

Revitalizing Indianapolis Neighborhoods:
A Framework for Linking Abandoned Houses and Redevelopment Initiatives

A Second Report of the
Abandoned Houses
Work Group

January 2005

Executive Summary

After being appointed by the Mayor of Indianapolis in December of 2003, the Abandoned Houses Work Group has met regularly to discuss the problem of residential property abandonment in our city. We have been asked by Mayor Bart Peterson to recommend actions for change that are tangible and, also, visionary. The Abandoned Houses Initiative is a major change initiative of the City, community groups, businesses, and other stakeholders to reclaim, redevelop, and revitalize vacant properties. This effort focuses on vacant properties and, primarily, single family homes and lots that are not legally occupied, show signs of neglect, or pose a public nuisance.

In September 2004, we submitted our first report – “Reclaiming Abandoned Property in Indianapolis” – to the Mayor and our fellow citizens.¹ That report highlighted what works well and what can be improved upon in the code enforcement and tax sales processes in Indianapolis and the Indiana state law that establishes parameters for those processes. Long term change, however, rests on the integration of this first initiative with more comprehensive neighborhood and community revitalization efforts that involve affordable housing development, commercial development, provision of services, and provision of infrastructure.

What has evolved, then, as our secondary charge – and the objective of this second report – is to develop a framework that can be applied in neighborhoods in Indianapolis to comprehensively change conditions related to abandoned and deteriorating property, in order to revitalize the confidence in and marketability of neighborhoods where that framework is applied.

Our ultimate goal is to identify the working components of a framework that links abandoned houses with redevelopment initiatives in ways that lead to the improved and sustained marketability of and confidence in Indianapolis neighborhoods. We begin the construction of this framework by identifying its operating components – a set of general principles to inform the construction of the framework and a set of specific tools to address specific conditions and challenges. These principles and tools are informed by our previous recommendations regarding reclaiming abandoned property, as outlined in our first report to the Mayor in September 2004.

We, then, identify steps to redevelop a neighborhood, based on the local experience of Fall Creek Place, best practices nationally, and the professional expertise of members of the Abandoned Houses Work Group.

Finally, we suggest selection criteria to inform Mayor Peterson’s and the City of Indianapolis’ choice regarding where, geographically, in our city a large scale redevelopment has the potential to succeed. Rather than naming specific locations (i.e., neighborhoods or portions thereof), we list a set of more general criteria for early to later applications of this redevelopment framework.

Our work continues to be informed by our vision of a community where property abandonment is neither acceptable nor accepted.

Abandoned Houses Work Group

In December 2003, Indianapolis Mayor Bart Peterson appointed community members representing diverse constituencies to study the problem of residential property abandonment in Indianapolis and Marion County and recommend actions for change that are tangible but, also, visionary. We, members of the Abandoned Houses Work Group, met regularly in 2004. This, the second in a series of two reports, outlines a framework that can be applied in any neighborhood in Indianapolis to comprehensively change conditions related to abandoned and deteriorating property, in order to revitalize the confidence in and marketability of that neighborhood. This report is informed by our vision of a community where property abandonment is neither acceptable nor accepted.

Acknowledgements

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We thank members of the Abandoned Houses Work Group who continued to meet from October through January to construct second report. Thank you to the City of Indianapolis staff – Bruce Baird, Victoria Cluck, Jennifer Green, and Bob Wilch – who provided substantive guidance and administrative support over the past year. Thank you to Chris Palladino of Mansur Real Estate Services for his reviews of and significant contributions to this report. And, thanks to Gina Radice who wrote the report.

Introduction

Mayor Peterson's Question

In December 2003, Indianapolis Mayor Bart Peterson appointed community members representing diverse constituencies to study the problem of residential property abandonment in Indianapolis and Marion County and recommend actions for change that are tangible but, also, visionary. After being appointed by the Mayor, we – members of the Abandoned Houses Work Group – have met regularly to address this problem and identify recommendations for mitigating it. What has evolved is a major change initiative of the City of Indianapolis, community groups, businesses, and other stakeholders to reclaim, redevelop, and revitalize abandoned properties. This initiative – named the Abandoned Houses Initiative – focuses on abandoned properties and, primarily, single family homes and lots that are chronically vacant, not legally occupied, show signs of neglect, or pose a public nuisance.

In September 2004, we presented our first report to the Mayor and our fellow citizens. That report – “Reclaiming Abandoned Property in Indianapolis” – highlights what works well in and how to improve the code enforcement and tax sales processes in Indianapolis and the Indiana state law that establishes parameters for those processes. That report also makes recommendations regarding improved data collection and preventing property abandonment in the first place. Mayor Peterson and his staff at the City of Indianapolis have already started the process of implementing several of these recommendations.²

Long term change in the physical and financial conditions of urban neighborhoods in our city, however, rests on the integration of this first Abandoned Houses Initiative with more comprehensive neighborhood and community revitalization efforts that involve affordable housing development, commercial development, provision of services, and provision of infrastructure. Recognizing the need for this integration, Mayor Peterson asked our Work Group in July 2004 to answer this question:

“How do we begin the sustainable redevelopment of neighborhoods through the process of turning around abandoned properties?”³

What has evolved, then, as our secondary charge – and the subject of this second report – is the construction of a framework that can be applied in neighborhoods in Indianapolis to comprehensively change conditions related to abandoned and deteriorating property, in order to revitalize the confidence in and marketability of neighborhoods where that framework is applied. Mayor Peterson's and our idea is to initiate large scale, high volume improvements whereby every house in a neighborhood is brought up to a decent standard, rather than investing in scattered and potentially isolated rehabilitations in neighborhoods. The desired outcome of investing in neighborhood wide improvements is to build confidence in these neighborhoods so that, subsequently, existing home owners, home buyers, and other investors are confident that the neighborhood is a place where they would like to live and do business. Their confidence is, then, both financial and psychological and has the potential to foster sustainable

growth – defined in many ways, including at least economic and social improvement– in these neighborhoods. This confidence is reflected in a belief that other things in the neighborhood, in addition to housing, are going to get better.

Our focus in this report, however, is real estate. Our work here is only one piece of a larger community development strategy that involves the application, development, and support of other forms of capital beyond financial – including social, human, physical, cultural, polity. We recognize the value of current, urban home owners who take pride in their properties and in their neighborhoods. These home owners and neighborhood leaders are an asset that should be identified and supported as part of community development initiatives. In order for neighborhood redevelopment to be attractive to potential investors of all types – from banks to home buyers – and sustainable over time, that redevelopment must tangibly improve connections between residents. We know from experience, locally and nationally, that the perceived and actual level of neighborhood residents’ involvement and engagement in their community is an important characteristic of healthy neighborhoods.⁴ That having been said, our intended contribution centers on generating sustainable change in real estate markets in targeted neighborhoods in the heart of our city. We desire and expect that our framework contributes to and complements broader community development work taking place in Indianapolis.

