DEPARTMENT OF COMMUNITY DEVELOPMENT

Lory Timmer, Director

The City of Mishawaka's Department of Community Development works to create vibrant neighborhoods and communities through revitalization and redevelopment efforts. At the core of this mission is the goal of providing every resident of our community access to a decent, safe, suitable and affordable living environment. The Department works to achieve this goal by:

- Creating, rehabilitating and maintaining the City's affordable housing;
- Creating homeownership opportunities for low-moderate income families;
- Investing in neighborhood public improvements such as streets, curbs, sidewalks;
- Seeking opportunities to partner with local organizations to leverage resources;
- Pursing new and innovative opportunities to sustain the high quality of life in our community.

Staff

The Department of Community Development is currently staffed by three full-time and part-time employees. In October, Program Coordinator Andrew West was promoted to fill the position of NSP1 Grant Coordinator. The Neighborhood Stabilization Program-1 grant provides funding for a one-year, full-time position to oversee grant activities and ensure program compliance. Mr. West will serve as the NSP1 Grant Coordinator position through September 2011. Mr. David Thomas was hired in November to fill the Program Coordinator position vacated by Mr. West.

Community Development Department staff facilitates and manages redevelopment and revitalization programs, working with City officials and other City departments to implement the development activities approved by the Mayor, Common Council and Redevelopment Commission.

Redevelopment Commission

The Redevelopment Commission serves as the governing body for the Department of Community Development. The Commission is made up of five voting members and one non-voting member who are each appointed to a one-year term by the Mayor and Common Council. The following Commissioners served on the Mishawaka Redevelopment Commission in 2010:

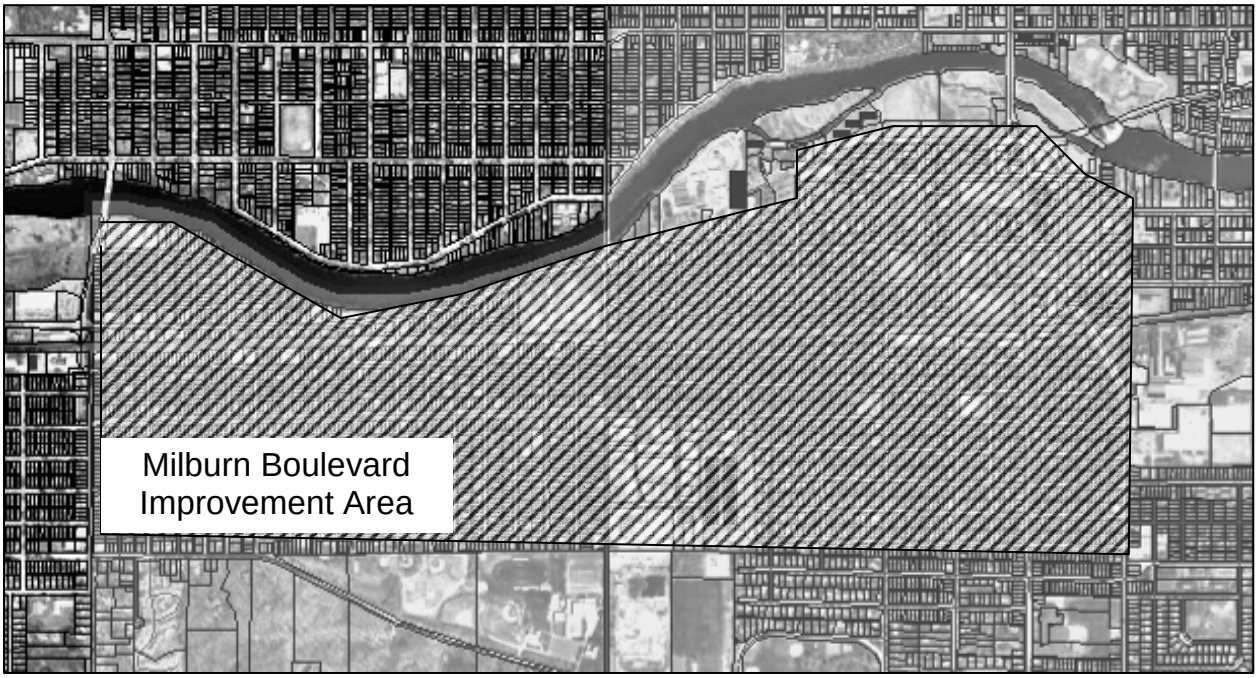
M. Gilbert Eberhart	President
Gary O'Dell	Vice-President
M. Wayne Troiola	Secretary
Matt Mammolenti	Member
Ronda Gebo	Member
Larry Stillson	Member (Non-Voting)

The City of Mishawaka's Redevelopment Commission passed a record 44 resolutions in 2010. The majority were for the acquisition of vacant, blighted property. Twenty-three resolutions were passed in 2009.

