Citizens/King Park Neighborhood Plan

"We can all get more together
than we can apart."
-Dr. Martin Luther King, Jr.

City of Indianapolis
Department of Metropolitan Development
Division of Planning

Adopted November 21, 2001

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Introduction

The preparation of the Citizens/King Park Neighborhood Plan update began with the Citizens Neighborhood/King Park Summit, which was held October 16, 1999 at the Jubilee Center. This summit brought together people from as many neighborhood stakeholder groups as possible to discuss the future of the neighborhood. Included were health service providers, neighborhood groups, churches, representatives of local government, business owners, representatives of King Park Area Development Corporation, human service providers, home owners, renters, recreation providers, and service groups. Sixty-five people attended.

Discussion at the summit primarily focused on the workshop topics of housing, historic preservation, commercial and business development, parks and green space, human services, and faith-based community.

At least eight plans have been prepared for portions of the Citizens/King Park Neighborhood over the years, but only a few planning efforts have been focused on the total Citizens area. These past plans are:

- Old Northside Historic Area Preservation Plan, Indianapolis Historic Preservation Commission, 1979.
- North Meridian Corridor Development Plan, Division of Planning, 1981.
- Citizens Neighborhood Coalition Subarea Plan, Division of Planning, 1983.
- Herron-Morton Place Historic Area Plan, Indianapolis Historic Preservation Commission, 1986.
- Near North/Fall Creek Plan, Division of Planning, 1993.
- Citizens King Park CDC Improvement Plan, Ball State University, 1994.
- Old Northside Parks, Recreation and Open Space Plan, Division of Planning, 1994.
- N & S/Indianapolis UEA Action Plan Charrette Workshop, Public Presentation of Findings, Ball State University, 1998.
- Urban Design Principles, King Park Home Ownership Zone, Urban Design Associates, 1999.
- Retail Market Study-Citizens/King Park, Economic Research Associates, 2001.

For the purpose of expanding the discussion beyond the six workshop topics, attendees at the summit reviewed the 98 recommendations from the past plans for the area. The recommendations that have been made in the various plans were combined into a list that was the basis for discussion in the workshop sessions. Additional topics added by including recommendations from past plans are neighborhood organizations, public works and transportation, industrial development, public safety, education, and job creation and training. Recommendations are shown in ranked order based upon a "straw poll" conducted at the neighborhood summit.

In a series of follow-up meetings starting in November 1999, neighborhood stakeholders continued to add, delete, and modify the recommendations. Also attendees at these meetings made decisions regarding the timing of projects proposed in the recommendations and who should be primarily responsible for their implementation.