Best Practices

We have a responsibility to offer a framework for revitalizing real estate markets in urban neighborhoods that recognizes, addresses, and, even, takes advantage of the reality of property abandonment. In fact, abandoned properties – houses and lots – represent opportunities to renovate communities and rebuild their economic and human value. In practice, this involves explicitly linking reclamation and reuse of abandoned properties with more comprehensive and multidimensional community revitalization initiatives.

We have a unique opportunity to capture the local capacity that has been built and momentum that has been initiated in the development of what has come to be known locally and nationally as Fall Creek Place, a comprehensive neighborhood redevelopment in Indianapolis.⁵ Private, public, and nonprofit partners have learned important lessons during their development of Fall Creek Place.

Our effort here is not to define a framework for urban redevelopment that merely replicates the processes that were formed to develop Fall Creek Place, since future initiatives may not and are likely not to be on the scale of what occurred in Fall Creek Place. Yet, we want to capture the knowledge gained through the Fall Creek Place experience. The individuals and organizations who worked together to implement Fall Creek Place are still present. We want to capture their knowledge, including what they would do differently. We have the opportunity to take advantage of and build upon the relationships and processes that have been built to conceptualize and develop Fall Creek Place. This, simply, involves identifying the working relationships that were formed between partners and the processes that were developed to make Fall Creek Place happen and, then, incorporating them as part of a framework for urban redevelopment in Indianapolis. The “Steps to Redevelop a Neighborhood” section of this report draws directly from that experience and reflects lessons learned through the Fall Creek Place development process.

More than this, our framework should be informed by other “best practices” – that is, what other communities have learned in their urban redevelopment efforts. In particular, the successes of the Healthy Neighborhoods approach – and, specifically, those in Battle Creek, Michigan and Baltimore, Maryland – are relevant and informative.⁶ In fact, much of what we have learned locally from participants in the development of Fall Creek Place mirrors what has been learned in Battle Creek and Baltimore through their Healthy Neighborhoods approach. We find that to be both highly significant and affirming. We draw upon the Healthy Neighborhoods experience explicitly and implicitly throughout this report.

This Report

Our ultimate goal is to identify the working components of a framework that links abandoned houses with redevelopment initiatives in ways that lead to the improved and sustained marketability of and confidence in Indianapolis neighborhoods. We begin the construction of this framework by identifying its operating components – a set of general principles to inform the construction of the framework and a set of specific tools to address more specific conditions and challenges. These principles and tools are informed by our previous recommendations regarding reclaiming abandoned property, as outlined in our first report to the Mayor in September 2004.

We, then, identify steps to redevelop a neighborhood, based on the local experience of Fall Creek Place, best practices nationally, and the professional expertise of members of the Abandoned Houses Work Group.

Finally, we suggest selection criteria to inform Mayor Peterson’s and the City of Indianapolis’ choice regarding where, geographically, in our city a large scale redevelopment has the potential to succeed. Rather than naming specific locations (i.e., neighborhoods or portions thereof), we list a set of more general criteria for early to later applications of this redevelopment framework. The selection criteria are, again, based on our own expertise, as well as the experiences of Fall Creek Place and Healthy Neighborhoods in Battle Creek, Michigan and Baltimore, Maryland.

Operating Principles of a Redevelopment Framework

Explicitly linking efforts to reclaim, renovate, and reuse abandoned properties with more comprehensive and multidimensional community development initiatives is a meaningful endeavor, since, in the least, the presence of abandoned properties (i.e., houses and lots) and the conditions and marketability of neighborhoods are interdependent. We cannot change one without changing the other, especially if the objective is long term, positive change in neighborhoods. In fact, merely addressing the problem of abandoned houses without making recommendations regarding how that effort feeds and fits into more comprehensive neighborhood development initiatives would be unproductive.

The purpose of this, our second report, is to recommend a strategy for neighborhood redevelopment that integrates and builds upon efforts to renovate and reuse abandoned houses and lots. In our first report — “Reclaiming Abandoned Properties in Indianapolis” — submitted to Mayor Bart Peterson in September 2004, we made specific recommendations that are intended to result in the reclamation, renovation, and reuse of abandoned houses and lots. The purpose of this second report is to explicitly integrate the code enforcement, tax sales, data, and preventative changes recommended in report one into a meaningful strategy for neighborhood redevelopment. To be valuable, this strategy must be flexible and general enough to be broadly applicable but, also, specific enough to be tangible and meaningful. Our intention is, indeed, to define a framework for linking abandoned properties and redevelopment initiatives that is valuable because it offers both general principles and specific tools.

General Organizing Principles

One of the obvious challenges of our assignment to construct a framework for urban redevelopment that can be applied in any neighborhood in Indianapolis is that the framework must be general and flexible enough that it can be applied in neighborhoods with varying conditions — affordability mix, proportion of abandoned properties, range of home and property conditions, etc. What follows is a set of organizing principles that draw from local and national “best practices” and from research. These principles should inform the construction of an urban redevelopment framework and should be present, explicitly, in that framework.

We know from experience and research that a foundational principle of sustainable urban redevelopment is, simply, that the redevelopment must be market driven — meaning that positive change and development activity must be leveraged only, not sustained artificially. In practice and in theory, this principle is viewed as highly significant to the success of urban development initiatives. Urban development is not successful — in that it is not sustainable — if real estate markets are “propped up” artificially.⁷ Neighborhood redevelopment should build upon positive market conditions in selected neighborhoods and should address specific market failures in these neighborhoods. This results in improved functioning of the private market and its sustainability.

1 – Build on the Market and Existing Momentum

Identify what aspects of the private market are working in the neighborhood, and build upon them. Fall Creek Place benefited by capitalizing on existing momentum – that is, other initiatives, investments, and assets nearby. Identify where and what these are, and physically connect neighborhood redevelopment to them.

2 – Address Market Failures

Identify what aspects of the market are not working and why. Then, identify the exact ways the government (namely, the City of Indianapolis and its community development partners) can intervene to address these market failures. The perspective should be “reinvigorating stagnant real estate markets and building stronger connections between residents.”⁸ This involves (a) employing specific tools that are named in the section below (Specific Tools) and (b) identifying where to invest in what and for how long.

3 – Understand Consumer Decisions

Investigate and understand the factors that determine individuals’ and families’ decisions to stay or leave neighborhoods, including the exact neighborhoods within the selected redevelopment area. Typically, these factors are:⁹

- *Financial capital:* Centered on the desire to increase home equity. This involves, at the heart, the ability to make upgrades or even basic repairs to one’s house and not exceed the market value of the house. Ultimately, most people move to move up in price – i.e., home value.¹⁰ Understand this driving factor of the market, and make development decisions that offer opportunities for targeted home buyers to move up in price from where they currently own.
- *Social capital:* Centered on the connectedness between residents in the neighborhood and the presence of neighborhood leaders. The density of horizontal and vertical relationships can be good indicators of a neighborhood’s ability to change.¹¹
- *Locational decision dynamics:* (a) choices (i.e., desires and wants); (b) competition between neighborhoods; (c) confidence regarding value of homes; (d) predictability regarding neighborhood conditions. Revitalization efforts must take these four dynamics into consideration. The goal must be to secure investment in neighborhoods by individuals that is self-interested but that, also, has positive externalities (i.e., public goods effects).