2010-2014 Housing and Community Development (HCD) Plan

Every five years the Department of Community Development, in conjunction with the City of South Bend and St. Joseph County, is required to submit a comprehensive plan to the U.S. Department of Housing and Urban Development (HUD). This plan indicates the priority needs and objectives to support strong neighborhood revitalization activity in St. Joseph County. For the City of Mishawaka, it details where and how the Department of Community Development intends to spend CDBG funds for a five year period, the current cycle being 2010 - 2014.

The City of Mishawaka plan targets the Milburn Boulevard Neighborhood for revitalization activities during the current HCD cycle. It was designed to supplement work performed in the area by the City's Code Enforcement and Engineering Departments. Through 2014, the majority of the City's CDBG, CDBG-R, HOME and NSP1 funds are being directed toward this neighborhood that is bordered by the St. Joseph River, Panama/18th Street, Ironwood Drive and Union Street. The Milburn Boulevard Neighborhood Improvement Plan includes spot blight elimination, new construction affordable housing and public infrastructure improvements. The plan was approved and accepted by HUD in April 2010.



A key component of the HCD Plan, the Analysis of Impediments to Fair Housing in St. Joseph County, was completed in June 2010. The report identified barriers to fair housing choices in St. Joseph County and made recommendations to address the specific impediments. The analysis was approved and accepted by HUD in July 2010.

Funding Sources

The City of Mishawaka Department of Community Development's programs, staff and administrative costs are funded by grants from the U.S. Department of Housing and Urban Development (HUD). The Department is the administrator of the grants and uses the funds to operate programs targeted at specific Mishawaka neighborhoods.

Community Development Block Grant (CDBG)
As a CDBG entitlement community, the City of Mishawaka receives annual grants from HUD to provide decent housing, a suitable living environment and expanded economic opportunities for low to moderate income residents. In 2010 we were granted $593,794 to focus on those directives, and we responded with the following programs: Spot Blight Elimination; Lease-to-Own Self Sufficiency; Summer of Service; Owner-Occupied Home Rehabilitation; Public Infrastructure Improvements; and Public Service Agency funding. As outlined in the HCD plan, activities funded with CDBG monies are focused on the Milburn Boulevard Neighborhood through 2014.

American Recovery and Reinvestment Act
Community Development Block Grant (CDBG-R)
In 2009 the City of Mishawaka was granted a one-time award of $147,277 in CDBG-R funds from HUD. CDBG-R grant funds are for investment in economic development, housing, infrastructure and other public facilities activities that will quickly spur further economic growth. Considering the relatively small grant amount, the City chose to direct the money toward supplementing CDBG activities in the Milburn Boulevard Neighborhood. Substandard vacant houses are being acquired and demolished for the purpose of building First Time Homebuyer and Habitat for Humanity homes on the cleared lots. In 2010, five (5) properties were purchased with CDBG-R funds.

Home Investment Partnership (HOME)
HUD provides Home Investment Partnership (HOME) grants to local governments specifically to create affordable housing. The City received $274,647 in HOME funds in 2010. The City of Mishawaka utilizes HOME funds to assist qualified families acquire homes through the First Time Homebuyer Program. Typically this activity occurs throughout the City on scattered in-fill sites. However, Neighborhood Stabilization Program (NSP1) funds have provided the Department with numerous vacant lots within specific geographic boundaries for First Time Homebuyer builds. Construction will take place in the NSP1 target area through 2013.

Neighborhood Stabilization Program (NSP1)
The Neighborhood Stabilization Program (NSP1) was established by HUD for the purpose of stabilizing areas that suffer from home foreclosures and vacancies. In 2009 the City of Mishawaka was awarded $2,000,000 in NSP1 funds from HUD through the Indiana Housing and Community Development Authority (IHCDA). The need for neighborhood stabilization funding in Mishawaka is driven by the number of foreclosures and vacant and abandoned properties concentrated in specific areas. The intent of the Community Development Department's NSP1-funded project is to reinvigorate Mishawaka's center city neighborhood as part of our on-going River Center redevelopment master plan. This project is enthusiastically supported by area residents and our local business community.

The NSP1 target area is bordered by Marion Street, Tenth Street, Harrison Street and Merrifield Avenue. The Department chose this area by using HUD Area Income Limits, Federal Reserve Home Mortgage Disclosure Act (HMDA) data and United States Postal Service (USPS) vacancy rates. In addition, a compilation of data predicting estimated foreclosure, abandonment and 18-month problem foreclosure rates was consulted. Population data was obtained from the U.S.

