



# Next Door Spaces

Connecting Commercial Space and Small Business

By **Teresa Turner**, Public Relations & Advocacy Manager

Autumn of 2016 will mark the 30th year anniversary of the Rental Housing Tax Credit (RHTC) program. Although the focus of the RHTC program is to increase the availability of affordable housing stock, RHTC developments may be designed as “mixed-use”; meaning that a portion of the building(s) is used for residential purposes and a portion is used for non-residential (e.g. commercial) purposes. Because the commercial space is not included in the basis for purposes of calculating tax credits and may be structured as a different ownership entity from the tax credit limited partnership, IHCD has never exercised any monitoring or tracking mechanisms for the commercial space portion of RHTC properties.

After traveling to many of these “mixed-use” developments we noticed a common theme. Many of the non-residential portions of tax credit developments throughout the state were vacant. Those vacant commercial spaces represent a missed opportunity. That is why the Next Door Spaces program was developed.

The focus of Next Door Spaces program is two-fold. The first part of the program involves IHCD taking inventory of the current stock of commercial space located within tax credit developments. Part two involves working with the Office of Small

Business and Entrepreneurship (OSBE) to connect building owners with local entrepreneurs. Jane Rich, State Director, Indiana Small Business Development Center stated, “Next Door Spaces is a great example of how state agencies can collaborate to better serve citizens and communities. By pooling the resources of IHCD and the Indiana Small Business Development Center, we can connect the entrepreneurs we serve with physical locations where their businesses and grow and thrive. The ISBDC is looking forward to promoting this economic development program with our partners at IHCD—together our agencies will make an impact for the people we serve and communities across the state.”

## Program Benefits

The successful link between small business and entrepreneurs and the vacant commercial space in mixed-use RHTC development will provide an opportunity for benefits across multiple platforms. It will provide financial benefits for the building owner by eliminating vacant space, unique opportunities for small businesses and entrepreneurs and will benefit

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*- Matt Rayburn, Deputy Executive Director and Chief Real Estate Development Officer, IHCD*

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communities by spurring economic growth and encouraging business development in previously vacant spaces.

Matt Rayburn, Deputy Executive Director and Chief Real Estate Development Officer for the Indiana Housing and

Community Development Authority summed it up this way: "Next Door Spaces is a great way to tie the RHTC program into our placemaking efforts by occupying vacant non-residential space with businesses that will serve not only the

residents of the building but others in the community. We are excited to work with OSBE on this innovative initiative and encourage developers and owners to reach out to discuss partnership opportunities." ■

## 2015 Pilot Developments for the Next Door Spaces Program



**DOWNTOWN TERRACE**

### 611 MAIN STREET, PETERSBURG

Development Team:  
Flaherty & Collins / Myszak & Palmer Award

- \$728,460 rental housing tax credits
- \$200,000 HOME
- \$200,000 Development Fund Loan
- 42 units of senior housing

Through the 2015 pilot, the development team and OSBE are working to bring a pharmacy into the development's commercial space.



**THE LANDING**

### 111 E WATER STREET, MT. VERNON

Development Team:  
Flaherty & Collins / Myszak & Palmer Award

- \$900,000 rental housing tax credits
- \$400,000 HOME
- \$200,000 Development Fund Loan
- 46 units of senior housing

Through the 2015 pilot, the development team and OSBE are working to bring primary and ancillary medical care services into the development's commercial space.

# engaging youth In Our Communities

By **Carmen Lethig**, Placemaking Manager



My Community, My Vision (MCMV) is a program that encourages high school students throughout Indiana to shape their community's future through a yearlong community planning process. By creating a youth-led community vision plan, the program hopes to inspire youth to return to or stay in their hometowns.

MCMV is a partnership between IHCD and Ball State University (BSU). Both IHCD and BSU recognize that Indiana is facing a major dilemma; young people, particularly those who are college educated, are leaving Indiana. According to a 2012 study conducted by Indiana University, 50% of students who attend IU will leave the state after