Indiana Association for
Community Economic Development

CITIZEN GUIDE SERIES:

A FOUR VOLUME SET

5/15/2009

Redeveloping Indiana Cities & Towns: Public Policies, Strategies, Resources, Plans

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Professor of Urban Planning

Ball State University
Education Redefined

Indiana Association for
Community Economic Development

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CITIZEN GUIDE SERIES: REDEVELOPMENT STRATEGIES FOR INDIANA CITIES & TOWNS

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Volume I: Redevelopment Commission History, Mandate & Operation

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EDUCATION REDEFINED

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STUDY SET

This citizen guide on redevelopment for the Indiana Association for Community Economic Development is a four-part set. Volume I, the subject report, describes the Redevelopment Commission, its evolutionary history, statutory mandate and operation in the State. The work of the Redevelopment Commission is related to the work of planners and community development leaders, whether that is the plans of the Planning Commission, Community/ Economic Development agencies, civic/ business organizations, or the Redevelopment Commission itself.

As a companion, Volume II explores redevelopment strategies, the allied strategies of organizations other than the Redevelopment Commission, and the logic of their finances. Volume III provides a kit of implementing tools. Volume IV presents the redevelopment plan, and more broadly the community development plan and its attendant technical strategic business plan.

All redevelopment plans need to be action and business plans, or plans that demonstrate not only direction and identify projects, but also a demonstration of project feasibility and the course of project implementation. Planning fails to achieve the public interest if plans formulated and adopted in the public interest are left unimplemented. So being effective counts and the companion reports assembles various strategic paths to plan implementation.

EVOLUTIONARY HISTORY

PUBLIC ENTERPRISE

We start with an historical context as to the emergence of the Redevelopment Commission and its enabling statutes in Indiana, a perspective common to other states. The precursor to Redevelopment Law and the Redevelopment Commission may be placed with municipal socialism, albeit anachronistic, and the 20th Century tradition of frustration in regulating public utilities. In trying to regulate the Milwaukee Electric Railway & Light Company, Daniel Hoan, who served twenty-four years as the socialist mayor of Milwaukee, lamented that it is "impossible for public utility commissions to force good service at moderate cost from investor-owned companies."

Although the Socialists protested successfully the corruption of the two major parties as witnessed by their election to municipal offices,[1] they were largely thwarted in initiatives to advance the public enterprise. Americans and especially the Federal judiciary as well as the courts of several states ultimately expressed their antipathy to governmental ownership of productive property. That antipathy emanated from the perceived corruption of government.

[1] 1,039 Socialists elected to > 300 municipal offices during the period 1910-1912, including the Mayoralties in Milwaukee, Butte, Schenectady, Berkeley; rise of the Socialist Labor Party in response to the Great Depression during the 1930's, and somewhat incorporated into the New Deal of FDR through various public works programs.

Evidence of the popularity of governmental ownership of public utilities was presented by the 1894 New York City referendum of the subway, passing three to one, and the 1902 Chicago referendum on all forms of mass transit, which passed four to one. By 1924 70% of municipal waterworks were public. Indeed, European cities, with the same powers as their national governments, usurped a large portion of the local economy, and American cities desired to follow suit.

JUDICIAL CONSTRAINTS

Yet the State of Iowa court insisted on a narrow realm for municipal power. In an Iowa State Court decision in 1868, and subsequently upheld by the U.S. Supreme Court in *City of Clinton v. Cedar Rapids and Missouri River Railroad Company, 24 Iowa 455 (1868)*, state supremacy was codified. Judge John F. Dillon adjudicated this case in 1872 in a major treatise, stating what became known as Dillon's Rule:

> *It is a general and undisputed proposition of law that a municipal corporation possesses, and can exercise, the following powers, and no other: First, those granted in express words; second, those necessarily or fairly implied in, or incident to, the powers expressly granted; third, those essential to the declared objects and purposes of the corporation not simply convenient, but indispensable. Any fair, reasonable doubt concerning the existence of power is resolved by the courts against the corporation, and the power is denied.*

Of forty states that adhere either strictly or selectively [the rule applies to only certain types of municipalities] to Dillon's Rule today, Indiana is among them.

In *Kansas City v. Orear 277 Mo. 303, 307 (1919)* the Missouri Supreme Court ruled, despite the 1918 referendum authorizing $400,000 in municipal bonds to build for Kansas City an City-owned ice factory, that such a public enterprise was unconstitutional. Ice is a private, not a public, good.

Municipal finance placed a further constraint on the public enterprise. Ohio in 1914 capped municipal debt at 5% of assessed property values and required supermajorities in bond referenda. So, neither the judiciary nor the exigencies of public debt would allow the significant expansion of public works.

EFFECTIVE REFORM

SPECIAL PURPOSE GOVERNMENTAL DISTRICTS

The reform turned toward both the creation of new governmental forms and methods of local borrowing not bound by either set of restrictions. In 1914 the Indiana Legislature created special purpose governments, these as park and sanitary sewer districts, coterminous with the City of Indianapolis. Special purpose governmental debts were not an obligation of general purpose government. By 1933 Cook County, IL, had established 419 separate taxing districts. Between 1902 and 1932 local indebtedness increased nationwide from $5 million to $1.3 billion, or 0.3% of aggregate local assessed value to 9.0%.

INNOVATIVE PUBLIC DEBT

Then, local governments created a new financial instrument, the revenue bond. These bonds incurred no general obligation and were self-liquidating. They applied to income-generating projects, where user fees became the revenue source. The uses were the same, public utilities, but instead of financing them through general taxes, these bonds were underwritten by user fees.

In 1895 Spokane, WA, purchased private waterworks with revenue bonds. In 1916 Seattle bought a bankrupt trolley system based on projected ticket revenue. In July 1932 President Hoover, reacting to the pressures for economic stimulus action in that election year caused Congress to enact the Emergency Relief & Construction Act [ERCA].

NATIONAL ECONOMIC & POLITICAL EXIGENCIES

It was the circumstances of the Great Depression, the initiatives of ERCA and the subsequent New Deal policies of FDR that gave form to the unique public-private partnering that was to constitute redevelopment, and the powers and role of the local Redevelopment Commission.

ERCA created the Federal Reconstruction Finance Corporation with powers to extend loans to private businesses unable to secure debt from private lenders, as well as to finance public works. But, by 1932 over 3,000 municipalities had defaulted on their general obligation bonds, and compelling a turn to revenue bonds with their alternative underwriting.

Further, ERCA encouraged local governments to engage in commercial activities. Ironically, a staunchly conservative Republican President and Congress advanced what the municipal socialist could not. ERCA was due to the economic exigencies of monumental market failures experienced by the Great Depression and the politics of a Presidential election year.

In 1933 the New Deal's Public Works Administration [PWA] adopted the tenets of ERCA. By 1937 PWA lawyers had drafted over 500 bills and 41 states had adopted enabling legislation for revenue bonding. Post-war 1940's, toll road authorities were established in Maine, Virginia, West Virginia, Ohio and Pennsylvania, and the New York State Thruway Authority was installed in 1950.

What made public bonding, and post-1950 the proliferation of municipal bonds, so attractive was the rise of Federal and state personal and corporate income tax rates. A higher after-tax yield was induced through the authority that these bonds be tax-exempt.

Redevelopment became the child of the Depression market failures and the newfound politics and legal strategy of circumventing the Dillon Rule and the cultural aversion to socialism. It was accorded its financing means through the revenue bond, and its political means by the pro active politics of the New Deal. To jump start the local economy redevelopment was authorized by state legislatures and the Redevelopment Commission given the powers of eminent domain and to act as a public enterprise. Indeed, at the extreme, and to its later demise, the New York State Urban Development Corporation even was given the power to circumvent local zoning.

Indiana's Redevelopment Code was drafted in the historic context. You will note that the concepts and language of the Code mirrors the judicial and political history recited. It was the intention that government had the obligation and authority to intervene in neighborhoods and downtowns abandoned by the private market. Its mission was to recreate the market in these economically impacted areas, and it was accorded broad and mighty powers in effectuating this.

SUMMARY PROVISIONS INDIANA REDEVELOPMENT CODE

IC Title 36, Article 7, Chapters 14, 14.5, 25 covers: Redevelopment Areas, Redevelopment Commissions, Redevelopment Authority

REDEVELOPMENT MANDATE

The redevelopment process includes:

- ⇒ Establishment and conduct of a local Redevelopment Commission
- ⇒ General redevelopment process
- ⇒ Obligation and process to determine Redevelopment or Economic Development Areas, as well as Allocation Areas for tax increment financing
- ⇒ Conduct of a Redevelopment/ Economic Development Plan and its amendment
- ⇒ Methods of project financing
- ⇒ Acquisition & disposition of property

ESTABLISHMENT OF REDEVELOPMENT COMMISSION

The Indiana Code provides for an administrative Redevelopment Department to be controlled by one of three types of Redevelopment Commissions:

1. Municipal commission of five [5] members
2. County Commission of five [5] or seven [7] members
3. Marion County, which has special provisions

Redevelopment Areas are blighted areas, and Economic Development Areas are undeveloped or developing areas. Redevelopment and economic development activities are considered public purposes for which public funds may be spent and private property may be acquired. Although viewed as extraordinary powers accorded the Redevelopment Commission, the Commission is encouraged to use them and with ample opportunities for partnerships with private developers.

ORDINANCE

Both the department and the commission are created through an ordinance. With its adoption all of the area within the corporate boundaries of the local jurisdiction is a special taxing district to be levied and collected for redevelopment purposes. If a County has both county and municipal redevelopment commissions, then the County has jurisdiction outside the municipality, similar to a County or Area Plan Commission.

COMMISSIONER APPOINTMENT

The following constitutes the appointments of the commissioners, who must be at least 18 years of age, a resident of the redevelopment taxing district, and not have a financial interest in any contract, employment, or realty transaction conducted by the commission:

1. For a municipal commission three commissioners are appointed by the municipal executive [Mayor, City Manger] and the remaining two by the governing body [City Council or Town Board].
2. For a county commission the Board of Commissioners appoints all five or seven redevelopment commissioners.
3. The terms of office are annual, with reappointments or new appointments each January.

SURETY BONDING

The bonding of commissioners is mandated by the Indiana Code, payable to the State in the amount of $15,000, conditioned by the faithful performance of the commissioner's duties and the premium must be paid by the redevelopment taxing district.

DUTIES

⇒ The Redevelopment Commission has been accorded by the State the following mandated responsibilities:

⇒ Study/ Survey all areas needing redevelopment [conditions of blight and market failure] and economic development [underutilization of land and barriers to development]

⇒ Study and combat the causes [authority to act to prevent and eliminate disinvestment and blight]

⇒ Formulate, approve, so certify and present to the governing body the an "urban renewal plan" for adoption

⇒ Cooperate with other city or county agencies, inclusive of conformity to the "general plan" ["comprehensive plan"]

⇒ Make annual findings and reports to the Mayor, Board of Commissioners, and that are open to the public

AUTHORITY

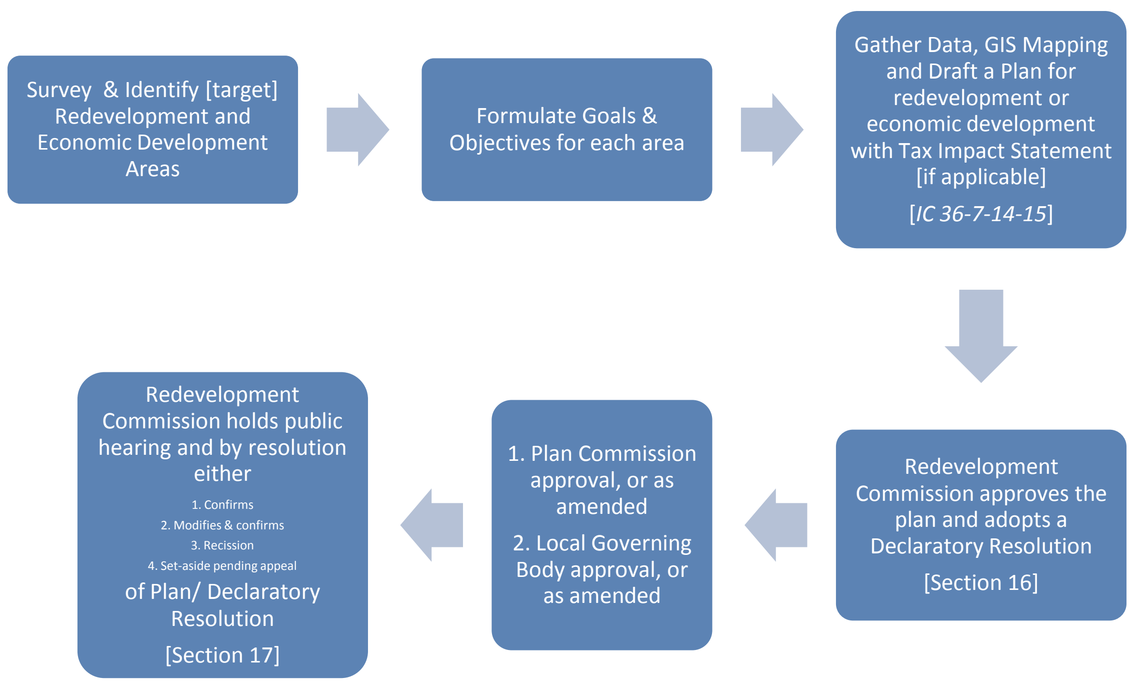
☞ The Redevelopment Commissions has been given the following authorizations by the State Legislature:

☞ Voluntary or compulsory [refer to condemnation below] rehabilitation of properties

- Acquire property [condemnation, if necessary[2]] to demolish or to dispose of through improvement and resale
- Conduct public improvements
- Issue bonds
- Special tax authority
    - Tax exemptions under Section 37 [10-year phased on improvements]
    - Tax Increment Financing [TIF] under Section 39
    - Housing TIF [HoTIF] under Section 48 – 2006 Code Amendment

GENERAL REDEVELOPMENT PROCESS

As a general guide the State posits the following sequential actions in the local redevelopment process for local consideration, and, depending on the project circumstances, one or more steps may be discounted:



[2] Note that in 2006 the Indiana Legislature limited the use of eminent domain for economic development purposes [not redevelopment as in elimination of blight] regarding residential properties to be condemned for a private use. This is in reaction to the *Kelo* ruling of the U.S. Supreme Court the prior year.

STANDARDS FOR DESIGNATING REDEVELOPMENT/ ECONOMIC DEVELOPMENT AREA

DECLARATORY RESOLUTION

In the ***declaratory*** resolution ["declaration of blight"] the Commission asserts that the Redevelopment Area is a threat to the social and economic interests of the polity [city, town or county]. The declaratory resolution for economic development the Commission alternately asserts that the Economic Development Area is underdeveloped or has barriers to future development.

Second, it also asserts that the plan cannot be achieved through either regulation or the forces of the private market without this resort to redevelopment powers. Third, the implementation of the plan will serve as a public utility and benefit as manifest by the following:

- ☞ Generation or retention of jobs
- ☞ Enhancement of the property tax base
- ☞ Improved economic base and its diversity
- ☞ Other measures that serve as a public utility and for the public benefit [e.g., housing, access [transportation, communication], public health, public security, sense of community]

In either resolution and if a TIF is planned, then there must be language for the establishment of a Tax Allocation Area, with an expiration, under 2007 State legislation, of twenty-five [25] years. A plan for either the redevelopment or economic development of the area must be presented, along with the factual case for the area designation.

CONFIRMATORY RESOLUTION

In the ***confirmatory*** resolution the intent is to **authorize** a redevelopment or economic development area and plan. The steps to authorization include a review by the Plan Commission and the governing body, done in concert with public hearings and by resolution. Another public hearing is attendant to the Redevelopment Commission's confirmatory resolution and its adoption.

Please note that the Indiana Code specifies that for Lake and St. Joseph Counties that the County Council, rather than the Board of Commissioners, must represent the governing body in confirmatory resolutions [as well as in approval of an "allocation plan," as discussed below.

NEED FOR REDEVELOPMENT

The following are commonly accepted standard conditions in establishing Redevelopment Areas and in formulating a declaration of blight:

1. Lack of development/ redevelopment as a market failure
2. Stagnant or declining population and socio-economic factors in the subject area and/ or jurisdiction
3. Aging, obsolete, deteriorating, or substandard stock of buildings
4. Change in tenancy [e.g., from ownership to renting affecting investment and neighborhood stability, or fractionalized ownership that inhibits land assemblage for redevelopment]

5. Any other factors impacting negatively the value, use or development of properties [e.g., lack of rehabilitation/ new development standards for properties in an historic area or certified district]

NEED FOR ECONOMIC DEVELOPMENT

Here the rationale for public intervention and the application of the powers of the Redevelopment Commission are premised on the failure of private enterprise or ordinary regulatory measures [e.g., zoning, subdivision control] to implement the plan for the economic development of a targeted area. Those powers are allowed under the Indiana Code due to:

1. Lack of public improvements
2. Presence of "improvements" or conditions that reduce the value of the land below that of comparable land
3. Tenancy [multiple ownership] that makes land assemblage and scalar development unfeasible
4. Other conditions with a similar impact

FORMULATING & IMPLEMENTING REDEVELOPMENT & ECONOMIC DEVELOPMENT

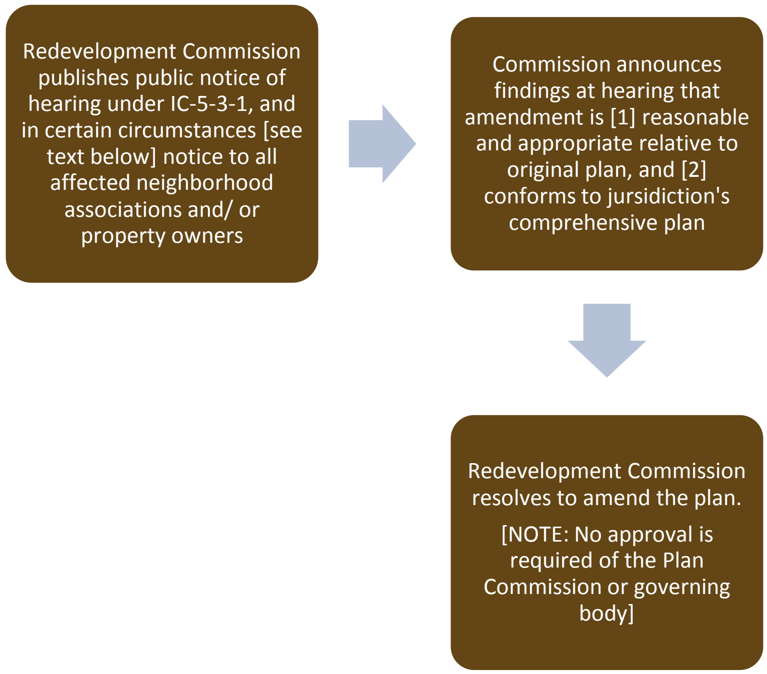
THE PLAN

Both the Redevelopment and Economic Development Plans should address the following factors:

1. Mapping [usefully a tax map showing plats as the base map] of:
    a. Area boundaries
    b. Location of land parcels, right-of-ways, private drives, etc. affecting the acquisition, clearance, re-platting, rezoning or redevelopment of the subject area
    c. Excluded parcels
    d. Parcels and right-of-ways to be devoted to public purposes
2. Ownership list, especially of those parcels intended for acquisition
3. Budget [land acquisition, development/ redevelopment, resale or lease revenue]
4. Action Plan of the Redevelopment Commission [sequential projects, activities, responsibilities and requisite resources]
5. Factual basis for these findings

AMENDING THE PLAN

The following charts the two alternate methods for amending an adopted plan for redevelopment/ economic development. The first method is required if the subject area is to be increased by more than 20% and follows the same process as the original plan as approved pursuant to *IC-36-7-14-17*, but, in this case, pursuing approval and adoption of the expanded area [additions/ deletions of properties] and/ or changes to the proposed projects or land uses previously described. The second constitutes an accelerated method pursuant to *IC-36-7-14-17.5*, and is depicted below:



As to the requirements for public notice ten [10] prior to the schedule meeting, the following rules apply:

⇒ Notice to all affected neighborhood associations[3] under these circumstantial changes of the proposed amendment

- parts of the area devoted to a public way, levee, sewage, park, playground or other public purpose
- proposed land uses
- requirements for rehabilitation, construction, zoning, maximum densities, or similar measures

⇒ Notice to all affected neighborhood associations and, and, in the proposed annexed area and acquisition list, all property owners if the amendment adds even a single parcel to its list of acquisitions.

Please note that under the accelerated method the Redevelopment Commission is not required to present its findings as were required for the establishment of the original area.

[3] Redevelopment Commission may require such associations encompass a certain part of the area and register with it

TAX INCREMENT FINANCING & AN "ALLOCATION AREA"

As previously described an "allocation area" can be established at the time of establishing either a Redevelopment Area or Economic Development Area. Alternately, it may be established by amendment to the plan and proceed with the steps mentioned above.

The Tax Increment Financing Allocation Area [commonly referred to as TIF District] may be all or part of a Redevelopment or Economic Development Area. The declaratory resolution must specify an expiration date not more than twenty-five [25] years from its adoption. Properties that qualify must be taxable, thus excluding from the Allocation Area the carve-outs of such properties for religious, nonprofit or public purposes.

The procedures for adoption follow that for original adoption or amendment of the Redevelopment or Economic Development Areas, with the following additional provisions:

- ☞ A Tax Impact Statement must be prepared estimating the economic benefits and costs to the Allocation Area and the tax revenue impact for each taxing unit.
- ☞ Notice is sent consistent with *IC-5-3-1* to each taxing unit located wholly or in part within the Allocation Area, as well as [and in addition to the Plan Commission] to the Board of Zoning Appeals, Board of Public Works, Park Board and Building Commissioner.
- ☞ The declaratory and confirmatory resolutions as adopted by the Redevelopment Commission must be public recorded.

HOTIF'S

The Housing TIF [Section 48 of the Indiana Redevelopment Code] presents a more powerful tool for redevelopment in two significant respects. One, the tax increment may finance improvements to private or public properties within the District, whereas the regular TIF under Section 39 limits this to public property and services. We explain in the ensuing section the considerable advantage of the "multiplier effect" of private property improvements, in that the increment applied generates higher assessed value and more tax increment. Two, although targeted at residential areas, up to 75% may improve non-residential properties, which now enjoy the previous benefit of financing private property improvements.

TIF/ HOTIF FINANCING METHODS

The State Code allows for three [3] methods of financing projects with TIF and HoTIF. First, the tax increment collected is deposited in a trust account managed by the Redevelopment Commission and allocated in accordance with the adopted plan.

DIRECT EXPENDITURE

The conventional method of expending from the TIF trust account is the direct expenditure on public goods and services. For example, you can purchase outdoor furniture, improve streets and sidewalks, or provide for more police. All of these allocations are in the TIF District or may be outside, but with a clear nexus relationship to improving conditions inside the district. For example, although the TIF District may be comprised substantially by commercial retail properties, investing in adjoining residential neighborhoods to increase demand from customers of the indigenous population may be appropriate.

DEBT

The Allocation Area may endure up to twenty-five years to accommodate the amortization period for debt. Here, the instrument is Redevelopment Commission bonds, either taxable or tax-exempt, depending on the public [tax exemption] purpose. The choices include TIF bonds or TIF leases, or special taxing district bonds or leases.

Such bonds and leases may be secured by local option income taxes, taxpayer agreements, project revenues, HUD Section 108 guarantee [pledge future years of local Community Development Block Grant entitlement], FHA or SBA loan guarantee programs, etc. The local governing body must approve of all bonds exceeding $3 million in principal.

PUBLIC FUNDS

The aforementioned methods may be supplemented or replaced with other public funds, such as property taxes [outside the TIF trust account], local option income taxes, public utility funds, and intergovernmental grants [CDBG, HOPE VI, etc.].

PUBLIC APPROPRIATION PROCEDURE

The Redevelopment Commission must follow a public process in authorizing appropriation of proceeds from an Allocation Area for eligible activities, and is depicted below:

Redevelopment Commission adopts resolution of intent to appropriate, including a statement of the nature of the eligible activities, and then sets a time and place for a public hearing on the same and conforming to IC-5-3-1

Notice is published in 2 newspapers of general circulation at least 10 days prior

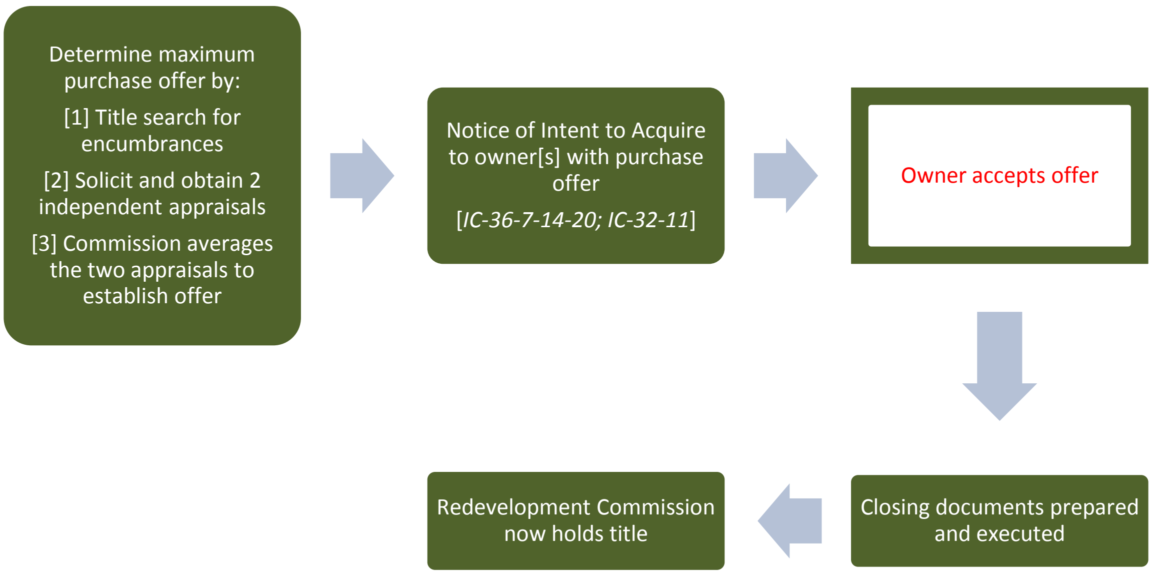
Pursuant to the hearing the Commission may adopt the resolution

Notice of the supplemental appropriation is forwarded the Indiana Department of Local Government Finance [DLGF] and for informational purposes only [no approval/ disapproval is in order]

ACQUISITION & DISPOSITION OF PROPERTIES

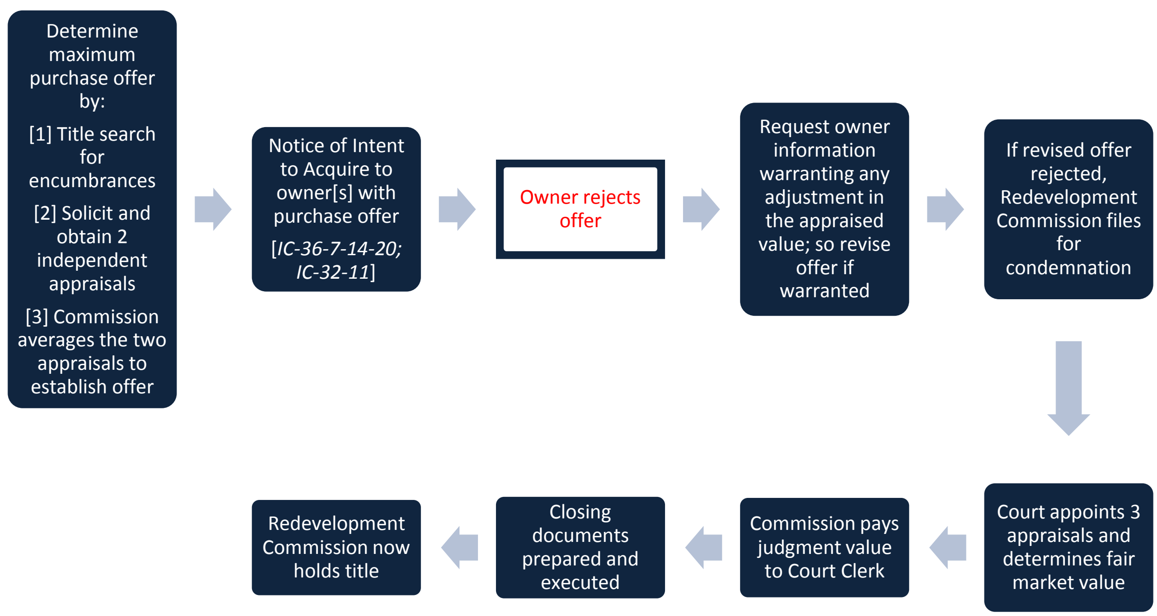
Given changes in the Indiana Code as a political reaction to the *Kelo*[4] decision in 2005, eminent domain may be deployed for redevelopment, but not for economic development. We summarize the procedures below for both property acquisition and its disposition:

ACQUISITION WITH COOPERATING SELLER

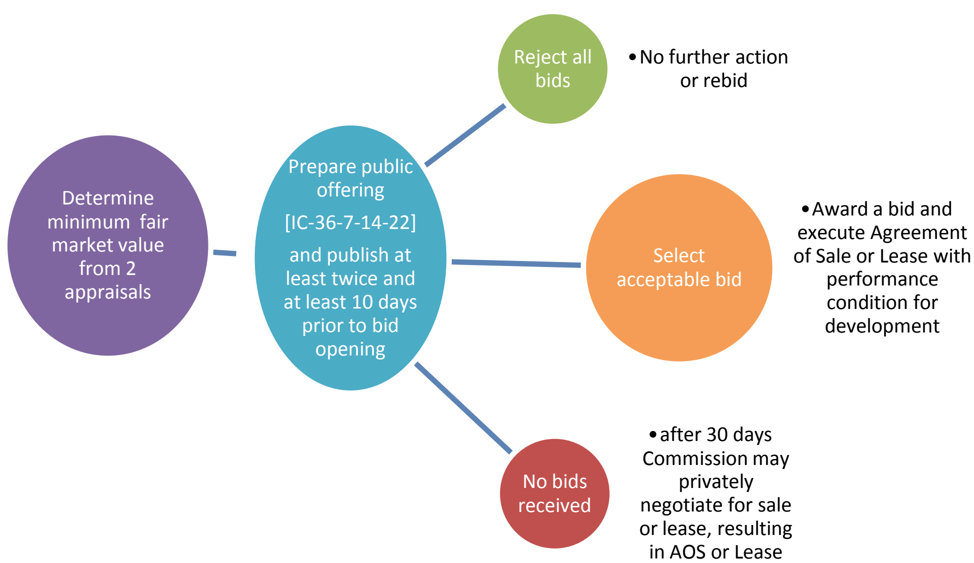


[4] Susette Kelo, et al. v. City of New London, 545 U.S. 469; 125 S. Ct. 2655; 162 L. Ed. 2d 439; 2005 U.S. LEXIS 5011; 60 ERC (BNA) 1769; 18 Fla. L. Weekly Fed. S 437; a case decided by the Supreme Court of the United States involving the use of eminent domain to transfer land from one private owner to another to further economic development. The case arose from the condemnation by New London, Connecticut, of privately owned real property so that it could be used as part of a comprehensive redevelopment plan. The Court held in a 5-4 decision that the general benefits a community enjoyed from economic growth qualified such redevelopment plans as a permissible "public use" under the Takings Clause of the Fifth Amendment. The decision was widely criticized by American politicians and the general public. Many members of the general public viewed the outcome as a gross violation of property rights and as a misinterpretation of the Fifth Amendment, the consequence of which would be to benefit large corporations at the expense of individual homeowners and local communities. Some in the legal profession construe the public's outrage as being directed not at the interpretation of legal principles involved in the case, but at the broad moral principles of the general outcome.

ACQUISITION WITH NON-COOPERATING SELLER



DISPOSITION



REDEVELOPMENT COMMISSIONS IN INDIANA

ACTIVE REDEVELOPMENT CITIES & TOWNS

The maps, as prepared by the Indiana City Corporation [ICC], depict:

⇒ the sixty [60] Indiana cities and towns with Redevelopment Commissions and active in redevelopment, here using the establishment of at least one TIF District as a surrogate for activity

REDEVELOPMENT/ECONOMIC DEVELOPMENT CRITICAL NEED

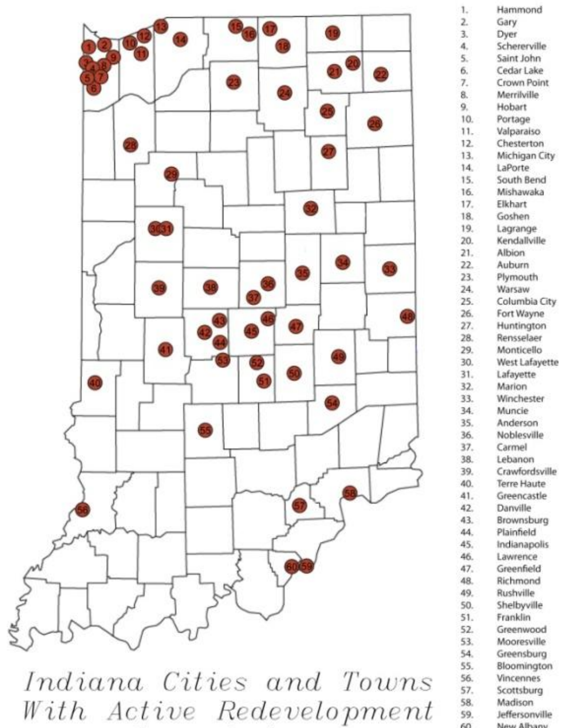
⇒ the fifty-one [51] Indiana cities and towns considered "distressed" and in greatest need of redevelopment and economic development relief; the criteria used:

- Declining in population- Cities and Towns showing a population decline of greater than 1% from the time of the 2001 census to the 2006 interim census
- Pronounced Economic Distress- Cities and towns with a poverty level above the Indiana state average of 10%
- Redevelopment Cities- Places with Tax Increment Finance Districts (TIF), Redevelopment Commissions/Staff skilled in redevelopment initiatives, or both

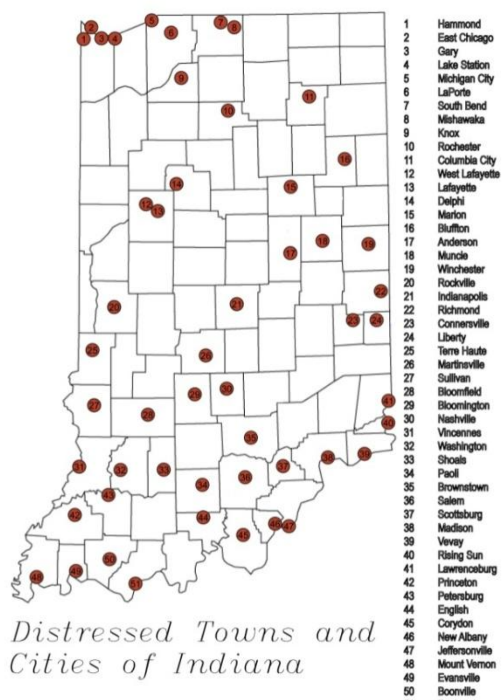
Both maps were selected from the ICC's list of 126 "essential cities and towns" in the State, and qualified in its report "Indiana Urban Policy":

METHODOLOGY FOR 'CATEGORIZED CITIES AND TOWNS'

In defining the 'essential' cities and towns in Indiana, we begin with a list of all cities and towns in Indiana. This is then condensed down into the 77 places that have populations of at least 10,000 people, and 49 county seats that did not qualify as having 10,000 people. Thus, we



Indiana Cities and Towns With Active Redevelopment Commissions



Distressed Towns and Cities of Indiana

have included all 92 county seats, and another 34 major cities that have at least 10,000 people.

REDEVELOPMENT ASSOCIATION OF INDIANA

In 1995, the Indiana Redevelopment Association of Indiana (RAI) joined the Indiana Association of Cities and Towns (IACT) as an affiliate association. For the 2007-2008 calendar years, Stu Summers, Director of the Valparaiso's Redevelopment Commission will serve as president. Fort Wayne's Redevelopment Specialist, Jim Lindsay will serve as president-elect.

The redevelopment directors meet four times a year to discuss economic development and redevelopment, legislation, and current projects. The RAI serves as an educational resource and shares information among its members. It also strives to affect policies and programs that impact economic redevelopment as well as fosters and maintains strategic alliances that will enhance economic redevelopment. The RAI also monitors state legislation, federal legislation, and trends that influence the economic redevelopment of Indiana's cities, towns and counties[5].

Effective September 2006, the cities, towns and counties that are members:

Anderson	Greendale	New Albany
Angola	Hammond	Pendleton
Auburn	Hartford City	Peru, Miami Co.
Boone County	Highland	Richmond
Columbus	Hobart	Ripley County
Dyer	Kokomo	South Bend
East Chicago	Lake County	Speedway
Elkhart County	Lawrence	Syracuse
Ellettsville	Logansport, Cass Co.	Terre Haute
Evansville	Lafayette	Topeka
Fishers	Marion	Valparaiso
Fort Wayne	Michigan City	Warsaw
Franklin	Mishawaka	West Lafayette
Goshen	Muncie	Whiting
Greencastle, Putnam Co.	Nappance	Winchester

[5] From the IACT Website http://www.citiesandtowns.org/topic/subtopic.php?fDD=4-25; contact Matt Brase, (317) 237-6200 x240 of IACT

RELATED REDEVELOPMENT PROVISIONS OF THE INDIANA CODE

The reader is advised for an advanced understanding of redevelopment in Indiana to review the following special provision of the Indiana Code:

Chapter 16 Home Rehabilitation Loans

Chapter 17 Urban Homesteading

Chapter 21 Special Improvement Districts for Redevelopment of Blighted Areas

Chapter 22 Economic Improvement Districts

Chapter 26 Economic Development Project Districts

PLANNING & DEVELOPMENT ALLIANCES

LOCAL LINKAGES

At last we come to the good work of planners, with a State mandate for a comprehensive plan and a redevelopment plan, and local discretion as to other functional or area-wide plans, such as neighborhood-based community development, affordable housing, historic preservation, economic development and business improvement district [BID] plans. In this final section we relate planning and redevelopment to other state and local mandates of the local Housing Authority, Improvement Authority, the quasi-judicial and administrative authorities of the Plan Commission and Board of Zoning Adjustment, the local codes and commissions established for property maintenance, unsafe buildings, and historic districts and landmark property preservation.

In this linkage I am selective, as every operation of local government, inclusive of public works, public safety, public education and social services, bears on a comprehensive redevelopment plan and an effective redevelopment strategy. Further, there are key intergovernmental linkages, centered on this shorter alphabetical list:

INTERGOVERNMENTAL

State Agencies	Federal Agencies
Arts Commission	Advisory Council on Historic Preservation
Bond Bank	Corporation for National & Community Service
Office of Faith-Based & Community Initiatives	Domestic Policy Council
Department of Environmental Management	Environmental Protection Agency
Housing & Community Development Authority	Federal Housing Administration
Department of Tourism Development	Federal Housing Finance Board
Office of Historic Preservation	Federal National Mortgage Association [independent]
Finance Authority	Government National Mortgage Association
Stadium Convention Building Authority	Government National Mortgage Association [independent]

Advisory Commission on Intergovernmental Relations	Housing & Urban Development
Office of Community & Rural Affairs	National Park Service [Historic Preservation]
Economic Development Corporation	Small Business Administration

CORPORATE SECTOR ALLIANCE

Further, there are the roles of venture capitalism [sometimes "angels"] and of corporate giving [discussed in depth in Volume II] in sponsoring redevelopment efforts, and largely managed by nonprofit organizations addressing funding priorities. In Indiana, we present a short list:

1st Source Foundation	Ian & Miriam Rolland Foundation
Ball Brothers Foundation	Indiana Community Business Credit Corporation
Central Indiana Community Foundation	Indiana Preservation Grants Fund
CID Equity Partners	Indiana Statewide Certified Development Corporation
Eli Lilly and Company Foundation	Martin Foundation
Hollie & Anna Oakley Foundation, Inc.	Urban Fund of Strategic Capital Partners

PLAN COMMISSION/ PLANNING DEPARTMENT

What is the relationship between redevelopment and various plans? We treat each type of plan:

COMPREHENSIVE PLAN

As mandated by IC-36-7-4-502,503, a comprehensive plan, as pre-required for zoning and subdivision controls, must contain three elements as to local objectives for future development, land use and public facilities. It may present optional elements in describing "blighted areas," and commonly provides sub-plans for affordable housing, economic development, and neighborhood revitalization. The comprehensive plan as adopted lays the basis for land development controls, as such controls must consider that plan, and as a general guide and reference for more particular project and neighborhood plans.

As previously described the Redevelopment Plan, as formulated by the Redevelopment Commission and adopted by the local legislative body, must coordinate with the comprehensive plan.

REDEVELOPMENT PLAN

The plan is formulated on a set of redevelopment objectives, a survey of areas to be redeveloped, and a redevelopment process both endemic to all and particular to each area. The redevelopment strategy, the subject of Volume II, procures needed resources and utilizes available assets to implement that plan. This may include use of HOME funds for either rehabilitation or new construction of single family dwellings, Community Development Block Grant [CDBG] funds for housing rehabilitation and nonresidential public and private improvements, and as further described in Volume II.

The strategy prioritizes these redevelopment areas, commonly as to achieving a material impact on both physical improvements and market conditions within a middle term. Often overlooked is the strategy to prevent blight and to stabilize property values and mitigate foreclosures, as a redevelopment neighborhood also may be a "transitional area."

COMMUNITY DEVELOPMENT PLAN

For each redevelopment area there may be formulated and adopted a neighborhood-based community development plan, comprehensive to the objectives of the redevelopment plan and providing an action plan element that identifies champions [responsible agencies and persons] and requisite resources, schedules actions. The plan identifies projects and demonstrates their feasibility, financially, marketability, and politically.

AFFORDABLE HOUSING PLAN

The comprehensive plan may present an affordable housing element, and most every redevelopment and community development plan addresses housing as affordable to households of low and moderate incomes. As further discussed in Volume II, a mixed-income strategy may prove essential to sustainable redevelopment, and thus incentives [financial as well as residential amenities] for middle income housing is attendant to that strategy. The great asset in redevelopment areas for affordability is undervalued properties, and easing the task of acquisition.

Often overlooked is an affordable housing plan for new subdivisions, whereby the needs for affordability are addressed through an incentive-based set-aside of priced-controlled dwellings and relieving reliance on a "filter-down" process of converting existing single family homes into multifamily apartments. Volume II discusses a wide variety of methods of providing affordable housing.

ECONOMIC DEVELOPMENT/BID PLAN

IC Title 36, Article 7, Chapters 14, 14.5, 25 covers the responsibilities and authority of Redevelopment Commissions. Included is the process for designating "economic development areas," formulating and adopting a plan for those areas, and designating "tax allocation districts" for the deployment of TIF's.