Census Bureau, and information on vacant structures was provided by the City of Mishawaka's Department of Code Enforcement. A City-sponsored Housing Condition Survey indicated concentrated areas of substandard housing.

The selected neighborhoods represent the most densely populated area of Mishawaka. While the target area represents only 3.9% of the City in terms of area, it houses 18% of the City's total population. Steps taken to reduce problems caused by vacant and abandoned homes in this specific area will positively impact the greatest number of low to moderate income residents in particular and greatest concentration of Mishawaka citizens in general.

Community Development Programs

Utilizing the City's funding from the U.S. Department of Housing and Urban Development, the Community Development Department administers a variety of programs that serve the needs of low to moderate income residents while stabilizing City neighborhoods.

First Time Homebuyer Program

Since its inception in 2004, the City's First Time Homebuyer Program, with funding from HOME grants awarded by the St. Joseph County Housing Consortium, has built a total of twenty-eight (28) homes. The Department acquires and demolishes vacant, substandard

property, constructs a home on the cleared lot, and provides down payment and closing cost assistance in the form of a forgivable loan. The Department partners with Place Builders, Jeff Moser Homes and The McCollester Group to construct the homes. In addition to our building partners, 1st Source Bank and Mutual Bank work with the City to provide private mortgages and other funding for the program. Not only does the First Time Homebuyer Program provide an additional housing option for moderate income families, it clears blighted properties to make way for new construction homes in our older neighborhoods, revitalizing communities and increasing the City's tax base.

The recent downturn in the economy resulted in fewer qualified applicants to the homebuyer program in 2010. Some applicants were unsure about their job security and hesitant to commit to homeownership and a 30-year mortgage. Other applicants that qualified for the First Time Homebuyer Program found it difficult to secure a conventional bank mortgage. As a result, the Department constructed only one home for the 2010 program year. That home was built on West Sixth Street on the site of a condemned commercial building that had been vacant for five years. The City acquired and demolished the property using NSP1 funds, and contracted with Jeff Moser Homes to construct a new house that fit in with the surrounding homes. The City of Mishawaka is very proud of the impact this house has on the West Sixth Street neighborhood.

2010 HOME funds will be carried over, combined with 2011 HOME dollars, and five (5) First Time Homebuyer houses will be constructed in 2011. Those lots are located on East Third, West Sixth, West Tenth and Cleveland Streets.

The Department aggressively markets the First Time Homebuyer Program. It was featured on the City's website, Facebook, the Communicator, the South Bend Tribune and "JT in the Morning" on 960 AM. Program Coordinator David Thomas promoted the First Time Homebuyer Program at gatherings of the Mishawaka Optimists Club, the Mishawaka Rotary Club, the Lion's Club, the Mishawaka Kiwanis Club and a 1st District Neighborhood Meeting.

Lease-to-Own Self-Sufficiency Program

The Lease-to-Own Self-Sufficiency Program provides eligible program participants with down payment assistance to purchase homes rehabilitated by the Department. Qualified applicants

have stable employment and moderate income, and have not previously owned a home. Program participants make rent payments for two years, receive budget counseling, then have the opportunity to apply the rent paid toward a down payment on the house. With funding from the NSP1 grant, three (3) foreclosed homes were acquired in 2010 and are being rehabbed for lease-to-own opportunities.

West Eighth Street

West Seventh Street

West Seventh Street

Spot Blight Elimination

The Community Development Department works to maintain the high quality of life in Mishawaka neighborhoods by eliminating vacant, deteriorating properties. In most cases, new First Time Homebuyer or Habitat for Humanity homes are constructed on the cleared lots. In 2010, the Department acquired 33 properties, mostly in the NSP1 and CDBG target areas, in an effort to eliminate spot blight in a focused, strategic manner. This is a significant increase from the 10 substandard properties that were acquired and demolished in 2009.

The NSP1 and CDBG target areas represent the oldest neighborhoods in the City. Mishawaka was incorporated as a village in 1833 on the banks of the St. Joseph River. The location was an abundant source of bog iron, and heavy manufacturing facilities sprang up along the river, prompting Indiana's governor to proclaim that Mishawaka was "the Pittsburgh of the West". People were drawn to the area for work, including many immigrants from Belgium, Italy and Poland. They settled in neighborhoods surrounding the manufacturing sites on the river, and the homes they built, most now 100+ years old, make up the residential component of the area we are targeting with grant funding. Many descendants of the early Mishawaka residents still reside in these neighborhoods. The district is historically significant to the City from both economic development and cultural heritage perspectives.

