



# CITY OF SOUTH BEND

## COMMUNITY INVESTMENT

TO: South Bend Common Council

FROM: Erik Glavich, Director, Growth and Opportunity

SUBJECT: 2022 Annual Tax Abatement Report

DATE: June 15, 2023

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It is our pleasure to present the Annual Tax Abatement Report from the Department of Community Investment. The report provides information on tax abatements confirmed by the Common Council and active as of December 31, 2022. The active number of abatements for each type are provided below.

- Real Property: 52 active tax abatements
- Vacant Building: 4 active tax abatements
- Personal Property: 20 active tax abatements

For real properties where actual costs were reported on the CF-1 forms, the total assessed value before a tax abatement was granted was about \$21.0 million total for 42 properties. As of January 1, 2023, the combined assessed value for these properties is now \$219.8 million.

As the economy continues to recover from the pandemic, investments in our community continue to increase. Among abatement recipients that reported costs:

- Real property investments were \$326.4 million, exceeding commitments of \$319.5 million; and
- Despite inflationary pressures and supply chain challenges, personal property investments totaled \$53.2 million, nearly equaling the \$53.9 million in commitments made by these abatement recipients.

Total job creation goals have been exceeded across all tax abatements. Below are the reported job numbers from abatement recipients who have begun receiving the benefits of their abatements.

- Real property abatements committed 2,183 jobs and achieved 2,726 jobs.
- Personal property abatements committed 702 and achieved 732 jobs.

Total minority employment among all abatement recipients was 1,367, a decline from last year due to abatements that expired and are not included in this report.

The staff reviewed annual CF-1 forms submitted by the tax abatement recipients and found that no recipients are considered noncompliant and only two abatements are considered substantially in compliance. The two abatements that were substantially in compliance are both associated with Liberty Tower, and the rating was due to changes in the project scope since abatements were issued and residual challenges related to the pandemic. The developer is moving forward with the final phase of the \$40+ million Liberty Tower renovation.

Attached you will find the detail elements of the City of South Bend 2022 Tax Abatement Annual Report. The report is split into four parts:

- **Part 1 – Real Property Tax Abatement Summary.** Provides a complete listing of companies granted real property tax abatement and receiving an assessed valuation deduction during tax year 2022 (pay 2023); shows completion of a project and investment amount; details the employment impact and Form CF-1 / Real Property compliance of the abatements.
- **Part 2 – Personal Property Tax Abatement Summary.** Provides a complete listing of companies granted personal property tax abatement and receiving an assessed valuation deduction during tax year 2022 (pay 2023); shows completions of a project and investment amount; details the employment impact and Form CF-1 / PP compliance of the abatements.
- **Part 3 – Local Companies/Minority Contractors & Minority Employees.** The minority groups are all persons classified as African American, Hispanic, American Indian, Alaskan Native, Asian and Pacific Islander.
- **Part 4 – New Tax Abatements Confirmed by the Common Council.** Provides a list of all companies for which the Common Council confirmed tax abatements in 2022.

*Important Notes:*

- *Section 2-76.1 of the Municipal Code recognizes the following minority groups: All persons classified as Black, Hispanic, Asian and Pacific Islander, American Indian, or Alaskan Native. Sec. 2-84.13 requires the number of minority persons hired since the completion of the project for which the abatement was given and the names of local and/or minority contractors used for the project.*
- *Assessments: If an assessment did not occur prior to or on January 1, the abatement will not activate until the following year. Business operations can begin; however, tax assessments and deductions start after the issuance of County Assessment Form 11.*

After reviewing the attached report, please feel free to contact me at (574) 235-5838 with any questions.