

“BLIGHT ELIMINATION PROGRAM” INITIATIVE OF IHCDA’S HARDEST HIT FUNDS:

Site
selection,
control,
reuse

*REPURPOSING DEMOLISHED SITES
REINVESTING IN NEIGHBORING PROPERTIES*

PRESENTATIONS 11/10 – 11/19/2014

Morning

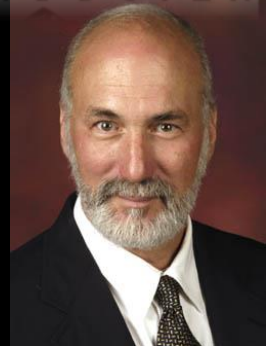
PART C
10:00-noon



Bruce Frankel

Professor of
Urban Planning

Director, Real Estate
Development Programs



Where are we?

1. What is the Blight Elimination Program?
2. What if you missed the first two workshops in April?
3. What will you learn today?

The BEP

- ▣ Incentive to expend funds
- ▣ U.S. Treasury
- ▣ Hardest Hit Fund [HHF] 2/2010
- ▣ \$7.6B
- ▣ 18 states + DC
- ▣ Indiana \$221M end 12/2017
- ▣ BEP \$75M
- ▣ 6 Divisions

- ▣ **Schedule**

Division	Application Deadline	Awards Made
1 Marion & Lake	4-21	5-22
2	5-19	6-26
3	6-16	7-24
4	7-21	8-28
5	8-18	9-25
6	9-15	10-23

Schedule

	Workshop by Region & County	Location	Venue	Day/Date 2014
1-5	La Porte City Hall, Indianapolis Old City Hall, Columbus City Hall, Vincennes Fortnightly Bldg., Ft. Wayne City Hall			Tuesday/ Thursday, April 8, 10, 15, 17, 22
6	<u>Southern/ east:</u> Dearborn	Aurora	Aurora City Building, 235 Main St., Council Chambers	Monday, 11/10
7	<u>Northern/ west:</u> Tippecanoe	Lafayette	Tippecanoe County Public Library, Friends of the TCPL Room, 627 South St.	Wednesday, 11/12
8	<u>Southern/ west:</u> Brown	Nashville	Nashville Town Hall, 200 Commercial St.	Friday, 11/14
9	<u>Central:</u> Hancock	Greenfield	Hancock County Annex, Commissioners' Court, 111 American Legion Place	Monday, 11/17
10	<u>Northern:</u> Lake	Gary	Gary City Hall, 401 Broadway, Council	Wednesday, 11/19

Workshops Then & Now - IHCD/ICC Contract

Then

Now

April 2014

November 2014

What?
Why?
How?

1. Causes & Remedies of Blight

1. Business Plan/ Problem-solving

4. Best Practices

2. I.D. & Procure Resources

4. Catalytic Reinvestment Strategies

2. PPP - Roles

3. Incremental Repurposing Strategies

3. Strategies outside BEP Rules

Repurposing Lightly

Relevancy regardless of a BEP award

Adult Swim

Workshops A

Preliminary to BEP Application

- BEP site selection, site control & potential post-demolition uses
- as part of a strategic community & business planning process
 - A. Causes of and remedies** for blight and divestment of real property.
 - B. Options to work with the Federal National Mortgage Association** (“Fannie Mae”) to identify Fannie Mae properties that may qualify for the BEP.
 - C. Identify and procure resources** to develop or stabilize properties after demolition.
 - D. Reinvestment strategies** for specific sites and whole neighborhoods.

Workshops B

Post BEP Awards

What?
Why?
How?

- long-term strategies to eliminate blight and revitalize communities
- after BEP resources have been exhausted & regardless of whether BEP funds have ever been used
 - A. Developing and executing a **business plan** for blighted
 - B. Roles of private and public players** and their resources within the business plan, including, if applicable, options to work with the **Fannie Mae** to identify Fannie Mae properties that may be appropriate for demolition and revitalization.
 - C. Strategies [outside IHEDA rules]** to stabilize sites and maintain site control while redevelopment resources are unavailable [**not yet procured**], including the appropriate role of demolition.
 - D. Problem solving** for the business plan

4 PARTS

A – April Morning

1. Guidelines to Conduct Workshop
2. Myths & Premises
3. Getting Started
4. Repurposing [w/o buildings]

B – April Afternoon

1. Inventory of Essential Indiana Cities & Towns: Sets of Issues & Assets
2. Central Theme of Causes - Vacant & Abandoned
3. Shrinking Cities or Opportunity for Demand?
4. Inventory of Underutilized Resources
5. Inventory of Proven Strategies

C – November Morning

1. Observations Leading to Central Theme as to how we learn real estate development
2. PART 1: Inventory of Strategies - Focus on “Gray Zones”
3. PART 2: Assess Neighborhood Conditions
4. PART 3: Matching Strategies with Conditions

D – November Afternoon

1. Apply Strategic Principles toward Sustainable Redevelopment
2. Evidence that it will work?
3. Themes to a Strategy of Indirection
4. Structuring PPP as Never Before = The Essential Uses of Business Plans

<http://www.877gethope.org/blight>

<http://www.in.gov/ihcda/2340.htm>

Website

PARTNERweb www.in.gov/myihcda

CONSUMERWEB www.ihcda.IN.gov

PowerPoints

Resources Round 1 Workshops as “primers”, “best practices” & “position papers”

Resources Round 2 Workshops on “elements” & “calculators” for business plan

Blog

IHCDA Materials

Folders

PowerPoints Frankel

Workshop April

- Morning
- Afternoon

Workshop November

- Morning
- Afternoon

PowerPoint IHCDA

For BEP
Program

Repurposing Strategies

Incremental
Repurposing

Corporate
Partner

Scholarly
Studies
Redevelopment

Ordinances

Repurposing Strategies

Catalytic
Redevelopment

Finance

Income Limits
Federal
Programs

Selective Topics Covered in April

Hidden Resources

1. Mortgage Guarantees Rehabilitation

- a. 40 FHA 203K lenders [\$30K-275K; 96.5%]

2. Tax-increment Financing

Homestead \$304/mo. < Sec. 8

- a. HoTIF, IC Redev., Sec. 40 [25-100% subsidy]

3. Tax-credit Financing

@65% AMI, TEHP = \$497=15%
Mixed-use condo selling \$168K

- * a. LIHTC [yes] 24-63% qualified basis [4-9%]

- b. NMTC

- c. HTC – IRC Sec. 50a – 5 yrs. 12-18% qualified basis

- d. IHEDA Mortgage Credit Certificates + DP Assist

4. Grants

- * a. AHP – \$500K engage the lenders [411] through FHLBI

Pedestrian Short List

Selective Topics Covered in April

Under-utilized Strategies

1. Urban Homestead rehabilitation program, IC 36-7-17
 - a. 40 FHA 203K lenders
-

- * 2. CDBG/ HOME Sustainable Financing
 - a. DPL, Efficient Subsidy
-

3. Developer-financed subsidies for affordable housing, urban amenities

- a. Mixed-Income Solution
 - b. HoTIF [affordable housing for all incomes + urban amenities]
-

* Income qualified

4. BEP Strategies

- a. Site control [deed, ground lease]
- b. Use of Public-Private Nonprofits for BEP

Pedestrian Short List

- i. IRC Sec. 509a...or 506 IEDC
 - c. Range of Non-Building Options, Conditions, Costs
-

Selective Topics Covered in April New Urban Manufacturing PDR/ Maker Districts



References/ Facts

- ▣ Brookings study 2007
 - >50,000 manufacturers
 - <20 employees/each
- ▣ Creative Class artisans
- ▣ PDR= [Light] production, distribution, repair
- ▣ \$60,000/yr.

Philadelphia, San Francisco/
Oakland, Atlanta, Wilmington,
NC...Rising Sun, IN

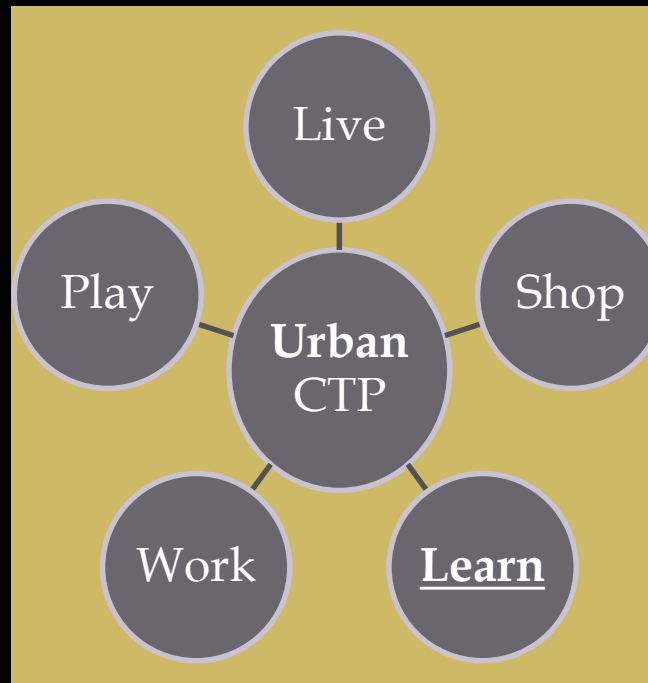
Applications

People for
Urban
Progress,
Indianapolis

Scavengers
"Goods for
Good"