The City of Mishawaka and residents of the target areas share a pride in the history of their neighborhoods. Many residents were employed by the Uniroyal plant and have lived in its surrounding neighborhoods for decades. However, as the population has aged, the homes they once owned and cared for have been inherited, sold, and in many cases converted into rental units or neglected. Nevertheless, faith in the neighborhood remains strong, and mixed among the dilapidated abandoned buildings are many well-maintained homes. Residents are not giving up on their older neighborhoods. The tide of blight caused by vacant and abandoned homes is being reversed, while new families are given the opportunity to live in the revitalized center city area. The residential improvements, mixed-use commercial development in the River Center, planned public improvement projects, such as the Riverwalk and conversion of the former Mishawaka

Furniture store into senior apartments, will complement and enhance one another, revitalizing the older center city and enriching the quality of life for Mishawaka's residents.

Evident changes in Mishawaka neighborhoods resulting from grant funding include the acquisition of 33 vacant, dilapidated properties. In 2010, seven (7) buildings that had become "attractive nuisances" were removed from the 400-500 blocks of West Sixth Street alone. An additional three residences, previously foreclosed and vacant, are being rehabilitated for sale to moderate income families. Following are details about the acquired properties:

West Sixth Street: This vacant, substandard foreclosed property was a non-conforming site in that there were two buildings on one lot, with a total of ten (10) rental units. In June 2010 the structures were demolished. The lot is currently being replatted with demolished lots to the east and north. The site will be divided and two Habitat for Humanity homes will be built on the site in 2011.

West Sixth Street: This building was acquired in May 2010 and demolished in January 2011. It will be replatted with neighboring demolished properties into two similarly sized lots. Two Habitat for Humanity homes will be built on the sites.

South Wells Street: Acquisition of this commercial structure and vacant lot will allow the Department to square up the replatting of parcels at Sixth and Wells Streets for Habitat for Humanity builds. The properties were acquired in October 2010; the structure was demolished in January 2011.

West Sixth Street: This vacant foreclosed property had two houses and two garages on the lot. The Department acquired the property for $1.00 through HUD's Good Neighbor Program in December 2009. All structures on the property were demolished in May 2010. The lot was donated to Habitat for Humanity, and a new house was completed in September 2010.

Before **After**

West Sixth Street: This vacant, foreclosed property was demolished in July 2010. It will be the site of a 2011 First Time Homebuyer house.

West Sixth Street: This vacant, substandard structure was demolished in August 2010; a First-Time Homebuyer house will be built on the site in 2011.

West Sixth Street: This combined commercial / residential property had been vacant since June 2006. The Building Commissioner condemned it as a threat to Public Safety. The structure was demolished in August 2010; a 2010 First-Time Homebuyer house was completed on the lot.

Before

After

Milburn Court: This blighted vacant property was demolished in August 2010; a Habitat for Humanity home is being constructed in its place.

South Taylor Street: This vacant, substandard structure was demolished in August 2010. The lot is small, but will be replatted with a neighboring demolished property into a buildable-sized parcel and donated to Habitat for Humanity.

West Seventh Street: This substandard, vacant house was acquired in October 2010. After demolition in January 2011, this property will be replatted with the vacant lot on South Taylor Street to create a buildable site for Habitat for Humanity.

West Tenth Street: This was a vacant, substandard foreclosure. It was demolished in September 2010. The lot will be used for the City's 2011 First Time Homebuyer Program.

West Eleventh Street: This vacant, foreclosed property was purchased from HUD. It will be demolished in February 2011; the cleared lot will be used for the First Time Homebuyer Program or donated to Habitat for Humanity.

South West Street: In 2009 the Department reached an agreement with the owner to acquire this vacant, substandard house. The structure was demolished in February 2010, but unfortunately the lot is too small for construction of a new home.

Cleveland Street: This property was a vacant, substandard foreclosure. It was demolished in September 2010; the lot will be used for the City's 2011 First Time Homebuyer Program.

South Logan Street: This structure burned due to a house fire on the neighboring lot. Code Enforcement condemned the house as unsafe, and the Community Development Department demolished the structure in January 2010. A lien was recorded against the property for demolition costs.

East Third Street: This non-conforming parcel contained two apartment buildings; one had been vacant for several years. In 2009 the City came to an agreement with the owner to allow the Department to remove the vacant structure. It was demolished in January 2010.

East Battell Street: This vacant, foreclosed property was in extremely substandard condition. The average of two appraisals, less 1% as required by NSP1 guidelines, was $25,987.50. The structure was demolished in September 2010; the cleared lot was donated to Habitat for Humanity for a build in 2011.

