

PETITIONER(S):

Department of Planning & Development
Mayor's Office of Economic
Development

SPONSOR(S):

Councilman: Dave Woerpel (5th District)

RESOLUTION NO.: 18R. -27

**A RESOLUTION OF THE COMMON COUNCIL OF THE CITY OF HAMMOND, INDIANA GRANTING
WAIVERS OF NONCOMPLIANCE PURSUANT TO INDIANA CODE 6-1.1-12.1-11.3 WITH RESPECT TO
AN ASSESSED VALUATION DEDUCTION (TAX ABATEMENT) FOR THE TANGIBLE REAL
PROPERTY OF HAMMOND HOSPITALITY, LCC (D/B/A HAMPTON INN AND SUITES)
(as amended)**

WHEREAS, Deduction for Rehabilitated or Redevelopment of Real Property in Economic Revitalization Areas is authorized under Indiana Code ("IC") 6-1.1-12.1 et seq., (the "Act") in the form of deductions of assessed value for qualified real property improvements and the installation of qualified personal property that results from development, redevelopment and rehabilitation; and

WHEREAS, On June 9, 2014 the Common Council of the City of Hammond, Lake County, Indiana (the "City Council") adopted and approved Ordinance No. 14 - 16 (the "EDTA Ordinance") that designated and established a certain area of the City as an Economic Development Target Area (the "EDTA"), more specifically 2842 Carlson Drive being described as Oxbow Landing, Lot 1 (the "Project Site"), pursuant to Section 7 of the Act for the purpose of providing for assessed valuation deductions as an incentive resource to encourage private enterprise to invest within the City as a means to attract, retain or expand economic development opportunities in the City; and

WHEREAS, On April 23, 2018 the Common Council of the City of Hammond, Lake County, Indiana (the "City Council") adopted and approved Resolution No. 18R.-17 (the "Declaratory Resolution") that designated and established a certain area of the City as the Oxbow No. 1 Economic Revitalization Area (the "ERA") pursuant to Section 2.5 of the Act for the purpose of providing for assessed valuation deductions as an incentive resource to encourage private enterprise to invest within the City as a means to attract, retain or expand economic development opportunities in the City; and

WHEREAS, The Mayor's Office of Economic Development as directed by the Declaratory Resolution in cooperation with the City Clerk and pursuant to Section 2.5(b) caused to be filed with the Office of the Lake County Auditor the following documents: (i) a copy of Resolution No. 18R.-17 and (ii) a copy of the notice of a public hearing to be published as it relates to the Declaratory Resolution; and

WHEREAS, Hammond Hospitality, LLC (d/b/a Hampton Inn and Suites) (the "Company") filed with the Mayor's Office of Economic Development and the City Council a Statement of Benefits Real Property Improvement (FORM SB-1/RE) dated May 21, 2018 (the "Statement of Benefits") attached hereto as **ATTACHMENT A** that identified real property improvements, more specifically related to the construction of a new four-story hotel for a cost of \$6,881,100 (the "Project") on the Project Site that was completed on August 1, 2016 and was fully assessed by the Office of the Lake County, Indiana Assessor on January 1, 2017; and

WHEREAS, On June 11, 2018 the City Council adopted and approved Resolution No. 18R.-26 (the "Confirmatory Resolution") that formally designated and established the Oxbow No. 1 Economic Revitalization Area pursuant to Section 2.5 of the Act; and

WHEREAS, The Company represents that the Project as described in the Statement of Benefits Real Property Improvement (FORM SB-1/RE) dated May 21, 2018 is complete and was fully assessed for the January 1, 2017 assessment date for taxes due and payable in 2018 pursuant to the notes on the Real Property Assessment Record Card of the Office of the Lake County, Indiana Assessor; and

WHEREAS, The Company received a FORM 11 C/I for real property key number 45-07-16-405-003.000-023 as notification of the Project's full assessment for the January 1, 2017 assessment date for taxes due and payable in 2018; and

WHEREAS, Prior to initiating construction and redevelopment activities on the Project site, the Company failed to provide with the Mayor's Office of Economic Development and the City Council as the designating body a Statement of Benefits Real Property Improvement (FORM SB-1/RE) before a hearing as required by Section 2.5(c) of the Act; and