13 AC Teflon-coated fiberglass
RCA Dome; \$15K
landfill;
0.1 AC \$70K

Local
Economy
as a Place



Business Development - April Workshops

Program	Purpose	Comment
New Market Tax Credits	<ul style="list-style-type: none"> a. Residential or Nonresidential properties in eligible neighborhoods of poverty [72 neighborhoods in Indiana qualify] b. Requires certified Community Development Entity [CDE] c. 39% tax credits over 7 years calculates to 30% of qualified basis d. E.g. on \$100,000 qualified total cost, \$30,000 in NMTC financing 	<p>Highly competitive, only 10% of applications are funded per annum.</p>
<div style="background-color: #800080; color: white; padding: 5px; text-align: center; margin-bottom: 5px;">Resource Guide</div> SBA Programs as loan guarantees = "debentures"	<ul style="list-style-type: none"> a. 7a - \$5.0M max; average 2012 \$337,730; insures 75-85%; realty, personalty, working capital b. Microloan - \$50K max/ 6 years; average 2012 \$13K; all but realty c. CDC 504 - \$5.0M [any business] - \$4.0M [small manufacturers] <u>debenture</u> max [so, 100%]; \$65K per worker retained or added [up to \$100K in small manufacturing]; only realty + equipment. d. All programs SBA fee 2-3%; terms realty 25 years, personalty 10 years 	<p>Strategic decision: Is it real estate? OR Is it a business involving real estate +?</p>

Guidelines to Conduct Workshop

1. Interactive
2. For & Beyond BEP
3. Why me?
 - a. Not You
 - b. Not IHCDA

In need of
gadflies and
facilitators:

Roles

Political
Practical
Financial
Market
Equitable

Morning Workshop

1. Observations Leading to Central Theme as to how we learn real estate development
2. PART 1: Inventory of Strategies - Focus on “Gray Zones”
3. PART 2: Assess Neighborhood Conditions
4. PART 3: Apply Strategic Principles Toward Sustainable Redevelopment [Match Strategies to Conditions]

Session 1

Theme 1c

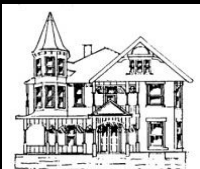
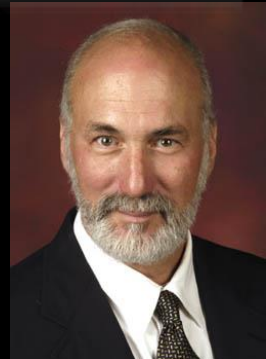
A SUSTAINABLE REDEVELOPMENT TEMPLATE FOR URBAN NEIGHBORHOODS



Bruce Frankel

Professor of
Urban Planning

Director, Real Estate
Development Programs





PAPER DELIVERED

TUESDAYS AT APA
JANUARY 25, 2011

BURNHAM CONFERENCE CENTER
APA'S CHICAGO OFFICE
205 N. MICHIGAN AVE.
SUITE 1200
CHICAGO, IL 60601

A TEMPLATE FOR REDEVELOPING CHICAGO'S NEIGHBORHOODS

Copyright Bruce Frankel 2011

Bruce Frankel, Ph.D., AICP

Professor of Urban Planning



64 pp



PAPER DELIVERED

*HAWAII INTERNATIONAL CONFERENCE
ON SOCIAL SCIENCES
MAY 30 - JUNE 2, 2012*

WAIKIKI BEACH MARRIOTT HOTEL
WAIKIKI, HAWAII

A Sustainable Redevelopment Template for Urban Neighborhoods

Copyright Bruce Frankel 2011

Bruce Frankel, Ph.D., AICP

Professor of Urban Planning



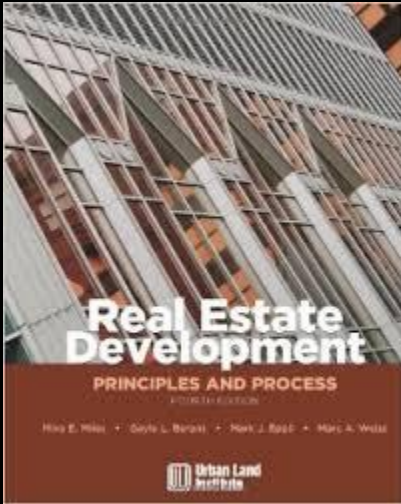
73 pp

Manuscripts

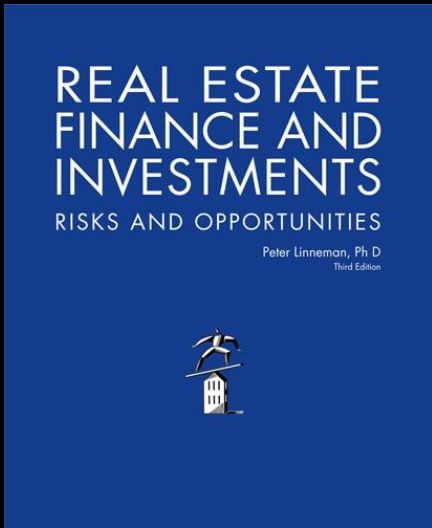
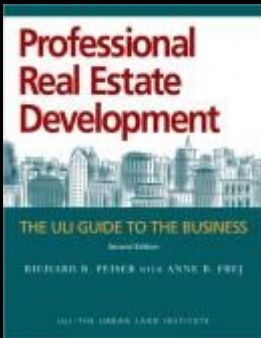
Why don't we know how to redevelop neighborhoods of disinvestment?
Because it is not taught in business, public administration or planning schools.



Observations Leading to Central Theme



**Taught
how to
find
markets,
not how
to create
them**



1. Texts on real estate finance [dialogue with Peter Linneman]

- a. Project-based cf.
Neighborhood-based
- b. Ignore micro-economies of
disinvestment
 - Studies are how to find markets,
not to create markets
 - Leave unattended purpose of
community development -
public inducements toward a
market of private investments
[Alexander Garvin, The American City]
- c. Strategically intelligent
redevelopment is a means of
sustainable finance

Observations Leading to Central Theme

2. State of planning & community development practice
 - a. Under-utilize tools
 - Tax-increment Financing [TIF/ HoTIF]
 - Tax-credit Financing
 - Mortgage Sureties
 - b. Under-utilize strategies
 - Developer-financed subsidies for affordable housing, urban amenities
 - Laws of
 - Large Numbers
 - Small Numbers

Central Theme

Sustainable redevelopment of economically-impacted sections of our cities and towns depends on **how** we redevelop.

An intelligent strategy generates sufficient public-private financing and market conditions for private investment.

PART 1: Inventory of Strategies

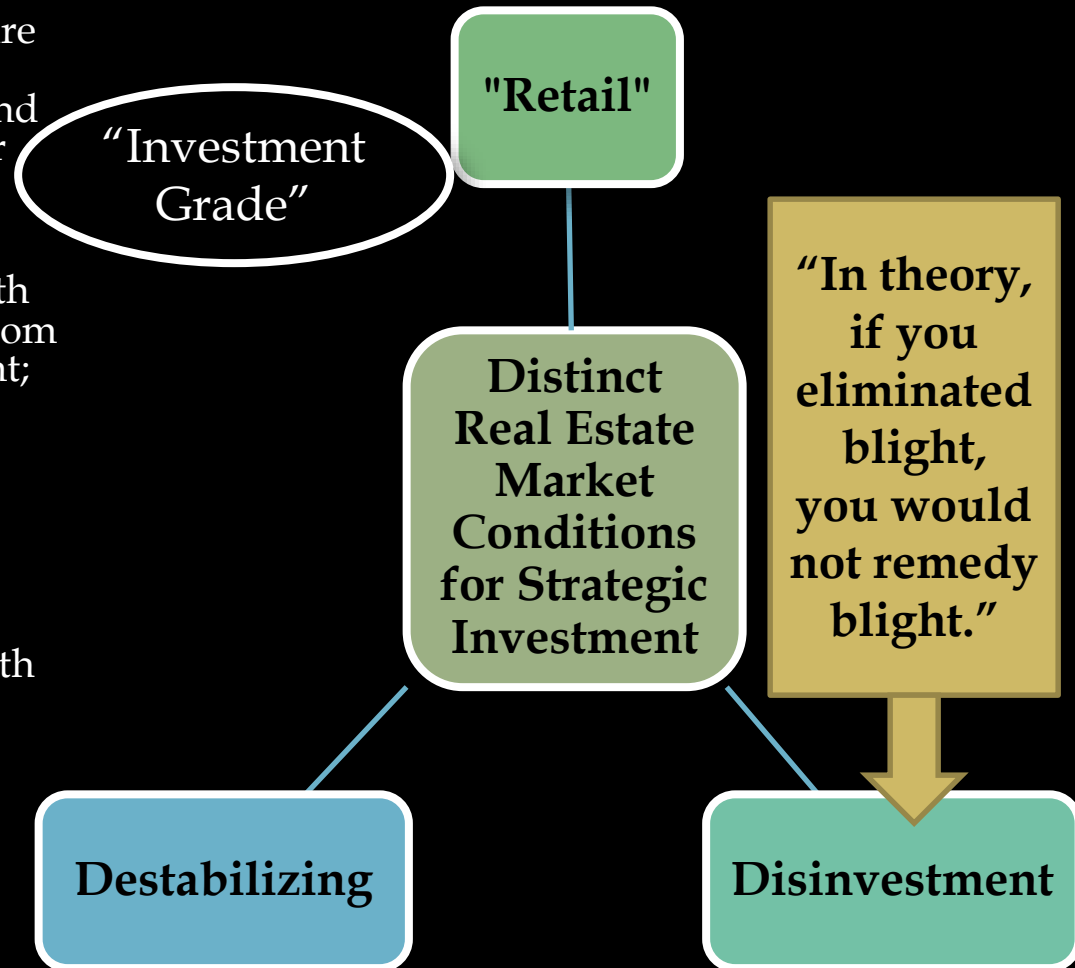


3 Distinct Real Estate Markets

1. **"Retail"**, where demand and price are sufficient to invest at a range of costs; there may be cyclical fortunes made and lost, but those are attendant to a larger economy