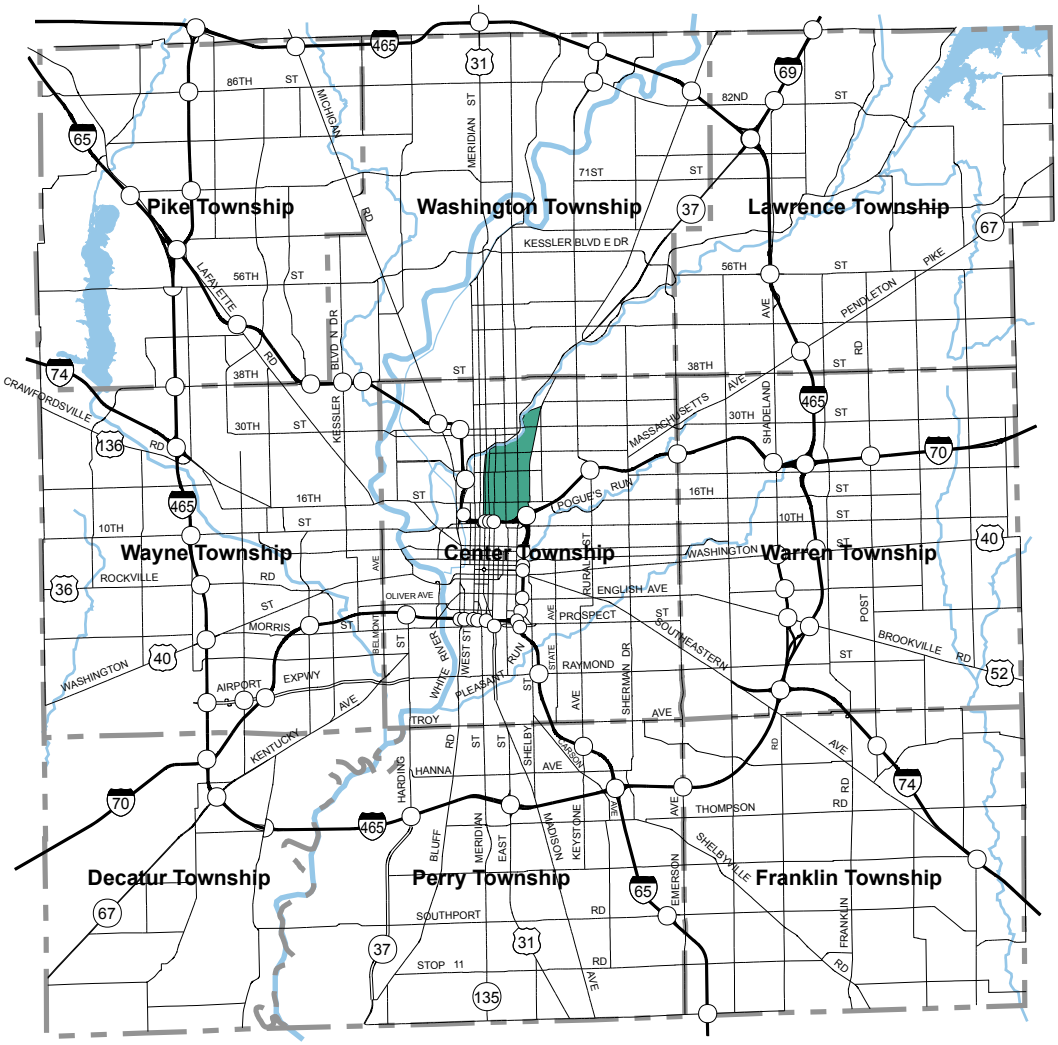
Once draft recommendations were complete, land use and zoning issues became the focus of the Citizens/King Park planning meetings. The neighborhood was examined in geographic segments to better focus on these issues. Meetings were held in three parts of the neighborhood based on existing neighborhood boundaries and the physical characteristics of the different parts of the neighborhood. The three parts of the neighborhood are: 1) south of 16th Street, 2) 16th to 22nd Street, and 3) north of 22nd Street.

Once the land use and zoning meetings were held in the three parts of the neighborhood, the information produced in all meetings was assembled to create a draft of the Citizens/King Park Neighborhood Plan. Upon completion of the draft plan, the City of Indianapolis hired Economic Research Associates to prepare a retail market analysis of the neighborhood. This study was completed in 2001 and is included as Appendix B to the plan.

Citizens/King Park area neighborhood hold summit

Thanks to the Indianapolis Neighborhood Housing Partnership, with members including the Jubilee Center, Unity Development Center, The City of Indianapolis, Citizens Neighborhood Coalition and the King Park Area Development Corporation, held a neighborhood summit last Saturday at the Jubilee Center, located at 2301 N. Park Avenue. Workshops covering Historic Preservation, Faith Based Community activities and commercial/business development projects were just a few of the many subjects covered by the well-attended summit. Other workshops covered housing, parks/green space and human services. Chuck Coburn was the chairperson for the summit planning committee. Stuart Hawkins is the chairperson for the King Park Development Corporation. (*Recorder* photo by Cutis Guynn)

Photograph taken from the Friday, October 22, 1999 edition of *The Indianapolis Recorder*. Photographer Curtis Guynn.



CITIZENS/KING PARK LOCATION MAP

CITIZENS/KING PARK AREA NEIGHBORHOOD

City of Indianapolis
Department of Metropolitan Development
Division of Planning
November 21, 2001

The preparation of this map was financed in part by a Community Development Block Grant

Neighborhood Background Information

The Citizens/King Park Neighborhood is located immediately north of downtown Indianapolis. Residential development of the neighborhood primarily followed the Civil War and was a part of the residential growth of the fashionable north side neighborhoods.

During the nineteenth century, the Old Northside was home to most of Indianapolis' social, political, commercial, and industrial leaders. The Old Northside, which is in the southern portion of the neighborhood, was placed on the National Register of Historic Places in 1978. One of the most prominent features within this area is the Morris-Butler House.

