

# City of South Bend

## Resolution Approving

# Interlocal Agreement for Creation of Regional Land Bank



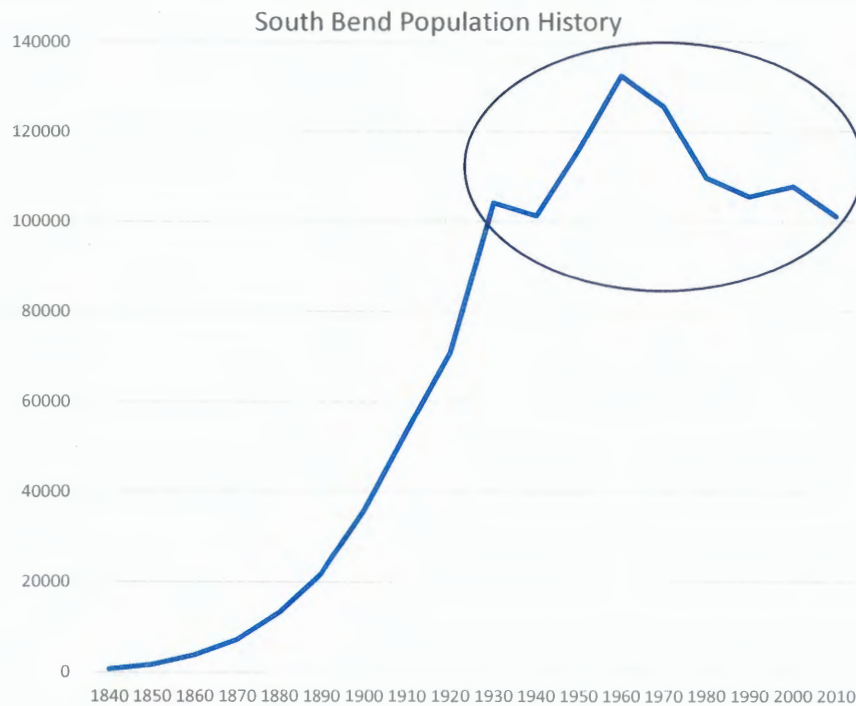
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Filed in Clerk's Office

**MAR 24 2026**

Bianca Tirado  
City Clerk, South Bend, IN

# Blight and Vacancy In South Bend



South Bend lost 30k+ people in 50 years

Vacancy + Blighted Properties Ballooned

Resulting Need for Vacant Property and Blighted structures strategy



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# Blight and Vacancy in South Bend



Four blocks in the Near Westside, 1998



Four blocks in the Near Westside, 2015



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# Blight and Vacancy in South Bend

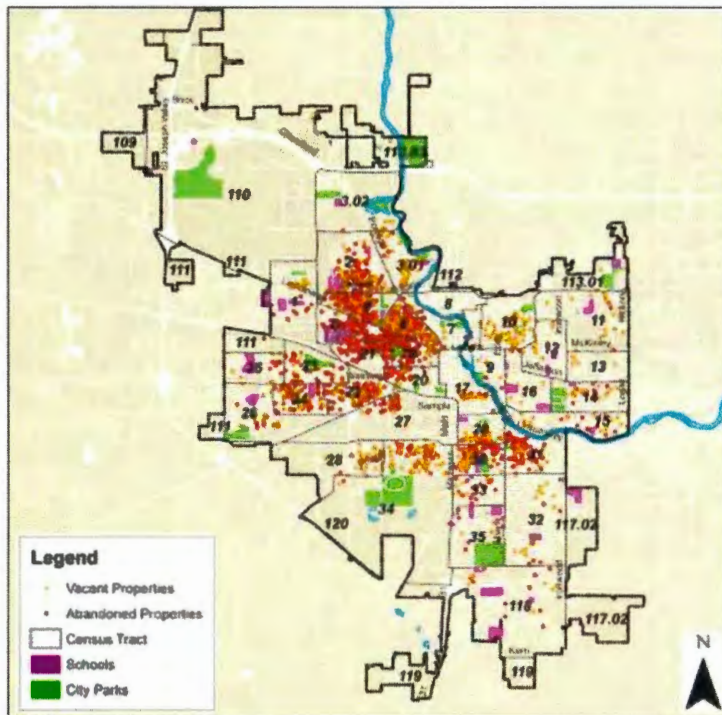


fig. 13 Vacant and abandoned properties

- Vacant and Abandoned Property Report - 2013
- Certain neighborhoods hit hardest by vacancy
  - West Side, NW, SE
  - Blighted properties issue across City



# City's Response



- Starting early 2010s SB began “unofficial Land Bank” strategy
- Acquired 600+ vacant lots via tax sale process
  - Partnership w/St. Joseph County
- State Law very restrictive to Land Banks at the time
  - Laws have subsequently changed
- City has leveraged that land successfully
  - 187 new homes permitted last year
  - Multiple Partners



