterprise Zone?

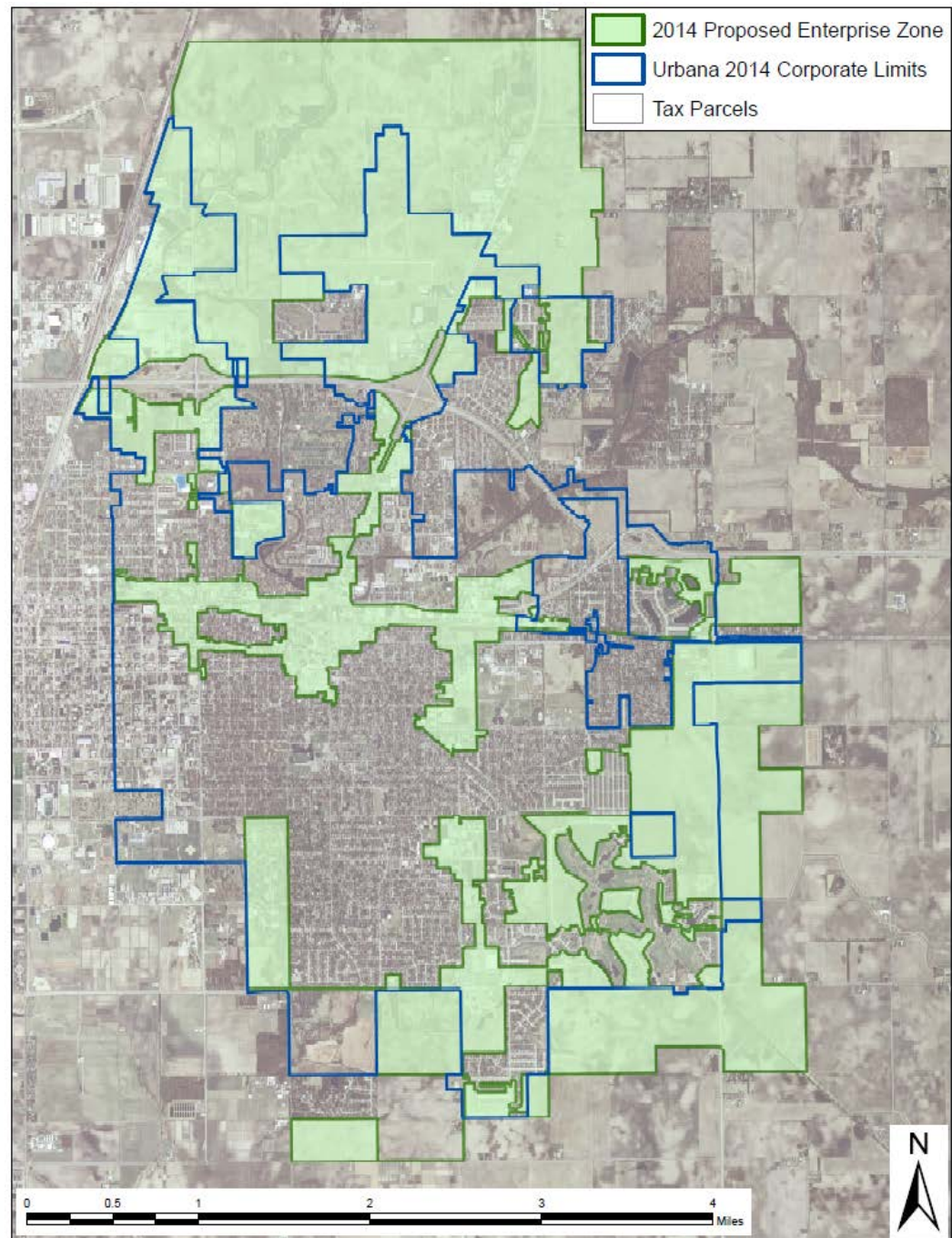
- City of Urbana is approaching the following taxing partners:
  - Champaign County
  - School District
  - Park District
  - CUMTD
  - Parkland College – ***Voted to Approve on 10/15***
  - Cunningham Township

