



OFFICE OF THE CITY CLERK

DAWN M. JONES, CITY CLERK

COMMUNITY INVESTMENT

MARCH 27, 2023, 4:20 P.M.

Committee Members Present: Rachel Tomas Morgan, Eli Wax, Troy Warner, Henry Davis Jr., Tomas Kurzhal*

Others Present: Dawn Jones, Victoria Trujillo, Justin LePla, Bob Palmer

Presenters: Erik Glavich, Director of Growth and Opportunity

Agenda: Bill No. 23-11 — A Resolution Designating an Eight (8) Year Real Property Tax Abatement for Property Located at 213 West Washington Street, South Bend, IN, Councilmanic District 2

Bill No. 23-15 — A Resolution Confirming the Adoption of a Declaratory Resolution for Property Located at 2652 Jaclyn Court and 3161 Youngs Court, South Bend, IN, 46614, Councilmanic District 6

Members marked with an asterisk (*) are present digitally

Please note the attached link for the meeting recording:

<https://docs.southbendin.gov/WebLink/browse.aspx?dbid=0&mediaid=362730>

Committee Chair Tomas Morgan called to order the Community Investment Committee meeting at 4:23 p.m.

Bill No. 23-11— A Resolution Designating an Eight (8) Year Real Property Tax Abatement for Property Located at 213 West Washington Street, South Bend, IN, Councilmanic District 2

Erik Glavich, Director of Growth and Opportunity, with offices on the fourteenth (14th) floor of the County-City building, advised that the petitioner requested an eight (8) year abatement for the tallest building in South Bend. Renovations commenced in 2014 and over forty (40) million dollars have been invested in the property. The parking garage, hotel, and retail sections of the property have been completed, but the apartments were delayed due to the pandemic and the housing market. The property will hold ninety (90) units and a public space with a bar and lounge on the seventh (7th) floor. Nine (9) full-time positions will be created

and an additional fourteen-point-seven (\$14,700,000) million dollars invested. The petitioner has received four (4) abatements, but the apartment abatement only reduces taxes from forty-three thousand (\$43,000) to forty-two thousand (\$42,000) dollars. Taxes collected over the abatement will total one-point-three (\$1,300,000) million and reach five-point-two (\$5,200,000) million after twenty (20) years.

Committee Chair Tomas Morgan requested questions from the Committee.

Committee Member Wax asked if the one-point-five (\$1,500,000) million assessed value is only for the apartments.

Erik Glavich responded that it is.

Committee Vice-Chair Warner asked why affordable housing is not included.

Erik Glavich responded that the property is not subject to low-income requirements of residential abatements due to the seventh (7th) floor public space.

Citizen Member Kurzhal asked if the current abatement covers the apartments.

Erik Glavich responded that one (1) does, which was approved in 2016 and reconfirmed and extended in 2018. The ten-year (10) abatement is in its fifth (5th) year but only lowers taxes by one thousand (\$1,000) dollars.

Committee Chair Tomas Morgan requested confirmation that the original proposal was for condominiums and not apartments.

Erik Glavich responded in the affirmative.

Committee Chair Tomas Morgan requested questions from the Council.

Councilmember Hamann noted that the property is in the same district as the Beacon development and two (2) new city garages that hold a sixty-four (\$64,000,000) million-dollar bond and thirty (\$30,000,000) million respectively and asked how the abatement would impact the bond repayment.

Caleb Bauer, Executive Director of Community Investment, with offices on the fourteenth (14th) floor of the County-City building, responded that the abatement would not jeopardize repayments.

Councilmember Hamann asked if one-bedroom apartments could be built for the two-hundred thirty-five (235) housing vouchers in the city to qualify for use.

Park Neil, 112 West Jefferson Boulevard, South Bend, Indiana, 46601, advised that approximately half of the units will be one (1) bedroom, twenty-five (25%) percent will be studios, and twenty-five (25%) percent will be two (2) bedrooms. There will be a single three (3) bedroom unit.

Committee Member Davis Jr. asked who covers the abatement's cost, as the contributions do not seem fair, and requested that conversations be held with the county assessor to determine the abatement's impact on the local economy.

Caleb Bauer responded that abatements forego tax revenue of locked investments and allow projects to move forward. Abatements are not debt but rather contribute to the tax fund, and tax revenue from the property will double in just one (1) year.

Committee Member Wax advised that abatements increase tax revenue. The argument that residents cover the abatement is inaccurate as the abatement facilitates the retention of additional funds to be invested. South Bend collects the abatement funds.

Councilmember Lee responded that tax revenue would increase as the property would have been demolished without an abatement.

Committee Chair Tomas Morgan responded that she is open to discussing the abatement with the county assessor.

Councilmember Hamann asked who would manage the apartments.

AJ Sime, Aloft South Bend’s General Manager, 111 North Main Street, South Bend, Indiana, 46601, responded that he is currently the main point of contact but that once completed, a third-party property manager would be retained.

Committee Chair Tomas Morgan held the public hearing, and nobody spoke.

Committee Vice-Chair Warner motioned to send Bill No. 23-11 to the full Council with a favorable recommendation, seconded by Committee Member Wax and carried by a vote of five (5) ayes.

Committee Chair Tomas Morgan – <i>Aye</i>	Committee Member Davis Jr. – <i>Aye</i>
Committee Vice-Chair Warner – <i>Aye</i>	Citizen Member Kurzhal – <i>Aye</i>
Committee Member Wax – <i>Aye</i>	

Bill No. 23-15 — A Resolution Confirming the Adoption of a Declaratory Resolution for Property Located at 2652 Jaclyn Court and 3161 Youngs Court, South Bend, IN, 46614, Councilmanic District 6

Erik Glavich advised that the bill seeks to confirm the tax abatement sought by The Robert Henry Corporation, which will build a new truck bay and worker training facility on the property. The petitioner is seeking a six (6) year abatement for a six-point-five (\$6,500,000) million-dollar investment.

Councilmember Hamann asked about the plans for the current facility.

Brian Henry responded that he would focus on a plan after the new facility’s completion in the summer of 2024.

Councilmember Lee noted that, compared to the eight hundred thirty-three (\$833) dollars in current tax revenue, twelve hundred (\$1,200) will be collected in the abatement’s first year, which will increase to one-point-six (\$1,600,000) million over ten (10) years.

Committee Chair Tomas Morgan held the public hearing.

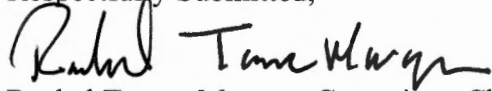
Peter Agostino advised that payroll has tripled since the original abatements were granted and offered to provide training on the abatement process and its importance. Issues may arise if assessments are challenged, which cannot be the case for The Robert Henry Corporation, or the property referenced in Bill No. 23-11.

Citizen Member Kurzhal motioned to send Bill No. 23-15 to the full Council with a favorable recommendation, seconded by Committee Member Wax and carried by a vote of four (4) ayes.

Committee Chair Tomas Morgan – <i>Aye</i>	Committee Member Davis Jr. – <i>Aye</i>
Committee Vice-Chair Warner – <i>Absent</i>	Citizen Member Kurzhal – <i>Aye</i>
Committee Member Wax – <i>Aye</i>	

With no further business, Committee Chair Rachel Tomas Morgan adjourned the Community Investment Committee meeting at 5:10 p.m.

Respectfully Submitted,



Rachel Tomas Morgan, Committee Chair

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