

DEVELOPING NEW MIXED-USE OPTIONS ON WEST MICHIGAN STREET

Near Westside, Indianapolis, Indiana



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Westside Community Development
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ON THE COVER: Creating spaces for community gatherings, art shows, cultural events, town halls, workforce training, homeownership classes, and healthcare services will maximize the site's positive impact on the broader community.

Image Credit: Joe Jarzen



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About the Urban Land Institute

The Urban Land Institute is a global, member-driven organization comprising more than 48,000 real estate and urban development professionals dedicated to advancing the Institute's mission of shaping the future of the built environment for transformative impact in communities worldwide.

ULI's interdisciplinary membership represents all aspects of the industry, including developers, property owners, investors, architects, urban planners, public officials, real estate brokers, appraisers, attorneys, engineers, financiers, and academics. Established in 1936, the Institute has a presence in the Americas, Europe, and Asia Pacific regions, with members in 84 countries.

The extraordinary impact that ULI makes on land use decision-making is based on its members sharing expertise on a variety of factors affecting the built environment, including urbanization, demographic and population changes, new economic drivers, technology advancements, and environmental concerns.

Peer-to-peer learning is achieved through the knowledge shared by members at thousands of convenings each year that reinforce ULI's position as a global authority on land use and real estate. Each year, thousands of events, both virtual and in person, are held in cities around the world.

Drawing on the work of its members, the Institute recognizes and shares best practices in urban design and development for the benefit of communities around the globe.

More information is available at uli.org. Follow ULI on [X \(formerly known as Twitter\)](#), [Facebook](#), [LinkedIn](#), and [Instagram](#).

About ULI Indiana

As the preeminent, multidisciplinary real estate forum, ULI facilitates the open exchange of ideas, information, and experience among local, national, and international industry leaders and policymakers dedicated to creating better places. The ULI Indiana district council brings together real estate professionals, civic leaders, and the community for educational programs, initiatives impacting the state, and networking events, all in the pursuit of advancing responsible and equitable land use throughout the State of Indiana. With 320 members, ULI Indiana provides a unique venue to convene and share best practices in the state. ULI Indiana believes everyone needs to be at the table when the state's future is at stake, so ULI serves the entire spectrum of land use and real estate development disciplines—from architects to developers, CEOs to analysts, builders, property owners, investors, public officials, and everyone in between. Using this interdisciplinary approach, ULI examines land use issues, impartially reports findings, and convenes forums to find solutions.

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ULI Advisory Services

Since 1947, the ULI Advisory Services program has assembled well over 700 ULI-member teams to help sponsors find creative, practical solutions for complex land use challenges. A wide variety of public, private, and nonprofit organizations have contracted for ULI's advisory services. National and international panelists are specifically recruited to form a panel of independent and objective volunteer ULI member experts with the skills needed to address the identified land use challenge. The program is designed to help break through obstacles, jump-start conversations, and solve tough challenges that need an outside, independent perspective. Three- and five-day engagements are offered to ensure thorough consideration of relevant topics.

Learn more at americas.uli.org/programs/advisory-services.

Technical Assistance Program

Urban Land Institute harnesses its members' technical expertise to help communities solve complex land use, development, and redevelopment challenges. Technical assistance panels (TAPs) provide expert, multidisciplinary, unbiased advice to local governments, public agencies, and nonprofit organizations facing complex land use and real estate issues in Indiana. Technical Assistance Panels (TAPs) provide expert, multidisciplinary, unbiased advice to local governments, public agencies, and nonprofit organizations facing complex land use and real estate issues in Indiana.

Drawing from its professional membership base, ULI Indiana offers objective and responsible guidance on various land use and real estate issues ranging from site-specific projects to public policy questions. The sponsoring organization is responsible for gathering the background information necessary to understand the project and present it to the panel. TAP panelists spend two days interviewing stakeholders, evaluating the challenges, and ultimately arriving at a set of recommendations that the sponsoring organization can use to guide development going forward.

ULI Advisory Services identify creative, practical solutions for complex land use and development challenges.

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EXECUTIVE SUMMARY

The Westside Community Development Corporation (Westside CDC) has owned nearly 5 acres of vacant land on West Michigan Street in the Haughville neighborhood of Indianapolis since 1999. The Westside CDC sought guidance from the ULI Indiana Technical Assistance Panel (TAP) on how to make the most of this potential with a vision that fosters growth, inclusivity, and vibrancy in the Near Westside.

A centerpiece of the Near Westside neighborhood in Indianapolis, the West Michigan corridor is close to Downtown and the Indiana University Health campus, as well as cultural and recreational staples such as the Indiana State Museum, White River State Park, and Lucas Oil Stadium.

2121 West Michigan Street is a vacant property that presents a unique opportunity to enhance the corridor with mixed-use options that complement existing residential housing, cultural amenities, and retail services. It is the largest contiguous lot available for redevelopment along the West Michigan neighborhood corridor. As the former site of Shell Bulk Oil for 20 years in the 20th century, the site is recognized as a brownfield. Its substantial size offers a valuable opportunity for a mixed-use development with residential, retail, and community spaces.

As the property owner, the Westside CDC can decide to sell, lease, or contribute the real estate asset into the development project as equity, depending upon the final development. Implementing a phased approach to development, the Westside CDC can decide on the scope of their involvement on a project-by-project basis, giving them the ability to control the end use and rate of development to ensure neighborhood compatibility.