2. Areas in need of **stabilization**, with the threat of turning away investors from a market with a tradition of investment; otherwise stable markets where home foreclosures or the presence of a brownfield exemplify this threat, and were the attention of the Federal Neighborhood Stabilization Program

3. Areas in need of **reinvestment** with both the tradition and prospect of disinvestment, evident in the "gray zones" of declining small towns and inner-city neighborhoods, and with a long-standing, firmly established real estate in recession



Causes Vacant & Abandoned

Loss of Jobs

- Reduced Demand

Pols campaign on this

Critical relationship between market & replacement value

Property Stock Deteriorates

- Relaxed Code Enforcement
- Declining V_m

UBHA

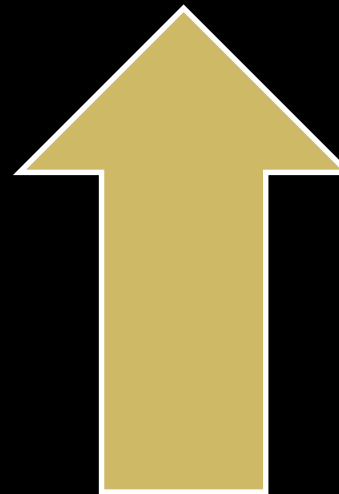
Tipping Point:
 $V_m < V_r$
 $ROI < 0$

- Supply determines Demand
- Live in slum = invest in slum

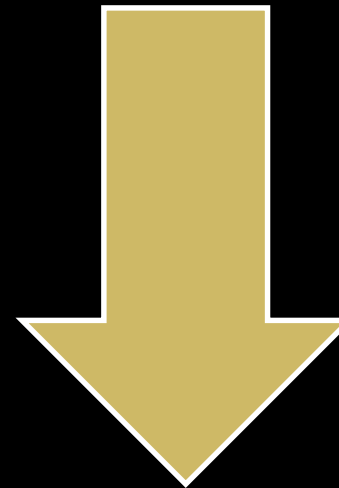
Systematic response as demolition?

Gray Zones as Markets of Disinvestment

- By disinvestment is meant the erosion of property values, such that the essential feature of capital investment is vacated: the perception that tomorrow will be worse than today. Distressed properties are undervalued in that their market value is less than their replacement cost or their cash flows are negative. In either case the return on their investment is negative. For them, the market is insufficient to attract development and the recourse is to either adaptively reuse the property to its low “water level” [e.g., subdivide a single family home into multiple, low income apartments; a defunct big box retail becomes a church] or to demolish in concert with the failed strategy of urban renewal.



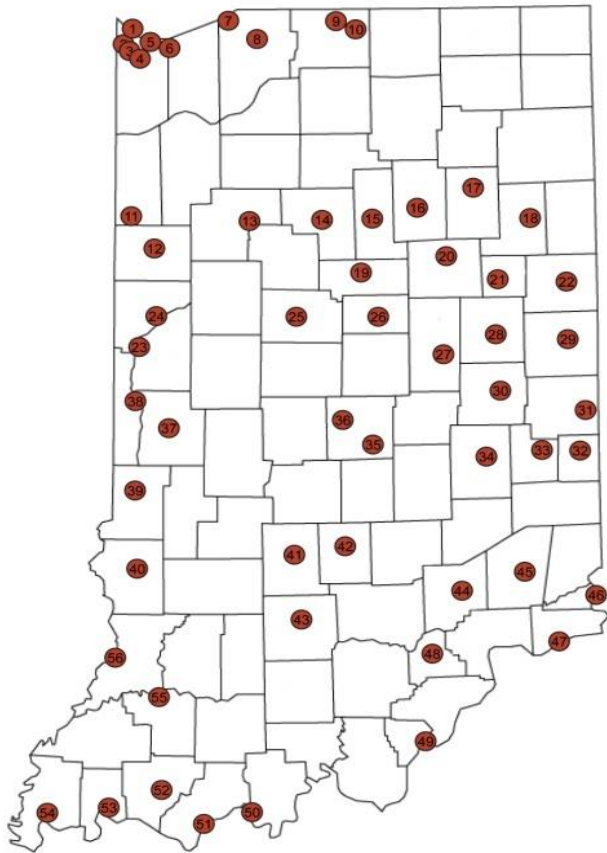
Market >
Replacement
Value or
ROI > 0



Market <
Replacement
Value or
ROI < 0

Inexorably Shrinking Cities?

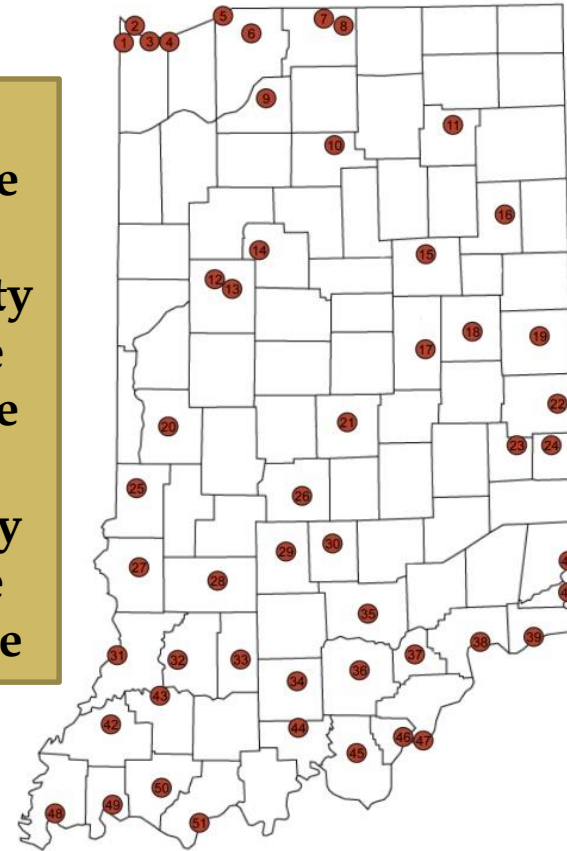
Total Essential Cities & Towns = 126



Indiana Cities and Towns With Declining Populations

- 1 East Chicago
- 2 Hammond
- 3 Highland
- 4 Griffith
- 5 Gary
- 6 Lake Station
- 7 Michigan City
- 8 LaPorte
- 9 South Bend
- 10 Mishawaka
- 11 Kentland
- 12 Fowler
- 13 Monticello
- 14 Logansport
- 15 Peru
- 16 Wabash
- 17 Huntington
- 18 Bluffton
- 19 Kokomo
- 20 Marion
- 21 Hartford City
- 22 Portland
- 23 Covington
- 24 Williamsport
- 25 Frankfort
- 26 Tipton
- 27 Anderson
- 28 Muncie
- 29 Winchester
- 30 New Castle
- 31 Richmond
- 32 Liberty
- 33 Connersville
- 34 Rushville
- 35 Beech Grove
- 36 Speedway
- 37 Rockville
- 38 Newport
- 39 Terre Haute
- 40 Sullivan
- 41 Bloomington
- 42 Nashville
- 43 Bedford
- 44 Vernon
- 45 Versailles
- 46 Rising Sun
- 47 Vevay
- 48 Scottsburg
- 49 New Albany
- 50 Tell City
- 51 Rockport
- 52 Boonville
- 53 Evansville
- 54 Mount Vernon
- 55 Petersburg
- 56 Vincennes

Pop. decline
Property Value decline
Poverty above average



Distressed Towns and Cities of Indiana

- 1 Hammond
- 2 East Chicago
- 3 Gary
- 4 Lake Station
- 5 Michigan City
- 6 LaPorte
- 7 South Bend
- 8 Mishawaka
- 9 Knox
- 10 Rochester
- 11 Columbia City
- 12 West Lafayette
- 13 Lafayette
- 14 Delphi
- 15 Marion
- 16 Bluffton
- 17 Anderson
- 18 Muncie
- 19 Winchester
- 20 Rockville
- 21 Indianapolis
- 22 Richmond
- 23 Connersville
- 24 Liberty
- 25 Terre Haute
- 26 Martinsville
- 27 Sullivan
- 28 Bloomfield
- 29 Bloomington
- 30 Nashville
- 31 Vincennes
- 32 Washington
- 33 Shoals
- 34 Paoli
- 35 Brownstown
- 36 Salem
- 37 Scottsburg
- 38 Madison
- 39 Vevay
- 40 Rising Sun
- 41 Lawrenceburg
- 42 Princeton
- 43 Petersburg
- 44 English
- 45 Corydon
- 46 New Albany
- 47 Jeffersonville
- 48 Mount Vernon
- 49 Evansville
- 50 Boonville
- 51 Rockport

