

The Tax Sale in Muncie: What We're Learning So Far

What the System Does — and What It Doesn't

Muncie Land Bank

IDEA Conference

Nate Howard & Brad King

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What's the tax sale supposed to do?



Collect delinquent
taxes



Address vacant and
abandoned properties



Facilitate the transfer
of property
ownership

Scope of Our Research

Examined tax sale activity in Muncie between 2015 and 2025.



*Focus on Whitely and Industry, where tax sale activity is especially concentrated.

Tax Foreclosure and Neighborhood Change

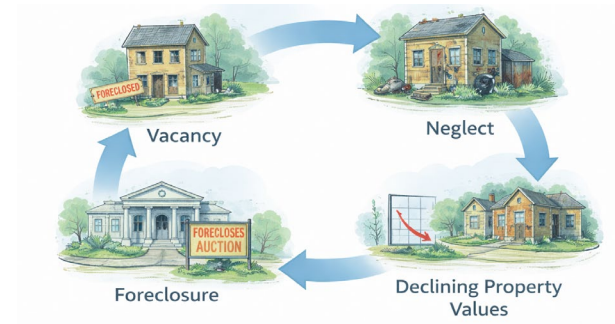
- Tax foreclosure accelerated property loss



- Structural forces shaped these patterns



- Repeated foreclosure cycles reinforced decline



Key Point: Today's tax sale system operates in neighborhoods already shaped by decades of property loss and disinvestment.

Tax Sale Mechanics

- Property become eligible after 3 consecutive tax payments go unpaid
- Minimum bid includes delinquent taxes, assessments, penalties, and administrative costs
- Winning bids are divided into two portions: delinquency owed and surplus (any amount paid above the minimum bid)
- Delinquency owed is distributed to the taxing units and surplus is placed in an escrow account
 - Surplus unclaimed after 3 years, may be transferred to county general fund
 - Not required to be distributed to local taxing units

Tax Sale Mechanics – Redemption Period

- Original owners may redeem the property within a 12-month redemption period by repaying the purchase amount plus interest.
- **Redeemed within first 6 months:**
10% interest on minimum bid + 5% annual (prorated) on surplus
- **Redeemed within second 6 months:**
15% interest on minimum bid + 5% annual (prorated) on surplus
- Example: 7-month redemption calculation (5k minimum + 5k surplus)

Component	Amount (\$)	Interest Rate	Interest (\$)	Repayment (\$)
Minimum Bid	5,000.00	15.0%	750.00	5,750.00
Surplus	5,000.00	5.0% (prorated)	145.89	5,145.89
Total	10,000.00	—	895.89	10,895.89