As previously mentioned, the comprehensive plan may have an economic development plan element, and community development plans may address nonresidential [at least non-homesteading] factors.

Most localities have adopted the variety of mechanisms for economic development: Business Improvement Districts [BIDs], Tax Increment Financing Districts [TIF Districts], Economic Development Authorities or corporations [Section 501c3 of the IRC], Chambers of Commerce, and Regional Economic Development Alliances Coordinators. Fewer have formulated of followed serious economic development plans. Those plans should conform to the other plans of this section.

HISTORIC DISTRICT PLAN

Pursuant to IC 36-7-11, a local government may establish by ordinance a historic preservation commission, designate historic preservation or historic conservation districts, and to grant or deny a "certificate of appropriateness" for exterior renovations, new construction, moving and demolition, and enforce the same[6]. In establishing districts the commission must survey, map and classify properties.

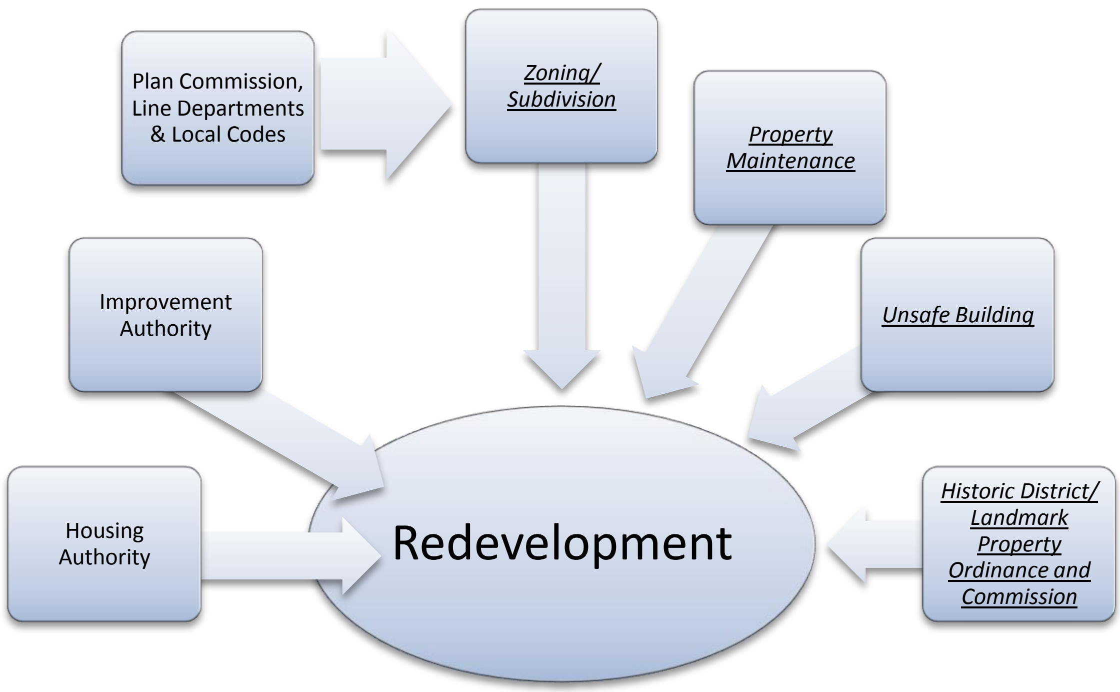
Such a commission may also be authorized to perform the work of a redevelopment commission within a designated historic district or individually to "landmark properties" outside districts. These powers are limited to methods of acquisition and disposition of properties.

Independent of establishing an historic preservation commission, the locality may designate historic districts, but not impose any design controls, and for the purpose of qualifying property owners for the Federal and State historic tax credits on qualifying rehabilitation.

Accordingly, the process of surveying, mapping and classification, and the optional task of acquisition and disposition of properties constitute a redevelopment plan. That plan should coordinate with all of the other plans described in this section.

[6] In the near term, refer to IPA guide on historic preservation, under development

OTHER AUTHORITIES & LOCAL CODES FOR THE PREVENTION & ELIMINATION OF BLIGHT



ENHANCED LOCAL ADMINISTRATIVE CODE

The locality should consider a *Unified Land Development & Property Standards Code*. The parts useful in redressing blight include:

A. REDEVELOPMENT CODE

A Redevelopment Code is administered by a Redevelopment Commission with the State statutory powers to declare blight, acquire, redevelop and resell blighted properties, and with special tax increment and bonding authority in financing such actions. This also includes a Historic Preservation & Rehabilitation Code, if approved by property owners in the form of a designated district or to manage "landmark" properties, and covers existing structures and new construction. Supplementary to, a Redevelopment Commission, some localities have established an Improvement Authority for the purpose for financing public facilities, including those properties within a Right-of-Way, public parks and public buildings.

B. PROPERTY STANDARDS CODE

An Unsafe Building Code is administered by an Unsafe Building Commission with the authority to demolish or condemn, acquire, rehabilitate and sell. It also includes a Housing & Commercial Property Code which addresses repairs to major systems in occupied properties. The third pillar is a Property Maintenance Code with authority to clean up yards and building facades.

C. CIVIL ENFORCEMENT CODE

The locality may enforce these codes through an administrative office with a law division to serve each commission [Plan, BZA, UBC, HPC] and offices of Building Inspector, Housing Code Administrator would be so enjoined. The Code amendment would establish its authority and a means of its funding through fees and special assessments.

D. AFFORDABLE HOUSING CODE

Although also with an eye to prevention of blight, the initial focus of an Affordable Housing Code is to provide decent and affordable housing for those currently residing in code deficient, blighted dwellings in the locality. This Code provision would be administered by a local [or regional, through an inter-local agreement] Housing Authority and require that all new subdivisions[7] present developer-subsidized residential units for households whose income upon initial occupancy is low or moderate.[8] The Affordable Housing Code may also provide for rehabilitated dwellings occupied by low and moderate income households, provide for special needs housing for the disabled and the elderly regardless of income, and establish an affordable housing trust fund with revenues from the following sources:

⇒ Fees and special assessments from the administration of the Civil Enforcement Code and in excess of its administrative costs

⇒ Fees contributed in lieu of a set-aside of affordable units in qualifying new subdivisions, and which may be applied to new construction or rehabilitation of houses elsewhere in the County and for the benefit of low and moderate income households

⇒ Receipt of syndication proceeds from the sale of Low Income Housing Tax Credits, New Market Tax Credits and Historic Tax Credits

⇒ Intergovernmental aid and corporate foundation contributions for this purpose

⇒ HoTIF and TIF funds[9], and for the direct or indirect benefit of the TIF district, and earmarked for affordable housing.

E. STAFFING

The locality should consider the following positions, more than one of which may be shared by the same person

[7] Previously, this is described as twenty-units or more in a single or series of related subdivisions.
[8] Income defined as 50% or 80% of County median household income, and affordable is defined as costing 30% of these standards in contract rent and 28% for homeownership expenses of mortgage, hazard insurance and property taxes.
[9] Housing Tax Increment Financing and Tax Increment Financing are Sections 48 and 39 of the Indiana Redevelopment Code.

⇒ Zoning Administrator [enforces zoning and subdivision codes]

⇒ Building Commissioner [property maintenance code; implements IC Title 675 relating fire, safety and construction/ rehabilitation regulations]

⇒ Unsafe Building Commission

⇒ Historic Preservation Commission [if approved]

⇒ Special County Attorney for Civil Actions. And here that would be advantages of hiring presently to oversee the formulation and adoption of ordinances in this regard

METHODS OF SUSTAINABLE FINANCING

We identify the following methods to self-finance enforcement of all regulations designed to mitigate blight and ensure control of land use:

ESCROW FOR APPLICATION REVIEW AND SITE INSPECTIONS

The County should adopt for the Plan Commission the principle of developer/ applicant escrow. The amount of escrow, of funds placed in a trust account by the developer applicant to cover the cost of processing its application before the Commission, is estimated by the cost of administration. This includes legal, engineering and planning, and any special professional fees to be incurred by the Commission in its review, and may be amended during the process of review. As the County moves toward higher standards for site and subdivision plan approval, and requiring professional review and site inspections such a method of its financing is useful.

DEVELOPER EXACTIONS & FEES

Pursuant to IC 36-7-4-1300 the County should adopt a Developer Fee Code that would require fairly, and in concert with the previously described legal principles of nexus and proportionality, that the developer provides in construction or pay in fee for the costs of off-site improvements The State Code enables this in the areas of road and public utility improvements, and recreational facilities consistent with the projected impact of a development by way of traffic and the needs of the residents or employees and customers generated by the that development. The standards for development generally are recognized by seminal planning texts.[10] Regarding capital improvement financing, the County may directly, or in establish an Improvement Authority, bond for various improvements covered under its Dev eloper Fee ordinance and secure its proportionate

[10] Arthur Nelson, Planner's Estimating Guide: Projecting Land-Use and Facility Needs, APA Planners Press, 2004; James Nichols, Arthur Nelson, Julian Juergensmeyer, A Practitioner's Guide to Development Impact Fees, APA Planners Press, 1991; Robert Burchell & David Listokin, The Fiscal Impact Handbook: Estimating Costs and Revenue of Land Development, Center for Urban Policy Research, Rutgers University, 1978

amortization through a commitment achieved in the Plan Commission's development review process.

SURETIES FOR DEVELOPER PERFORMANCE & MAINTENANCE

Three private bonding instruments may be imposed on developers to ensure proper execution of requisite subdivision or project improvements. A ***performance bond*** covers initial site improvements as installed properly or at all. Developers deferring or abandoning those responsibilities would find a remedy in bond financing of another contractor to complete the improvements.

Likewise, a ***maintenance bond*** covers these improvements over time, typically 5-10 years, and well after the developer has sold out the subdivision or project. Typically, this is useful to landscaping, where trees, bushes or grass dies, storm water structures [e.g., outfall mechanism in a detention basin], and any street, sidewalk or curbing that fails. The incidence of this cost falls on the developer, not the property owners, as would be the case with a special assessment in maintaining these private, but common area, improvements, and discussed below. As a further surety is the mandating of a property owners association with responsibility for any maintenance, such as grass cutting or snow removal in common areas.

Third, the Plan Commission may selectively elect to set a ***closure bond*** for facilities that portend obsolescence, such as big box retail stores and industrial bio-refineries. Should the market shift away from these uses, the closure bond would either pay for any adaptive reuse renovations or the demolition and restoration of the land to its prior state.

All three types of private bonds should be set at a multiple of the estimate to remedy. For example, an amount of 120% or estimated cost and/ or to be adjusted with projected inflation, would provide for a better surety instrument. The County should also provide for proposals of facsimile guaranties.

INDIANA'S BARRETT LAW AND SPECIAL ASSESSMENT

Chapter 37 of Title 35, Article 9 of the Indiana Code represents "Barrett Law Funding for Municipalities." This provision enables minor civil divisions to impose a special tax assessment on property owners for failure to comply with a variety of local codes, and also enables the local government to proactively enter the property, complete a remedy to the violation, and then finance the same through an added property tax assessment.

For illustration, if the County Property Maintenance Code requires grass cutting or the proper disposal of yard debris, the local government may make such improvements and surcharge on the owner's tax bill for reimbursement. The same holds for Housing or Nonresidential Property Code violations and applicable to major systems. If the government borrowed funds to make these improvements, then the cost of financing in processing and issuance fees and in interest carried is appropriately added to the tax liability of the subject owner.

Subsection 4 presents the prerequisites for governmental action:

If a municipality levies special assessments against specific parcels of property under the Barrett Law, the municipal fiscal officer shall collect and enforce the special assessments and pay the bonds issued in anticipation of the collections of the special assessments if the following conditions are met:

(1) The municipal legislative body has by ordinance declared that the proposed improvement will be:

(A) a general benefit to the municipality and the citizens of the municipality; and

(B) a special benefit to the property owners in the area where the improvement is to be located.

(2) The ordinance has established the following:

(A) The general and special benefits described in subdivision (1).

(B) The proportions of the general and special benefits described

CODE COMPLIANCE REAL ESTATE TRANSFER FEE

This operates such that upon the sale of any property and the transfer of title at closing the parties are responsible for the costs of the following:

a. Inspection by the local Office of Planning & Code Compliance to determine any violations of local codes [zoning, housing and commercial property, property maintenance, etc.]

b. Performance of remedies to bring the property up to code and subject to closing.

Also this provision is subject to certain performance exclusions in the case of foreclosures by a creditor [mortgagee, mechanics lien, etc.] for the purpose of acquiring title for a resale. The transaction of this resale then would place the burden of performance with the reseller and purchaser.

SHARED COST OF PUBLIC IMPROVEMENTS

Lastly, where the development provides a significant public benefit, such as employment, a needed commercial activity, or affordable housing, then the improvements, both on-site and off-site, may be defrayed by the public sector. This presents a similar logic as to tax abatements except here applied to capital costs.

SUMMARY: REWORKING THE LOCAL ADMINISTRATIVE CODE

"UNIFIED LAND DEVELOPMENT & PROPERTY STANDARDS ORDINANCE"

As fully described above and selectively highlighted below, the locality may consider the following changes to the local Administrative Code under the title of the "Unified Land Development & Property Standards Ordinance":

ZONING CODE

⇒ Growth Management and Urban Growth Boundaries [redirect development inward to existing cities and towns]

⇒ Inclusionary residential districts [affordable housing set-asides]

SUBDIVISION & PLATTED SITE CODE

⇒ Design Standards

⇒ Stricter conditions in the process of building permits

⇒ Concurrency

⇒ Developer Fee Code

REDEVELOPMENT CODE

⇒ Redevelopment Code [authority to survey County, declare blight, initiate HoTIF and TIF districts, initiate BID or Business Improvement Districts, form public-private partnerships for redevelopment] – authority under *Indiana Code Title 36, Article 7, Chapters 14, 14.5 and 25*, and with special taxing authority under *Sections 39, 45 and 48 of Article 14*

⇒ Historic Preservation & Rehabilitation Code with authority under *Indiana Code Title 36, Article 7, Chapter 11, Section 1-et. seq.,*

⇒ Affordable Housing Code

PROPERTY STANDARDS CODE

⇒ Unsafe Building Code [authority to demolish OR condemn, acquire, rehabilitate and sell] and with authority under *Indiana Code Title 36, Article 7, Chapter 9*, and with special authority for expedited takings [tax delinquent, code deficient properties] under recently enacted *Act 169*

⇒ Housing & Commercial Property Code [repairs to major systems in occupied properties]

⇒ Property Maintenance Code [authority to clean up yards and building facades]

CIVIL ENFORCEMENT CODE

This establishes the administrative operations for all land-based code compliance and the means for its funding, as outlined below.

METHODS OF SUSTAINABLE FINANCING

⇒ Escrow for Application Review and Site Inspections

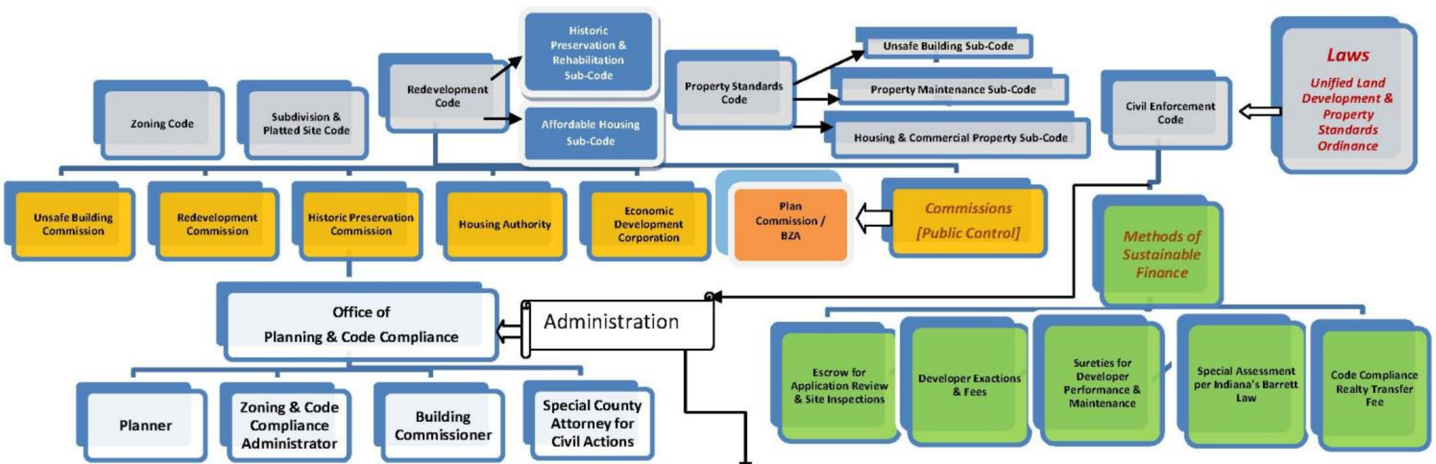
⇒ Developer Exactions & Fees

⇒ Sureties for Developer Performance & Maintenance

⇒ Special Assessment under Indiana's Barrett Law

⇒ Code Compliance Real Estate Transfer Fee

Organization of Local Government for the Prevention & Elimination of Blight



Qualified Contracts:

⇒ Law, Planning, Engineering Firms

Non-profits:
- CDC
- CDE
- CHDO
- Community Associations
- Other governments

⇒ Public-private partnerships with for-profit developers

Legend to Ordinances

Zoning: Manages growth; sets performance [impact] and form-based standards; provides planned developments & specialty uses [e.g., CAFO, home-based businesses]. Administered by Plan Commission, Board of Zoning Adjustment, Planner, Zoning & Code Compliance Officer

Subdivision & Platted Site Code: Establishes design standards for both subdivisions and individual, single-use properties; stricter conditions for private septic approvals; establishes principles of "concurrency" [coordination of public & private improvements]; references the codes for developer escrow, exactions and fees, performance and maintenance bonds. Administered by Plan Commission, Zoning & Code Compliance Officer

Redevelopment Code: Includes the Redevelopment Code under IC 36-7-14, 14.5, and 25 with authority to survey and declare blight, initiate BID [Business Improvement] HoTIF [Housing + Commercial] and TIF districts, and redevelop with public bonding; includes Historic Preservation & Rehabilitation Sub-Code under IC 36-7-11; includes Affordable Housing Code with authority for developer-provided subsidies, and powers of the Housing Authority. Administered by Redevelopment Commission, Historic Preservation & Rehabilitation Commission, Housing Authority

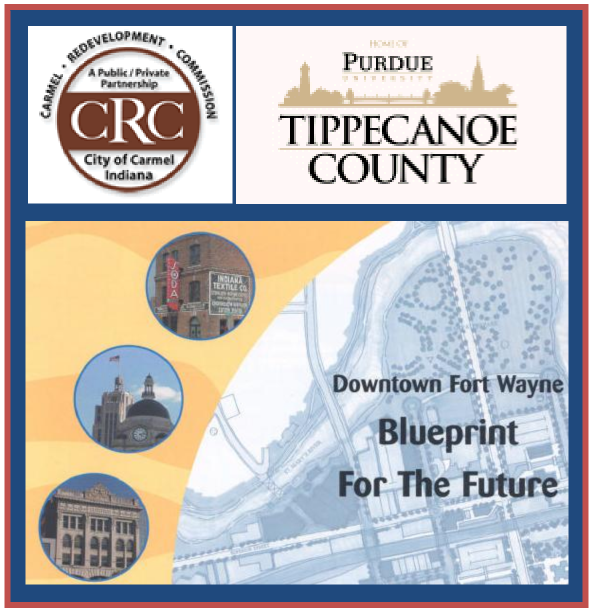
Legend to Ordinances

Property Standards Code: Includes three sub-codes: [1] Unsafe Building Sub-Code with authority under IC-36-7-9 and Act 169 [2006 enactment] to acquire [negotiation or condemnation] and demolish or to rehabilitate and sell; [2] Housing & Commercial Property Sub-Code setting standards and executing repairs/ replacement of major systems in occupied properties; and [3] Property Maintenance Code with authority to clean-up yards and restore building facades. Administered by Unsafe Building Commission, Historic Preservation & Rehabilitation Commission, Zoning & Code Compliance Officer, Building Commissioner, and Special County Attorney for Civil Actions

Civil Enforcement Code: Establishes the administrative operations in the Office of Planning & Code Compliance for all land-based code compliance and the means for its funding; refer to the chart for the four identified methods of sustainable funding beyond the conventional fine: Escrow is establish for developer/applicant payments in administering application review and site inspections; developer exactions and fees obligates the developer to provide for off-site improvements as authorized under IC-36-7-4-1300; sureties are provided by the developer to bond for the proper completion of site improvements and its maintenance over an established period of time; the Barrett Law provides for special assessment on properties responsible for Code violations, and for the proactive remedies by the County in correcting those violations. Administered by Unsafe Building Commission, Historic Preservation & Rehabilitation Commission, Zoning & Code Compliance Officer, Building Commissioner, and Special County Attorney for Civil Actions

Indiana Association for
Community Economic Development

CITIZEN GUIDE SERIES: REDEVELOPMENT STRATEGIES FOR INDIANA CITIES & TOWNS



5/15/2009

Volume II: Redevelopment Strategies & Logic of Finances

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Ball State University
EDUCATION REDEFINED

CONTENTS

STUDY SET

This citizen guide on redevelopment for the Indiana Association for Community Economic Development is a four-part set. Volume I describes the Redevelopment Commission, its evolutionary history, statutory mandate and operation in the State. The work of the Redevelopment Commission is related to the work of planners and community development leaders, whether that is the plans of the Planning Commission, Community/ Economic Development agencies, civic/ business organizations, or the Redevelopment Commission itself.

As a companion, Volume II, the subject report, explores redevelopment strategies, the allied strategies of organizations other than the Redevelopment Commission, and the logic of their finances. Volume III provides a kit of implementing tools. Volume IV presents the redevelopment plan, and more broadly the community development plan and its attendant technical strategic business plan.

All redevelopment plans need to be action and business plans, or plans that demonstrate not only direction and identify projects, but also a demonstration of project feasibility and the course of project implementation. Planning fails to achieve the public interest if plans formulated and adopted in the public interest are left unimplemented. So being effective counts and the companion reports assembles various strategic paths to plan implementation.

PREAMBLE: RELATING ECONOMIC DEVELOPMENT TO COMMUNITY REDEVELOPMENT

Sometimes we mislead ourselves into the notion that the best path to jobs and income, or economic development, is an economic development strategy. That strategy focuses on making the cost of business cheaper, thus attracting firms to start, stay [retain] or relocate [attract]. The typical measures are minimized regulation, and reducing the cost of one or more factors of production. Land can be a gift and taxes on it and its improvements reduced. The labor or work force can be retrained, and taxes on labor reduced. Capital can be made readily available and inexpensive through low-cost debt.

Further, we are fooled into thinking that the elimination of blight by itself and ignoring reinvestment is an effective redevelopment strategy. My central thesis is that we ought to pursue "strategies of indirection," one of the four approaches to redevelopment presented in the ensuing section. That is, if we pursue the determinants, say resident purchasing power, of one objective, say retail as economic development, we can more efficacious achieve that objective. The indirect, but effective, path to economic development is community development, and for the following reasons:

1. The location decisions of firms depend primarily on the quality of place. Yes, the availability of the factors of production [land, labor and capital] and the factor of transportation access count, but a talented labor pool and the personal preferences of executives who make those location decisions hinges on the quality of place, revolving around the notion of a livable

community. Columbus, Indiana, as sponsored by Cummins Diesel Corporation, discovered this several decades ago[1].

2. The untapped, undervalued assets of many economically-impacted neighborhoods and business districts of Indiana's cities and towns are in its "private infrastructure." We seem to find economic stimulus in rebuilding public infrastructure, but it is in rebuilding abandoned, vacant and blighted housing and commercial real estate that not only provides for jobs but livable communities, as mentioned above. In both senses, community redevelopment is economic development.
3. There are untapped human resources to be developed, and perhaps a derivative of my "collective action" and "community organizing" strategy, where institutions and programs become a vital part of the infrastructure of a community. My focus in this regard is upon nurturing the creative class and discussed later in this volume. Others may focus on family, for recapture from their suburban exiles, or the needs of specific groups other than this class of budding entrepreneurs, fine and performing artists, and associated NGO's that promote their creativity. Michigan's "cool cities" campaign is presented as an economic development strategy for its cities and towns and presents a coherent set of features for attracting the creative class.
4. Rebuilding communities represents a permanent investment. Providing subsidies to industry may prove transitory. Traditional business attraction and retention campaigns all impact the corporate balance sheet, but are either transportable or are lost if that industry should either fail or relocate to another community[2].

REDEVELOPMENT STRATEGIES: PART A-DISTINCT APPROACHES

FOUR APPROACHES

There are four [4] fundamental approaches to redevelopment, usually found in combination:

[1] Since 1954 with the advent of the Cummins Engine Foundation there was an investment in architectural

[2] Commonly provided through tax abatements, tax credits, specific job training, low cost capital, and recruiting trips to the Far East and Europe. Accordingly to Professor Michael Hicks "business attraction and retention efforts account for fewer than five percent of all jobs created in Indiana…A far less visible, but far more important part of economic development in is in the creation of places where people want to live. This is harder, more time consuming, but far more fruitful and lasting than relying solely on business attraction." Also, House Bill 1338 introduces a change to Indiana's tax incentives, adding what is known as a "clawback" provision. This requires businesses that receive tax incentives but have not met their stated jobs or investment goals to repay all or part of these incentives.

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

2. 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 reources in the public interest

3. Business Model

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

4. Synergy of Investment

..."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; this is a "strategy of indirection"

⇒ COLLECTIVE ACTION

Collective action is political or civic. It is featured as:

1. The art of "communicative planning," defined as the engagement of "stakeholders" in the affected community in highly substantive political discourse in identifying area redevelopment projects and formulating a plan of action; typically this "art" embraces the "charrette" process, aiming to resolve all significant issues preliminary to plan adoption and its implementation by the legislative body of the jurisdiction. Stakeholders, including public officials, civic leaders and citizens, are presumed equal in station, but the process honors expertise and the truth, and requires honesty, commitment and project champions. Its collateral product is community organization and political mobilization, enabling plan adoption and implementation.
2. Volunteer efforts at the neighborhood level, epitomized by neighborhood and business associations, and, sometimes, incorporated as nonprofit entities
3. Policy initiatives at the local level, such as the creation of a local historic district, business improvement district, or an allocation area [TIF district]; it impacts legislative and executive functions of local government and enjoys the support of the persons affected [stakeholders].
4. Organizing for lobbying, which is the process of inducing some other entity [intergovernmental aid, State/ Federal legislative or regulatory reform, corporate foundation giving] to assist in a local redevelopment effort

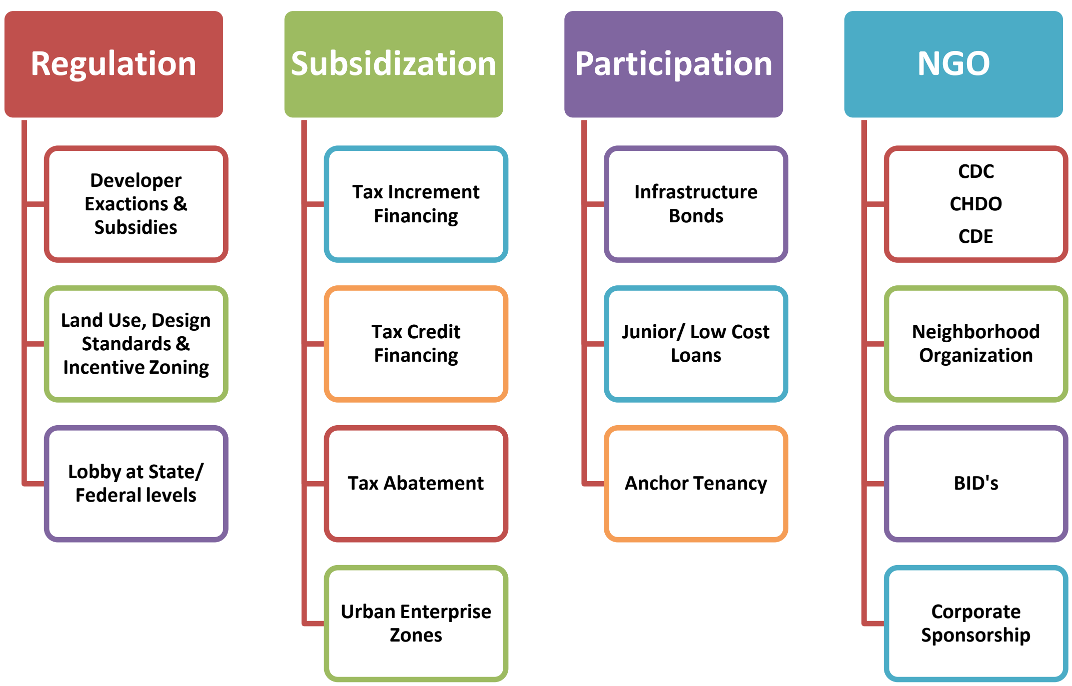
Whatever brand of collection action results, collective action is fundamental to all strategic approaches, because it is political. I propose for consideration that it is politics that lies at the heart of the success or failure of places. Typically, this is in the form of leadership at the highest level [sound mayor and council], and supported, indeed enabled, by civic forces.

⇒ PARTNERING

Witness a trend at the local level away from governmental regulation of private industry and toward partnerships among the three economic sectors: for-profit, nonprofit [NGO] and public. In Indianapolis the strength of its planning and redevelopment is through the City Department of Metropolitan Development. The City of Portland, Oregon, known for its tradition of powerful land development regulation, has shifted to partnering with developers. Although regulation provides the base, negotiation and contributing roles for each sector determine each development project. The perceived benefits of such partnerships are in the precision and efficacy of the outcome.

The partnership is formulated from the following factors that impact the feasibility and form of the development:

CHART OF PUBLIC SECTOR INSTRUMENTS FOR PARTNERING



Part III discusses the toolkit of such programs, and highlighted in the following discussion:

REGULATION

Section 1300 of the Indiana Code on Planning & Zoning [IC 36-7-4-1300][3] allows for local impact fees, and limited to certain prescribed infrastructure[4] and the associated administrative costs. The section does not prohibit a contribution of the facility in lieu of the fee, nor does it prohibit a public subsidy to developments that serve the public interest; for example, affordable housing, artful, green or low impact design and development may be deserving of a subsidy.

Although seldom used in Indiana the impact fee imposes a development cost, which under the condition of its selective use can discourage development. Likewise development subsidies [i.e., "reverse or negative" impact fees] encourage development. As such the public sector is the gatekeeper for development.

Second, land development controls, mainly embraced by the zoning[5] and subdivision[6] provisions of the Indiana Code, present another gate. In my experience the irony is that local Indiana communities are demanding higher standards in concert with the interests of investors and developers. Controls, if crafted to enhance value, protect real estate investments, and, when universally applied, do not impact competitive costs.

Lastly, public policies at the state and Federal levels impacts development and redevelopment activities, and the role of local government should embrace lobbying for their reform. There are a plethora of such examples, of which a few are recited:

a. Sections 39 and 48 of the Redevelopment Code provide for a TIF and HoTIF, respectively, but qualify areas through Section 45 with at least a third vacant land area. This encourages the development of corn fields and undeveloped land, rather than the redevelopment of cities and towns, and is anti-urban in its impact. Indeed, Section 48, creating the Housing TIF, was at the bequest of the City of Fort Wayne, and is a far more potent measure for redevelopment than the TIF of Section 39.

b. Annually, the State Legislature allocates only $450,000 for Historic Tax Credits, rendering their deployment as near useless. There is presently an 11-year queue for such credits, and awaiting a stronger historic preservation lobby, essential to the recovery of Indiana's historic cities and towns.

c. Although other states[7] provide legislation for Brownfield redevelopment, Indiana does not. We have subsidies for Phase I environmental assessment through IDEM, but other states dedicate state sales and corporate income taxes from the redevelopment of Brownfield sites toward remediation reimbursement, thus facilitating both the remediation and redevelopment of these contaminated sites.

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[3] Created by PL 221-1991

[4] [a] sanitary sewer/ wastewater treatment facility; [b] park or recreational facility; [c] road or bridge; [d] drainage or flood control facility; [e] water treatment/ storage/ distribution facility

[5] IC-36-7-4-600

[6] IC-36-7-4-700

[7] Principally, Michigan, Wisconsin, New Jersey, Pennsylvania, California

d. The Federal Housing & Economic Recovery Act of 2008 [HERA] provided for HUD to operate a Neighborhood Stabilization Program in areas of high home foreclosure risk. Yet, HUD regulates neighborhood redevelopment and stabilization activities to exclude the amenities of retail and institutional uses, so essential to the objectives of the act.

SUBSIDIZATION

Subsidies for redevelopment present two forms: [1] operating subsidies, and [2] capital cost, or financing, subsidies. As "participation" considers the latter, let us concentrate here on subsidizing the operation of an investment, or income-producing, property. Available to the public sector are taxes.

At the local level property taxes may be abated or used as a source of dedicated financing to the project or its "tax allocation district." Tax increment financing may use the increment in taxes generated by the private improvements to improve public facilities and services, or may be capitalized to finance public bonds that build more significant improvements on either public or private property. We discuss the latter in the section below regarding participation.

There are Urban Enterprise Zones [UEZ] and the Federal and State levels, providing tax abatement to businesses located within such a district. Accordingly, the State Sales Tax of 7%, if fully abated on say a car dealership or jewelry retailer within a UEZ, would present a comparative advantage over the competition outside the UEZ.

Lastly, there are Federal and State income tax liabilities [personal and corporate] that may be reduced through special tax credit programs. The purchase of these tax credits through syndication provides a source of additional equity financing for a project, or the tax credits may accrue to the owner/ developer as an incentive to invest. In mind are Federal and Indiana Historic Tax Credits [HTC] and Federal New Market Tax Credits [NMTC], and Low Income Housing Tax Credits [LIHTC]. Although the Indiana HTC uniquely provides for homesteaders of historic properties, the thrust of tax credit programs is upon the investment property.

PARTICIPATION

The public sector may participate in the for-profit or nonprofit enterprise as either a tenant or a lender. Anchor tenancy is a principal ingredient to project feasibility and private financing. The role I have performed for developers in cities like Trenton, New Jersey, is in securely the anchor leases from State agencies for new inner-city office space. Here I reviewed the listing of expiring leases in suburban locations from the State Office of Leasing Operations, and remind these agencies that State government has established an urban policy that would be addressed with the agency's return to Trenton.

As a lender the public sector may provide junior, low cost loans to the redevelopment project, or issues bonds for associated infrastructure and other public improvements, such as parking garages or transit access. Indeed, the FHWA and FMTA provided the highways and transit investment largely responsible for the expansion of industry, particularly, but not exclusively the transportation industry, and both the development of the suburbs and the revitalization of several cities.

HUD in its housing programs provides both the mortgage and the rent subsidies that amortize it. HFA/ VA and SBA provide credit-enhancement instruments [loan guarantees] for homeownership and small business expansion. Economic Development Authorities issue conduit bonds on behalf of private industry without such public guarantees or obligations to repay, but backed by private letters of credit and projected revenue underwriting; this beneficial financing is less expensive and more comprehensive.

Accordingly, in either role as a subordination lender, conduit lender, or surety agent, the public sector serves to close the financing gaps on economic development and redevelopment projects. Indeed, the now extinct UDAG and HoDAG programs of the 1970's and 80' were premised on gap financing and ran successfully as economic development and affordable housing measures.

NON-GOVERNMENTAL ORGANIZATION

Both the NMTC and LIHTC programs call for nonprofit organizations. With regard to NMTC that is in the form of a qualified Community Development Entity [CDE][8] and for the housing program a Community Housing Development Organization [CHDO].

Indianapolis has Community Development Corporations for most of its neighborhoods and performing nonprofit economic and community redevelopment as well as affordable housing. They usually are part of the LISC network. The Local Initiatives Support Corporation is a national nonprofit providing technical assistance and capital[9].

Commercial downtowns benefit from Business Improvement District ordinances and associations, and receive financing for capital improvements through TIF's and member fees. For residential neighborhoods these are in the form of neighborhood associations or redevelopment corporations.

The redevelopment model I practice is through a statewide nonprofit, the Indiana City Corporation, and locally in Muncie through the Muncie Neighborhood Redevelopment Corporation. The nonprofit form is essential, in that we use surpluses from the sale of market rate housing to subsidize affordably priced lower income units, and normally finding their way as the profits to for-profit developers.

Lastly, there is the overlooked role of corporate sponsorship of redevelopment projects, usually by a nonprofit community hospital or institution of higher or private education [the "Ed/Med" link] or by the nonprofit foundation arm of a for-profit company, such as the Lilly or Ball Brothers foundations.

[8] There are 22 CDE's in Indiana by way of the following cities: Columbus, Dillsboro, East Chicago, Evansville, Gary, Indianapolis, Lafayette, Logansport, Muncie, New Albany, South Bend, Tell City, Terre Haute

[9] Similarly, the Enterprise Foundation, operating from Columbia Maryland, has another network of CDC's

⇒ BUSINESS MODEL

INTRODUCTION

Basically, from my experience with two eminently successful cases of redevelopment and one of affordable housing has emerged a strategy for the rejuvenation of Indiana's essential cities and towns, focusing on their mixed use downtowns. This approach I coin the "business model," but spirited by "social entrepreneurship."

The business plan is to convert an assemblage of undervalued assets into an adequate investment return to not only support the investment, but an also essential set of public purposes. Markets rely on conventional thinking, and both asset and business valuation are perceptional. The central role of a land developer/ redeveloper, as should be that of a planner, is dual charge to add value and control events. Can events be so controlled for the ready supply of undervalued downtown properties shift the perception of the market's value, and in so doing lead to sustainable redevelopment?

At the core of this strategy is the control of enough properties, in various stages of blight, their restoration and their staged resale in a manner to impact the market, and stimulate collateral investment. If the market is convinced that investment inexorably will continue, if you will that tomorrow will be better than today, value will rise in a sustainable way.

The business model addresses the universal concern that not enough public resources are available to exact a bargain with the private sector, and, on which public/ private partnering in redevelopment has depended. Yes, every initiative in private investment for economically impacted markets requires some honey, whether in the form of capital and operating cost subsidies, low cost debt, anchor tenancy, etc. But, unless such public investments are highly leveraged, and their public sources renewed and with widespread availability, their approach to redevelopment is limited…at least compared to the resources of for-profit capital markets.

The limitations of the for-profit sector are short-sightedness and its inattention to related public interests. One is the displacement of households of low and moderate incomes given rapid and significant property appreciation, commonly termed "gentrification." In economic development the displacement is the family business.

Myopic in nature is the inattention to indirect investment in other conditions that sustain investment, and which I conveniently term "amenities." To a residential developer the indirection is in supportive retail, institutional and public uses. To the commercial developer it is in the purchasing power of a middle class, indigenous population, or in such residential development. To the use and product-specialized developer, these investments are uncommon, even un-contemplated.

THE REDEVELOPMENT MODEL

THEMATIC TRADITION

SUSTAINABLE MARKET SHIFT

The central theme of the redevelopment authority under the Indiana Code and of the tradition of community development is to deploy various intervention strategies in order to create a market. Once a market has been established, private investment sustains the subject redevelopment area.

The proximate perception that a sustainable strategy has been achieved is in appreciating real estate values. Indirectly, rising values in retail and other commercial applications, educational quality, social and civic fabric, historic preservation, among an array of quality of life factors, becomes evident. These improvements may be the precursor to rising property values or a consequence. The refrain of the realtor that it is "location, stupid," holds true in that the residential marketing strategy is in selling not the house, but the neighborhood. Thus, rising home values reflect rising and/or sustained confidence in the neighborhood.

Regrettably less obvious, is an understanding of how market value is created and destroyed. Value is a perception. Stock market prices, the commodities market, large consumer purchases, the price of money itself [e.g., interest rates] reflect the simple perception that tomorrow these values will either rise or fall[10]. As an investment the central measure is Return on Investment [ROI] and as consumption may be tagged as "smart shopping" [buying low within a reasonable time frame of the consumption need]. Our focus in downtown revitalization is on investment.

Accordingly, change the perception that tomorrow's values will rise, and an acceptable ROI will be realized, and investment will take hold. Every investor knows this, the State Code and Federal housing and community development statutes and regulations recognize this, and successful downtown or other neighborhood strategies have utilized it.

STRATEGIC CHOICES

In areas experiencing disinvestment or, at least not sustainable investment, the strategic choice is to generate a critical mass of investment, public and private, and hopefully coordinated, to create the perception that values are rising and that this trend is sustainable. Such "critical mass" does not necessitate that the strategy involves every property, but enough investment is concentrated over an adequately designated redevelopment area and in a strategic range of investment products to create the market.

[10] J.P. Morgan, John Astor understood this. Morgan would organize a consortium of stake-holding investors to make a run on buying stock in order to inflate its value. Astor made his fortune on buying and keeping slum properties but in neighborhoods with a rising potential, then selling when the market had ripened. Of course, neither has any claim to community development.

The critical mass to "create a market" considers among three fundamental approaches to market intervention. It may entail collective action, an organizing of stakeholders[11]. It may depend on public/ private partnerships where private capital and development is in concert with public land assemblage[12], public subsidies[13], and public improvements[14]. It may also be structured on the business model of capital gains and tax sheltered cash flows, both yielding a higher than normal Internal Rate of Return [IRR] given the risk.

Although each of these three fundamental approaches is conceptually different, an assessment of investment conditions[15] would promote a combination of strategic resources, and varying in their emphasis. For example, where the "architectural fabric" and latent demand suggested that properties, albeit in slum condition, were a "bargain," or technically an "undervalued asset," then the business model might receive emphasis. Absent either, then a public/ private partnership with subsidies on the supply or demand end might be required. Organization of stakeholders would transcend either situation.

INCREMENTAL MODEL

The incremental model is structured around the revolving fund [loan or grant]. There are strategic choices toward achieving the objective of a sustainable, or perpetual, loan. The determining variables are presented in the ensuing chart:

[11] This is an empowering concept that embraces community organizing and public regulatory measures; one example is historic preservation. It is apparent that if collectively neighbors improved their properties there would be market impact, and be a rational strategy for individual asset gain.
[12] Ultimately, this may entail a declaration of blight and the use of eminent domain through a Redevelopment Authority.
[13] The variety of subsidies includes cost write-downs [subordinated, low cost debt, the sale of tax credits, etc.], revenue enhancements [e.g., Section 8 rental supplements], and credit enhancement instruments, such as loan guarantees.
[14] This is most common in Tax Increment Financing [TIF] projects.
[15] This embraces market performance indicators, such as interest rates, and underlying factors, such as reflected in demographic demand and the physical condition of properties.