# Current Zone Boundaries



# Proposed Zone Boundaries

- Commercial/ industrial growth north of the City
- Residential growth in east and southeast Urbana

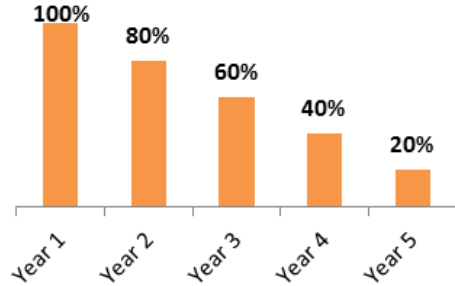


Proposed Urbana Enterprise Zone - Updated 2014-10-14

# Proposed Abatement Schedule

## New Single Family/Duplex Residential Development

Minimum  
\$80,000  
Project  
Amount

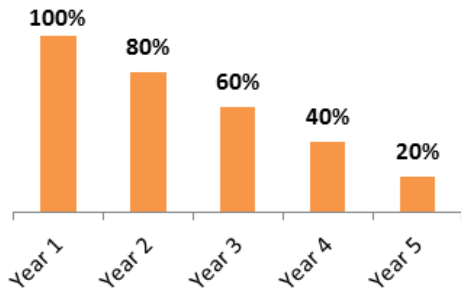


*(Equivalent to a 3-year 100% abatement)*

## Commercial/Industrial Development and Job Creation

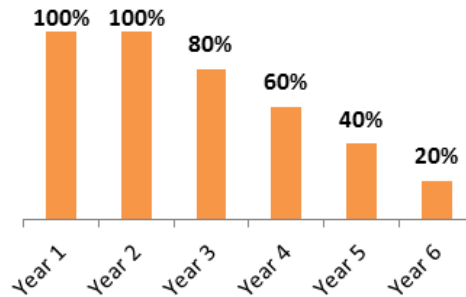
Minimum  
\$100,000  
Project  
Amount

### 0-10 Jobs Created



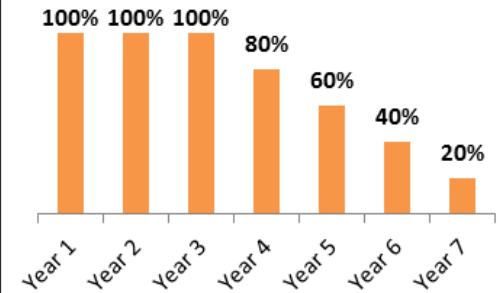
*(Equivalent to a 3-year 100% abatement)*

### 10-49 Jobs Created



*(Equivalent to a 4-year 100% abatement)*

### 50+ Jobs Created



*(Equivalent to a 5-year 100% abatement)*

# Proposed Criteria for Qualifying for an Abatement

- New single/duplex family residential development will qualify with a minimum project cost of \$80,000.
- New commercial/industrial development will qualify with a minimum project cost of \$100,000.
  - Projects can receive higher levels of abatement for creating at least 10 full-time jobs.

# Creating Full Time Jobs

- Creating 10-49 jobs adds one additional year of 100% abatement
- Creating 50+ jobs adds two additional years of 100% abatement
- A qualifying full time job is one that:
  - Pays at least \$10/hour, or annualizes to \$18,200/year
  - Averages at least 35 hours per week

# Example 1: Single Family Residential Abatement

- Single family residential home lot in southeast Urbana
- Taxable base value before any construction (land):  
\$20,200
- Taxes collected by School District each year on this undeveloped residential lot: \$1,164



