

Western Avenue Transformation District

PILOT – Substitute Bill 31-26



City of South Bend
Indiana

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City Clerk, South Bend, IN

Housing Authority Block



City of South Bend
Indiana

Western Avenue Transformation District (WATD)

- Redevelopment of former dilapidated public housing developments on southwest edge of downtown South Bend owned by the HASB
- Will create 210 mixed-income housing units
- Collaboration between the Housing Authority of South Bend, the City of South Bend, and the Community Foundation of St. Joseph County
- Developer: The Michaels Organization & HASB
 - TMO National affordable housing developer with extensive experience w/partnerships with housing authorities
 - TMO Awarded project through competitive RFP process through HASB
- Funding includes Lilly Endowment award through the Community Foundation of St. Joseph County; READI 2.0; HUD Section 108 loan; and LIHTC credits; Private Equity; Local Partners



Timeline To Date

- Multi-year process

- Fall 2023 Monroe Circle Demolished
- August 2024 – Neighborhood Visioning meetings
- December 2024 – READi Blight Award
- August 2025 – Community Feedback meeting
- January 2026 – Former Rabbi Shulman apartment demolished
- February 2026 – LIHTC credits awarded
- May 2026 – City awarded \$10M HUD Section 108 loan for infrastructure (applied Sept. 2025)



Phased Approach

Phase 1a

- 156 total units
 - 48 Affordable Under 50% AMI
 - Household of 2 ppl, \$35k
 - Household of 4 ppl, \$44k
 - 62 Affordable Under 60% AMI
 - Household of 2 ppl \$42k
 - Household of 4 ppl \$52k
 - 46 Unrestricted Units
- All of the 30% AMI and 50% AMI (75 total units) will receive Project Based Vouchers
 - TMO will work off waitlist provided by the Housing Authority
 - Former residents will have priority for the PBV units if they desire to return

Phase 1b

- 54 total units
 - 11 Affordable 30% AMI
 - 16 Affordable 50% AMI
 - 12 Affordable 60% AMI
 - 15 Unrestricted Units



Phase 1a Funding Sources

- Phase 1a: 156 units, park space, child-care services
 - \$26.7M Private Investment (LIHTC, private equity)
 - \$19.1M State Grants
 - \$10M HUD Section 108 loan (used by City for infrastructure)
 - \$3.4M Local Partners
- Total: \$59.2M investment



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
- Combination of local partnership and outside resources



Western Ave Transformation District

View from Northeast



City of South Bend
Indiana

Western Ave Transformation District

Timeline To Date
Western Avenue



Western & Taylor



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Western Ave Transformation District

View from Southwest



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Western Ave Transformation District

- All new construction
- Streetscape improvements increasing connection with DTSB
- On site childcare/daycare center
- New park space



PILOT Details

Bill 31-26

- PILOT to support Phase 1a project
- Owner – Western Avenue 1, LLC
 - Partnership entity between Housing Authority of SB & The Michaels Organization
- For Phase 1a
 - 156-unit commitment

Year 1	\$ 21,000
Year 2	\$ 21,630
Year 3	\$ 22,279
Year 4	\$ 22,947
Year 5	\$ 23,635
Year 6	\$ 24,344
Year 7	\$ 25,074
Year 8	\$ 25,826
Year 9	\$ 26,601
Year 10	\$ 27,399
Year 11	\$ 28,221
Year 12	\$ 29,068
Year 13	\$ 29,940
Year 14	\$ 30,838
Year 15	\$ 31,763



PILOT Details

Bill 31-26

- 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
- 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
 - State Code establishes PILOT payments must be deposited in such a fund



Summary

- Constructs new quality affordable housing for HASB block
- Leverages different sources for investment into South Bend affordable housing
 - Federal, State, Local, Private
 - City cannot do it alone
- Quality urban design
- PILOT and LIHTC allow greater protections to monitor property conditions which did not exist previously



Timeline Moving Forward

- Multi-year process

- Summer/Fall 2026 City begins infrastructure work
- Early 2027 TMO begins housing construction
- Full construction complete EOY 2028



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View from Northeast



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