Tax Sale Mechanics – Tax Deed Process

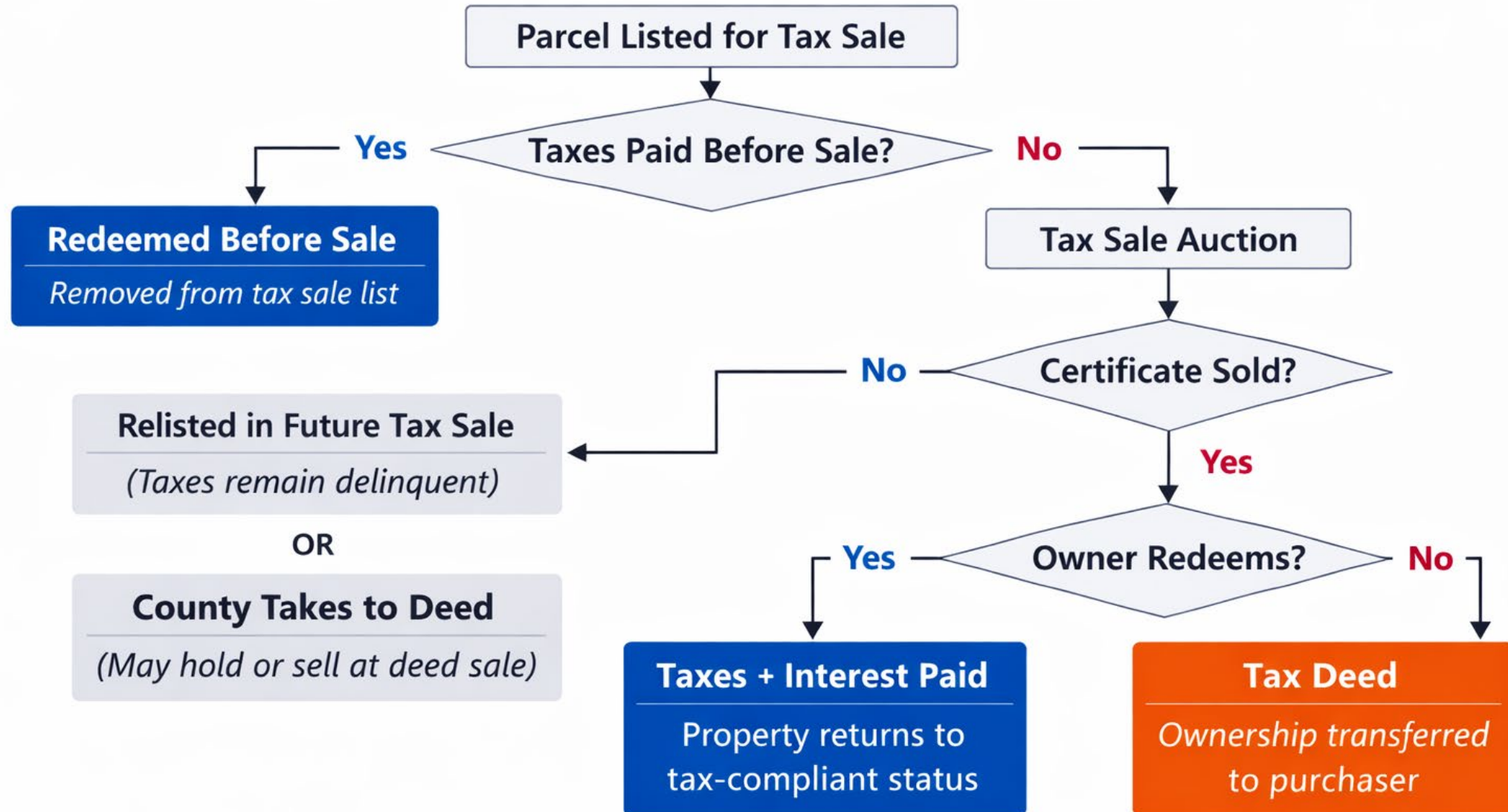
If a property is not redeemed:

- The tax certificate holder may petition the court for a tax deed, transferring ownership of the property.

If a property does not sell at auction:

- After additional procedures and a waiting period, the county may obtain the property through the tax deed process.

Tax Sale Mechanics – Tax Sale Parcel Pathways



Findings – Participation and Concentration

- 5,193 tax certificates appeared on final Muncie tax sale lists between 2015-2025¹, approximately 29% had a winning bidder that was subsequently awarded a tax certificate.
- 251 purchasers won tax sale bids between 2015–2025¹
- Top 5 purchasers² account for 37.8% of all certificates and **56.7% of total spending**
- Next 15 purchasers account for 16.2% of certificates and 26.2% of spending
- Remaining 233 purchasers account for 46% of certificates and 17.1% of spending

¹Excludes 2020.

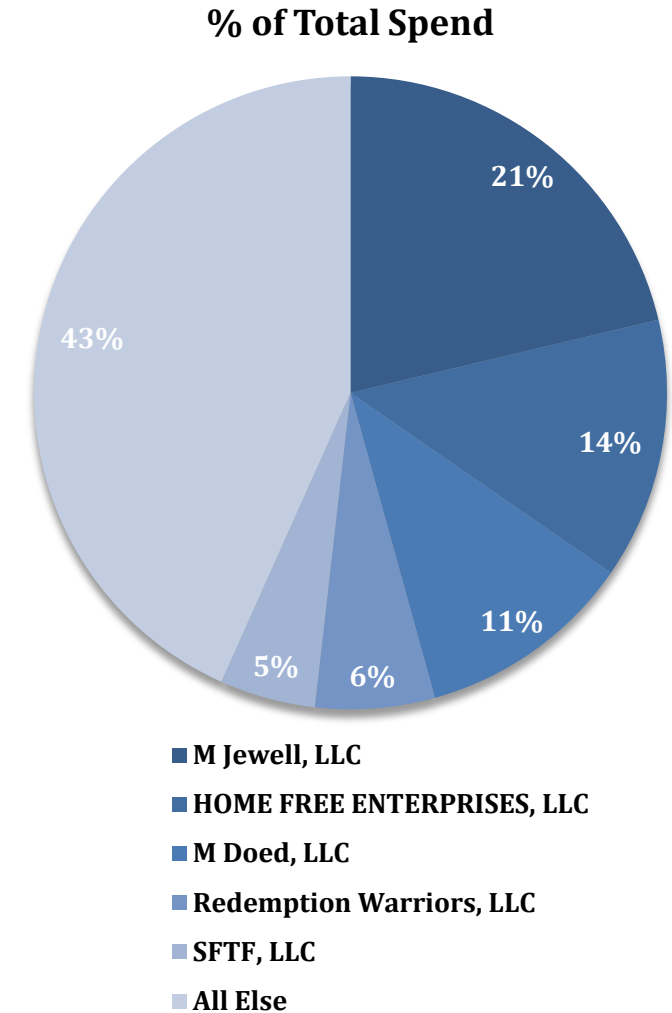
²By Total Spend.