Two of the most notable features of Herron-Morton Place, which is in the western portion of the neighborhood, are the Herron Art School and Museum and the historic site of the Civil War Camp Morton. In addition, this site served as the Indiana State Fairgrounds for a time. Herron-Morton Place was placed on the National Register of Historic Places in 1983.

Site of Camp Morton in Herron-Morton Place

There are several public and private facilities in the Citizens area. They include nearly 40 churches, the Citizens Multi-Service Center, Citizens Health Center, Riverside Community Treatment Center, three public parks, two elementary schools, and the Jubilee Center.

Founded in 1973, the Citizens Multi-Service Center is a focal point for the provision of social services in the area. Programs include an after school program; the Sankofa summer program for youth; Striving To Achieve Respect (STAR); an alcohol, tobacco and other drug prevention program for youth; a pregnancy prevention program for youth; Family and Child Therapy (FACT); senior citizens programs; and programs that provide emergency services to families in crisis.

The Citizens Health Center is a major health care facility providing medical and dental care to the public. Services include prenatal care, family planning, pediatrics, physical examinations, blood tests, and lab work.

In 1997, a partnership representing St. Vincent Hospital, Tabernacle Presbyterian Church, and the neighborhood purchased Public School #45 that had closed in 1996. The building was reopened as the Jubilee Center with the goal to provide a wellness center, counseling services, before and after school programs, neighborhood outreach programs, a resource center, a B.A.B.E. store, the Oaks Christian Academy (preK-6th grade), and Harvest Christian Fellowship.

The Citizens neighborhood has several significant neighborhood organizations. They include Citizens Neighborhood Coalition (CNC), Reagan Park Community Action Group, Reagan Park Community Action Group #2, Old Northside Neighborhood Association, New North Side Neighborhood Association, Friends and Neighbors Block Club, Kennedy-King Neighborhood Association, Unity Residents Council, Reagan Park/Johnson, and Herron-Morton Place.

There are three redevelopment areas in the neighborhood. In the mid-70s, the PK2 Redevelopment Area was established adjacent to Martin Luther King Park in support of the PK2 master plan which was adopted by the Metropolitan Development Commission in 1973. In 1990, the Fall Creek Redevelopment Area was established in the northeastern part of the neighborhood in support of the Urban Enterprise Zone. The Citizens Redevelopment Area was declared in the northwestern portion of the neighborhood in 1993.

Fall Creek

Also in the northwestern portion of the neighborhood is the Home Ownership Zone, now known as Fall Creek Place. The King Park Area Development Corporation, Indianapolis Neighborhood Housing Partnership, Key Bank, and the City received $4,057,500 from the Department of Housing and Urban Development for the project. Phase I will include the construction of 322 new single-family homes and the rehabilitation of 46 existing houses. The plan proposes the eventual integration of housing, retail/ commercial, and green space.

King Park Area Development Corporation, which was established in 1987, has played an active role in the revitalization of housing and the economic development of the Citizens neighborhood. In addition, the Indianapolis Urban Enterprise Zone, which was established in 1990, covers the northern portion of the area.

In May of 1994, Martin Luther King Park, the centerpiece of the King Park neighborhood, was host to the President Bill Clinton. The President spoke to Indianapolis residents and participated in the groundbreaking of a monument honoring both Dr Martin Luther King , Jr. and Senator Robert F. Kennedy. The memorial in the park is to commemorate an historic speech by Senator Kennedy on April 4, 1968 to a group of people anguished by the news that Dr. King had just been assassinated. Kennedy's speech had a calming effect.

