



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: November 6, 2008

SUBJECT: **A RESOLUTION EXTENDING THE BUILD URBANA
TAX REBATE PROGRAM FOR TWO ADDITIONAL YEARS
(To December 1, 2010 – Build Urbana)**

Description

This memorandum provides information pertaining to a resolution (Exhibit A) extending the City's Build Urbana Tax Rebate Program from its current expiration date of December 1, 2008 to December 1, 2010. This Build Urbana Tax Rebate Program has successfully encouraged the construction of over 900 new single-family and duplex housing units in Urbana by providing incentives to builders, developers, and homeowners since 2001. Specifically, this program rebates the property tax difference between the total tax rates in the Cities of Urbana and Champaign to owners of new homes for a total of five years, equalizing the tax rates on these structures during that period. The Single-Family Tax Rebate Program is an integral component of the Build Urbana program, which promotes development and real estate investment in the community through a partnership between the private development community, the Urbana Business Association, and the City of Urbana.

The Tax Rebate Program was approved by City Council in March of 2001 (by Resolution No. 2001-02-007R Exhibit B). The program was extended in November 2002, November 2004, and again in November 2006 in order to continue the success of the program in promoting Urbana subdivisions.

The Tax Rebate Program has helped to encourage the creation of new subdivisions and the expansion of existing subdivisions in Urbana. Subdivisions included in the first year of adoption included Beringer Commons (note that a clause to the program for Beringer Commons specifies that their rebates fall under different requirements due to a previous legal agreement), Eagle Ridge, Fairway Estates, Landis Farms, Lincolnwood, South Ridge, Stone Creek, and Savannah Green. The Eastgate subdivision was added in 2002. In 2003 - 2004, additional subdivisions or phases were added at South Ridge, Sunny Estates, The Ridge, Beringer Commons, Savannah Green and Landis Farm. Also in 2004, the Prairie Winds mixed-use senior housing project began development of owner occupied single-family housing lots.

When the Build Urbana program was created in 2001, it was not intended to exist in perpetuity. The program was designed to sunset eventually. As such, there have been questions as to the useful life of the Build Urbana Program. With that in mind, the current state of the housing market would indicate that incentives to promote new home construction are more important now than they have been in several years.

Issues

City staff regularly receive positive comments about the program from the development community and homeowners. In recent months, concern has been expressed about the pending conclusion of the program and several requests have been received advocating its extension. Attached is correspondence from Tatman Enterprises and the Atkins Group requesting the extension of the program (Exhibit C).

Since initiation of the Tax Rebate Program, staff has provided regular updates to the Council as to the progress and effects of the program. Staff also periodically updates the Urbana School District, Urbana Park District, Cunningham Township, and other participating agencies. At their regular business meeting on October 21, 2008, the Board of Education of Urbana School District 116 unanimously adopted a Resolution supporting the two-year extension of the program (Exhibit D) and members noted the positive impacts of the program on the tax revenues and student base of Urbana. The Park District Board of Commissioners will review the program on November 11, 2008. Park District staff anticipates that the Board will support an extension of the program.

Background

The Tax Rebate Program was conceived when builders, developers (under the leadership of UBA, and the predecessor to the UBA, the UDBA), and the City decided to increase single-family home starts in Urbana. At the time, single-family home starts in the community were significantly lower than rates in surrounding communities and realtors viewed Urbana's higher tax rate to be the cause. Since the commencement of the Tax Rebate Program, Urbana has significantly increased the volume of new single family housing starts. In the 13 years prior to Build Urbana, there was an average of 30 new home starts in Urbana per year. In the 8 years under the Build Urbana program, there has been an average of over 115 new home starts per year.

In March of 2001, the Tax Rebate Program was approved by City Council (by Resolution No. 2001-02-007R) with the following characteristics and guidelines:

- The program's goal is to increase new home construction in Urbana
- The program rebates the difference between the total property tax rate in Urbana and Champaign
- The program allows the property owner of a newly constructed single family home a tax rebate for up to 5 years (subsequently extended to cover duplexes, condominiums, cooperatives, and zero-lot line townhouses)
- The home must be owner-occupied
- The home must be within Urbana city limits

- The home's building permit must have been issued between March 1, 2001 and December 1, 2002 (subsequently extended to 2004, 2006, and again to 2008)
- The rebate is transferable to subsequent owners within the 5-year time frame

Under the Build Urbana program, a wide array of efforts promoting single family-housing opportunities in Urbana have occurred through the cooperation of the City with the Urbana Business Association and other groups. City staff developed a Tax Rebate Brochure, which provides information on program guidelines and Urbana subdivisions with available building sites and homes. Community organizations and businesses have also promoted the Tax Rebate Program, as a part of the outreach for Build Urbana, through tours, the annual 'Parade of Homes', cooperative forums, presentations, realtor breakfasts, interviews, press releases and advertising via the full spectrum of media.