4 – Attend to Four Primary Elements of Neighborhood Stability ¹²

- *Positive neighborhood image:* Neighborhood assets must be recognized, enhanced, marketed, and built upon. The perspective should be looking beyond neighborhood problems and building from strength. Assets that have the potential to influence investment decisions are especially important to market aggressively.
- *Viable real estate market:* This involves (a) identifying a niche, (b) securing new construction and rehab that results higher home values than present home values, in order to increase property values throughout the neighborhood, (c) offering current home owners loans to improve curb appeal and make basic repairs, (d) providing subsidies/money that simply support the market rather than sustain it artificially, and (e) offering subsidies and other support to all residents, not just those in the most financial need. Subsidize the neighborhood only toward the end of building a market. So, offer incentives that have the potential to result in long term change, not subsidies that will have only short term effects.
- *Attractive physical conditions of neighborhood:* Actively promote visible improvements to existing homes and properties. This may involve financial and technical assistance as well as positive peer pressure and encouragement to improve curb appeal.
- *Strong social connections:* Strong and positive relationships between neighbors is crucial to revitalization efforts, as is the presence of neighborhood leaders. In fact, where neighborhood leadership is absent, there is value in helping identify individuals who can take on leadership roles both inside and outside the neighborhood.

5 – Choose Likely Successes Early

Early in the process of a multi-year neighborhood redevelopment initiative, the City and its community development partners should choose cases with a high probability of success – that is, marketability and longevity. Specifically, consideration should be given (a) the marketability and visibility of the area, (b) the cost of upgrading homes relative to their potential long term value, (c) the level of neighborhood pride and responsibility. The redevelopment strategy should be implemented first on the strongest blocks in a community. Having said that, Fall Creek Place already is a successful, comprehensive neighborhood revitalization and, therefore, it lends credibility to subsequent efforts.

6 – Facilitate Multidimensional Change

Initiate change on multiple levels and scales. Change should be comprehensive in that it affects all aspects of neighborhood life – houses, businesses, streetscapes, landscapes, and more. And, the change should be visible and tangible. This means that a critical mass of properties must be

affected. We recommend that the City of Indianapolis choose areas with, at a minimum, 300 properties and expect that at least one third will be significantly impacted by the redevelopment initiative. The City's focus should be on conducting large scale development projects that can leverage smaller scale, neighborhood and market driven development. Further, it is important that the City explicitly identify and emphasize these small and varied block projects that help weave the social fabric among neighbors and that lead to visible changes in the neighborhood.

7 – Choose Strong Project Team

Identify a good project team that has a well defined structure where all participants know their roles. Create institutional capacity that works by choosing a team and sticking with it. One of the lessons of Fall Creek Place is not to involve too many players. Allow for representation of important constituencies and parties to the project; but keep the group small enough to be manageable. While it is not appropriate for us to recommend a specific team structure that is applicable in all neighborhoods, we recommend: (a) one co-project manager from the private sector and one co-project manager from the public sector – both of whom are empowered to make decisions, including those related to project team composition; (b) a representative from the private sector (i.e., a private developer); (c) a representative from the public sector (i.e., the City); (d) a representative from the nonprofit sector (i.e., a community development representative); (e) an individual responsible for coordinating infrastructure changes; (f) an individual focused on private bank financing; (g) an individual focused on design matters; (h) an individual responsible for marketing; and (i) an individual focused on home building. Of course, depending on the scale of the project, many of these roles could be consolidated.

8 – Market Investments and Positive Changes

Marketing should emphasize a positive image of the community regarding safety, security of investment, increases in average home prices expected or experienced, existing investments and assets that are proximate, etc. The message communicated to community residents and the message communicated to potential residents and investors should emphasize the positive changes taking place in the neighborhood as a result of the redevelopment initiative. The message should not focus on how the initiative is solving neighborhood problems. Also, current property owners should be involved in formal and informal marketing efforts. Home owners in the redevelopment area who take pride in their properties represent an asset, both in regard to attracting buyers and participants to the project in the first place and, ultimately, to increasing property values in the area. This asset should be used in selling the neighborhood and the project. Working coalitions of home owners should be facilitated and used strategically to meet specific project objectives.¹³

9 – Invest in Data

The availability of current and detailed data is one of the foundations of effective strategies to combat the problem of abandoned property and to redevelop neighborhoods where that property is present. We reiterate a recommendation we made in our first report that Indianapolis develop a parcel based information system that integrates diverse data into a seamless system, allowing users to access data from a variety of sources, secure information about a single parcel and the neighborhood in which it is located, and secure information about groups of parcels based on specific criteria. Access to this “neighborhood information system” should be broad, which minimizes the likelihood of different institutions taking conflicting actions for the same property, and it enhances the management and disposition of properties appropriate for rehabilitation and development.

10 – Invest in Prevention

Concurrent to addressing the acute problem of existing, abandoned houses, the City and community must explicitly invest in strategies to slow and prevent further abandonment. This prevention is critical to the long term success of neighborhood redevelopment projects. We make three recommendations to the City and its development partners in this regard in our first report: make money available for home repairs; establish loan products that provide access to capital for rehabilitation; and provide foreclosure counseling to home owners in danger of losing their homes.

Specific Tools

These ten general organizing principles, named directly above, are supported by the application of specific tools to address specific problems and challenges. Most of these tools are most appropriately applied by or are at least the responsibility of the public sector – that is, the City of Indianapolis and, in some cases, its development partners. The City should be prepared to provide the necessary staff and resources to administer these specific tools.

1 – Demolition

Vacant land, obviously, offers more development options. This proves attractive to potential home buyers, home builders, lenders, and real estate development companies. While rehabilitation of existing homes is a respectable and, even, an historically important endeavor in some situations, it is not always feasible from several perspectives. There is tangible value in building a product that meets modern desires and needs more efficiently and completely than retrofitting older, nonhistoric dwellings. Strategic demolition serves to increase the availability of vacant land which will, subsequently, increase home design choice for potential buyers. This freedom of choice is one of the pillars of improving the housing market in communities chosen for redevelopment.