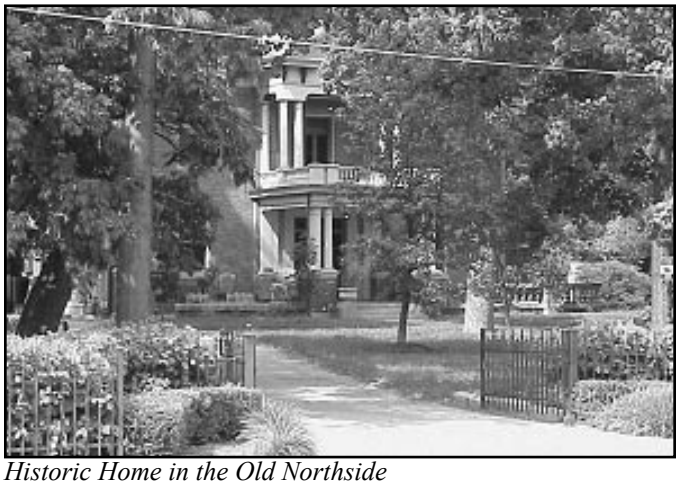
Demographic Information

According to the U.S. Census, the 2000 population of the Citizens/King Park neighborhood was 7,924 people, down from the 1990 population of 9,062 and the 1980 population of 11,670. Housing units for the area dropped during the same 20-year period, declining from 6,004 units in 1980 to 5,283 units in 1990 and again to 4,915 units in 2000.

Median household income increased by 116 percent in the neighborhood between 1979 and 1989, from $7,254 to $15,691. In this same time period, Marion County median household income increased by 68 percent, from $17,400 to $29,152. In 1979, 43 percent of families in the neighborhood had incomes below the poverty level. In 1989, this number had decreased to 40 percent.

The Citizens/King Park neighborhood is one of the City's older residential neighborhoods with 69 percent of the houses having been built before 1940.

Home ownership increased in the neighborhood between 1980 and 1990. In 1980, owners occupied 23.1 percent of the housing units while in 1990 owner-occupied units increased to 26 percent. Owner occupancy in Marion County was 57 percent in 1990.