Laurel Street: This vacant, substandard foreclosure was demolished in September 2010. The lot will be donated to Habitat for Humanity of St. Joseph County.
East Sixth Street: This vacant substandard property demolished in October 2010. The cleared lot was donated to Habitat for Humanity for a 2011 build.

East Seventh Street: This was a foreclosed-upon, vacant property in extremely substandard condition. The structure was demolished in November 2010; the cleared lot will be donated to Habitat for Humanity.

East Ninth Street: The Department acquired this vacant substandard property through the St. Joseph County Commissioner's Certificate Tax Sale in February 2010. The structure will be demolished in February 2011, and the lot will be donated to Habitat for Humanity.

East Thirteenth Street: This substandard property went to a Code Enforcement hearing. The owners were given 30 days to demolish the property or make necessary repairs. They did neither, so the City was responsible for demolishing the structure. The owners deeded the property to the Redevelopment Commission for $1.00. The site was demolished in June 2010 and will be donated to Habitat for Humanity.

In addition to Federal grants, the Community Development Department acquires and demolishes some substandard properties using Tax Increment Finance (TIF) funds. In 2010, eight (8) of the City's 33 acquisitions were funded with TIF.

East Third Street: This vacant, substandard multi-unit property was acquired in December 2010; it will be demolished in March 2011. The lot will be used for the First Time Homebuyer Program or donated to Habitat for Humanity.

East Fourth Street: This substandard, vacant property was acquired in 2009 and demolished in January 2010. The site will be donated to Habitat for Humanity.

Lincolnway East: This vacant, foreclosed seven-unit apartment building was acquired in June 2010. The structure will be demolished in March 2011; the lot will be used for the First Time Homebuyer Program.

West First Street: This substandard property was acquired in September 2010; the structure will be demolished in April 2011. It will be part of the River Center Development area.

North Cedar Street: This commercial property was vacant for several years. It was acquired in November 2010; demolition and regrading will occur in April 2011.
Lincolnway West: This commercial property was acquired in December 2010. After the site is cleared the Department will proceed with environmental assessments and remediation.

West Mishawaka Avenue (Pleasureland Museum): The City reached settlement with Pleasureland Inc. in May 2010 after more than a decade of ordinance changes and lawsuits. The City purchased the property for its appraised value of $177,000. The City also incurred an additional $73,000 for the settlement of the lawsuit and all other claims and expenses. Pleasureland was the last remaining adult use property located in the City that was regulated by the City's Sexually Oriented Business special licensing and ordinance provisions.

Pleasureland Inc. had a lawsuit pending with the United States District Court questioning the legality of the City's ordinance that prohibited the sale of certain sexual devices and claiming damages from the City's enforcement of a portion of the ordinance that was not clarified by the previous lawsuits and action of the courts.

Since the acquisition of the building, the City prepared the specifications for demolition and worked to obtain the approval of the Southland Corporation, the owner of the adjacent 7-Eleven, because of improvements and precautions required as a result of shared walls connecting the two structures. The demolition cost the City approximately $30,000, including the removal of a former basement and restoration of the adjacent shared wall. The building was demolished in November 2010.

The City had previously acquired and demolished a number of the surrounding properties, but the marketing and development of those properties proved to be difficult with the presence of Pleasureland and the downturn in the economy.

Summer of Service Program

In the fall of 2006, the City of Mishawaka began a partnership with Rivervalley Church and Vineyard Community Church to create the program now known as Summer of Service. In 2010, the City again joined efforts with local faith-based organizations to complete service and repair projects on two homes in the Mishawaka community. Community Development provided funding for materials to repair two homes that were referred to the Summer of Service committee by the City's Code Enforcement Department.

Kings Court: This home has been owned by the current resident for over 60 years. The Summer of Service team, lead by Rivervalley Church volunteers, re-sided the house and completed extensive exterior repairs and yard maintenance. Gutters were replaced, the roof and exterior windows were repaired, and truckloads of yard debris were hauled away. A fenced-in yard with patio area was created in the backyard.

Before

After

South Capital Avenue: The Summer of Service team, led by volunteers from Vineyard Community Church, scraped and re-painted the façade of the house. In addition, they completed extensive yard maintenance that included removing overgrown grass from the driveway, pruning trees and shrubs, and planting flowers.