Panel Recommendations

The panel recommends phased mixed-use and single-family residential development for the study area. The panel's recommendations for the study area include the following steps:

- **Lead a collaborative approach to redevelopment.** The Westside CDC has an important role as a convener, investor, and community partner, reaching out to other stakeholders and business interests to maximize the potential for redevelopment. By engaging residents and stakeholders in planning and decision-making, the Westside CDC can ensure that the redevelopment reflects the unique character and needs of the area.
- **Team with local and state partners.** Identifying strategic partners and promoting a vision for how this site fits into the future of the Near Westside is essential.
- **Confirm applicable land use restrictions** described in the 2019 Environmental Restrictive Covenant issued by the Indiana Department of Environmental Management with a new Site Status Letter request and additional environmental testing, if necessary. Manage redevelopment plans in compliance with these restrictions.
- **Order a comprehensive market study** for the site to assess supply, demand, rental comparisons, demographics, and population growth.
- **Investigate potential local, state, and federal public financing tools** that can support the redevelopment of the site. These resources can assist with project financing to support the implementation of community and resident services, occupy retail spaces, and subsidize construction costs.

Conclusion

Redeveloping the vacant property at 2121 West Michigan Street in the Near Westside of Indianapolis presents a unique opportunity for the Westside CDC and partners to transform the brownfield site into a vibrant, mixed-use development. Identifying strategic partners and promoting a vision for how this site fits into the future of the Near Westside is essential to achieve this goal.

INTRODUCTION

Since 1999, the Westside Community Development Corporation (Westside CDC) has owned nearly 5 acres of vacant land on West Michigan Street in the Haughville neighborhood of Indianapolis. The site presents a unique opportunity to enhance the corridor with mixed-use options that complement the existing residential housing, cultural amenities, and retail services from White River to Tibbs Ave. The Westside CDC sought guidance from the ULI Indiana Technical Assistance Panel (TAP) on how to make the most of this potential with a vision that fosters growth, inclusivity, and vibrancy in the Near Westside.

Incorporated in 1985, Westside Community Development Corporation (Westside CDC) was organized by Christamore House, a neighborhood community center located in Haughville, to help improve the Westside community. With a service area that includes the Haughville, Stringtown, Hawthorne, and WeCare neighborhoods, the mission of Westside CDC is to stabilize and revitalize the Near Westside via housing and commercial development, and community planning, and stabilize families by developing a range of affordable housing options and related supportive services.

The Near Westside of Indianapolis is the Westside CDC service area, with boundaries shaped by White River Parkway W Drive to the east to North Lynhurst Drive on the west, 22nd Street on the north beyond W Washington Street and the CSX RR tracks to the south. The Near West neighborhoods are predominantly low-to-moderate income, with a population that is racially and ethnically diverse.



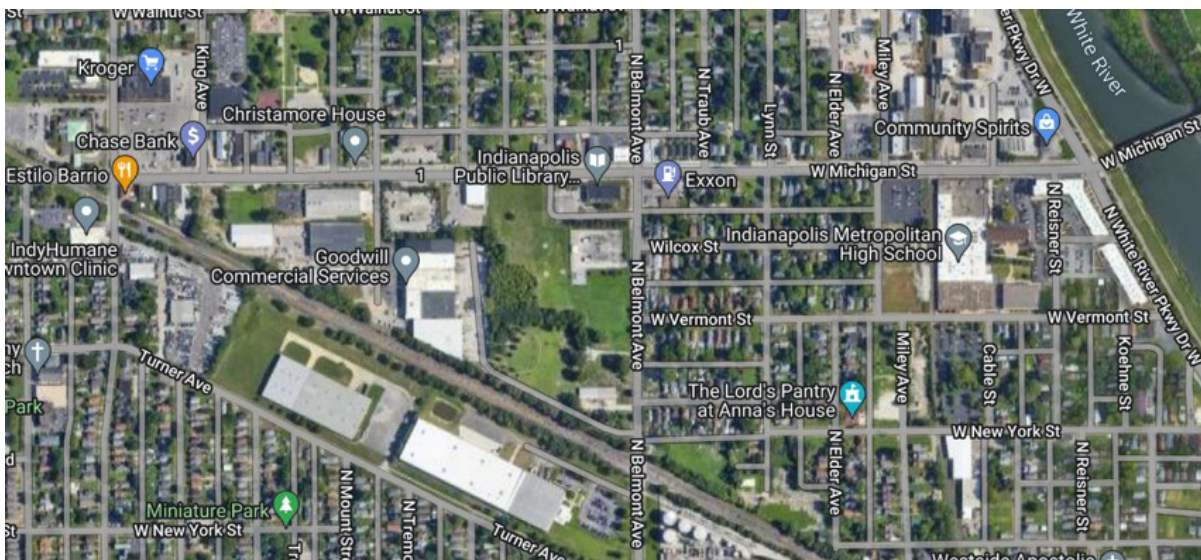
With a service area that includes the Haughville, Stringtown, Hawthorne, and We Care neighborhoods, the mission of Westside CDC is to stabilize and revitalize the Near Westside via housing and commercial development, property management, and community planning.

Image Credit: LISC Indianapolis

Overview of the Study Area

A centerpiece of the Near Westside neighborhood in Indianapolis, the West Michigan corridor is close to Downtown and the Indiana University Health campus, as well as cultural and recreational staples such as the Indiana State Museum, White River State Park, and Lucas Oil Stadium.

There are several neighborhoods within the catchment area of the Westside CDC but only four have had sustaining organized neighborhood associations for over 40 years: Haughville, Stringtown, We Care, and Hawthorne. These four neighborhoods are the backbone of the Near West Quality of Life (QOL) Plan. Their leadership, along with major neighborhood community stakeholder organizations (Hawthorne Community Center, Christamore House, and Westside CDC) are the “management team” of the Near West Collaborative, the keeper of the QOL Plan. IMPD South District and IU-Indianapolis have also served on the Near West Collaborative alongside community leadership from its inception.