In July 2001, the Tax Rebate Program was extended by the Council to include Zero Lot Line Townhouses, Condominiums, and Duplexes (by Resolution No. 2001-07-022R). Some clarification was added to the 2004 extension of the program to ensure that the program is applied only to new, owner-occupied homes with a ground lease component so that the program continues to support existing and planned subdivision and is not applied to non-subdivision projects with secondary rental goals. The program was extended in November 2002, November 2004, and again in November 2006 in order to continue the success of the program in promoting Urbana subdivisions.

For the year 2001, Urbana's single-family home starts jumped to 87, three times the average of the previous eleven years – even though the program did not cover the full calendar year. In 2002, single-family home starts totaled 178, over six times the 1990 – 2000 average of 28 homes. In 2003, the single family total was 165, and in 2004, there were 161. In 2005 the number of single-family home starts began to drop off a bit to 104 units as result of the build-out of some subdivisions. Numbers increased slightly in 2006 to 114 units, but a slowing housing market yielded fewer home starts with 77 units in 2007 and a projection of 50 new units in 2008. It is important to note that even in an extremely slow housing market, the 2007 and 2008 numbers under Build Urbana are well above the pre-Build Urbana average of 28 units per year. The total for all single-family and duplex units built under the Tax Rebate Program by the end of 2008 will be 931 units (Exhibit E).

Fiscal Impacts

The Summary of Results of the Property Tax Rebate Program CY 2001-2008 (Exhibit F) illustrates the financial impact of the Tax Rebate program for the calendar years 2001 through 2008. The net impact of the program (revenues minus cost of rebates) is substantial for each taxing district (totaling almost \$2 million annually) and the long-term returns are even greater (almost \$60 million in property taxes over 50 years). Substantial benefits are shown even when the average housing starts for years prior to program initiation are subtracted, on the assumption that this level of construction would have occurred without the program.

It is important to note that, while the Summary of Results does identify the cost of the rebates offered under the Build Urbana program, it does not evaluate the costs incurred by the City to provide municipal services to new homes constructed under the program. Staff has conducted a basic analysis to determine the costs incurred by the City to provide municipal services to an average single-family home and the revenue generated by those same homes (Exhibit G). The analysis performed indicates that the revenue generated from all sources by a single-family home in Urbana is approximately **\$2,429**. The expenses generated related to providing municipal services to a single family home in Urbana are approximately **\$2,231**. Therefore, it is estimated that a single-family home in Urbana generates net revenue of approximately **\$199**. Using this data, we can estimate that the “break even” point where a home in Urbana pays for the municipal services needed to service that home is approximately **\$138,191**. The average cost of a home built under the Build Urbana Tax Rebate Program is \$150,900.

Based on this information, the Build Urbana Program has not only provided a positive return on investment related to the direct cost of rebates under the program, but it has also promoted new home construction that generates more overall revenue for the City than the costs associated with servicing those homes.

Recommendations

The Single Family Home Tax Rebate Program has had beneficial fiscal impacts on the City of Urbana and associated taxing districts. Additional housing opportunities have been provided for new residents and project potential has been created for housing developers. Currently, Urbana has approximately 10 active subdivisions with a number of available lots and homes that could benefit by the extension of the program. City services and utilities already exist at these locations so that no additional public investment is necessary to add these homes to the community. This is a positive benefit for the affected taxing districts who have capacity to provide services and will benefit fiscally from the added Equalized Assessed Value.

While the Build Urbana program is expected to sunset eventually, a decision to end the program at this time could negatively impact new home starts in a slow housing market.

Given the beneficial fiscal impacts and positive endorsements summarized above, staff recommends that Council extend the Tax Rebate Program for an additional two years, effective through December 1, 2010. The extended program would apply only to those permits for permanent, owner-occupied, single-family, duplex, zero lot line, and condominium housing with a ground lease component. A Draft Resolution is attached for Council consideration.