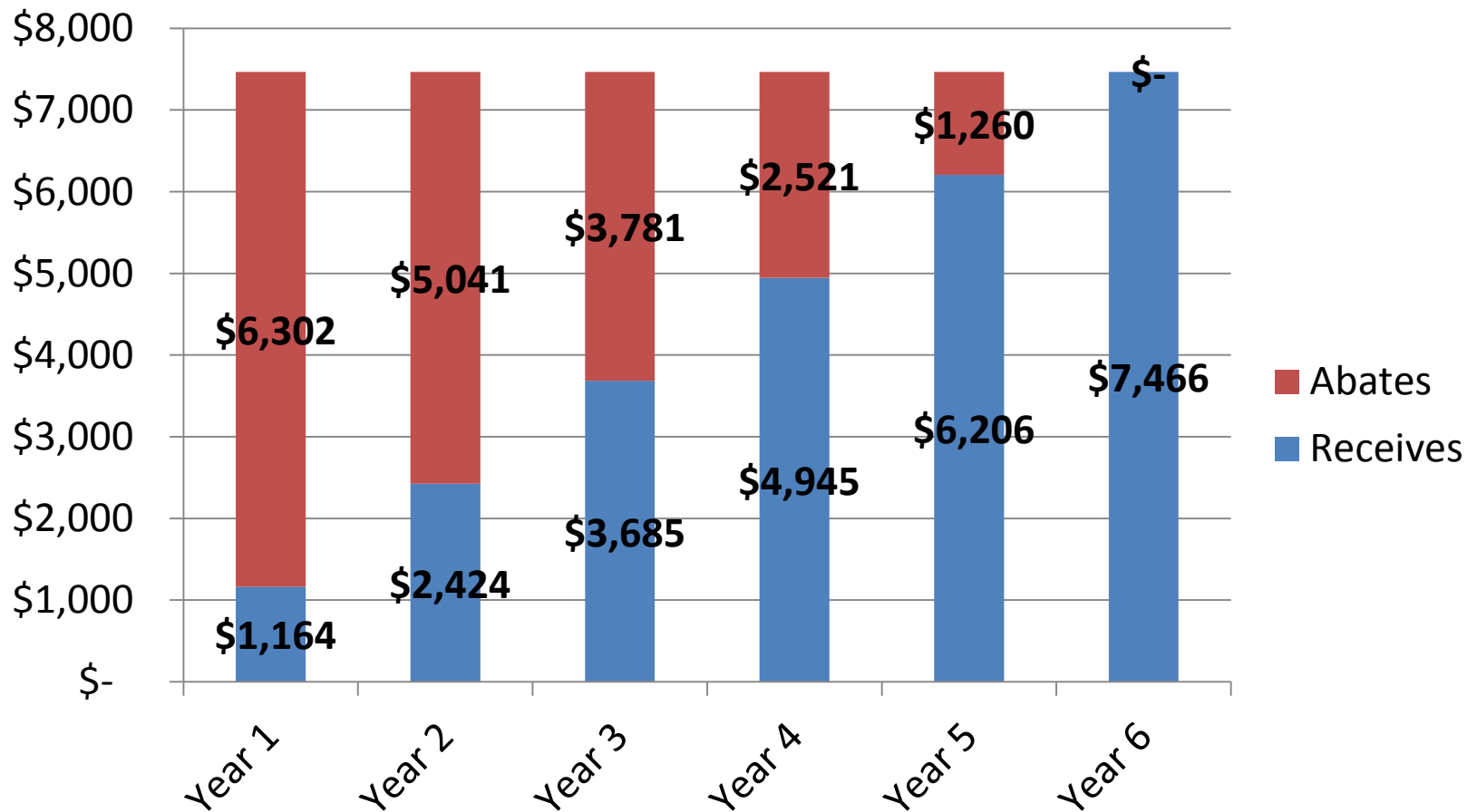
# Example 1: Single Family Residential Abatement

- Single family residential is home constructed.
  - Taxable value of the lot: \$20,200
  - Taxable value created: \$109,350
  - **New total taxable value: \$129,550**
- Estimated fair cash value of this home: \$406,691
- Abatement lasting five years, which steps down over time.

# Example 1: New Single Family Home

Pre-project taxable value: \$20,200

Post-project taxable value: \$129,550



# Example 1: New Single Family Home

Base Taxing Value: \$20,200

Taxable Value Created: \$109,350

New Taxable Value: \$129,350

	With Project	Without Project
Taxes Abated, Years 1-5	\$18,906	\$0
Taxes Collected Over 10 Years	\$55,754	\$11,641
<b>Net Gain Over 10 Years</b>	<b>\$36,849</b>	<b>\$11,641</b>

For every \$1 million created in EAV, the School District will receive approximately \$57,000.