# Growth Pains



- Rising home values post Covid
- Affordable Housing needed across the City
- Land control is first barrier to development and new housing
- 13,000+ housing units are needed in the Region over the next decade to meet current demand
  - Unable to attract regional talent, workforce development and private-sector growth without housing
- Dual issues: Blighted/Abandoned property and demand for new housing



# Land Bank History

- State law previously limited Land Bank capabilities, in 2021 Legislation making easier for:
  - Land Banks to acquire blighted properties
  - Strengthen local tools to get blighted properties to Land Banks
  - Required Counties to share list of distressed properties with Land Banks
  - Before change, Land Banks were less effective tools in Indiana in addressing blight



# Land Bank History

- After legislation change, community members/organizations, civic leaders, and the City of SB began studying and analyzing potential Land Bank
- 2021-2023 Affordable Housing Task Force
  - City, MACOG, Councilmembers, Community Members
  - “Establishing a Land Bank in South Bend & St. Joseph County”



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AUGUST 2023

## Establishing a Land Bank in South Bend & St. Joseph County

A Decision-Making Roadmap



# What is a Land Bank?



- Land Bank is non-profit created to acquire, hold, manage, and repurpose vacant/abandoned properties
- Stabilize Neighborhoods via direct property ownership
- Streamlines property disposition by clearing title, address back taxes, renovate property



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# Why Do We Need a Land Bank?

- Land Bank Benefits over status quo
  - Land Bank has legal status to get tax sale property
  - Better setup for disposition of smaller scale projects
  - Land Bank better suited for rehab of existing housing stock
    - City not designed to do house rehabs
  - Land Bank can help City get larger more complicated properties faster than status quo



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Current Process on vacant/abandoned/blighted property is cumbersome and difficult

Leads to bad outcomes



City "unofficial Land Bank" has seen large success but Land Bank setup more ideal for better results

# Current Costs & Setbacks

- Ongoing maintenance costs
  - Mowing
  - Code enforcement
  - Cleanup
- Properties in tax sale loop continue to deteriorate and incur fines
  - Taxes unpaid
  - Create drain on the community

## The Costs of the Status Quo



**300**

properties are on the **continuous enforcement** list for which the City regularly abates issues

In 2022, the City of South Bend completed:



**1,454**

environmental abatements (mowing grass and weeds)



**2,643**

illegal dumping cleanups



**3,500**

tire pick-ups



**\$170-620**

cost to the City **every time** it abates overgrown grass and weeds on vacant properties

The City could spend as much **\$900,000** per year just mowing vacant properties.

**-96%**

The City loses **96% of its investment** in abatement by sending bills to a third-party collections agency.



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# Why Do We Need a Land Bank?

- 13,000+ housing units are needed in the Region over the next decade to meet current demand
  - Unable to attract regional talent, workforce development and private-sector growth without housing
- Lack of available land stands in the way of redevelopment
  - Land control is the first barrier to redevelopment
- Tax sale process is laborious and lengthy
  - Requires an attorney and can take at least a year to complete
- Some vacant land owners can be sitting on property for speculation, sometimes wanting to make up to 500% profit on the land
- Some owners cannot be located or may be deceased
- Most Developers will not choose to take the time required to purchase property on tax sale or locate property owners that are difficult to find



# Why Do We Need a Land Bank?

- Create a consistent inventory of development-ready lots
- Assist in reducing the financial burden associated with acquiring lots and securing clear and clean title
- Decrease the number of vacant and deteriorating properties
- Alleviate the ongoing costs of maintaining these deteriorating properties
  - Center for Community Progress Study estimates \$3,000 per year per property
  - 2025 Fall Tax Sale had 227 vacant properties



# Regional Land Bank

- Provides an off ramp for properties stuck in a tax sale loop
  - Stabilize and steward properties back to productive use
- Works with vetted developers and responsible homeowners to rehab and develop properties



# What will the Land Bank do?

- 1** Acquire vacant and abandoned properties
- 2** Stabilize and maintain those properties
- 3** Hold and market the properties for reuse and redevelopment
- 4** Vet potential buyers
- 5** Ensure lots sold for redevelopment remain in compliance with the land bank



# Impact

- Reduced Administrative Costs
  - Code Enforcement & Property Maintenance
  - Tax Sales
- Strengthened Neighborhoods
  - Rehabilitating and redeveloping properties that can be returned to productive use after years of stagnation
  - Shortened timeline from tax sale to redevelopment



