



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: December 2, 2010

SUBJECT: **A Resolution Extending the Build Urbana Tax Rebate Program for One Additional Year (To December 1, 2011 – Build Urbana)**

Description

On November 15, 2010, City Council reviewed a discussion item related to the possible extension of the Build Urbana Tax Rebate Program. At that meeting, City Council directed staff to prepare a resolution (Exhibit A) for a one-year extension of the program to be considered at the December 6, 2010, City Council Meeting.

As noted previously, the Board of the Urbana School District was to consider a resolution of support for the program on November 16, 2010, and the Board of the Urbana Park District is to consider a resolution of support for the program on December 14, 2010. The Urbana School District did approve a resolution of support (Exhibit B) for the program on November 16. The Urbana Park District is expected to formally vote on its approval for the program on December 14, 2010.

While the approval of the resolution to extend the program will come after the current expiration of the program on December 1, 2010, the proposed resolution would make the extension of the program retroactive to December 1, 2010.

Fiscal Impacts

A detailed fiscal analysis was provided as part of the discussion item presented to City Council on November 15.

That analysis shows that 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 significant new home construction that generates overall revenue for the City well in excess of the costs associated with servicing those homes.

Recommendations

Staff recommends that Council approve the attached resolution extending the Build Urbana Tax Rebate Program for one year effective from December 1, 2010 to December 1, 2011. 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.

Staff also recommends that City Council authorize staff to work with program partners and the development community to develop other strategies to promote home construction in Urbana, including a comprehensive marketing campaign to celebrate the benefits of living in Urbana.

Prepared by:

Tom Carrino, Economic Development Manager

Attachments:

- Exhibit A: A Resolution Extending the Build Urbana Tax Rebate Program for One Additional Year (To December 1, 2011 – Build Urbana)
- Exhibit B: Approved Resolution of Support from the Urbana School District

Exhibit A

RESOLUTION NO. 2010-12-030R _____

**A RESOLUTION EXTENDING THE BUILD URBANA TAX REBATE PROGRAM FOR
ONE ADDITIONAL YEAR**

(TO DECEMBER 1, 2011 - 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, 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, on November 27, 2006, 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 on November 17, 2008, the City Council of the City of Urbana adopted Resolution No. 2008-11-023R extending the provisions of the single-family home construction incentive program to permits issued for a period from December 1, 2008 to December 1, 2010; 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, 51 new homes in 2008, 46 new homes in 2009, and 29 to-date in 2010; and

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

WHEREAS, extension of the Build Urbana home construction incentive program to continue for an additional year so that it is applicable to building permits issued between December 1, 2010 and December 1, 2011 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 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, Resolution 2006-11-028R, and Resolution 2008-11-023R to extend the provisions of that resolution to building permits issued between December 1, 2010 and December 1, 2011.

Section 3. 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 _____, 2010.

AYES:

NAYS:

ABSTAINS:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____, 2010.

Laurel Lunt Prussing, Mayor

RESOLUTION NO. _____

A RESOLUTION SUPPORTING EXTENSION OF THE CITY OF URBANA'S "BUILD URBANA"

TAX REBATE PROGRAM FOR AN ADDITIONAL YEAR

(TO DECEMBER 1, 2011 - 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, on November 17, 2008, the City Council of the City of Urbana extended the period of the program to December 1, 2010; 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, 51 new homes in 2008, 46 new homes in 2009, and 21 new homes year-to-date in 2010; 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 year, 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, 2011, 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:

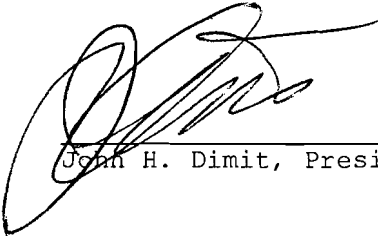
Section 1. That the Urbana School District Unit 116 Board of Education does hereby support extension of the City of Urbana's "Build Urbana" Tax Rebate Program until December 1, 2011.

PASSED by the Board of Directors this 16 day of November, 2010.

AYES: 7

NAYS: 0

ABSTAINS: 0



John H. Dimit, President

APPROVED this 16 day of November, 2010.