



South Bend
Redevelopment Commission
 227 West Jefferson Boulevard, Room 1308, South Bend, IN

**SOUTH BEND REDEVELOPMENT COMMISSION
 SCHEDULED REGULAR MEETING**

March 9, 2023 – 9:30 am

[http://tiny.cc/ RDC2023](http://tiny.cc/RDC2023) or BPW 13th Floor

Presiding: Troy Warner, Vice-President

The meeting was called to order at 9:30 a.m.

1. ROLL CALL

Members Present:	Troy Warner, Vice-President – IP Vivian Sallie, Secretary - IP Eli Wax, Commissioner – IP Dave Relos, Commissioner – IP Leslie Wesley, Commissioner - V	IP = In Person V = Virtual
Members Absent:	Marcia Jones, President	
Legal Counsel:	Sandra Kennedy, Esq.	
Redevelopment Staff:	Mary Brazinsky, Board Secretary Joseph Molnar, RDC Staff	
Others Present:	Caleb Bauer Erik Glavich Rosa Tomas Tim Corcoran Michael Divita Leslie Biek Charlotte Brach Zach Hurst Matt Barrett WNDU	DCI - IP DCI – IP DCI – IP DCI – V DCI - V Engineering – V Engineering – V Engineering – IP Resident V

2. Approval of Minutes

- **Approval of Minutes of the Regular Meeting of Thursday, February 23, 2023**

Upon a motion by Secretary Sallie, seconded by Commissioner Relos, the motion carried unanimously, the Commission approved the minutes of the regular meeting of Thursday, February 23, 2023.

3. Approval of Claims

A. Claims Allowance Request 2.22.23

Upon a motion by Commissioner Wax, seconded by Secretary Sallie, the motion carried unanimously, the Commission approved the claim for February 23, 2023

B. Claims Allowance Request 3.1.23

Commissioner Wax asked for an overview of what the IBB fund charge is for.

Commissioner Relos wondered if these were for the annual bond payments.

Rosa Tomas, Director Community Investment Finance answered these are for debt payments. Eddy Street Commons is the first one at \$1.2M. Most of the March payments are for the annual bond payments, which is true for the four IBB payments. These payments are twice per year.

Upon a motion by Commissioner Wax, seconded by Secretary Sallie, the motion carried unanimously, the Commission approved the claim for March 1, 2023

4. Old Business

5. New Business

A. Multiple Development Area

1. Budget Request (2023 TIF Road Funding Request)

Ms. Biek Presented a Budget Request (2023 Road Funding Request). This request includes multiple TIF districts for our third year of streets improvement plan. This is our final year of the original plan that was outlined in 2020. The plan will extend into the next year.

Commissioner Wax noted that \$3.3M is coming from TIF and asked if that was the entirety of the rebuild of the streets plan or is a portion coming from other city funds.

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Ms. Biek said that is correct as additional funds are coming from MBH local roads and streets. We also have our standard community crossings funding. The largest portion is from TIF.

Mr. Bauer noted when the rebuilding our streets plan was first contemplated, TIF funding was always part of the plan to cover some of the business corridors that would be paved. We are requesting slightly more than was originally anticipated due to the pricing environment. This will ensure that no streets fall off the paving list this year.

Commissioner Wax what the total amount of rebuilding our street plan for year three comes to.

Ms. Biek replied \$8M.

Commissioner Relos asked which streets are identified in the plan.

Mr. Bauer noted that he can send that information to the Commissioner's.

Vice-President Warner asked for more information on the increase in numbers.

Mr. Bauer stated that the pressures on asphalt and concrete prices are maybe moving in the right direction versus continuing to increase.

Ms. Biek noted that prices have stabilized.

Upon a motion by Commissioner Wax, seconded by Commissioner Relos, the motion carried unanimously, the Commission approved Budget Request (2023 Road Funding Request) submitted on Thursday, March 9, 2023.

B. River West and West Washington Development Area

1. Memo (Scattered Site RFP Proposals)

Mr. Molnar and Mr. Corcoran Presented a Memo (Scattered Sites RFP Proposal).

Mr. Corcoran gave a PowerPoint presentation of the submissions from the RFP process. The Department of Community Investment put out seven sites in November 2022 to see if the city could gain interest by developers or builders to purchase the properties and to look at redeveloping the parcels. We had some responses. One of the positive outcomes was the range of desirability in the land. Some of the takeaways from our perspective is not only being proactive about putting the RFP's out but by drawing and putting a vision out there really helps the development community say I can do that, and they come back with a slightly different version. Most developers are coming back with the exact project or close to it.

