

Department of Community Investment

South Bend Common Council

March 23, 2026



City of South Bend
Indiana

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Bianca Tirado
City Clerk, South Bend, IN

Agenda

Bill No. 11-26

Ordinance Authorizing PILOT for Heritage Trails South Bend, LP (Substitute)

Bill No. 26-10

Resolution Establishing a Local Fund (Affordable Housing Fund) for Receiving PILOT Payments



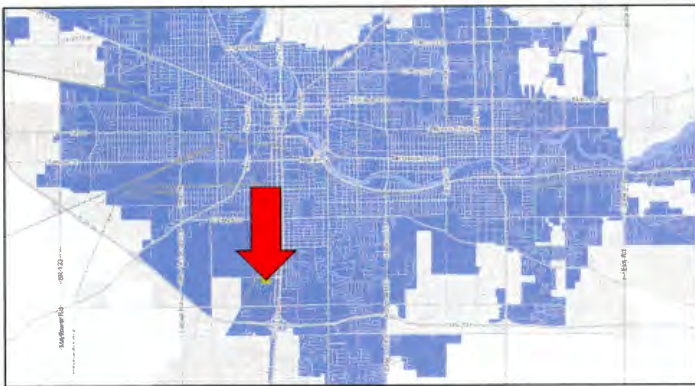
Bill No. 11-26 PILOT Ordinance & Agreement

Indiana Code 36-1-8-14.3 et seq.

- Enables a political subdivision (e.g., the City) to adopt an ordinance requiring payments in lieu of taxes (PILOTs) from qualifying property owners, with the property owner's approval through a PILOT agreement
 - PILOT amounts are negotiated
 - PILOTs are administered and billed directly by the political subdivision, not by the county tax system
 - All PILOT revenue must be deposited into an Affordable Housing Fund and used for eligible housing-related purposes



Bill No. 11-26 PILOT Agreement for Heritage Trails



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Bill No. 11-26

PILOT Ordinance & Agreement

Features of a PILOT

- Property owner pays the City a negotiated amount instead of paying traditional property taxes
- Similar to a tax abatement except that a PILOT agreement clearly defines the amount of “taxes” the owner will pay; provides certainty to the property owner
 - The amount of taxes for a tax abatement is not determined until after the assessed value of the property is determined
- Supports affordable housing while still ensuring the City receives revenue during the property’s LIHTC period
- Revenues from a PILOT must be deposited into an Affordable Housing Fund



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PILOT Ordinance & Agreement

Project Summary

- Affordable residential development on the south side of Chippewa Avenue, west of Main Street
- 180 units, income-qualified for households at or below 60% AMI
 - 1-person household: \$36,960 income; 2-person household: \$42,240
 - 3-person household: \$47,520; 4-person household: \$52,800
 - 5-person household: \$57,060; 6-person household: \$61,260
- \$47.5 million project
- Awarded Low-Income Housing Tax Credits by the IHCD in November 2025

About the Developer

- Birge & Held is a national real estate investment, construction, development, and management firm headquartered in Indianapolis



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PILOT Ordinance & Agreement

PILOT Ordinance Summary

- Establishes the amounts that the property owner is to pay the City in lieu of traditional property taxes; establishes a 15-year payment schedule aligned with the requirements associated with the LIHTC award
- Authorizes and approves the form of PILOT agreement with Heritage Trails, LP (Exhibit B of the ordinance)
- Directs the property owner to file the recorded Ordinance and PILOT Agreement with the City Clerk's Office, the County Assessor's Office, the Auditor's Office, and County Treasurer's Office
- Authorizes City staff to sign agreements and take other actions related to the PILOT



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PILOT Ordinance & Agreement

PILOT Agreement Summary

- Establishes that the apartment units are dedicated for households at or below 60% AMI
- Requires the property owner to enter into an Extended Use Agreement with the IHEDA
- Asserts the PILOT Agreement does not preclude the owner from other statutory obligations
- Establishes the PILOT schedule: the amount paid each year over 15 years (due in May and November each year)
- City bills the property owner, not the County; funds are held in the Affordable Housing Fund
- PILOT payments are treated the same as normal property tax payments
 - City has full legal authority to pursue collection (Indiana Code 6-1.1-22-1 et seq.)
 - State code preserves the City's authority to issue penalties and charge interest for late payments, charge collection costs, and employ other enforcement mechanisms similar to standard property taxes (Indiana Code 6-1.1-37-1 et seq.)



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PILOT Agreement

Tax Summary: Current

- Current assessed value: \$173,600
- Current tax liability (Pay 2026): \$5,828

Tax Summary: During PILOT

- Annual tax liability following completion of the project is approximately \$330,000
 - Indiana Code 6-1.1-4-41 establishes how LIHTC properties are assessed
- Taxes to be paid during the 15-year PILOT: \$669,560
- Taxes paid with PILOT
 - After 10 years: \$412,700 (\$58,280 with no project)
 - After 15 years: \$669,560 (\$87,420 with no project)
 - After 20 years: Estimated \$2,307,700 (\$116,560 with no project)



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PILOT Ordinance & Agreement

Year	Tax Year/Pay Year	Estimated Tax Liability	PILOT Payment	Estimated Tax Savings
1	2028 / Pay 2029	\$ 332,058	\$ 36,000	\$ 296,058
2	2029 / Pay 2030	332,735	37,080	295,655
3	2030 / Pay 2031	334,247	38,192	296,055
4	2031 / Pay 2032	337,590	39,338	298,252
5	2032 / Pay 2033	340,966	40,518	300,448
6	2033 / Pay 2034	344,375	41,734	302,641
7	2034 / Pay 2035	347,819	42,986	304,833
8	2035 / Pay 2036	351,297	44,276	307,021
9	2036 / Pay 2037	354,810	45,604	309,206
10	2037 / Pay 2038	358,358	46,972	311,386
11	2038 / Pay 2039	361,942	48,381	313,561
12	2039 / Pay 2040	365,561	49,832	315,729
13	2040 / Pay 2041	369,217	51,327	317,890
14	2041 / Pay 2042	372,909	52,867	320,042
15	2042 / Pay 2043	376,638	54,453	322,185
Total:		\$ 5,280,523	\$669,560	\$ 4,610,963



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Heritage Trails and City Support

- PILOT Agreement and SDC waiver
- 10% of the total project cost
- No other City support



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Bill No. 26-10

Affordable Housing Fund

- Bill No. 26-10 would establish an Affordable Housing Fund
 - State Code establishes that PILOT payments must be deposited into an Affordable Housing Fund
- Department of Community Investment would administer the fund
- Indiana Code 5-20-5-15.5: Establishes the statutory guidelines for a local Affordable Housing Fund, including the use of funds
 - Housing support for households at or below 80% of the county median income.
 - Financial assistance, includes support for residents and/or for the development of affordable housing for income-eligible households
 - Technical assistance to nonprofit affordable-housing developers
 - Administrative expenses associated with operating the Affordable Housing Fund