Findings – Who are the largest purchasers?

Buyer Name	Total Minimum	Avg. Minimum	Total Spend	Avg. Spend
M Jewell, LLC	\$356.5k	\$4.2k	\$4.2m	\$26.3k
HOME FREE ENTERPRISES, LLC	\$213.6k	\$3.7k	\$2.6m	\$31.4k
M Doed, LLC	\$357.1k	\$2.0k	\$2.2m	\$10.7k
REDEMPTION WARRIORS, LLC	\$121.0k	\$1.9k	\$1.2m	\$18.6k
SFTF, LLC	\$101.1k	\$1.8k	\$955.4k	\$14.1k

*Among the five largest purchasers, all are located within Delaware County. M Jewell, M Doed, and SFTF are owned by the same individual. Similarly, Home Free Enterprises and Redemption Warriors are owned by the same individual.

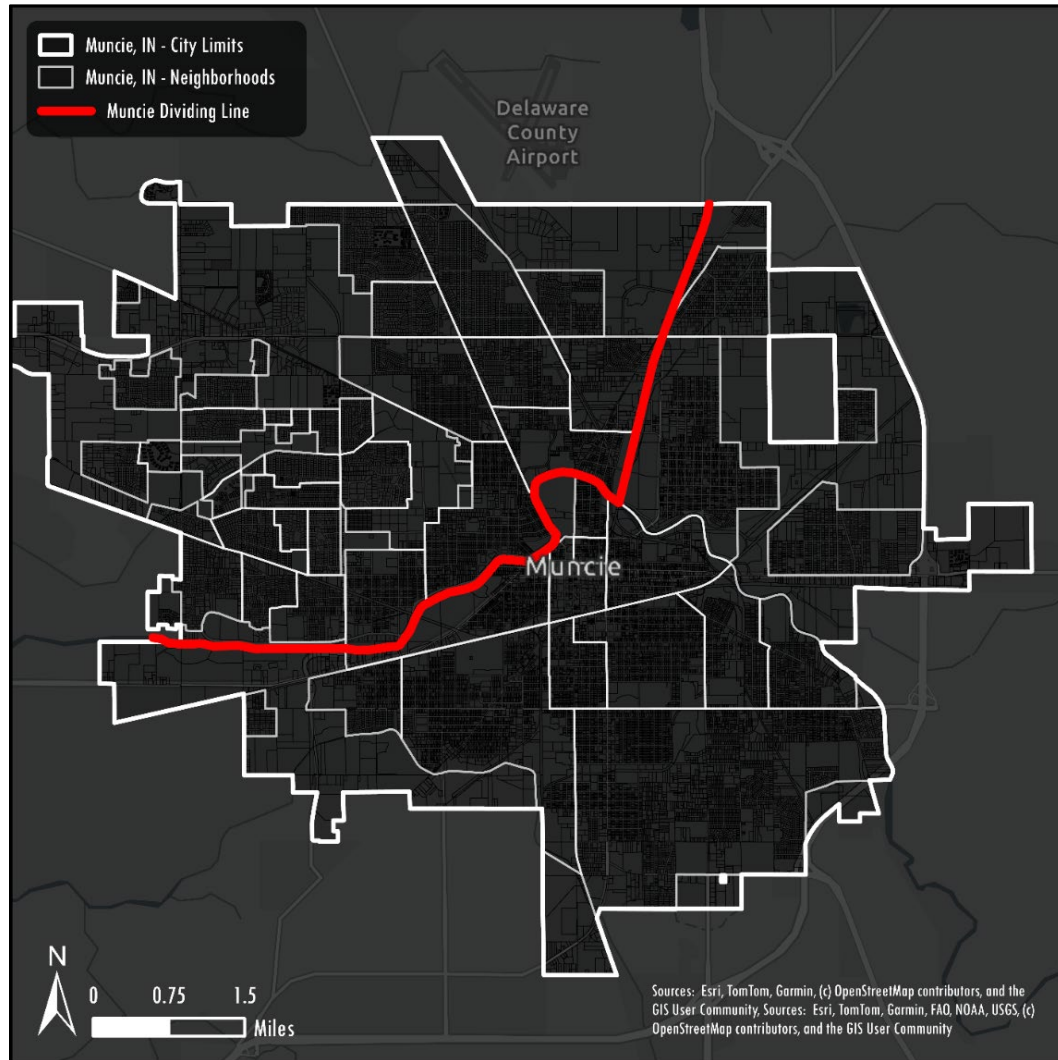
The 6th largest purchaser, NAR Solutions, Inc. is based in Omaha, Nebraska.