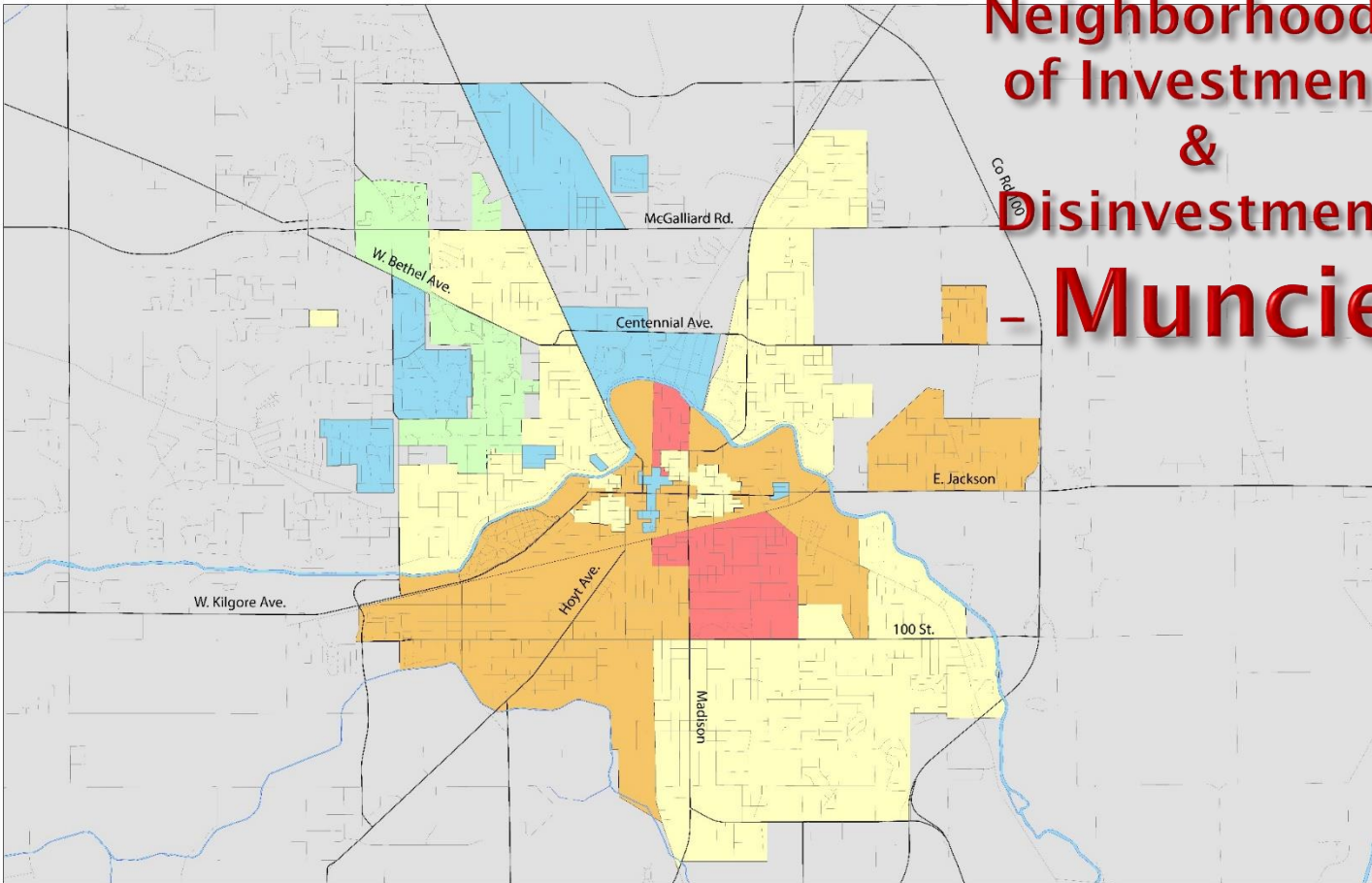
56

51

See also South Bend

Muncie, IN: Disinvestment Patterns

Neighborhoods of Investment & Disinvestment - Muncie

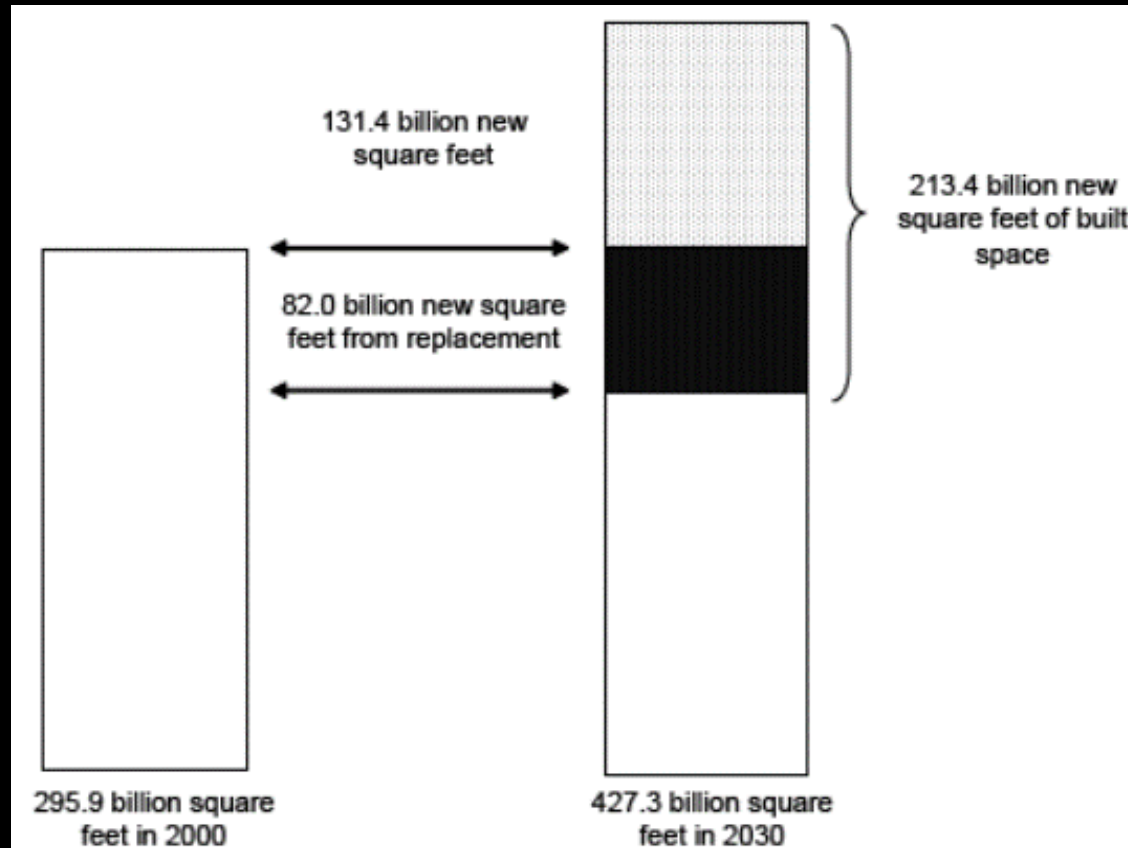


- Severe disinvestment (w/a at high level, code violations, property devaluation)
- Significant disinvestment
- Stagnation (some investment, but not at critical mass to become an area of rising values)
- Stable (modestly rising values, little to no w/a and code violations)
- Investment (steadily rising values)



- Statewide study distills to Your Community
- A. Severe Disinvestment
 - B. Significant Disinvestment
 - C. Stagnation
 - D. Stable/Modest Investment
 - E. Investment

Brookings Study endorsed by Urban Land Institute - Enough Demand to Reverse Blight



$213.4B / 295.9B$ in 2000
= 72%

$213.4B / 427.3B$ in 2030
= 50%

“THE PROSPECTIVE MARKET FOR REAL ESTATE DEVELOPMENT” WEBSITE

By
Bruce Frankel
11/15/2010

Opportunity: Extent of the Challenge

2000-2030
Market for gray zones: 82 B s.f.

Additionally, the “smart growth” and “sustainable cities” movements are emerging and may redirect investment from cornfields to urban redevelopment.

40% of 72% = ~30% in 2000

40% of 50% = 20% in 2030

Muncie’s vacant/ abandoned housing stock = 15%
in 2014

ULI Endorsed

Arthur Nelson,
TOWARD A NEW
METROPOLIS: THE
OPPORTUNITY TO
REBUILD
AMERICA, The
Brookings
Institution
Metropolitan Policy
Program, 2004

~40% of real estate
investment in the near term
shall be infill and adaptive
reuse, and most of that in
markets of disinvestment

7 Strategies for Gray Zones

Conceptually Distinct

Found in their combinations

What is a “Neighborhood Redevelopment Strategy Area?”

**Adequate public investment strategy to induce
a sustainable private investment [create a market]
within 5 years**

Garvin, [The American City: What Works? What Doesn't](#)

1. Collective Action by Stakeholders

*...investors working in concert can change market perceptions, thus creating a market as all markets are created...that tomorrow will yield a brighter day and that investment is sustainable [e.g., just manage to **host 400 property owners at your wine and cheese party**]*

2. Regulatory Impact

*...another form of collective action resulting in public policies with impact on community problem-solving [e.g., NJ and **affordable housing**]*

3. Partnerships Among Economic Sectors

*...each economic sector performs a uniquely useful role in redevelopment: **for-profit to raise capital and manage efficiently; public to subsidize, regulate or anchor; nonprofit to make eligible public and foundation programs and to redistribute resources in the public interest***

4. Corporate Sponsorship

*...corporate or its foundation underwriting of a redevelopment strategy [e.g., **Judith Rodin, The University and Urban Renewal**] and typical of the form of mortgage guarantees, anchor tenancy, etc.*

5. Business Model

*... redevelopment areas have undervalued assets that, once improved, can realize a positive return on investment [e.g., **NTHP model**]*

6. Synergy of Investment as a "Strategy of Indirection"

*..."connecting the dots" means seeing inter-relationships, as so production in one factor of **redevelopment is dependent on progress in one of its key determinants**, and then vice-versa [e.g., **downtown retail depends on the demand side, so invest in downtown housing**]*

7. Synthetic Reality

...the reality is the combination of the above

1. Collective Action by Stakeholders

Whoever brings \$ to the table is a buyer [investor]

Community organization
... of investors

Monopoly cf.
Monopsony

A “killer”
app

...investors working in concert can change market perceptions, thus creating a market as all markets are created...that tomorrow will yield a brighter day and that investment is sustainable

*[e.g., just manage to **host 400 property owners at your wine and cheese party**]*

How the stock market
used to operate...
and still does



2. Regulatory Impact

What is a
PUR?