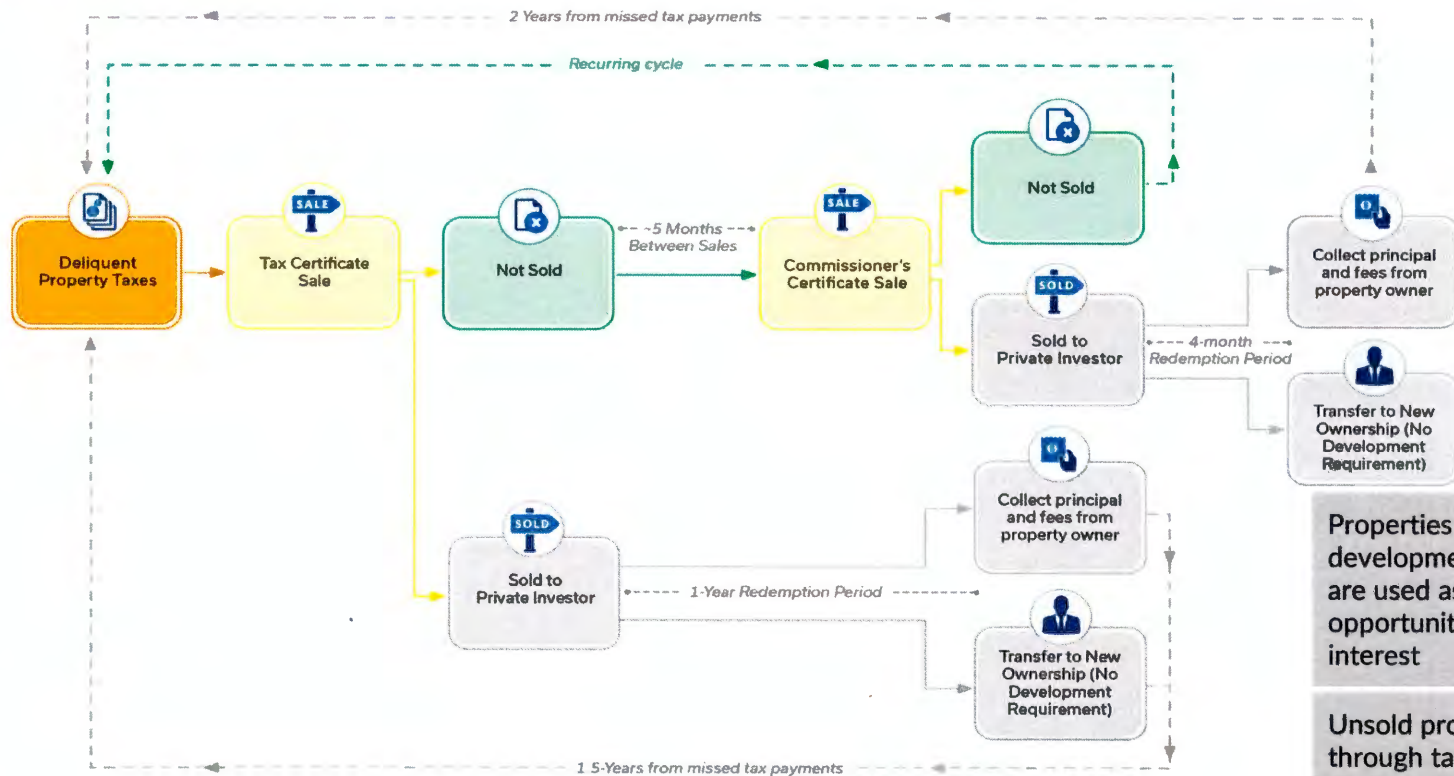


# Current Tax Sale Process

Distressed Property

## Tax Sale Cycle

Property continues to cycle and decline



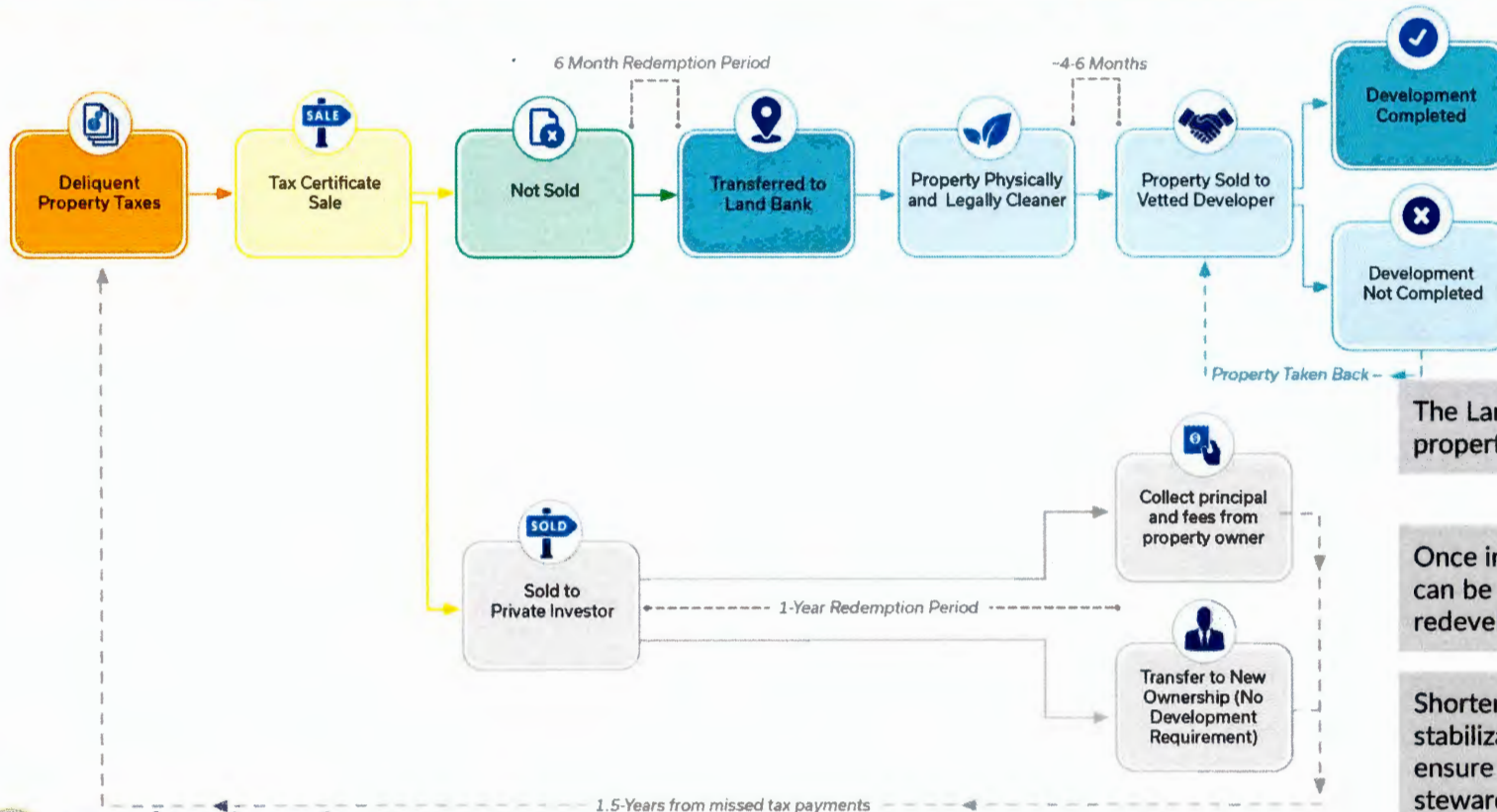
Properties sold at tax sale have no development requirement and often are used as short term investment opportunities to collect on fees and interest

Unsold properties continue to cycle through tax sales and continue to decline and incur fines



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# Land Bank Process



The Land Bank is an off ramp for properties stuck in the tax sale cycle

Once in the Land Bank, these properties can be proactively stabilized and redeveloped

Shorter redemption periods, property stabilization, and vetted developers help ensure that properties can be quickly stewarded back to productive use and returned to tax rolls



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# City & County Commitments to Land Bank

- City & County will have three appointments each on Board that governs Land Bank. MACOG one appointment
- City will provide \$500k in up-front startup costs and \$300k annually for the first four years
- County will provide certain tax sale certificates for tax delinquent properties as agreed upon by the Land Bank and the County
- MACOG will provide staff for operations
- County Council and Commissioners full approval



# Community Support

- Affordable Home Matters
- Rosenthal Henry Capital
- Near Northwest Neighborhood Inc