WHEREAS, Prior to initiating construction and redevelopment activities on the Project site, the Company failed to file with the Mayor's Office of Economic Development and the City Council, as required pursuant to Section 3 of the Act, a Statement of Benefits Real Property Improvement (FORM SB-1/RE) for which the Company desired to claim a deduction under the Act; and

WHEREAS, Prior to the approval of a Statement of Benefits Real Property Improvement (FORM SB-1/RE) for which the Company desired to claim a deduction under the Act, the City Council as the designating body did not designate an economic revitalization area that included making the required findings of fact prior to and before the initiation of construction and/or redevelopment activities by the Company; and

WHEREAS, Prior to the approval of a Statement of Benefits Real Property Improvement (FORM SB-1/RE) for which the Company desired to claim a deduction under the Act, the City Council as the designating body did not make the required findings of fact before designating before the initiation of construction and/or redevelopment activities by the Company; and

WHEREAS, Prior to May 10, 2018, the Company failed to file with the Office of the Lake County Auditor the required FORM 322/RE (Application for Deduction from Assessed Valuation of Structures in Economic Revitalization Area-ERA) under Section 5 of the Act; and

WHEREAS, Prior to May 15, 2018, the Company failed to file with the City Council and the Office of the Lake County, Indiana Auditor for consideration and determination of compliance a FORM CF-1/Real Property (Compliance with Statement of Benefits Real Estate Improvements), as required under Section 5.1(b) of the Act; and,

WHEREAS, As a result of the Company's failure to file in a timely manner: (i) a Statement of Benefits Real Property Improvement (FORM SB-1/RE), (ii) the 2017 Pay 2018 FORM 322/RE with the Office of the Lake County Auditor and (iii) the 2017 Pay 2018 FORM CF-1/Real Property with the City Council for consideration and determination for submission to the Office of the Lake County Auditor for application of an assessed valuation deduction, the Office of the Lake County Auditor did not apply the appropriate Year One (2017 Pay 2018) deduction percentage to the Project's real property improvement gross assessed value for real property key number 45-07-16-405-003.000-023; and

WHEREAS, Indiana Code 6-1.1-12.1-11.3 authorizes the City Council as the designating body by resolution to waive noncompliance with various requirements of the Act in order to claim a deduction; and,

WHEREAS, The Company has requested that the City Council exercise its authority to waive noncompliance by adopting a resolution pursuant to Indiana Code 6-1.1-12.1-11.3 such that said resolution shall identify the property, the assessed valuation deduction, and the taxpayer effected by the resolution as well as

furthermore identify the noncompliance for which certain waivers are to apply and make a finding that the noncompliance has been corrected before the adoption of this resolution; and,

WHEREAS, The City Council upon recommendation of the Mayor's Office of Economic Development, consideration of said request of the Company and the potential tax levy impacts to each taxing unit now desires to waive the Company's noncompliance pursuant to Section 11.3(a)(1), (2), (3), (4) and (5) of the Act; and,

WHEREAS, The City Council conducted a public hearing on June 11, 2018 for the purpose of considering the adoption of this Resolution.

NOW, THEREFORE, BE IT RESOLVED by the City Council that based upon all of the evidence presented determines and finds that the City Council as the designating body has now designated the Oxbow No. 1 Economic Revitalization Area including all findings of fact associated with said designation.

BE IT FURTHER RESOLVED by the City Council that the Company's failure to file in a timely manner: (i) a Statement of Benefits Real Property Improvement (FORM SB-1/RE); (ii) the 2017 Pay 2018 FORM 322/RE with the Office of the Lake County Auditor and (iii) the 2017 Pay 2018 FORM CF-1/Real Property with the City Council as the designating body are hereby waived pursuant to Section 11.3(a) of the Act, subject to the terms and conditions set forth below:

