



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

**SOUTH BEND REDEVELOPMENT COMMISSION  
 SCHEDULED REGULAR MEETING**

September 14, 2023 – 9:30 am

<https://tinyurl.com/RedevelopmentCommission> or **BPW 13th Floor**

Presiding: Marcia Jones, President

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

**1. ROLL CALL**

Members Present:	Marcia Jones, President – IP Troy Warner, Vice-President – V Vivian Sallie, Secretary – IP Eli Wax, Commissioner - IP David Relos, Commissioner – IP Leslie Wesley, Commissioner - V	IP = In Person V = Virtual
Members Absent:		
Legal Counsel:	Sandra Kennedy, Esq. Danielle Campbell, Asst. City Attorney	
Redevelopment Staff:	Mary Brazinsky Sears, Board Secretary Joseph Molnar, RDC Staff	
Others Present:	Caleb Bauer Erik Glavich Antonius Northern Kara Boyles Charlotte Brach Zach Hurst Leslie Biek Jordan Mark Peterson Tyler Woods Desmond Upchurch Matt Barrett M Mazurek Annie Kate Scott Kreger John H. Allison G.	DCI DCI DCI Engineering Engineering Engineering Engineering SB Tribune WNDU WNDU 327 S Frances St 110 S Niles Ave 2424 California Road ABC57 Property Brothers, LLC Online Online

## **2. Approval of Minutes**

### **A. Approval of Minutes of the Executive Session of Thursday, August 24, 2023**

Upon a motion by Commissioner Relos, seconded by Commissioner Wax, the motion carried with Vivian Sallie abstaining as she was not present, the Commission approved the minutes of the regular meeting of Thursday, August 24, 2023.

### **B. Approval of Minutes of the Regular Meeting of Thursday, August 24, 2023**

Upon a motion by Commissioner Wax, seconded by Commissioner Relos, the motion carried with Vivian Sallie abstaining as she was not present, the Commission approved the minutes of the regular meeting of Thursday, August 24, 2023.

## **3. Approval of Claims**

- A. Claims Allowance 8.24.23
- B. Claims Allowance 8.29.23
- C. Claims Allowance 9.12.23

Upon a motion by Commissioner Relos, seconded by Secretary Sallie, the motion carried unanimously, the Commission approved the claims allowances of August 24, August 29, and September 12, 2023.

## **4. Old Business**

## **5. New Business**

### **A. River West Development Area**

#### **1. Budget Request (Rebuilding Our Streets RWDA)**

Kara Boyles Presented a Budget Request (Rebuilding Our Streets RWDA). The request in the amount of \$255k is to provide funding to support the city's Rebuilding Our Streets Plan which is in its third year of implementation. Requested funds will be used for the paving and reconstruction of the intersection at Ameritech & Cleveland Road.

Ms. Boyles explained that this is a complicated maintenance for the intersection as this intersection is heavily traveled by semis and other traffic as an entrance/exit to the bypass. In order to do this project, we will have to do it in five different cases in order to construct it and make sure that everyone has accessibility. All of the legs of the project are complete except the intersection. The price of concrete is now higher than the 2023 prices and the complicated maintenance of the traffic. At each cycle of the work, the concrete has to be cured with no traffic for seven days. This project has a completion date in Spring 2024. Commission approval is requested.

Upon a motion by Commissioner Relos, seconded by Commissioner Wax, the motion carried unanimously, the Commission approved Budget Request (Rebuilding Our Streets RWDA) submitted on Thursday, September 14, 2023.

**2. Development Agreement (Property Brothers, LLC)**

Erik Glavich Presented Development Agreement (Property Brothers, LLC). Mr. Glavich presented the commission with a Development Agreement with Property Brothers LLC, a small-scale developer committed to providing high-quality affordable housing in South Bend. The properties are on the Near Northwest side. Jordan Richardson, the founder, and CEO is joined virtually.

The development agreement before you involves three separate properties. The developer is undertaking a project to rehabilitate two existing vacant residential buildings and construct a new residential building, bringing online at least seven new residential units near the Lincoln Way West corridor. Mr. Richardson has purchased the fourplex and has signed a purchase agreement with Anne Mannix. Mr. Richardson is using the city's pre-approved plans and we are very excited about that, which will help reduce his costs. The developer hopes to have eight high quality affordable units online by December 31, 2025. The agreement states a minimum of seven units as the Scott Street property may be a challenge as it is not wired for four units at this time.

This agreement specifies that the funding amount provided by Redevelopment Commission will not exceed \$150,400 and the private investment by the developer will be no less than \$709,000. The Developer agrees to complete the project by the end of 2025. The funding amount will be used for local public improvements such as exterior improvements to existing real property and site improvements. There are numerous public improvements related to the investment such as sidewalks, curb work and alleyways. Mr. Richardson has a tremendous reputation for high quality work.

Mr. Richardson, CEO states they are excited to take on a project of this weight in that area. This will help support the need for housing. Our desire was to do a new building. We requested a couple of projects at once to help area housing. We have already purchased one of the properties and they are in extremely rough shape. One has a tree growing in it. The properties have been broken into and used as a squatting area for the homeless.