Exhibit A

RESOLUTION NO. 2008-11-023R

**A RESOLUTION EXTENDING THE BUILD URBANA TAX REBATE PROGRAM FOR
TWO ADDITIONAL YEARS**

(TO DECEMBER 1, 2010 - Build Urbana)

WHEREAS, on March 5, 2001, the City Council of the City of Urbana adopted Resolution No. 2001-02-007R authorizing a single-family home construction incentive program as a means of promoting new single family home construction in the City; and

WHEREAS, on July 16, 2001, the City Council of the City of Urbana adopted Resolution No. 2001-07-022R extending the single-family home construction incentive program to owner occupied zero lot-line townhomes, condominiums, cooperatives, and duplexes; and

WHEREAS, on November 18, 2002, the City Council of the City of Urbana adopted Resolution No. 2002-10-028R extending the provisions of the single-family home construction incentive program to permits issued for a period from December 1, 2002 to December 1, 2004; and

WHEREAS, on November 24, 2004, the City Council of the City of Urbana adopted Resolution No. 2004-11-023R extending the provisions of the single-family home construction incentive program to permits issued for a period from December 1, 2004 to December 1, 2006; and

WHEREAS, on November 27, 2004, the City Council of the City of Urbana adopted Resolution No. 2006-11-028R extending the provisions of the single-family home construction incentive program to permits issued for a period from December 1, 2006 to December 1, 2008; and

WHEREAS, the single-family home construction incentive program involves the payment of the difference between the property taxes incurred by new homes in the City of Urbana and the taxes those homes would incur in the City

of Champaign for five years, on behalf of property owners who build new homes within the City; and

WHEREAS, the program has been successful in promoting new home starts in Urbana and has contributed to an increase in new housing starts from a previous average of 29 new single-family homes per year for the period from 1988 to 2001 to 176 new homes in 2002, 159 new homes in 2003, 161 new homes in 2004, 104 new homes in 2005, 114 new homes in 2006, 77 new homes in 2007, and over 45 new homes in 2008; and

WHEREAS, analysis of the costs of the program compared with the benefits of increased tax assessments is positive; and

WHEREAS, in order to promote home ownership rather than investment development with secondary rental objectives, it is desirable that the program extend its provisions only to those zero lot-line townhomes, condominiums, duplexes and cooperative housing units that are owner occupied and exclusively ground-lease domiciles; and

WHEREAS, extension of the Build Urbana home construction incentive program to continue for an additional two years so that it is applicable to building permits issued between December 1, 2008 and December 1, 2010 will assist in the build-out of currently active subdivisions in Urbana; and

WHEREAS, support for the extension of the program has been communicated from various local developers and the Urbana School District; and

WHEREAS, the Urbana City Council, having duly considered all matters pertaining thereto, finds and determines that the proposed time extension of the single-family home construction incentive program is in the best interest of the City of Urbana.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. The City Council finds and determines that the facts contained in the above recitations are true.

Section 2. The Urbana City Council hereby resolves that the City of Urbana does hereby amend Resolution No. 2001-02-007R, as amended by Resolution No. 2001-07-022R and Resolution No. 2002-10-028R, to extend the provisions of the Build Urbana tax rebate program only to those zero lot-line townhomes, condominiums, duplexes and cooperative housing units that are owner occupied, exclusively ground-lease domiciles and to exclude rental or temporary residences.

Section 3. The Urbana City Council further resolves that the City of Urbana does hereby amend Resolution No. 2001-02-007R, as amended by Resolution No. 2001-07-022R, Resolution No. 2002-10-028R, Resolution No. 2004-11-023R, and Resolution 2006-11-028R to extend the provisions of that resolution to building permits issued between December 1, 2008 and December 1, 2010.

Section 4. All other provisions of Resolution No. 2001-02-007R, Resolution No. 2001-07-022R, Resolution No. 2002-10-028R, Resolution No. 2004-11-023R, and Resolution 2006-11-028R shall apply and shall otherwise remain in force.

PASSED by the City Council this ____ day of _____, 2006.

AYES:

NAYS:

ABSTAINS:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____, 2008.

Laurel Lunt Prussing, Mayor

RESOLUTION NO. 2001-02-007R

**A RESOLUTION AUTHORIZING A SINGLE-FAMILY HOME
CONSTRUCTION INCENTIVE PROGRAM**

WHEREAS, the City of Urbana is interested in promoting new single family home construction in the City; and

WHEREAS, the City Council has determined that an appropriate means by which to encourage the construction of new homes is for the City to pay the difference between property taxes incurred by new homes in the City of Urbana and the taxes those homes would incur in the City of Champaign for a period of time, on behalf of property owners who build new homes within the City; and

WHEREAS, the City has reduced its property tax rate consistently over the past six years; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. That the City of Urbana will provide a tax rebate for newly constructed single family detached homes, built on site, for which a building permit is issued between March 1, 2001 and December 1, 2002 in an amount equal to the real estate taxes paid each year on behalf of such property to the extent such taxes are greater than what they would be if the subject property had been located in the City of Champaign for a period of five (5) years. The program applies to non federally subsidized, newly constructed owner occupied single family detached, constructed on-site housing anywhere within the Urbana city limits, except homes in Beringer Commons Subdivision which are governed by a previously agreed to binding legal settlement.