- (1) A deduction of qualified assessed valuation as it relates to the Project shall be applied to the real property improvements of gross assessment specifically identified for real property key number 45-07-16-405-003.000-023.
- (2) The Statement of Benefits Real Property Improvement (FORM SB-1/RE) dated May 21, 2018 as filed and as waived for assessed valuation deduction by this Resolution grants an assessed valuation deduction (Tax Abatement) from tangible real property for a period of ten (10) years to Hammond Hospitality, LLC (d/b/a Hampton Inn and Suites) in accordance with the Act as it relates to the Project and is applicable to assessment years January 1, 2017 (Year 1) through January 1, 2026 (Year 10).
- (3) The Company's 2018 Pay 2019 FORM 322/RE is hereby waived in order to correct said untimely filing for application of an assessed valuation deduction for the Project as it applies to the real property improvements of gross assessment specifically identified for real property key number 45-07-16-405-003.000-023
- (4) Based upon the Project's construction costs and employment information provided in the Statement of Benefits Real Property Improvement (FORM SB-1/RE) dated May 21, 2018, the Company's 2018 Pay 2019 FORM CF-1/Real Property is hereby waived in order to correct said untimely filing, such that the City Council now finds the Company is in compliance with the development conditions of the Project as it to the real property improvements of gross assessment specifically identified for real property key number 45-07-16-405-003.000-023.
- (5) The City Council as the designating body determines that: (i) granting the a waiver of noncompliance as permitted pursuant to Section 11.3 of the Act to the January 1, 2017 assessment date (Year 1), as the prior assessment date for which said noncompliance would have applied assuming the Statement of Benefits Real Property Improvement (FORM SB-1/RE) was filed in a timely manner, would not cause a material undue burden or hardship on overlapping taxing.

- (6) The City Council grants an assessed valuation deduction (Tax Abatement) from eligible and qualified tangible real property improvements with an abatement schedule and the abatement percentages provided below pursuant Section 17(b) of the Act consistent with the above abatement period as it relates to the Project.

Approved Abatement Period Schedule and Abatement Percentages:			
Year One (1): January 1, 2017	100%	Year Six (6): January 1, 2022	40%
Year Two (2): January 1, 2018	95%	Year Seven (7): January 1, 2023	30%
Year Three (3): January 1, 2019	80%	Year Eight (8): January 1, 2024	20%
Year Four (4): January 1, 2020	65%	Year Nine (9): January 1, 2025	10%
Year Five (5): January 1, 2021	50%	Year Ten (10): January 1, 2026	5%

- (7) The City Council will not entertain or consider any future waivers of noncompliance related to the Company, the Project or the Project Site pursuant to the Act as submitted by the Company for untimely filings or noncompliance under Section 9.5 or 11.3 of the Act.
- (8) Upon adoption and passage of this Resolution, the Company agrees to waive a hearing with the City Council as required pursuant to a 2018 Pay 2019 FORM CF-1/RE for presentation of substantial compliance by the Company and waives its appeal rights under Section 5.9(e) of the Act as it applies the conditions of this Resolution.

BE IT FURTHER RESOLVED that pursuant to Section 14 of the Act the City Council imposes a fee on annual tax savings of the Company for which the Company in accordance with its consent in a letter dated May 31, 2018 to the Mayor’s Office of Economic Development attached hereto as **EXHIBIT A** shall pay to the Lake County Treasurer a fee in the amount computed and determined by the Lake County Auditor pursuant to the provisions of Section 14(c) of the Act (the “Imposed Fee”) such that: (i) the **Imposed Fee percentage to be applied shall be 15%**, (ii) the Imposed Fee as collected shall be distributed to the **City of Hammond, Indiana Redevelopment Commission** as a public entity established to promote economic development within the corporate limits of the City served by the City Council as the designating body.

BE IT FURTHER RESOLVED that if any part, clause, or portion of this resolution shall be adjudged invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity or constitutionality of this Resolution as a whole or any other part, clause, or portion of this Resolution.

BE IT FURTHER RESOLVED that this Resolution shall have full force and effect from and after its passage by the City Common Council, signing by the President thereof and approval by the Mayor.

See Signature Page

SIGNATURE PAGE

CITY OF HAMMOND, INDIANA COMMON COUNCIL

Janet Vanecz, President /s/
Common Council

ATTEST:

Robert J. Golec, City Clerk /s/
City of Hammond, Indiana.

PRESENTED BY ME, the undersigned City Clerk of the City of Hammond to the Mayor of said City for his approval on the 12th day of June, 2018.

Robert J. Golec, City Clerk /s/

The foregoing Resolution No. R27 consisting of 5 typewritten pages, including this page was approved by the Mayor on the 12th day of June, 2018.

Thomas McDermott, Jr., Mayor /s/
City of Hammond, Indiana

PASSED by the City of Hammond Common Council on the 11th day of June, 2018 and approved by the Mayor on the 12th day of June, 2018.

Robert J. Golec, City Clerk /s/