The Westside Community Development Corporation (Westside CDC) has owned nearly 5 acres of vacant land on West Michigan Street in the Haughville neighborhood of Indianapolis since 1999.

Image Credit: Google Maps

The Near Westside Community has a solid foundation of existing community assets. This area has always been rich in strong leadership and is home to a multitude of organizations. It boasts 19 parks and recreational areas, including beachfront property; over 41 churches of various denominations; numerous licensed child-care programs; six public, charter and private schools; three community centers; the Eskenazi Health Center; the Center for Working Families; a performing arts theater, and arts and cultural programming, several banks; a library branch; the southwest district office of IMPD; Goodwill Industries of Central & Southern Indiana; impressive listing of major employers; newly established restaurants and businesses; and a wide offering of social service programs. In addition, the Near Westside is surrounded by major state and national attractions, such

as the White River State Park with its museums and the Indianapolis Zoo along its eastern edge. To the west of White River are the Indianapolis Motor Speedway and the Indianapolis International Airport, and east are two major urban universities, a nationally recognized medical complex, and downtown Indy.

2121 West Michigan Street (also known as 2219 West Michigan) is a vacant property of approximately 4.78 acres, owned by the Westside CDC. It is the largest contiguous lot available for redevelopment along the West Michigan neighborhood corridor. As the former site of Shell Bulk Oil for 20 years in the 20th century, the site is recognized as a brownfield. Its substantial size offers a valuable opportunity for a mixed-use development.

Over the past 10 years, the Westside CDC has looked for a suitable redevelopment project for this site. The Westside CDC invited the ULI Indiana TAP Panel to provide guidance to aid Westside in jumpstarting redevelopment efforts that transform the site and restore the economic vibrancy West Michigan Street Corridor once knew.

Past and Present Studies and Projects

There have been several studies of the Near Westside over the last 10+ years seeking to spark neighborhood vitality and sustainability. Below are a sampling of some of these studies.

2010: *The Near West Quality of Life Plan*, a LISC Indianapolis initiative, focuses on seven priority areas for vitality of the neighborhood: housing, public safety, beautification, economic development, education, health, and civic/youth engagement. This includes the restoration of older homes, safer environment/crime reduction, beautifying the area with public art and community clean-up events and strengthening its education infrastructure to increase high school graduation rates.

2012: *Bridging West Michigan Street - Commercial Development Technical Assessment*, a comprehensive report funded by LISC Indianapolis, conducted by Blackline Studio for Architecture, and commissioned by Westside CDC. The report offered the Westside CDC and the Near West guidance on projects and opportunities for CDC owned parcels and for other private development parcels along the West Michigan Street neighborhood corridor, including two options for 2121 West Michigan Street. While the Westside CDC was not able to complete execution, they have said that the report remains relevant and supports the collective redevelopment vision of the Near West community.

November 2014: The Local Initiatives Support Corporation of Indianapolis (LISC) designated the intersection of West Michigan Street and King Street and surrounding Near Westside neighborhoods as part of the Great Places 2020 community development project. As part of this project, a design team worked with neighborhood leadership and community stakeholders to create A Strategic Investment Plan For River West in 2016. (The neighborhood declined the rebranding of the Near Westside as "River West.")



There have been several studies of the Near Westside over the last 10+ years seeking to spark neighborhood vitality and sustainability. Image Credit: MKSK

March 2023: The City of Indianapolis began a \$4.7 million traffic-calming project on West Michigan Street from Holmes Avenue to White River Parkway West Drive. When the project concluded a year later, six lanes for motorized vehicles traffic had been reduced to one lane on each side, adding bike lanes, on-street parking, and improving pedestrian access. The nearly two-mile long separated bike route connects to the B&O Trail, providing the first continuous connection from Indianapolis to Speedway for cyclists and pedestrians.



In 2023, the City of Indianapolis began a \$4.7 million traffic-calming project on West Michigan Street that created a nearly two-mile long separated bike lane.

Image Credit: ULI Indiana

The TAP Process

Using its technical assistance panel process, ULI Indiana convened a small group of ULI members with expertise to address the strategy for the properties and representing experience in the areas of real estate development, finance, brownfield reclamation, residential and commercial real estate, and economic development. Working together, this panel of real estate leaders reviewed the briefing materials provided by the Westside CDC (the study sponsor) and toured the study area.

The panel also interviewed a wide range of stakeholders, including business owners, municipal leaders, planning professionals, real estate developers, consultants, residents, and representatives from community organizations. Equipped with the information provided by the sponsor and stakeholders, and drawing from their own professional experiences, the panel spent the following day and a half analyzing the challenges along the corridor and shaping a series of recommendations that the Westside CDC can consider as they weigh the future of the study area.



The panel interviewed a wide range of stakeholders, including business owners, municipal leaders, planning professionals, real estate developers, consultants, residents, and representatives from community organizations.

Image Credit: Jennifer Mitchen

Questions for the Panel

The Westside CDC posed the following questions for the panel to address:

1. **What are the best mixed-use options for the 4.78 acres on West Michigan Street, along with corridor enhancements that would complement the residential housing, cultural amenities, and retail services that currently exist on West Michigan from White River to Tibbs Ave?**
 - a. Given the environmental constraints, what are the options for addressing/mitigating contamination?
 - b. Once mitigated, what are the mixed-use options that are viable (i.e. residential, cultural, retail, etc.)?
2. **What specific retail services and workforce opportunities would best serve the immediate and surrounding neighborhoods?**
3. **What would be the economic impact and community benefits to the surrounding Near West residential neighborhoods and the nearby commercial corridors of W, Washington Street, W, 10th Street and W, 16th Street?**

A VISION FOR THE FUTURE

The best mixed-use options for West Michigan Street in the Near Westside of Indianapolis lie in a collaborative approach where the Westside Community Development Corporation (WCDC) acts as a convener, investor, and community partner. With a proud focus on family and community, the Near Westside, encompassing the Haughville, Hawthorne, We Care, and Stringtown neighborhoods can be revitalized through a community-driven development process.