Affordability Test

- Underwrite at affordability levels [homeowners; renters]
- Mitigate defaults; maximize economy

Select Inexpensively

- Smaller houses to rehabilitate
- Rehab may be less costly than new construction
- Depreciable assets permits greater tax credit and increment financing

Redistribution

- A large enough pool of both A&D interim loans and permanent mortgage funds whereby surplus net proceeds of less needy homebuyer sales provides the requisite affordability subsidies to more needy sales
- An adequate income mix of buyers to achieve the above

Social Redeveloper

- Require the role of a public or private, nonprofit master developer [but, a “socially conscious” for-profit is possible]
- Can JV with property owners; need not acquire

Role of Investment

- Recapture secondary mortgage investment upon buyer ‘s resale
- a public A&D loan would require no ROI [return on investment];
- a private A&D loan would function as a line of credit where interest carried would be structured into each transaction
- The larger funds and attendant redevelopment activities engenders private investment sooner in the target area

MIXED-INCOME SOLUTION

The following set of charts demonstrates a sustainable, revolving fund strategy based on the mixed-income solution. The reader should note that by including middle-income housing the nonprofit redeveloper can provide a "developer subsidy" for affordable housing to low and moderate income buyers.

SIMPLIFIED EXAMPLE

	50% AMI	80% AMI	120% AMI	Cost Mixture	Sold Price Mixture	Net Proceeds Mixture
				$ 370,000	$ 370,000	$ -
Market Price	$ 110,000	$ 130,000	**$ 170,000**			
Cost	$ 100,000	$ 120,000	$ 150,000			
Affordable Price	**$ 80,000**	**$ 120,000**	$ 180,000			
Surplus [Subsidy]	$ (20,000)	$ -	$ 20,000	<- Sold Price - Cost		

Bold represents sold price [lesser of affordable and market prices]

ACTUAL EXAMPLES

Summary Tables

Single Family Detached New Construction	Acquisition & Development Cost Assumptions				
	2-BR	3-BR	4-BR	Net Surplus [Deficit and need for Subsidy] with homebuyer income mix	% average sale price
s.f.	1,650	1,800	1,950		
Cost/s.f.	$80	$75	$70		
Acquisition	$5,500	$7,000	$8,500		
A&D Cost	$137,500	$142,000	$145,000		
Affordable Home Price:					
@ 50% AMI	$81,299	$90,549	$103,279		
Surplus [Subsidy]	($56,201)	($51,451)	($41,721)		
@ 80% AMI	$130,176	$141,528	$164,053		
Surplus [Subsidy]	($7,324)	($472)	$19,053	($22,668)	-17.0%
@ 120% AMI	$195,263	$212,292	$246,080		
Surplus [Subsidy]	$57,763	$70,292	$101,080	$78,413	38.2%

50% + 80% AMI

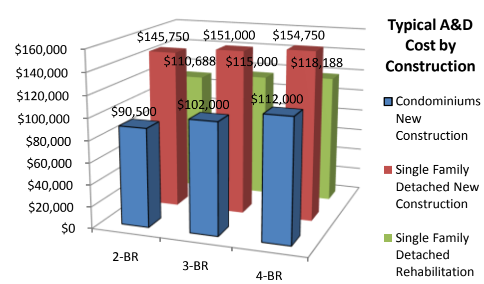
50% + 80% + 120% AMI

Single Family Detached Rehabilitation					
	2-BR	3-BR	4-BR	Net Surplus [Deficit and need for Subsidy] with homebuyer income mix	% average sale price
s.f.	1,650	1,800	1,950		
Cost/s.f.	$60	$56	$53		
Acquisition	$13,000	$14,500	$16,000		
A&D Cost	$112,000	$115,750	$118,375		
Affordable Home Price:					
@ 50% AMI	$81,299	$90,549	$103,279		
Surplus [Subsidy]	($30,701)	($25,201)	($15,096)		
@ 80% AMI	$130,176	$141,528	$164,053		
Surplus [Subsidy]	$18,176	$25,778	$45,678	$30,582	22.9%
@ 120% AMI	$195,263	$212,292	$246,080		
Surplus [Subsidy]	$83,263	$96,542	$127,705	$158,288	77.2%

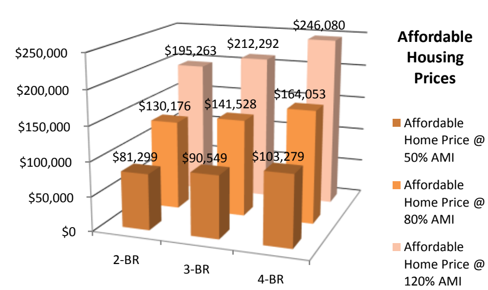
50% + 80% AMI

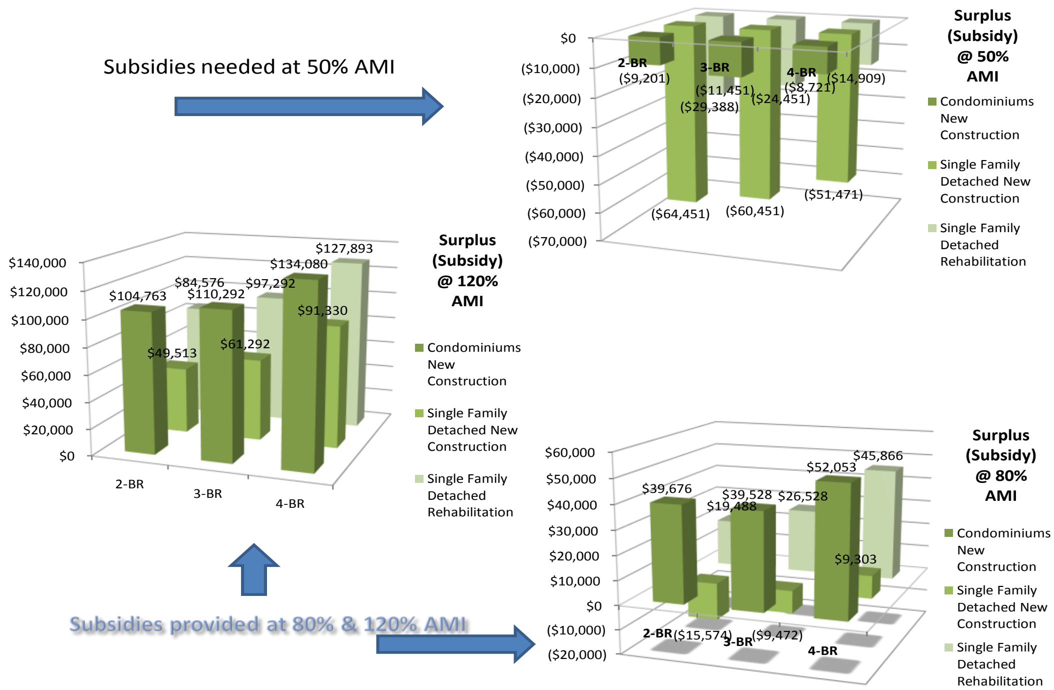
50% + 80% + 120% AMI

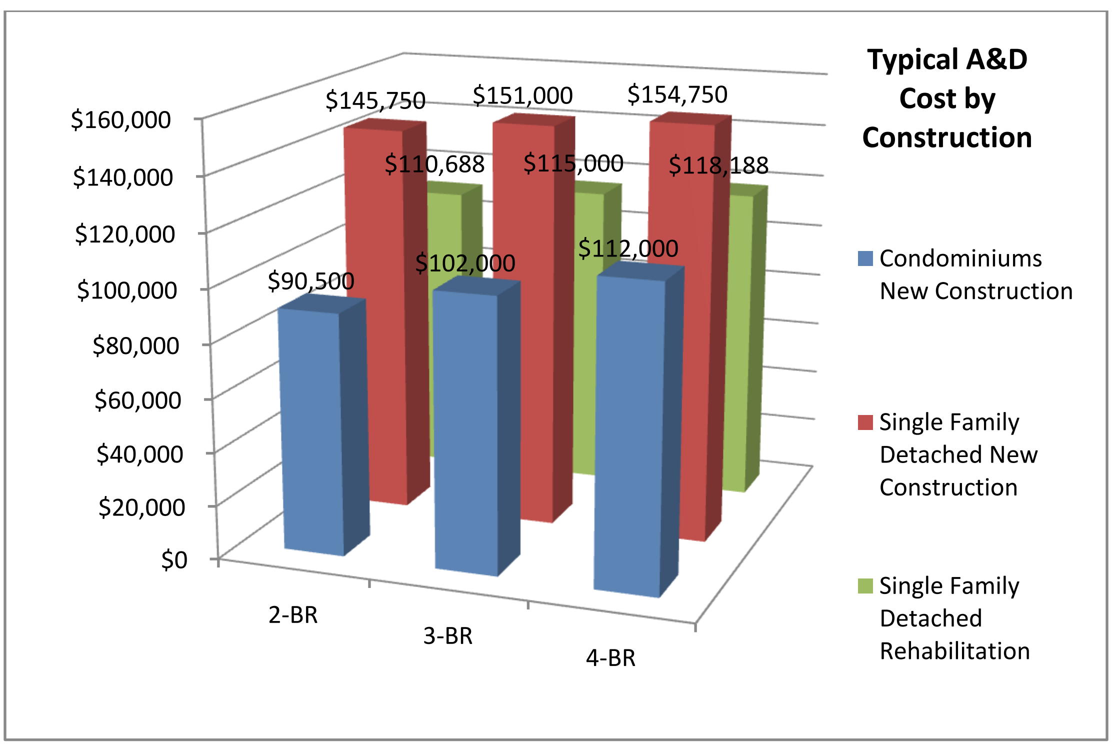
Project Cost

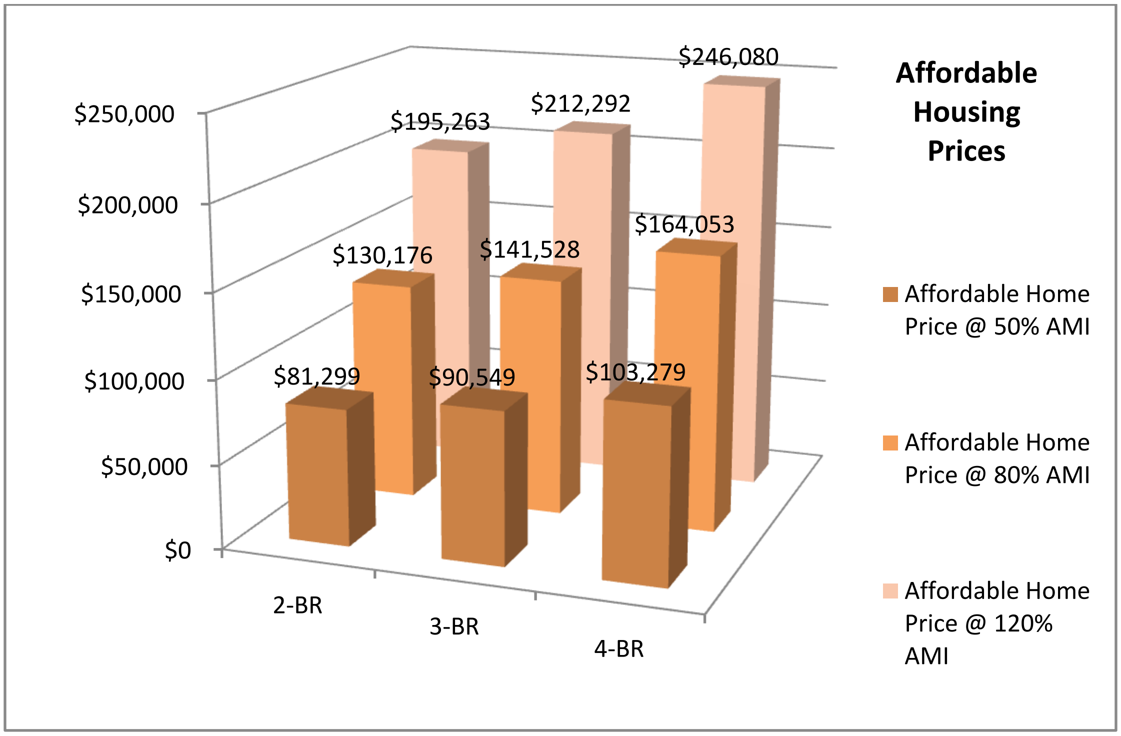


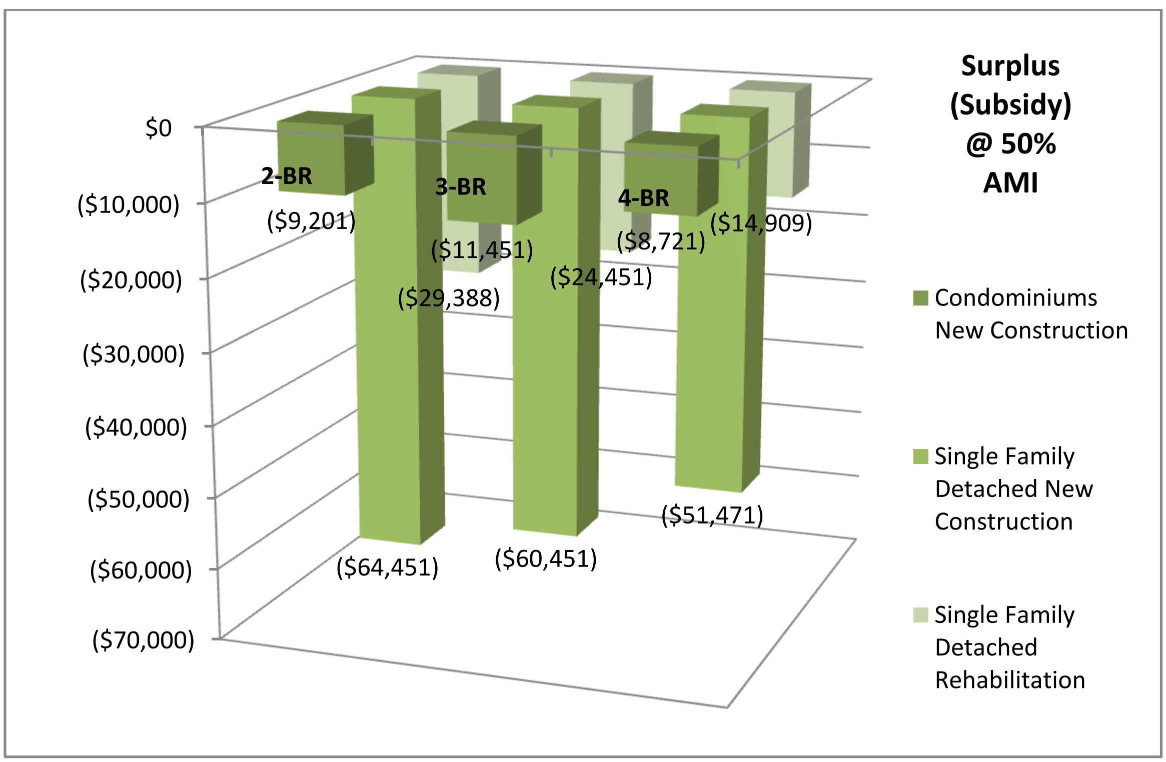
Set for Affordability

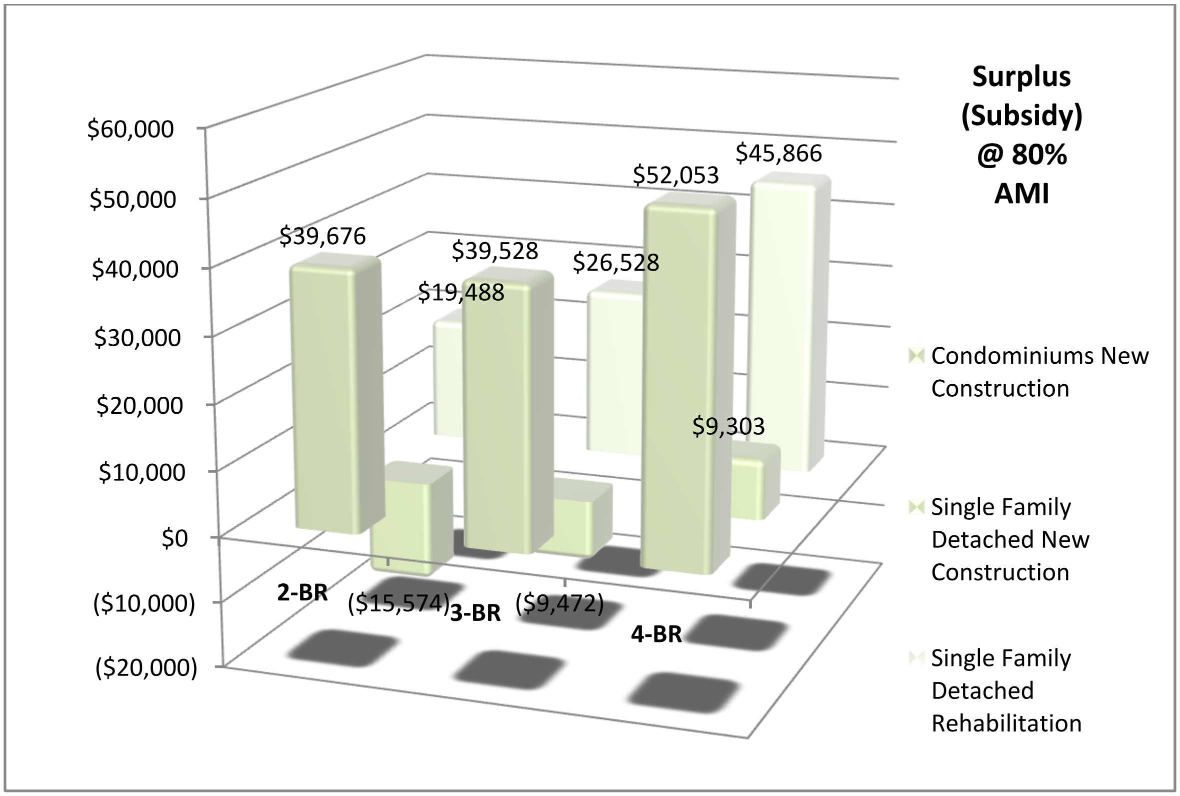



Subsidies needed at 50% AMI
Surplus (Subsidy) @ 50% AMI
$0
($10,000)
($20,000)
($30,000)
($40,000)
($50,000)
($60,000)
($70,000)
2-BR
3-BR
4-BR
($9,201)
($11,451)
($29,388)
($24,451)
($8,721)
($14,909)
($64,451)
($60,451)
($51,471)
Surplus (Subsidy) @ 120% AMI
$140,000
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$0
$104,763
$84,576
$110,292
$97,292
$134,080
$127,893
$49,513
$61,292
$91,330
Surplus (Subsidy) @ 80% AMI
$60,000
$50,000
$40,000
$30,000
$20,000
$10,000
$0
($10,000)
($20,000)
$39,676
$19,488
$39,528
$26,528
$52,053
$45,866
$9,303
($15,574)
($9,472)
Condominiums New Construction
Single Family Detached New Construction
Single Family Detached Rehabilitation
Subsidies provided at 80% & 120% AMI


Typical A&D Cost by Construction
$160,000
$140,000
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$0
$145,750
$151,000
$154,750
$110,688
$115,000
$118,188
$90,500
$102,000
$112,000
2-BR
3-BR
4-BR
Condominiums New Construction
Single Family Detached New Construction
Single Family Detached Rehabilitation


Affordable Housing Prices
$250,000
$200,000
$150,000
$100,000
$50,000
$0
$195,263
$212,292
$246,080
$130,176
$141,528
$164,053
$81,299
$90,549
$103,279
2-BR
3-BR
4-BR
Affordable Home Price @ 50% AMI
Affordable Home Price @ 80% AMI
Affordable Home Price @ 120% AMI


Surplus (Subsidy) @ 50% AMI
$0
($10,000)
($20,000)
($30,000)
($40,000)
($50,000)
($60,000)
($70,000)
2-BR
3-BR
4-BR
($9,201)
($11,451)
($8,721)
($14,909)
($29,388)
($24,451)
($64,451)
($60,451)
($51,471)
Condominiums New Construction
Single Family Detached New Construction
Single Family Detached Rehabilitation


Surplus (Subsidy) @ 80% AMI
$60,000
$50,000
$40,000
$30,000
$20,000
$10,000
$0
($10,000)
($20,000)
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$39,528
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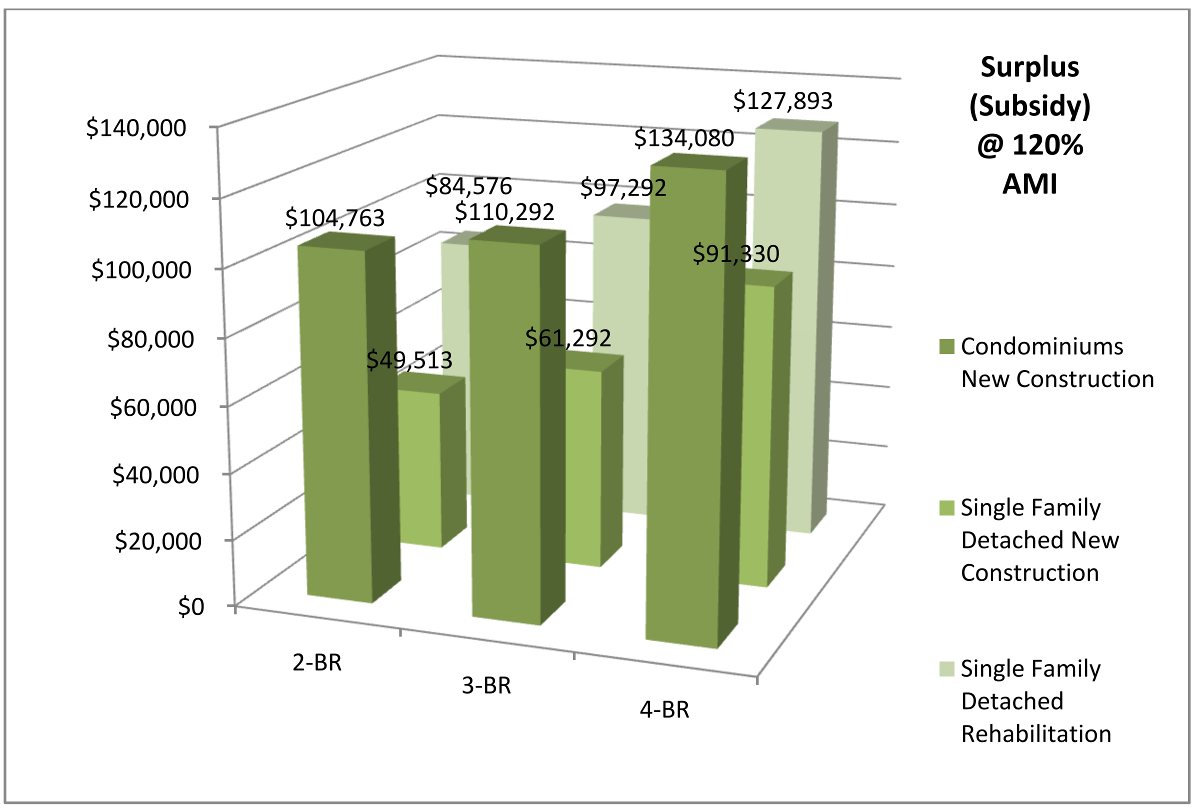
$26,528
$52,053
$45,866
$9,303
($15,574)
($9,472)
2-BR
3-BR
4-BR
Condominiums New Construction
Single Family Detached New Construction
Single Family Detached Rehabilitation


Surplus (Subsidy) @ 120% AMI
$140,000
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$0
$104,763
$84,576
$110,292
$97,292
$134,080
$127,893
$91,330
$49,513
$61,292
2-BR
3-BR
4-BR
Condominiums New Construction
Single Family Detached New Construction
Single Family Detached Rehabilitation

⇒ SYNERGY OF INVESTMENT

The better strategies invest indirectly. A downtown "24/7" retail strategy requires an indigenous residential demographics, or purchasing power. Unless the downtown is a destination with certain "catalytic" uses, such as a minor leagues ball park, convention-related facilities, or critical mass of antique shops to attract the day traveler, conventioneer or vacationer, it will depend on the proximate residential area to sustain it. Retail in Muncie's downtown is a losing game for its neglect of the requisite residential uses, and, thus, indigenous population for which shopping in the downtown is a convenience.

Likewise, a residential strategy depends on the commercial amenities of urban life. Office and other commercial, even light industrial, applications locate in or near the downtown due to its quality of life. The qualities of housing value, school value, workforce value, recreational and cultural value, and knowledge as a value drive location decisions of the firm, not just the proximity of a highway, which is experiencing a diminishing value given the restructuring of energy costs and the transformative factor of the information highway. This seems to go unrecognized by the State of Indiana.

RETURN ON INVESTMENT

Further, the strategic assault on blight, on property disinvestment, is to realize a return quickly while minimizing its capital costs. No one would question the value of HOPE VI and the transformation of the abject blight of the Munsyanna Homes project into Millennium Place, but it is not every day that Muncie secures $12.3 million in Federal funds, nor can every city afford the $31 million in public funds to make Fall Creek Place in Indianapolis the awarded success that it is.

Short of such "heavenly manna" the "neighborhood revitalization strategy" of HUD is to identify and invest in an area with the expectation of a material improvement [public facilities, market value] within five years of sustained public and private efforts. This strategy that depends on limited investment seeks the marginal areas, and in progression leads to the more economically impacted ones.

What is not effective is to treat community redevelopment from an archaic public administration perspective. It is not the management of public expenditures. The abortion of community development is to plan, if you will to try, when public or private resources are present. Redevelopment calls for an investment strategy, not and expenditure strategy. Rather, it is resource-generating.

TYPE OF"HEART"

When I ask my students what type of city they want to recreate, the overwhelming response is a "livable city." Obviously, strategy and its measure of success depend on objectives for the "heart of the city." There are other choices:

Magnetic attractions, natural, cultural, recreational, exhibition, etc., may deem your city a *destination*. In general you fly to destination places, like Las Vegas, Honolulu, and Aspen. A solid central retail, governmental or business district alone may lend to a *commuter city*.

Detroit since the early 1970's and until recently has conceded to the commuter. Indianapolis has catered to the car, as noticed by cheap parking, the system of highways and beltways, and closed retail on weekends; but, its 2020 Regional Center Plan calls for a residential core.

Lastly, there is a sadly functional city for the poor, or what I call "warehousing cities." Entry level jobs, evident from an economic base that has shifted from manufacturing to service, and social support programs are the sustenance. Those with resources have created the suburbs, some within the city's limits, and there retail and employment base has moved with them. Do we recognize such places in Indiana downtowns and adjoining neighborhoods?

Among the most livable cities I would rank Portland in Oregon. It has a balance of uses and perhaps the finest public transit system in the U.S. In Indiana there are a host of such successes, and Lafayette and Columbus come to mind. Isn't it a wonder that you can take the train to someplace in Lafayette? Madison, with the distinction of Charles Kuralt's tag as the "prettiest river town in America," has the charm of authenticity [read "authentic city"], with 132 blocks non-meticulously preserved, and relegated post World War II development to the hill above.

Markedly transitional cities are Terre Haute, Carmel and Fort Wayne. The former two are focused on the "cool cities" movement, promoting its amenities for the "creative class" and evident in its arts district, movement toward density, and entrepreneurial activities.

Fort Wayne has attended to its "doughnut" of historic residences through an innovative HoTIF, and has plans in motion to replace its excess parking and travel lanes with commercial applications. It is also focused on the "catalytic project," in moving the venue for minor league baseball to the heart of the city and to seize the advantages of its convention facilities. Despite the admirable spirit and evident successes of these transitional places, the scope, depth and pace are questioned, and they deserve a boost. At least this attention is for no other rationale then to serve as models for elsewhere in the State.

ESSENTIAL CITIES & TOWNS

Significantly, there are 126 essential cities and towns in Indiana, with a population of 10,000 or greater, and smaller places but serving rural areas as county seats[16] and centers of commerce. They have the turn of the 20th Century urban design model of a center, usually with a village green and courthouse, and surrounded by mixed uses of multistoried retail, office and residential lofts. The lower density residential "doughnut" continues the "traditional neighborhood development [TND]" style with delineated public and private spaces and the essential amenity of walkability to the largely commercial core. They are my concern.

[16] 15 county seats have populations below 10,000.

ESSENTIAL URBAN POLICY

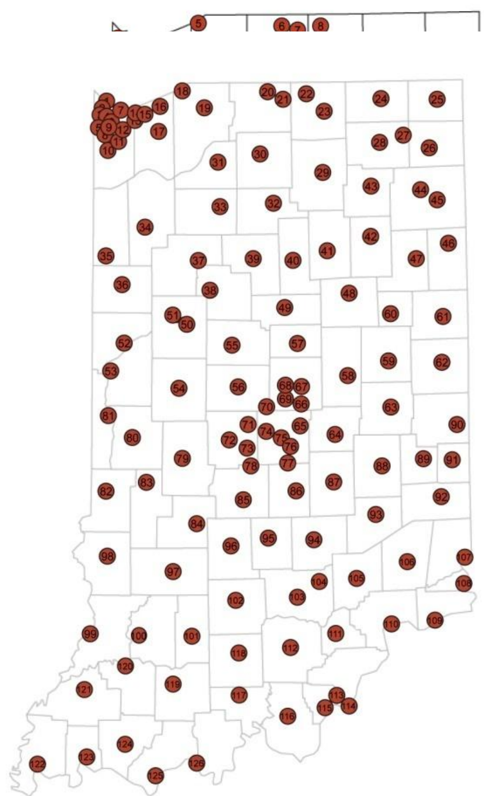
They are essential in that Indiana has no discernible "urban policy." If we did we would be promoting these towns, and with them the agrarian uses that continue to surround them. We would rely on the density of residential and commercial uses to foster an urban livability, and the economic basis for transit.

They are where households wish to live in the useful tension between congregate and private lives, if you will an escape from both the NYC subway and the seclusion of suburbia. Households love neighborhoods and the national trend is away from the tract subdivision to the small town. They are where the managers of business would relocate or expand, despite the lure of an exit on an Interstate. In Indiana neither wish achieves its full potential for truth.

These Indiana cities and towns are essentially stagnant. Many are losing population. They have long lost their historic buildings, retail for an indigenous population, central businesses, cultural venues, and their middle class. They need to regain the heartbeat of a lion.

Indiana does have an economic development policy, and facilitated by its Economic Development Corporation. That policy largely ignores place, the quality of which presents the incentive for businesses to relocate and expand. That policy continues to promote the highway, if you will the theme of the "crossroads of America." This is for the sake of the tradition of a "Robert Moses mentality" that highways, not places, are the engine of commerce and the publicly subsidized freedom of residential mobility. Until the last electoral change Indiana was "selling" its highways in order to pay for more of them. An urban policy would rearrange the underlying values and present a far different outcome closer to the Indiana tradition of the small town and bountiful farming.

As to municipalities with active Redevelopment Commissions and engaged in TIF financing of projects the map so depicts only twenty-five, or about 20% of the identified essential cities and towns.



Essential Cities and Towns of Indiana

1	East Chicago	64	Greenfield
2	Hammond	65	Lawrence
3	Munster	66	Fishers
4	Highland	67	Noblesville
5	Dyer	68	Westfield
6	Griffith	69	Carmel
7	Gary	70	Zionsville
8	Saint John	71	Brownsburg
9	Schererville	72	Danville
10	Cedar Lake	73	Plainfield
11	Crown Point	74	Speedway
12	Merrillville	75	Indianapolis
13	Hobart	76	Beech Grove
14	Lake Station	77	Greenwood
15	Portage	78	Mooresville
16	Chesterton	79	Greencastle
17	Valparaiso	80	Rockville
18	Michigan City	81	Newport
19	LaPorte	82	Terre Haute
20	South Bend	83	Brazil
21	Mishawaka	84	Spencer
22	Elkhart	85	Martinsville
23	Goshen	86	Franklin
24	LaGrange	87	Shelbyville
25	Angola	88	Rushville
26	Auburn	89	Connersville
27	Kendallville	90	Richmond
28	Albion	91	Liberty
29	Warsaw	92	Brookville
30	Plymouth	93	Greensburg
31	Knox	94	Columbus
32	Rochester	95	Nashville
33	Winamac	96	Bloomington
34	Rensselaer	97	Bloomfield
35	Kentland	98	Sullivan
36	Fowler	99	Vincennes
37	Monticello	100	Washington
38	Delphi	101	Shoals
39	Logansport	102	Bedford
40	Peru	103	Brownstown
41	Wabash	104	Seymour
42	Huntington	105	Vernon
43	Columbia City	106	Versailles
44	Fort Wayne	107	Lawrenceburg
45	New Haven	108	Rising Sun
46	Decatur	109	Vevay
47	Bluffton	110	Madison
48	Marion	111	Scottsburg
49	Kokomo	112	Salem
50	Lafayette	113	Clarksville
51	West Lafayette	114	Jeffersonville
52	Williamsport	115	New Albany
53	Covington	116	Corydon
54	Crawfordsville	117	English
55	Frankfort	118	Paoli
56	Lebanon	119	Jasper
57	Tipton	120	Petersburg
58	Anderson	121	Princeton
59	Muncie	122	Mount Vernon
60	Hartford City	123	Evansville
61	Portland	124	Boonville
62	Winchester	125	Rockport
63	New Castle	126	Tell City

REDEVELOPMENT STRATEGIES: PART B– ESSENTIAL INGREDIENTS

The community development literature presents varying sets of essential features to a redevelopment plan, and highlighted in this section.

COMPREHENSIVE CASE STUDIES OF GARVIN

In his seminal work, The American City: What Works, What Doesn't, Alexander Garvin presents his theory of successful ingredients to metropolitan city redevelopment:

1. **Market**, adequate to support the redevelopment plan, including a latent market aroused with a discrete product
2. **Location**, inclusive of the suitability of a site's endemic characteristics and its strategic proximity or access to other key locations
3. **Design**, and with an emphasis on enduring urban design principles that function for the intended use
4. **Financing**, and suited to the needs of both the developer and investors, both public and private
5. **Entrepreneurship**, and essentially public and private leadership that solves the problems of redevelopment
6. **Time**, and in three dimensions of a momentary glimpse [e.g., festive retail that captures its potential customers], a 24/7 service to the indigenous population, and enduring [e.g., flexible use and design to accommodate adaptive reuse given changing conditions].

DENSITY & FINE GRANULATION OF BELMONT, JACOBS

The "old urbanism" of higher residential density, integrated incomes and mixed uses is the subject of Steven Belmont's Cities in Full and Jane Jacobs' Death and Life of Great American Cities. For Belmont the Diaspora of the poor, replaced by a stable and consumption-driven middle class, and the necessity of high density to support urban retail, culture and transit holds the absolute salvation of our cities.

For Jacobs neighborhoods need to be compact, yet favoring low-rise housing. They should provide the enriching milieu of various public spaces, the value of preserving history in its architecture, and the fine granulation of neighborhood commerce in the form of "mom and pop" corner retail and similar forms of live/work and cottage industries. For this keen urban observer of how cities succeed or not these features hold the key, and provide the needed antidote to the urban renewal pattern of the 1960's and 70's.

DESIGN OF PAUMIER, SUCHER

Urban design matters to Cy Paumier in Creating a Vibrant City Center, and David Sucher in City Comforts. For Paumier he applies seven principles of downtown success:

1. Spatial Organization [master plan layout and street hierarchy]
2. Identity
3. Variety & Interest
4. Visual & Functional Continuity
5. Convenience
6. Comforts
7. Quality

For Sucher, the schizophrenia of the "urban village," of the contradictory needs for vitality and privacy, distills to urban forms that soften these edges and are comfortable to us. For him comforts involve such physical factors of way finding, safety, walkability, and informal congregate activities.

BIG V. SMALL OF FRIEDEN, ROBERTSON, DANIELS

Bernard Frieden and Lynne Sagalyn present in Downtown, Inc. an array of big city case studies emphasizing entrepreneurial grit of public-private partnerships in large, or "catalytic," projects for the revitalization of their commercial cores.

Kent Robertson notes[17] in Michael Burayidi's anthology, Downtowns: Revitalizing the Centers of Small Urban Communities, the distinguishing character of small cities relative to their metropolitan bigger forms:

1. Human scale, one downtown, not separate district
2. Linked to adjoining residential neighborhoods, walkable
3. More older, historic buildings [have not undergone "renewal" of the 1970's
4. Less traffic congestion and crime
5. Office decentralization and absent corporate headquarters, generally
6. Lack large signature projects, such as convention, sports, mall
7. Local independent retailers ["fine granulation" of Jacobs, an exception]

Robertson then posits eight principles of small town redevelopment:

[17] "Downtown Development Principles for Small Towns," pp. 9-22

1. Public-private partnership
2. Formulating/adopting a downtown vision plan
3. Multi-functionality [diversity and intensity of uses]
4. Historic preservation
5. Link downtown to the waterfront, where applicable
6. Pedestrian-oriented
7. Design-oriented [guidelines and enforcement]
8. Parking in its limited perspective

For Thomas Daniels and his co-authors[18] in The Small Town Planning Handbook [3rd Ed] the small town, defined as 1,000-10,000 in population,[19] there are principles of planning and development that do not apply to larger places. Critical here is sustainability in that small towns are endangered, especially in the curtailment of intergovernmental aid, and must plan with limited resources. Yet, their vibrancy is critical to the regional issue of managed growth. Their chief asset is the quality of life, and akin to other observers of small town success offers five principles for rejuvenation:

1. Human-scale buildings
2. Pedestrian orientation
3. Mixed uses
4. Compactness
5. Access to green spaces

FRANKEL'S EVALUATION OF PLACE

I place the objectives, if you will the paradigms, of community development and downtown redevelopment within the context of nature of the community condition:

1. Rapid Change needs to be managed
   - ☞ Robust economy
   - ☞ Wave of development
2. Economically Impacted
   - ☞ Jump start economy
   - ☞ Induce and manage development/ redevelopment
3. Inequity

[18] John Keller, Mark Lapping, Katherine Daniels, James Segedy
[19] Up to 25,000 in some instances

- ☞ Regardless of the community condition, which groups are excluded [low and moderate income households/ elderly/ disabled/ etc.]

4. Preservation
   - ☞ Regardless of the community condition, there are threats to history, architecture, culture, agriculture, ecology.

Each calls for a varied strategy.

My central theme in evaluating place as the precursor to a community development strategy then follows the following criteria[20]:

1. Long-Term Viability [would you invest here in a home or business, based on the prospect of an adequate return?

2. Demographic Diversity [freedom and opportunity to a variety of lifestyles, and especially that of the creative class]

3. Vision [planning]

4. Identity [sense of neighborhoods and the center]

5. Culture [quality of the library, concert series, coffee shop, and community organization and politics]

6. Urban Amenities [retail, recreation, public spaces]

In my strategic ingredients I do not differ from the aforementioned literature, but would emphasize several features:

1. RIGHT IS EASY: Have the proper ordinances and their administration in place so that conducting the right development follows the right policies

2. COMMUNITY ORGANIZATION: Both residential neighborhoods and business improvement districts need to be empowered and mobilized not only in formulating the redevelopment plan and a force in its adoption, but as champions to implement the plan; a key player in this is the nonprofit community development corporation

3. INDIRECTION: Infill, affordable and mixed-income housing not only stabilizes residential neighborhoods surrounding the downtown, it generates retail and professional services that can revitalize a downtown's commercial core, and perhaps more effectively than economic development tax abatements or other public subsidies; and so this logic may be applied to deduce the principle that it is better a strategy to pursue the determinants of an activity than directly the activity itself

[20] **April 2005 Issue** of **Indianapolis Monthly** [my co-authorships with Liz Joss on Indianapolis, Megan Fernandez on Carmel, and Alicia Garceau on the Village of West Clay]

REDEVELOPMENT STRATEGIES: PART C-PROJECT TYPES

EMINENT CASE STUDIES

AMALGEM OF REDEVELOPMENT MODELS APPLIED

PUBLIC-PRIVATE PARTNERSHIP

The Fall Creek Place example, an eminently successful redevelopment of a thoroughly blighted neighborhood northeast of the "regional center," or downtown of Indianapolis, also demonstrates the limitations of a reliance on public funding. There, $31 million in public funds, or approximately 20% of the redevelopment costs for 430 [primarily residential] lots, was allocated to Right-of-Way [ROW] and pocket park infrastructure and thereafter to down payment assistance. As a HUD-funded requirement for a majority low and moderate household income benefit prevailed, and price controls remain in effect for these dwelling units; however, the general notion is that the entire neighborhood absent controls would be gentrified. There was market spillover benefit to adjoining, marginally impacted neighborhoods, such that they is now a second phase minus the public subsidies, and the area south to Lockerbie is now largely redeveloped.

Do other and less metropolitan Indiana communities have available, short of expert grantsmanship, $31 million in public funds? More importantly, do they need to? Does the Indiana downtown need to restore every property and the attendant infrastructure?

CORPORATE SPONSORSHIP

The experience of the West Philadelphia Initiative is the central value of corporate sponsorship. Similar in size to Fall Creek Place, but instead of largely vacant lots calling for historic recreations, the architectural program was to restore [from blighted multifamily dwellings] once stately single-family homes through costly rehabilitation.

The project bordered the University of Pennsylvania, and among the six program components was a mortgage guarantee of the university for the home buyers, employees of the institution. Of the 400 guarantees not one needed to be utilized, as not one foreclosure occurred, and property values soared based on the combination of substantial, historic homes and a stable middle class residential population.

5 Programs of The West Philadelphia Initiative Lost Money at Outset

Safe & Clean
- paid workers and no revenue

105% mortgage guarantees
- 400 members of Penn's faculty and staff have moved into University City. One of Rodin's incentives was to offer $15,000 in tax-free money to any member of the faculty or staff who bought a home in the neighborhood and lived there for at least five years.

Development of retail anchors
- Inn at Penn @ $90 M capital cost – lost money for 5 years
- Some money makers
  - Bookstore
  - 40th Street Corridor of supermarket, six-screen cinema

Charter School
- School of Education
- "Sadie Tanner Mossell Alexander University of Pennsylvania Partnership School"
- Penn subsidizes $700,000 a year

Business development
- Minority Business Enterprises
- Highly subsidized incubator

The benefits to the University were manifest in a meteoric rise in the quality of its faculty and student bodies [and ranking to #4 among all universities in North America] and the size of its endowment.[21] Penn did this not to save West Philadelphia, but itself, and in the process saved both.

Do Muncie, Terre Haute, Bloomington, West Lafayette and South Bend have such corporate sponsors? Will Ball State, for example, dare to

[21] $4.370 billion in endowment as market value in 2004 [540% of 1994's $808 million]; rise in ranking from 11th to 4th best university according to U.S. News survey in 2004.

share the experience and benefits of Penn's initiative? Alternately, will a consortium of businesses with a stake in the downtown provide the sponsorship, with a return on their own property values and business climate?