2 – Site Control and Preparation

Ease of site acquisition is very attractive to developers and other potential buyers and investors. This is one of the significant ways in which the City of Indianapolis can contribute to urban redevelopment initiatives: take the lead in securing a site and preparing it for development. The first report of the Abandoned Houses Work group that was submitted to Mayor Peterson and the City of Indianapolis in September 2004 dealt specifically with site control and preparation on several levels and through several legal means. A detailed discussion of code enforcement and tax sales processes can be found in that report – “Reclaiming Abandoned Property in Indianapolis.” The specific tools described in our first report that can be used to secure and prepare sites are:

- assuring compliance with repair orders;
- appointing receivers who will be responsible for renovating and selling abandoned properties;
- redefining “fair market value” in exercising “spot” eminent domain;
- allowing for and taking advantage of the right of entry and repair during tax sales redemption process;
- controlling properties through the use of special tax sales;
- cleaning and clearing titles;
- using a local land bank to hold properties to control the supply of housing in neighborhoods and, subsequently, influence housing prices following the renewal process.

3 – Securing Repairs on Existing Structures

The first report the Abandoned Houses Work Group detailed tools that can be applied to secure repairs on existing houses and, even, renovate existing houses. We refer the reader to this September 2004 report – “Reclaiming Abandoned Property in Indianapolis” – and, specifically, the section “Orders to Repair & Orders to Demolish” on pages 9 – 14. The tools allowed under Indiana state law and described in that report include:

- regularly imposing a salient fine, as allowed under Indiana law, where there has been “willful failure to comply” with repair orders;
- the City of Indianapolis making exterior repairs to bring a property into compliance;

- requiring a performance bond be posted by the person or entity to whom repair orders are issued;
- recovering repair costs as a special assessment on the property tax bill;
- applying an *in personam* remedy whereby a personal judgment is obtained against property owners who fail to comply with repair orders;
- appointing receivers for abandoned properties who will take temporary possession of a property and conduct necessary repairs to it.

Two tools recommended in our first report that are not currently allowed under Indiana law but that have the potential to enhance compliance with repair orders are:

- taking recourse against delinquent property owners by seizing other assets of these owners, in order to recover funds spent for repair of their abandoned properties; and
- redefining “fair market value” in exercising “spot” eminent domain, in order to acquire abandoned buildings when an owner has exhausted his/her right to maintain ownership of the property.

4 – Incentives and Financing Mechanisms

Incentives and financing mechanisms are tools that can be used to encourage and leverage investment in and for the redevelopment area. These incentives can be targeted to encourage action (i.e., investment) by specific types of individuals and institutions to support specific redevelopment goals.¹⁴ We recommend that the City, relying upon and actively working with its diverse development partners, explore the following, general incentives and financing mechanisms:

- down payment assistance;
- home repair resources and assistance;
- competitive market rate financing that enables existing residents to make standard-setting improvements to their properties;
- competitive market rate financing that enables new buyers to rehabilitate their property up to the new neighborhood standard;
- rebates from utility companies for home buyers;

- tax abatement for new development and for existing structures: Effectively applying this tool requires a change to Indiana law. Current tax code does not work well for abandoned homes that are to be rehabilitated because taxes are abated on improvements – that is, the value added to existing property value. The abatement on a rehab project, then, is significantly less valuable than the abatement on a vacant lot. We recommend a change to Indiana state law that values an abandoned house at zero and, thereby, treats it just like virgin land, for the purposes of tax abatement. This change has the potential to significantly and positively influence new investment and reinvestment;
- tax increment financing: TIF is a widely used economic development tool in Indiana. TIF permits municipalities to use increased tax revenues stimulated by redevelopment to pay for capital improvements necessary to encourage that redevelopment. In general, it provides for the allocation to redevelopment districts of increased tax proceeds (i.e., increment) in a specified allocation area generated by increases in assessed value. Typically, bonds payable from TIF are used to finance public improvements, real estate acquisition, and other redevelopment costs usually associated with the public side of a redevelopment project;
- home ownership tax increment financing: HoTIF operates very similarly to TIF, with the primary exceptions that (a) HoTIF income is spent on housing and related community development infrastructure, and (b) HoTIF income includes not just the increment but, also, the value of the existing tax base;
- Section 108 loans are offered by the U.S. Department of Housing and Urban Development to local governments in amounts sufficient to pursue physical and economic revitalization projects in neighborhoods. Local governments pledge their current and future Community Development Block Grant allocations as security for the loan. These loans can be of substantial value to redevelopment initiatives and are underutilized in Indianapolis, primarily because the City continues to receive a AAA rating and can, therefore, secure other loans and forms of funding.

5 – Design Freedom

A key factor of Fall Creek Place’s success was the availability of home designs that were the right product type for buyers. Redevelopment initiatives must allow design freedom by not limiting new property to a set of model homes from which to choose. While offering a variety of model homes, the City should also allow for architectural freedom that is conditioned only on quality assurance and neighborhood compatibility. This may involve determining what will be the specific quality assurance and neighborhood compatibility measures, prequalifying developers, and identifying a list of rehab contractors.

6 – Maps of Boundaries and Future Development Phases

Early on, developers, City staff, and all other partners involved with Fall Creek Place had physical maps that showed current and future phases of development. These maps showed both distinct, geographic boundaries as well as distinct phases of development and specific dates associated with those phases of development. These maps and the fact that the development was organized according to specific physical boundaries and distinct phases of implementation proved salient to potential lenders and home buyers. Participating institutions and home buyers could see clearly where and when development was occurring; and this led to a sense of comfort and, even, excitement regarding the project and participating in it. We recommend that City planners work with neighborhood residents to name neighborhoods and define boundaries of neighborhoods in ways that are consistent with how residents identify themselves and their neighborhoods.

7 – Housing Resource Centers

Housing Resource Centers should be established in neighborhoods – perhaps at community development corporations, where possible and valuable – and should serve as “one-stop shops” for help. These centers should provide construction help, technical assistance to repair older homes, and connections to contractors and architects. And, these services should be available to all neighborhood residents. Including all homes in the redevelopment process by allowing all residents, regardless of income or other conditions, access to technical and financial assistance for home improvement initiatives is especially important to facilitating large scale, comprehensive change of neighborhood conditions. That change should be visible throughout a project neighborhood, not just in pockets within it. That means leaving no neighbor out. And, it contributes directly to the sustainability of the change being leveraged in project neighborhoods.¹⁵

8 – Local Historic Districts

Local historic district designation, with protection provided by the Indianapolis Historic Preservation Commission, can serve as a catalyst for home ownership and neighborhood revitalization. Home ownership levels and property values have tended to increase at higher rates in Indianapolis neighborhoods with this protection compared with similar neighborhoods that do not have such protection.¹⁶ In neighborhoods that apply for and receive local historic district designation, all zoning and requests for variances related to development can be heard in a single hearing before the Indianapolis Historic Preservation Commission. This simplified approval process decreases transaction costs, therefore, and can facilitate comprehensive redevelopment projects.