By engaging residents and stakeholders in planning and decision-making, the Westside CDC can ensure that the redevelopment reflects the unique character and needs of the area.

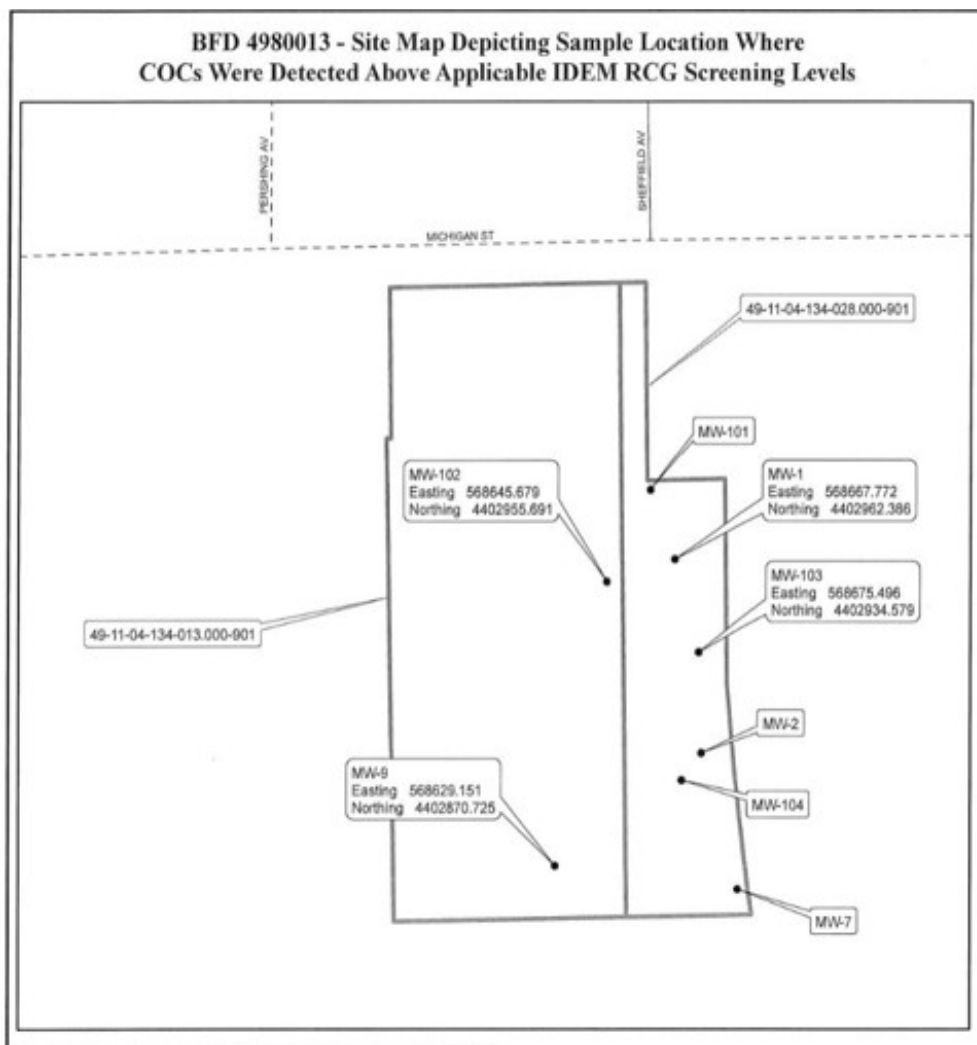
Image Credit: Keith Veal, based on Brown & Hannis (2012), p. 84.

By engaging residents and stakeholders in planning and decision-making, the Westside CDC can ensure that the redevelopment reflects the unique character and needs of the area. Key partnerships with local businesses, nonprofit organizations, and government agencies will be crucial in bringing this vision to life, fostering a vibrant, inclusive community where families can thrive and connections flourish.

BROWNFIELD STATUS AND ENVIRONMENTAL CONSTRAINTS

The TAP Study Area, variously known as 2121 and 2219 West Michigan Street, is the former site of Shell Bulk Oil. Starting in 1936, the site was reportedly used for the storage, dispensing and sale of commercial petroleum products for 60 years until the site was vacated, sometime in 1996. The City of Indianapolis demolished old industrial buildings and did environmental cleanup on a large set of lots in the 2100 and 2200 blocks of West Michigan.

At the conclusion of the cleanup in 1999, the City transferred title to Westside CDC. The CDC then entered into the Indiana Department of Environmental Management's (IDEM's) Voluntary Remediation Program (VRP). In 2004, WCDC received a Certificate of Completion of the VRP from IDEM. Land on the northeast corner was developed for the new Haughville Library in 2005.



As the former site of Shell Bulk Oil for 20 years in the 20th century, the study area is recognized as a brownfield.

Image Credit: IDEM

In late 2010, Westside CDC requested a Site Status Letter for the remaining four-plus acres. When IDEM issued the letter in May 2011, it stated that there were several restrictions on the property due to the persistence of certain contaminants of concern in the groundwater—and preventing the development of housing, child day care facilities, or educational facilities for children. In June 2012, the Environmental Restrictive Covenant (ERC) was recorded in the Marion County Recorder’s office.