Mr. Bauer noted that this RFP was launched on the same timeline as a separate RFP for housing financing and direct funding support using some of the American Rescue Plan funds appropriated towards housing finance to spur new infill. We have received a number of proposals for those funds, and we are reviewing those.

Mr. Molnar stated that we received five proposals, however, one did not meet criteria. The first was from Advantix which is a statewide group that have had quite a bit of success creating affordable and low to moderate income housing statewide. Their proposal is for fifty lease purchased townhomes of affordable to low-income and they would apply for the income housing tax credits through the state. Jeff Peters and Real America used the tax credits for their project last year. Their product was single family houses, duplexes and tri-plexes. They asked for the sites along William as well as Lincoln Way West and Marion sites. They requested \$750k from that program as well as up to 10% match of the project to receive the full points for the Lihtc application. Total cost of construction was a little over \$10M. Pros and cons of the project. Pro is that fifty units was exciting to see; these would be low-income housing with a pathway to ownership. Cons were being dependent on the awarded low-income housing tax credits. We were hoping with this RFP to get committed projects that could be built right away. There was no mix of market rate in the sites while they were using a lot of different sites. The proposals for single family sites were denser and housing types would be more suited for the edge of downtown. The city does not control some of the properties.

Commissioner Wax asked if it was 10% on top of the \$750k. The sewer lateral reimbursement program we have used, as we can, as a value on a Lihtc application. If you were to calculate what the savings could be from that it will get them to the full 10% on substantial multiple sites and locations.

Mr. Bauer stated yes this would cover up from the \$750k to get to the full 10%. The second was from Allen Edwin home.

Commissioner Wax asked now that the city has 2 ½ grants, are we done for a while, or are we still optimistic that the city has another opportunity.

Mr. Bauer stated that Advantix is an interesting group, being the non-profit arm of the Evansville Housing Authority. It is a non-profit that operates statewide, but all staff and board members are of the Evansville Housing Authority. They build out projects based on the QAP which is the point matrix that IHCD puts out each year for Lihtc. Instead of presenting a project idea that IHCD hopefully likes they check with IHCD QAP and build a whole project around it. That has been what has led them the last few years to a win. Advantix has projects in each market with different sized cities. This year they won two projects as well as winning two last year. They have a good track record of putting together competitive applications. However, when a property is on hold through the application process, if it does not move forward that property is essentially held out from other possible development in hopes that Lihtc is awarded.

Commissioner Wax asked is that the explanation where they are tailoring it to the program and is one of the cons mentioned that didn't maximize the city's perspective of the use of parcels.

Mr. Corcoran stated yes because they are building toward the program rather than the property site. For instance, along William Street, the city feels it could be developed in a higher density than just townhomes. They also tend to repeat the same thing over again and it starts to cluster in one spot. Those two factors are on our cons list. It's not to say that we wouldn't consider something like that. If those parcels do not make sense, we will still continue to work with Advantix as we look at our other Board of Public Works owned properties of Redevelopment Commission to potentially build out a successful application.

Vice-President Warner asked if we know how many parcels are not owned by the Redevelopment Commission.

Mr. Molnar stated half of the units are Board of Public Works for this specific application.

Secretary Sallie asked if the talked about working with the local Housing Authority or Evansville Housing Authority.

Mr. Bauer stated that we have made connections with the local Housing Authority and had conversations with Advantix on other projects. I believe they are aware of strengthening the relationship.

The second proposal is from Allen Edwin Homes. They are a builder in the larger region. They typically have not done infill development in the city, this would be their first time. Their proposal is for ten rental single homes in a cottage court style with 20% of their rents being affordable up to 80% AMI of the median income for the region and 80% of the rent affordable up to 120% or low-income as well as workforce housing range. Their property requested the northern section of Marion, Lincolnway West along Leland just the northern part and not the portion that actually bordered Lincolnway. They request \$750k from the previous program that we mentioned provided through the separate RFP process and the purchase price of \$1 with the cost of construction at \$2.2M. Pros are that this is a mix of low-income and workforce housing all with income restrictions. This uses a challenging site with an innovative design of the cottage style which we are seeing going up on the NNN right now. The investment from the city was limited to the land and the already specified RFP process for the \$750k. This is an experienced builder. This will be a new developer bringing in over \$2M investment in a neighborhood and there is no third party required.

Mr. Corcoran noted that this is the second project Allen Edwin Homes has done within the City of South Bend. Their first project was for single family duplexes off Auten Road. Their primary build area is in Michigan with a primary contact out of Kalamazoo. It was the flag annex project off of Auten Road that got them interested in this project and the connections that were made. They are interested in working more with the city.