Historic District
... positive or
negative?

What is
"Performance
Zoning"

Next 5
slides

*another form of collective action resulting
in public policies with impact on
community problem-solving*

[e.g., NJ] and affordable housing]









- Zoning can be specific & avoid "spot zoning" –
- Washington Twp., NJ experiment on undeveloped 16,000 AC
- Zoning can be "easy" + highly lucrative for property owners and redevelopers



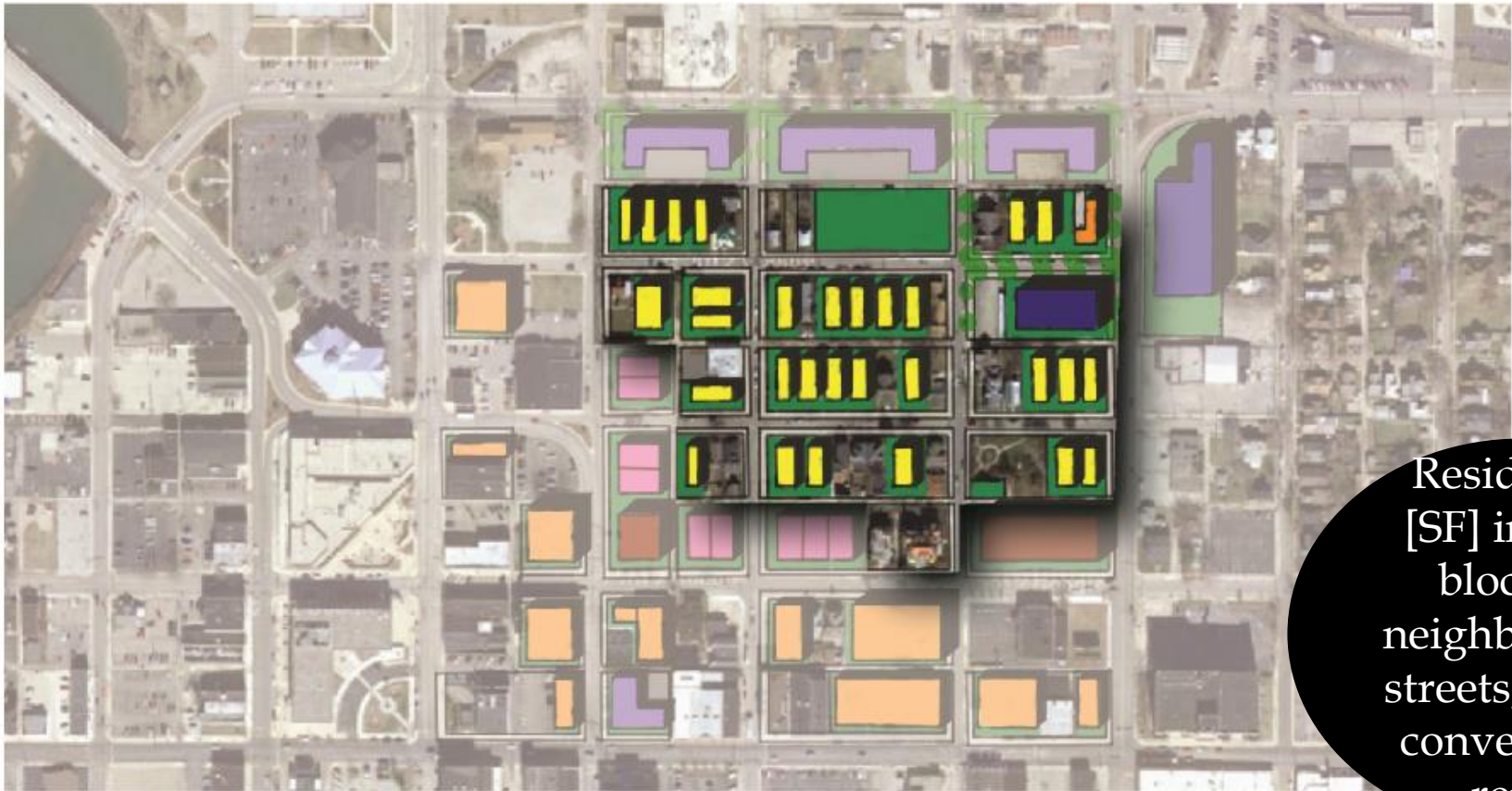
Development Phase 1



Legend









- | | | | |
|--|---|---|---|
|  Neighborhood Boundary |  Commercial/Professional Offices |  Community Services |  Live/Work Homes |
|  Mixed Use Development |  Single Family Residential |  Parking Structure |  Green Space |

Development Phase 2

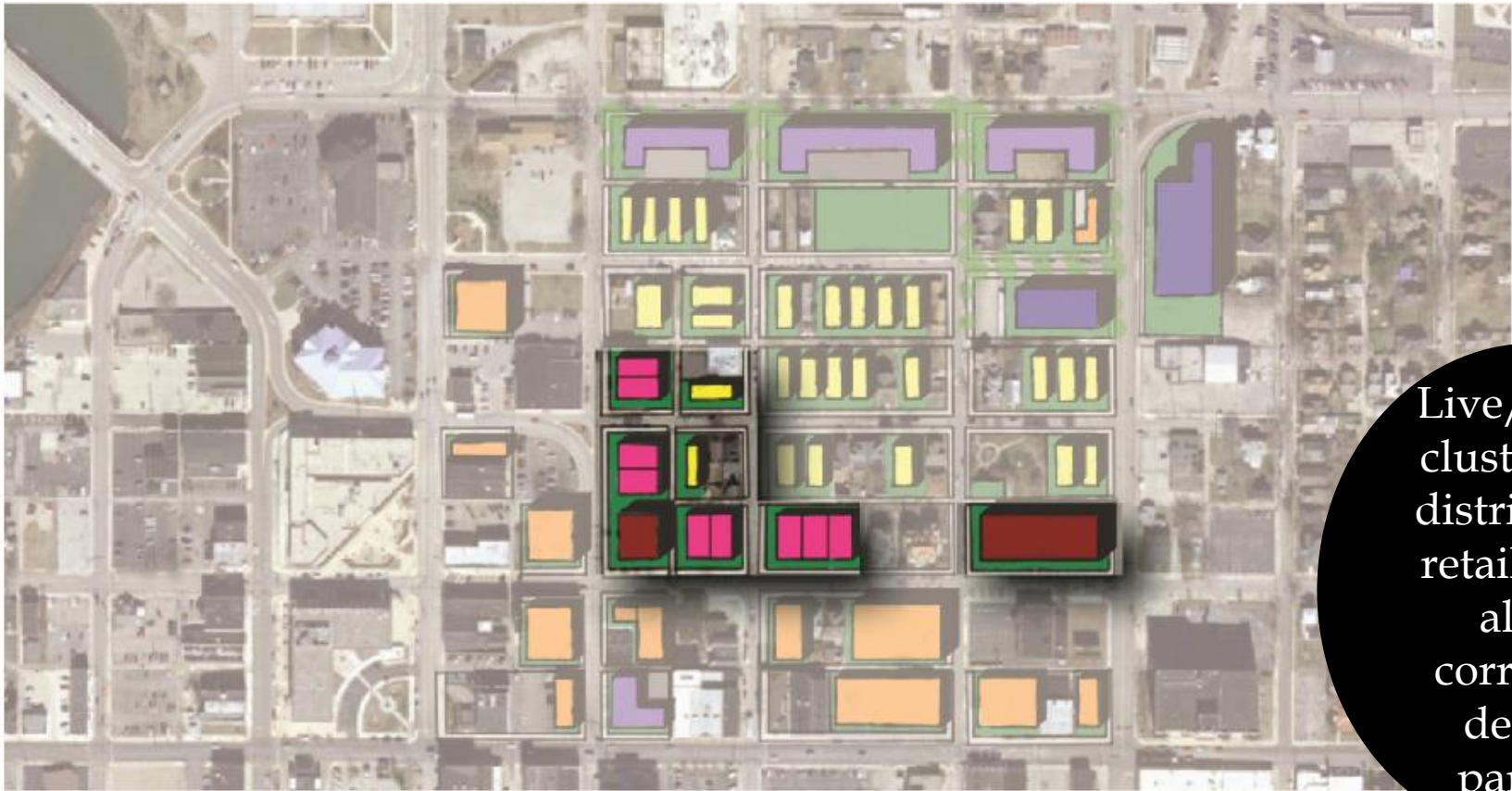


Residential
[SF] interior
block on
neighborhood
streets; corner
convenience
retail

Legend



- | | | | |
|--|---|---|---|
|  Neighborhood Boundary |  Commercial/Professional Offices |  Community Services |  Live/Work Homes |
|  Mixed Use Development |  Single Family Residential |  Parking Structure |  Green Space |

Development Phase 3



Live/ Work cluster sub-district with retail outlet along corridor + decked parking

Legend




- | | | | |
|--|---|---|---|
|  Neighborhood Boundary |  Commercial/Professional Offices |  Community Services |  Live/Work Homes |
|  Mixed Use Development |  Single Family Residential |  Parking Structure |  Green Space |

Development Phase 4



Mixed-use along corridors + parks at strategic location [corners, mid-block]


Legend


- | | | | |
|--|---|---|---|
|  Neighborhood Boundary |  Commercial/Professional Offices |  Community Services |  Live/Work Homes |
|  Mixed Use Development |  Single Family Residential |  Parking Structure |  Green Space |

