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**Sent:** Thursday, June 6, 2024 4:56:08 PM

**To:** DL-City Council <[DL-CityCouncil@southbendin.gov](mailto:DL-CityCouncil@southbendin.gov)>

**Cc:** DL-Clerk's Office <[DL-ClerksOffice@southbendin.gov](mailto:DL-ClerksOffice@southbendin.gov)>; Caleb Bauer <[cbauer@southbendin.gov](mailto:cbauer@southbendin.gov)>; Sandra Kennedy <[skennedy@southbendin.gov](mailto:skennedy@southbendin.gov)>

**Subject:** Statement of Administration Policy on Bill No. 24-20

Dear Councilmembers,

Please find a statement of administration policy on Bill No. 24-20 attached to this email. We are happy to answer any questions you may have.

Thank you.

Best,



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# STATEMENT OF ADMINISTRATION POLICY

**Bill No. 24-20 – A resolution to modify the Real Property Tax Abatement for Commerce Center Development LLC (Councilmember Oliver Davis At-Large and Councilmember Sherry Bolden-Simpson 5<sup>th</sup> District)**

The Administration works to establish a friendly climate for commerce and attract private investment to South Bend. Tax abatements and tax increment financing are important economic development tools, and our joint efforts have led to record investment and growth. To continue our growth, taxpayers must continue to have confidence that our economic development tools are generating public benefits and all commitments from our private partners are being met.

The Administration is currently in active litigation with Commerce Center Development LLC for failure to meet multiple written commitments, including the mandatory project completion date and a grocery store with a pharmacy. The Administration strongly opposes Bill 24-20, which would retroactively change and extend the tax designation period for Commerce Center Development LLC. Although the Administration and Common Council work with all tax abatement recipients and when appropriate have modified the designation period accordingly, there is no precedent for modifying the designation period retroactively or for an entity that has failed to pay taxes owed and failed to meet other commitments. The Administration views litigation as a last resort. All other paths to resolve these issues with the developer have been unsuccessful.

This 10-year tax abatement required among other things, \$35 million investment for a new mixed-use building, 84 full-time jobs, 144 apartments, 30,000 sq. ft. of commercial and retail space, and a parking garage of 500+ spaces. To date, the Administration has not received documentation to confirm all these numbers. The 218 structured parking spaces are well below the 500+ parking garage spaces included in the Petition for Incentives. The City also requires recipients of tax abatements to maintain good standing and pay all taxes owed. Currently, this property has \$512,459.58 of unpaid property taxes, some of which are over a year past due, and a past due utility balance of \$15,283.78.

Given the unmet written commitments, past due balances and pending litigation, the Administration respectfully requests that the Common Council withdraw Bill 24-20. If the Mayor were presented with Bill 24-20, his advisors would strongly recommend that he veto the bill for the reasons stated above.

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