# Example 2: Duplex Family Residential Abatement

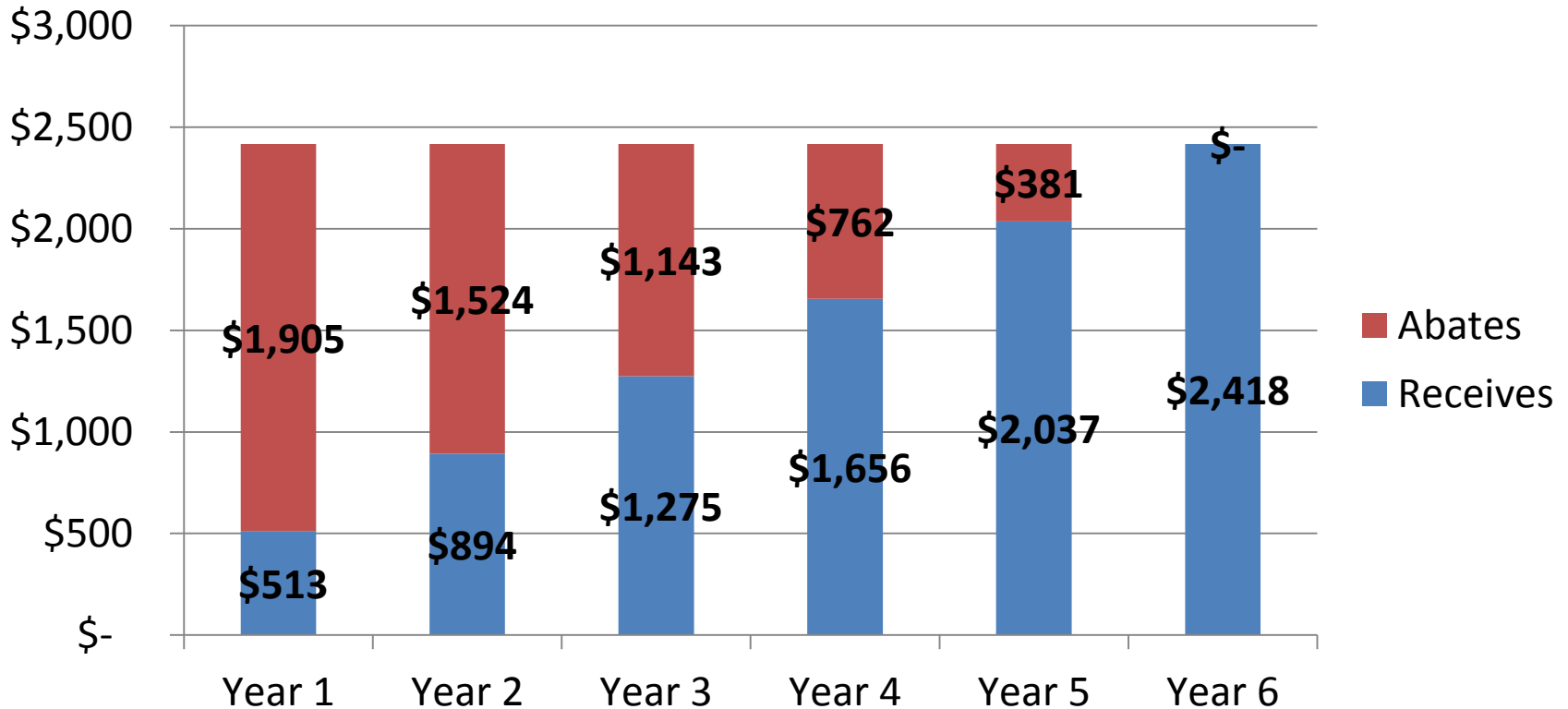
- Duplex family residential home lot in southeast Urbana
- Taxable base value before any construction (land): \$8,900
- Taxes collected by School District each year on this undeveloped residential lot: \$513

# Example 2: Duplex Family Residential Abatement

- Duplex family residential is home constructed.
  - Taxable value of the lot: \$8,900
  - Taxable value created: \$33,050
  - **New total taxable value: \$41,950**
- Estimated fair cash value of this home: \$149,865
- Abatement lasting five years, which steps down over time.