Architectural Program



Legend

 Neighborhood Boundary

 Commercial/Professional Offices

 Community Services

 Live/Work Homes

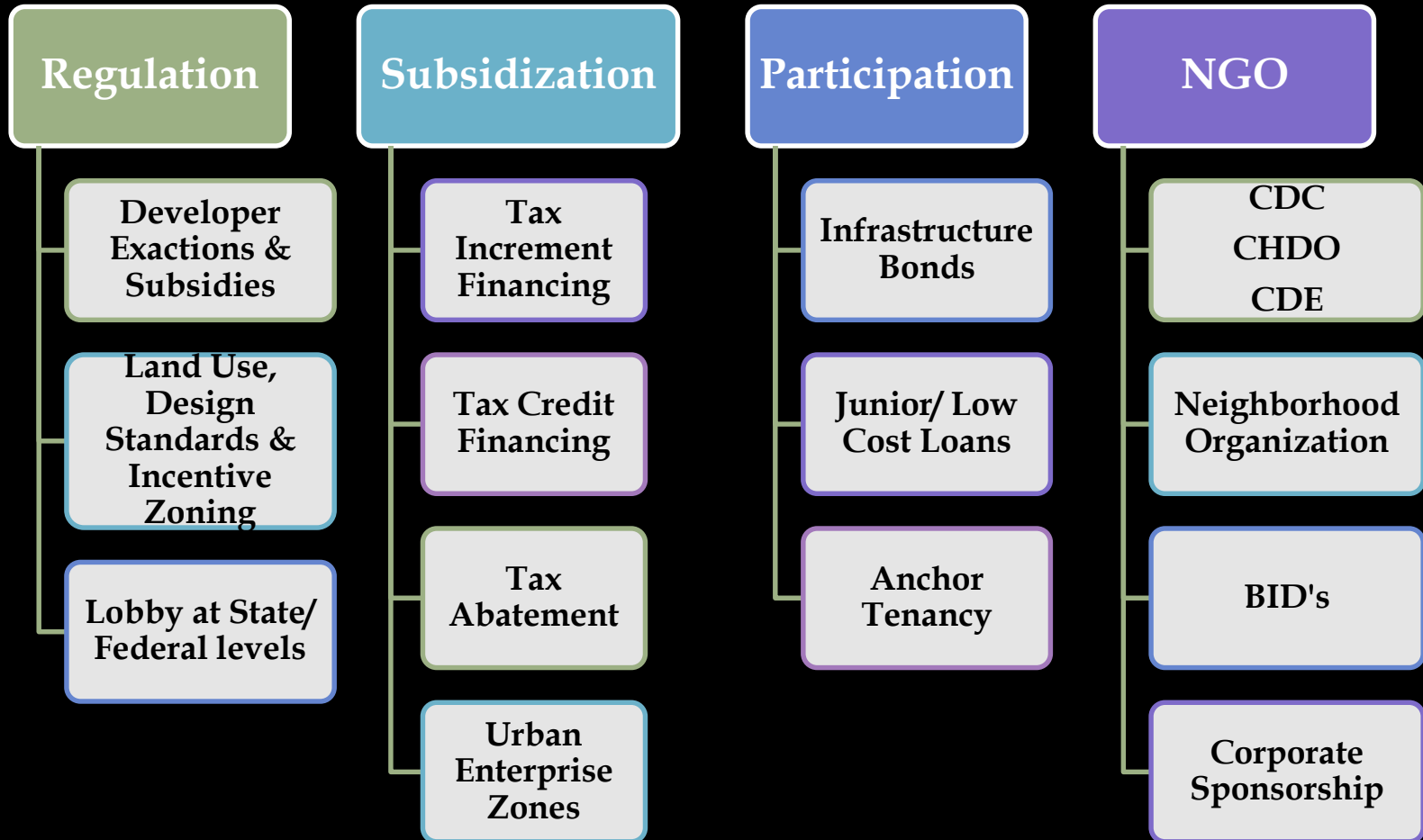
3. Partnerships Among Economic Sectors

...each economic sector performs a uniquely useful role in redevelopment:

- A. for-profit to raise capital and manage efficiently;*
- B. public to subsidize, regulate or anchor;*
- C. nonprofit to make eligible public and foundation programs and to redistribute resources in the public interest*

Afternoon – essential
role of project feasibility
analysis...business plan

Frankel Typology of Partnerships: Public/NGO Roles



Public Strategies/ Incentives for Development

Enhancing Risk/ Return Private Investment

- Easy & Expedited Approvals/ Protect Investment
- Pre-financing Capital
- Reduce Operating Costs
- Anchor Tenancy

Direct Financial Assistance

- Land Assembly/ Cost Sharing
- Capital Improvements/ Infrastructure
- Grants & Shared Equity
- Debt [credit enhancement; subordinated debt]

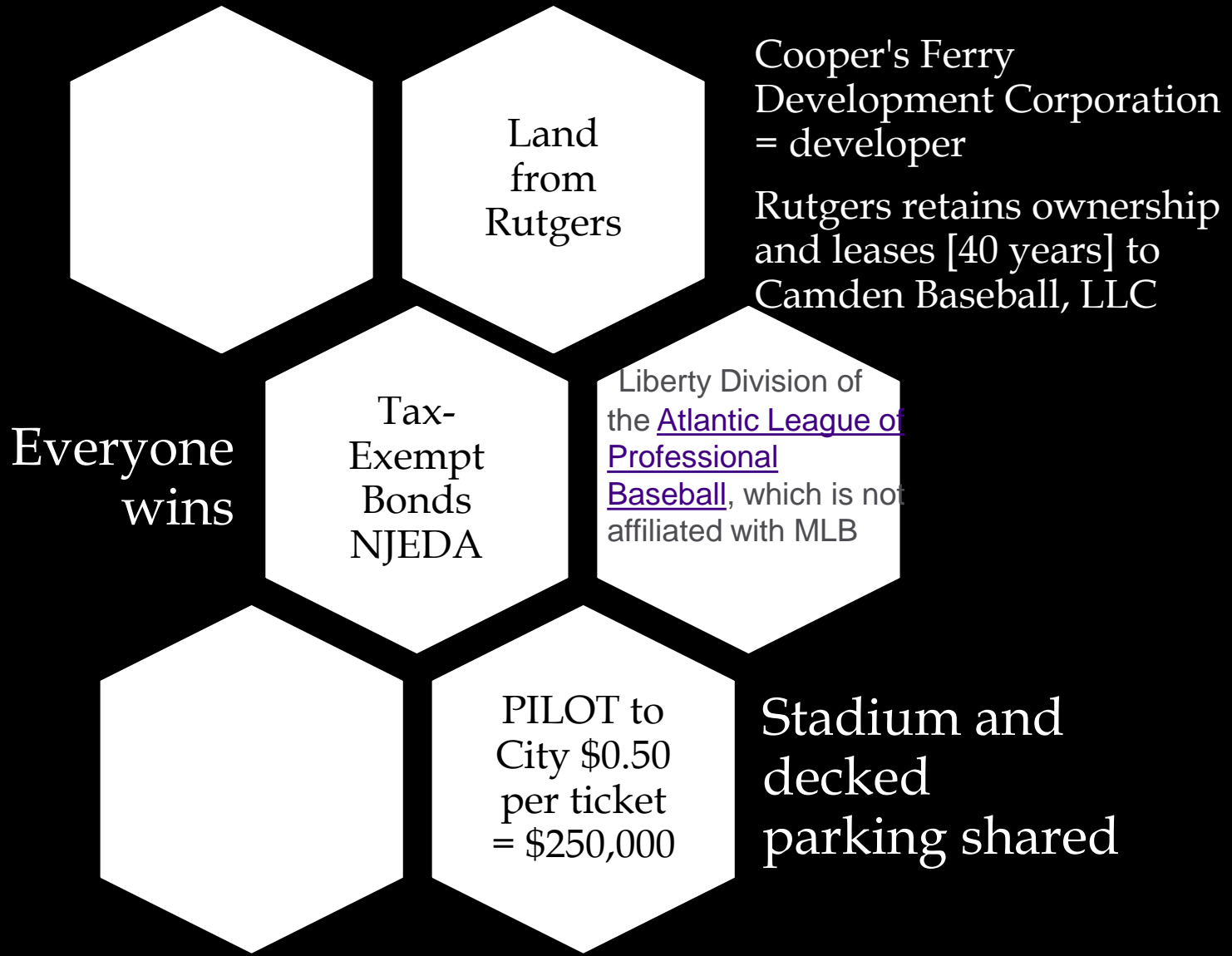
Indirect Financing

- Sec. 108 Loan Guarantee
- Public Bonds: General Obligation + Revenue
- TIF/ HoTIF
- Lease/ Purchase + Ground Leases

Indirect Assistance

- Density bonuses
- TDR/ Transfer Air Rights
- Urban Amenities - e.g. "complete streets"
- Promotion

Camden RiverSharks and Rutgers



Camden Riversharks Photo



To Philadelphia **BENJAMIN FRANKLIN BRIDGE**

Campbell's Field



4. Corporate Sponsorship

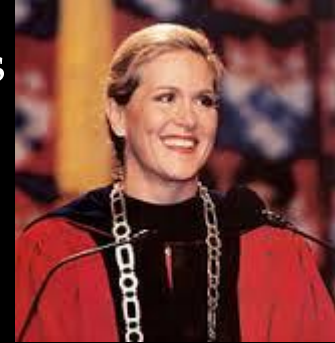
*...corporate, or its foundation,
underwriting of a redevelopment strategy*

*[e.g., Judith Rodin, The University and
Urban Renewal]*

*...and typical of the form of mortgage
guarantees, anchor tenancy, etc.*

West Philadelphia Initiative

Strategy of Indirection



- ❑ 1992 University of Pennsylvania ranked 11th in U.S. News
- ❑ Judith Rodin - starts her decade of presidency
- ❑ 5 Programs
 1. Safe & Clean – paid workers and no revenue
 2. 105% mortgage guarantees [400]
 3. Development of retail anchors [Inn at Penn; Bookstore] – lost money
 4. Charter School [School of Education] \$700,000 annual subsidy
 5. Small Business Development Center – University incubator [MWOB]
- ❑ 2002 ranked 4th; meteoric rise in endowment [544% increase]
- ❑ Impact on quality of student and faculty bodies