Section 2. That said tax rebate will commence upon the issuance of the first tax bill for the new home, regardless of whether said tax bill is a partial or full assessment.

Section 3. That said property owners will be required to sign an agreement outlining the program parameters in order to qualify for said rebate.

Section 4. That the Director of Community Development Services and the Comptroller are responsible for managing this program and issuing eligible payments hereunder.

PASSED by the City Council this 5th day of March,
2001 .

AYES: Hayes, Kearns, Patt, Taylor, Whelan, Wyman

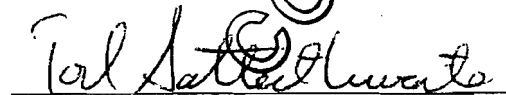
NAYS:

ABSTAINS:



Phyllis D. Clark, City Clerk

APPROVED by the Mayor this 7th day of March,
2001 .



Tod Satterthwaite, Mayor

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**A RESOLUTION EXTENDING THE SINGLE-FAMILY HOME CONSTRUCTION
INCENTIVE PROGRAM TO OWNER OCCUPIED ZERO LOT-LINE TOWNHOMES,
CONDOMINIUMS, COOPERATIVES, AND DUPLEXES**

WHEREAS, on March 5, 2001, the City Council of the City of Urbana adopted Resolution No. 2001-02-007R authorizing a single-family home construction incentive program as a means of promoting new single family home construction in the City; and

WHEREAS, the single-family home construction incentive program involves the payment of the difference between the property taxes incurred by new homes in the City of Urbana and the taxes those homes would incur in the City of Champaign for a period of time, on behalf of property owners who build new homes within the City; and

WHEREAS, extension of the single-family home construction incentive program to owner-occupied zero lot-line townhomes, condominiums, cooperatives, and duplexes would help to encourage more compact, contiguous growth patterns and urban infill/mixed use projects and would make the program more equitable in terms of housing types and household characteristics; and

WHEREAS, extension of the single-family home construction incentive program to owner-occupied zero lot-line townhomes, condominiums, cooperatives, and duplexes would be responsive to goals, objectives and policies of the Comprehensive Plan of the City of Urbana; and

WHEREAS, the Urbana Plan Commission, after considering matters pertaining to said extension at their meeting of July 5, 2001, has recommended by a vote of 4 to 1 that the Urbana City Council adopt a resolution extending the single-family home construction incentive program to owner-occupied zero lot-line townhomes, condominiums, cooperatives, and duplexes; and

WHEREAS, the Urbana City Council, having duly considered all matters pertaining thereto, finds and determines that the proposed extension of the single-family home construction incentive program is in the best interest of the City of Urbana.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. The City Council finds and determines that the facts contained in the above recitations are true.

Section 2. The Urbana City Council hereby resolves that the City of Urbana does hereby amend Resolution No. 2001-02-007R to extend the provisions of that resolution to owner-occupied zero lot-line townhomes, condominiums, cooperatives, and duplexes; however, in the case of mixed-use and income-generating uses, the tax rebate shall apply only to that portion of the property that is in use for residential purposes and is owner-occupied.

Section 3. All other provisions of Resolution No. 2001-02-007R, including dates of eligibility, shall apply to the housing types added with this extension and shall otherwise remain in force.

PASSED by the City Council this 16th day of July,
2001.

AYES: Chynoweth, Hayes, Huth, Otto, Patt, Whelan, Wyman

NAYS:

ABSTAINS:


Phyllis D. Clark, City Clerk

COPY

APPROVED by the Mayor this 30th day of July,
2001.