Steps to Redevelop a Neighborhood

Every neighborhood presents unique circumstances, challenges, and opportunities that establish the parameters within which development can occur. Yet, we recommend a set of general procedures to follow when implementing a comprehensive neighborhood redevelopment. These steps involve public, private, and nonprofit participation toward defining and achieving redevelopment goals, and they are organized as three, distinct phases – predevelopment, development, and construction/implementation. These steps are based on the local experience of Fall Creek Place, best practices nationally, and the professional expertise of members of the Abandoned Houses Work Group. We want to emphasize that, based on our experiences and knowledge, early involvement from the private sector in the planning, development, and implementation of these projects is crucial.

Predevelopment Phase

1 – Define Project Boundaries

Identify a neighborhood, part of a neighborhood, or set of neighborhoods that constitute the redevelopment area. This redevelopment area should be well defined with clear and natural geographic boundaries. When marketing the redevelopment, it is important for all potential investors to see that there is a clearly defined neighborhood or community where change will occur.

2 – Define Redevelopment Goals

Identify clear, development focused goals at the outset of each neighborhood redevelopment project. Many factors will dictate the redevelopment goals of a project – namely, market and economic factors combined with anticipated levels of public sector participation. Neighborhood projects will be unique, based on key neighborhood attributes, available land, vacant homes, etc. So, redevelopment may focus more on constructing new homes in one neighborhood and rehabilitating existing homes in another, for instance. Establishing clear and specific redevelopment goals early and toward which all parties are working is essential to project completion and success. These development focused goals should specify project outcomes such as the number of new homes to be constructed, the number of homes to be demolished, the number of lots to be cleared and prepared for development, specific infrastructure improvements, etc.

3 – Identify a Project Team and Structure

Name a project team early, and involve all members of the team in structuring the project itself. This early involvement will help drive the redevelopment process. Urban redevelopment projects require public, private, and nonprofit representation and participation. Yet, it is a mistake to choose a team that is too large. Project management and ongoing decision making should be the responsibility of a small, well-defined team. As we discuss more fully below, it is crucial to seek the involvement of neighborhood residents, neighborhood leaders, and other representatives of the community in which redevelopment will take place. However, it is equally as important to establish a project management team early, and commit this smaller group to decision making throughout the course of the project.

4 – Involve the Community

Public support for the project and community buy-in are essential to the project's appropriateness and success. Early in the predevelopment process, community members should be involved in determining the overall goals for the project. Community contribution to and support of the project will likely result in the redevelopment itself occurring more efficiently and effectively. And, community involvement will make it more likely for the public sector (i.e., government) to take action.

5 – Determine Means of Site Control

Obtaining full site control is a significant challenge and can be an obstacle to implementing a comprehensive neighborhood revitalization strategy. Often in neighborhood revitalization, the properties to be redeveloped are smaller, residential structures and lots owned by many different individuals and entities. So, obtaining site control can be a difficult, time consuming, and costly endeavor that needs to be thought through fully on the front end of the project. In our first report to the Mayor and the City, we recommended tools that can be applied to acquire properties. These tools are also listed on page 11 of this current document under "2 – Site Control and Preparation."

6 – Analyze Market and Economic Feasibility

One of the critical goals of any neighborhood redevelopment is to ensure that the redevelopment is market driven. While incentives, subsidies, and public sector participation will almost always be required, the force of the project's implementation must be market driven and should come from the private sector. Therefore, understanding what is feasible and realistic in this regard from the beginning of the project is valuable and important. Early in the predevelopment process, a "wish list" should be created that identifies desired goals; but a realistic, market driven approach needs to be taken to determine how to reach these goals. For instance, one of the objectives of a

redevelopment project may be home ownership opportunities for low and moderate income families. While neighbors may want to salvage every older home in their neighborhood, the economics of restoring a home and selling it to a low or moderate income buyer are not always workable without heavy public subsidy. And, it should not be assumed that those public resources are or will always be available. Likewise, most neighbors desire a complete infrastructure program with new curbs, sidewalks, streets, alleys, and lighting; but this is often cost prohibitive.

7 – Identify Product Type and Price Points

Once an understanding of the market conditions specific to the redevelopment area has been achieved, the team should determine the appropriate housing products and respective price points. This involves determining the right size of units, the right design features, the targeted mix of housing types (i.e., detached or attached homes), and the correct range of price points. Identifying the correct housing products is a function of both overall architectural design and economic feasibility.

8 – Determine Financing Requirements

A detailed, comprehensive financing plan needs to be established for the entire project, identifying anticipated public and private sector financing. We recommend assigning a single individual the responsibility for overall financial management of the entire project – both public and private funds – who can remain focused on the ultimate objectives of the project.

9 – Define Marketing and Outreach Strategy

The project team must determine in the predevelopment phase how the project will be marketed to potential investors of all types. Projects that successfully attract a large number of interested prospects generally do so because of effective branding and awareness that is established at the beginning of the project.

10 – Complete Entire Implementation Plan

Prior to initiating the development phase of a project, an implementation plan and schedule must be crafted. That plan should attend to and document all of the previous ten steps. The plan should clearly define roles for all entities and the financial mechanisms for achieving them. This plan will serve as the organizing force toward project completion and must comprehensively address the many challenges associated with urban redevelopment, as discussed directly above.

Development Phase

11 – Secure Site Control

We recommend that site acquisition be managed by the City of Indianapolis, since the City has multiple tools available to do it, as discussed throughout this report and our September 2004 report. These tools are part of the City's larger abandoned houses initiative, as discussed previously in this report.

12 – Determine Site Disposition Procedure

Securing site control involves finalizing the programmatic structure for disposing of real estate. While the City of Indianapolis may be able to efficiently obtain properties, it is not necessarily in the City's interest to hold or develop the real estate. The disposition of real estate and, specifically, who is responsible for that disposition should be specified in the implementation plan and in the definition of team members' roles. Typically, one of the primary roles for nonprofit partners – often, community development corporations – is to serve as an intermediary holder of real estate. Indiana redevelopment law dictates that property disposed of by the City must be turned over to a nonprofit corporation or be publicly bid.¹⁷ In practice, involving a nonprofit partner proves easier than engaging in a public bid process.

The final structure of the project team will dictate the best property disposition procedure. In some cases, the nonprofit may handle construction and/or rehabilitation work using their own financial resources and then transfer the completed property to the end home buyer. However, many nonprofits do not have the resources to conduct this work or the capacity to bear the risks of so doing for a large scale redevelopment project. Alternatively, properties can be sold directly to a private home builder or contractor after basic public improvements have been made, and those private entities can, then, coordinate construction and rehabilitation using their own resources. A third option is to sell improved properties directly to the end home buyer, and let the buyer secure their own contractor and financing.

13 – Coordinate Infrastructure and Public Improvements

A plan for coordinating and conducting public improvements is necessary, and the City of Indianapolis will need to participate fully. However, the project team should be involved with design related issues and schedule recommendations, since the infrastructure plan will directly affect the ability to sell new and rehabilitated homes in the neighborhood.