West Philadelphia

40th Street

39th Street

38th Street

37th Street

36th Street

35th Street

34th Street

32nd Street

30th Street

Chestnut Street

Sansom Street

Walnut Street

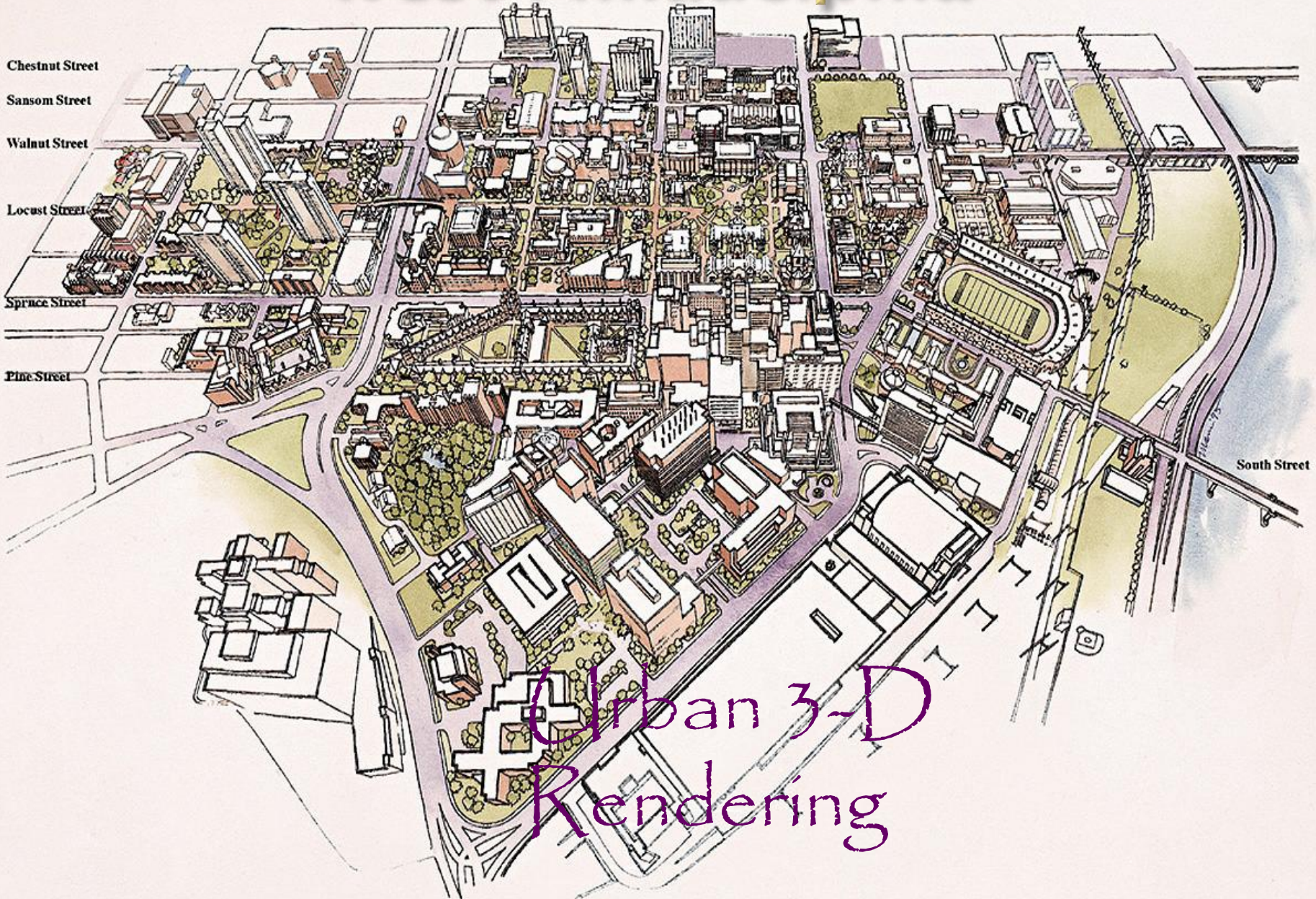
Locust Street

Spruce Street

Pine Street

South Street

Urban 3-D
Rendering



5. Business Model



Maplewood
neighborhood,
Rochester, NY



... redevelopment areas have undervalued assets that, once improved, can realize a positive return on investment

*[e.g., **NTHP model, Mansur Properties & Fall Creek Place redevelopment]***

Dan Gilbert
Quicken Loans
60 properties
Downtown
Detroit

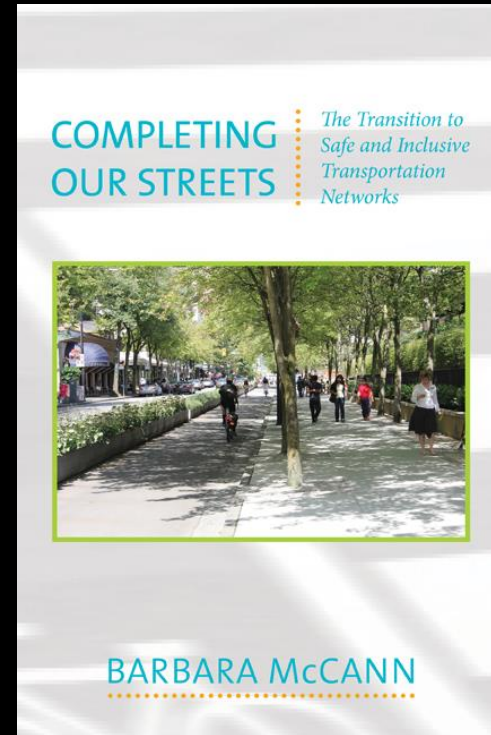
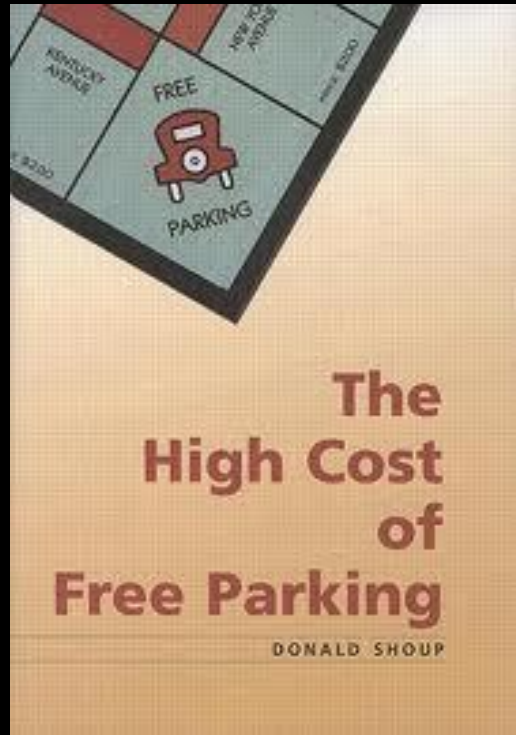


6. Synergy of Investment as a "Strategy of Indirection"

*... "connecting the dots" means seeing inter-relationships, as so production in one factor of **redevelopment is dependent on progress in one of its key determinants**, and then vice-versa*

*[e.g., **downtown retail depends on the demand side, so invest in downtown housing**]*

Indirection as Key Urban Amenities



Afternoon workshop – all 3

“The [Your Name] Promise”

“Demand-side” economics in
a competitive corporate
world of local government

**My residence is in, and
my commitment is to, the
10th poorest small city in America**

Underwriting

351 graduates

100% Graduates Attend SU [13%] & ITCC [87%]	Endowment with 7.34% Yield & SU and ITCC Discounts as Waived Tuition & Fees			
	0%	10%	25%	50%
Aggregate 4-Year Scholarships	\$ 6,802,527	\$ 6,122,275	\$ 5,101,896	\$ 3,401,264
Required LOIT as % HH Income	0.66%	0.59%	0.49%	0.33%
Av. Annual Pmt. per Household	\$ 245	\$ 221	\$ 184	\$ 123
OR Required Endowment	\$92,677,485	\$ 83,409,737	\$ 69,508,114	\$ 46,338,743
SU Portion				
29%				
Aggregate 4-Year Scholarships	\$ 1,941,648	\$ 1,747,483	\$ 1,456,236	\$ 970,824
Required LOIT as % HH Income	0.19%	0.17%	0.14%	0.09%
OR Required Endowment	\$26,452,967	\$ 23,807,670	\$ 19,839,725	\$ 13,226,483
ITCC Portion				
71%				
Aggregate 4-Year Scholarships	\$ 4,860,880	\$ 4,374,792	\$ 3,645,660	\$ 2,430,440
Required LOIT as % HH Income	0.47%	0.42%	0.35%	0.23%

7. Synthetic Reality

...the reality is some combination of the above 6 strategies

PART 2: Assess Neighborhood Conditions

Match to 7 Strategies

Strategic Criteria [1]

1. Need	a. predominance of poverty, property deterioration/ blight, abandonment, foreclosures
	b. need to increase [choose: homeownership, rental opportunities, retail, etc.]
	c. contrast with city overall
	d. natural disaster
2. Marginality	a. adjoining an investment neighborhood
	b. manageable need
	c. proximity to "assets" [e.g., recreation, shopping, other urban amenities]
3. Infrastructure	a. public [acceptable or better]
	b. private [buildings as vacant, underutilized, but can work with]
4. Undervalued Assets	a. replacement cost > market value; potential for property appreciation and capital gains
5. Visibility	a. on a "gateway" with high ADT's
6. Land Uses	a. primarily residential, but posing a role for mixed uses
7. Community	a. sense of identity, or potential for its creation
8. Organization	a. practical politics at neighborhood level
	b. CHDO, CDE, CDC [nonprofits requisite to certain public programs]
	c. partnerships [in place or potential]