Before

After

The Summer of Service Student Weekend encourages youth volunteers to connect with the community, beautify the city, and touch the lives of Mishawaka residents. The Community Development Department, along with the City's Parks Department, partnered with churches to bring students together to complete projects throughout the City. On the weekend of June 17th - 20th, 170 students from six Mishawaka churches picked up trash, weeded and applied mulch at Shiojiri Niwa and Beutter Parks, and collected debris along the railroad south of Fourth Street. The students assisted the Parks Department by painting the interiors and exteriors of six City park restrooms and touched up the City Seal on the Merrifield Park Ice Rink.

Public Infrastructure Improvements

In 2010, the Department funded the removal and replacement of approximately 2,202 square yards of sidewalk, 2,305 linear feet of curb and gutter, and 500 square yards of pavement. The improvements were made at various sites on West Street, West Sixth Street and West Fourth Street.

Owner-Occupied Wheelchair Ramp Program

2010 marked the fourth year the Community Development Department has partnered with the Indiana / Kentucky Regional Carpenters Union Local 413 to build wheelchair ramps for low to moderate income homeowners in Mishawaka. Program participants were referred by REAL Services, Inc. CDBG funding was allotted for material costs to build the two ramps, and labor was donated by the Carpenters Union. Ramps were constructed for homes on Second Street and Fall Creek.

Habitat for Humanity of St. Joseph County Partnership

The Community Development Department considers its partnership with Habitat for Humanity of St. Joseph County to be one of its most effective and rewarding. In 2010, the Department continued its collaboration with Habitat. Utilizing CDBG, NSP1 and CDBG-R funds, 15 vacant, substandard properties were acquired and cleared. They will become the sites of future Habitat

for Humanity homes. Through NSP1 and HOME grants, the City provides development subsidies of $30,000 - $55,000 per home. This ensures that the houses built are architecturally appropriate and possess the necessary amenities to blend into neighborhoods are constructed.

Habitat built two homes in 2010, both on the former sites of vacant substandard properties. The new homes provide affordable housing for low to moderate income families, replace blighted structures with new construction, increase neighborhood homeownership rates, stabilize the community and increase the City's tax base.

CDBG Public Service Agency Funding

The Community Development Department helps fund public agencies that provide services to Mishawaka residents. The following organizations received a total of $54,000 in CDBG funds in 2010:

- YMCA Before and After School Program
- Family and Children's Center
- REAL Services Adult Guardianship Program
- REAL Services Older Adult Crime Victim Program
- Stone Soup Community
- Boys and Girls Club

Mishawaka River Center Apartments

As the population of Mishawaka ages, a need has been demonstrated for more affordable senior housing. In 2010 the Redevelopment Commission, on behalf of the City, submitted an application to the Indiana Housing and Community Development Authority to receive Rental Housing Tax Credits for the conversion of the former Mishawaka Furniture store into senior apartments. The project is called the Mishawaka River Center Apartments.

1910

2010

This 32-unit apartment development for seniors is located on Lincolnway West in Mishawaka's downtown area. Once construction is complete, the apartments will provide independent housing for low to moderate income citizens who are at least 55 years of age. Over the years, the surrounding neighborhood has seen a significant level of housing instability, disinvestment, and demolition activities while being in close proximity to relative stable and improving housing and commercial areas. By providing adaptive reuse of a historic landmark, this project will aid in the preservation and stabilization of Mishawaka's

Drawing: Kil Architecture & Planning

downtown and central business district for years to come.

This project will provide one and two-bedroom affordable apartments for seniors. By utilizing the Rental Housing Tax Credit program, this development will have the added benefit of creating housing for low to moderate income seniors at very affordable levels. The area is close to the library, post office, several restaurants, parks, and many other public and private facilities. This project will serve as the "hub" around which further stabilization efforts in our target neighborhood will occur.

A historically significant building that occupies three-quarters of a city block will be transformed from a blight on the surrounding neighborhood and a target for vandalism into highly sought-after, affordable senior housing. At 51,000 square feet and three stories, the renovated building will be an imposing downtown landmark that maintains the turn-of-the-century downtown atmosphere.

During the summer of 2010, efforts were made to determine the best plan for the building's 240 windows. With assistance from the project architect, Kil Architecture and Planning, two windows were refurbished by local window rehabilitation contractors; another window was replaced with a similar profile newly manufactured window. Presentations were staged for the Mishawaka Redevelopment Commission and Mishawaka Housing Authority staff, in which pros and cons of the rehabbed and replacement windows were discussed. In addition, an air infiltration test was conducted to determine the amount of air leakage for each window type. In the end, the Redevelopment Commission opted to proceed with replacement windows to maximize energy efficiency and ease of maintenance.