Tod Satterthwaite, Mayor

RESOLUTION NO. 2002-10-028R

**A RESOLUTION EXTENDING THE SINGLE-FAMILY HOME
TAX REBATE PROGRAM FOR TWO ADDITIONAL YEARS**

(TO DECEMBER 1, 2004 - Build Urbana)

WHEREAS, on March 5, 2001, the City Council of the City of Urbana adopted Resolution No. 2001-02-007R authorizing a single-family home construction incentive program as a means of promoting new single family home construction in the City; and

WHEREAS, on July 16, 2001, the City Council of the City of Urbana adopted Resolution No. 2001-07-022R extending the single-family home construction incentive program to owner occupied zero lot-line townhomes, condominiums, cooperatives, and duplexes; and

WHEREAS, the single-family home construction incentive program involves the payment of the difference between the property taxes incurred by new homes in the City of Urbana and the taxes those homes would incur in the City of Champaign for a period of time, on behalf of property owners who build new homes within the City; and

WHEREAS, the program has been successful in promoting new home starts in Urbana and has contributed to an increase in new housing starts from a previous average since 1988 of 29 new single-family homes to 83 new homes in 2001 and over 167 new homes in 2002; and

WHEREAS, analysis of the costs of the program compared with the benefits of increased tax assessments is positive with an overall rate of return on investment of over three times; and

WHEREAS, extension of the single-family home construction incentive program to continue for an additional two years so that is applicable to building permits issued between March 1, 2001 and December 1, 2004 will assist in the build-out of currently active subdivisions in Urbana; and

WHEREAS, the Urbana City Council, having duly considered all matters pertaining thereto, finds and determines that the proposed time extension of the single-family home construction incentive program is in the best interest of the City of Urbana.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. The City Council finds and determines that the facts contained in the above recitations are true.

Section 2. The Urbana City Council hereby resolves that the City of Urbana does hereby amend Resolution No. 2001-02-007R, as amended by Resolution No. 2001-07-022R, to extend the provisions of that resolution to building permits issued between March 1, 2001 and December 1, 2004.

Section 3. All other provisions of Resolution No. 2001-02-007R and Resolution NO. 2001-07-022R, shall apply and shall otherwise remain in force.

PASSED by the City Council this 18th day of November, 2002.

AYES: Chynoweth, Hayes, Huth, Otto, Patt, Whelan, Wyman

NAYS:

ABSTAINS:

APPROVED by the Mayor this 21st day of November,

2002.

Theresa D. Clark
Theresa D. Clark, City Clerk
by: [Signature] Deputy Clerk
Tod Satterthwaite
Tod Satterthwaite, Mayor

RESOLUTION NO. 2004-11-023R

**A RESOLUTION EXTENDING THE BUILD URBANA TAX REBATE PROGRAM FOR
TWO ADDITIONAL YEARS**

(TO DECEMBER 1, 2006 - Build Urbana)

WHEREAS, on March 5, 2001, the City Council of the City of Urbana adopted Resolution No. 2001-02-007R authorizing a single-family home construction incentive program as a means of promoting new single family home construction in the City; and

WHEREAS, on July 16, 2001, the City Council of the City of Urbana adopted Resolution No. 2001-07-022R extending the single-family home construction incentive program to owner occupied zero lot-line townhomes, condominiums, cooperatives, and duplexes; and

WHEREAS, on November 18, 2002, the City Council of the City of Urbana adopted Resolution No. 2002-10-028R extending the provisions the single-family home construction incentive program to permits issued for a period from December 1, 2002 to December 1, 2004; and

WHEREAS, the single-family home construction incentive program involves the payment of the difference between the property taxes incurred by new homes in the City of Urbana and the taxes those homes would incur in the City of Champaign for five years, on behalf of property owners who build new homes within the City; and

WHEREAS, the program has been successful in promoting new home starts in Urbana and has contributed to an increase in new housing starts from a previous average of 29 new single-family homes per year for the period from 1988 to 2001 to 176 new homes in 2002, 159 new homes in 2003 and over 140 new homes in 2004; and

WHEREAS, analysis of the costs of the program compared with the benefits of increased tax assessments is positive with an overall rate of return on investment of over seven times; and

WHEREAS, in order to promote home ownership rather than investment development with secondary rental objectives, it is desirable that the program extend its provisions only to those zero lot-line townhomes, condominiums, duplexes and cooperative housing units that are owner occupied and exclusively ground-lease domiciles; and

WHEREAS, extension of the Build Urbana home construction incentive program to continue for an additional two years so that it is applicable to building permits issued between December 1, 2004 and December 1, 2006 will assist in the build-out of currently active subdivisions in Urbana; and

WHEREAS, support for the extension of the program has been communicated from various local developers, the Urbana School District, and the Urbana Park District; and

WHEREAS, the Urbana City Council, having duly considered all matters pertaining thereto, finds and determines that the proposed time extension of the single-family home construction incentive program is in the best interest of the City of Urbana.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. The City Council finds and determines that the facts contained in the above recitations are true.