However, in June 2019, IDEM issued a Comfort and Closure Letter prepared for Crossroads HQ1 during a potential purchase of the site at 2121 West Michigan Street. In the course of preparing the letter, IDEM discovered that the original 2012 ERC had been mistakenly recorded on the wrong property deed, and provided a replacement ERC based on data from subsequent environmental assessments at the site. This 2019 ERC was not finalized nor recorded on the property deed. The 2019 replacement ERC makes possible residential and mixed-use development that was previously thought to be restricted on the site; however, Westside CDC will need to request a new Site Status Letter and record the subsequent ERC obtained from IDEM on the property deed.

Land Use Restrictions

The 2019 replacement ERC does not limit property use as long as specified land use restrictions are maintained and implemented. Applicable land use restrictions include:

1. Any newly constructed structure on the site that will have human occupancy—whether residential, commercial, or industrial uses—must follow the IBP restrictions outlined in the 2019 replacement ERC.
2. Any building within 5 feet of former Monitoring Wells (MW) MW-1, MW-102, and MW-103 or within 100 feet of MW-9 must either:
 - a. Test further for vapor intrusion potential using a IBP-approved sampling plan; or,
 - b. Install, operate, and maintain a vapor mitigation system for each building constructed in these areas.

Recommendations

Based on the current site conditions the panel found in the files in the IDEM Virtual File Cabinet (VFC), no further remediation is recommended. Any proposed mixed-use options are viable as long as the Westside CDC and/or developer(s) request a new Site Status/Comfort Letter from the IBP/IDEM and abide by the land use restrictions imposed by the IBP/IDEM in any newly recorded ERC approved by IBP/IDEM.

The panel recommends the following steps in order to proceed with redevelopment of the site:

Site Status Letter request: The Westside CDC should submit their own Site Status Letter request to the Indiana Brownfields Program (IBP) at IDEM and record the approved replacement 2019 ERC on the property deed. Alternatively, the Westside CDC could contact IBP to determine the next steps required to get the property ERC recorded on the correct parcel(s) of land.

Soil Management: The 2019 Closure and Comfort Letter states that the Replacement ERC restricts “Certain soil management activities when undertaking residential construction.” However, there is a lack of detail regarding what measures are required. The Westside CDC should clarify with the IBP what soil management measures are applicable, if any, during construction activities.

Environmental testing: Seek further environmental testing with an environmental consultant who has access to both the means of testing for environmental contaminants and access to grant funding sources from state and federal government entities, such as Indiana Department of Environmental Management, state Office of Community and Rural Affairs, or the U.S. Environmental Protection Agency. This testing will provide the best path forward for any environmental planning and remediation needed to create a safe environment for residents of both the multi-family and single-family buildings.

Treatment of areas with residual contamination: Develop areas with residual contamination with impervious surface coverage, such as parking lots, raised gardens, or other development that will not have human occupancy. This is the most economical use for the areas with existing contamination.

LAND USE AND MARKET POTENTIAL



2121 West Michigan Street is the largest contiguous lot available for redevelopment along the West Michigan neighborhood corridor. Its substantial size offers a valuable opportunity for a mixed-use development.

Image Credit: Joe Jarzen

The creation of retail and community spaces is crucial for the mixed-use development, as it promotes local small businesses, strengthens the community's workforce, and enhances resident connectivity. The panel recommends retail services with restaurants that appeal to the local demographic, such as those offering Mexican cuisine and traditional soul food, as well as a coffee shop or café. These establishments not only provide additional dining options but also create workforce opportunities for community members, including roles as servers, cooks, hosts, janitors,

and managers. Additionally, these retail spaces offer places for professionals and residents to conduct business meetings and promote local small businesses, fostering economic growth and enhancing the community's social infrastructure.

Creating spaces for community gatherings, art shows, cultural events, town halls, workforce training, homeownership classes, and healthcare services will maximize the site's positive impact on the broader community.

<p>Phase I: Medium-Density Mixed-Use</p>	<p>Medium density apartments (55 to 100 units) with a mix of commercial and community space on the ground level to provide increased density on the site.</p>
<p>Phase II: For Sale Townhomes/Rowhomes</p>	<p>Townhome units of three to four bedrooms with attached garages. These homes will provide opportunities for transplants, young professionals, families, and current residents to have the option of homeownership.</p>

Along the greater West Michigan corridor, preserving the historic and cultural appearance of the street's different exterior façades is also vital for maintaining the existing connectivity between buildings. It will be important to anticipate material costs in order to strategically plan the visual and functional impact of the proposed developments at 2121 West Michigan to ensure they align with the area's historic character once completed.



Along the greater West Michigan corridor, preserving the historic and cultural appearance of the street's different exterior façades is also vital for maintaining the existing connectivity between buildings.

Image Credit: Jennifer Mitchen

Neighborhood Retail Services

The immediate area on West Michigan Street currently lacks neighborhood retail services that improve the quality of life and livability of the nearby residents. A mixed-use project in the study area would result in the creation of new leasable commercial retail/office space.

The following type of commercial businesses would serve the immediate surrounding neighborhoods and be compatible with the nearby commercial corridors of W. Washington Street, W. 10th Street and W. 16th Street.

- Restaurants
- Pharmacies
- Coffee shops
- Hair salons and barber shops
- Bakeries
- Florists
- Pet grooming services
- Hardware stores
- Medical and healthcare facilities



The creation of retail and community spaces in the study area is crucial for the mixed-use development, as it promotes local small businesses, strengthens the community's workforce, and enhances resident connectivity.

Image Credit: ULI Indiana

Strategic Partnerships

The panel recommends strategic financial partnerships to support the implementation of community and resident services, occupy retail spaces, and subsidize construction costs.