The rehabilitation and adaptive reuse of the 100-year-old masonry, Prairie-style building that housed the first Mishawaka High School, Main Junior High, and most recently the Mishawaka Furniture store will be compatible with and improve the surrounding neighborhood. The project complements the surrounding neighborhood by introducing a residential use into the previously commercial building and by improving the surrounding site with new sidewalks, new street lamps, and improved landscaping. The building has served as the gateway to the downtown from the west for 100 years and will continue as an important example of civic architecture for our community. Upon completion of construction, the building will be deeded to the Community Development Corporation of Mishawaka to be managed and operated by the Mishawaka Housing Authority.

Taken together as an overall strategy, the Mishawaka River Center Apartments, NSP1 projects, Riverwalk, and River Center development projects will represent the most significant effort and our best opportunity in recent history to stabilize the downtown of our city.

Mishawaka River Center Development Agreements

Ironworks of Mishawaka

In 2010, the City of Mishawaka continued working with Prime Development on efforts to redevelop the former Uniroyal site. During 2008, the first building phase was approved. The construction includes 18 custom townhouses which range in size from 2,100-2,800 square feet. The first 15 units are now complete, 13 have been sold, including multiple sales in 2010. The anticipated construction of the last three units fronting Kamm Island Raceway will take place in 2011.

In 2008 the shell of the multi-story mixed-use building on the riverfront of Beutter Park was completed; Prime Development continues to market and enter into discussions with potential tenants for the space. The current economic environment makes it difficult to find lenders for the restaurant venture intended to occupy the first floor of the building. Despite the economic climate and typical failure rate for restaurants, the building continues to receive a lot of interest. The City is hopeful that the restaurant space will be leased and that activity associated with it will spark renewed interest in this prime property.

Through a Memorandum of Understanding between Prime Development and the City's Redevelopment Commission, Prime Development continues to market the remaining portions of the former Uniroyal properties. In 2010, Prime Development prepared multiple concept plans and promoted the property for the mixed use, urban, pedestrian-friendly destination envisioned by the City. Although no additional development agreements were created, continued interest in the site is a positive sign for the area's future economic recovery.

Riverwalk Townhomes, LLC.

In 2007 Riverwalk Townhomes, LLC. began work on what will become 20 townhomes along the North bank of the Mishawaka Riverwalk. The townhomes are designed in the style of traditional Chicago brownstone walk-ups. Phase I, consisting of 11 units, was completed and made available for sale in 2008. At the end of 2010, two units were occupied by lease.

Although the units are designed as condominiums and available for sale, the project appears to have found a niche in the high-end rental market. The developer pulled permits in early 2011 to finish another unit for possible sale/lease. This project has suffered significantly due to the recession and housing market crisis. The forecasted improvement in residential markets should help the developer sell and/or lease additional units and complete the project as envisioned.

2010 Census

In 2010, as required by the United States Constitution, the United States Census Bureau conducted the twenty-third United States Census, known as the 2010 Census. The Census is conducted every 10 years and is a "snapshot" count of the people living in the United States.

As a part of the 2010 Census effort, every community was asked to form a Census Complete Count Committee (CCC) to aid the Census Bureau in promoting Census efforts. The Community Development Department headed the City of Mishawaka's participation in the St. Joseph County Area CCC, allocating CDBG funds for promotional activities. Program Coordinator Andrew West served as the City's Complete Count coordinator.

Throughout 2010, the CCC purchased advertising on TRANSPO buses, and participated in events around the community such as the Mishawaka Memorial Day Parade, the

St. Joseph County 4-H Fair, and the College Football Hall of Fame Induction Weekend.

The US Census reported that the population of the City on April 1, 2010 was 48,252

Official 2010 Census figures were presented to President Obama in December 2010. The official Census count for the City of Mishawaka shows that our City continues to grow in an orderly and efficient manner. The US Census reported that the population of the City on April 1, 2010 was 48,252. Over the last decade, our population has grown 3.6 percent.

Section 3 Plan

As the recipient of Federal funds, the Community Development Department is responsible for promoting compliance with Section 3 of the Housing and Urban Development Act of 1968. Section 3 is a directive for giving hiring preference to low-income community residents and the businesses that substantially employ them. It basically states that when the City awards a federally-funded contract that exceeds $100,000 and receipt of that contract necessitates that the contractor hire new employees, the contractor will first attempt to hire a low to moderate income person to fill the position.

At their July 2010 regular meeting, the Redevelopment Commission approved a Section 3 plan for the City of Mishawaka, and in August 2010 a formal policy was adopted. Links to the Section 3 plan and Section 3 business application can be found on the City's website at **http://mishawaka.in.gov/communitydevelopment**.