Findings – Surplus & Public Revenue Recovery

- Where does surplus go?
 - Surplus is placed in a tax sale escrow fund for 3 years
 - If unclaimed, funds may transfer to the county general fund
 - Surplus is not required to be distributed to local taxing units
- What the data shows (2015-2025)
 - Only 2 years (2022 & 2024) produced total bids exceeding total delinquency
 - Only a small share of surplus ultimately reaches county funds
- Example
 - \$886k surplus (2019 sale) → \$71,762 transferred to county in 2022
 - \$1.8M surplus (2018 sale) → \$153,767 transferred in 2021
- Context
 - Unsold properties represented \$1.9M in delinquent taxes (2021) and \$1.8M (2022)

Findings – Distribution of Tax Sale Exposure



Of 5,193 tax certificates (2015–2025), only 324 (6.2%) were on Muncie’s northwest side, while 93.8% were on the southeast side, largely divided by the White River and Norfolk Southern rail corridor.

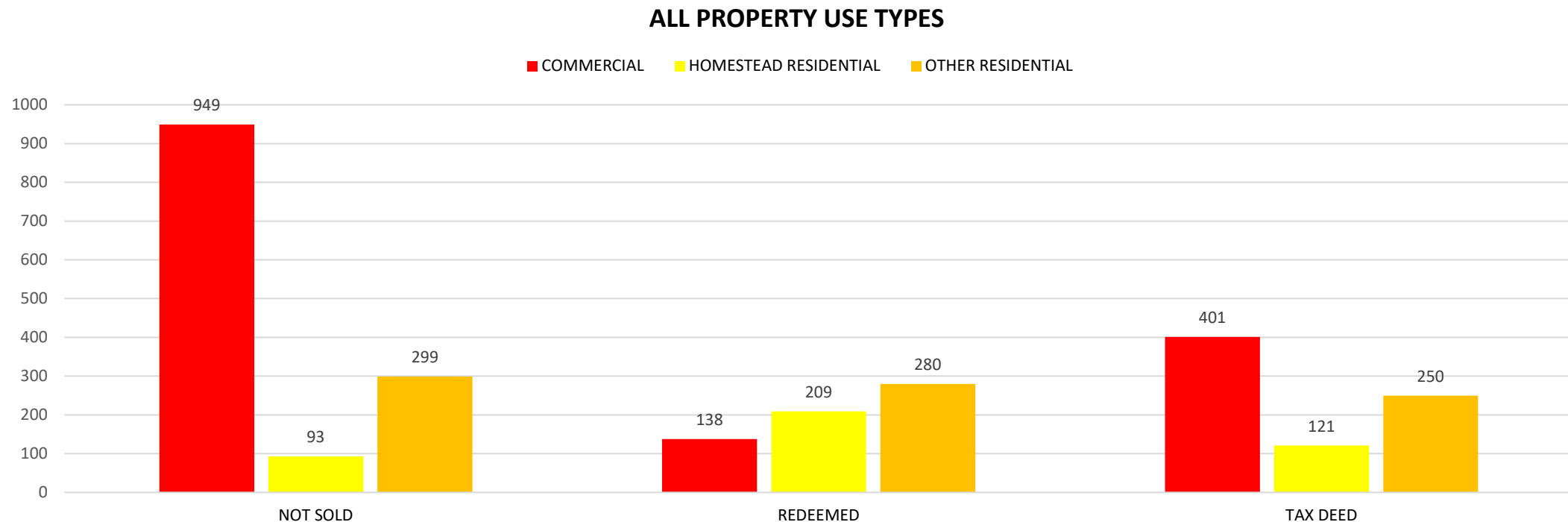
Highest Exposure Neighborhoods

- Industry: 16.5% of Tax Certificates
- Southside: 14.4%
- Whitely: 14.3%
- Thomas Park/Avondale: 12.5%
- Old West End: 7.8%