Historic Home in the Old Northside

Median housing value of owner-occupied houses increased at a faster rate in the Citizens/King Park Neighborhood than in Marion County between 1980 and 1990. Median housing value in the neighborhood increased from $17,200 to $34,200, an increase of 99 percent, while Marion County increased from $35,900 to $61,400, an increase of 71 percent.

The median age of neighborhood residents has increased from 27.3 years in 1980 to 31.1 years in 1990. The median age in Marion County was 31.9 in 1990. The proportion of children and senior citizens in the neighborhood was similar to the statistics for Marion County. Twenty-six percent of people living in the neighborhood were under 18 years and 13 percent 65 years and over. In Marion County, 26 percent were under 18 years and 12 percent 65 years and over.

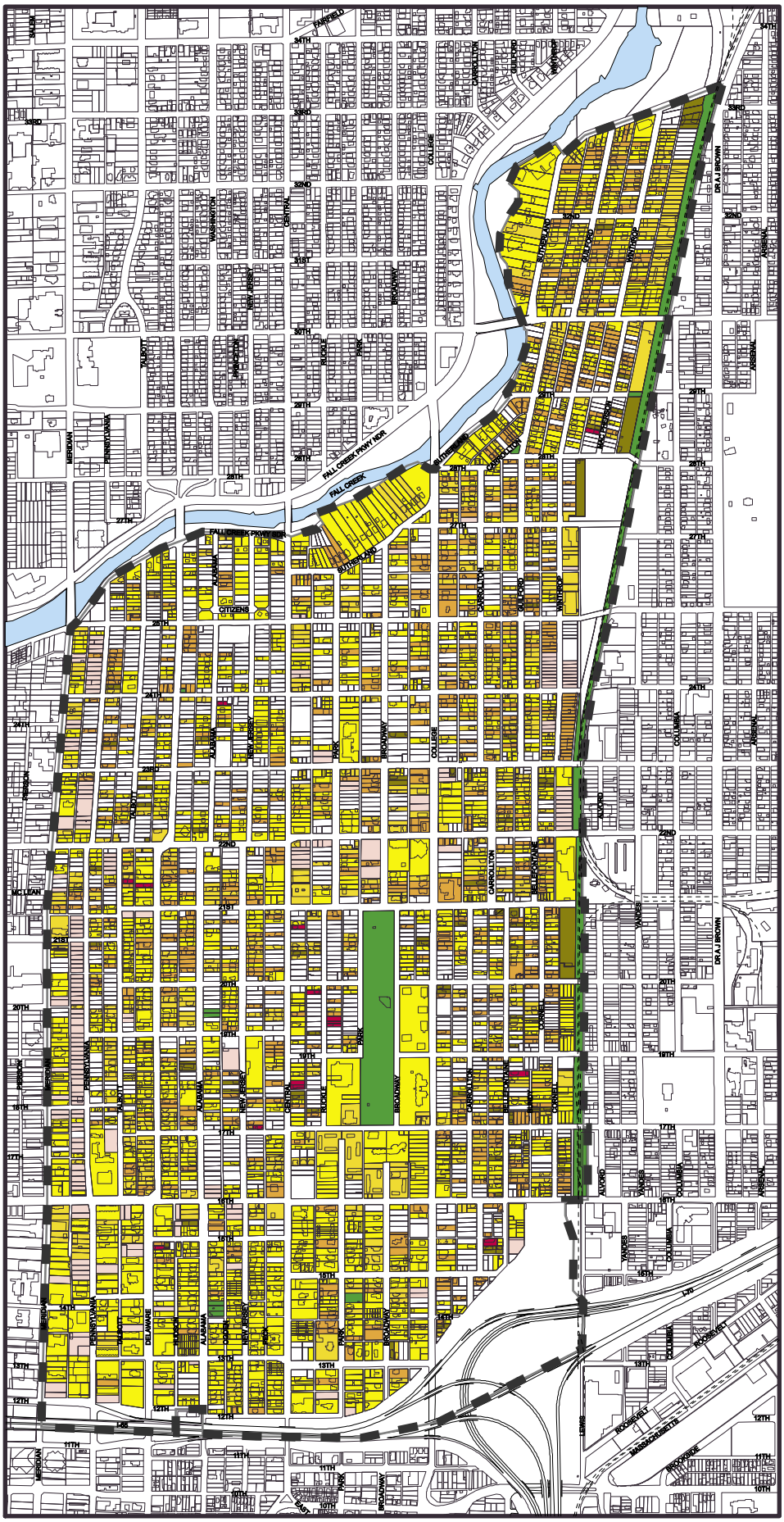
Among families with children under the age of 18 in 1990, 58 percent were headed by a female head of household with no husband present. This is up from 56.2 percent in 1980.