# Example 2: New Duplex Home

Pre-project taxable value: \$8,900  
Post-project taxable value: \$41,950



# Example 2: New Duplex Family Home

Base Taxing Value: \$8,900

Taxable Value Created: \$33,050

New Taxable Value: \$41,950

	With Project	Without Project
Taxes Abated, Years 1-5	\$5,714	\$0
Taxes Collected Over 10 Years	\$18,462	\$5,129
<b>Net Gain Over 10 Years</b>	<b>\$12,748</b>	<b>\$5,129</b>

For every \$1 million created in EAV, the School District will receive approximately \$57,000.

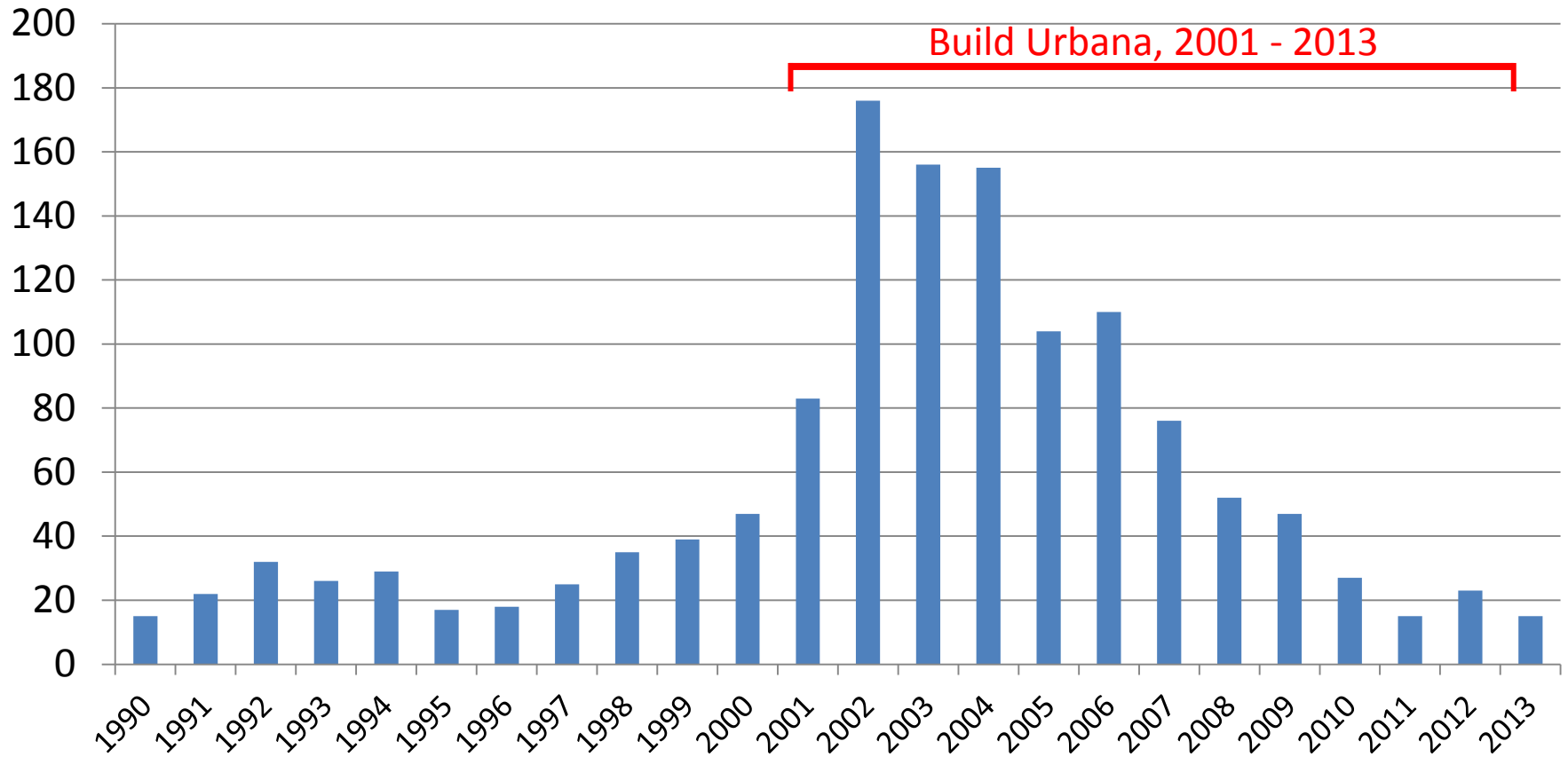
# Example of a Residential Abatement

- The City, County and all participating taxing bodies continue to receive taxes on the pre-project base throughout, plus an increasing portion of the taxes on the increment created as a result of the project.
- In Year 6, all taxing bodies return to capturing 100% of taxes on property.



# Impact of Build Urbana

## Single Family Residential Building Permits, 1990 - 2013



# Impact of Build Urbana

- In the 10 years prior to Build Urbana (1990-2000), approximately 27 houses were built each year, for a total of 305 houses.
- During Build Urbana (2001-2013), the average number of houses built climbed to 80 per year, for a total of 1,039 homes.