Mr. Molnar stated that they were one of the two that took the proposal provided and said they would like to build as close to that as possible. They are looking at the section of Marion Street with the cottage court build out. The cons are they will use only half of the Lincolnway West/Marion site, which could be a pro or con depending how it is looked at. It will still preserve the high traffic Lincolnway West.

The third proposal is from MSR development in Jonesboro. This is a joint application. They are a relatively new firm; they have owned residential strip malls, but this is their first residential attempt. The project goal is a 24-to-36-unit senior housing development as well as applying for the Lihtc through the state with rents at 30/50/60 AMI. The property requested is at William and LaSalle. The requested purchase price of \$25k with a city contribution of \$50k in tax abatements. The pros is this is a senior housing project which is always welcome. They are requesting minimal city investment and it is a new developer in this area. The cons is the project is dependent on Lihtc approval to go forward. This company has never applied for Lihtc before. As you know, the city did not win this grant for seven or eight years even with good projects proposed, they did not meet Lihtc goals. We do not think their chances are very high and their applications wants to use currently owned South Bend Housing Authority property that the Redevelopment Commission does not control. The project would depend on them getting their warehouse as well. They reached out to the Housing Authority, and they were receptive. Another con is a long timeline to completion at 30-months and they have not built residential before.

The fourth proposal is from Progressus Development Group, this is a little confusing, but they are willing to partner with us to look at the market feasibility of the sites. They would reach out to other developers on our behalf over an eight-month process. The pros are they are an outside group looking into South Bend. It is good to know we are getting a larger reach from other markets. They did not respond to the specifics of the RFP. We did ask for specifics which should include a project, a timeline and investment.

Our fifth and final proposal is from South Bend Heritage. Their goal is also one of the proposed building sites from the RFP in which we call the apartment mansion house containing six apartments with two of those being income restricted affordable three-bedroom units and three of them being two-bedroom market rated. One would be a one-bedroom market rate. This would make it affordable housing. The property they looked at was Washington and Taylor. The request was the property for \$1 with \$750k. The timeline is to complete the project within seventeen to eighteen months with a \$1.5M investment. The pros of this project would fit with the character of the neighborhood matching the scale and the size of properties along Washington with a mix of affordable and market rate units. This is a plus in providing both to the community. They are a proven developer with a track record of completing projects and a long-standing community partner. They used one of the proposals from the RFP and there is no third party required.

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A sketch of the project mocked up was shown. The cons are that these are permanent rentals and some of the other options had an ownership option at the end. This is a relatively small project.

Staff recommends pursuing the options with Allen Edwin and South Bend Heritage. Staff is working with Advantix to find alternate sites to apply for Lihtc 2023. We are hoping to still use them on Lihtc applications. Staff will still contact both MSR and Progressus for further conversations.

Vice-President Warner stated on the state low-income housing tax credits before we got to that process, Council had to pass a tax abatement, and do at least a development agreement. Transferring land was contingent with a purchase agreement in place. When is the deadline for the Lihtc grants.

Mr. Corcoran stated the Lihtc deadline is August 2023.

Mr. Bauer noted that we are entering the usual timeline for the year when we will be going to Common Council with proposals for abatements and then purchase agreements. What we have seen in recent years is development agreements in which we can bring them either before or after Lihtc awards. What we have done on a few projects is commit that we would bring it before the Commission if Lihtc was awarded and that seems to have satisfied IHEDA in the last couple of years. It is a developer preference.

Vice-President Warner noted that he has talked with folks downstate, and this is really a scoring for those people with income and housing tax credits. There are groups that know how to get that scoring and they continually win. I was told that 60% are won by folks who routinely win.

Mr. Corcoran noted that Advantix always seems to win. Our success this year was based on the fact we had been working with the developers for at least two or more years right up until the application. Their applications were really strong.

Commissioner Wax asked what the estimated cost of the Allen Edwin project was over \$2M. His question is Allen Edwin and South Bend Heritage is a significant portion of city investment. He questions what the city's role is with 50% to 30% of the project cost coming from the city. Are we in the business of working with others to help facilitate these projects. Ten percent is one thing, that is the cost of helping the project to the finish line. When the city is a major provider of resources, he is questioning investment. He is asking for staff feedback.

Mr. Bauer stated that generally when we come before the Commission with a development agreement for a larger multi-family development, those would not be the percentages we would bring before the Commission. If we look at our track record of using Community Development Block Grant, federal funds which is often one way in which the city helps incentivize infill single family housing development with mostly CDC's, NNN, 466 Works and South Bend Heritage those are a lot closer to the percentages that we look at as far as subsidies.