Section 2. The Urbana City Council hereby resolves that the City of Urbana does hereby amend Resolution No. 2001-02-007R, as amended by Resolution No. 2001-07-022R and Resolution No. 2002-10-028R, to extend the provisions of the Build Urbana tax rebate program only to those zero lot-line townhomes, condominiums, duplexes and cooperative housing units that are

owner occupied, exclusively ground-lease domiciles and to exclude rental or temporary residences.

Section 3. The Urbana City Council further resolves that the City of Urbana does hereby amend Resolution No. 2001-02-007R, as amended by Resolution No. 2001-07-022R and Resolution No. 2002-10-028R, to extend the provisions of that resolution to building permits issued between December 1, 2004 and December 1, 2006.

Section 4. All other provisions of Resolution No. 2001-02-007R, Resolution No. 2001-07-022R, and Resolution No. 2002-10-028R, shall apply and shall otherwise remain in force.

PASSED by the City Council this ____ day of _____, 2004 .

AYES:

NAYS:

ABSTAINS:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____ October _____,
2004 .

Tod Satterthwaite, Mayor

RESOLUTION NO. 2006-11-028R

**A RESOLUTION EXTENDING THE BUILD URBANA TAX REBATE PROGRAM FOR
TWO ADDITIONAL YEARS**

(TO DECEMBER 1, 2008 - Build Urbana)

WHEREAS, on March 5, 2001, the City Council of the City of Urbana adopted Resolution No. 2001-02-007R authorizing a single-family home construction incentive program as a means of promoting new single family home construction in the City; and

WHEREAS, on July 16, 2001, the City Council of the City of Urbana adopted Resolution No. 2001-07-022R extending the single-family home construction incentive program to owner occupied zero lot-line townhomes, condominiums, cooperatives, and duplexes; and

WHEREAS, on November 18, 2002, the City Council of the City of Urbana adopted Resolution No. 2002-10-028R extending the provisions of the single-family home construction incentive program to permits issued for a period from December 1, 2002 to December 1, 2004; and

WHEREAS, on November 24, 2004, the City Council of the City of Urbana adopted Resolution No. 2004-11-023R extending the provisions of the single-family home construction incentive program to permits issued for a period from December 1, 2004 to December 1, 2006; and

WHEREAS, the single-family home construction incentive program involves the payment of the difference between the property taxes incurred by new homes in the City of Urbana and the taxes those homes would incur in the City of Champaign for five years, on behalf of property owners who build new homes within the City; and

WHEREAS, the program has been successful in promoting new home starts in Urbana and has contributed to an increase in new housing starts from a previous average of 29 new single-family homes per year for the period from

1988 to 2001 to 176 new homes in 2002, 159 new homes in 2003, 161 new homes in 2004, 104 new homes in 2005, and over 100 new homes in 2006; and

WHEREAS, analysis of the costs of the program compared with the benefits of increased tax assessments is positive with an overall rate of return on investment of over seven times; and

WHEREAS, in order to promote home ownership rather than investment development with secondary rental objectives, it is desirable that the program extend its provisions only to those zero lot-line townhomes, condominiums, duplexes and cooperative housing units that are owner occupied and exclusively ground-lease domiciles; and

WHEREAS, extension of the Build Urbana home construction incentive program to continue for an additional two years so that it is applicable to building permits issued between December 1, 2006 and December 1, 2008 will assist in the build-out of currently active subdivisions in Urbana; and

WHEREAS, support for the extension of the program has been communicated from various local developers and the Urbana School District; and

WHEREAS, the Urbana City Council, having duly considered all matters pertaining thereto, finds and determines that the proposed time extension of the single-family home construction incentive program is in the best interest of the City of Urbana.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. The City Council finds and determines that the facts contained in the above recitations are true.

Section 2. The Urbana City Council hereby resolves that the City of Urbana does hereby amend Resolution No. 2001-02-007R, as amended by Resolution No. 2001-07-022R and Resolution No. 2002-10-028R, to extend the provisions of the Build Urbana tax rebate program only to those zero lot-line townhomes, condominiums, duplexes and cooperative housing units that are

owner occupied, exclusively ground-lease domiciles and to exclude rental or temporary residences.

Section 3. The Urbana City Council further resolves that the City of Urbana does hereby amend Resolution No. 2001-02-007R, as amended by Resolution No. 2001-07-022R, Resolution No. 2002-10-028R, and Resolution No. 2004-11-023R to extend the provisions of that resolution to building permits issued between December 1, 2006 and December 1, 2008.

Section 4. All other provisions of Resolution No. 2001-02-007R, Resolution No. 2001-07-022R, Resolution No. 2002-10-028R, and Resolution No. 2004-11-023R shall apply and shall otherwise remain in force.