The level of municipal involvement in infrastructure improvements should be considered by the project team in conversation with the City. That is, the City may decide to incorporate improvements made in the redevelopment project area as part of its normal, public works activities

to be completed through the Department of Public Works. Alternatively, depending upon the financial resources available to fund the improvements, they could be handled through the Department of Metropolitan Development, with the City hiring a construction manager to guide the work.

14 – Finalize Other City Commitments

Generally, public sector commitments should relate to land acquisition and infrastructure improvements, as discussed above. However, depending upon the scope of the project and the partners involved, the City may need to assume other responsibilities. For instance, City funding may be required for some predevelopment expenses or for down payment assistance.

Also, understanding the City’s staff commitment – that is, who will be involved on a day-to-day basis and what their role(s) will be – is especially important. A large scale project may warrant that the project manager come from the City, since so many responsibilities will fall to the City. Assigning a City staff member the responsibility to actively advance the project may serve as a significant advantage to the project and making things happen in relation to it.

15 – Approach Banks and Financial Institutions

The representation and involvement of local lenders is critical to the success of a redevelopment project. The project team must create a well defined financial plan, identify specific roles for lenders in the implementation plan, and, then, approach local lenders to determine their level of interest. Requests to lenders must be specific and clear. Potential roles for local lenders include: (a) interim acquisition and development (A&D) financing; (b) financing construction costs for model homes; (c) providing lines of credit/construction loans for participating builders; (d) providing unique permanent financing (i.e., mortgages) for end home buyers; and (e) providing unique construction-to-permanent loans for buyers that will be important for rehabilitated properties.

When preparing an overall financial plan for banks, it is crucial to the project to show that a comprehensive plan is in place. And, demonstrating the City’s commitment is essential to these lenders, since it minimizes their risk. Five critical elements must be present in a plan that is presented to banks. The plan must:

- i – demonstrate how a lender will make a return on their investment;
- ii – show how a lender’s risk will be minimized;
- iii – show other sources of funding and resources invested or available;

iv – address other, intangible benefits a lender can receive, including marketing and publicity, potential new customers, and the ability to capture Community Reinvestment Act (CRA) credits; and

v – show details regarding the scale of the project so the lender can understand exactly what level of commitment will be required.

Ultimately, banks must be encouraged and shown how to “think outside the box.” This involves being very specific regarding the benefits banks will gain through their participation in the redevelopment.

16 – Mobilize Private Sector for Development

We strongly recommend finding private developers, builders, and contractors who are skilled in urban development and understand public-private dynamics. It is equally as important to provide meaningful incentives for these private developers to perform – again, to minimize the risks typically associated with urban development projects. When structuring a plan to bring in the private sector, it is important to demonstrate that the overall risks associated with urban development have been minimized and/or the anticipated return on investment increased. Return on investment must be commensurate with risk for private sector partners. Well defined marketing and infrastructure plans serve as major incentives to these partners, since they are tangible variables that builders and contractors know are being addressed.

17 – Create Proper Legal Tools

Two types of legal tools need to be in place during the development phase, commonly. The first relates to contracts and development agreements. All builders and contractors, at a minimum, should execute a Memorandum of Understanding so that they know and have formally agreed to their responsibilities. This document will describe the roles of all entities, the compensation structure, and project rules and requirements. The second legal tool that needs to be in place is the project’s Declaration of Covenants, Conditions, and Restrictions. This document relates to the relevant real estate and includes all of the design guidelines and restrictions placed on homes. In project neighborhoods where one does not exist, an Articles and By-Laws of a Home Owners’ Association will also be an important document to construct.

18 – Begin Marketing

Creating awareness for the redevelopment project is a critical step in project implementation. Creating this awareness can be accomplished through a variety of means, including: (a) earned media (e.g., newspaper and magazine stories, press conferences, etc.); (b) paid media (e.g., display advertising, radio spots, etc.); (c) outdoor signage; (d) collateral materials (e.g.,

brochures, sales sheets, etc.); and (e) direct mailings. Sufficiently funding marketing and initiating marketing at the front end of the project are important to ensuring the project is launched with enough momentum to sustain itself. Of course, if the project scale warrants it, hiring an outside marketing and public relations firm should be considered.

Construction and Implementation Phase

19 – Coordinate Horizontal and Vertical Improvements

Generally, there are two distinct types of construction activity that will be occurring as part of a comprehensive neighborhood redevelopment – infrastructure and site improvements (i.e., horizontal improvements) and home construction and rehabilitation (i.e., vertical improvements). These two activities have some degree of overlap, so proper coordination is necessary and important. It is especially important that the project team take on the task of scheduling both, in order to facilitate their successful and uninterrupted completion.

20 – Reevaluate Marketing Strategy

The target market for any urban redevelopment initiative is a difficult one to pinpoint. Therefore, a project's marketing plan must be broad and flexible enough to adjust as team members learn more about the target market. Once the project begins, the greatest marketing tool will be the physical and visual changes taking place in the neighborhood. Subsequently, beginning a project strong and making an immediate visual impact are paramount to the project's success.

21 – Update Community Regularly

Team members should regularly update the public during project construction. These updates may be in nearly any form – public meetings, e-mail distributions, newsletters, newspaper articles, an internet web site.

22 – Modify Implementation Plan

Even the best plans are going to be subject to change as a project moves forward. The market for urban development is a dynamic one, so it should be expected to change during the course of the project. The project team, then, should actively monitor progress toward objectives and make necessary modifications to the plan. For instance, the unexpectedly high demand for market rate housing in Fall Creek Place allowed the project team to raise the lot prices in subsequent phases.

In other cases, increased lot prices were necessary to account for higher than anticipated subsurface debris removal costs.

23 – Secure Feedback from Home Buyers

Ultimately, the project team needs to secure feedback from end users – the home buyers themselves. If contractors and builders are not performing, they must be held accountable. The contracts and/or Memoranda of Understanding that all contractors/builders will sign must have stipulations and repercussions for nonperformance.

24 – Promote and Publicize Successes

When a major urban development initiative succeeds, that success should be promoted. Too many of these initiatives fail, reinforcing negative perceptions many people have toward them. Active promotion of the project helps reinforce its importance to the broader community and keeps people excited about and interested in the project. Providing ongoing project reports may be valuable in this regard.

25 – Provide Ongoing Project Reports

During the course of implementation, ongoing project reporting should occur, and a system for it should be in place. Again, this keeps all team members and participants “on the same page” and working toward the same, ultimate objectives.

Selection Criteria

Choosing neighborhoods or portions thereof for redevelopment and revitalization is never easy, for both substantive and political reasons. Debate over selection criteria is, typically, centered on the fundamental question of whether to take a needs based approach or a revitalization potential approach.¹⁸ Of course, the former approach is the case for selecting neighborhoods for redevelopment that have the most need and are in the worst condition. The latter approach chooses neighborhoods based on the likelihood that revitalization will be successful, in that a viable real estate market can be fostered in the shorter term and sustained over the longer term. If the long term viability of diverse real estate markets in urban neighborhoods in Indianapolis is a primary measure of success – and we recommend that it is – it may be prudent to, initially, choose neighborhoods based on the likelihood of real estate markets developing and operating in them and, in subsequent phases of redevelopment over the next several years, target more challenging neighborhoods. In part, this recommendation to, initially, choose neighborhoods with existing and salient market potential is based on our previous recommendation to choose likely successes early and build on the momentum that is established as a result.