# Impact of Build Urbana

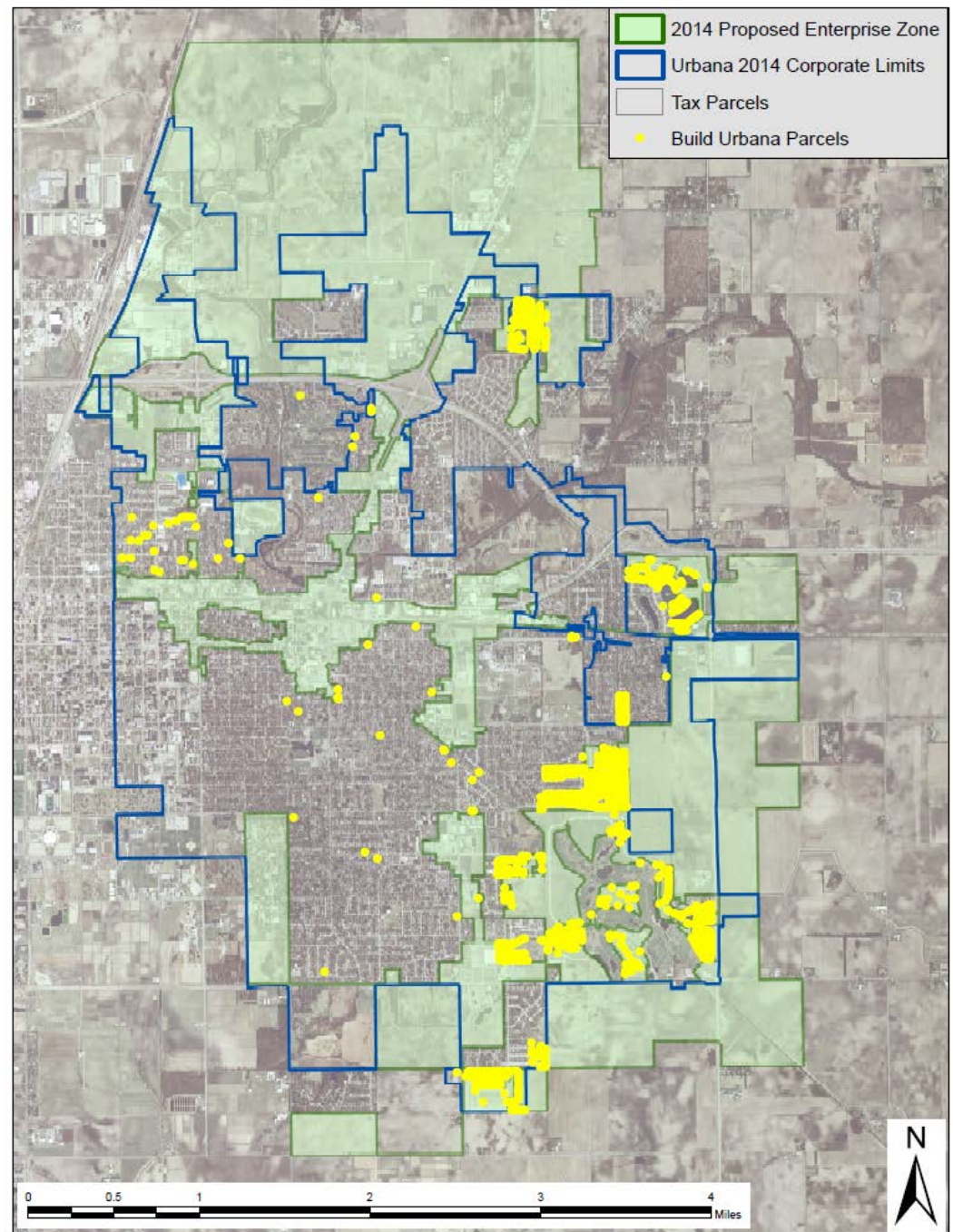
- Build Urbana, 2002 - 2010

Year	Total Assessed Value	Average Assessed Value	Total Tax, 8 Years	Total Rebate, 8 Years	Net Taxes, 8 Years
2009	\$ 196,691	\$ 49,708	\$ 829,213	\$ 63,465	\$ 765,748
2008	\$ 196,593	\$ 52,535	\$ 4,539,546	\$ 397,075	\$ 4,142,471
2007	\$ 196,495	\$ 59,178	\$ 5,686,214	\$ 580,270	\$ 5,105,944
2006	\$ 196,397	\$ 58,085	\$ 3,657,776	\$ 447,925	\$ 3,209,851
2005	\$ 196,299	\$ 66,159	\$ 2,913,613	\$ 356,796	\$ 2,556,817
2004	\$ 196,201	\$ 69,492	\$ 1,408,472	\$ 172,479	\$ 1,235,993
2003	\$ 196,103	\$ 72,970	\$ 1,083,357	\$ 132,666	\$ 950,691
2002	\$ 196,005	\$ 61,912	\$ 196,230	\$ 24,030	\$ 172,200
<b>Total</b>	<b>\$ 1,570,785</b>	<b>\$ 61,255</b>	<b>\$ 20,314,421</b>	<b>\$ 2,174,706</b>	<b>\$ 18,139,715</b>

This data captures the first approximately 950 homes built under the program.

# Build Urbana and the new Enterprise Zone

- EZ boundaries reflect where we have seen primary new residential growth in the past and expect to see it in the future.



Proposed Urbana Enterprise Zone - Prepared 2014-10-15

# Impact of the Current Enterprise Zone

## *Data on Property Tax Abatements, 1999 – 2012*

- \$2.2 million: Total amount of taxes abated by City of Urbana and Champaign County combined
  - \$1.4 million abated by City of Urbana
  - \$800,000 abated by Champaign County
- \$152 million: Equalized Assessed Value generated in the Enterprise Zone which is taxed annually

# Impact of the Current Enterprise Zone

## *Data on Construction Values, 2002-2014*

- \$266 million: value of construction projects in the Enterprise Zone, 33% of the total \$809 million value of all City projects.
  - \$433,000 average value of a project in the Enterprise Zone
  - \$308,000 average value of a project outside the Enterprise Zone

# Return on Investment of the Current Enterprise Zone

- Over \$100 was spent on new construction projects for every dollar of taxes abated in the Enterprise Zone.
- The Enterprise Zone generated nearly \$70 in EAV for every tax dollar abated. (1999-2012)