PASSED by the City Council this ____ day of _____, 2006.

AYES:

NAYS:

ABSTAINS:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____, 2006.

Laurel Lunt Prussing, Mayor

AGENDA #11.06
October 21, 2008

Exhibit C

RESOLUTION NO. _____

**A RESOLUTION SUPPORTING EXTENSION OF THE CITY OF URBANA'S "BUILD
URBANA"
TAX REBATE PROGRAM FOR TWO ADDITIONAL YEARS
(TO DECEMBER 1, 2010 - Build Urbana)**

WHEREAS, on March 5, 2001, the City Council of the City of Urbana authorized a single-family home construction incentive program as a means of promoting new single family home construction in the City; and

WHEREAS, on July 16, 2001, the City Council of the City of Urbana extended the single-family home construction incentive program to apply to owner-occupied zero lot-line townhomes, condominiums, cooperatives, and duplexes; and

WHEREAS, on November 18, 2002, the City Council of the City of Urbana extended the period of the program to December 1, 2004; and

WHEREAS, on November 8, 2004, the City Council of the City of Urbana extended the period of the program to December 1, 2006; and

WHEREAS, on November 27, 2006, the City Council of the City of Urbana extended the period of the program to December 1, 2008; and

WHEREAS, the tax rebate program involves the payment of the difference between the property taxes incurred by new homes in the City of Urbana and the taxes those homes would incur in the City of Champaign for five years, on behalf of property owners who build new homes within the City; and

WHEREAS, the program has been successful in promoting new home starts in Urbana and has contributed to an increase in new housing starts from an average of 29 new single-family homes per year for the period from 1988 to 2001 to 178 new single-family homes in 2002, 165 new homes in 2003, 161 new homes in 2004, 104 new homes in 2005, 114 new homes in 2006, 77 new homes in 2007, and 44 new homes year-to-date in 2008; and

WHEREAS, analysis of the costs of the program compared with the benefits of increased tax assessments is positive; and

WHEREAS, extension of the single-family home construction incentive program for an additional two years, so that it is applicable to owner occupied single-family, zero lot line townhomes, condominiums and cooperatives with ground lease, and duplex building permits issued until December 1, 2010, will assist in the build-out of currently active subdivisions in Urbana; and

WHEREAS, the Urbana School District, Unit 116 Board of Education, having duly considered all matters pertaining thereto, finds and determines that the proposed time extension of the "Build Urbana" home construction incentive program is in the best interest of the Urbana School District, Unit 116.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF EDUCATION OF THE URBANA SCHOOL DISTRICT, UNIT 116 as follows:

Section 1. That the Urbana School District Unit 116 Board of Education does hereby support extension of the City of Urbana's "Build Urbana" Tax Rebate Program until December 1, 2010.

PASSED by the Board of Directors this 21 day of October, 2008.

AYES: 7

NAYS: 0

ABSTAINS:

Mark Netter
Mark Netter, President

APPROVED this 21 day of October, 2008.

Exhibit D

Carrino, Tom

From: PTATMAN@aol.com
Sent: Monday, November 03, 2008 10:39 AM
To: Carrino, Tom; Tyler, Elizabeth
Cc: susan@urbanabusiness.com
Subject: Build Urbana

**Tom Carrino
City of Urbana
Economic Development**

Tom

I apologize for the lateness of this message. I had forgotten the Build Urbana program was on the agenda of the city council this week.

Because of other commitments I will be unable to attend or to speak in favor of the council supporting the extension of this program. I would urge you on behalf of myself, Carl Hill and other builders/developers to speak for us for support. This program has been vital to the residential development of Urbana the last five to six years. It is a program that has shown year after year that it does work. Myself, over the last 36 days have sold six new units. Of the six I feel that the Urbana rebate program has been the "closer" for at least three of them.

Again on behalf of myself and the other members of the Builders and developers of Urbana, I urge you and the City Council to continue this valuable program.

Thank You

**Paul L. Tatman Pres.
Tatman Enterprises Inc.**

Plan your next getaway with AOL Travel. [Check out Today's Hot 5 Travel Deals!](#)

The Atkins Group

Date: November 4, 2008

To: Mayor Laurel Prussing

Cc: Council Members

Charlie Smyth
David Gehrig
Robert Lewis
Brandon Bowersox
Dennis Roberts
Heather Stevenson
Lynne Barnes

From: Mike Martin

Re: Build Urbana Program

Once again, The Atkins Group would like to request the City of Urbana extend the Build Urbana Program an additional two years. We believe the program has had a direct positive influence on Stone Creek, East Gate, Cobble Creek, The Pines and Stone Creek Commons. The Atkins Group would like to see the City continue with the growth the program has initiated.