Both cases had positive impact on their host cities, raising property tax revenue and the local economy. A HoTIF has worked well in the Fall Creek case where every property was improved substantially, and funding the bond amortization of the public improvements. Funding for other needy areas of the City became available through a project that appears to have solved the problem of impoverishment and physical blight. However, in retrospect a private/ public leveraging ratio of 4/1 and the experience of an unsubsidized Phase IV suggests that the "collective action" strategy has proven the imperative over the public subsidization one.

REGULATORY IMPACT

Lastly, there is the case of bold regulatory initiatives as exemplified by Fair Share Housing in New Jersey. Pursuant to State Supreme Court orders in 1975 and 1983 [*Mount Laurel Doctrine*], the New Jersey Legislature passed the Fair Housing Act of 1985, requiring each of the 567 municipalities of the State to provide adequate affirmative measures to address the affordable housing needs of the State [organized by six regional districts]. By 2002 52% of that need had been satisfied, largely through inclusionary zoning whereby developers received bonus densities and other affirmative measures for developer-subsidized dwellings to households of low and moderate incomes, and priced-controlled over thirty years.[22] Significantly, the integration of these units within the market-rate units was largely seamless and undetectable.

[22] 28,855 new affordable d.u.'s [55% of need]; 11,249 rehab affordable d.u.'s [45% of need]; 5% of new housing units built in NJ; overall 52% of affordable housing need

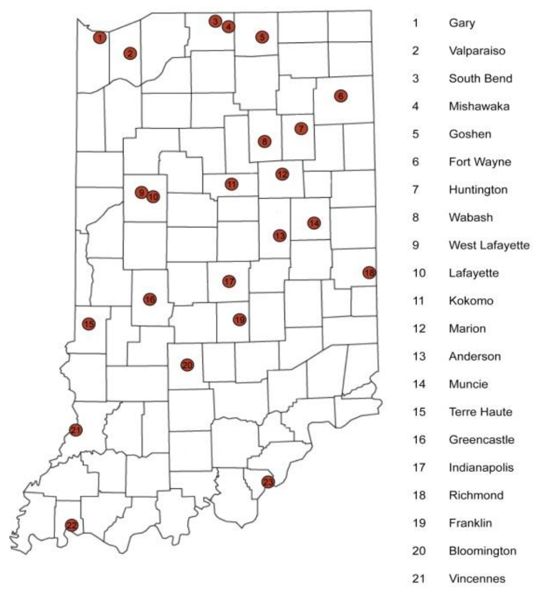
DOWNTOWN CORE

For the downtown core there are several elements of revitalization. They center on:

1. Greater urbanization, and involving the combination of a greater mixture of uses [retail, office residential, hospitality, etc.] and density [both population and nonresidential floor area ratios]
2. An appeal to appropriate market segments for living, working and/ or shopping in a downtown. The "cool cities" movement, best expressed by Michigan[23], and its attention to the "creative class," best expressed by researcher Richard Florida[24], seemed to have identified this segment of non-nuclear families and households, creative in the arts and entrepreneurial activities, and seeking affordable places to live, work and play. Significantly, Muncie [for cities of less than 250,000] and Indianapolis [less than 1,000,000] are listed by Florida as within the top five nationally for their potential to accommodate the creative class. Rising Sun in Ohio County for small places seems to have taken account of this strategy.

   As a start the map lists those places in Indiana with colleges/ universities of at least a 1,000 student body, and a natural for the nurturing of the creative class. Graduation should not be accompanied always by emigration.

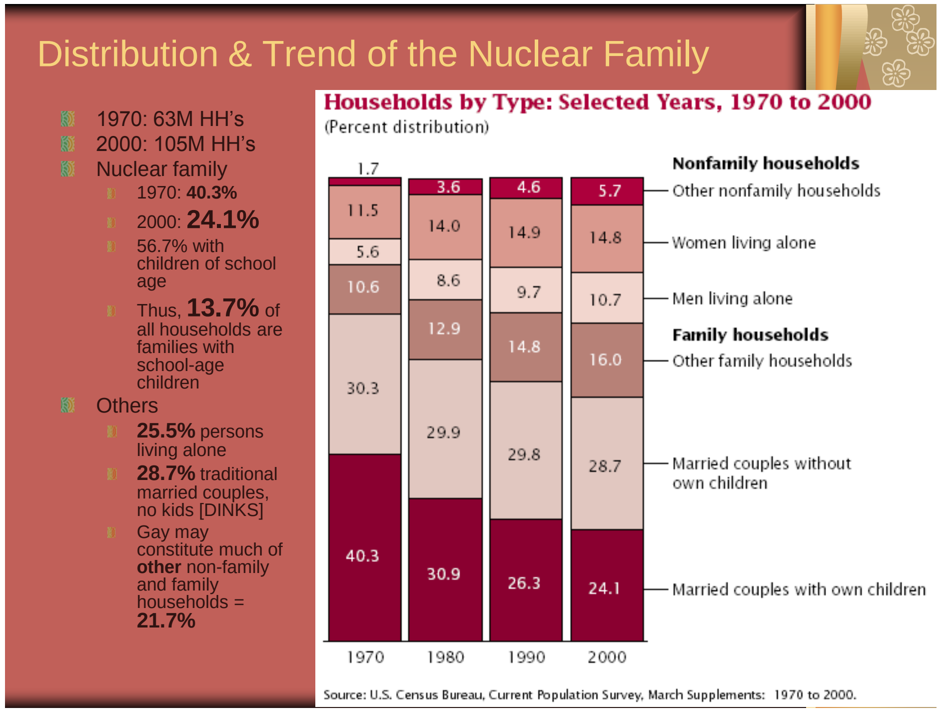
   The significance of the non-nuclear family has diminished to the point that today it constitutes less than 25% of all households. The majority is an amalgamation single persons, childless couples, both same-gender and cross-gender, and inclusive of empty-nesters. The graphic below suggests that traditional concerns like the quality of public schools may not pose an obstacle to the non-traditional household and allow the creative class to invest in infill and inner-city neighborhoods.



Major College Towns of Indiana

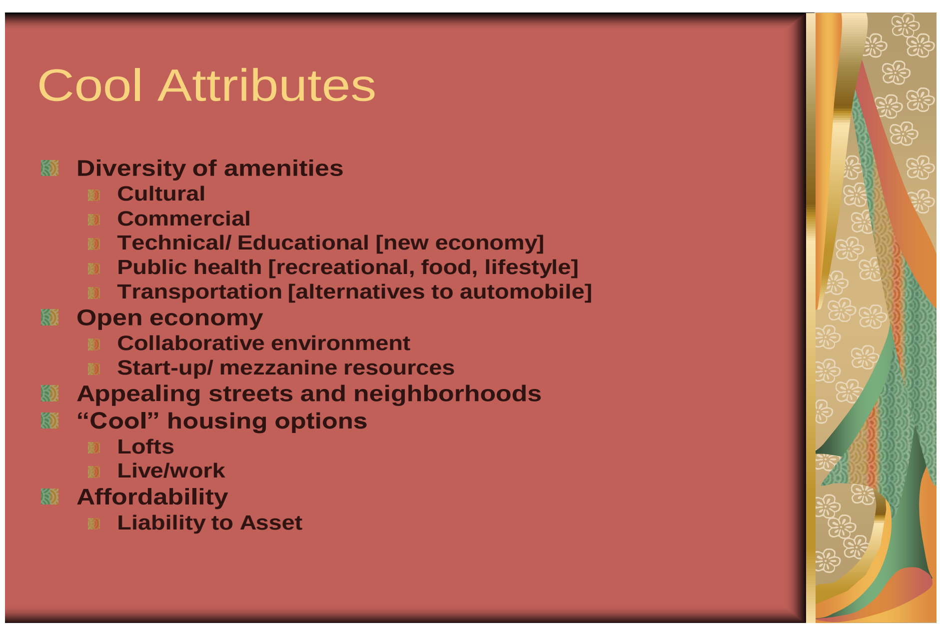
[23] Begun in 2003 as the Governor's economic development initiative.
[24] 38 million Americans create for others, such as Artists [Fine and Performing], Writers/ Researchers, Inventors/ Discoverers/ Educators, Entrepreneurs, Public Interest Nonprofits; refer to a series of books by Richard Florida, including _Rise of the Creative Class_.

3. With a mixture of uses, the strategy of indirection and generating a synergy of those uses is paramount. Thus, downtowns must be made livable with affordable housing, catering to the selected market segment, and with 24/7 retail and other urban amenities. Retail must rely on the purchasing power of the indigenous population and appeal by way of walkability, safety and the right mix of merchants. Office and light industrial uses have to formulate their own synergy, and relay on walking to work and the proximity of boutique retail and business-support services.



4. Catalytic projects that make the downtown a destination for the city and its region, and exemplified by exhibition, sports and cultural/ educational uses. Fort Wayne and Columbus appear to be mastering this with minor league baseball, amateur sports, convention, and cultural venues.

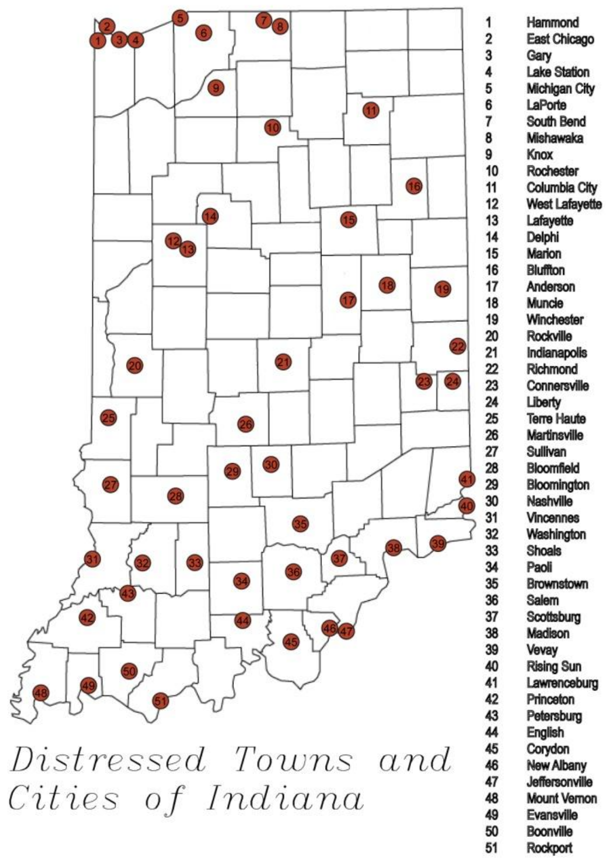
5. With the aforementioned features, transit becomes viable, both intra and inter-urban, and then abets those features.



GRAY ZONES

A "gray zone" is a neighborhood abandoned by the market and is characterized by disinvestment, whereby property values present the prospect of either decline or inadequate investment return. They are ubiquitous throughout Indiana's essential cities and towns, and the map depicts economically distressed cities and towns in Indiana[25] with evidence of gray zones.

Individual properties may be purchased cheaply, but there is no market for its redevelopment, as the unsubsidized investment would fail to yield a positive return. This disinvestment includes both public and private sectors. Beyond declining downtowns, they are presented in three other forms:

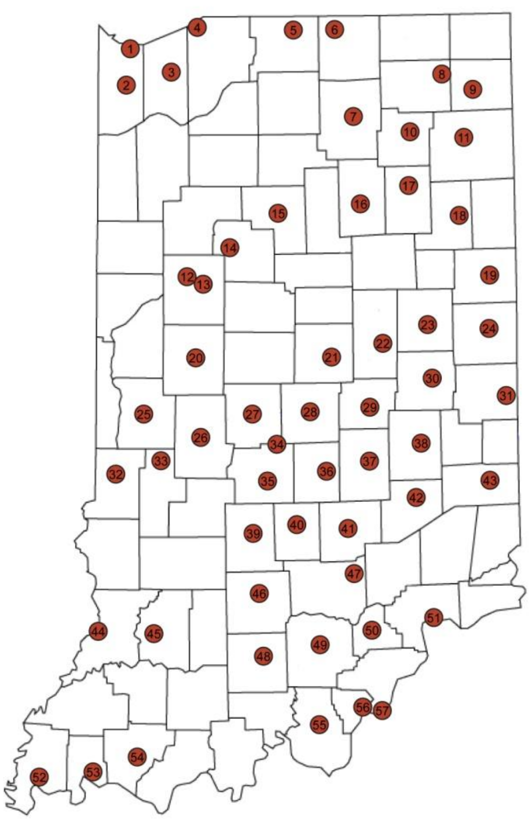


1. Residential neighborhoods, including historic districts and older housing that is deteriorating, and frequently abandoned. In historic districts regulated by a local preservation ordinance the effect of those preservation objectives are rendered impotent, and threatened by "demolition through neglect."
2. Brownfields of abandoned industrial and commercial uses "suspect" with hazardous contaminants. They call for a Phase I investigation, and if appropriate, Phase II remediation plan, followed by Phase III clean-up. The economics, even in areas of investment, does not work for the redeveloper without subsidy, such as the State's dedication of sales and corporate income tax revenues from the redeveloped uses toward remediation expenses of the redeveloper. There are such programs in New Jersey, Michigan, Wisconsin, Minnesota, Pennsylvania, Connecticut and Mississippi. Indiana has the CReED program that may be so customized.

[25] Defined as 1**)** Declining in population- Cities and Towns showing a population decline of greater than 1% from the time of the 2001 census to the 2006 interim census; 2**)** Pronounced Economic Distress- Cities and towns with a poverty level above the Indiana state average of 10%

3. Grayfields of nonperforming or abandoned commercial uses, such as big box, strip, or mall retail. The art of grayfield redevelopment has been advanced by Pyatok & Associates of Oakland, CA, where the interior of big boxes have been redeveloped into mixed-use "communities" and inclusive of live/work/ shop/ play affordable housing.

The strategy of redevelopment is to transition such grayfields into "pure city" forms. The case of the Third Ward redevelopment in Milwaukee exemplifies this approach. An un-restored industrial shell, selling for $10-15/ s.f. is prime real estate for this strategy. Here its restoration for another $40/ s.f. would allow affordable leases or condominium sales for live and work to the creative class. The "gentrification" stage is in the next stage, where un-restored shells sell for $50/s.f. and with restoration must be resold for $90-100/ s.f., and only to middle income "urban adventurers." If you wish to retain your creative class make them an equity participant at the initial stage. The "gold zone" stage is evident in New York's Soho District and Portland's Pearl District, where condominiums start at $400/ s.f.



Historic Cities and Towns of Indiana

HISTORIC DISTRICTS & PRESERVATION STRATEGIES

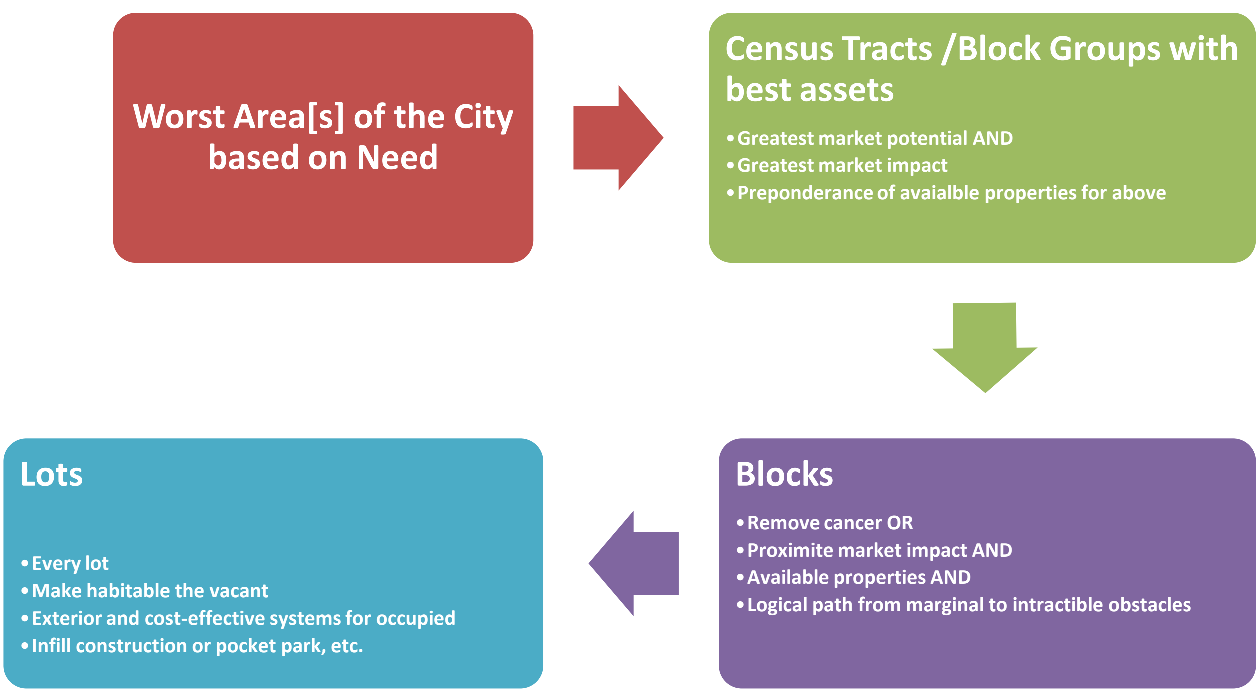
We alluded briefly to the futility of historic preservation/ conservation in neighborhoods of disinvestment. Absent a redevelopment strategy the option is to watch demolition by neglect. But demolition, whether initiated privately or ordered publicly through the unsafe building function of local government, can be defeated through the redevelopment financing tools presented later in this report. Principally, this includes historic tax credits at the Federal and State levels, and where substantial rehabilitation in accordance with historic restoration guidelines, qualifies this asset for such tax subsidies. The map depicts Indiana cities and towns with at least one Historic District as well as buildings on the National Historic Register.

NEIGHBORHOOD REDEVELOPMENT IN SEQUENCE

NRSA STRATEGY

A Neighborhood Redevelopment Strategy Area {NRSA] is defined by HUD as an area of redevelopment need that with an investment of public and private resources available can achieve a material effect and stimulate a market impact within five years. Accordingly, an area of disinvestment becomes one of investment. As a general guide the area is sixteen [16] blocks, varying by neighborhood conditions, including its identity, and the redevelopment strategy. Yhe graphic below depicts the sequence in site selection and where to start within the chosen NRSA. The ensuing table lists sixteen [16] criteria used in selecting the NRSA and a survey sheet in evaluating each criterion. In this analysis, the McKinley neighborhood was selected as the primary NRSA.

PART 1: SITE SELECTION



NRSA EVALUATION CRITERIA

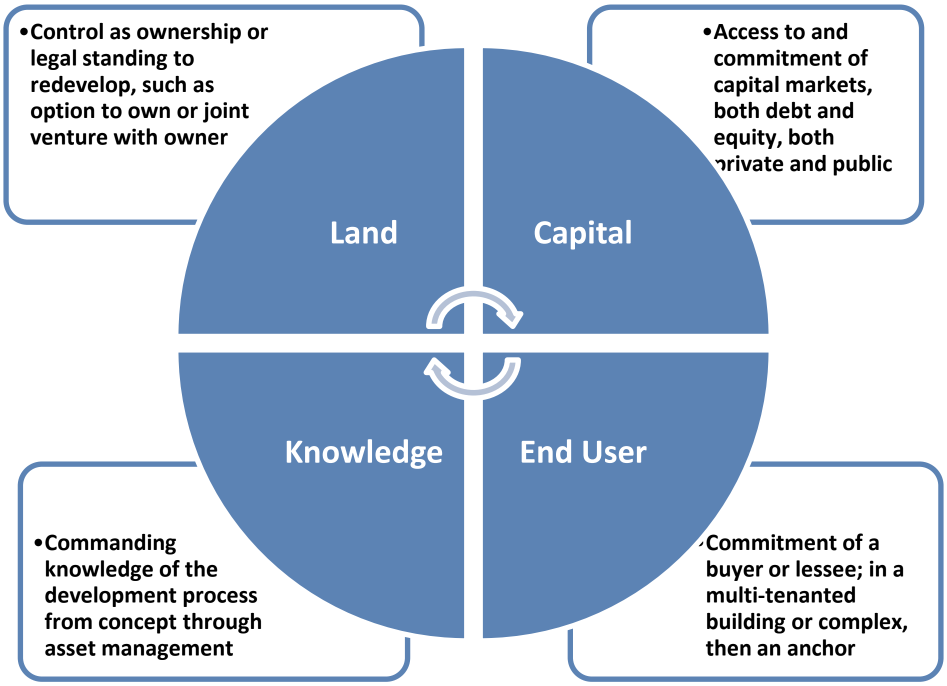
1. Need
a. predominance of poverty, property deterioration/ blight, abandonment, foreclosures
b. need to increase [choose: homeownership, rental opportunities, retail, etc.]
c. contrast with city overall
d. natural disaster
2. Marginality
a. adjoining an investment neighborhood
b. manageable need
c. 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]
9. Resources
a. neighborhood assets
b. other public investments made or pledged
c. eligibility/ commitment for intergovernmental/ corporate sponsorship [e.g., qualify for 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
14. Readiness [to redevelop]
a. Land
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

Scale 1-5, low to high

Neighbor-hood	CRITERIA / AREA	Need	Marginality	Infrastructure	Undervalued	Visibility	Land Uses	Community	Organization	Resources	Economy [Jobs]	Equity	Efficiency	Politics	Readiness	Redev. Plan	Data	Composite Index
	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**	**3.08**	**3.25**	**3.46**	**2.71**	**3.33**	**3.13**	**2.88**	**3.63**	**2.13**	**4.00**	**3.43**

PART 1: FOUR LEGS TO THE DEVELOPMENT TABLE

To have a development or redevelopment project four elementary building blocks need to be controlled. Having one and one has the beginnings of a project, Controlling all four through the development process yields success:



PART 3: HOMESTEAD STRATEGY

Although there must be opportunities to rent, representing an easier access to decent housing, we commit also to home ownership. The graphic below in this section describes the methods we deployed a particular strategy for both vacant and occupied houses.

Vacant, Abandoned, Foreclosed Properties

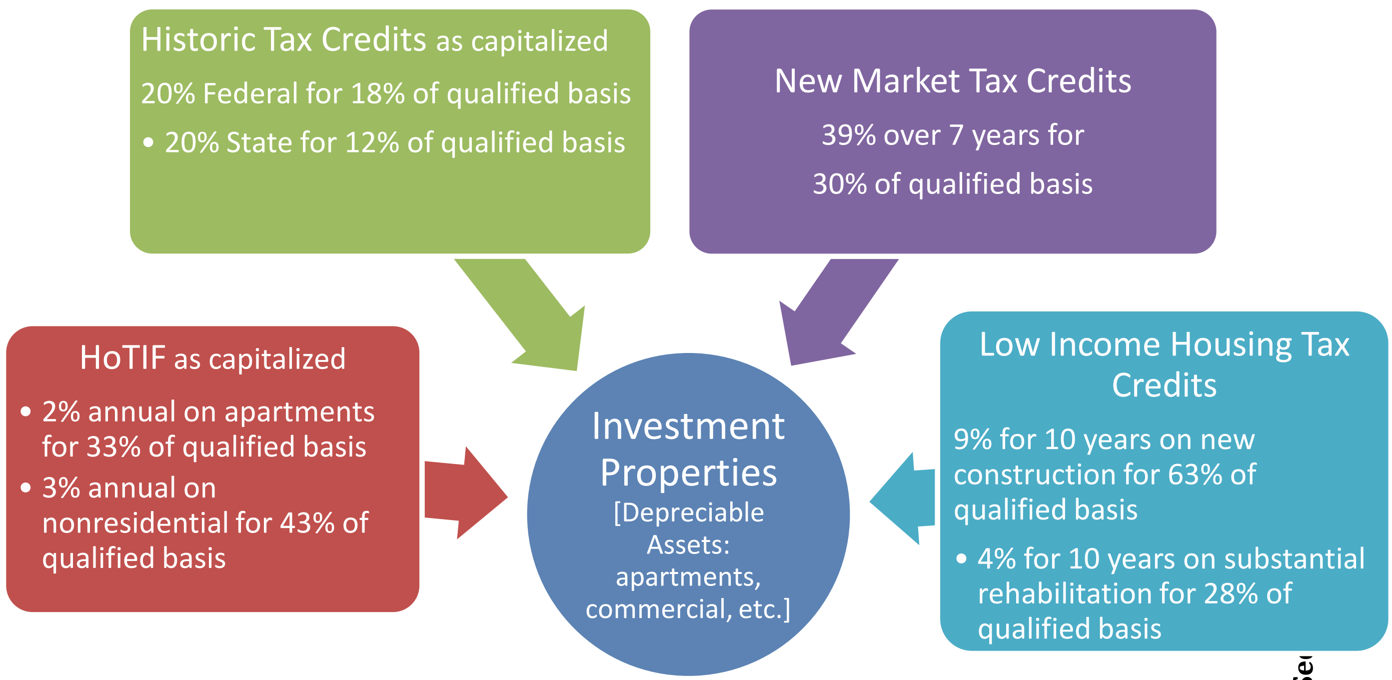
- **NSP**
- **Land Bank**
- **Demolition/ New Construction**
- **Rehabilitation**
- **Affordability 50/80/120% AMI; "mixed-income solution"**
- **Area-wide benefit [<120% AMI; broad range of activities]**

Occupied Properties

- **HOME as rehabilitation or new construction**
- **CDBG as rehabilitation [new construction as "last resort"]**
- **Facade improvements**
- **Affordability 50/80% AMI**
- **Area-wide benefit [<80% AMI; broad range of activities]**

PART 4: INVESTMENT/ LEVERAGING STRATEGY

For apartments and commercial properties we go to capital markets in the sale of tax credits, and the bond market to provide funds underwritten through Housing Tax Increment Financing [HoTIF]. The tax credits include those for historic properties, as well as for low income apartments, and those in targeted areas where New Market Tax Credits apply [includes the targeted area of Muncie City]. These financial methods make the unfeasible workable, and when applied together can result in a financial surplus which is dedicated to other neighborhood projects. The graphic below in this section summarizes these methods.



The chart on the ensuing page present various tax credit programs, which through syndication can yield the estimated capital yields, placing no demands on the owner for either cash flow or capital gains, and thus serve as a source of a gift equity. Each of these tax credit programs is described in the "tool kit" of Volume III.

CHART OF SELECTIVE TAX CREDIT PROGRAMS & THEIR CAPITAL YIELDS

Data Inputs and Calculations	LIHTC			NMTC		HTC			
	New Constr. + < 50% Tax Exempt Bonds	New Constr. + > 50% tax exempt bonds	Rehab + Taxable Bonds	New Construction	Rehab	Federal Historic Register Rehab	Federal < 1936 Rehab	Indiana Historic Register Rehab	Combine Fed/State HRTC
Total Project Cost	$ 10,000,000	$ 10,000,000	$ 10,000,000	$ 10,000,000	$ 10,000,000	$ 10,000,000	$ 10,000,000	$ 10,000,000	$10,000,000
Improvement Cost	$ 9,000,000	$ 9,000,000	**$ 5,000,000**	n/a	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ 5,000,000
Acquisition Cost	$ 1,000,000	$ 1,000,000	$ 5,000,000	$ 1,000,000	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ 5,000,000
Disqualified Costs	$ 100,000	$ 100,000	$ 50,000	$ -	$ -	$ 50,000	$ 50,000	$ 50,000	$ 50,000
Eligible Basis	$ 8,900,000	$ 8,900,000	$ 4,950,000	$ 10,000,000	$ 10,000,000	$ 4,950,000	$ 4,950,000	$ 4,950,000	$ 4,950,000
Applicable Fraction [Eligible Units/ Total Units]	60%	60%	60%	100%	100%	100%	100%	100%	100%
Qualified Basis	$ 5,340,000	$ 5,340,000	$ 2,970,000	$ 10,000,000	$ 10,000,000	$ 4,950,000	$ 4,950,000	$ 4,950,000	$ 4,950,000
Credit by Building Type	**9%**	**4%**	**4%**	**39%**	**39%**	**20%**	**10%**	**20%**	**40%**
Average Annual Credit	$ 480,600	$ 213,600	$ 118,800	$ 557,143	$ 557,143	$ 990,000	$ 495,000	$ 990,000	$ 1,980,000
Years Placed in Service	10	10	10	7	7	n/a	n/a	n/a	n/a
Value of Credit over Service	**$ 4,806,000**	**$ 2,136,000**	**$ 1,188,000**	**$ 3,900,000**	**$ 3,900,000**	**$ 990,000**	**$ 495,000**	**$ 990,000**	**$ 1,980,000**
ROI Requirement	69.2%	69.2%	69.2%	76.9%	76.9%	90.0%	90.0%	60.0%	75.0%
Equity Induced	$ 3,326,233	$ 1,478,326	$ 822,215	$ 2,999,100	$ 2,999,100	$ 891,000	$ 445,500	$ 594,000	$ 1,485,000
NOI	$ 750,000	$ 750,000	$ 750,000	$ 750,000	$ 750,000	$ 750,000	$ 750,000	$ 750,000	$ 750,000
Cap Rate	10%	10%	10%	10%	10%	10%	10%	10%	10%
Capitalized Value	$ 7,500,000	$ 7,500,000	$ 7,500,000	$ 7,500,000	$ 7,500,000	$ 7,500,000	$ 7,500,000	$ 7,500,000	$ 7,500,000
LTV	75%	75%	75%	75%	75%	75%	75%	75%	75%
Maximum Mortgage	$ 5,625,000	$ 5,625,000	$ 5,625,000	$ 5,625,000	$ 5,625,000	$ 5,625,000	$ 5,625,000	$ 5,625,000	$ 5,625,000
Total Project Cost	$ 10,000,000	$ 10,000,000	$ 10,000,000	$ 10,000,000	$ 10,000,000	$ 10,000,000	$ 10,000,000	$ 10,000,000	$10,000,000
Mortgage	$ (5,625,000)	$ (5,625,000)	$ (5,625,000)	$ (5,625,000)	$ (5,625,000)	$ (5,625,000)	$ (5,625,000)	$ (5,625,000)	$ (5,625,000)
Equity	$ (3,326,233)	$ (1,478,326)	$ (822,215)	$ (2,999,100)	$ (2,999,100)	$ (891,000)	$ (445,500)	$ (594,000)	$ (1,485,000)
Financing Gap [surplus]	$ 1,048,767	$ 2,896,674	$ 3,552,785	$ 1,375,900	$ 1,375,900	$ 3,484,000	$ 3,929,500	$ 3,781,000	$ 2,890,000
Proportionate Gap [surplus]	**10%**	**29%**	**36%**	**14%**	**14%**	**35%**	**39%**	**38%**	**29%**

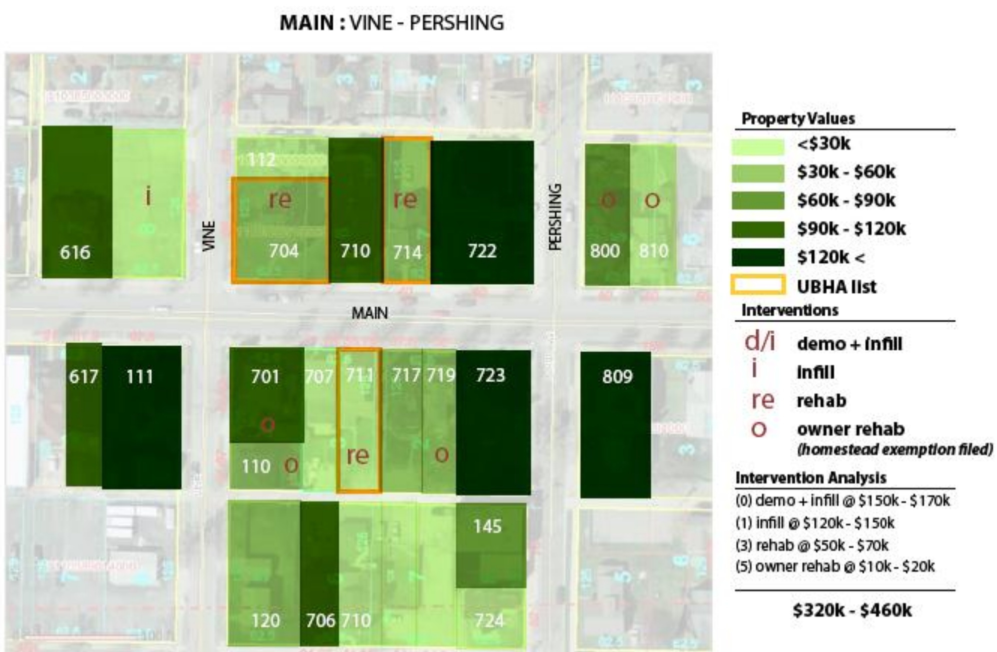
Legend: Blue is a calculator; Black is an input; Red is a likely market or regulatory input

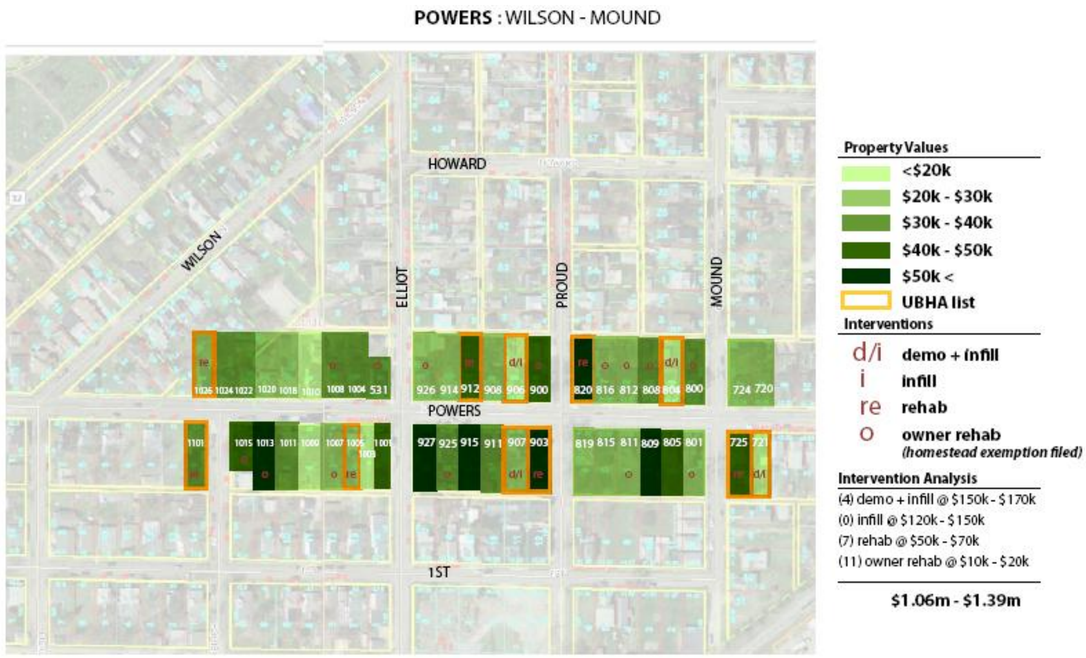
STRATEGIC REDEVELOPMENT PRINCIPLES & INNOVATIONS

[1] BLOCK BY BLOCK

The redeveloper ought not to demolish or rehabilitate houses. It should redevelop neighborhoods and the smallest unit we consider is the block, defined as both sides of a street, one block long. Every property on that block is evaluated as to the need for demolition and reconstruction [we don't demolish and then leave, for we are committed to redevelopment], new construction on empty lots ["missing teeth"], and rehabilitation [both vacant and occupied buildings]. We endeavor to leave a block with every property appropriately improved, and to thus create a market of investment. Neighborhoods are then rebuilt in the continuity of one block at a time. The strategy of selecting neighborhoods and their blocks to start is outlined and summarized from sixteen criteria under "Site Selection Strategy."

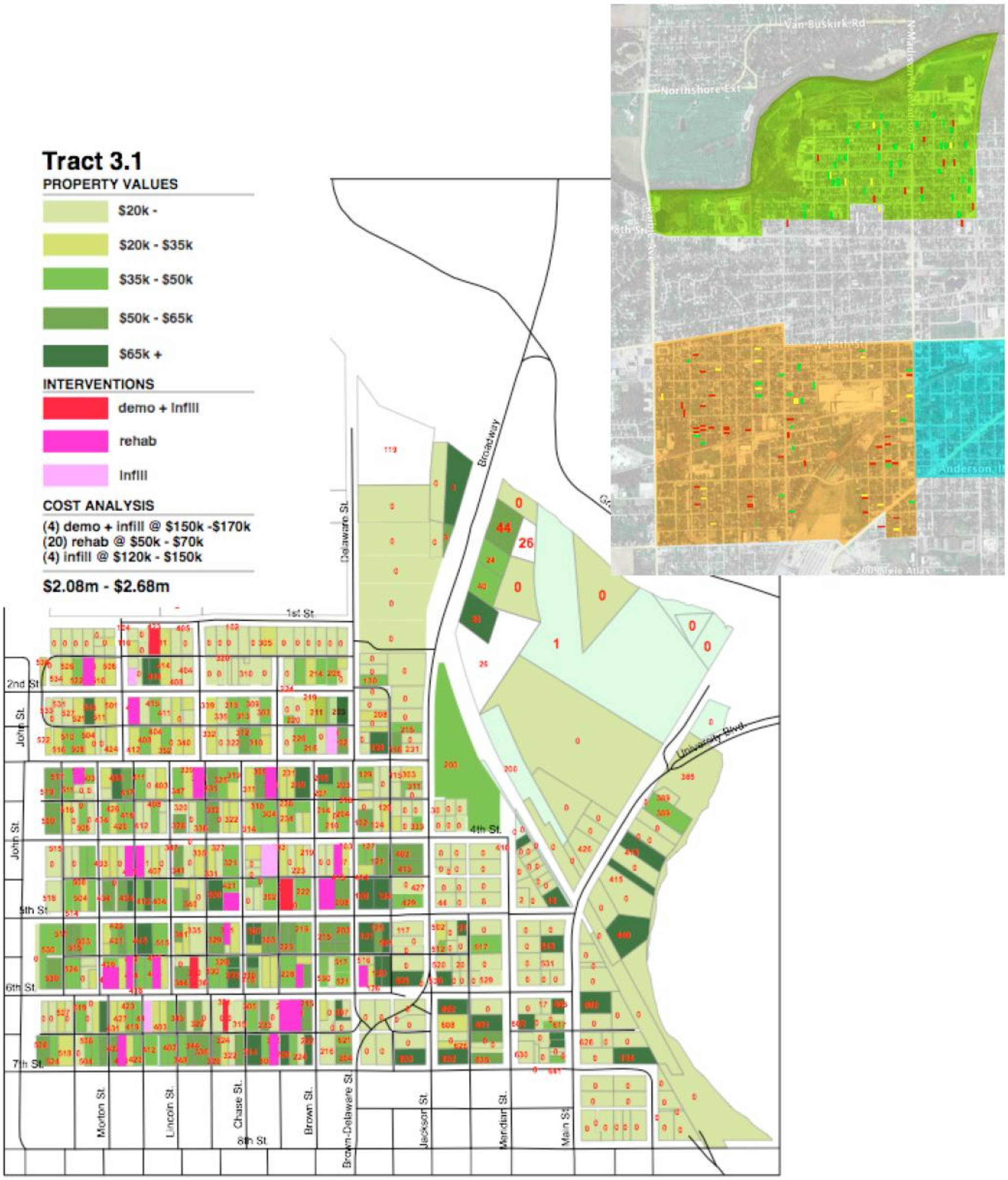
The graphic and analysis below depicts blocks in two neighborhood redevelopment strategy areas of Muncie City, and presents the property by property and block by block approach. Each property that is either vacant or occupied but deteriorating is designated for redevelopment action and included in the redevelopment budget. The redevelopment plan should also include streetscape and front yard improvements.





The following depicts an entire neighborhood redevelopment strategy in Anderson City.

Example planning and strategy diagrams identifying target properties in selected census tracts at a city scale. And then breakdown of those individual properties values along with recommended strategies for utilization.



Block by block strategy maps and analysis prepared by Studio Three Architects, Muncie, IN

[2] MIXED INCOME SOLUTION

In principle and practice commit to housing opportunities for a broad mix of household incomes as essential to a vibrant and equitable community. As a nonprofit redeveloper we provide a "developer's subsidy" from profits made on middle income housing to lower income dwellings. As we commit to a 25% set-aside for low income housing, the key to both subsidizing these dwellings and the re-churning of our grant is through our developer subsidization. We are committed to sell or rent dwellings at affordable prices and with housing counseling. This is to minimize the risk of defaults and to curtail "predatory" lending and renting practices. By way of a simplified example the developer's subsidy is presented in the table below in this section.

SUSTAINABLE FINANCING

DEVELOPER SUBSIDY

The mixed-income solution has been described through illustration above. The author, as co-founder of the "fair share housing" movement in New Jersey[26], has developed inclusionary subdivisions where profits from market rate units subsidize a 20% set-aside of low and moderate income units. We apply that strategy here, unlimited by the set-aside.

"MIXED-INCOME SOLUTION"

	50% AMI	80% AMI	120% AMI	Cost Mixture	Sold Price Mixture	Net Proceeds Mixture
				$ 370,000	$ 370,000	$ -
Market Price	$ 110,000	$ 130,000	**$ 170,000**	**Bold** represents sold price [lesser of affordable and market prices]		
Cost	$ 100,000	$ 120,000	$ 150,000			
Affordable Price	**$ 80,000**	**$ 120,000**	$ 180,000			
Surplus [Subsidy]	$ (20,000)	$ -	$ 20,000	<- Sold Price - Cost		

Hence, a developer subsidy as demonstrated above could perpetuate funds without an effective limit and permit a comprehensive redevelopment of the target area.

[26] 1973 founding, responsible for the series of Mount Laurel decisions of the State Supreme Court and for the Fair Share Housing Act of 1985

[3] SPECIAL STRATEGY FOR VACANT MIXED USE DOWNTOWN

Property owners of the downtown buildings would enter into a redevelopment agreement with the Redevelopment Corporation, a community development nonprofit.

First, each floor of the building would be vertically subdivided as a condominium, with the building owner retaining title to each. Second, the consortium of owners would decide on the redevelopment of these vacant floors, their marketing to users, and their property management.

Reimbursed under the agreement [funded from proceeds of sale or refinance], the redeveloper would rehabilitate these vacant floors consistent with the proposed adaptive reuse. For example: apartments or residential condominiums, which could be age-restricted; live/ work for artists, craft-persons, emerging entrepreneurs; for other non-residential uses, such as an inn, cultural and entertainment use, expanded retail and office, then CDBG, Development Fund or other sources would be utilized.

The reuse with the CNRF must be residential, and with other funds can a mixed use, supportive of residential; the residents must be those earning no greater than 120% of County median income and their rent or sale price must be affordable. Each owner then has three options to [a] rent the space, [b] sell to the user, or [c] sell to another investor [could be the consortium of selling owners].