The panel recommends strategic financial partnerships to support the implementation of community and resident services, occupy retail spaces, and subsidize construction costs.

Image Credit: ULI Indiana

POTENTIAL PARTNERS	
LOCAL	STATE
<ul style="list-style-type: none"> • Central Indiana Community Foundation • Department of Metropolitan Development, City of Indianapolis • Indianapolis Redevelopment CDE • Indianapolis Neighborhood Housing Partnership • Indianapolis Foundation • IndyGO • LISC Indianapolis 	<ul style="list-style-type: none"> • Indiana Chamber/Black Chamber of Commerce • Indiana Housing and Community Development Authority • Indiana Economic Development Corporation • Merchants Bank of Indiana • Sagamore Institute

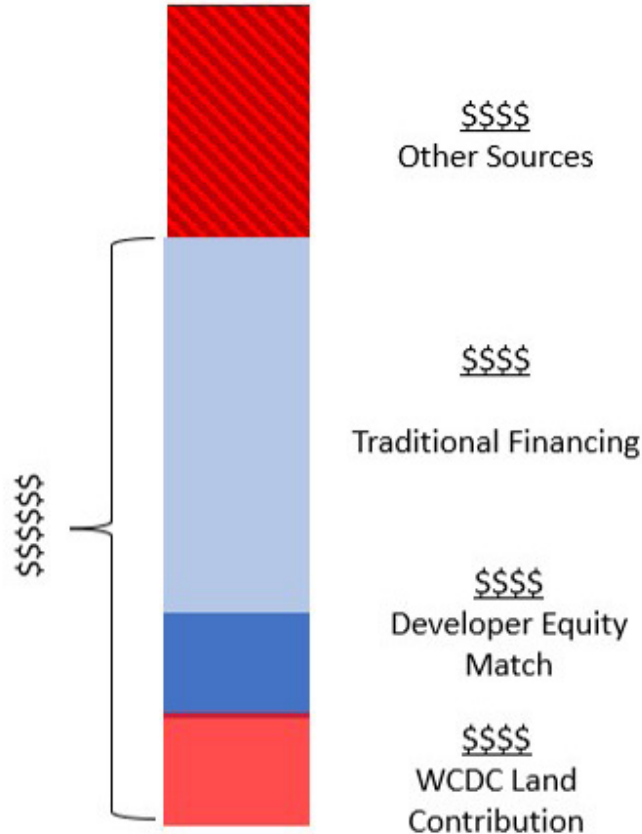
MARKET STUDY

The Westside CDC should first order a comprehensive market study with a reputable firm to gather relevant data needed to assess supply, demand, rental comparisons, demographics, population growth, and much more. This could be from an Indiana Minority or Woman-Owned Business Enterprise (XBE). Market study data will ultimately assist with determining if the project is feasible with or without significant public subsidy.

With the current market showing the area median income at or below \$40,000, the panel roughly estimates that a resident's monthly income, before taxes, could support up to \$1,000 a month in rent without being considered 'rent burdened'. A completed market study will confirm whether

the market can indeed support rents of \$912 - \$1,095 per month (or \$1.05 – \$1.15 per square foot, based on relevant comparables), with unit sizes of 869 - 952 square feet. The sample financial analysis below illustrates a mixed use project with one-hundred 1-bedroom units and one dedicated commercial space.

Financial feasibility is a primary concern for developers and owner/operators across the industry due to annual increases in material and labor costs. Leveraging public funding sources, like the 4% and 9% Low Income Housing Tax Credits (LIHTC) provide subsidies that create equitable and feasible housing, but restrict rents to low-moderate income households at 80% AMI or below.



Assembling the financing to develop a project in the study area will likely require multiple sources.
Image Credit: Dylan Fisher

A market study will assist WDCD with determining what the asking rents per square foot are for 1-bedroom units and commercial spaces within the target area. Using the market data to make realistic assumptions on a unit mix of studio, 1-, 2- or 3- bedroom units that can be used to build the most marketable product assumptions as well as associated costs to build. This will provide high-level sources and uses that can then be used to pursue public and private funding sources.

Sample Financial Analysis - 2121 West Michigan Street

Unit Type	Unit Count	Unit Square Footage	Aggregate Sq. Ft.	Market Rent per Sq. Ft.	Potential Rent	Monthly Market Rent	Annual Market Rent
1Bd + 1Ba	100	900	90,000	\$ 1.15	\$ 1,035	\$ 103,500	\$ 1,242,000
Commercial and Community Space	1	6500	6500	\$ 18.00	\$ 9,750	\$ 9,750	\$ 117,000
			96,500			Total Gross Rents	\$ 1,359,000
					Operating Expenses as 45% of Market Rent	\$ 558,900.00	45% of Market Rents
					Net Operating Income	\$ 683,100.00	Income used to value property, and size permanent debt
					Debt Constant	0.08186	
					Lender Required DSCR	1.15	
					Max Debt (Based on Lender Parameters)	\$ 7,256,188.97	

Project Sources and Uses	
Uses (Total Development Cost)	
Construction Cost (Aggregate Sq. Ft. * \$220 per sq. ft.)	21,230,000
Soft Costs (35% of construction budget)	7,430,500
Dev Fees (5% of Construction and Soft Costs)	1,433,025
Total Uses	30,093,525
Sources (Funding)	
Permanent Debt	\$ 7,256,188.97
Funding Gap	22,837,336.03
Total Sources	\$ 30,093,525

FINANCE AND IMPLEMENTATION

There is a tremendous amount of potential around the Grand MetroLink Station in Midtown St. Louis. With development interest increasing in the area and improvements like the Brickline Greenway on the horizon, it is time to set a foundation for future development that will serve transit riders, property owners, residents, and visitors to the area well into the future.