Thank you for your consideration and we look forward to your support.

BUILD URBANA 2001-2008

**CITY OF URBANA HOUSING PERMITS: SINGLE AND TWO- FAMILY
1988 to 2008 (projected)**

Build Urbana Has Created A 4 Fold Increase in Single and Two-Family Home Construction. On average, an additional 86 new homes per year have been built under the Build Urbana program over what would have been expected to be built without the benefit of the program.

YEAR	# OF UNITS ADDED
1988	40
1989	18
1990	17
1991	22
1992	32
1993	28
1994	31
1995	21
1996	26
1997	27
1998	37
1999	39
2000	49
<hr/>	
2001	Begin Build Urbana 85 (82 under BU)
2002	178
2003	165
2004	161
2005	104
2006	114
2007	77
2008 (projected)	50
<hr/>	
Total Under Build Urbana (8 Yrs.)	931
Avg. Per Year Under Build Urbana	116
<hr/>	
Total Previous 13 Years	387
Avg. Per Year Previous 13 Years	30
<hr/>	

Exhibit F

SUMMARY OF RESULTS OF PROP. TAX REBATE PROGRAM, CY2001 - 2008 Projected									
					2008	2008	2008	2008	2008
		Estimated			Prop. Tax	Prop. Tax	Prop. Tax	Prop. Tax	Prop. Tax
	# Homes	Ave. Cost	Total Value	EAV	School	Parks	Township	City	Total
Total Homes Built	933								
Homes That Have Exited the Program	146								
Homes Still Receiving the Rebate	787	\$150,900	\$118,758,300	\$ 35,651,100	\$1,528,719	\$248,167	\$68,343	\$461,397	\$2,306,626
Current Annual Cost of Rebates					\$234,727	\$27,487	\$55,865	\$0	\$307,919
Current Annual Net Gain All Units					\$1,293,992	\$220,680	\$12,478	\$461,397	\$1,998,708
Present Value Net Gain Next 5 Years					\$5,602,310	\$955,430	\$54,023	\$1,997,606	\$8,653,358
Present Value of Prop. Tax 45 Years After					\$33,510,493	\$5,485,954	\$1,301,690	\$10,420,826	\$50,762,953
Total Gain Next 50 Years					\$39,112,802	\$6,441,384	\$1,355,713	\$12,418,432	\$59,416,311
Tax Rate Urbana					4.288	0.6961	0.1917	1.2942	6.8632
Tax Rate Champaign					3.6296	0.619	0.035	1.2942	5.9995
Units Built Above Prev. Average	693	\$150,900	\$104,573,700	\$31,392,900	\$1,346,128	\$218,526	\$60,180	\$406,287	\$2,031,121
Annual Cost of Rebates					\$234,727	\$27,487	\$55,865	\$0	\$318,079
Agreement with Township							\$55,865	(\$55,865)	
Current Annual Payback on Units Above Prev. Avg.					4.7 to 1	6.9 to 1	1.1 to 1	6.6 to 1	5.4 to 1
Annual Net Gain Units Above Prev. Average					\$1,111,401	\$191,039	\$60,180	\$350,422	\$1,713,042

Exhibit G

Urbana Break Even Home Values

		Per Capita	Per SFR
City Population (2008)	40,550		
Total Operating Budget (2007)	\$29,306,486	\$ 723	
Total Households (est.)*	16,578		
Total Households SFR (est.)	4,973		
Avg. Household Size SFR (est.)	2.7		
Pop. Households in SFR (est.)	13,428		
Pop. Not in Group Quarters (est.)	35,477		
% of Total Urbana Pop.*	37.85%		
Avg. Home Value (2007)	\$150,500		
Total City EAV (2008)	\$542,324,212		
Total EAV Residential (2008)**	\$328,536,000		
% of EAV Residential	60.58%		
Est. EAV SFR***	\$224,613,833		
Est. Property Tax Rev. SFR (2007)	\$2,907,850	\$ 217	\$ 585
Est. Expenditure for SFR Residents	\$11,092,468	\$ 826	\$ 2,231
Est. Revenue Generated by SFR	\$12,080,491	\$ 900	\$ 2,429
Net Revenue		\$ 74	\$ 199
Property Tax Rate (2008)	1.2942		
City Property Tax / \$100,000	\$432		
Break Even Value (New Home)	\$138,191		

*Does not include group quarters

** From Cunningham Township Assessor

***Based on current est. home values and # of SFR units