The logic of such collective action is that a market can be created for this vast unused private infrastructure of the heart of the city, and with less risk and greater return than by acting as individual owners. This strategy is graphically presented:

Condominiumize
- Owner retains title to each unit
- Enters redevelopment agreement
- ICC as a nonprofit redevelops upper floors with a take-out commitment by mortgagee of owner or sale to end user or investor- see below]

Consortium
- Condo owners may organize to market and manage all the upper floors [e.g., rental apartments, residential condo association, live/work]

End User
- Qualifying [< 120% AMI] for residential loft
- Area-wide benefit for non-residential use [negatively impacted by ARRA 2-17-09]

3 Options
- Owner leases
- Owner sells to end user
- Owner sells to investor [landlord for upper floors, including consortium above]

[4] COMMUNITY SELF-DETERMINATION & QUALITY CONTROL

We specialize in citizen engagement in both the planning and development processes. Do not envision a conventional public hearing, but democracy in action, where stakeholders, regardless of their station in the community, are invited to participate in an open process of meaningful discourse. The process assures participants of their ownership of the redevelopment plan and quality control of its implementation.

An intentional by-product of this is stronger community organization and "leads" to market our products. The process of reporting monthly to neighborhood stakeholders in the implementation of the plan also invites funding sources to join us in this quality control. The graphic below in this section depicts this process.

ALLIED STRATEGIES

Volume I of this study set identified planning and redevelopment efforts of agencies other than the Redevelopment Commission. They include:

- ⇒ Plan Commission/ Planning Department
    - Comprehensive Plan
    - Redevelopment Plan
    - Community Development Plan
    - Affordable Housing Plan
    - BID Plan
- ⇒ Housing Authority
    - Finance affordable housing and associated urban amenities
- ⇒ Redevelopment/ Improvement Authority
    - Assemble land
    - Finance public and private improvements
- ⇒ Key Local Functions & Administrative Codes
    - Zoning/ Subdivision
    - Property Maintenance
    - Unsafe Building
    - Historic District/ Landmark Property Ordinance and Commission

CAPACITY-BUILDING ACTION AGENDA

Lastly and most importantly, there is the local capacity that we must build to utilize these strategies and to avail the tools, the subject of Volume III.

ORGANIZE

First, organize and mobilize at the neighborhood level; you already should know the people in the room, and you are all incorrigibly committed for the long-term, and will develop a managerial skill in driving your agenda. There are techniques for organizing stakeholders, identifying projects and their champions, and mobilizing around an action agenda, but the subject of another report.

The advantages to local elected officials in such a grass-roots organizing campaign is several: One, as the public discourse is inclusive and highly substantive, issues become resolved, and the contentions are removed before they appear before the legislative body and the executive. Two, if elective officials facilitate this endeavor, they then may be in a position to count on the same organized effort in their re-election. Third, although popular plans [refer to section below] are sometimes viewed as restricting the discretion of elected officials, they also empower all and make effective the efforts of those officials.

Which neighborhoods? The State Code terms these "redevelopment areas." They present residents of economically impacted neighborhoods. Depending on the program, there is a corporate form, typically a nonprofit Community Development Entity [CDE] as a master redeveloper and coordinating for-profit entities on discernible projects.

KNOWLEDGE, PLANNING, LEADERSHIP

Second, acquire expertise. This typically requires seed money, and the community may look to public universities in Indiana or various private consultants for support.

Third, each neighborhood will need a strategic business plan for the financial and market underwriting, and may also opt for a community development plan, identifying neighborhood needs, setting a vision, and prioritizing objectives and actions. These plans direct and then sell your projects, and are indispensable. Remember, do not think small, for there is greater risk to improving a single property than 400 properties.

Finally, our elected officials should cooperate, if not lead this effort. At a minimum is the need for some ordinances and resolutions [refer to organization chart in Volume I]. But, I have yet to meet a case study where political leadership was not a requirement. I remember the Austin, TX, bumper sticker…"if the people lead the leaders will follow."

END GAME

We return to the underlying values of planning: Control events and add to the value of place. The planning process commits to civic engagement between elections in furtherance of democratic values, as does the campaign process during election season. Yet, it does so more substantively.

FORUMULATION OF A LOCAL REDEVELOPMENT STRATEGIC PLAN

For a local redevelopment strategic plan I consider its process ["plan" as a verb], its strategy ["plan" as a noun], and a new set of tools in its implementation [capacity to act]. Such a plan should be in two parts, directed toward the public and its leadership, and another suited to an audience of realty investors and their support professionals.

PROCESS

Process is primary to product. The process of planning is political action, and should serves a citizenry to organize, take ownership of the plan [participation is based on the expectation of influence], and then act. The form I have been practicing with other Indiana communities aggressively solicits stakeholders, who participate as equals regardless of station, commit to a meaningful discourse, and determine the outcome. It is a deliberate form that resolves contentious issues and fosters consensus, a useful, if unique, political product. It is genuine democracy as rarely practiced, the democracy between elections, and how we ought to be governed. I say this not from some theoretical construct, but from my experience and continued amazement.

The process is conducted in open public forums, several in a series, both real and online "virtual", escaping from the boundaries of three-minute time limits and fostering actual conversations. It structures the discussion by planning elements [issues], leading to projects and identifying their champions. It mirrors the strategy addressed below in organizing by the building blocks of Muncie's neighborhoods and where participants have a heightened stake.

The beneficial product is community organization and empowerment. By sharing power public officials gain power, for this is not a zero-sum game. Elected officials never lose any authority in adopting the plan, but are relieved of the fractious outcomes of such decision-making, and gain a mandate to act effectively.

STRATEGY

NEIGHBORHOOD-BASED

We pursue a logical thread. The purpose of planning is to solve problems of place. We start with the place where you live or have a business. The neighborhood focus then leads to a project-based plan. No project has a place in the plan without a champion, a shepherd who is accountable. Also identified are Neighborhood Redevelopment Strategy Areas, selected for and with the strategy to generate a market response and materially improve conditions in say five years.

HOLISTIC

Focused on problem-solving projects, we invite government and corporate sponsors to act non-bureaucratically, but, rather, holistically. Government is structured to deliver services. What if it operated to solve problems, and with services so coordinated? The coordination would embrace line departments, authorities and commissions, be inter-governmental, and utilize citizen volunteers. Ombudsmen assigned [read "reassigned," as we look not to expand government] to each neighborhood and working with its stakeholders presents a new, exciting "reinvention of government."

INDIRECT

I promote a "strategy of indirection," meaning to work rather on the determinant of what we want. Downtown retail should focus on downtown housing, expanding the resident population with enough purchasing power to generate retail demand [e.g., Casella's Kitchen loves the recently announced Roberts apartments]; conversely, such retail amenities nurture downtown living. Economic and community development are complimentary, as the location decision of firms depends on the quality of life here, and vice-versa. Fundamentally effectuate redevelopment and escape the costly politics of annexation through the County's management of growth inward, halting sprawl. Indirection and integration presents a frontal assault on our frustration when attempts in one arena fail.

BUSINESS PLAN

The strategic plan envisions these community development action plans and each project presents its financial, market and political feasibility. This plan provides for the resources and strategic actions by champions to implement each project. All business plans do this, and mistakenly almost all public plans do not.

CORPORATE SPONSORS

Why not attract corporate sponsorship, appealing not just to their eleemosynary instincts, but their self-interests? Ball State is an underutilized, under-challenged resource. Its various programs study Muncie, even providing applied research and plans. But, is there institutional investment beyond the campus, so evident in some of our leading universities [see Judith Rodin, The University & Urban Renewal]?

Our major employers don't pay local taxes, and might be adverse to a "payment-in-lieu-of-taxes" for services the City renders. Alternately, they could provide corporate sponsorship: employer-sponsored housing; anchor the downtown revival with a facility, such as medical arts or clinic, live/work business incubator, class studios, even dormitory, and begin to fill 440,000 s.f. of vacancy; anchor a residential neighborhood by awakening an empty school. Improving the built environment, as Tony Costello has advocated, would lead to better employees [at BSU, better faculty and student bodies], and generate more economic development than do most junkets to Asia and tax abatements here.

IMPACTFUL STRATEGY

The present and foreseeable market context is deep recession. Muncie's underlying strategic position is the affordable bargain, and with resources for entrepreneurship and the arts particularly attractive to the "creative class." Yet, with moderate qualification the City and particularly its core downtown neighborhoods appear abandoned by the market.

Redevelopment is all about changing market perception, and that is induced through overwhelming, concerted actions [read "surge"], rather than unrelated, piecemeal ones. In our neighborhoods of disinvestment, virtually no one is investing in a single property, but would if they were more certain of the area's redevelopment, and, consequently, of their return-on-investment. Rehabilitating one house is much riskier and less feasible than 400 lots in a neighborhood. How would collective action unleash the vast resources of the private economy?

CAPABILITY

In my guest column of December 13, 2007, I made a preliminary claim to my views on the City's war on blight: In preface, "*we have abundant resources and sufficient tools for redevelopment, and lack only the knowledge for their effective use.*"

I identify below neglected, indeed unknown, resources. Their application falls within the rubric of "enterprise planning" [my own term, but others embrace "social capitalism"] which places demands on the spirit and knowledge of entrepreneurship to advance the public interest in community and economic development.

FRAMEWORK

Muncie's traditional excuse is in lacking the resources required to solve problems; given the recent condition of both our public and private economies there appears no dissent to this position. I dissent. The plan should make us more resourceful by demonstrating how to acquire and then apply these resources.

Muncie's liabilities include its poverty and its blight, but these conditions when skillfully presented induce a flood of intergovernmental and, more significantly, private resources. The principals in this enterprise constitute a marriage of nonprofit and for-profit entities, while the role of the local government is to authorize certain "marital" activities.

Central is a City-wide, neighborhood-oriented, nonprofit as the master redeveloper and with staff experience/expertise to conduct a complex set of actions. We now have the Muncie Neighborhood Redevelopment Corporation. How does a strategy generate substantial net revenues for both public and private sectors, and transform both the physical [blight] and economic [investment and income] environment?

TAX INCREMENT & TAX CREDIT FINANCING

Beyond the array of intergovernmental and corporate foundation support in the forms grants and junior loans [deferred payment, low cost subordinated debt], there are Federal and Indiana programs that would raise capital in equity markets, and the innovative use of taxes to finance private and public capital improvements. I identify several, yet briefly and reserving a future opportunity to explain each adequately:

- ☞ The Housing Tax Increment Financing [HoTIF] is a much more powerful instrument for both residential and commercial redevelopment than the original TIF [Muncie has 3 TIF districts, but no HoTIF], and can be used to raise 25-75% of the value of the private investment through self-liquidating public bonds.
- ☞ Private capital markets will buy tax credits, with proceeds subsidizing residential and commercial "investment property" improvements as much as 50%. Again, Muncie is without any organized deployment of either Historic or New Market Tax Credits.
- ☞ Some developers do include Low Income Housing Tax Credits to subsidize rental housing for households at or below 60% of County median income. But, the aforementioned tax credit programs can also delivery affordable housing, and for a wider range of household incomes, including the middle class. The programs I propose can be cumulative, resulting in little or no mortgages and even achieving "over-financed" projects, and for which surpluses may be used for other public purposes.

DEDICATION OF STATE TAXES

Another day I will describe [a] Urban Enterprise Zones [UEZ] that can suspend the sales tax, [b] Brownfield Redevelopment programs that can reimburse environmental remediation through the dedication of State taxes from the site's redevelopment, and [c] Community Revitalization Enhancement District [CReED] and Certified Technology Parks [CTP] that can pass through a substantial tax credit to merchants and other tenants in our commercial downtown [or any location with a CTP] from property improvements.

SMARTER INVESTMENTS

Intergovernmental grants tend to be spent rather than invested. A "smarter" public investment in housing and commercial properties has three features: [1] mortgages underwritten for affordability to mitigate defaults and maximize economy, [2] broad income mix of buyers, whereby "over-financing" of the least needy can subsidize the more needy, and [3] subsidies recaptured at the point of the buyer's resale. Such a revolving loan to acquire, redevelop and sell becomes as efficient as to approach a perpetual investment.

SUSTAINABLE STRATEGY

The combined use of State taxes, tax credit and increment programs, and the revolving loan presents a ***sustainable*** redevelopment strategy. They rely on the resources of the for-profit capital markets and maximize the deployment of public resources. Yes, both government and capitalism can be directed to serve the needs of poorer communities. A declining city's untapped resources applied to its poverty and blight can qualify it for an unprecedented recovery. The greater challenge lies in appreciating these concepts and initiating this process.

ICONS FOR CONSIDERATION

The other day I observed three persons cleaning up the front yard of the vacant Kitselman-Rector house at 521 West Adams [*refer to cover*]. These neighbors, first-generation Americans, read in the *Star Press* of November 24th of the Unsafe Building Commission's order to demolish. Good neighbors must act.

This 1887 Victorian, placed on the National Register of Historic Places, is clearly a singular treasure in its historic and architectural values, and a high valued asset to the Old West End and our City. Despite these redeeming values, the market in areas of disinvestment [retreating property values, abandonment] undervalues each of these assets to its owner-investor. The result is property neglect, and, hence, the dilemma and the war between the Commission and recalcitrant owners of blighted properties.

<- Ordered by UBC for demolition

Yet, these three Samaritans were motivated from their heart and with a dubious, yet noble, hope. They worked with the only tools at hand, a rake and a broom. They proposed a simple logic leading to a cry for help: With a cleaner yard and some evidence of blight removed, then the Unsafe Building Commission would have second thoughts, and more importantly, perhaps one of the several City agencies charged with redevelopment would act.

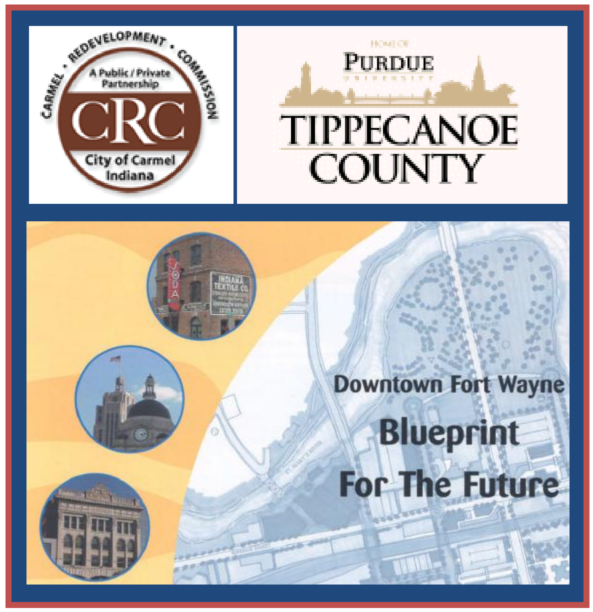
While code enforcement effectively has awoken some deadbeat owners, there are redevelopment strategies and resources, untapped by this City, but with demonstrated success in other communities. These tools realign the values of historic preservation and neighborhood revitalization with an investor's economic value. They attract a mixture of household incomes and symbiotic land uses for neighborhood stability and eventual viability. I have collaborated with several grass-roots stakeholders to establish the Muncie Neighborhood Redevelopment Corporation [MNRC], a nonprofit with extensive staff experience in community development strategy, finance, marketing, design and construction...and bringing a new set of tools to bear on the often unrecognized assets of our *private infrastructure*.

Op Ed MUNCIE STAR PRESS 12-8-2008

Sign refers to property above as depicted in 2007…and currently; quite symbolic

Indiana Association for
Community Economic Development

CITIZEN GUIDE SERIES: REDEVELOPMENT STRATEGIES FOR INDIANA CITIES & TOWNS



5/15/2009

Volume III: Redevelopment Financial Tool Kit

Bruce Frankel, Ph.D., AICP

Professor of Urban Planning

BALL STATE UNIVERSITY
EDUCATION REDEFINED

CONTENTS

STUDY SET

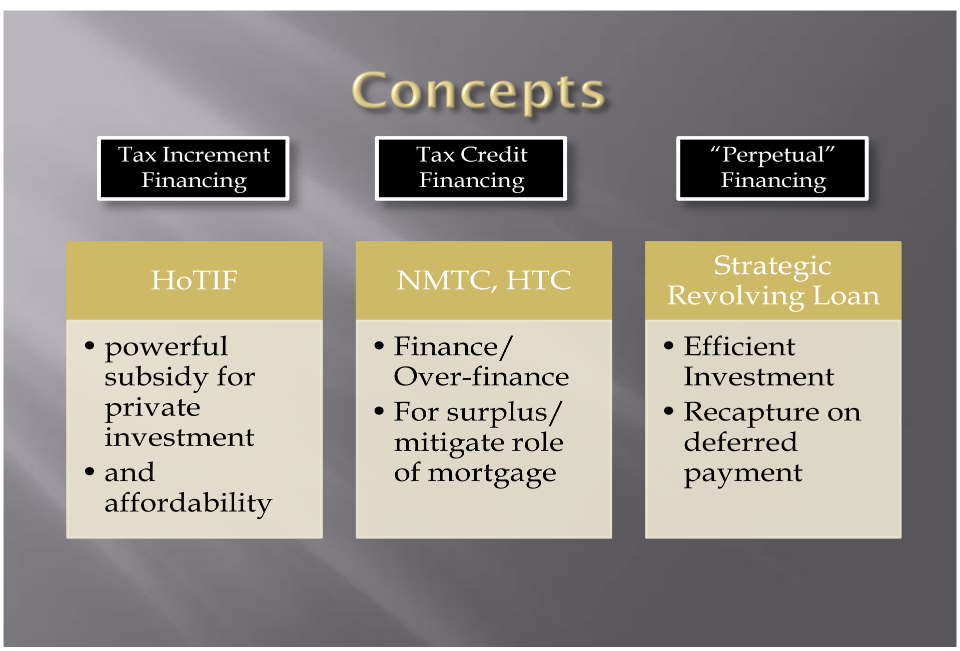
This citizen guide on redevelopment for the Indiana Association for Community Economic Development is a four-part set. Volume I describes the Redevelopment Commission, its evolutionary history, statutory mandate and operation in the State. The work of the Redevelopment Commission is related to the work of planners and community development leaders, whether that is the plans of the Planning Commission, Community/ Economic Development agencies, civic/ business organizations, or the Redevelopment Commission itself.

As a companion, Volume II explores redevelopment strategies, the allied strategies of organizations other than the Redevelopment Commission, and the logic of their finances. Volume III, the subject report, provides a kit of financial implementing tools. Volume IV presents the redevelopment plan, and more broadly the community development plan and its attendant technical strategic business plan.

All redevelopment plans need to be action and business plans, or plans that demonstrate not only direction and identify projects, but also a demonstration of project feasibility and the course of project implementation. Planning fails to achieve the public interest if plans formulated and adopted in the public interest are left unimplemented. So being effective counts and the companion reports assembles various strategic paths to plan implementation.

REDEVELOPMENT FINANCING

Tax incentive financing may involve tax abatement [local property, sales, income, etc.] or the use of tax increment and tax credit financing to raise private capital in funding both private and public improvements in the redevelopment area. With the presentation of sustainable, or perpetual, funding in Volume II Redevelopment Strategies, we present three innovative redevelopment financing concepts:



TAX INCREMENT FINANCING

Tax Increment Financing is authorized by Section 39 of the State's Redevelopment Code, and the Housing TIF by Section 48. Both treat the increment in assessed property valuation from construction and the tax increment thereof placed in a trust account to be invested within or for the benefit of the "tax allocation area" [TIF District].

They differ in many respects:

Feature	TIF	HoTIF
Tax Trust Account	Only on the tax increment attributable from the private construction improvements.	May also include the base tax pre-improvement.
Investment of Tax Trust	Only on public improvements and services that benefit the TIF District	May also be spent on private property improvements

POWER OF THE HOTIF

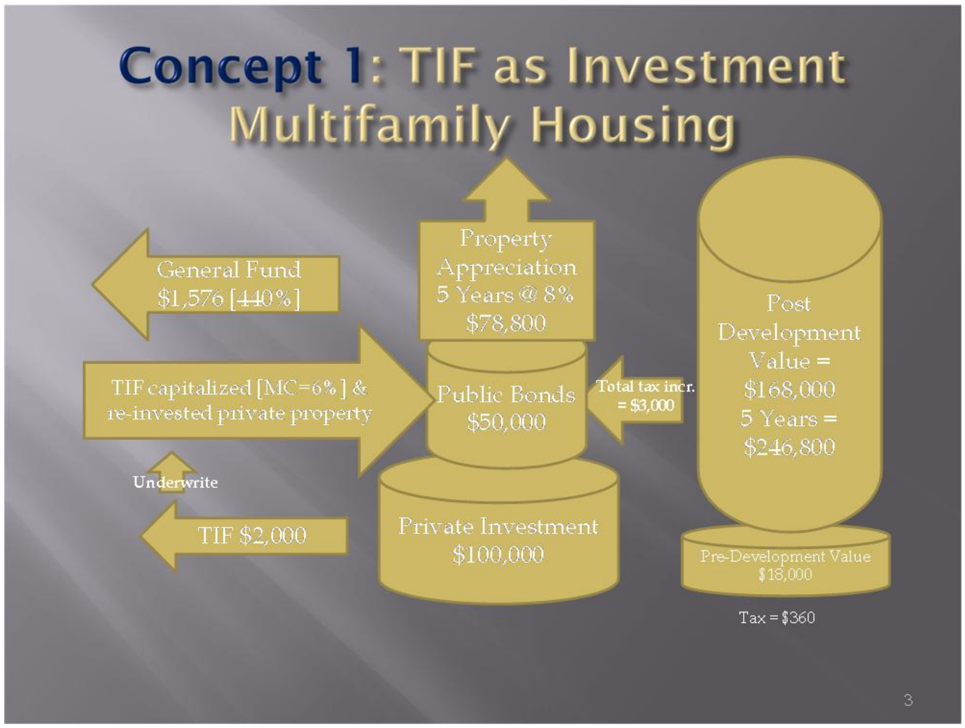
The State has areas that qualify for a Housing TIF [HoTIF], a much more powerful instrument for both residential and commercial redevelopment than the original TIF, but without parse application statewide.

In an area of disinvestment, the HoTIF can be used to raise 15-86% [refer to chart below] of the value of the private investment within the district through self-liquidating public revenue bonds, with the incremental tax serving to underwrite the issue and repay the bond purchasers. The wide ranges reflects various land uses and whether the bonds are taxable or tax-exempt; for the purpose of this illustration let us presume these bonds raise a third of the total investment. The HoTIF is substantially greater for nonresidential commercial properties and for apartments than for owner-occupied properties under this year's tax reform, but there remains no legal restriction on redistributing such resources for the desired impact.

The public bonds are then invested in continued private property improvements, and conducted in a neighborhood-wide manner likely would raise every property value. Local government would gain revenue on this appreciation in contrast to losing revenue from deteriorating property values, as is the historic and current case. It would mitigate the costs of demolition, code enforcement and the less tangible ones of embarrassment and despair.

HOTIF APPLIED TO RENTAL HOUSING

For illustration, we take a property, residential or commercial, but in this illustration an apartment building [the single-family conversion next to my home in Muncie], worth $18,000. The investor finances $100,000 in improvements through a private lender [a local bank, credit union, or mortgage-backed security] and an additional $50,000 completing the gut rehabilitation through the public bonds described above.

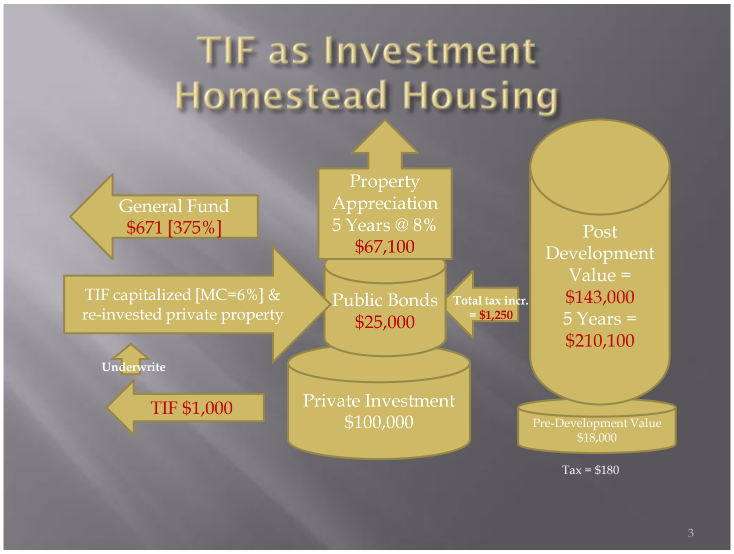


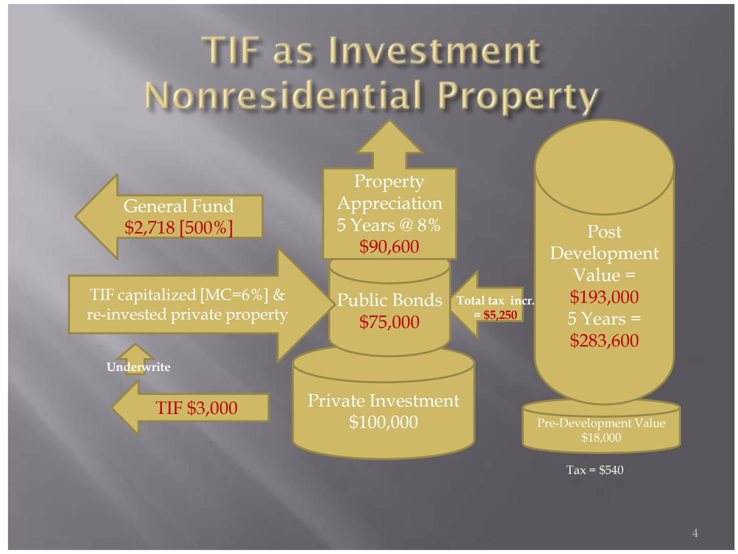
The private lender is satisfied with a loan to cost ratio of just 60% [$100,000/ $168,000]; the public lender is assured of its repayment through the owner's tax payments.

If we presume, in a concerted, neighborhood-wide redevelopment, that property values will appreciate at the same annual rate as Fall Creek Place in Indianapolis [worse at the start than most any neighborhood in the State] of 8%, then another $78,800 in value will be realized within five years, yielding $1,576 on this multifamily home, and deposited for the school district and other units of local government. This tax increment for general and special purpose local governments is 440% of the pre-redevelopment tax of $360 on an $18,000 property. Although we have heard the popular view that TIF's rob us of taxes, and indeed they do when applied improperly, we challenge anyone to explain how they would in the strategy just presented for a neighborhood of disinvestment.

APPLIED TO HOMESTEADS & NONRESIDENTIAL PROPERTIES

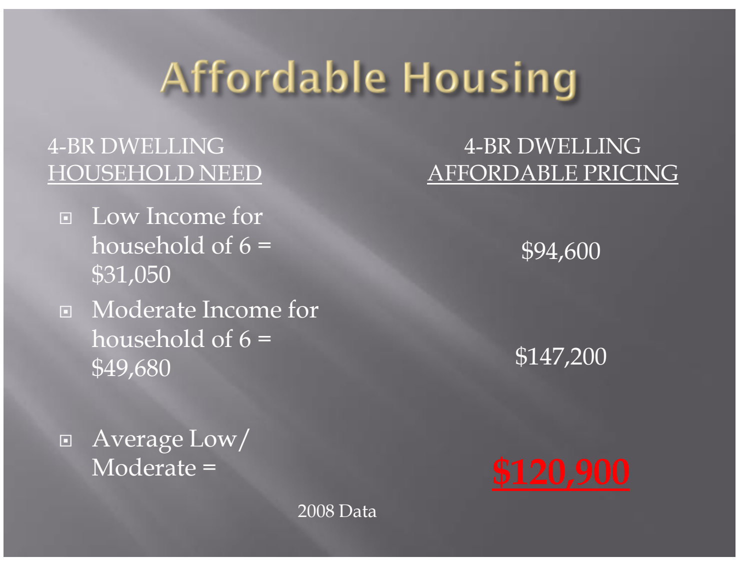
We apply the same HoTIF to owner-occupied housing and to nonresidential properties, such as retail, office, hospitality and industrial. For the homestead, the tax increment is limited by the State "circuit-breaker" to 1.0%; for the nonresidential property this is limited to 3.0%. Accordingly, the impact is half as much as the rental housing for the homestead, and 50% higher for the nonresidential property. These results are presented below:

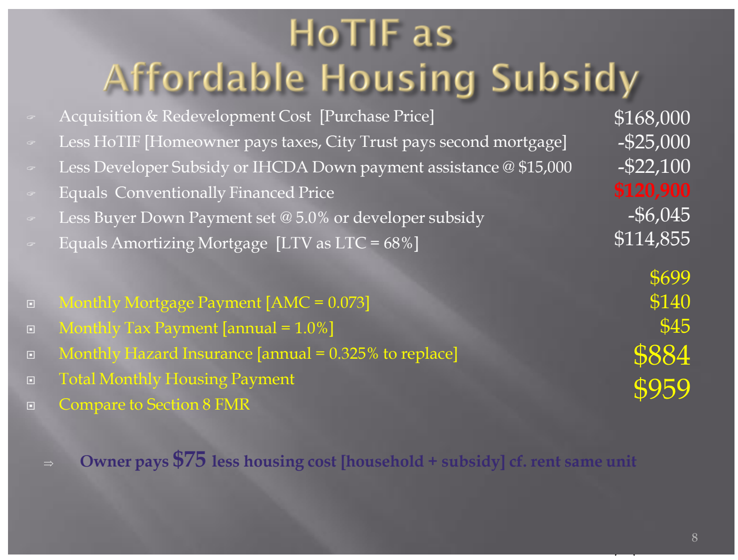




HOMEOWNERSHIP AFFORDABILITY

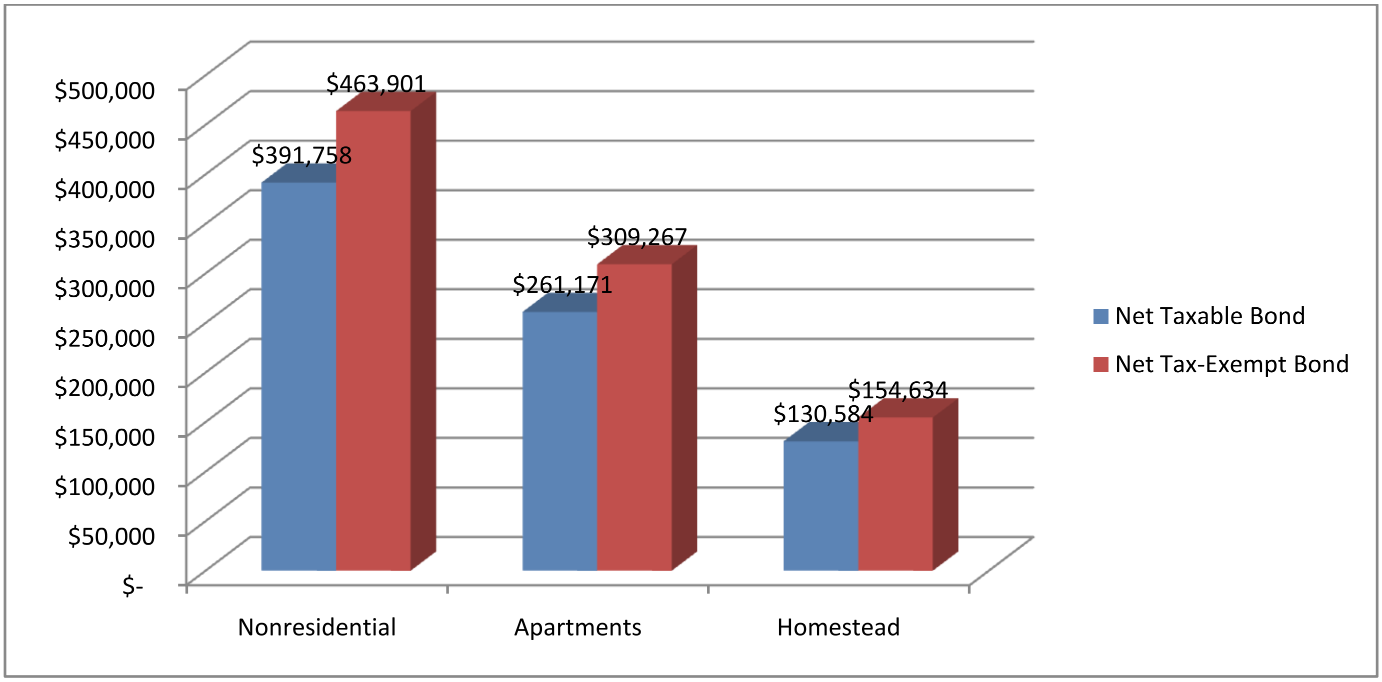
The charts below demonstrate how the simplified use of HoTIF financing for the owner-occupied single-family dwelling can be made affordable:





BOND UNDERWRITING WITH A HOTIF

Post Indiana's 2008 tax reform, the local property tax appears as the most stable for of revenue, and thus suitable for the underwriting of self-liquidating public revenue bonds [Redevelopment Commission as the authority for bond issuance]. The table and diagram below summarize the net proceeds of either taxable or tax-exempt bonds on $1.0 million in private property improvements and alternately for our homestead, apartment building and nonresidential property.



Value of Private Capital Improvements:	Tax Rate	Value	Annual Tax Increment	Cost of Bond Issuance in Basis Points	Net Taxable Bond Proceeds	Net Tax-Exempt Bond Proceeds
Value Nonresidential	3.00%	$ 1,000,000	$ 30,000	250	$ 391,758	$ 463,901
Value Apartments	2.00%	$ 1,000,000	$ 20,000	250	$ 261,171	$ 309,267
Value Residential & Owner Occupied	1.00%	$ 1,000,000	$ 10,000	250	$ 130,584	$ 154,634
Total		**$ 3,000,000**	**$ 60,000**	250	**$ 783,513**	**$ 927,801**
				Reduce Financing Gap ->	**$ 783,513**	**$ 927,801**

Redevelopment Bonds:	Interest Rate as APR	Term in Years	Mortgage Constant
Taxable Bond	6.50%	30	0.0766
Tax-Exempt Bond	4.88%	30	0.0641

Legend: Gray cells are for input.

TAX CREDIT FINANCING

For illustration, one proposal is a self-help effort, neighborhood by neighborhood, that marries the unique roles of nonprofit with for-profit entities, and calls upon the public sector to cooperate. It treats a community's apparent liabilities and weaknesses as assets for recovery, in that our Federal and State governments have established programs for the recovery of distressed places on the qualifications of our own impoverished neighborhoods and economy of disinvestment. If done expertly, this strategy generates substantial net revenues for both public and private sectors, and would transform both the physical [blight] and economic [investment and income] environment.

Beyond the array of intergovernmental and corporate foundation support in the forms grants and low cost loans, there are Federal and Indiana programs that abet the raising of capital in equity markets, and the innovative use of taxes to finance mortgaged debt. We identify several:

New Markets Loan Financing (cont.)
State of Indiana
Counties with Qualified Low-Income Communities (shaded)

Second, there are Federal and Indiana tax credits for owners that improve their properties. You may be one of 72 cities [refer to featured list] with neighborhoods that qualify for New Market Tax Credits [NMTC]. By selling such credits in established capital markets, 30% of project costs could be raised.

New Markets Loan Financing
Indiana 72 Low Income Community Areas

1. Anderson–Madison County
2. Bloomington–Monroe County
3. Bluffton–Wells County
4. Boonville–Warrick County
5. Brown County
6. Clark County
7. Clarksville–Clark County
8. Clay County
9. Columbus–Bartholomew County
10. Connersville–Fayette County
11. Crawford County
12. Davies County
13. Dearborn County
14. East Chicago–Lake County
15. Elkhart–Elkhart County
16. Evansville–Vanderburgh County
17. Fort Wayne–Allen County
18. Frankfort-Clinton County
19. Gary-Lake County
20. Greene County
21. Greenfield-Hancock County
22. Hammond-Lake County
23. Hartford City-Blackford County
24. Huntington-Huntington County
25. Indianapolis-Marion County
26. Jackson County
27. Jay County
28. Johnson County
29. Kendallville-Noble County
30. Knox-Starke County
31. Knox County
32. Kokomo-Howard County
33. Lafayette/West Lafayette-Tippecanoe County
34. Lake County
35. LaPorte-LaPorte County
36. Lawrence-Marion County
37. Lawrence County
38. Logansport-Cass County
39. Madison County
40. Marion-Grant County
41. Martinsville-Morgan County
42. Michigan City-LaPorte County
43. Monon-White County
44. Muncie-Delaware County
45. New Albany-Floyd County
46. New Castle-Henry County
47. Noblesville-Hamilton County
48. Orange County
49. Owen County
50. Parke County
51. Perry County
52. Peru-Miami County
53. Pike County
54. Plymouth-Marshall County
55. Princeton-Gibson County
56. Pulaski County
57. Putnam County
58. Randolph County
59. Rushville-Rush County
60. Salem-Washington County
61. Scott County
62. Shelbyville-Shelby County
63. South Bend-St. Joseph County
64. Speedway-Marion County
65. Sullivan County
66. Switzerland County
67. Terre Haute-Vigo County
68. Valparaiso-Porter County
69. Vermillion County
70. Versailles-Ripley County
71. Warsaw-Kosciusko County
72. Wayne County

For local historic districts or properties on the State and Federal Historic Registers, another 30% of historic renovation costs could be contributed by investors utilizing the 20% Federal and 20% Indiana credit [HTC]. The latter we discount by the multi-year delay in receiving the credit due to the severe under-allocation of this credit by the State Legislature [$5 million to remedy the waiting list and $1.5 million in tax allocation to fund at *current* demand]. These may a call for "collective action," as previously described.

All of these references to tax credits and capital yields are presented in the chart below "Chart of Selective Tax Credit Programs & Their Capital Yields"

The HoTIF and all of these tax credits [NMTC, HTC] may be cumulative, and in my tally of capital that can be raised equals 93% of the cost of the improvements, and could as well readily "over-finance" these projects. All unnecessary financing would be treated as surplus for investment in public properties and services, or as supplemental subsidies for groups with special needs. I also can envision a neighborhood-based college scholarship program, financial incentives for anchor and incubator businesses in commercial areas, and the proliferation of Habitat production as a counter to subprime lending's exit.

If the property is rented to households falling within 60% of the County's median income, then Low Income Housing Tax Credits are available and can raise from 28% to 62% of the qualified basis of the property improvements depending on whether it is rehabilitation or new construction and the Federal involvement in the financing, if at all.

There is a perfect fit. These investors care about the tax credits and the stability of these properties over the period of tax recapture [5-10 years for the above programs]. They are "investment blind" as to any other investment value, as they do not participate in either rental cash flows or capital gains upon sale, both of which accrue to the property owner.

All of these references to tax credits and capital yields are presented in the chart at the end.

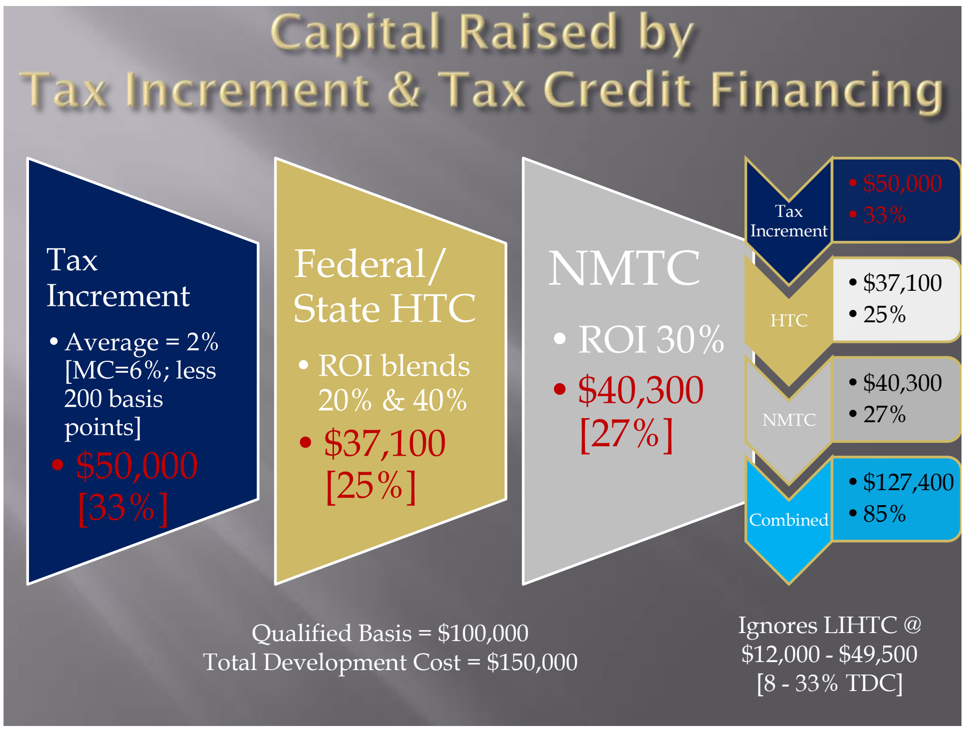
CHRONOLOGY OF TAX CREDIT PROGRAMS

Chronology of Tax Credit Instruments

- **1976: Enactment of Federal Historic Tax Credit (rehabilitation tax credit)**
  - Use for all income-producing (depreciable) property
  - Certified historic rehabilitation of certified historic building(20%)
  - Rehabilitation of older (pre-1936) non-historic and non-residential building (10%)
- **1986: Enactment of Low-Income Housing Tax Credit**
  - Create construction and rehabilitation of affordable rental housing
- **2000: Enactment of New Markets Tax Credit**
  - Apply to qualified businesses (real estate investments), excludes most housing
  - Can combine with the Rehabilitation Tax Credit, but not with the LIHTC
  - 2003 –First Allocation of NMTCs to CDEs
- **Enactment of State Historic Tax Credits**
  - Enacted at various dates, but in all 50 states
  - Rules generally parallel federal historic tax credit
  - Indiana can combine with Federal HTC [40%] + owner-occupied housing eligible for Indiana Residential Historic Rehabilitation Credit [RHRC] – refer to Indiana Department of Natural Resources, Division of Historic Preservation & Archaeology, SHPO

CUMULATIVE RESULTS

There are restrictions on the use of Low Income Housing Tax Credits [LIHTC] in combination with other Federal programs.[1] However, the combinations of NMTC, HTC, HoTIF, and tax-exempt revenue bonds remain unrestricted. Thus, it is possible to severely reduce or eliminate mortgaged debt, or even to "over-finance" a project when these instruments are jointly deployed. The over-finance[2] when managed by a public or private nonprofit master redeveloper becomes useful in financing other projects with a public purpose, and perhaps with no source of revenue. For illustration: single family homesteads and historic preservation subsidies, neighborhood pocket parks, social/ manpower/ health care services, educational and cultural programs. The chart below assumes a modest accumulation of these programs.