Educational attainment has improved in the neighborhood. In 1980, 58.3 percent of people 25 years old and over had not graduated from high school. By 1990, the number had been reduced to 41 percent. In 1990, 15 percent of Marion County residents 25 years old and over had not graduated from high school. The number of neighborhood residents receiving a college education has increased too. In 1980, 7.4 percent of people 25 years old and over had completed at least four years of college, while the 1990 figure was 17 percent. This is significantly greater than the 1990 Marion County figure of 14 percent.

In 1990, the unemployment rate for persons 16 years and over in the Citizens/King Park Neighborhood was 13 percent compared to six percent for Marion County.

Building Conditions

- Excellent
- Superficial Repairs
- Minor Rehabilitation
- Major Rehabilitation
- Dilapidated
- Parking
- Parks and Open Space
- Vacant Lots



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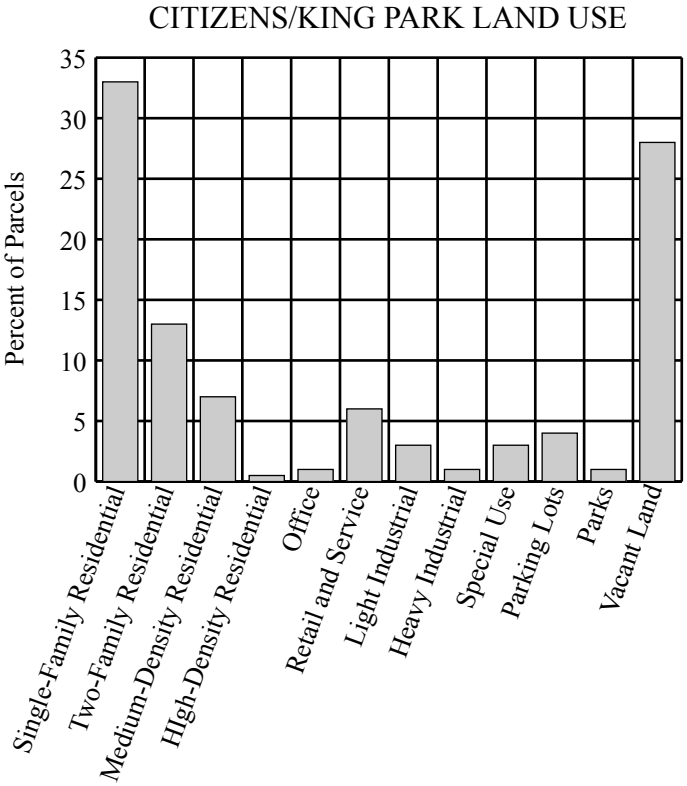
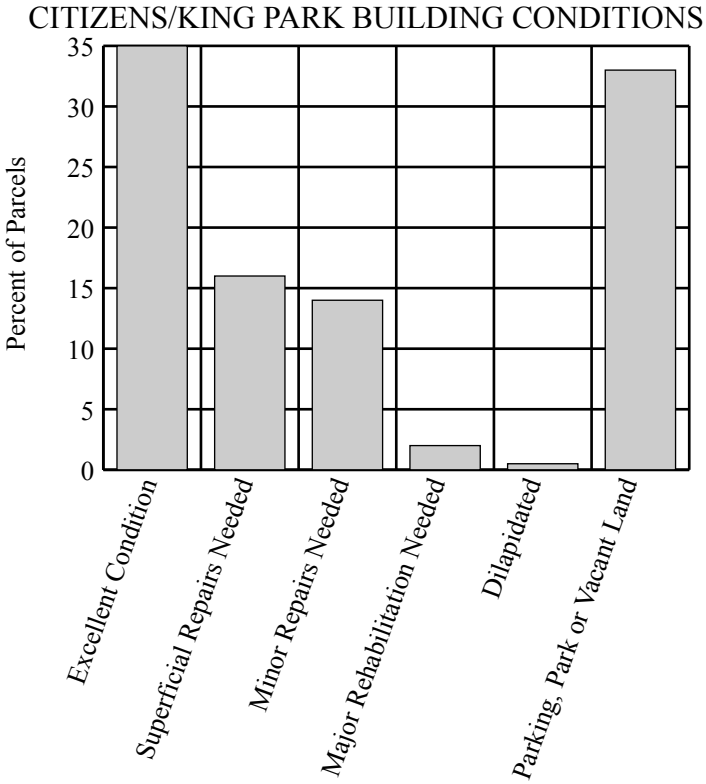
Existing Land Use and Building Condition Information

A windshield survey was done in the neighborhood in December 1999 to determine existing land use and building conditions. Single-family residential is the predominant land use in the neighborhood with 33 percent of the parcels attributed to this land use. Twenty-eight percent of the parcels are vacant, which is a significant number. Only seven percent of the 27,367 acres in Center Township are vacant by comparison. Other land use percentages for the neighborhood are two-family residential, 13 percent; medium-density residential (three-15 housing units/acre), seven percent; high-density residential (16 or more housing units/acre), less than one percent; office, one percent; retail and service, six percent; light industry, three percent; heavy industry, one percent; special use, three percent; parking lots, four percent; and park property, one percent.

Nearly half of the parcels in the neighborhood contain structures that are in excellent condition or need only superficial repairs. Thirty-five percent of the parcels contain structures in excellent condition; 16 percent need superficial repairs; 14 percent need minor rehabilitation; two percent need major rehabilitation; less than one percent are dilapidated; and 33 percent are parking, park land or vacant lots containing no structure.





Housing

Housing Goal: Improve and protect the housing stock in the neighborhood.

Neighborhood Discussion of Topic/Issues:

- Landlords who do not maintain property or screen potential residents are a problem.
- An alternative to demolition of dilapidated homes needs to be found.
- Home ownership and home owner assistance are needed in the neighborhood.
- A commercial and retail initiative is needed in the neighborhood.
- The negative impression of the neighborhood needs to be alleviated.
- Blighted and vacant property should be cleaned up and renovated.

Homes in the neighborhood

- Creative funding alternatives are needed to encourage redevelopment in residential areas. Residential tax abatement is an example. Funding for existing property owners is especially needed.
- Infrastructure elements, such as sidewalks, alleys, and streets, need to be maintained and improved as the neighborhood improves.
- A diversity of housing types is desirable in the neighborhood.
- Residents need to know more about housing resources and services.
- Home ownership should be encouraged.
- There is a perception that Center Township has higher tax rates and this is a handicap. The public's understanding of the tax rates needs to be increased.
- The neighborhood has a concern regarding the possibility of new housing in the neighborhood being developed as "gated" communities. This is not seen as being positive for the neighborhood.
- Also regarding new housing development in the neighborhood, some feel that this development is not occurring as a part of a combined vision that includes input from a broad cross section of the neighborhood.