Findings – Homestead vs. Non-Homestead

Key pattern

- Homestead properties are most likely to be redeemed
- Non-homestead and commercial parcels are most likely to remain unsold



**Chart is limited to 2018-2023 data based on tax data availability and to account for redemption periods.*

Findings – Assessed Value and Outcomes

	COMMERCIAL	HOMESTEAD RESIDENTIAL	OTHER RESIDENTIAL
<\$10,000			
NOT SOLD	71.81%	67.57%	65.02%
REDEEMED	5.27%	2.70%	6.40%
SOLD	4.97%	2.70%	3.45%
TAX DEED	17.95%	27.03%	25.12%
\$10,000-\$19,999			
NOT SOLD	21.28%	29.66%	41.69%
REDEEMED	23.40%	30.51%	24.76%
SOLD	23.40%	12.71%	7.21%
TAX DEED	31.91%	27.12%	26.33%
\$20,000-\$49,999			
NOT SOLD	22.22%	13.46%	20.19%
REDEEMED	27.78%	42.63%	38.28%
SOLD	12.96%	22.76%	17.87%
TAX DEED	37.04%	21.15%	23.67%
\$50,000+			
NOT SOLD	12.96%	4.26%	10.00%
REDEEMED	61.11%	55.32%	57.00%
SOLD	16.67%	26.60%	20.00%
TAX DEED	9.26%	13.83%	13.00%

Low assessed value parcels (< \$10,000)

- ~65-72% **fail** to sell
- Redemption is extremely rare (~3–6%)

Higher value parcels (\$50,000+)

- ~55–61% are **redeemed**
- Non-sale rates drop dramatically

Summary of Findings

- **Concentrated Investor Market**

- A small group of purchasers accounts for the majority of certificates purchased and dollars invested.

- **Limited Public Revenue from Surplus**

- Although auctions can generate large surplus bids, only a small fraction ultimately reaches county funds, often years later.

- **Uneven Neighborhood Exposure**

- Tax sale listings are heavily concentrated on Muncie's south and east sides.

- **Outcomes Reflect Market Strength**

- Higher-value and homestead properties are more likely to be redeemed
Low-value parcels and vacant lots are most likely to fail to sell and cycle through the system

Analysis

- The Tax Sale Functions Primarily as an Interest-Based Investment System
- Tax Sale Buyers Target Redeemable Properties Rather Than Distressed Ones
- A Small Number of Investors Dominate the Tax Sale Market
- The Tax Sale Rarely Transfers Property to New Private Owners
- Tax Sale Exposure Is Concentrated in Historically Disinvested Neighborhoods
- The System Generates Limited Net Revenue for Local Government
- Distressed Properties Remain Largely Unaddressed

Full Circle – Is the Tax Sale Effective?