FULL ARSENAL TO COMBAT BLIGHT

There are also Urban Enterprise Zones [UEZ] that can suspend the sales tax, Brownfield Redevelopment programs that can finance environmental remediation through the dedication of State taxes from the site's redevelopment, and Community Revitalization Enhancement District [CReED] and Certified Technology Parks [CTP] that can pass through a substantial tax credit to

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[1] The annual tax credit is reduced from 9.0% to 4.0% when tax-exempt bond or any Federally-subsidized debt financing is used, or exempts from qualified basis any portions of projects costs financed with any Federal grant or tax credit program. Structuring this is an art unto itself.
[2] Either no private financing, or with some conventional private financing, to achieve a surplus of funds over the application of funds

merchants and other tenants in the County's commercial downtowns [or any location with a CTP] from property improvements. There are corporate sponsorships in the form of foundation-support. There are the "end users" markets of retirees and the younger creative class that remain untapped. These are in addition to the role that capitalism ["social entrepreneurship"] can perform in fighting blight and poverty, and serving the overall needs of community and economic development.

COMMUNITY REVITALIZATION ENHANCEMENT DISTRICT TAX CREDIT

A CRED designation allows the local government to capture sales and income tax increments from the district. These funds can be used to assist in site improvements, infrastructure improvements, operating expenses, substance removal or remedial action to a property. State tax credit is equal to 25% of the qualified business investment in redevelopment.

$1,000,000 X 25% =
$250,000 / 0.08 MC = $3,125,000
in public capital improvements

CRED

Sales = $2.0 M @ 7.0% X 25% =
$35,000 / 0.08 MC = $437,500
in public capital improvements

- **IC 6-3.1,Chapter 19**
- **Community Revitalization Enhancement District Tax Credit**
- **Qualified Investment**
  - **Redevelopment of vacant land**
  - **Rehabilitation of defunct building**
  - **Increase sales by $2 M or hire nearby workers**
- **Tax credits of 25% of the Qualified Investment are applied to the company's total tax liability under the following taxes:**
  - up to 15 years credit
  - up to $750,000-$1,000,000 per year in State sales and income taxes
  - county adjusted gross income, option income, and economic development income taxes
  - financial institutions tax
  - insurance premiums tax
- **Tax recapture trust**
  - **Spent on public improvements within the district**

NEW MARKET TAX CREDITS

OVERVIEW

The NMTC Program, established by Congress in December of 2000, permits individual and corporate taxpayers to receive a credit against federal income taxes for making qualified equity investments in investment vehicles known as Community Development Entities (CDEs). The credit provided to the investor totals 39 percent of the cost of the investment and is claimed over a seven-year period. Substantially all of the taxpayer's investment must in turn be used by the CDE to make qualified investments in low-income communities. Successful applicants are selected only after a competitive application and rigorous review process that is administered by the CDFI Fund.

Through the first six rounds of the NMTC Program, the CDFI Fund made 364 awards totaling $19.5 billion in tax credit allocation authority. The CDFI Fund anticipates awarding another $5 billion of allocation authority to CDEs in the fall of 2009, including the additional $1.5 billion in allocation authority authorized through the American Recovery and Reinvestment Act of 2009.

Synopsis NMTC
For-profit Capital Markets for Tax Credits

- New Market Tax Credits
  - Community Renewal Tax Relief Act of 2000
  - Source in the Community Development Financial Institutions [CDFI] Fund of Federal Treasury Department
    - No tax credit allocations for Indiana participating institutions [7 CDFI's] for 2007-08 [but can go out of state to 61 regional or national providers]
  - Investment Instruments to a Certified Development Entity [CDE]
    - Equity
    - Participating Debt [Debt with Equity]
    - Debt
      - Subordinated [gap financing at or near market rates]
      - Below-market Senior Debt

QUALIFICATIONS

In brief, the Community Development Financial Institutions (CDFI) Fund, part of the U.S. Treasury Department, will (1) certify qualified community development entities (CDEs) and (2) conduct competitions for the allocation of NMTCs to CDEs. CDEs would use the tax credits to raise capital from private investors for a term of at least seven years. The (3) size of the NMTC is 39% (30% in present value terms) of the (4) qualified equity investments in CDEs. (5) Substantially all or at least 85% -- of the investors' equity must be used for (6) qualified community investments in (7) qualified active low-income community businesses located in (8) low-income communities. Credits are subject to (9) years of recapture in some circumstances.

NMTC Qualifications
[1] Low Income Community; [2] Business

1. Low Income Community [LIC]
   - Census Tract
     - At least 20% poverty OR
     - Median income no greater than 80% of AMI [metro area] or SMI [rural]
2. Business Investment
   - At least 50% income from businesses in LIC AND
   - At least 40% of its tangible property and services in LIC

- Time-sensitive Investment
  - CDE has 5 years to secure cash for equity from its tax credit allocation
  - One more year to utilize the cash received into a qualified business investment

ECONOMICS

NMTC - Economics

- Investor Perspective [ROI]
  - Individual or corporation invests in CDE
    - Buys stock OR
    - Interest in the property
  - Receives tax credit of 39% over 7 years [PV=30%]
    - 5% over Years 1-3; 6% over Years 4-7
  - Plus any "cash-on-cash" return
- CDE
  - Domestic for-profit corporation or partnership, or subsidiary of a nonprofit corporation, with a primary mission of serving low income communities
  - Is accountability to residents of the low income community
  - Certified by the CDFI Fund of U.S. Treasury
  - 85% invested in a low income community
  - May invest in mixed use project where <80% of gross rental income is derived from multifamily dwellings [if LIHTC, then no overlap]
  - May invest in the purchase, rehab and resell of single family dwellings

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS

NMTC – CDFI's

- Loan Funds
- Venture Capital Funds
- Credit Unions
- Banks
- CDC's

- 512 CDFI's nationally
  - serving 388 markets [27% in "minor urban areas"]
  - Leverage = 21:1
- 7 CDFI's in Indiana

HISTORIC TAX CREDITS

OVERVIEW

Income tax credits are the principal governmental subsidy available for privately owned and funded historic preservation activities. Both the federal government and the state of Indiana offer a Rehabilitation Investment Tax Credit (RITC) equaling 20% of rehabilitation costs for qualified work. A net subsidy equaling 40% of qualified rehabilitation costs may be yielded by participation in both programs, but the State program has a backlog of approximately eleven years based on the Legislature's shortfall in appropriating an adequate tax allocation. Eligible properties must be "depreciable assets," or income producing, such as rental properties. Owner-occupied private residences are eligible only for the Indiana Residential Historic Rehabilitation Credit (RHRC) equal to 10% of the qualified improvements.

These credits may be taken by the property owner, or sold in capital markets to raise funds for the project. Because of the delay in realizing the State credits it must be seriously discounted within these capital markets.

ELIGIBLE PROPERTIES & ACTIVITIES

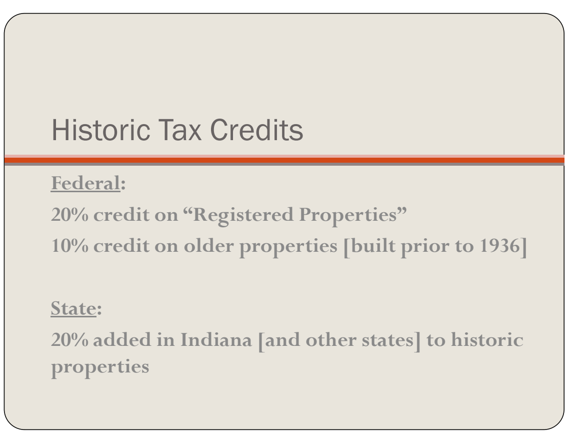
For participation in the federal RITC program, a building must have been determined to be eligible for listing in the National Register of Historic Places. The building may be individually significant or a contributing resource within a historic district. Indiana State programs for both income producing properties, Indiana Historic Rehabilitation Tax Credit (IHRTC), and for owner-occupied private residences, Residential Historic Rehabilitation Credit (RHRC), require that a building be listed in the Indiana Register of Historic Sites and Structures. Buildings listed in the National Register are automatically listed in the State Register. If the federal RITC is claimed, the building must be listed in the National Register within 30 months following claiming of the credit.

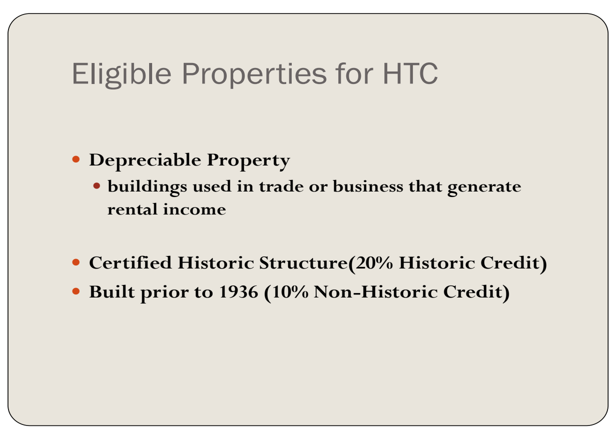
In order to qualify for the RITC, all work must meet the Secretary of the Interior's Standards for the Treatment of Historic Properties. This distinguishes bona-fide historic preservation from more general remodeling projects. Although a project may include additions and site work, only costs related to the rehabilitation of the historic building may be used in calculating the tax credits. The federal RITC requires that the rehabilitation costs equal or exceed the value of the building (excluding the land) before rehabilitation work (known as the adjusted basis rule). The Indiana State RITC and RHRC require that the rehabilitation investment be $10,000 or greater. Single-phased projects must meet these requirements in a 24-month period. Projects filed for multi-phased development may stretch the qualifying period up to 60 months.

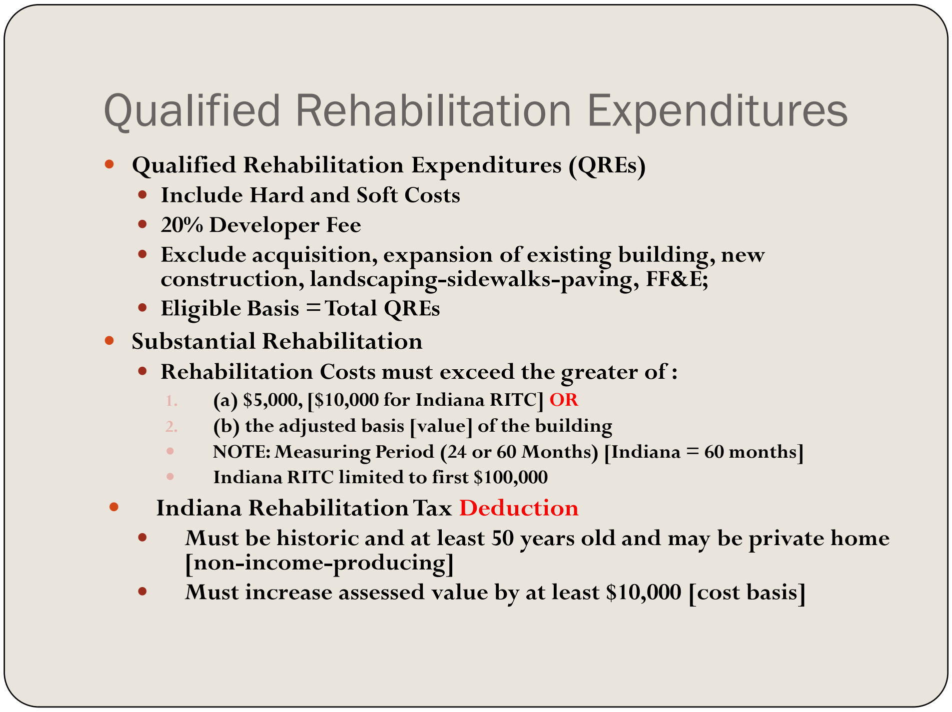
APPLICATION

The federal RITC requires a three-part application. Part 1 verifies that the project is eligible for the program (this step may be omitted if a building has been individually listed in the National Register). Part 2 describes the construction activities for which the credit is to be claimed. Part 3 is filed upon the project's completion. The Indiana State RITC for income-producing properties utilizes this same three-part application with an additional cover sheet for the state program. The RHRC for owner-occupied residences employs a simplified form of the three-part application.

The State agency governing this program is the Division of Historic Preservation and Archaeology and State Historic Preservation Office [SHPO] within the Department of Natural Resources. At the Federal level the Department of Interior provides for administrative review through the Division of Historic Preservation and the National Park Service, as governed by the National Historic Preservation Act of 1966, as amended. Section 106 of the Act establishes procedures for reviewing projects involving Federal expenditures having potential impact on historic properties and districts.







LOW INCOME HOUSING TAX CREDITS

OVERVIEW

Low Income Housing Tax Credits (LIHTC) is a tax credit for the acquisition, rehabilitation, or construction of low-income rental housing. Projects must have at least 20 percent of the units set aside for families with incomes no higher than 50 percent of area median or at least 40 percent of the units earmarked for families at or below 60 percent of median (with adjustments for family size). Gross rents, excluding federal rent subsidies such as Section 8, for low-income units can't exceed 30 percent of the qualifying income limit. The low-income occupancy requirement must be met continuously for a period of 15 years beginning on the first day of the first taxable year in which the credit is claimed. The credit on a project is provided annually for a 10-year period. The credit is computed on the depreciable basis of the low-income units. The credit rate set by the Treasury provides a total credit over the 10-year period that is equal, on a present-value basis, to 30 percent of the cost of acquisition and 70 percent of the cost of rehabilitation or construction. However, the lower credit applies to construction or rehabilitation which is federally subsidized (e.g., financed with tax-exempt bonds). Each state has $1.25 per capita in annual tax credit authority, and projects must receive an allocation of credit authority unless they are financed with tax-exempt bonds. (No allocation is required for bond-financed projects since tax-exempt bonds are already subject to state volume ceilings.) The State of Indiana administers the program and allocates the credit authority.

QUALIFICATIONS

LIHTC Eligibility

- Eligibility of Properties
  - 20% of units [or floor area, if lower] with HH's < 50% of AMI
  - 40% < 60%
- Eligible Costs [*Qualified Basis*]
  - Applies to eligible units
  - Total Development Cost – Commercial Space – Ineligible Indirect Cost – Public Grants – Federal Loans – Capitalized Expenses [e.g., marketing expenses] – Land Costs [if purchased fee simple; cannot deduct estate in years and land lease]

ECONOMICS

LIHTC Economics

- $1.00 of tax credit will raise $0.70 - $0.76 in investment
  - [32-43% ROI, or $0.24/$0.76 - $0.30/$0.70], although declining recently
- Benefits greater to corporate than individual investors, who are limited to a maximum annual tax credit
- Syndicators [e.g.Boston Capital]
  - receive a 1% fee + 5% kicker on sale or refinance proceeds
  - typical package is say $36.5M [fees of $365K + $1.825M]

CHART OF SELECTIVE TAX CREDIT PROGRAMS & THEIR CAPITAL YIELDS

Data Inputs and Calculations	LIHTC			NMTC		HTC			
	New Constr. + < 50% Tax Exempt Bonds	New Constr. + > 50% tax exempt bonds	Rehab + Taxable Bonds	New Construction	Rehab	Federal Historic Register Rehab	Federal < 1936 Rehab	Indiana Historic Register Rehab	Combine Fed/State HRTC
Total Project Cost	$ 10,000,000	$ 10,000,000	$ 10,000,000	$ 10,000,000	$ 10,000,000	$ 10,000,000	$ 10,000,000	$ 10,000,000	$10,000,000
Improvement Cost	$ 9,000,000	$ 9,000,000	**$ 5,000,000**	n/a	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ 5,000,000
Acquisition Cost	$ 1,000,000	$ 1,000,000	$ 5,000,000	$ 1,000,000	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ 5,000,000
Disqualified Costs	$ 100,000	$ 100,000	$ 50,000	$ -	$ -	$ 50,000	$ 50,000	$ 50,000	$ 50,000
Eligible Basis	$ 8,900,000	$ 8,900,000	$ 4,950,000	$ 10,000,000	$ 10,000,000	$ 4,950,000	$ 4,950,000	$ 4,950,000	$ 4,950,000
Applicable Fraction [Eligible Units/ Total Units]	60%	60%	60%	100%	100%	100%	100%	100%	100%
Qualified Basis	$ 5,340,000	$ 5,340,000	$ 2,970,000	$ 10,000,000	$ 10,000,000	$ 4,950,000	$ 4,950,000	$ 4,950,000	$ 4,950,000
Credit by Building Type	**9%**	**4%**	**4%**	**39%**	**39%**	**20%**	**10%**	**20%**	**40%**
Average Annual Credit	$ 480,600	$ 213,600	$ 118,800	$ 557,143	$ 557,143	$ 990,000	$ 495,000	$ 990,000	$ 1,980,000
Years Placed in Service	10	10	10	7	7	n/a	n/a	n/a	n/a
Value of Credit over Service	**$ 4,806,000**	**$ 2,136,000**	**$ 1,188,000**	**$ 3,900,000**	**$ 3,900,000**	**$ 990,000**	**$ 495,000**	**$ 990,000**	**$ 1,980,000**
ROI Requirement	69.2%	69.2%	69.2%	76.9%	76.9%	90.0%	90.0%	60.0%	75.0%
Equity Induced	$ 3,326,233	$ 1,478,326	$ 822,215	$ 2,999,100	$ 2,999,100	$ 891,000	$ 445,500	$ 594,000	$ 1,485,000
NOI	$ 750,000	$ 750,000	$ 750,000	$ 750,000	$ 750,000	$ 750,000	$ 750,000	$ 750,000	$ 750,000
Cap Rate	10%	10%	10%	10%	10%	10%	10%	10%	10%
Capitalized Value	$ 7,500,000	$ 7,500,000	$ 7,500,000	$ 7,500,000	$ 7,500,000	$ 7,500,000	$ 7,500,000	$ 7,500,000	$ 7,500,000
LTV	75%	75%	75%	75%	75%	75%	75%	75%	75%
Maximum Mortgage	$ 5,625,000	$ 5,625,000	$ 5,625,000	$ 5,625,000	$ 5,625,000	$ 5,625,000	$ 5,625,000	$ 5,625,000	$ 5,625,000
Total Project Cost	$ 10,000,000	$ 10,000,000	$ 10,000,000	$ 10,000,000	$ 10,000,000	$ 10,000,000	$ 10,000,000	$ 10,000,000	$10,000,000
Mortgage	$ (5,625,000)	$ (5,625,000)	$ (5,625,000)	$ (5,625,000)	$ (5,625,000)	$ (5,625,000)	$ (5,625,000)	$ (5,625,000)	$ (5,625,000)
Equity	$ (3,326,233)	$ (1,478,326)	$ (822,215)	$ (2,999,100)	$ (2,999,100)	$ (891,000)	$ (445,500)	$ (594,000)	$ (1,485,000)
Financing Gap [surplus]	$ 1,048,767	$ 2,896,674	$ 3,552,785	$ 1,375,900	$ 1,375,900	$ 3,484,000	$ 3,929,500	$ 3,781,000	$ 2,890,000
Proportionate Gap [surplus]	**10%**	**29%**	**36%**	**14%**	**14%**	**35%**	**39%**	**38%**	**29%**

Legend: Blue is a calculator; Black is an input; Red is a likely market or regulatory input

INTERGOVERNMENTAL AID

There is a myriad of Federal and State programs of assistance for redevelopment and with the local government as the recipient. We are most selective here to highlight the following significant contributors.

COMMUNITY DEVELOPMENT BLOCK GRANT

The Community Development Block Grant [CDBG] is available to Indiana communities as a direct entitlement to cities and some counties with populations of at least 50,000, and for the remaining local governments through a statewide allocation administered by the Indiana Office of Community & Rural Affairs [OCRA]. It is regulated by HUD pursuant to *24 CFR 570*.

- The basic eligible activities are recited under Section 201
- Eligible rehabilitation and preservation activities described in Section 202
- Special economic development under Section 203
- Special activities by a Community Based Development Organization [CBDO] under Section 204
- Planning, urban environmental design, and policy-planning-management-capacity building activities are under Section 205

The block grant makes it difficult to sponsor new construction housing, while the HOME program [refer to ensuing section] accommodates this.

Most important is that HUD calls for localities to establish Neighborhood Redevelopment Strategy Areas [NRSA's] and five-year plans of concentrated resources to realize a material improvement in those neighborhood conditions. Allocating funds for eligible activities without a neighborhood redevelopment strategy squanders the intent of this Federal program.

Entitlement communities in Indiana are presented below, and do not include small places that would qualify for the Indiana OCRA program.

CDBG ENTITLEMENT STATE AGENCY, CITIES & COUNTIES IN INDIANA 2008

State

Ms. Kathleen Weissenberger
Director of Community Affairs
Office of Community and Rural Affairs
One N. Capitol Ave., Suite 600
Indianapolis, IN 46204-2288
Phone: (317) 232-7777
Fax: (317) 232-7778
Website

Entitlement Cities

City of Anderson
Ms. Katherine Goar, Executive Director
Department of Community Development
120 East 8th Street
P.O. Box 2100
Anderson, IN 46018-2100
Phone: (765) 648-6097
Fax: (765) 648-5914
Email

City of Bloomington
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P.O. Box 100
Bloomington, IN 47402-0100
Phone: (812) 349-3401
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Email
Website

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123 Washington St.
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City of East Chicago
Mr. John D. Artis, Executive Director
Depart. of Redevelopment & Housing Auth.
P.O. Box 498
East Chicago, IN 46312-0498
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Fax: (219) 397-4249
Email
Website

City of Elkhart
Ms. Crystal M. Welsh, Assistant Director
Department of Community Development
229 S. Second St.
Elkhart, IN 46516
Phone: (574) 294-5471
Fax: (574) 295-7501
Email

City of Goshen
Ms. Rhonda Yoder, CDBG Administrator
Goshen City Planning Dept
204 E. Jefferson St.
Goshen, IN 46528-3405
Phone: (574) 533-9925
Fax: (574) 533-0540
Email
Website

City of Hammond
Mr. Peter Novak Jr., Executive Director
Department of Planning and Development
649 Conkey St.
Hammond, IN 46324-1158
Phone: (219) 853-6371
Fax: (219) 853-6334
Email
Website

City of Indianapolis
Mr. Maurice Plambeck, Director
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200 E. Washington St.
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Fax: (317) 327-5908
Email
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City of Kokomo
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City of LaPorte
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Laporte, IN 46350

City of Muncie
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City Hall
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Phone: (765) 747-4825
Fax: (765) 747-4898
Email
Website

City of New Albany
Mr. John Rosenbarger, Director
New Albany Redevelopment Commission
311 Hauss Sq.
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Email
Website

Entitlement Counties

County of Hamilton
Mr. Troy Halsell, Interim Executive Director
Noblesville Housing Authority

Website

City of Evansville
Mr. Gregg LaMar, Executive Director
Department of Metropolitan Development
306 Civic Center Complex
Evansville, IN 47708
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Fax: (812) 436-7809
Email
Website

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Fax: (260) 427-1132
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Fax: (317) 774-0079
Email

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Website

Content current as of
October 1, 2008

HOME PROGRAM

The Home Investment Partnership Program [HOME] is eligible through HUD and is regulated by <u>24 CFR 92</u>. HOME is authorized under *Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended.* HOME provides formula grants to states and localities that communities use [often in partnership with local nonprofit groups, which in Indiana are CHDO's, or Community Housing Development Organizations] to fund a wide range of activities that build [new construction], buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people.

HOUSING ASISTANCE RECIPIENT COMMUNITIES IN INDIANA	
<u>Statewide and Regional Programs</u> • Indiana Housing and Community Development Authority • Porter County • U.S. Department of Agriculture, Rural Development programs	Program funds are allocated to units of general local government on the basis of a formula that considers the relative inadequacy of each jurisdiction's housing supply, its incidence of poverty, its fiscal distress, and other factors. Participating jurisdictions must have a current and approved Consolidated Plan, which will

Programs by City/Town	
City of Anderson City of Bloomington City of Columbus City of East Chicago City of Elkhart City of Evansville - Office of Housing and Neighborhood Services City of Fort Wayne - Office of Housing and Neighborhood Services City of Hammond - Community Development Department Cities of Lafayette/ West Lafayette - Community Development Department City of Mishawaka City of Muncie Office of Community Development City of South Bend - Community Development Department City of Terre Haute - Redevelopment Department	include an action plan that describes how the jurisdiction will use its HOME funds. A newly eligible jurisdiction also must formally notify HUD of its intent to participate in the program. Communities that do not qualify for an individual allocation under the formula can join with one or more neighboring localities in a legally binding consortium whose members' combined allocation would meet the threshold for direct funding. Other localities may participate in HOME by applying for program funds made available by the Indiana Housing & Community Development Authority. The eligibility of households for HOME assistance varies with the nature of the funded activity. For rental housing, at least 90 percent of benefiting families must have incomes that are no more than 60 percent of the HUD-adjusted median family income for the area. In rental projects with five or more assisted units, at least 20% of the units must be occupied by families with incomes that do not exceed 50% of the HUD-adjusted median. The incomes of households receiving HUD assistance must not exceed 80 percent of the area median, and which is also the limit for homeownership purchase assistance.

NEIGHBORHOOD STABILIZATION PROGRAM

The reference is the 2008 "bailout" of financial institutions package, or Troubled Assets Relief Program [TARP].[3] Of the $700 billion appropriated, $3.92 billion nationwide was allocated to HUD for the Neighborhood Stabilization Program [NSP], identifying each state government and selective local governments for entitlement. As of this writing it is expected that similar Federal relief measures will continue.

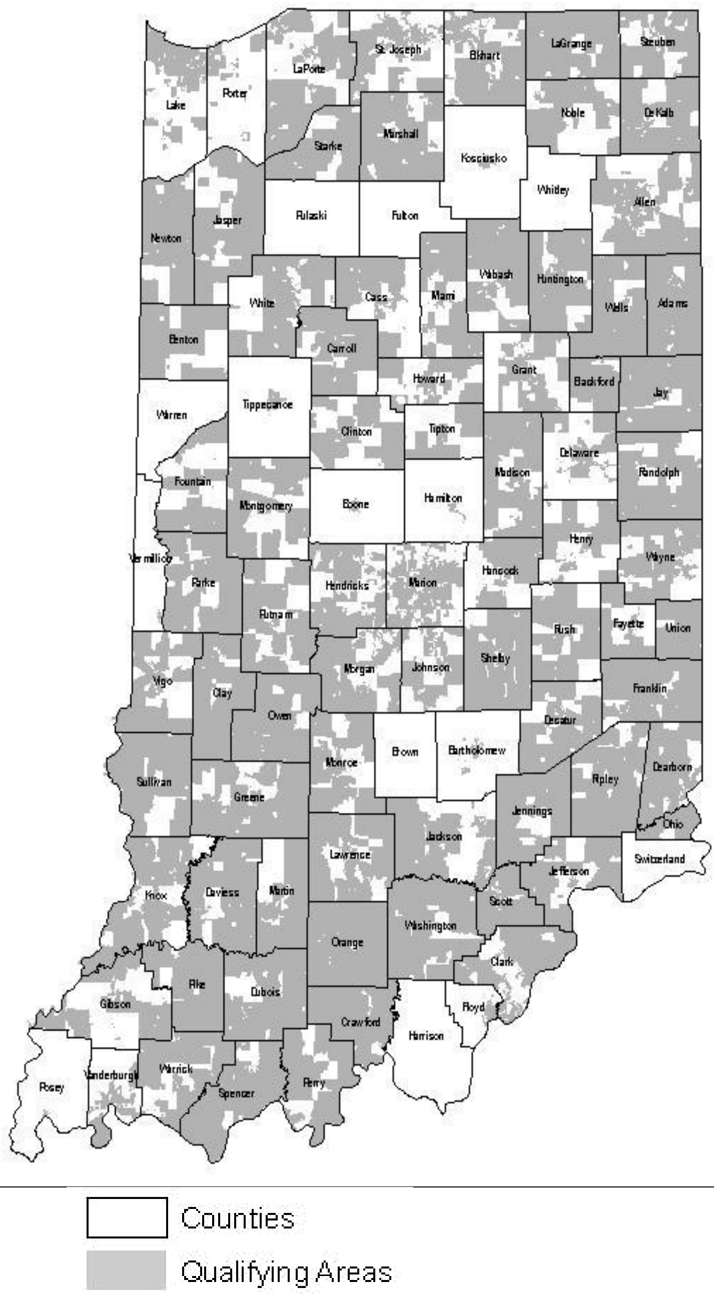
Indiana received $150 million, with $84 million going to Indiana Housing & Community Development Authority [IHCDA], and the remaining funds distributed among twelve [12] cities and

[3] see *Public Law 110-343*, or *Emergency Economic Stabilization Act of 2008*

counties of significant need. Through the "Comprehensive Neighborhood Revitalization Fund" [CNRF], IHCDA allocates about $50 million to local units of general purpose government and nonprofit entities with programs in targeted, high need areas, in a competitive process, and the remainder reserved by IHCDA for direct assistance to home buyers as purchase assistance in areas not targeted.

The CNRF is part of a redevelopment and stabilization strategy as it targets neighborhoods of high need to reduce blight, restore stability to mortgage markets, and otherwise revitalize these neighborhoods. The strategy bifurcates for areas of disinvestment, or "revitalization markets," and areas of extraordinary mortgage foreclosure rates, typically high home ownership suburban communities, and termed "stabilization markets."

The following maps these areas for this first-ever, and perhaps one-time, program.

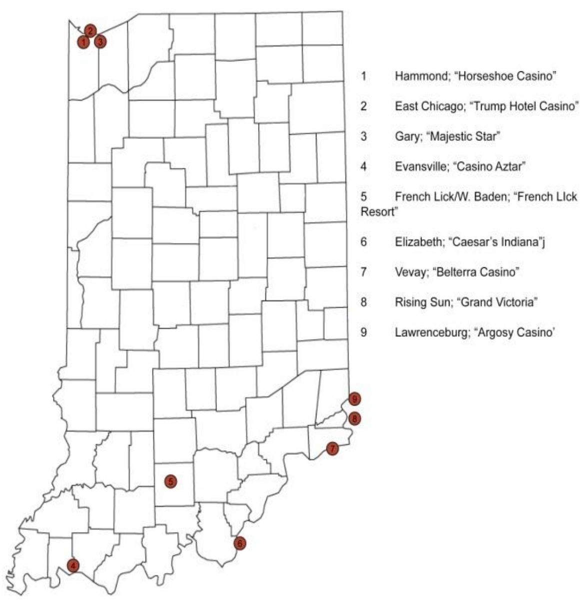


Many of the eligible NSP activities are allowable activities under the CDBG program. Listed below are activities for which Local Units of Government and Not-for-Profit entities may utilize CNRF grants, followed by the correlated CDBG activity regulation in parentheses.

- Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves and shared-equity loans for low-and moderate-income homebuyers (24CFR570.206);
- Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent or redevelop such homes and properties (24CFR570.201(a),(b))and570.202);
- Establish land banks for homes that have been foreclosed upon (24CFR570.201(a),(b));
- Redevelop demolished or vacant properties (24CFR570.201(a),(b),(c),(e),(i),(n));
- Provide rental properties that target serving individuals and families at or below 50% AMI;
- Demolish blighted structures (24CFR570.201(d))

CORPORATE [FOUNDATION] GIVING

Lastly, there is the avenue of corporate sponsorship. The Foundation Directory lists those charitable arms of U.S. companies with an interest in Indiana cities and towns and their redevelopment [refer to mission, purpose and funding priorities by functional and geographic areas]. There are other public [e.g., state universities] and nonprofit [Section 501 c3 and c14 of the IRC] corporations [e.g., Historic Landmarks Foundation of Indiana and private universities] with a mission to redevelop, especially their host communities. The reader is strongly advised to read Judith Rodin, The University & Urban Renewal: Out of the Ivory Tower and Into the Streets, for my favorite case study.



Casino Towns of Indiana

Of significance is the corporate giving [i.e., tax] of Indiana's casinos, as depicted on the map. The Indiana Gaming Commission reported in 2007-08 that revenues to the State and local "host" governments were $738,923,487.

Ameristar Casino East Chicago
777 Ameristar Drive
East Chicago, IN 46312
(877) 496-1777
http://www.resortseastchicago.com/

Belterra Casino
777 Belterra Drive
Belterra, IN 47020-9402
(888) 235-8377
http://www.belterracasino.com/

Grand Victoria Casino
600 Grand Victoria Drive
Rising Sun, IN 47040
(800) 472-6311
http://www.grandvictoria.com/en

Indiana Live Casino
4200 N. Michigan Road
Shelbyville, IN 46176
(877) 386-4463
http://www.indianalivecasino.com/

Argosy Casino
777 Argosy Parkway
Lawrenceburg, IN 47025
(888) 274-6797
http://www.argosy.com/cincinnati

Blue Chip Casino
2 Easy Street
Michigan City, IN 46360-2414
(888) 624-9618
http://www.bluechipcasino.com/

Hoosier Park Racing • Casino
4500 Dan Patch Cir
Anderson, IN 46013
(800) 526-7223
http://www.hoosierpark.com/

Majestic Star Casino I & II
One Buffington Harbor Drive
Gary, IN 46406-3000
(888) 225-8259
http://www.majesticstarcasino.com/

Casino Aztar
421 NW Riverside Dr.
Evansville, IN 47708
800) 342-5386
http://www.casinoaztar.com/

Horseshoe Casino & Hotel SI
11999 Casino Center Dr., S.E.
Elizabeth, IN 47117
(888) 766-2648
http://www.harrahs.com/horseshoe

Horseshoe Casino
777 Casino Center Drive
Hammond, IN 46320-1000
(866) 711-7463
http://www.harrahs.com/horseshoe

French Lick Resort • Casino
8670 West State Road 56
French Lick, IN 47432
(812) 936-9300
http://www.frenchlick.com/

INDIANA ECONOMIC DEVELOPMENT ASSISTANCE

BOND FINANCING

There are two kinds of municipal bonds: general obligation bonds, debt service on which is secured by a pledge of the full faith and credit (and using taxing authority) of the governmental issuer; and revenue bonds, which are payable from and primarily secured by the revenues from the projects or programs they finance. Interest on bonds issued by or on behalf of state and local governments is generally not subject to federal income tax. However, if non-governmental entities benefit to the degree that classifies the obligations as private activity bonds, the interest is taxable.

The exceptions to this are certain qualified bonds. Qualified bonds include exempt facility bonds, redevelopment bonds, small-issue bonds, mortgage and veterans mortgage bonds, and 501(c)(3) bonds. Taxable bonds are another financing source which are usually not as advantageous as tax-exempt bonds, but in some circumstances, may generate lower interest rates than conventional bank loans because of economies of scale from large bond issues and in some cases, exemption from state income tax. Since the late 1960s, numerous revisions to tax laws, designed to restrict the eligible uses and overall volume of tax-exempt financing, have occurred at the national level. The Tax Reform Act of 1986 represents the most recent, substantial revisions.

GENERAL OBLIGATION BONDS.

General obligation bonds can be used for a variety of projects. Proceeds of these bonds can be issued either directly for economic development purposes or indirectly by providing for infrastructure improvements. The amount of general obligation bond debt that a governmental unit can have outstanding is limited by either a constitutional or statutory debt limit. The debt limit is defined as a percentage of the assessed valuation of the governmental unit. The issuance of such bonds requires approval of taxpayers located within the boundaries of the unit issuing the debt. The GO bonds are secured by the special unlimited ad valorem property taxes of the governmental entity.

SELF-LIQUIDATING, REVENUE BONDS

Revenue bonds are obligations that are secured by a specific revenue source. This source of revenue in most cases would be a special tax. In some instances, revenues of a project may be used as security. The local government may issue revenue bonds in a number of forms. Examples are shown below.

TAX INCREMENT FINANCING (TIF) BONDS.

TIF Bonds, also known as Redevelopment Bonds, are one type of revenue bond. In a tax increment financing, the City establishes an allocation area. The incremental property taxes collected from the growth in the allocation area are used to pay the debt service on the bonds that were issued to spur the economic growth. Often the proceeds of the bond are used to assemble land, write down land costs to private developers, or to provide relocation.

SPECIAL REVENUE BONDS

These bonds pledge a specific source of revenues to pay debt service. For instance, county option income tax and wheel tax revenues are taxes that have been pledged for certain bond issues. For example, the City of Indianapolis has also pledged golf course revenues for bonds issued to improve its golf courses. The Airport Authority uses revenues of the airport to finance its bond debt service.

LEASE REVENUE BONDS

Lease Revenue Bonds are another type of revenue bond. The City and County may indirectly issue debt by entering into a lease with the Indianapolis-Marion County Building Authority. In this case, the Building Authority issues bonds to build or improve a public structure and leases that structure to the City or County. The lease payment from the City or County is the revenue that secures the bonds. In most cases, the lease payment is derived from a property tax levy. The Capital Improvement Board uses its food and beverage tax and innkeepers tax to secure leases it enters into with the Marion County Convention and Recreational Facilities Authority (MCCRFA). MCCRFA issues bonds to build or renovate convention and sports structures.

INDUSTRIAL DEVELOPMENT BONDS (IDB)

Also known as Qualified Small-Issue Bonds and Industrial Revenue Bonds, IDBs are tax exempt revenue bonds issued by a governmental unit on behalf of a private organization. The private entity is liable for all debt payments. The governmental unit has no liability. Eligible entities generally must be small manufacturing facilities or not for profit corporations.

SECTION 501(C)(3) BONDS

The 1986 tax act established 501(c)(3) bonds which are obligations issued to finance activities of 501(c)(3) tax-exempt, non-profit organizations. At least 95% of the net proceeds of a 501(c)(3) bond issue must be spent for activities related to the exempt purpose of the non-profit for which the bonds are issued. Additionally, the bond financed property must be fully owned by the non-profit or governmental unit and at least 95% of the net proceeds must be used by the non-profit or governmental unit and be secured by payments or property of the non-profit or governmental user.

SPECIAL IMPROVEMENT DISTRICT BONDS

Special Improvement Districts can be created by request of the Metropolitan Development Commission to the City-County Council to finance redevelopment projects. Bonds can be issued with income obtained from an additional special tax levied on all taxable property within the districts. Project eligibility is limited to public improvements which provide special benefits to the taxpayers within the districts. These districts are related to the tradition of Barrett Law which permits certain public boards to create special districts, levy special taxes, and issue bonds to fund needed improvements such as sewers and roadways that benefit special groups.

TAXES AND TAX-RELATED INCENTIVES

COUNTY ADJUSTED GROSS INCOME TAX (CAGIT)

Each county in the state may impose a CAGIT for the any governmental purpose. CAGIT may not be imposed in a county that has imposed a county option income tax. The tax base is the Indiana adjusted gross income for county residents and non-residents that work in the county. The minimum rate for resident county taxpayers is .5 percent and the maximum rate is 1.0 percent. The rate for non-resident county taxpayers is .25 percent.

COUNTY OPTION INCOME TAX(COIT)

COIT is a county payroll tax collected by the State and distributed to the county that imposed the tax. COIT can be used for any General Fund purpose. COIT may also be used as security for the City's long term debt obligations. A county's COIT is shared by certain taxing districts within that county. For resident county taxpayers, COIT is initially imposed at a rate of .2 percent and increases annually by .1 percent to a rate of .6 percent. The maximum rate is .6 percent, however, a second ordinance must be adopted by a county income tax council in order to exceed .6 percent.

COUNTY MOTOR VEHICLE EXCISE SURTAX AND COUNTY WHEEL TAX

The excise surtax may be imposed on passenger cars, motorcycles, and trucks with a gross weight of 11,000 pounds or less. The wheel tax may be imposed on buses, recreational vehicles, semi-trailers, tractors, trailers, and trucks not subject to the excise surtax. Marion County collects both taxes. Revenues are used to construct, reconstruct, repair, or maintain streets. In addition, these revenues can be used to secure debt issued by the City.

CUMULATIVE CAPITAL DEVELOPMENT FUNDS

The City and County may collect a tax levy based on a specified rate to fund public improvements and capital purchases.

ECONOMIC DEVELOPMENT INCOME TAX (EDIT)

EDIT is a payroll tax which Marion County is eligible to adopt. However, the combination of the EDIT and COIT taxes together in a single county may not exceed 1.0 percent. EDIT revenues typically fund public works projects and economic development projects. EDIT projects may occur in specific districts, or the entire county may be designated to share in EDIT revenues.

ECONOMIC IMPROVEMENT DISTRICTS

Economic Improvement Districts may be used to fund economic development projects in special districts, and to fund special need programs (such as in planning, promotion, operation, maintenance, and special security), with these projects and programs to be funded by a special assessment in the district. An Economic Improvement Board (EIB) of three members can be established by City-County Council for a district and would consist of at least two members who own property in the district. An EIB would use the funds in a manner specified by the Council Ordinance establishing the particular EID. The district may not issue bonds.

TAX ABATEMENT

Property taxes, for both real property and personal property, that would normally occur due to new development, and manufacturing equipment purchases, can be abated with the taxes scheduled to be phased in over a period of years. Property taxes can be abated for three, six, or ten year periods. Taxes on eligible manufacturing equipment can be abated according to a five year schedule. The Tax Abatement Program has been a popular incentive for retaining and attracting businesses.

FEDERAL, STATE, AND LOCAL PROGRAMS

In addition to bond financing and tax revenues/incentives, there are a number of Federal, State, and local programs listed below which can facilitate economic development. Many of these programs are “categorical”, offering grants, loans, or loan guarantees to eligible entities which compete successfully based on established criteria for an expressed purpose. Other programs such as the federal Community Development Block Grant (CDBG) as described previously allocate funds directly to states (for non-entitlement areas) and certain local entitlement jurisdictions based on an “entitlement” formula. CDBG funds can be used for a wide range of activities and local priorities. Local entitlement jurisdictions have the option of directly administering CDBG programs or making programs available through non-profits. In some cases, CDBG funds can be provided directly to for-profit entities which create or retain jobs, a majority of which are for low- and moderate-income persons. In reviewing this list, please note that the programs/resources referenced here have specific eligibility requirements, application procedures, jurisdictional targeting, and so forth. This list does not attempt to detail such requirements, but rather is limited to providing general information. Further information about the programs listed here can be obtained through one or more of the following agencies: EDA, SBA, HUD, City of Indianapolis Department of Metropolitan Development, the Indy Partnership, the Indiana Department of Commerce, and the Indiana Housing Finance Authority.

ECONOMIC DEVELOPMENT ADMINISTRATION

The Federal Public Works and Economic Development Act of 1965 (Public Law 89-136) created the Economic Development Administration to replace the Area Redevelopment Administration, which was created on an experimental basis in 1961 to deal with the problems of long-term unemployment and underemployment in rural areas. The role of EDA has subsequently been expanded to include economic development assistance to cities and urban areas as well as rural areas. All of EDA's programs are categorical and are awarded to eligible applicants for a specific purpose. A local government may apply for aid under the public works, technical assistance, and planning programs, and encourage private business to apply for aid through EDA's business development program. Although loans are authorized, most of EDA's assistance is provided in the form of grants to eligible entities.