We note, importantly, that the level of public and private financing of redevelopment projects is a variable that will likely have a significant effect on selection criteria. More money makes more comprehensive redevelopment possible in a broader range of neighborhoods. The extent to which an initial investment of substantial public and private resources meaningfully influences the longer term marketability and sustainability of a redeveloped neighborhood is not clear, however.

That having been said, and assuming a relatively modest public and private financial investment, we recommend that the following five criteria be applied to choose early redevelopment projects, in order to increase the likelihood of successful and sustained development:

- 1 – Choose “in the middle” neighborhoods where crime rates are not extremely high, vacancy rates are not extremely high, but where there is not much current investment. The area should be characterized by a mix of property vacancy and disrepair with homes that are attractive and in good repair. It should be an area where, even when home sale prices are stable, they may be too low to spur home owner improvements, upgrades, or even basic repairs.
- 2 – Choose neighborhoods where opportunities exist to move up in price. These opportunities may be characterized by the availability of vacant land and abandoned houses – both of which can be renovated and reused according to consumer demand.
- 3 – Choose neighborhoods where a level of neighborhood pride is visible in the way that some residents maintain their properties and/or in the presence of strong, existing or potential neighborhood organizations.
- 4 – Choose neighborhoods that have definitive boundaries that can be established.

5 – Choose neighborhoods where site control can be secured, since it is crucial to the success of the redevelopment project.

It is our view that a broader range of neighborhoods can be considered for redevelopment if (a) the framework offered in this document has been successfully applied to the “in the middle” neighborhoods described above, and/or (b) a substantial investment of public and/or private resources has been allocated to the redevelopment project. If either or both of these conditions are met, we recommend selecting neighborhoods that, at least, meet all or most of the following five criteria:

1 – Choose neighborhoods that have shown some signs of reinvestment either within their boundaries or immediately outside their boundaries – that is, private development momentum that has been established and upon which a redevelopment initiative could build.

2 – Choose neighborhoods where there are fewer, existing homes that are well maintained but where vacant land and abandoned houses that offer demolition and rehabilitation opportunities are prevalent. These characteristics offer the possibility of constructing and rehabilitating a critical mass of homes. This assumes that site control can be established, of course.

3 – Choose neighborhoods that have some visible assets. While visible, existing home owner pride may not be prevalent, other assets have the potential to attract investors and home buyers, such as proximity to commercial corridors, proximity to major public amenities (e.g., parks and greenways, cultural attractions, library, community center, etc.), and recent public investments (e.g., infrastructure upgrades as part of Department of Public Works Capital Improvement program).

4 – Choose neighborhoods that are located within a City redevelopment district so that eminent domain, TIF, HoTIF, and other incentives can be used as tools to foster development.

5 – Choose neighborhoods where site control can be secured, since it is crucial to the success of the redevelopment project.

As is true for most of this report, these selection criteria are based on the local experience of the development of Fall Creek Place, best practices nationally, and the professional expertise of members of the Abandoned Houses Work Group.

Conclusion

Our effort in this report has been to construct a framework that can be applied in neighborhoods in Indianapolis to comprehensively change conditions related to abandoned and deteriorating property, in order to revitalize the confidence in and marketability of neighborhoods where that framework is applied. Mayor Peterson's and our idea is to initiate large scale, high volume improvements whereby every house in a neighborhood is brought up to a decent standard, rather than investing in scattered and potentially isolated rehabilitations in neighborhoods. The desired outcome of investing in neighborhood wide improvements is to build confidence in these neighborhoods so that, subsequently, existing home owners, home buyers, and other investors are confident that the neighborhood is a place where they would like to live and do business. Their confidence is, then, both financial and psychological and has the potential to foster sustainable growth – defined in many ways, including at least economic and social – in these neighborhoods. This confidence is reflected in a belief that other things in the neighborhood, in addition to housing, are going to get better.

Having said that, our narrow focus is real estate and the development thereof. Our work here is only one piece of a larger community development strategy that involves the application, development, and support of other forms of capital beyond financial – including social, human, physical, cultural, polity. We recognize the value of current, urban home owners who take pride in their properties and in their neighborhoods. These home owners and neighborhood leaders are an asset that should be identified and supported as part of community development initiatives. In order for neighborhood redevelopment to be attractive to potential investors of all types – from banks to home buyers – and sustainable over time, that redevelopment must tangibly improve connections between residents. We know from experience, locally and nationally, that the perceived and actual level of neighborhood residents' involvement and engagement in their community is an important characteristic of healthy neighborhoods.¹⁹ That having been said, our intended contribution centers on generating sustainable change in real estate markets in targeted neighborhoods in the heart of our city. We desire and expect that our framework contributes to and complements broader community development work taking place in Indianapolis.

Our ultimate goal has been to identify the working components of a framework that links abandoned houses with redevelopment initiatives in ways that lead to the improved and sustained marketability of and confidence in Indianapolis neighborhoods. The components of this real estate focused framework can be outlined as follows:

General Organizing Principles

- 1 – Build on the market and existing momentum
- 2 – Address market failures
- 3 – Understand consumer decisions
- 4 – Attend to four primary elements of neighborhood stability
- 5 – Choose likely successes early
- 6 – Facilitate multidimensional change
- 7 – Choose strong project team
- 8 – Market investments and positive changes
- 9 – Invest in data
- 10 – Invest in prevention

Specific Tools

- 1 – Demolition
- 2 – Site control and preparation
- 3 – Securing repairs on existing structures
- 4 – Incentives and financing mechanisms
- 5 – Design freedom
- 6 – Maps of boundaries and future development phases
- 7 – Housing Resource Centers
- 8 – Locally designated historic districts

Steps to Redevelop a Neighborhood

PREDEVELOPMENT PHASE

- 1 – Define project boundaries
- 2 – Define redevelopment goals
- 3 – Identify project team and structures
- 4 – Involve the community
- 5 – Determine means of site control
- 6 – Analyze market and economic feasibility
- 7 – Identify product type and price points
- 8 – Determine financing requirements
- 9 – Define marketing and outreach strategy
- 10 – Complete entire implementation plan

DEVELOPMENT PHASE

- 11 – Secure site control
- 12 – Determine site disposition procedure
- 13 – Coordinate infrastructure and public improvements
- 14 – Finalize other City commitments
- 15 – Approach banks and financial institutions
- 16 – Mobilize private sector for development
- 17 – Create proper legal tools
- 18 – Begin marketing

CONSTRUCTION AND IMPLEMENTATION PHASE

- 19 – Coordinate horizontal and vertical improvements
- 20 – Reevaluate marketing strategy
- 21 – Update community regularly
- 22 – Modify implementation plan
- 23 – Secure feedback from home buyers
- 24 – Promote and publicize successes
- 25 – Provide ongoing project reports

Ultimately, abandoned and vacant properties represent opportunities to renovate communities and rebuild their economic and human value. For Indianapolis, the renovation and reuse of currently abandoned properties also contributes to the fulfillment of local policy and community goals related to preserving and producing affordable housing and reestablishing attractive residential opportunities throughout our city. A thriving community is characterized, in part, by diverse and complementary use of space. That is, a thriving community mixes residential, commercial, recreational, cultural, and other uses of space. Strong residential communities serve to enhance the diversity of the city and, subsequently, its economic, cultural, and social value. The benefits of attractive and livable neighborhoods are not exclusive to the neighborhoods themselves; although they accrue directly here, of course.