Collect delinquent
taxes

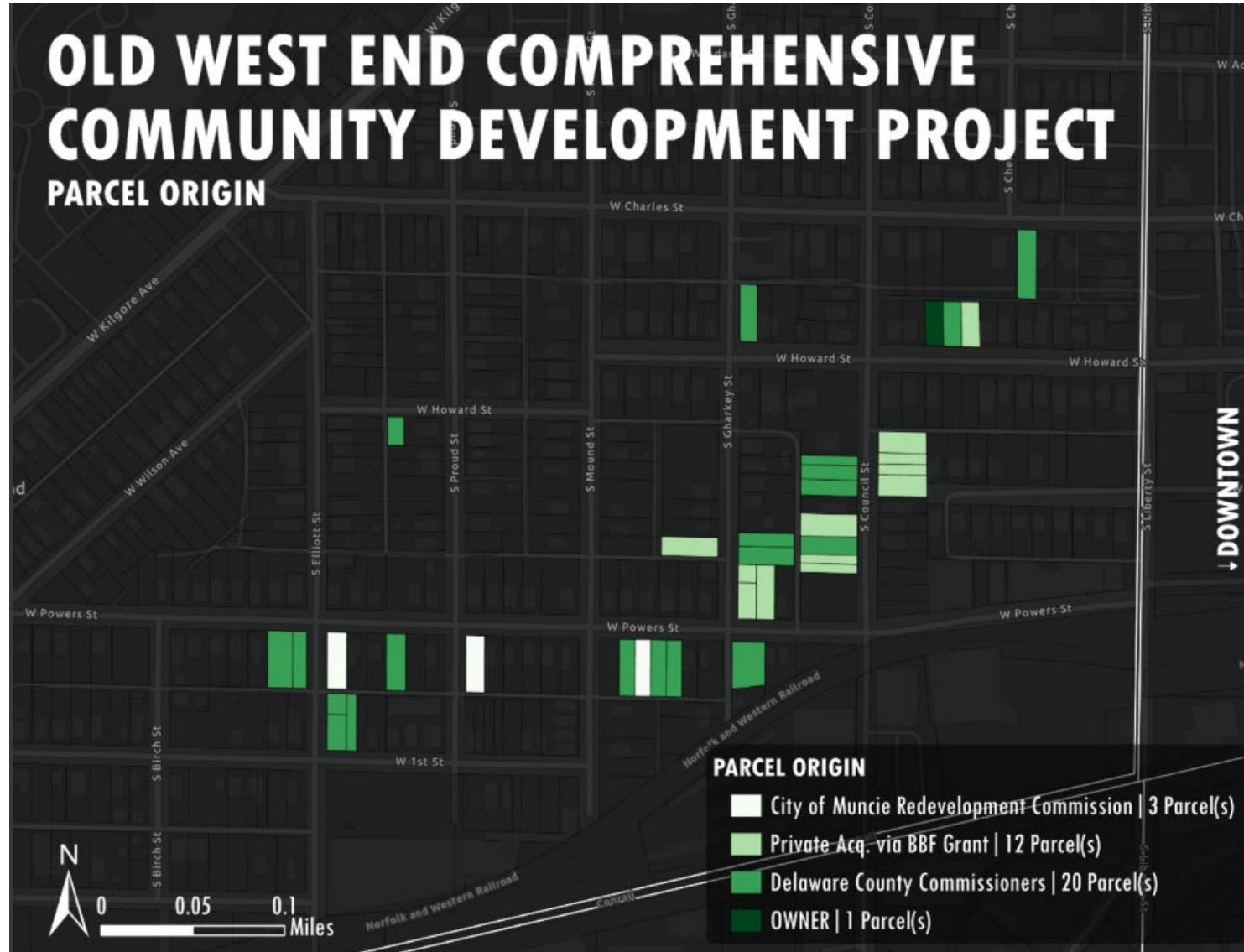


Address vacant and
abandoned properties



Facilitate the transfer
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Central City Housing Project - READI 2.0



- Partnership with City of Muncie, OWE Neighborhood Association, ecoREHAB, PathStone, and Intend Indiana
- \$3.2M awarded for 30 new homes + 3-5 rehabs
- Homes SOLD as single-family residences
- 19 affordable units, remainder market-rate
- Construction begins Spring 2026

Newer Partnerships & Projects

Industry Neighborhood Initiative

- Predevelopment underway with two BSU planning studios supporting neighborhood data collection
- ~20 properties assembled within a targeted 4–8 block redevelopment area
- Building a coalition with Habitat for Humanity, ULCDC, Industry NA, and local leaders
- Exploring strategies for housing development, business activity, and blight elimination
- Seeking funding for implementation phase



8twelve Coalition Redevelopment Project

- Leading a community-driven planning process for corridor areas
- Focused on key corridors: Walnut, Madison, Memorial, 8th, and Hoyt
- Developing a redevelopment framework to guide coalition projects, funding, and advocacy



Newer Partnerships & Projects

Whitely Neighborhood Initiative

- Early predevelopment phase with initial data collection led by a BSU planning studio
- Working with neighborhood leadership to build a development coalition
- Strategic property acquisition around neighborhood amenities underway
- Exploring ways to support small-scale, local “mom-and-pop” development
- Planning studio this fall will begin neighborhood redevelopment planning



Old West End – Phase 2

- Beginning a Quality of Life corridor initiative connecting the site to downtown
- Property acquisition underway with Ball Brothers Foundation support
- Working with architecture studio on concept plans along Powers St. (Gharkey → Liberty)
- Seeking additional partners and funding



Questions

Muncie Land Bank

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