- University of Notre Dame
- South Bend Regional Chamber
- South Bend Elkhart Regional Partnership
- Community Foundation of St. Joseph County
- Others



# Lilly Endowment

- \$1M in Lilly Foundation funding will support operations
- Additionally, \$3M of funding has been placed in an endowment
  - After the first 5 years, the annual interest is estimated to generate \$225,000, which will partially support staffing and operations.
  - Fund will be managed by the Community Foundation of St. Joseph County
- In total \$4m Lilly Foundation leveraged locally



# Regional Land Bank

## Key Powers of a Land Bank

- Acquire tax foreclosed property cost-effectively
- Ability to extinguish liens and clear title
- Hold property tax exempt
- Generate and collect revenue from delinquent tax fees, tax recapture, or other funding mechanisms
- Disposition decisions are flexible: driven not by highest price but by best outcome
- Accountable to the public given status as governmental entities



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# Key Takeaways

- Improves upon existing ad-hoc City process
- Fulfills 10+ decade community push for local Land Bank
- Path forward for long-term blighted projects that is currently unavailable
- Leverages \$4m in Lilly foundation locally
- Long-standing partnership between City, County, MACOG to address blight/vacant/abandoned property
- Culmination of 10+ years of work by community members, City staff, Council Members, local organizations, and others