Audits

The Community Development Department underwent several audits during 2010. The City's Community Planning and Development representative from Indianapolis was on-site in March to audit CDBG project and administrative records. This was the City's first Department of Housing and Urban Development audit since 2001. In March and September, the Indiana Housing and Community Development Authority performed on-site audits of our NSP1 records. In August the Department of Housing and Urban Development performed a remote audit of our NSP1 program. The Department of Labor performed a remote audit of the City's Davis-Bacon Act compliance.

Penn-Harris Madison School Corporation: Amendment of TIF Agreements

In 2010 the City and the Penn-Harris-Madison School Corporation (PHM) resolved issues concerning two prior executed agreements regarding the release of the residential increment. The following is a brief summary of the chain of events.

In 2008 members of the PHM School Board, the Superintendent, members of the City Administration, City TIF Counsel (Baker and Daniels), and representatives of H.J. Umbaugh Associates (Umbaugh) met to discuss two agreements signed and executed by the Redevelopment Commission and Board of Works respectively in 1995 and 1999. It was determined there were discrepancies with the agreements (elements that were not followed by the City). The substantive issue was the obligation of the City to release an amount of assessed valuation. The City was obligated to release a small amount of assessed valuation every year, but had not done so. State law changed in 1996, no longer allowing the residential increment to

be captured. However, the City's TIF Counsel informed the City that because the Tax Incremental Financing districts were created prior to the passage of this law, they still collected additional residential increment and the City was legally obligated per the agreement to release that small amount of increment every year. Though well-intended, the agreements were written in such a manner that the on-going monitoring of residential assessed valuation was almost impossible. The releases were also small relative to the overall value of the districts, since they pertained to areas intended for commercial and industrial growth. While it was the City's responsibility to monitor increases, the implementation was never realized from either agreement's inception.

There are thousands of parcels located in the City's TIF districts

There are thousands of parcels located in the City's TIF districts, and each parcel within the districts can change over time, in both value and use. The issue was further complicated by 1996 change in State law, in which residential development in newly created or expanded allocation areas would preclude capture of residential growth. Both of the City's TIF districts were created prior to this change in the law, and both districts expanded following the change. Part of the TIF was capturing residential valuation, and part was not. Additionally, the St. Joseph County Auditor follows a uniform methodology for maintaining TIF districts. When all factors are considered, tracking changes in residential valuation is very difficult, even for financial consultants. This is information that was never tracked, and it had to be redeveloped based on modeling.

The City and PHM directed their financial consults (different persons both working for H.J. Umbaugh) to determine a value that the City should have released. In May the City was presented with the estimated values for the South Side TIF district. Since the analysis was very time consuming, Umbaugh suggested the analysis for the South Side be applied for the Northwest TIF agreement. Though the Northwest district is significantly larger, the residential portion represents a small percentage. This was the reasoning for not re-performing the exercise.

The end result was through 2009, with interest, the City owed PHM $317,135.17 ($24,400 a year on average) for the loss of revenue in the South Side TIF, and $271,763.39 ($30,200 a year on average) for the loss of revenue associated with the Northwest TIF district. The difference between the two districts stemmed from the number of years each agreement was in place. Furthermore, the City was required to release $23,000,000 in assessed valuation from the Northwest TIF district to comply with the release identified by both agreements. This was accomplished in spring 2010. The payments were relatively large because they represented a combined 22 years of residential growth. For a real-world comparison of value, this represents about four entry-level homes per district per year.

If the City had kept current with the agreement, assessed valuation that would have been released in 2009 would have equaled $33,000 in revenue for PHM. In 2009 the overall tax dollars generated by both TIF districts exceeded $23,000,000 annually. As a percentage of revenue, $33,000 was less than two tenths of one percent of the annual revenue of the districts. The total amount owed to PHM represented approximately 3% of the estimated TIF revenue for this year. Per language contained in the agreement, the increment was released entirely from the larger

Northwest TIF district. This reduction in funds and assessed valuation did not significantly impact capital improvement projects currently undertaken by the City.

It took time to resolve this matter because prior to paying PHM and releasing the increment, the City felt it essential to redraft the agreements in a manner that would eliminate any need for on-going maintenance. If the City kept the previous agreements "as is" and followed them as written, the City would spend more in consulting fees each year than would be released in increment.

The City's TIF Counsel crafted a document to supersede the previous agreements. The new agreement was reviewed and approved by both the PHM School Board and The City's Redevelopment Commission in February 2010. Although the timing was important to allow City staff and consultants to review the proposed changes with PHM and the Auditor in early March, this did not happen. As a result, an additional payment was made to PHM at the end of the year for the 2010 taxes. These changes are now in place with the updated agreement for 2011. No further analysis, monitoring, or payments are anticipated.