Reclaiming and reusing abandoned properties is merely a strategy of reinvesting in areas where people already live and work and play.²⁰ We — citizens of Indianapolis — have the opportunity to take advantage of the growth and development in the heart of our city and to revitalize neighborhoods that surround it. Revitalization in one area can often spur the same in adjoining neighborhoods. That is, renovation of currently abandoned properties can serve as a catalyst for economic and neighborhood development.²¹

Our work in this regard is informed by our vision of a community where property abandonment is neither acceptable nor accepted.

Abandoned Houses Work Group Members

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City-County Councillor Rozelle Boyd
Cathy Burton, Marion County Alliance of Neighborhood Associations
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Derek Duncan, East 91st Street Christian Church
Steve Dunn, Westport Homes
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Charlie Garcia, GM Construction
Bill Gray, Riley Area Development Corporation
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Kent Millard, St. Luke's Methodist Church
Ken Moran, Organization for a New Eastside
City-County Councillor Mary Moriarty Adams
Sam Odle, Clarian Health
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Mike Petrie, PR Mortgage/Investments
Jan Robbins, Metropolitan Indianapolis Board of Realtors
John Ryan, American United Life
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John Watson, Van Rooy Properties
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Endnotes

¹ The first report of the Abandoned Houses Work Group – “Reclaiming Abandoned Property in Indianapolis” – was submitted to Mayor Bart Peterson and the City of Indianapolis in September 2004. We strongly encourage a reading of that report, as it establishes the conceptual, substantive, and practical foundation upon which this second report is built.

² The City of Indianapolis sponsored legislation that will be introduced in the 2005 state legislative session and that would change sections of the Indiana state code that establish the legal parameters within which municipalities can take action on vacant and abandoned properties. These code changes involve (a) expanded tax sales rights (i.e., special tax sales), (b) allowing “right of entry” following tax sale purchase, (c) redefining “fair market value” in exercising “spot” eminent domain, and (d) allowing recourse against any other assets of owners of abandoned properties. The City has been applying specific code enforcement tools that were recommended by the Work Group in their first report. These tools were highlighted by the Work Group as existing tools or mechanisms allowed under Indiana code that were either not being used at all or not being used effectively. The City is transferring more properties acquired as a result of expedited tax sale foreclosures to nonprofits. And, the City’s Housing Development Administrator is actively working with the County Treasurer to improve the efficacy of the tax sales process, as recommended in the Work Group’s September report. The creation of a Neighborhood Information System is also occurring.

³ In a 9 July 2004 meeting with Larry Prible, Chair of the Abandoned Houses Work Group, Mayor Peterson asked that the group turn to answering this question.

⁴ In an Indianapolis Community Development Summit held in October 2004, participants most frequently (relative to other characteristics) identified “community involvement/engagement” as a characteristic of a “healthy neighborhood” and most frequently (relative to other characteristics) identified “neighborhood involvement/apathy/time” as a “barrier to a healthy neighborhood.” The very successful Healthy Neighborhoods approach and application thereof in Battle Creek, Michigan and Baltimore, Maryland has built sustainable urban development on two primary principles: (a) improving the social connectedness between neighborhood residents; and (b) applying a market based model to leverage neighborhood change.

⁵ Fall Creek Place is an urban redevelopment initiated by a federal Homeownership Zone grant from the Department of Housing and Urban Development. The success of Fall Creek Place has been immediate and comprehensive. The 300th resident moved into her home just three years after the first permit for new construction was issued and more than three years ahead of what was anticipated. Fall Creek Place has recently been selected by the Urban Land Institute as one of ten worldwide initiatives to receive a 2004 Award for Excellence. More extensive information regarding Fall Creek Place can be found at www.fallcreekplace.com.

⁶ For an excellent overview of the Healthy Neighborhoods approach, we suggest the following paper: Boehlke, David. 2004. “Great Neighborhoods Great City.” 2004 Update for the Goldseker Foundation.

⁷ Boehlke, David. 2004. “Great Neighborhoods Great City.” 2004 Update for the Goldseker Foundation.

⁸ *ibid.*

⁹ Boehlke, 2004.

¹⁰ Nivola, Pietro S. 1999. “Fit for Fat City: A “Lite” Menu of European Policies to Improve Our Urban Form.” Policy Paper #44. The Brookings Institution.

¹¹ Connerly, Charles E. 2004. “Identifying and Targeting Neighborhoods for Revitalization.” DRAFT. Growing Smart Working Paper.

¹² This relies upon the success of the Healthy Neighborhoods Initiative, as described by Boehlke, 2004.

¹³ Boehlke, 2004.

¹⁴ We recommend a review of the Baltimore Healthy Neighborhoods Initiative web site and their comprehensive list of incentives. The web site is www.livebaltimore.com.

¹⁵ The Greater Metropolitan Housing Corporation – Twin Cities operates a successful model of Housing Resource Centers. The Corporation’s web site offers information in that regard. See www.gmmhc.org.

¹⁶ Rypkema, Donovan D. 1997. “Property Values in Indiana.” Historic Landmarks Foundation of Indiana, Indianapolis.

¹⁷ Indiana Code 36-7-15.1-15.1.

¹⁸ Connerly, 2004.

¹⁹ In an Indianapolis Community Development Summit held in October 2004, participants most frequently (relative to other characteristics) identified “community involvement/engagement” as a characteristic of a “healthy neighborhood” and most frequently (relative to other characteristics) identified “neighborhood involvement/apathy/time” as a “barrier to a healthy neighborhood.” The very successful Healthy Neighborhoods approach and application thereof in Battle Creek, Michigan and Baltimore, Maryland has built sustainable urban development on two primary principles: (a) improving the social connectedness between neighborhood residents; and (b) applying a market based model to leverage neighborhood change.

²⁰ Bailey, John. 2004. “Vacant Properties and Smart Growth: Creating Opportunity from Abandonment.” *Livable Communities @ Work* 1(4):11.

²¹ *ibid.*