EDA often requires that areas seeking its assistance be designated by EDA as eligible areas prior to the formal filing of an application for assistance. Areas may receive designations from EDA as redevelopment areas, public works impact program areas, economic development districts, or economic development centers. Generally, redevelopment areas and economic development districts must have an approved Overall Economic Development Plan (OEDP) prior to their designation by EDA. More recently, EDA will consider the availability of an Empowerment Zone/Enterprise Community designation and Base Closure Studies as evidence of requisite local planning. The geographic area to be developed with EDA assistance may be as small as a neighborhood or it can encompass an entire county or multi-county district. EDA programs include:

PUBLIC WORKS LOANS AND GRANTS

Public works assistance can be used to acquire, construct, rehabilitate, or expand land or facilities for public works, public service, or development projects, including their equipment, that will create long-term economic improvement in that area. Projects are to be consistent with an area's OEDP. EDA offers direct grants and loans, public works impact grants, and supplementary grants for public works assistance. Grant funds are disbursed for costs incurred after all contracts for construction have been awarded. Direct grants from EDA may cover up to 80 percent (100 percent where all taxing authority is exhausted) of the total eligible project costs. Grants are made on the basis of a project's ability to improve the economic development of an area and to create, either directly or indirectly, long-term jobs.

TECHNICAL ASSISTANCE GRANTS AND SERVICES

EDA's technical assistance program is not limited to designated areas or redevelopment districts. It consists of technical assistance either directly through EDA or through federal contracts and technical assistance grants.

PLANNING GRANTS

EDA is authorized to make planning grants under Sections 301(b) and 302(a) of the Public Works and Economic Development Act 1965. Section 301(b) planning grants have primarily been used in multi-jurisdictional and rural areas, although urban areas can apply for assistance under this program if they can establish their eligibility. Better suited to urban areas is assistance under the Section 302(a) state and local economic development planning grants program. However, funding under Section 302(a) is limited and grants usually carry a commitment for continued funding from EDA, making it difficult for areas not already receiving the grants to enter the program.

TITLE IX SPECIAL ECONOMIC DEVELOPMENT ADJUSTMENT ASSISTANCE GRANTS

Adjustment assistance grants are available for areas with "long-term economic deterioration" as well as for areas threatened with or experiencing sudden and severe economic dislocation due to sharp increases in unemployment due to the loss of one or more major employers. Strategy development grants for planning and strategy implementation grants are available under the program. Grants are normally given up to a maximum of 75 percent of the proposed project's cost.

SMALL BUSINESS ADMINISTRATION

The U. S. Small Business Administration (SBA) administers a number of programs designed to assist small commercial and industrial concerns which meet SBA's definition of small business. SBA has provided direct loans in the past, but, most of its assistance is in the form of loan guarantees to businesses which could not otherwise receive conventional financing. The SBA also offers free management counseling to small businesses through partnerships with universities. SBA programs include:

7(A) LOAN GUARANTY

This is SBA's primary business loan program. Under 7(a), the SBA guarantees loans to small businesses that cannot obtain financing on reasonable terms through other channels. Lenders, not the SBA, approve and service the loans and request SBA guaranties. The guaranties reduce risks to the lenders and expand their ability to make small business loans. Loan proceeds from the 7(a) Program can be used for business start-ups, expansion, equipment purchases, working capital, inventory or real estate acquisition. Generally, the SBA can guarantee up to $750,000 of a private-sector loan; as much as 80 percent on loans of $100,000 or less and 75 percent on loans of more than $100,000. The interest rate may not exceed 2.75 percent over the prime lending rate except for loans under $50,000, where the rates may be slightly higher. Maturities can extend to 10 years for working capital and 25 years for fixed assets.

7(M) MICROLOAN

The MicroLoan Program provides short-term loans ranging from under $100 to $25,000 for small-scale financing purposes such as inventory, supplies and working capital (but not to pay existing debts). Loans are made through over 100 SBA-approved nonprofit groups, which also provide the counseling and educational assistance needed for success.

504 CERTIFIED DEVELOPMENT COMPANIES

The 504 program provides long term, fixed-asset financing through certified development companies. The nonprofit organizations are sponsored by private interests or by state and local governments. The SBA can guarantee debentures covering as much as 40 percent of a 504 project, up to $1 million. DELTA funding is also available under this program.

CERTIFIED AND PREFERRED LENDERS

Certain active and expert lenders qualify for the SBA's Certified and Preferred Lenders Program. Certified Lenders receive a partial delegation of authority to approve loans. Preferred lenders enjoy full delegation of lending authority. A listing of participants in the Certified and Preferred Lenders Program is available through SBA's field offices.

SERVICE CORP. OF RETIRED EXECUTIVES (SCORE)

Sponsored by the SBA, this program provides free counseling and low cost training to small businesses through the volunteer services of retired business men and women.

SMALL BUSINESS INVESTMENT COMPANIES

Small Business Investment Companies (SBICs) are privately owned, SBA-regulated companies, incorporated under state law. Their purpose is to provide equity capital and long-term financing for small business concerns and for the sound financing of their business operations and growth, expansion, and modernization. SBICs may also provide management assistance. SBICs have the authority to borrow money and to issue debentures and promissory notes. The SBA is authorized to purchase or guarantee the timely payment of SBIC debentures.

ENTERPRISE ZONES

Enterprise zones are areas designated at the State or Federal level for economic revitalization. There is a formal application process are a number of detailed requirements and criteria which must be met (by the area proposed for zone designation) in order for a community to be granted an enterprise zone. Some zones can be designated in rural areas although most tend to be urban in character.

STATE ENTERPRISE ZONES

State zones are designed to spur redevelopment in depressed urban areas. Businesses in these zones can be eligible for a number of special incentives including a gross income tax exemption for new receipts generated within the zone, a tax exemption on interest earned on loans within the zone, an exemption from the inventory tax, and employer tax credits on resident employee wages. Indiana's program originally authorized the designation of a maximum of ten zones throughout the state (with an addition of two per year) and a maximum of one per city. Indianapolis has a state-designated enterprise zone generally located in the near northeast portion of the city. This zone is administered by the Indianapolis Urban Enterprise Association (IUEA). IUEA staff can be contacted at: 2507 Bloyd Avenue, Indianapolis, IN 46218 , Phone: (317) 974-4420 , Fax: (317) 974-4430, http://www.u-e-a.org

FEDERAL ENTERPRISE ZONES

Launched in 1993, the Empowerment Zone and Enterprise Community (EZ/EC) Initiative is an interagency effort focused on the creation of self-sustaining, long-term development in distressed urban and rural areas throughout the Nation. The Initiative is based on a holistic, participatory approach that requires community stakeholders to work together to develop and implement comprehensive strategic plans for revitalization. Using a combination of Federal tax incentives and flexible grant funds, these partners are reinvigorating many communities that have been in decline for decades. Businesses are opening or expanding, residents have greater access to jobs, services, and new economic opportunities, and crime and violence are down.

ENTERPRISE ZONE DESIGNATIONS

In order to be considered for designation as an empowerment zone or enterprise community, an area must be nominated by at least one local government and the state or states in which it is located. An application must include a strategic plan which details the manner in which the objectives of the zone designation will be accomplished. In addition, the applicant must identify those state and local government resources, as well as private sector resources, that will be made available in order to assist in carrying out the objectives of the strategic plan. A zone can cross jurisdictional lines and can include an area which is located in more than one city and in more than one state. The zone boundaries must be contiguous.

Rural areas, however, located in more than one state can consist of up to three noncontiguous parcels. In order to be eligible for designation, an urban area (i.e., a jurisdiction lying within a Metropolitan Statistical Area) must have a population not exceeding 1) 200,000, or 2) the greater of 50,000 or 10 percent of the population of the most populous city located within the nominated area. A rural area (lying outside an MSA) can have a population of up to 30,000. In order to be considered for zone designation, an area must demonstrate factors of pervasive poverty, unemployment, and general distress.

Of the six empowerment zones to be designated under the legislation, at least one is to be a city with a population of 500,000 or less, and at least one will be in an area that includes two states and have a population of 50,000 or less. The aggregate population of all six urban empowerment zones is not to exceed 750,000. A nominated urban area cannot exceed 20 square miles and a rural area cannot exceed 1,000 square miles. The poverty rate for each population census tract within the nominated zone cannot be less than 20 percent. In addition, at least 90 percent of the census tracts within the nominated zone must have at least a 25 percent poverty rate, and 50 percent of the census tracts must have at least a 35 percent poverty rate. The designations for urban zones are made by the Secretary of HUD, while the Secretary of Agriculture is to designate the rural zones. Designated zones are to remain in effect until either the end of the 10th year; the termination date designated by the state and local government in the nomination; or upon revocation by the Secretaries of Housing and Urban Development or Agriculture, whichever is appropriate.

HUD PROGRAMS

Beyond the aforementioned Community Development Block Grant [CDBG] Program, there are other instruments for redevelopment:

ECONOMIC DEVELOPMENT INITIATIVE (EDI)

This HUD-sponsored program provides funding to local communities for a range of economic development projects on the basis of a national competition. EDI funds must be used in conjunction with the HUD Section 108 Loan Guarantee Program. The City is currently using a $3.2 million Section 108 loan and a 450,000 (HUD) Economic Development Initiative Grant in conjunction with Eastside Community Investments, Inc. for reuse of the former Nabisco Plant and development of a neighborhood health facility and a mixed use residential/commercial node.

SECTION 108 LOAN GUARANTEE PROGRAM

This HUD-sponsored program provides a source of funding for economic development, housing rehabilitation, and other substantial projects. This is accomplished through a HUD guarantee of notes held by public entities. In return for the HUD guarantee, these public entities pledge their future Community Development Block Grant (CDBG) and in some cases, other forms of security, toward repayment. Guaranteed by HUD and backed by the full faith and credit of the United States, Section 108 notes are issued to investors through private underwriters. Localities are responsible for full repayment of Section 108 notes even though the notes are guaranteed by the Federal government. Localities have the option of repaying the Section 108 obligation directly using their block grant or they can re-loan Section 108 proceeds to third parties. When the obligation of repayment is passed to a third party, the pledge of future CDBG funds serves as security, and may never actually be expended. The City has been approved for a $7.6 million Section 108 Loan for several projects under development.

Other federal agencies including the Departments of Commerce, Health and Human Services, and Department of Labor, in the past, have assisted projects and programs, such as construction and job training, that involve or impact economic development.

STATE OF INDIANA

IHCDA

The State assists localities through such agencies as the Indiana Housing and Community Development Authority (IHCDA) which makes lower rate mortgage money available to first time home buyers and also administers the State (HUD-funded) HOME Program and some CDBG affordable housing activities.

IEDC

The Indiana Department of Commerce was replaced in 2005 with the Indiana Economic Development Corporation. It provides a range of business development resources and financial assistance programs for business. Business development assistance includes:

INDUSTRIAL DEVELOPMENT GRANT FUND

A state-funded program providing assistance to local units of government for off-site infrastructure projects in support of new business development. Eligible uses include: construction, extension, or completion of sanitary sewer lines, roads, streets, water lines, sidewalks, railroad spurs and sidings; land acquisition; construction of airports, airport facilities, and tourist attractions.

INDUSTRIAL DEVELOPMENT INFRASTRUCTURE PROGRAM

A federally-funded program providing assistance to eligible entities for infrastructure projects in support of job creation/retention activities for low to moderate income persons. Eligible uses include: construction, extension, or completion of sanitary sewer lines, roads, streets, waterlines, railroad spurs and sidings.

TRAINING 2000

Financial assistance in the form of a grant for reimbursement of eligible training costs. Instructional costs to train new or existing employees, including instructor wages, tuition, and training materials. Eligible uses include: basic-skills training, transferable-skills training, company-specific skills training needed to support existing and future capital investment, quality-assurance training.

ECONOMIC DEVELOPMENT FOR A GROWING ECONOMY (EDGE)

This program provides tax credits based on payroll. Indiana individual income tax withholdings from company employees can be credited against the company's Indiana corporate income tax liability. Excess withholdings shall be refunded to the company. The credits have no effect on employees' income tax liability.

CAPITAL ACCESS PROGRAM (CAP)

CAP helps financial institutions lend money to Indiana businesses that do not qualify for loans under conventional lending policies. Loan proceeds must be used for commercial or industrial purposes for a project or enterprise located in Indiana that fosters the economic development of the state. Ineligible are: loans to finance passive real estate ownership, loans for that part of a project or development devoted to housing, loans for refinancing existing debt with the lender, loans to insiders of the lender.

INDUSTRIAL DEVELOPMENT LOAN FUND

A state-funded revolving loan program providing assistance for industrial growth in Indiana. The loan is given to the city, town or county for use on its property. Eligible uses include: construction of airports, airport facilities, and tourist attractions; construction, extension, and completion of sewer lines, water lines, streets, sidewalks, bridges, roads, highways, and public ways.

HOOSIER DEVELOPMENT FUND

Eligible activities include, but are not limited to the following: purchase of manufacturing equipment, purchase of real property and structures (includes vacant structures), rehabilitation of facilities (vacant or occupied), construction of new facilities, purchase and installation of pollution-control equipment, housing developments. Other activities may be eligible.

LOAN GUARANTEE PROGRAMS

Loan guarantees are available to finance land acquisition, building acquisition or improvements, structures, machinery, equipment, facilities and working capital.

INDIANA COMMUNITY BUSINESS CREDIT CORPORATION (ICBCC)

The ICBCC is a consortium of Indiana banks formed to engage in high-risk lending. ICBCC's participation in a project allows the funding of loans that exceed the limits banks ordinarily set based on conventional lending practices. Eligible uses include: primary working capital, subordinated working capital, long-term loans for new, equipment, first mortgages on existing properties as well as planned construction projects, second mortgages, leveraged buy-outs, subordinated debt/equity combinations.

RECYCLING PROMOTION AND ASSISTANCE FUND

Provides loans to businesses to enhance the development of markets for recyclable materials. The loans are available for the acquisition and installation of specialized manufacturing equipment and machinery or the conversion of existing equipment and machinery for the manufacturing of products that contain recycled materials or for the final processing of secondary materials.

INDUSTRIAL ENERGY EFFICIENCY FUND

Provides loans to businesses to improve energy efficiency in the industrial process. The loans are available for the acquisition and installation of energy-efficient equipment.

URBAN ENTERPRISE ZONE ENERGY PROGRAM

Provides grants to commercial and manufacturing businesses to improve energy efficiency the areas of HVAC, lighting, building envelope and manufacturing-process equipment.

ALTERNATIVE ENERGY SYSTEMS PROGRAM

Provides grants to businesses to fund eligible alternative-fuel technologies and infrastructure development. Eligible technologies include but are not limited to alternative fuels, landfill methane outreach, agricultural applications, geothermal heat pumps, wood waste boilers, and solar repair and service.

STRATEGIC DEVELOPMENT FUND

The program is designed to foster cooperation among Indiana businesses by emphasizing an industry-wide or sector-based approach to business assistance. Eligible uses for the SDF program include, but are not limited to, establishing marketing, training technology development, and export development programs.

REDEVELOPMENT TOOLS & REFERENCES

VARIETY OF "TOOL BOXES"

There are several noteworthy tool kits that reference various intergovernmental, corporate foundation and private capital funds in the fields of housing community and economic development, and eligible to communities in Indiana and to public and private applicants.

ONLINE RESOURCES

The following chart presents free online resources for the housing, community and economic development action hero:

Publisher and Resource	URL
Fannie Mae Foundation	www.fanniemaefoundation.org
KnowledgePlex	www.knowledgeplex.org
Expert Chats	www.knowledgeplex.org/xchat.html
DataPlace	www.dataplace.org
Enterprise	www.enterprisecommunity.org/resources
Enterprise Resource Database	www.practitionerresources.org/
Housing Development Tutorial	http://www.enterprisecommunity.org/resources/tutorials/housing_development/
Workforce Tutorial	http://www.enterprisecommunity.org/resources/tutorials/workforce_development/
Online Publications	www.enterprisecommunity.org/resources/publications_catalog/
Funding Database	www.enterprisecommunity.org/resources/funding_database/
Online Events	www.enterprisecommunity.org/training_and_events/webinars/
Child Care Library	www.enterprisecommunity.org/resources/publications_catalog/default.asp#child
Community Development Library	www.enterprisecommunity.org/resources/publications_catalog/default.asp#cdl
Community Development	http://www.communitydevelopmentsoftware.com/home

Software, LLC	.asp
Green Communities	http://www.greencommunitiesonline.org/
Department of Housing and Urban Development	www.hud.gov
HUD Online Library	www.hud.gov/library/index.cfm
HUD USER	www.huduser.org
NeighborWorks America (NRC)	http://www.nw.org/network/home.asp
Publications	www.nw.org/network/pubs/studies/default.asp
Community Strategies	www.nw.org/network/comstrat/comstrat.asp
Best Practices (Winning Strategies)	www.nw2.org/WinningStrategies/index.asp
Web Links	www.nw.org/network/links/links.asp
LISC	www.lisc.org/
Publications List	www.lisc.org/resources/
Experts Online	www.lisc.org/resources/experts_index.shtml
Housing Assistance Council	www.ruralhome.org/index.php
Publications List	http://www.ruralhome.org/info.php
Rural Housing and Ec. Dev. Gateway	http://www.hud.gov/offices/cpd/economicdevelopment/programs/rhed/gateway/about.htm

In addition, there is the 70-page tool kit several students prepared under my supervision in the spring of 2006:

RESOURCES FOR INDIANA COMMUNITIES IN HOUSING, COMMUNITY & ECONOMIC DEVELOPMENT

RESOURCES FOR INDIANA COMMUNITIES IN HOUSING, COMMUNITY & ECONOMIC DEVELOPMENT

INTERGOVERNMENTAL, CORPORATE FOUNDATION, PRIVATE CAPITAL FUNDS

EFFECTIVE SPRING 2006

[IN ELECTRONIC VERSIONS, CLICK ON THE HYPERLINK]

Indiana City Corporation

Bruce Frankel, Ph.D., AICP, Professor of Urban Planning
BALL STATE UNIVERSITY EDUCATION REDEFINED

CEDC TOOLBOX GUIDE TO DEVELOPMENT FUNDS

Center for Economic and Community Development
SCHOOL OF EXTENDED EDUCATION

The Toolbox Guide to Development Funds is the most valuable and comprehensive listing of Indiana community and economic development funding programs available, and it is offered free on this site. This database is considered by Indiana practitioners to be the foremost reference guide for development finance. Subjects covered include:

- arts, humanities, and human services
- business development
- community and economic development
- environmental development
- housing development
- international development
- parks and recreation
- tax and revenue tools
- workforce development

http://www.bsu.edu/cecd/toolbox/

COMMUNITY AND ECONOMIC DEVELOPMENT RESOURCE GUIDE 2009

Building Better Communities
Carmichael Hall, Room 109
Ball State University
Muncie, Indiana, 47306, (765) 285-2773

http://www.bsu.edu/cecd/media/pdf/2009_Resource_Guide.pdf

BALL STATE UNIVERSITY.

PROFESSIONAL, TRADE AND GOVERNMENTAL SUPPORT ORGANIZATIONS

The following is a list compiled by the National Neighborhood Reinvestment Corporation. To this we add the Land Development Institute and the American Planning Association, both dedicated to interest development. The following are by category:

- Associations
- For-profit
- Funders
- Government
- Non-profit
- Policy & Think Tank
- Rehabilitation & Construction

ASSOCIATIONS

AARP

http://www.aarp.org

AARP is a non-profit membership organization people age 50 and over, dedicated to enhancing the quality of life for all people as they age. The website provides articles on topics such as housing and retirement options and home energy efficiency, and the AARP public policy institute offers publications on issues such as age discrimination in employment, Medicaid, and poverty in retirement.

AFSCME

http://www.afscme.org/index.cfm

AFSCME, The American Federation of State, County and Municipal Employees provides services to union members, in addition to employment protection, such as grants, scholarships, training programs and club discounts. Member service information can be found on this website as well as links to articles on national policy issues related to healthcare, workplace safety and job security and AFSME publications on related topics.

CDFI COALITION

http://www.cdfi.org

The Coalition of Community Development Finance Institutions (CDFI) website provides information on CDFI services, locations, and case study descriptions on CDFI-invested local programs such as affordable and transitional housing, homeownership, and small business development.

CITIZENS HOUSING AND PLANNING ASSOCIATION

http://www.chapa.org/?q=foreclosures_nationalstrategies

Citizen's Housing and Planning Association (CHAPA) is a non-profit umbrella organization for affordable housing and community development activities throughout Massachusetts, focused on housing advocacy, research, community education and training, and coalition building. The CHAPA website features information on the National Community Stabilization Fund, the US Conference on Mayors Vacant and Abandoned Properties Task Force and the State Foreclosure Prevention Task Force, which publishes data reports on loss mitigation efforts by major mortgage servicers. The website also provides information on state and federal affordable housing policies and a foreclosure clearinghouse.

CONGRESSIONAL BLACK CAUCUS FOUNDATION

http://www.cbcfinc.org/

A non-profit, non-partisan, public policy, research and education insitute, the Congressional Black Caucus Foundation (CBCF) is dedicated to improving the lives of African Americans and underserved communities. The website for CBCF offers policy briefs and research reports on topics such as economic development, child care and education, and the effect of climate change on African American communities.

CONGRESSIONAL HISPANIC CAUCUS INSTITUTE

http://www.chci.org/

The Congressional Hispanic Caucus Institute (CHCI) provides educational and leadership development programs, such as internships, scholarships, fellowships and other services that increase opportunities for Hispanics to participate in and contribute to the policy making process. The website provides information on these services as well as highlighting CHCI's National Housing Initiative, with resources that facilitate homeownership for the Latinos in the United States.

HOUSING PARTNERSHIP NETWORK

http://www.housingpartnership.net

Housing Partnership Network is an organization of members that develop, manage and finance affordable homes in order to revitalize communities and provide economic opportunities for lower-income and working families. The website offers information on affiliate members by state and their programs, community lending tools for pre-development and acquisition, housing counseling programs, housing partnerships and insurance, and innovation in housing design.

MORTGAGE BANKERS ASSOCIATION

http://www.mbaa.org

The Mortgage Bankers Association (MBA) is the national association that represents the real estate finance industry, promotes fair and ethical lending practices, and supports professional excellence among real estate finance employees. The MBA website offers links to market data and forecast information, industry news reports, and professional development links.

NAACP

http://www.naacp.org

Dedicated to ensure the political, educational, social, and economic equality of rights of all persons and to eliminate racial hatred and racial discrimination, the National Association for the Advancement of Colored People (NAACP) website provides information on legislative initiatives and programs that support these goals. Specific programs such as Economic Empowerment list resources (reports, initiatives, related websites) related to minority housing opportunities and economic development.

NAHRO

http://www.nahro.org/index.cfm

The National Association of Housing and Redevelopment Officials (NAHRO) is dedicated to advocating for the provision of adequate and affordable housing and strong, viable communities for all Americans—particularly those with low- and moderate-incomes. This website lists information on and for member-administered programs such as Public Housing, Section 8, CDBG and HOME, professional development resources for redevelopment professionals, related publications, committee information, and a solutions database.

NAR'S HOUSING AND ECONOMIC INDICATORS

http://www.realtor.org/research/research/ecoindicator

NAR's analysis of housing and economic indicators provides real estate professionals with tools to interpret the market and apply that knowledge to their business. In addition to NAR's own existing-home sales series, NAR Research monitors other indicators such as new-home sales, housing starts, producer prices, mortgage rates and more.

NATIONAL ASSOCIATION OF AFFORDABLE HOUSING LENDERS

http://www.naahl.org

The National Association of Affordable Housing Lenders NAAHL, encompassing 200 organizations committed to increasing private lending and investing in low- and moderate-income communities, provides information on its website related to national housing policy such as the Housing and Economic Recovery Act, subprime lending and related issues, as well as publications on topics such as best practices in community lending, affordable housing loan consortia, and New Markets Tax Credits.

NATIONAL ASSOCIATION OF REALTORS

http://www.realtor.org/research

The National Association of Realtors is a member organization that offers professional development, on-line housing statistics, economic indicators and forecasts, updates on housing policy, and information on resources (grant opportunities and initiatives) on issues such as smart growth, diversity, gulf coast recovery, and a housing solutions database.

NATIONAL COMMUNITY DEVELOPMENT ORGANIZATION

www.ncdaonline.org

NCDA is a national nonprofit organization comprised of more than 550 local governments across the country that administer federally-supported community and economic development, housing and human service programs, including programs of the U.S. Department of Housing and Urban Development (HUD), Community Development Block Grant (CDBG), and the HOME Investment Partnerships (HOME) programs. NCDA offers on-line information on community and economic development policies and legislative priorities such as the Neighborhood Stabilization program, conferences and training, and posts on-line technical assistant documents related to community development activities.

NATIONAL COMMUNITY LAND TRUST NETWORK

http://www.cltnetwork.org

The National Community Land Trust Network is the umbrella organization supporting the work of community land trusts across the United States in order to promote sustainable development through the development of permanently affordable housing and the protection of working lands. The website publishes general information on land trusts, highlighting award-winning land trust initiatives, with links to resources including foreclosure information, case studies, and a community land trust tool kit.

NATIONAL COMMUNITY REINVESTMENT COALITION

http://www.ncrc.org

The National Community Reinvestment Coalition (NCRC) is a member association of more than 600 community-based organizations, formed to bring together community reinvestment organizations from across the country so as to increase the flow of private capital into traditionally underserved communities. NCRC's website posts information on public policy, research, and financial services related to community reinvestment. Its research library includes mulit-media publications on best practices, fair lending, and national studies on lending trends.

NATIONAL CONSORTIUM OF HOUSING RESEARCH CENTERS

http://www.housingresearch.net

In order to foster quality housing research and to advance the practice of housing reseach as a science, The National Consortium of Housing Research Centers publishes housing research information on line from member organizations on topics such as green building, affordable housing initiatives, disaster relief, and innovative materials and design.

NATIONAL COUNCIL OF LA RAZA

http://www.nclr.org

National Council of La Raza, dedicated to improving opportunities for Hispanic Americans through advocacy and initiatives, posts information and links on its website related to topics such as foreclosure prevention in Latino communities, community and family wealth-building, economic development and employment, immigration and education.

NATIONAL COUNCIL OF STATE HOUSING AGENCIES

http://www.ncsha.org

National Council of State Housing Agencies (NCSHA), a nonprofit organization made up of state Housing Finance Agencies (HFAs), posts information on its website related to three key programs: Mortgage Revenue Bonds (MRB), Housing Credits, and HOME Investment Partnerships (HOME). The website also publishes an annual factbook with the results of state Housing Finance Agency programs, and highlights affordable housing advocacy priorities

NATIONAL FOUNDATION FOR CREDIT COUNSELING

http://www.nfcc.org

The National Foundation for Credit Counseling, dedicated to promoting financially responsible behavior nationally and building capacity for its members, publishes a homeownership crisis resource center on its website offering on-line debt advice to home owners on avoiding foreclosure and other topics, as well as an on-line communication service for members and stakeholders to allow them to communicate on critical issues related to credit counseling.

NATIONAL HOUSING CONFERENCE

http://www.nhc.org

National Housing Conference (NHC) is a membership organization presenting a unified voice for housing through nonpartisan advocacy, research and promotion of policies and legislation that promote suitable housing in a safe, decent environment. NHC's research affiliate, the Center for Housing Policy, publishes research, reports, and media releases on its website on developing solutions to issues such as increasing affordable housing, the effectiveness of housing policies, and the housing landscape for working families.

SMART GROWTH AMERICA

http://www.smartgrowthamerica.org

A coalition of national, state and local organizations working to improve the ways we plan and build the towns, cities and metro areas, Smart Growth America includes many national organizations advocating on behalf of historic preservation, the environment, farmland and open space preservation, neighborhood revitalization and more. Its website outlines campaigns and projects such as revitalizing urban neighborhoods, the governor's institute on community design, community walkability, vacant property revitalization, neighborhood schools, and training and leadership development, and includes smart growth publications and advocacy materials.

THE AMERICAN SECURITIZATION FORUM

http://www.americansecuritization.com/

The American Securitization Forum's (ASF) Web site describes the group as a broadly-based professional forum through which participants in the U.S. securitization market can advocate their common interests on important legal, regulatory and market practice issues.

Its membership encompasses all aspects of the securitization industry, including issuers, investors, financial intermediaries, rating agencies, legal and accounting firms, trustees, servicers, guarantors, and other market participants.

The principal goals of the ASF are as follows:

- Consensus. To build consensus within the U.S. securitization industry on issues of broad importance to the industry;

- Advocacy. To mount principled and focused efforts to advance the ASF's substantive positions, chiefly by interacting with appropriate governmental, regulatory, accounting, legislative and other policy-making bodies;
- Education. To inform and educate the securitization community and related constituencies, and to sponsor substantive, high-quality conferences and educational programs.

THE NATIONAL ALLIANCE OF COMMUNITY ECONOMIC DEVELOPMENT ASSOCIATIONS

http://www.naceda.org

The National Alliance of Community Economic Development Associations is a member group of organizations working with residents to strengthen their communities by building affordable and mixed income housing, implementing neighborhood economic development strategies, and providing essential services for youth, families, seniors, people with disabilities and the homeless. The website hosts links to state member associations and policy updates on related current topics including the foreclosure and economic crisis and the effect on affordable housing.

FOR-PROFIT

HOUSINGECONOMICS.COM

http://www.nahb.org/showpage_details.aspx?showpageID=311

HousingEconomics.com, published by the National Association of Home Builders (NAHB), and available by subscription, provides information on housing forecasts, market trends, economic analysis, and archival data relating to the housing industry. The website provides housing statistics on categories such as construction costs by location, annual housing starts and sales data (current and historic), employment data, and national, state and metro area housing industry forecasts.

THE AMERICAN BANKERS ASSOCIATION

http://www.aba.com

The American Bankers Association was developed to enhance the role of financial services institutions, representing banks of all sizes on issues of national importance, including community, regional and money center banks and holding companies, as well as savings associations, trust companies and savings banks. Its website offers professional and business development resources for members, as well as a description of annual priorities, including predatory lending and protecting home ownership, minority banking institutions and small business development

TRF REINVESTMENT FUND

http://www.trfund.com

TRF is committed to financing neighborhood revitalization through progressive, socially responsible community investing throughout the Mid-Atlantic region. Its on-line resource center provides links to application forms for financing, and policy and staff publications, including Creativity and Neighborhood Development: Strategies for Community Investment and other success stories.

FUNDERS

ANNIE E. CASEY FOUNDATION

http://www.aecf.org

To support its core mission of improving the lives of disadvantaged children, the Annie E. Casey Foundation provides grants, research and evaluation initiatives, and direct services such as technical assistance to support low-income communities and families. The website links users to descriptions and resources related to initiatives supported by Annie E. Casey such as Neighborhood Development, Rebuilding Communities, and Families Count.

CHARLES STEWARD MOTT FOUNDATION

http://www.mott.org

The Charles Stewart Mott Foundation is a private foundation dedicated to encouraging the self-sufficiency of individuals and promoting collaboration in communities through providing grants to organizations in areas of poverty alleviation, sustainable development, and promoting non-profit and philanthropic initiatives internationally and domestically. The website offers grant information on these focus areas, as well as posting publications on programs and initiatives it funds. Examples of specific initiatives funded include workforce development, income security, race and reconciliation, and citizen participation.

DREAMBUILDER INVESTMENTS LLC

http://www.dreambuilder.net

Dreambuilder Investments, LLC is a mortgage resolution and investment company that offers partnership opportunities and alternatives to foreclosure to lenders, investors and home owners in distressed markets. The website presents basic information about the company including contact information.

FORD FOUNDATION

http://www.fordfound.org

The Ford Foundation is a private foundation that offers grants, loans and other resources internationally to organizations and individuals in four focus areas: strengthening democratic values, reducing poverty and injustice, promoting international cooperation and advancing human achievement. The website offers information and links to resources on these topics domestically and internationally, including diverse publications, a grants database, and resources for grant seekers, grant makers and donors.

NCB CAPITAL IMPACT

http://www.ncbcapitalimpact.org

NCB Capital Impact provides financial support and technical assistance to co-operative initiatives that support underserved communities. Their website posts information on approaches to long-term sustainability for co-operatives and on the challenges to financing affordable and co-operative housing, charter schools and community health centers and related solutions such as New Markets Tax Credits, limited equity and shared equity models.

OPPORTUNITY FINANCE FUND

http://www.opportunityfinance.net

A network of private financial intermediaries identifying and investing in opportunities to benefit low-income and low-wealth people in the US, the Opportunity Finance Network website provides information on financial investment products for individuals, investors, CDFIs, and mortgage originators, as well as relevant news articles on policy and programs related to increasing investment opportunities to low-income communities.

GOVERNMENT

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

http://www.cdfifund.gov

The CDFI Fund is supported through the US Department of Treasury to promote economic revitalization through expanding the capacity of community development financial institutions (CDFIs) to provide credit, capital, and financial services to underserved communities. This website lists resources for CDFIs and Community Development Entities to apply for monetary awards, such as New Markets Tax Credits and the Bank Enterprise Award, in order to support financing community and economic development initiatives. The website features a CDFI Fund mapping tool that enables users to create maps and reports on funding-eligible census tracks and counties.

FANNIE MAE [FNMA]

http://www.fanniemae.com

Fannie Mae was created in 1938 under federal charter in order to support affordable housing development, expand the availability of mortgage funds and to support the U.S housing market in all communities under all economic conditions. The website provides information (articles, reports) and resources (links to grants, lending and mortgage products, extensive homebuyer resources and foreclosure prevention tools) useful for organizations and individuals interested in facilitating and sustaining homeownership and housing stability in communities. Webcasts, articles, and e-newsletters on topics such as the mortgage market, national housing surveys, and disaster relief are also available.

FREDDIE MAC ECONOMIC & HOUSING RESEARCH [FDMC]

http://www.freddiemac.com/news/finance/

This division of Freddie Mac compiles data on major economic and housing and mortgage market indicators and offers annual forecasts based on those indicators. Information found on this link includes news releases, weekly commentaries, reports and other publications on topics like adjustable-rate and conventional mortgages and refinancing activities, as well as links to resources related to foreclosure avoidance, homeownership tools, properties for sale and Freddie Mac financing products.

HUD USER

http://www.huduser.org

Established by the Office of Policy Development and Research at HUD in 1978, HUD USER is designed to provide a database of information to community development researchers, policymakers, academics on priority housing and community development issues in the US. The website offers links to publications and data sets, newsletters and resource links on a broad range of topics related to housing and community stabilization such as housing production and technology, fair housing and housing finance, housing policy and market analysis, economic development strategies, lessons learned and case studies.

US CONFERENCE OF MAYORS

http://www.usmayors.org

The U.S. Conference of Mayors (USCM) is a nonpartisan organization of cities in the US with populations of 30,000 or more, designed to promote effective policy development, strengthen federal-city relationships, ensure that federal policy meets urban needs, provide mayors with leadership and management tools, and create a forum for mayors to share ideas and information. The website highlights priority areas for legislation and programs such as the livability and environmental health of cities and brownfields redevelopment, housing, employment, and community development; and offers news, reports and videos on related topics and best practices.

NON-PROFIT

ACORN

http://www.acorn.org

ACORN is a national grassroots community organization with chapters in 110 US cities, working with affiliate community organizations and supporting low and moderate income communities though organizing, advocacy, negotiation, and direct action. The website offers access to a members' center (anyone can sign up) to find out about community events and services, information on ACORN campaigns such as predatory lending, living wage, better schools, foreclosures and affordable housing, as well as legislative action alerts and multi-media press releases.

AFL-CIO

http://www.afl-cio.org

The American Federation of Labor and Congress of Industrial Organizations is a federation of national and international unions. Its website lists information on member unions and affiliates as well as links to articles on topics such as green jobs, civil and worker's rights, and the impact of the housing mortgage crisis on low-income families.

CENTER FOR RESPONSIBLE LENDING

http://www.responsiblelending.org

The Center for Responsible Lending is a non-profit organization focused on research, policy development, coalition building, litigation and communication for the purpose of protecting homeownership and family wealth from abusive financial practices. Their website posts articles and research highlighting recent policy trends in home-lending, reports on the sub-prime lending crisis, and links to organizations that work to fight predatory lending practices and prevent foreclosure.

COMMUNITY STABILIZATION PROJECT

http://www.communitystabilization.org/

Community Stabilization Project utlizes grassroots organizing, advocacy, and human service to inform, educate, and organize low-income tenants and people of color to take action to preserve and increase the supply of affordable housing in the Saint Paul, Minnesota metro area. It's website provides written and visual information on case studies of community stabilization in the St. Paul area through the use of these tools.

INITIATIVE FOR A COMPETITIVE INNER CITY

The Initiative for a Competitive Inner City (ICIC) is a national not-for-profit organization dedicated to conducting research that demonstrates the competitive advantage of cities in order to promote successful strategies that fuel inner city development. The ICIC website hosts publications comparing the competitive advantage of development initiatives, as well as information on programs and strategies that encourage and sustain capital investment in inner cities.

LIVINGCITIES

http://www.livingcities.org

LivingCities is a national community development institute that offers grants and financial investments, expertise, and resources that support community development, sponsor important research, and promote policies that benefit cities and their residents. Their website lists links to projects, neighborhood case studies, publications and community development tools for over 20 major US cities. It also provides research publications on urban development policy, census and neighborhood data, child well-being indicators, and tools to diagnose the quality of life in cities.

NATIONAL CAPACD

http://www.nationalcapacd.org

National CAPACD is a national advocacy organization dedicated to addressing the community development needs of diverse and rapidly growing Asian American, Pacific Islander, Native Hawaiian, refugee and immigrant communities. Its website focuses on key program areas such as access to housing, data policy, economic justice, and community preservation and revitalization through highlighting the work of affiliate organizations and through links to local and national resources.

NATIONAL HOUSING INSTITUTE

http://www.nhi.org

Dedicated to fostering decent, affordable housing and a vibrant, inclusive communities, the National Housing Institute focuses on supporting progressive, community-development policies and practices through publications, research, and advocacy. The website provides resource links and publications that can be downloaded on subjects such as sustainable and equitable revitalization, re-sale restricted housing practices, shared equity homeownership, housing discrimination and rebuilding post-disaster.

NATIONAL URBAN LEAGUE

http://www.nul.org

With over 100 local affiliates in 35 states and the District of Columbia, The Urban League is devoted to empowering African Americans and underserved communities to enter the economic and social mainstream through direct service programs, advocacy and research. The website posts information on the Urban League's programs such as civil rights and racial justice, economic empowerment, health and quality of life, as well as a listing of affiliates by state and publications such as the State of Black America, Urban Influence Magazine and policy institute reports.

NATIONAL VACANT PROPERTIES CAMPAIGN

www.vacantproperties.org

The National Vacant Properties Campaign, a project of Smart Growth America (SGA), Local Initiatives Support Corporation (LISC), the Metropolitan Institute at Virginia Tech, and the Genesee Institute, works to create a unified coalition of organizations acting to make vacant property reclamation an attainable goal nationwide. The Campaign website links users to a national network of vacant property practitioners and experts, reports on the community benefits of vacant property reuse and case studies of successful initiatives, and information on how to access technical assistance and training.

SELF-HELP

http://www.self-help.org

The nonprofit Center for Community Self-Help and its financing affiliates Self-Help Credit Union and Self-Help Ventures Fund provide financing, technical support and advocacy for groups left out of the economic mainstream. The website provides information on topics such as predatory lending, tax credits, CDFI support, and the sub-prime mortgage crisis as well as commercial and residential lending products and a listing of homes for sale.

THE GENESEE INSTITUTE

http://www.geneseeinstitute.org

The Genesee Institute provides planning and research technical assistance tools to local jurisdictions and non-profit organizations on issues related to vacant and tax foreclosed properties, sustainable neighborhoods, shrinking cities, economic revitilization, land banking, urban sprawl, and growth management. Their website details the types of technical assistance offered, as well as information on upcoming seminars, links to affiliated organizations, and reports highlighting case studies in Flint, Michigan (where the organization is headquartered).

THE NATIONAL COALITION FOR THE HOMELESS

www.nationalhomeless.org

The National Coalition for the Homeless (NCH) engages in public education, policy advocacy, and grassroots organizing through focusing on issues related to housing justice, economic justice, healthcare justice, and civil rights. The website offers resource directories on issues related to homelessness including a national housing database for the homelessness and low income, and details the Bringing America Home Campaign to end homelessness.

THE NATIONAL LOW INCOME HOUSING COALITION

www.nlihc.org

The National Low Income Housing Coalition is dedicated solely to ending America's affordable housing crisis through advocating for federal housing policy that will affect people with the lowest incomes. NLIHC posts on-line information about relevant national housing policies and initiatives, publications and research and state resources related to low-income housing development.

POLICY & THINK TANK

BROOKINGS INSTITUTION

http://www.brookings.edu

The Brookings Institution, a non-profit policy organization focused on research related to democracy, economic and social welfare and international cooperation, publishes a variety of articles on its website (in particular through its Metropolitan Policy Program and Economic Studies) related to community stability, poverty reduction, energy efficiency, and community revitalization policies and practices.

CENTER FOR AMERICAN PROGRESS

http://www.americanprogress.org

The Center for American Progress is a multi-disciplinary think tank dedicated to improving the lives of Americans through progressive ideas and action. This website provides reports, video features, and an opportunity to communicate with experts on topics such as on poverty reduction, neighborhood stabilization planning, and energy initiatives as a means for jobs creation and economic recovery.

CENTER FOR HOUSING POLICY

http://www.nhc.org

A membership organization designed to research and promote policies, programs and legislation related to affordable housing challenges in American communities, this website provides links to affordable housing research, publications and policy initiatives, as well as an affordable housing clearinghouse, with links to member organizations and government agencies by categories. Examples of topic categories include secondary mortgage markets, public housing, home ownership counseling, energy efficient design, economic and community development.

CENTER ON BUDGET AND POLICY PRIORITIES

http://www.cbpp.org

The Center on Budget and Policy Initiatives utilizes research and analysis to inform policy and programs that affect low and moderate income people. Multi-media reports are available on this website on topics such as climate change, housing policy, economic stimulus, poverty alleviation, and immigrant communities.

HARVARD UNIVERSITY'S JOINT CENTER FOR HOUSING STUDIES

http://www.jchs.harvard.edu/index.htm

The Joint Center for Housing Studies is Harvard University's center for information and research on housing in the United States, offering analysis on the relationship between housing markets and economic and social trends. The Center website provides links to other websites that provide specific information related to government, housing advocacy organizations and intermediaries, housing industry associations, housing sector media and publications, and university and research centers. Research and publications are also available on topics such as homeownership trends and issues, rental housing, and housing policy.

METROPOLITAN INSTITUTE AT VIRGINIA TECH

http://www.mi.vt.edu

The Metropolitan Institute at Virginia Tech (MI) publishes research reports, speeches, and journals such as Housing Policy Debate on topics such as national and international development patterns, factors shaping metropolitan growth trends, sprawl and suburban development, and presenting local and national examples of housing policy, practice and implementation.