The panel spent a day and a half analyzing the challenges along the West Michigan Street corridor and shaping recommendations to redevelop the study area.

Image Credit: Jennifer Mitchen

Pursuing State and Local Public Financial Redevelopment Tools

There are several local, state, and federal public financing tools that can support the redevelopment of the site. The Westside CDC and any future development partner are encouraged to work with the City of Indianapolis' Department of Metropolitan Development to utilize local public tools. The State of Indiana's Economic Development Corporation is another important public financing agency for the project's success.

Local Financing Tools

Tax Increment Financing Districts: While the site is not within an existing Tax Increment Financing (TIF) District, TIF is a valuable public financing mechanism used by municipalities to foster economic development in blighted or underdeveloped areas. It involves capturing the incremental increase in property tax revenues generated within a designated TIF district and redirecting those funds towards infrastructure improvements and redevelopment projects within the district.

Payment-In Lieu of Taxes (PILOT): PILOTs are a creative financing tool that allows the commission to enter into a written agreement with a taxpayer who owns real property in an allocation area of the district and is exempt from property tax assessment. Under this agreement, the taxpayer agrees to pay the amount that would be assessed as property taxes if the property were subject to valuation and assessment. These payments, made in lieu of taxes, are treated the same as property taxes for all procedural and substantive legal purposes, including bearing interest if unpaid.

At the local level, the Department of Metropolitan Development (DMD) and the Metropolitan Development Commission (MDC) have the authority to approve a PILOT based on the project's feasibility. This approval comes after the project sponsor identifies the post-construction assessed value and estimated property tax liability. A PILOT can reduce the post-construction property tax liability by 50% to 90%, significantly increasing overall profitability by reducing operating expenses on rent-restricted property.

State Financing

Redevelopment Tax Credits – State of Indiana Economic Development Corporation: Indiana's Redevelopment Tax Credits promote the redevelopment of blighted or underutilized properties. These tax credits offer financial benefits to developers or property owners who undertake qualifying redevelopment projects, such as renovating historic structures or repurposing brownfield sites, contributing to the revitalization of communities and the preservation of historic assets.

Alongside exploring traditional bank financing, the Westside CDC and any future development partner should engage in discussion with non-traditional capital lenders like Community Development Finance Institutions (CDFI) and New Market Tax Credit allocatees.

Federal Financing

New Markets Tax Credits (NMTC) are another viable resource that leverage federal tax credits to incentivize private investment into commercial spaces in low-income and disinvested communities. With the location of the study area in a Qualified Census Tract, there is a high likelihood of investor interest that could fund the retail and community spaces that are proposed in the mixed-use development concept.

Community Development Entities, such as the Indianapolis Redevelopment CDE LLC (Indy CDE) engage with community organizations year-round to identify impactful projects in Indianapolis eligible to receive a NMTC award. Indy CDE would be an ideal partner for an investment in this project.

Indianapolis Redevelopment CDE LLC (Indy CDE) was formed in 2009 and administers the New Markets Tax Credit (NMTC) Program on behalf of the City of Indianapolis. Indy CDE is certified by the U.S. Department of Treasury as a community development entity (CDE) working in collaboration with the City of Indianapolis' Department of Metropolitan Development to use NMTC to support transformative projects that address blight, high unemployment, and poverty in the city's most distressed neighborhoods.

Since 2010, Indy CDE has received \$177 million in NMTC. These credits are invested in projects that help create accessible jobs in low-income communities, build pathways to high-quality jobs, provide key services to Indianapolis' most at-risk populations, and advance the vibrancy of the city. More information is available at <https://indycde.org>

Use a Creative Approach to Fund Phased Development

With a phased mixed-use development project offering new rental and for-sale residential housing along with neighborhood commercial retail services, the panel recommends an open-minded and creative approach to creating an impactful project that is both financially feasible and marketable to the intended target market demographic. Targeting young professionals, entrepreneurs, graduate students, teachers, policemen, firemen, and many others who may be at or below 80% - 120% of the area median income will retain local talent, provide a young and vibrant renter

and homeownership base, and provide access to resources provided at both the federal, state, and regional levels.

While LIHTC projects can carry a negative stigma, leveraging the low-income targeting of rental units can create a pipeline of potential affordable home buyers by promoting homeownership opportunities within the community. This creates equitable opportunities for future generations and helps eliminate entry barriers for local residents who may not meet the income requirements for market-rate housing.

The panel's recommendation for mixed-income housing that includes both affordable and market rate units can help leverage different funding sources from investors looking to invest in underserved communities. These investor groups aim to target deals within Qualified Census Tracts, utilizing financing from HUD programs (e.g., Project-Based Vouchers or HUD 221(d)4). Leveraging federal subsidies in this manner reduces or eliminates the need for conventional debt, making this approach the most straightforward for attracting interest from these investor groups.

Measure the Economic Impact

When measuring the economic impact of a mixed-use redevelopment project, the Westside CDC should consider:

- construction impacts associated with the physical redevelopment work
- new job and wage creation occurring from the future commercial businesses in the development, and
- new local and state taxes generated by the real estate investment and residents living in the project.

Additionally, the increased property values in the surrounding area and the potential rise in local spending due to the influx of new residents and businesses should be taken into account. Evaluating the long-term economic benefits, such as sustained employment opportunities and enhanced community services, is also crucial. Moreover, the project's ability to attract further investment and stimulate additional development in the vicinity will significantly contribute to the overall economic growth of the Near Westside neighborhood.



Redevelopment of the study area can attract further investment and stimulate additional development in the vicinity to significantly contribute to the overall economic growth of the Near Westside neighborhood.