Secretary Sallie thanked Mr. Richardson for being interested in the properties and asked what his definition of affordable housing would be. Everyone's definition of affordable housing is not the same.

Mr. Richardson stated the rates are what the Housing Authority and HUD rates are. The scale changes as to what is fair and affordable.

South Bend Redevelopment Commission Regular Meeting – September 14, 2023

Mr. Glavich states one of the city's priorities is affordable, quality housing.

President Jones asked who pays for the sidewalks.

Mr. Glavich stated that the homeowners do. The curbs are the cities.

Commissioner Wax asked if the sidewalk is part of the local public improvements.

Mr. Glavich stated yes, along with landscaping, curbs, roofing, windows etc. These are included in the development agreement.

Commissioner Wax asked if a developer uses the funds for roofing, windows and runs out of money for the sidewalks; what happens. Is it a requirement that those public improvements must be done or is that something that is theoretically left to fall through the cracks.

Mr. Molnar stated when you file for a building permit for a new home, you are required to replace your sidewalks. If the RDC did not cover the sidewalks it would be the developer's responsibility.

Mr. Richardson states their goal is to bring as many units as possible online.

Commissioner Relos asked if Mr. Richardson has done other projects.

Mr. Richardson stated yes, and they have focused on the Near Northwest area. One project was completed near the Botany shop in 2020. They were able to do a full rehab on the property. They have done a few in this Near Northwest neighborhood.

Mr. Glavich stated that the Scott Street block also has the Advantix project of a minimum of eight units and a maximum of twelve units in the next few years. This would be near the new Charles Martin Center near Lincoln Way West.

Matt Barrett, resident, would recommend affordable housing be defined in the development agreement going forward. He did not see when the project was to be completed in the agreement with a clause that talks about a certificate of completion. He recommends that there be certificates of occupancy issued for all users before the project is completed.

Commissioner Wax read from the agreement stating that the developer agrees to complete the project by December 31, 2025.

Mr. Molnar stated that when the city uses the word affordable in an agreement that it is always tied back to the HUD metric. When there is not a specific income requirement, we use the term market rate.

## South Bend Redevelopment Commission Regular Meeting – September 14, 2023

Mr. Glavich stated that the certificate of completion clause is typically included in purchase agreements not in the development agreement. Exhibit D in the project does clarify Mr. Barrett's question.

Ms. Campbell-Weiss stated that in this agreement the new build plus the number of units required is in the project plan and needs to be completed by December 31, 2025; if not, that is what triggers reimbursement obligations.

Mr. Barrett asked what needed to happen by that date and he again suggested that there be a certificate of occupancy to the properties.

Mr. Richardson stated the certificate of occupancy is something that the building department works on with developers. It is a natural part of the rehab process. That item is on his check list.

Mr. Bauer states that this is not a trust piece. The agreement is outlined in Exhibit D for each of the units. Mr. Bauer read Exhibit D to the commission.

Commissioner Wax stated that is how he understood Exhibit D and we have made positive improvements in our development agreements. It is something we could require in the future.

Vice-President Warner stated that more clarity in the agreements going forward is better. We have other agreements where that is stated. If we have issues, it will help clean things up on other ends.

Mr. Barrett stated there are at least four categories of affordable housing. Any four categories count for fair market value calculations by HUD.

Mr. Bauer stated that Mr. Richardson was referencing the HUD threshold to determine eligibility from private property owners for participating in the Housing Choice Voucher program. He clarified the HUD and the Housing Choice Voucher program.

Upon a motion by Vice-President Warner, seconded by Commissioner Wax, the motion carried unanimously, the Commission approved Development Agreement (Property Brothers, LLC) submitted on Thursday, September 14, 2023.

### **3. Compliance Update (Bear Brew, LLC)**

Caleb Bauer Presented a Compliance Update (Bear Brew, LLC). This is better known as Bare Hands Brewery. The Commission was updated on where we are at with the latest amendment to the real estate purchase agreement, which may move them to decide on official action.

Disposition of the former Gates lot was in 2013. There were no bids at that time. In 2016 the Redevelopment Commission and city staff negotiated a purchase agreement for the property for \$1 in exchange for private investment commitment to open a brewery on that site. Since this agreement there have been seven amendments to the original agreement.

## South Bend Redevelopment Commission Regular Meeting – September 14, 2023

During that time the private investment commitment was reduced in an effort to assist the business owner and to obtain compliance including extension of the timeline several times over a seven-year period.

Staff came before the Redevelopment Commission approximately one and a half years ago to set a couple of new deadlines with a slightly different format with two separate deadlines. The rough in inspection deadline was for February 1, 2023, and a project completion deadline of September 1, 2023. Bare Hands Brewery did complete the rough in inspections although there were some pieces that they needed to resolve from that inspection. That occurred prior to the February 1, 2023, deadline. Since that time, little to no work has been done at the site and it is not near completion. The owner reached out to staff on August 29, 2023, a couple days prior to the final completion date explaining that they do not have financing in place or the financial means to complete the project and requested an extension of at least another year.