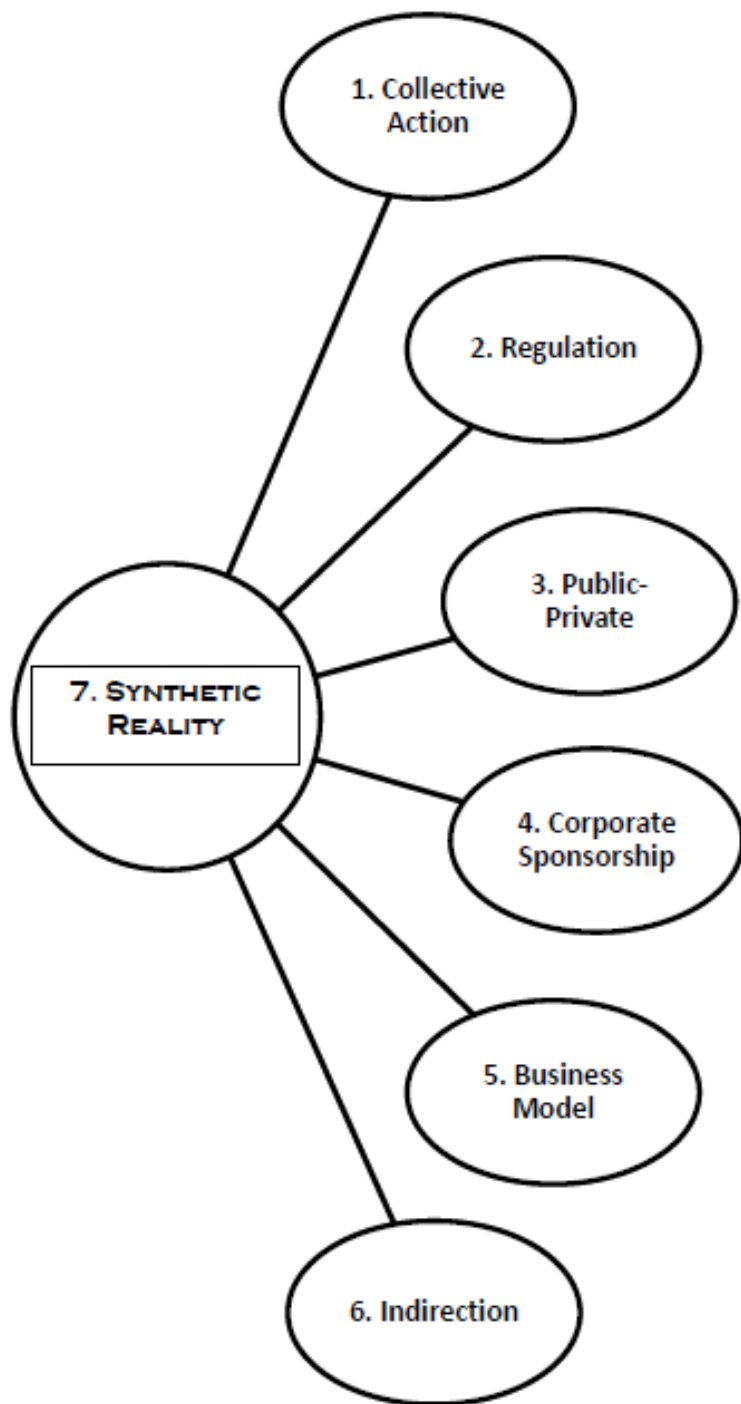
Strategic Criteria [2]

9. Resources	a. neighborhood assets
	b. other public investments made or pledged
	c. eligibility/ commitment for intergovernmental/ corporate sponsorship [e.g., qualify for NMTC, CDBG/HOME, TIF or HoTIF, etc.]
10. Economy	a. realistic opportunity to create jobs in support of physical improvements, homeownership, etc
11. Equity	a. compensation for neglect
12. Efficiency	a. cost-effective strategy
13. Politics	a. readiness by the polity; local, HUD, etc.
14. Readiness [to redevelop]	a. Land <ul style="list-style-type: none"> i. site control; legal access ii. regulatory approval
	b. Capital
	c. End User
	d. Knowledge
15. Redevelopment Plan	a. in place; adopted
16. Data	a. availability of documenting data

Neighborhood [12]	Criteria	Need	Marginality	Infrastructure	Undervalued	Visibility	Land Uses	Community	Organization	Resources	Economy [Jobs]	Equity	Efficiency	Politics	Readiness	Redev Plan	Data	Composite Index
	Area																	
	CT 1	2.0	4.0	5.0	5.0	5.0	4.0	3.0	4.0	4.0	5.0	2.0	2.0	5.0	2.0	2.0	4.0	3.63
Commercial Core	BG 1	2	4	5	5	5	4	3	4	4	5	2	2	5	2	2	4	3.63
	CT 2	4.0	4.0	4.3	4.3	4.3	3.7	3.7	4.0	3.7	2.7	3.7	3.3	3.0	4.0	3.0	4.0	3.73
Mckinley / Gilbert	BG 1	5	5	4	5	4	3	3	2	5	2	5	4	3	5	5	4	4.00
Kirby HD	BG 2	4	2	4	3	4	4	4	5	3	3	4	3	3	3	1	4	3.38
Kimbrough HD	BG 3	3	5	5	5	5	4	4	5	3	3	2	3	3	4	3	4	3.81
	CT 3	4.0	3.0	3.0	2.5	2.5	4.0	2.0	2.0	3.0	2.0	3.0	3.0	2.0	4.0	1.0	4.0	2.81
South Industry	BG 1	4	2	3	2	2	4	2	2	3	2	3	3	2	4	1	4	2.69
North Industry	BG 2	4	4	3	3	3	4	2	2	3	2	3	3	2	4	1	4	2.94
	CT 4	4.0	2.7	3.0	2.3	2.3	4.0	2.0	2.0	3.0	2.0	3.0	3.0	2.0	4.0	1.0	4.0	2.77
Thomas Park	BG 1	4	2	3	2	2	4	2	2	3	2	3	3	2	4	1	4	2.69
Avondale	BG 2	4	2	3	2	2	4	2	2	3	2	3	3	2	4	1	4	2.69
South Central	BG 3	4	4	3	3	3	4	2	2	3	2	3	3	2	4	1	4	2.94
	CT 6	4.3	4.3	4.7	4.0	4.7	3.7	3.0	2.0	3.0	2.0	4.0	3.7	2.0	3.0	1.0	4.0	3.33
Old West End North	BG 1	4	5	4	4	5	5	3	2	3	2	4	4	2	3	1	4	3.44
Old West End South	BG 2	5	3	5	4	4	3	3	2	3	2	4	3	2	3	1	4	3.19
Old West End West	BG 3	4	5	5	4	5	3	3	2	3	2	4	4	2	3	1	4	3.38
	Average All	3.79	3.75	4.13	3.90	3.98	3.79	3.03	3.25	3.46	2.71	3.33	3.13	2.88	3.63	2.13	4.00	3.43

Matrix: NRSA Conditions & Strategic Responses

NRSA Criteria	NRSA Strategy					
	1. Collective Action	2. Regulation	3. Public-Private	4. Corporate Sponsor	5. Business Model	6. Indirection
1. Need	Red	Blue	Blue	Yellow	Yellow	Yellow
2. Marginality	Yellow	Yellow	Red	Blue	Red	Red
3. Infrastructure	Yellow	Yellow	Blue	Blue	Red	Blue
4. Undervalued Assets	Yellow	Yellow	Yellow	Blue	Red	Red
5. Visibility	Yellow	Blue	Blue	Blue	Red	Yellow
6. Land Uses	Yellow	Yellow	Yellow	Yellow	Blue	Red
7. Community	Red	Yellow	Blue	Yellow	Yellow	Yellow
8. Organization	Red	Yellow	Blue	Yellow	Yellow	Yellow
9. Resources	Yellow	Yellow	Red	Blue	Red	Red
10. Economy	Yellow	Red	Blue	Yellow	Yellow	Blue
11. Equity	Red	Red	Red	Yellow	Yellow	Yellow
12. Efficiency	Yellow	Yellow	Blue	Red	Red	Yellow
13. Politics	Yellow	Red	Red	Yellow	Yellow	Yellow
14. Readiness	Yellow	Yellow	Blue	Blue	Red	Yellow
15. Redevelopment Plan	Yellow	Yellow	Red	Red	Red	Yellow
16. Data	Yellow	Blue	Yellow	Blue	Blue	Yellow
Legend →	Particular & Key →	BEP workshop	Primary →		Secondary →	



1. Need
7. Community
8. Organization
11. Equity

10. Economy
11. Equity
13. Politics

2. Marginality
9. Resources
11. Equity
13. Politics
15. Redevelopment Plan

12. Efficiency
15. Redevelopment Plan

2. Marginality
4. Undervalued Assets
5. Visibility
9. Resources
14. Readiness
15. Redevelopment Plan

2. Marginality
4. Undervalued Assets
6. Land Uses
9. Resources

NRSA Strategy to Key Conditions

Break

Afternoon Session

1:00 – 3:00 pm

Preview

1. Apply Strategic Principles Toward Sustainable Redevelopment
2. Structuring PPP as never before
3. Evidence this will work
4. The Essential Uses of Strategic Business Plans