Image Credit: Jennifer Mitchen

CONCLUSION

Redeveloping the vacant property at 2121 West Michigan Street in the Near Westside of Indianapolis presents a unique opportunity for the Westside CDC and partners to transform the brownfield site into a vibrant, mixed-use development. Identifying strategic partners and promoting a vision for how this site fits into the future of the Near Westside is essential to achieve this goal.

Addressing the environmental constraints is crucial, and complying with applicable land use restrictions must be carefully planned and executed. The land use and market potential for this site are promising, suggesting a phased approach that combines mixed-use and single-family residential development. This strategy can create a balanced, sustainable community that meets the needs of current and future residents.

Desired neighborhood retail services, such as grocery stores, cafes, and essential services, will enhance the area's livability and appeal. Finance and implementation are key components of this redevelopment effort. Commissioning a comprehensive market study with a reputable firm will provide valuable insights into the best uses for the site and guide the development process. Pursuing local, state, and federal public financing tools will be instrumental in making the project financially viable.

With these strategic steps and the Westside CDC's commitment to community-driven development, the redevelopment of 2121 West Michigan Street represents a vital opportunity to support the Near Westside's economic resilience and quality of life.

ABOUT THE PANEL



The panel spent a day and a half analyzing the challenges along the West Michigan Street corridor and shaping recommendations to redevelop the study area. From left to right: Dylan Fisher; Keith Veal; Julie Schilling; and Kevin Brown, II.

Image Credit: Jennifer Mitchen

Keith Veal

TAP Panel Chair

Owner

ReSITE Development

Keith Veal is a 1992 graduate of Wabash College where he earned a Bachelor of Arts in Biology. Keith is the Founder and CEO of ReSITE Development. Founded in 2017, ReSITE is a creative amalgam of Keith's passion for, and experiences in, community development and brownfields redevelopment. ReSITE brings a turnkey approach to the acquisition and redevelopment of environmentally distressed properties. Through his extensive experience

with public and private sector redevelopment projects throughout the state of Indiana, Keith has worked with municipalities, developers, and property owners to create sustainable redevelopment solutions that are impactful and transformational.

Prior to founding ReSITE, Keith achieved success helping clients cleanup and redevelop over 100 brownfield sites throughout Indiana, Kentucky, Ohio, Michigan, and Illinois as Founder, President and CEO of Sustainable Solutions, a full-service environmental consulting firm focused exclusively on the redevelopment of brownfield sites. Leveraging the breadth and depth of his knowledge and experience with

redevelopment projects, Keith worked for a national developer leading its affordable housing development efforts. His comprehensive knowledge of real estate development is complemented by his deep technical knowledge of environmental management and regulatory compliance in the areas of Brownfields Redevelopment, CERCLA, Indiana State Cleanup Program, Indiana Voluntary Remediation Program, Indiana Leaking Underground Storage Tank Program, and Risk Integrated System of Closure. As a Brownfields Practitioner, and one of the staffers who helped create the state of Indiana's Brownfields Program, he has managed all stages of the redevelopment process from concept to completion. Keith has either led or co-led residential and commercial developments totaling over \$40 million and consulted on economic development projects with hundreds of millions of dollars in economic impact in communities across Indiana.

In addition to his impactful work in the real estate industry, Keith also has extensive experience in community and economic development. He has first-hand knowledge and experience in structuring residential and commercial real estate deals on Brownfield sites, including financing, and federal, state, and local government entitlements, Housing and Urban Development program. With a passion for community, Keith has shared his knowledge and experience in these areas as a member of Urban Land Institute Indiana where he is a member of the management committee, teaches the fundamentals of real estate development via ULI's Real Estate Diversity Initiative, an instructor for ULI's Urban Plan, and is heavily involved in ULI's Advisory Services Panel and Technical Assistance Panel.

Kevin Brown II

Developer & Financial Analyst BWI, LLC

Kevin Brown II is a Developer and Financial Analyst at BWI, LLC, a construction, real estate development, property management, consulting and electrical firm in the greater Indianapolis area. Before joining BWI in January 2023, Kevin held the title of Trent L Garrett Fellow at Intend Indiana from June 2022 to January 2023. Prior to his transition into the business world, Kevin had a successful career as a Professional Athlete in the Canadian Football League from December 2016 to February 2022. Kevin obtained his Bachelor's degree in Public Health Education and Promotion from the University of Cincinnati in 2016.

Dylan Fisher

Vice President The Wheatley Group

Dylan Fisher is a skilled redevelopment and economic development professional with an employment background in local public government and private sector consulting roles. He is currently the Vice President of Real Estate at The Wheatley Group; an Indiana-based advisory firm specializing in the conception, planning, and implementation of economic development and redevelopment initiatives. The consulting firm's clients are in the public, quasi-governmental, and private sectors. Dylan holds a Bachelor of Science Degree in Urban Planning and Regional Development from Ball State University. He is a resident of Southern Indiana.

Julie Schilling

Environmental Services Leader V3 Companies, Ltd.

Julie is V3's Environmental Services Leader. Her expertise includes environmental remediation for the brownfield, transportation, petroleum, and energy market sectors; grant writing and administration; community and public outreach; and municipal consulting. Julie's experience has made her an influential advocate for her clients with regulatory agencies, and her effective communication skills support well-informed client - consultant relationships. She has thirteen years of experience as a brownfield service provider in the environmental industry and has strongly advocated on behalf of clients during negotiations with regulators to achieve consistent, technically sound, pragmatic approaches to site closure and redevelopment strategies. Julie specializes in solutions-based management of environmental issues related to contaminated land through the preparation and review of remedial action plans; identification and procurement of funding sources; and assessments of hydrogeology, soil and rock contaminants, human health, and environmental risks.



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