This is a testament to the ongoing market challenges we do have in the real estate market. There are certain areas of the city in which this is not the case. Mostly areas that are closer to Notre Dame or closer to the East Bank of the river, where we do see Century Builders, for example moving forward with market rate construction without a need for significant incentives. If we are looking at low-income housing and building in areas where the housing market is not as healthy, it does require for us to potentially look at some higher percentages of subsidy just to get those projects off the ground. Most of the new construction occurring in this neighborhood is from the NNN or from South Bend Heritage. The home builder that builds homes outside of the CDC format would be interested in infill housing which is something we would really like to see. That could mean that we have a home builder that is now interested in doing infill development elsewhere within the city. Most of our infill development right now is coming from our CDC partners; they do a great job. We need more activities so to bring a private developer in that is interested in doing infill activities is an exciting prospect. South Bend Heritage proposal is always going to be a challenging site for development. It is in a historic corridor and a unique parcel. It will take a more creativity from the developer.

Commissioner Wax asked what the source of the other grant of \$750k was.

Mr. Bauer stated that is appropriated American Rescue Plan Funds. It was in the housing financing line. There was \$2.5M appropriated to housing financing and we are still reviewing proposals on those RFP's but we hope to announce awards in the next few weeks.

Commissioner Wax stated then we have a few shots at this and then that source is going to dry out. It isn't something we could sustain long term. These projects with that level of city investment.

Mr. Bauer stated yes.

Mr. Molnar noted that is for both Allen Edwin and South Bend Heritage were not requesting any money from the Redevelopment Commission, just a request for the property.

Mr. Bauer stated that \$750k was the maximum that a proposal could request and there are a number of requirements. Part of the RFP and affordability requirements and different requirements on sale price of the home being appraised at a certain value. The proposals have to meet those requirements. We are not in a position to announce what the funding award would be at this point but that is what they have requested from us.

Mr. Corcoran stated that he is really intrigued by the Edwin Allen submission. Council remembers just last week the rezoning for Burton's Laundry included the potential for townhouses on the southern edge. This is all on the same street. It is intriguing that outside developers other than the CDCs are interested.

Vice-President Warner noted that this is very exciting. When the RFPs were handed out, he carried the packet around as a kind of advertising these city lots. These are potential ideas of what we can do. The housing market is broken or disjointed if you can buy the lumber and pay the labor; you can spend \$200k building a 1,500 square foot house but you will not get an appraisal for that price. Some of the options here are making sure there are lower thresholds making it more affordable for those that need it most. We have been awarded three larger projects from the low-end housing tax credits and now some smaller infill will push the density. I agree with the suggestions to go forward and talk to all five developers.

Mr. Molnar stated that this is currently vacant land that does not provide anything to anybody. The parcels have not provided use for a couple of decades and the neighborhoods have had two different population declines.

Mr. Relos asked if Allen Edwin also does six-plexes.

Mr. Corcoran stated that he was not sure. They are building up on the north side of town. They were really impressed about how easy it was to understand what can be done in the city. They came to us with the zoning ordinance photocopied, which is the first time we have seen that. We were happy they did that. They are a large company. A lot of the larger home builders are starting to realize that they cannot just build single family homes. The demographics don't support that. They want to get out and explore how they can do something a little bit smaller and still get returns that they are looking for and explore how they can build different product types.

Commissioner Wax echoes a lot of what Vice-President Warner said as this is exciting. This is something that we were hoping for. This is a testament to if you draw it, they will come. As with zoning, having people have a clear understanding of what the expectations are and being able to give people fully fleshed ideas of what ideas can be. If we can figure out how to make Advantix a partner seems like a wonderful door to open. I hope we are doing whatever we can to keep that alive and make sure that we can find something that works. The other ideas are great ideas, they are a few units. Advantix could be a really valuable partner. He reiterated that with the ARP funds that we have no reason to believe more is coming down the road. Hopefully the federal government will take a more conservative view on spending and inflation. We need to be sure to maximize the value on a source of funds that is expiring. If the staff believes that based on what we have been exploring that it is the best value, I will say let's go forward and continue to explore that. It is not replenishable as far as we know.

Vice-President Warner asked when we can do a second RFP.

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Mr. Corcoran replied we are thinking about it. We are also looking to expand our pre-approved housing plans. We have two in the works that will be available shortly. The two that were explored were ideas brought to us by the small-scale developer community that is growing in South Bend. We asked them and they said that a side-by-side duplex was intriguing and a smaller one-story cottage about 800 square feet was something they would be interested in. Those are the next two. Construction drawings are complete, and we are reviewing them.