The third amendment to the purchase agreement in which the Redevelopment Commission initiated an attempt to retake control of the property did clarify in the reversion clause that there would be re-payment to Bare Hands the cost of physical improvements to the building. Bare Hands would need to share detailed invoicing with review and approval by the Commission staff. We did share that with the Bare Hands ownership team, and we received information from them this morning. Not all of the information received fits within the reversion clause, so we are not able to share that today as we have not had time to review. Chris Gerard, owner of Bare Hands was not able to join today's meeting, but he was invited to.

Taxes owed on the property currently are \$8,073; of that \$6,893 are delinquencies over the last couple of years. There was a partial payment made in March 2023. The staff has always wanted this project to move forward and have worked with Bare Hands to assist them. Seven years have passed since the beginning of the project, and we feel that was enough time to complete the project.

Bare Hands has a great retail facility in Granger. This is not about the business itself but about the commitments that have not been met in the agreements or many amendments. There is no clear pathway to the commitments to be met in the future.

Staff recommends consideration of official action to issue a letter of default to Bare Hands/Bear Brew.

Commissioner Wax states that every project through Redevelopment; especially those for a dollar, are real cost opportunities for developers. Does staff feel that there would be other opportunities at this property?

South Bend Redevelopment Commission Regular Meeting – September 14, 2023

Mr. Bauer states as a courtesy to Bare Hands, we felt it would be inappropriate to discuss with others prior to the deadline. We want to make sure we gave the property owner a full chance to the terms of their commitments. He does believe in the last seven years that the block and its marketability has changed significantly. With new investments coming in full force through various expansions he does think it is a great opportunity. Is there a better use for the entire block instead of just for the Gates building. We have received inquiries, but we have not had discussions out of respect to this agreement.

Commissioner Wax asked what would the commissions obligations be to future development? Would we be starting back at a dollar or would we be building that in to get it back from a future developer. If a letter of compliance is issued would the commission have to eat the cost, or do we expect this to be on the next developer?

Mr. Bauer stated he cannot state what will happen. He believes that the expenditures are minimal and that need to be reimbursed but staff needs to review the invoices. He believes that we can incorporate the expenditure into the future purchase price of the property, so the Commission is reimbursed.

Secretary Sallie stated that she is very disappointed that here is not a representative here today to speak on behalf of Bare Hands as this is a very serious matter to default. She also believes that it is disrespectful to the Commission to present their side.

Vice-President Warner stated that the initial notification of disposition was in 2013. He is unsure if we will need to go through the process again. He states that on the fifth amendment of February 2022 the Commission was told that financing was in place and Bare Hands was moving forward. In July 2022 there were construction delays and again we are hearing financing issues. We want development there. He believes they have had ample opportunity and he believes it is time for a different project there.

Desmond Upchurch, resident asked if Bare Hands would be able to receive the new vacant building loan from the city for up to \$500k.

Mr. Bauer states that is something that BDC could look at, but they would have to have a financial institution that provides 50% of that loan. Per several conversations with Bare Hands, he does not believe there is a financial institution in place with the developer. There is an underwriting process for this loan and with the history of the business I do not believe they would qualify but they could apply.

Mr. Barrett, resident does not understand why benefits are extended to enterprises with delinquent taxes.

Upon a motion by Vice-President Warner, seconded by Commissioner Wax, the Commission unanimously approved the City of South Bend Legal Department to proceed with a letter of default to Bare Hands Brewery/Bear Brew as of September 14, 2023.

**6. Progress Reports**

A. Tax Abatement

1. Erik Glavich stated that at the Common Council meeting the Council approved the following:
  - Common Council approved a five-year personal property tax abatement for Imagineering Enterprises. The petitioner plans to purchase and install a new electroless nickel line costing \$2,631,500. The investment will increase revenues by 25 to 30 percent and enable Imagineering to hire 10 new full-time employees.

B. Common Council

C. Other

1. Joe Molnar updated the Commission on the St. Joseph County tax sale. The staff has interest in two properties that were on the acquisition list. One property tax were paid prior to the sale. The other property went considerably higher than our maximum bid.
2. Mr. Molnar stated the Board of Public Works approved the transfer of the property at Washington and Taylor. An RFP was drafted, and we are reviewing it and will send it to South Bend Heritage soon.
3. Caleb Bauer provided details on the new Vacant Building Credit Enhancement Fund. This will be administered by the nonprofit Business Development Corporation. They are an SBA lender who will take on the underwriting and administrative duties of the program. The program is a revolving loan program to provide secondary loan financing. This paired with financing from a traditional lender for the redevelopment of vacant buildings with preference on commercial corridors.

**7. Next Commission Meeting:**

Thursday, September 28, 2023

**8. Adjournment**

Thursday, September 14, 2023, 10:30 a.m.

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Vivian Sallie, Secretary

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Marcia Jones, President