

Beacon Heights Apartments Renovation Project

Substitute Bill 36-26
Substitute Bill 37-26



City of South Bend
Community Investment

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Bianca Tirado
City Clerk, South Bend, IN







Google Maps

Beacon Heights Apartments

- Existing Affordable Housing Complex
 - Built mid-1940s
 - Approximately 174 housing units
 - One of SB largest affordable housing complexes
- Complex has not had significant overhaul since construction
- Units in need of full renovation
 - New affordable units are needed, preservation and improvement of existing affordable housing is just as important
- Community spaces – roads, parking lots, community room – also in need of investment



L+M Development Partners

- L+M Development has entered into an agreement to purchase the property
 - National affordable housing developer - founded 1984 - extensive experience rehabbing existing affordable housing projects
 - Acquired, Built, Preserved over 57k housing units
 - Established Beacon Apartments Preservation LLC
- L+M applied for and received 4% LIHTC through State of Indiana
 - IHEDA rental income protections
 - Habitability standards
 - Eviction protection
 - New oversight currently not on property
- Federal HUD Affiliated
 - Rental income protections 30 years



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L+M Development Partners

LIHTC Projects Awarded – South Bend City Limits

- 10! Awards since 2022 (0 previous 10+ years)
 - Advantix Development
 - SB Thrive
 - Monreaux
 - Diamond View
 - Birge & Held
 - KCG Development
 - Tri Day
 - WATD
 - LaSalle Park Homes
 - Beacon Heights Apartments
- Combination of local partnership and outside resources



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L+M Development Partners

- Planned redevelopment:
 - \$47M total project costs
 - Renovate all existing housing units
 - Exterior improvements to units
 - Improve living conditions for residents
 - New playground
 - Upgraded community building
 - Add gym, computer room, library
 - Paving internal roads/parking lot
 - Renovation in place
 - No displacement of existing residents
 - No increase in rent, same rent protections that exist currently



L+M Development Partners

- Planned redevelopment:
 - \$47M total project costs
 - Added security cameras
 - Part Time Private Security Patrols
 - Increased property management staff over existing numbers
 - Social Services Provided on Site
 - Ensure long-term affordability



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TIMELINE

- July 31, 2026 – Projected Closing
- August 2026 – Begin ownership, initial construction
- December 2027 – Estimated completion of renovations



Commitments – Forgivable Loan

- \$1.25M Forgivable loan
 - Dispersed upon closing on land/financing
 - Forgiven upon documented conclusion of private commitments, proof of investment and unit renovations

- \$47M Private Commitments
 - Renovation of all 174 Units



Commitments – PILOT

- PILOT
 - 30-year agreement in-lieu of taxes
 - Payment's will be placed in account support affordable housing
 - As established by Council
- Private Commitments
 - Renovation of all 174 Units
 - 60% AMI All Units for 30 years
 - Compliance with HUD standards

| | | | |
|---------|-----------|---------|------------|
| Year 1 | \$ 2,000 | Year 16 | \$ 81,150 |
| Year 2 | \$ 2,060 | Year 17 | \$ 83,583 |
| Year 3 | \$ 2,122 | Year 18 | \$ 86,093 |
| Year 4 | \$ 2,186 | Year 19 | \$ 88,676 |
| Year 5 | \$ 2,252 | Year 20 | \$ 91,336 |
| Year 6 | \$ 2,320 | Year 21 | \$ 94,076 |
| Year 7 | \$ 2,390 | Year 22 | \$ 96,898 |
| Year 8 | \$ 2,462 | Year 23 | \$ 99,805 |
| Year 9 | \$ 2,536 | Year 24 | \$ 102,799 |
| Year 10 | \$ 2,612 | Year 25 | \$ 105,883 |
| Year 11 | \$ 70,000 | Year 26 | \$ 109,059 |
| Year 12 | \$ 72,100 | Year 27 | \$ 112,331 |
| Year 13 | \$ 74,263 | Year 28 | \$ 115,701 |
| Year 14 | \$ 76,491 | Year 29 | \$ 119,172 |
| Year 15 | \$ 78,786 | Year 30 | \$ 122,747 |



Process Steps

- **PILOT** – No further steps if Council approves Bill No. 36-26
- **Forgivable Loan**
 - RDC approved first resolution authorizing process on **6/11**
 - Authorized \$1.25M of River West TIF funds upon full approval
 - EDC approved Resolution on **6/18** including
 - Project Report
 - Form of Financing and Loan Agreement
 - Form of Funding and Reimbursement Agreement
 - Form of Common Council Loan Ordinance
 - Council Action Today
 - Bill No 37-26
 - Subject to: Developer Agreement & Final Resolution approved by RDC 7-9



Wrapping Up

- Significant needed investment into Beacon Heights Apartments
 - Leveraging City resources to get outside funding invested into maintaining affordable housing
 - Updated housing and overall improvements to campus
- *Through the Forgivable Loan, PILOT, and LIHTC award the City gains new tools to monitor property conditions at Beacon Heights that currently do not exist and support an ongoing, accountable relationship with the new ownership.*