REDEVELOPMENT ACTIVITIES

ENTERPRISE COMMUNITY PARTNERS

http://www.saveamericasneighborhoods.org

A leading advocate for policies in support of affordable housing and community development, Enterprise Community Partners offers financial products and services that support community stabilization as well as advocacy tools, training and information. The website offers extensive information about Enterprise programs such as trainings, grants, loans, and tax credit investment in areas such as community rebuilding and development (Gulf states, rural, Native American), affordable housing preservation, initiatives that support homeownership, green communities, schools and communities, and supportive housing. Also posted are local case studies from across the country on these topics, resource and funding databases, public policy updates, and links to financial products and programs. Founded in 1982 as The Enterprise Foundation by Jim and Patty Rouse.

HABITAT FOR HUMANITY

http://www.habitat.org

A nonprofit, ecumenical Christian housing ministry dedicated to eliminating poverty housing and homelessness, Habitat for Humanity posts information on its website related to the direct volunteer services it offers in housing construction and disaster relief, as well as on-line financial fitness and housing finance tools, publications and homeownership success stories.

HOUSING ASSISTANCE COUNCIL

http://www.ruralhome.org

The Housing Assistance Council (HAC) offers assistance to working low-income homeowners and rural families through emphasizing local solutions and self-help strategies such as "sweat equity" (volunteer) construction. This website describes the services HAC provides to individuals and organizations such as loans, technical assistance and training, and posts a comprehensive library of technical reports and manuals, database links and policy updates on topics such as best practices and case studies, surveys of housing conditions, environmental concerns in rural development, and sub-prime lending and foreclosure in rural markets.

LOCAL INITIATIVES SUPPORT CORPORATION (LISC)

http://www.lisc.org

Dedicated to helping community residents transform distressed neighborhoods into healthy and sustainable communities through community-based efforts, LISC offers a range of tools to finance local development as well as an on-line library and media center on topics such as affordable housing preservation, vacant properties, public housing, commercial revitalization, tax credits, rural housing and green development. Headquartered in Chicago, with a presence in Indianapolis.

NATIONAL ASSOCIATION OF HOME BUILDERS

http://www.nahb.org

The National Association of Home Builders (NAHB), a trade association focused on promoting policies that make housing a national priority, provides information on its website on research, community outreach and charitable activities (grants), and resources for home builders (professional development trainings and publications, including a builders' bookstore) and home building activities.

REBUILDING TOGETHER

http://www.rebuildingtogether.org

Rebuilding Together is a network of more than 200 affiliates working to preserve affordable homeownership and revitalize communities through providing safe and healthy homes for disabled and aging homeowners, low-income families and those displaced by natural disaster. Its website outlines its national programs such as volunteer rehabilitation and construction opportunities, improving energy efficiency in homes, veterans housing and rebuilding in Gulf states. The website also provides links to related resources organized by type, and success stories.

Indiana Association for
Community Economic Development

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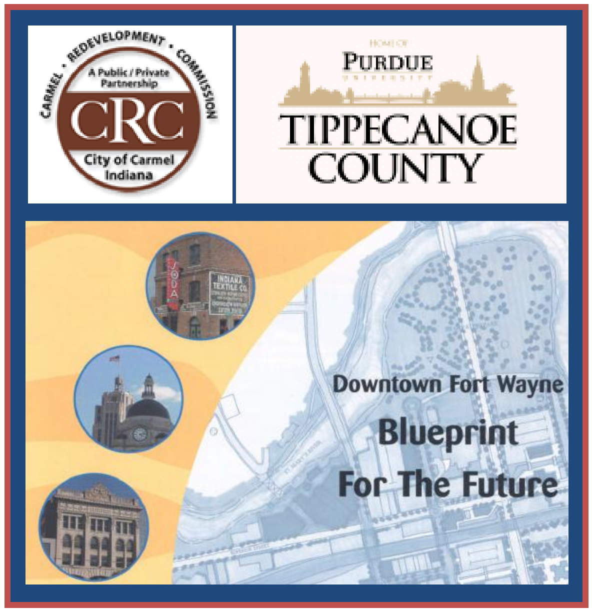
CITIZEN GUIDE SERIES: REDEVELOPMENT STRATEGIES FOR INDIANA CITIES & TOWNS



5/15/2009

Volume IV: Redevelopment Plan

Bruce Frankel, Ph.D., AICP

Professor of Urban Planning

BALL STATE UNIVERSITY
EDUCATION REDEFINED

CONTENTS

STUDY SET

This citizen guide on redevelopment for the Indiana Association for Community Economic Development is a four-part set. Volume I describes the Redevelopment Commission, its evolutionary history, statutory mandate and operation in the State. The work of the Redevelopment Commission is related to the work of planners and community development leaders, whether that is the plans of the Planning Commission, Community/ Economic Development agencies, civic/ business organizations, or the Redevelopment Commission itself.

As a companion, Volume II explores redevelopment strategies, the allied strategies of organizations other than the Redevelopment Commission, and the logic of their finances. Volume III provides a kit of financial implementing tools. The subject report, Volume IV, presents the redevelopment plan, and more broadly the community development plan and its attendant technical strategic business plan.

All redevelopment plans need to be action and business plans, or plans that demonstrate not only direction and identify projects, but also a demonstration of project feasibility and the course of project implementation. Planning fails to achieve the public interest if plans formulated and adopted in the public interest are left unimplemented. So being effective counts and the companion reports assembles various strategic paths to plan implementation.

COMMUNITY DEVELOPMENT PLAN: OVERVIEW

PURPOSES

The community development plan is formulated for two audiences:

1. **Stakeholders** of the subject neighborhood, and thus must be “friendly” to the citizenry and their civic leaders
2. **Professional agents** of the plan, inclusive of financiers, marketers, etc. and responding to a business plan, explicating technical aspects of project feasibility

The distinction with a redevelopment plan is that there is no premise to redevelop, and a host of community development goals and objectives may be advanced, inclusive or exclusive of redevelopment. For example, the demolition of blighted structures may be advanced as a legitimate community development goal or strategy [removal of physical blight], but is hardly a reinvestment goal or strategy, and may be questioned as substituting one form of blight with another [vacant lot]. Succinctly, a redevelopment plan must address the reinvestment of private capital in a disinvestment neighborhood.

We outline below the more broadly construed community development plan.

CONTENT OUTLINE

PART ONE: Formulate a "stakeholder-friendly" **Community Development Plan** for an identified neighborhood, residential, business district or mixed use. The plan may link a set of neighborhoods, and constituting a "target area" of need. For example, the downtown commercial core may be linked to a series of surrounding residential neighborhoods. The plan, *de minimus*, should include:

a. **Executive Summary** of no more than two pages

b. **Needs Assessment** and **Problem Formulation**, including analysis of secondary data and primary data [neighborhood survey, focus groups, charrette]

c. **Rational Path** in the formulation of goals, their priorities and objectives, and leading to specific strategies and identified projects [a "project-based" plan] – this may be summarized through a chart of goals, objectives, strategies, projects as a path

d. Formulation of the following **sub-plans**:

   i. **Physical Plan**, "visioning" plan identifying projects by location and design

   ii. **Community Organization Plan**, as organizing stakeholders and the constituencies for the plan

   iii. **Lobbying Plan** in what you need [e.g., resources, policy changes] from other organizations and a plan for its procurement

   iv. **Programmatic Plan** for strategically meeting objectives [again, non-technical, where issues and obstacles are identified and a set of methods to resolve or overcome them]

      1. **Plan of Financing**, including public and corporate partnerships

      2. **Plan of Marketing**, identifying market segments for targeting, price and product

      3. **Plan of Operation**, as in relationship among the players and their contributing roles

   v. **Action Plan** of steps requisite to implementing the strategy, and assigning both a "champion" and set of stakeholders to each project; the action plan conforms to a Gantt Chart, or time-sequence graphic of projects and their required actions, responsible parties, resource requirements, and the duration and sequence of these actions

PART TWO: Formulate a "more technical" **Strategic Business Plan**:

e. **Executive Summary** of no more than two pages [now technically-oriented to a professional audience]

f. **Overview of Feasibility Issues** [reiterate the critical elements of the programmatic plan above; emphasis on market, finance] and strategies for their resolution.

g. **Feasibility Analysis**

   i. **Organizational** requirements and strategy

   ii. **Financial**

      1. **Development *Proforma***, demonstrating congruency of sources and application of funds

      2. **Mortgage Feasibility** for investment properties or for targeted homebuyers, affordable at 50%, 80% and 120% AMI

      3. **Investment Prospectus** as adequacy of return for investors on rental or other income producing properties or on sale transactions; at the conclusion of the holding period that must be a cogent exit strategy for investors and demonstrating an internal rate of return on both operational and capital transactions [see "cash flow analysis" below]

      4. **Financial Gap Analysis**, as public or developer subsidies impact [tax credit and tax increment financing, etc., if applicable] feasibility

      5. **Cash Flow Analysis** for the "holding period" [e.g., four-year redevelopment, demonstrating revolving funding [acquire/redevelop/sell and program income as approaching perpetual funding"]

   iii. **Marketing Analysis** and promotional strategy, demonstrating how value is added by sale/ lease to end users [or resellers], and explicating the target consumer, affordability analysis, advertizing campaign, etc.

DISTINCT ROLE OF REDEVELOPMENT PLAN

As a redevelopment plan addresses neighborhood disinvestment with a strategy of reinvestment, the critical difference with a community development plan is in identifying and justifying Neighborhood Redevelopment Strategy Areas [NRSA] as discussed in "Volume II: Redevelopment Strategies." Here the reader is alerted to the Section "Neighborhood Redevelopment in Sequence."

The selection of one or more NRSA's is to maximize impact on both physical and market conditions. In a sense the ideal NRSA is a sequence of blocks with a concentration of property abandonment/ vacancy and deterioration, yet with notable assets at proximate locations that would induce a positive market reaction to redevelopment activities. Accordingly, locating an NRSA adjacent to an area of investment or an urban amenity, as in a public park or retail facility, pursues this strategy.

Likewise, areas of high visibility [e.g., along a heavily traveled road, or a "gateway" to the community] or marginal conditions of vacancy and blight may provide the best fit, especially if resources for redevelopment are limited. Alternately, a "cancer-removing" strategy may be called for in brownfield remediation and redevelopment. The prevailing objective is a cost-effective impact.

COMMUNITY DEVELOPMENT PLAN: SECTION BY SECTION

EXECUTIVE SUMMARY

In producing a professional report the single most consequential feature is found in the executive summary. This entails 1-2 pp that is both compelling to the reader and directly to the point of three concerns:

a. **Introductory Context** of what was investigated by whom and for what purpose [why?]

b. **Significant findings [facts discovered]**

c. **Recommendations** as to central strategy and most significant actions

The executive summary is intended for the quick [5 minute] read, and if not compelling then the reader might ignore the plan. This is a must for terse composition, literacy and directness [to the points quickly].

TEXT

Text of no greater than **20 pp** [1.0-1.5 spaces; 10-12 point type; 1-1.25" margins] presenting the essential analyses and highlighted by graphic elements [map, central charts and figures, sketch plan, etc.] to accompany the text. The analysis here must show a coherent, documented path to a feasible, beneficial, public interest development [set of projects], capped by an Action Plan.

There should be a higher level of organization to the report:

a. TOC [Table of Contents, an easy convention under MS Word]

b. Logical sequence of subjects [a flow to your "argument"], so as to be a cogent analysis and case for your recommendations

c. Integration of content into a coherent report, with significant lessons learned.

d. Visual as to layout and overall appearance, punctuated by headings, sub-headings and useful graphics elements [i.e., a professional report]

e. This is all on synthesis of thought, insight into what you learned, and professional presentation.

f. **Technical Appendices** of any length presenting support documentation [graphics, tables, charts, extended analysis, etc.]

PROBLEM FORMULATION

In planning, a place-based problem-solving process, we start with defining the target area's problems, and involving a most substantial effort. This entails identifying and prioritizing problems that pose obstacles to the quality of place. I highly recommend a community engagement method, such as a charrette[1], where not only are problems defined, but the community development plan is formulated. I frequently propose that stakeholders become the owners of the plan, controlling the event of the charrette or charrette series.

Although the outcome is controlled by such stakeholders, planners need to prepare by comprehensively, identifying and documenting through secondary data and professional observations the conditions of need in the subject neighborhood. Those conditions may be clustered on neighborhood functions, as elements of a comprehensive plan, and include such functions as land use, housing, economy, education, culture, recreation, etc. In my comprehensive plans, I postulate seven planning elements:

GROWTH MANAGEMENT
Future land uses, locations and rate of growth

PLACEMAKING
Qualities of place, as in historic preservation, community, identity

ACCESS
Transportation, communication [access to place, to information, to influence, to opportunity]

COMMUNITY LIVING
Decent housing and its affordability, long-term viability [good investment], neighborhood and urban amenities for living [recreation, culture, education]

COMMUNITY GREEN
Sustainable community ecologically, energy efficiency and independence

CITY BEAUTIFUL
Removal of blight, good urban design

ECONOMIC DEVELOPMENT
Jobs and income, economic sustainability

Second, a SWOT [Strengths, Weaknesses, Opportunities, Threats] provides a method of both defining problems, present and anticipated, and resources in their strategic remediation. The chart below resulted from such an analysis of the McKinley neighborhood in Muncie, Indiana.

[1] Refer to National Charrette Institute [Bill Lennertz & Aarin Lutzenhiser], The Charrette Handbook: The Essential Guide for Accelerated, Collaborative Community Planning, American Planning Association, 2006

McKinley

Strengths

- Proximity to Downtown
- Proximity to Minnetrista
- Proximity to Central High School
- Direct acess to White River and White River Greenway
- Mature trees
- Walking distence to Muncie's largest urban park
- Highly visable

Weaknesses

- No active community organization
- High volume of car traffic through some residential areas
- Limited commerical uses surrounding neighborhood

Opportunities

- New streetscape on highly visible streets
- Green archeticutue and infrustructure will exagerate proximity to recreational uses , White River, and Minitrista
- Future White River Greenway connections to Downtown via Walnut Street

Threats

- Gentrification
- Crime resulting from gentrification
- Increases in slum landlords from no action
- Neighborhood Perception

Lastly, plans may be rational by way of their goals being achieved, but without the problem being solved. Thus, we return to understanding and defining the problem properly in order to establish proper goals, objectives and strategies in solving them.

RATIONAL PATH

Planning aims for rationality among a set of goals, designed to ameliorate or solve defined problems, and actions. In between are supportive objectives, strategies.

GOALS

Broadly defined to remediate a problem [may apply to multiple problems]. For example: Neighborhood Reinvestment, Tax-Base Growth, Historic Preservation, and Reducing Poverty

OBJECTIVES

Placing each goal within the constraints of [a] feasibility, [b] time frame for results, and [c] measurable results. For example, [a] reduce housing vacancy by 20% per year over next five years; [b] increase home ownership by 25% over five years, or expressed in absolute frequencies [e.g., 10 dwellings per year over five years].

Please note that problems, such as code violations, if being solved by your strategy lead to reduced code enforcement. Also, although virtually all community development projects appear unfeasible at the outset, their feasibility is the result of an effective community development strategy. Here objectives that are "feasible" involve separating the "unfeasible" by degree.

STRATEGY

This is defined as a set of discernible and coherent actions to achieve one or more of the above. For example, operate a housing rehabilitation program, targeting ownership for low, moderate and middle income buyers; promote and provide live/ work housing and related amenities for the "creative class." Multiple strategies may be required to redress a problem or to achieve a goal and even an objective.

ACTIONS

Steps in the strategy are assigned to a responsible party. For example, apply for State assistance through the Neighborhood Stabilization Program; form a neighborhood association; conduct neighborhood clean-up; secure a zoning change. One or more actions in a cluster constitute a project, and your plan should be "project-based." Many projects can and should be mapped.

CHAMPION + OTHER RESPONSIBLE PARTIES

An agent for this change [person; organization]

RESOURCES

Funding [private, public, foundation], charitable donations, volunteerism, etc. required to effectuate the action. Estimate the amount required and its basis.

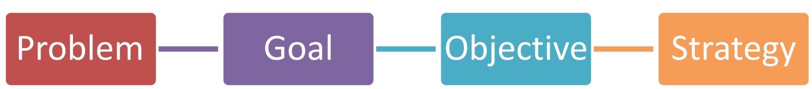
RATIONAL PATH MATRIX

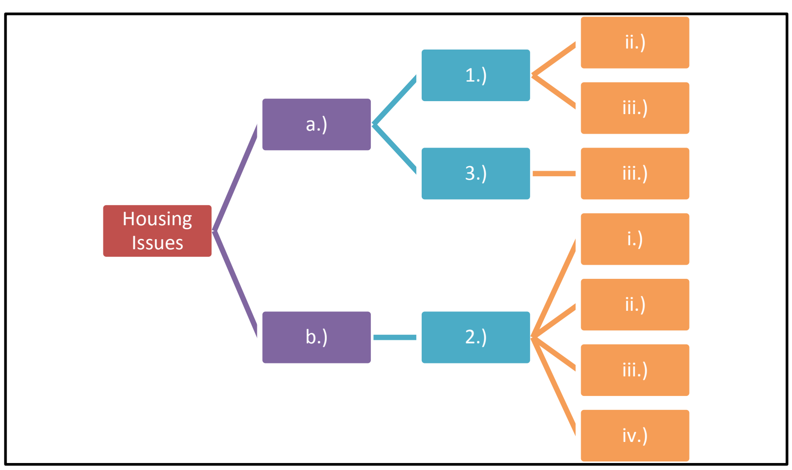
The sequence above may be best presented by way of a matrix chart, as exemplified:

Problems	Goals	Objectives	Strategies
Housing Inadequacies (Abandonment, Single family being converted to multi-family units, Deteriorating occupied homes)	a.)Improve housing stock in neighborhood b.)Property Value Appreciation	1.)Reduce housing vacancy by 10% over the next 10 years 2.)Increase property values by 2-5% a year, while still maintaining affordable units 3.) Rehab 15 dwelling units a year	i.) Façade Improvement ii.)New construction on vacant lots iii.) Rehabilitate abandoned houses iv.) Provide housing for a mixture of income levels
Lack of Public Facilities (Few Parks, Failing infrastructure)	a.)Invest in public infrastructure b.)Provide Access to Public Parks	1.)Increase the number of street lights by 5% a year 2.)Improve public right-of-way by 10% a year 3.)Create pocket parks in vacant lots	i.) Provide NSP Funds to improve ROW and street lights ii.) Plant street trees iii.) Create neighborhood parks/gardens in vacant lots
Insufficient 24/7 Commercial to Serve Neighborhoods (No neighborhood retail, No 24 hour commercial uses, Demographics do not drive demand for Downtown development)	a.)Create demographics to induce demand in commercial core	1.) Open neighborhood grocer/convenient store within the next 2 years 2.)Extend hours on existing stores/restaurants near neighborhoods 3.)Increase the population of neighborhoods by 10% a year	i.) Target new residential growth with NSP investments ii.) Bring in neighborhood retail iii.) Work with existing commercial uses
Lack of Education (No grade schools in Target Area after Garfield closed, Muncie Central HS is only school in Target Area, Discourages families from moving to neighborhoods)	a.)Provide Education Opportunities	1.) Open a school in the Target Area within 5 years 2.) Rehabilitate schools currently unutilized 3.) Increase education level of existing neighborhood residents	i.) Rehabilitate Garfield School ii.) Provide continuing education opportunities

Problems	Goals	Objectives	Strategies
Loss of Neighborhood Pride & Identity (Limited community organization outside ECNA, Lack of jobs, Vandalism/High crime rates)	a.)Placemaking b.)Build or Strengthen Neighborhood Coalitions/Organizations c.)Reduce Poverty	1.) Start a neighborhood organization within the first 6 months 2.) Decrease unemployment in neighborhoods/downtown by 5% a year	i.) Set up job training and career counseling seminars for the unemployed ii.) Contact neighborhood churches to find leadership for neighborhood organizations iii.) Inform residents about the value of getting involved in neighborhood activism vi.) Organize neighborhood events (block parties, barbeques, etc.) to establish a sense of community and determine leadership for organizations
Disinvestment in Neighborhood (Caused undervalued assets, Few infrastructure improvements)	a.)Spur financial investment (public and private)	1.) Increase property values by 2-5% a year, while still maintaining affordable units 2.) Spend $100,000-$200,000 on public infrastructure a year	i.) Put Federal Grant money back into the neighborhood ii.) Market the neighborhood to prospective home owners, investors

The following graphics show which goals are linked to the specific objectives and which strategies make up the objectives, and, in small part, completes the chart above.



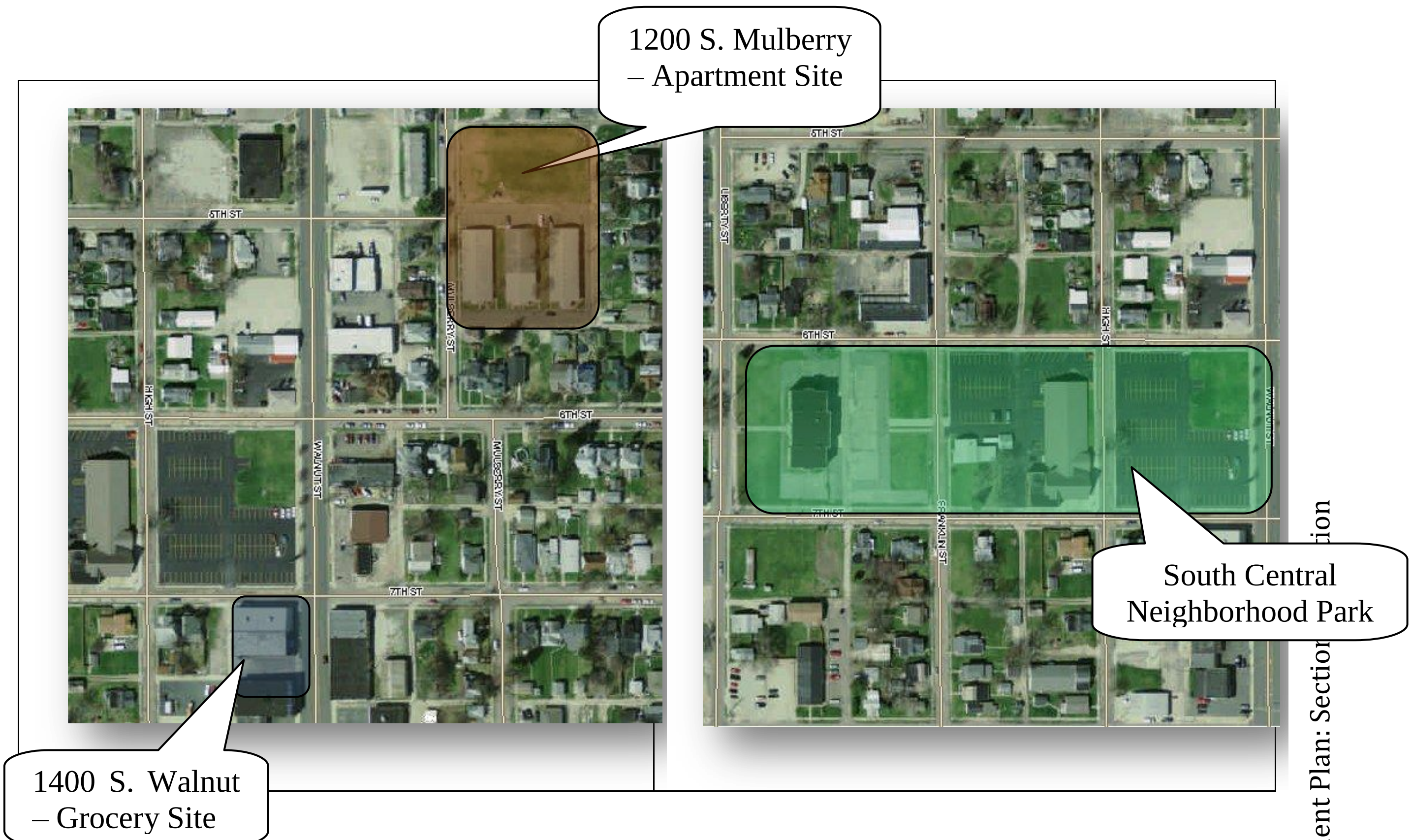


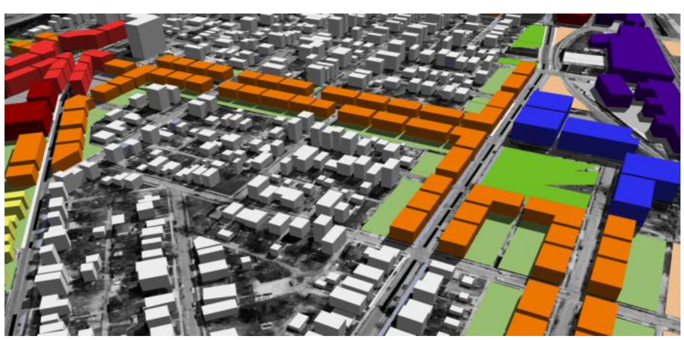
SUB-PLANS

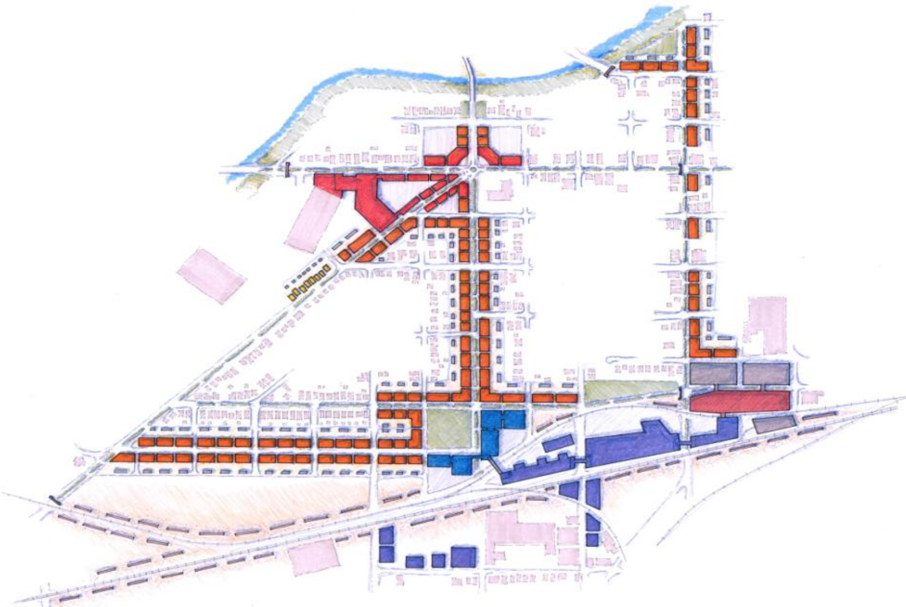
There are a series of sub-plans attendant to the community development plan. They are discussed in brief outline.

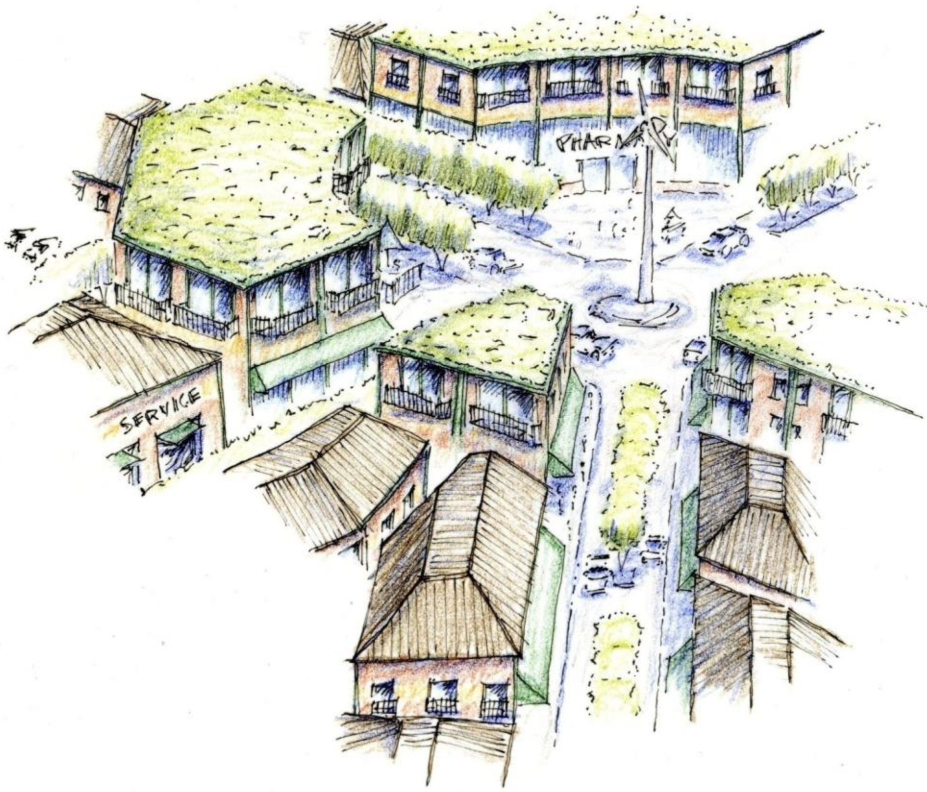
PHYSICAL PLAN

The physical, or visioning, plan maps the various projects of the plan, and may provide elevations renderings of site designs, streetscapes, etc.







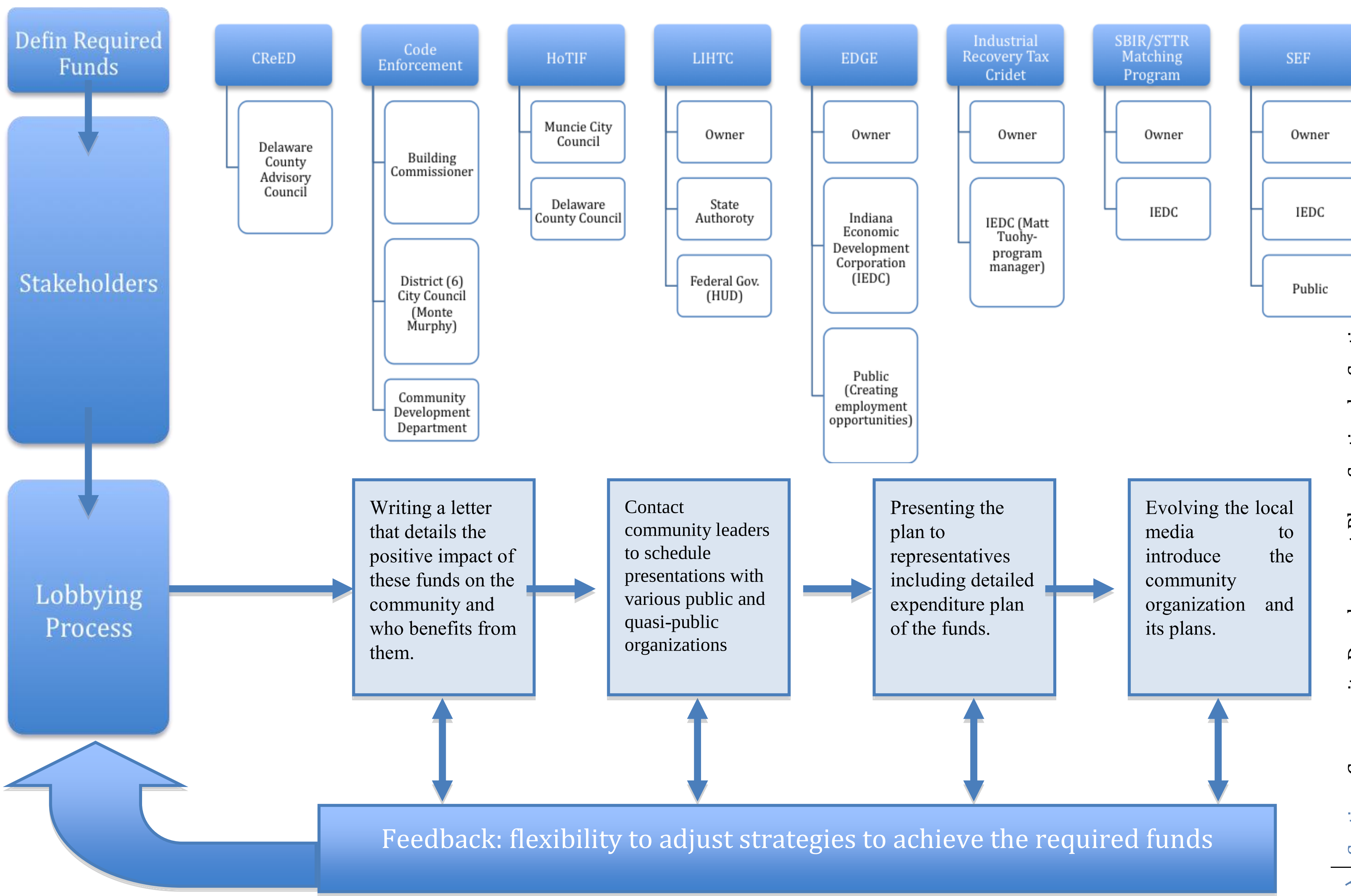

SERVICE

COMMUNITY ORGANIZATION PLAN

This is a plan of organizing the constituents of the neighborhood into action-oriented stakeholders, and upon the formulation and adoption of the community development plan becomes project-based.

LOBBYING PLAN

Lobbying Plan is what you need from others and how to get it. Focus is on the required resources and public policies as identified and the agents of their procurement. An example in graphic summary is presented on the ensuing page. The plan may include zoning and subdivision ordinances changes, regulatory reform of state statutes, and, more obviously, funding.


Defin Required Funds
Stakeholders
Lobbying Process
CReED
Delaware County Advisory Council
Code Enforcement
Building Commissioner
District (6) City Council (Monte Murphy)
Community Development Department
HoTIF
Muncie City Council
Delaware County Council
LIHTC
Owner
State Authority
Federal Gov. (HUD)
EDGE
Owner
Indiana Economic Development Corporation (IEDC)
Public (Creating employment opportunities)
Industrial Recovery Tax Cridet
Owner
IEDC (Matt Tuohy-program manager)
SBIR/STTR Matching Program
Owner
IEDC
SEF
Owner
IEDC
Public
Writing a letter that details the positive impact of these funds on the community and who benefits from them.
Contact community leaders to schedule presentations with various public and quasi-public organizations
Presenting the plan to representatives including detailed expenditure plan of the funds.
Evolving the local media to introduce the community organization and its plans.
Feedback: flexibility to adjust strategies to achieve the required funds

PROGRAMMATIC PLAN

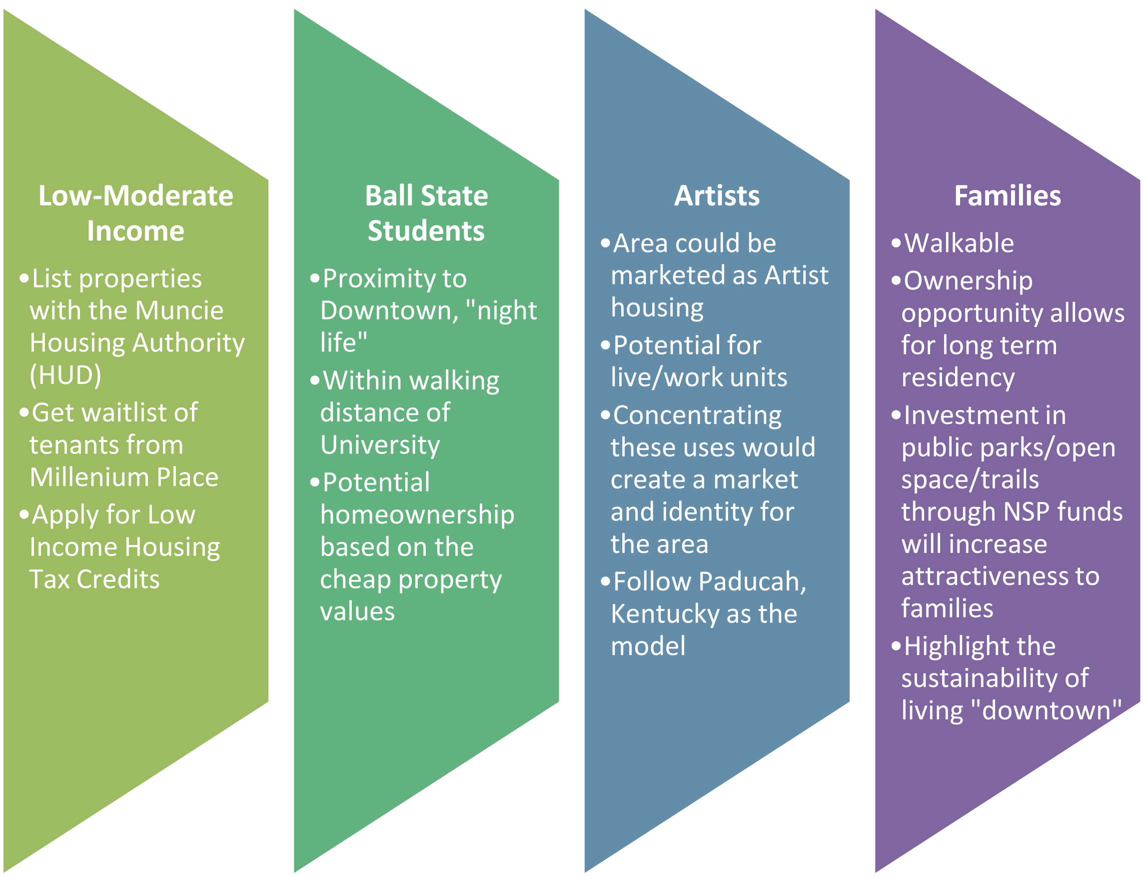
The following constitute the programmatic plan.

PLAN OF FINANCING

Financial Plan is a demonstration of meeting the underwriting criteria of investors [debt, equity, and surety] in each product. Financial needs and sources of funds should be identified, and then their feasibility demonstrated in the Strategic Business Plan [Part Two]. Financing is treated in Volume II: Redevelopment Strategies and sources of funds are presented in Volume III: Redevelopment Toolkit.

PLAN OF MARKETING

Marketing Plan is what products you will offer, at what price, and who and why to buy them. An illustrative graphic of target buyers of rehabilitated housing in a college town [Muncie City] is presented.

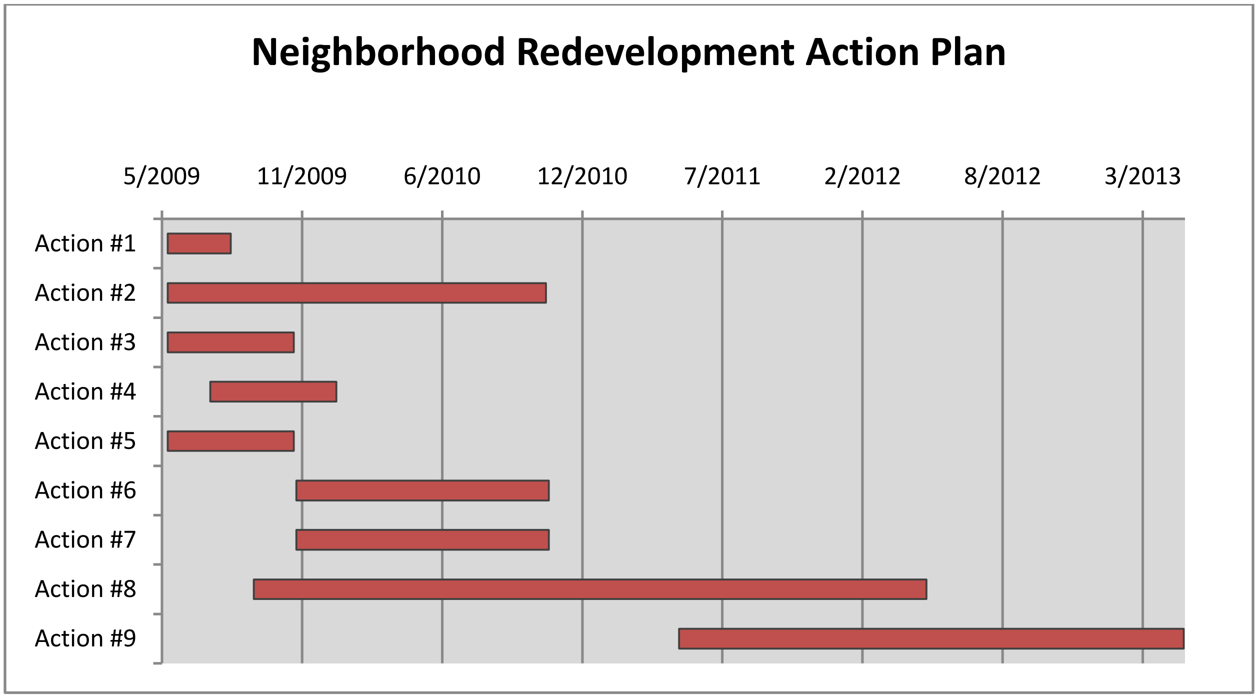


PLAN OF OPERATION

Operational plan is your organization and procedures to conduct each project, and is preliminary to the Action Plan.

ACTION PLAN

An action plan presents a time sequence graphic, as per the Gantt chart below, of each activity by time sequencing and duration, responsible parties, and resources required to complete.



Action 1	•Create / Activate a South Central Neighborhood Association	1. Party	•Council of Neighborhoods , Community Activits, Churches
Action 2	•Eliminate “Blight” by Demolishing Vacant Houses / Buildings :: Repaint Existing Buildings	2. Party	•City of Muncie
Action 3	•Improve Sidewalks	3. Party	•City of Muncie
Action 4	•Develop a Coordinated Affordable Housing Program:	4. Party	•Neighborhood Association, City of Muncie
Action 5	•Establish a Future Location for a Potential Train Stop on Indianapolis Link : TOD / Start Construction	5. Party	•Elected Leaders, Council of Governments, Urban Planning Consultants
Action 6	•Lower the Unemployment Rate / Create New Jobs Within the Neighborhood	6. Party	•Muncie Chamber of Commerace, Elected Officials , Ball State Business School
Action 7	•Develop Open Space and Recreational Parks: City of Muncie, Landscape chetiture Students	7. Party	•City of Muncie, Ball State Landscape Architecture and Urban Design students
Action 8	•Create / Establish a Neighborhood Market	8. Party	•Neighborhood Association
Action 9	•Create a Gateway to the Neighborhood On Major Roads : Improve Streetscape	9. Party	•City of Muncie, Urban Design students

STRATEGIC BUSINESS PLAN

This is the underwriting document for investors and developers, and follows the financial and market analysis presented previously in Volume II: Redevelopment Strategies & and Logic of Finance. This plan is outside the 20-page limitation of the Community Development Plan, and is either an appendices to the Community Development Plan or a companion document. It repeats the general format of length and presentation order as the Community Development Plan, and conforms to the content outline presented above.