Commissioner Sallie asked about a lot of vacant housing and lots by the new MLK Dream Center. Are there any plans to try and do anything with those properties.

Mr. Bauer stated that the city is in preliminary conversation with a number of developers interested in Linden Avenue. Not a lot can be shared at this point but that is absolutely a priority for the city. Just as we have seen the investments in Howard Park, private investment around the park or any number of public improvements such as on Western Avenue are great examples. We believe that will also be the case around the Dream Center. We will be working with folks to help bring some new developments to the vacant properties there. Most of those parcels are privately owned.

Matt Barrett, resident asked about affordability. The median city income is \$37k of which 20% of that can be used in terms of loans for housing. Divide that by 12 and you're looking at \$900 per month is the maximum payment you get with interest rates going up. I just want to make sure we are doing the forecasting because that seems to be the biggest challenge in South Bend. I am afraid that even at \$200k that is not affordable at \$900 per month. As interest rates go up, he hopes that we pay attention to affordability.

Mr. Bauer stated that the median household income is closer to \$46k depending on which census data is being looked at. The national average was \$48k. Affordability in South Bend is a top priority. Both proposals being considered have affordable housing units. According to research from the Kinder Institute for Urban Research, we know that there is a demand at those different income levels.

No action by the Commission is needed for this presentation. The presentation is provided through the Redevelopment Commission website on the March 9, 2023, meeting (<http://docs.southbendin.gov/WebLink/Browse.aspx?startid=3362&row=1&dbid=0>).

C. River West Development Area

1. First Amendment to Development Agreement and Report (Gemini-Colfax)

Mr. Hurst Presented a First Amendment to Development Agreement and Report (Gemini – Colfax). The amendment before you is for a timeline extension to allow Board of Public Works to procure one more project on South Bend Heritage's behalf. There would be \$1M for South Bend Heritage to rehabilitate the apartment building in exchange for up to a maximum of six permanent supportive housing vouchers being used at this apartment building. The original agreement expired December 31, 2021.

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We completed four of the projects at the property including replacing the roof, masonry repairs to the external brick façade, replacing the fire stairs and replacing the existing water tap to help with the water pressure. We entered into a fifth project window replacement. That contract started about \$207k. We executed a change order to increase to \$247k. The project stalled during COVID, and we put a cancellation order into the Board of Public Works for that contract. South Bend Heritage still maintains the windows and will hire the labor for installation at their own pace and cost. It is easier for an apartment building to directly hire a contractor than it is for a city to procure through our public works project. We have \$70k with the cancellation of that contract and we would like to put that back into the building by capping the existing chimneys and replacing some deteriorating sidewalks. South Bend Heritage is a non-profit. They have limited resources. This is just a time extension to allow for one more small quote project to be procured.

Commissioner Wax asked about the \$1M investment that is for those projects.

Mr. Hurst stated it is separate. This is just a summarization of how the city has spent the dollars on that building.

Commissioner Wax asked if they follow every other aspect of the development agreement.

Mr. Hurst stated they have not exceeded the six PSH vouchers.

Mr. Bauer stated that they are on track. There have been some challenges on the adaptive reuse of the historic building. You are going to have some unexpected hurdles. As you drive by the building compared to what it once was, it is exciting to see, and we have received great feedback from residents.

Matt Barrett, resident asked what happened in terms of the window project.

Mr. Hurst stated the window installer went out of business as he lost his labor force. South Bend Heritage has all of the windows.

Matt Barrett asked so the city is in for \$740k. The windows are \$207k for that.

Mr. Hurst stated that there is a \$40k change order that was applied to the windows. From the \$1M after all the original contracts, we had about \$12k left. We cancelled the window contract and received \$58k back. The original contract was \$207k.

Mr. Bauer stated a portion of the window contract was executed but not completed so we received \$58kback. The city expenditure will not exceed \$1M. There are time that the developer does not realize that the TIF expenditure hasn't reached the committed amount and like in this case with the windows we had identified TIF eligible expenses. Then they untimely decide to cover the windows. We have to go back to the drawing board and find new TIF eligible expenses to meet the commissions commitments to the project which are sometimes challenging.

Upon a motion by Commissioner Wax, seconded by Secretary Sallie, the motion carried unanimously, the Commission approved First Amendment to Development Agreement and Report (Gemini – Colfax) submitted on Thursday, March 9, 2023.

6. Progress Reports

- A. Tax Abatement
- B. Common Council
- C. Other

7. Next Commission Meeting:

Thursday, March 23, 2023

8. Adjournment

Thursday, March 9, 2023, 10:30 a.m.

Vivian Sallie, Secretary

Troy Warner, Vice-President