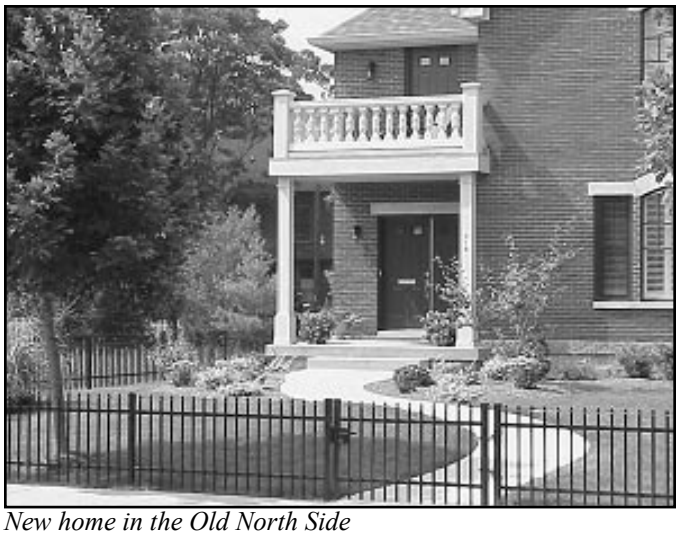
Housing Recommendations in Ranked Order:

	Timing	Primary Responsibility
1. Support the construction of compatible infill housing.	Ongoing	King Park Area Development Corporation (KPADC) and neighborhoods
2. Encourage the use of spot designation of blight to deal with problem properties.	Ongoing	City
3. The neighborhoods should market housing to those who want to renovate homes.	Ongoing	Neighborhoods
4. Support the retail recommendations of the Retail Market Study-Citizens/ King Park.	2001	City, KPADC, and neighborhoods
5. Establish entryways to the neighborhood.	2001-2006	City, KPADC, and neighborhoods
6. Neighborhoods should communicate directly with landlords as a first step in dealing with properties in poor condition.	2001-2003	Neighborhoods
7. The neighborhood should use the housing resources offered at the Jubilee Center, Indianapolis Neighborhood Housing Partnership (INHP), Citizens Multi-Service Center, and other similar agencies. More information may need to be provided to the community.	Ongoing	INHP, Citizens Multi-Service Center (CMSC), KPADC, Jubilee Center, and neighborhoods
8. Market the neighborhood as a positive place to live. Brochures and newsletters would be helpful in this effort.	Ongoing	City, KPADC, and neighborhoods
9. Encourage a land use pattern that protects the residential environment from incompatible uses.	Ongoing	City
10. Link the neighborhood to adjacent neighborhoods, institutions, employment centers, and to the regional trail and park system.	2001-2006	Urban Enterprise Association (UEA) and Indy Greenways
11. Develop a series of housing opportunities that allow for home ownership as well as a range of housing types.	Ongoing	KPADC, INHP, and Housing Urban Development (HUD)

12. Create an environment within the Urban Enterprise Zone neighborhoods that promotes a quality of life based on living, working, and playing in the area. This includes improvements in city services, neighborhood cleanups, and public safety.	15 years	City and others
13. Design and locate new houses and renovate existing houses to strengthen and celebrate the traditional historic pattern of the neighborhood.	Ongoing	KPADC and neighborhood
14. Enforce compliance with city building codes.	Ongoing	City
15. Develop a program to educate people in the community regarding city health and construction codes.	2001-2003	City and Indianapolis Neighborhood Resource Center (INRC)
16. Minimize displacement of area residents as a result of any development activities.	Ongoing	City
17. Create a property owner education program.	2001-2003	INHP, Jubilee Center, CMSC, and neighborhoods
18. Conserve sound housing through use of federal funding programs.	Ongoing	City, KPADC, and developers
19. Strengthen and enhance recent housing developments, such as Fall Creek Place, Fall Creek Proper, and Unity Park.	Ongoing	Developers

Historic Preservation

Historic Preservation Goal: Seek to preserve and compliment the existing historic fabric of the neighborhood's historic districts.



New home in the Old North Side

Neighborhood Discussion of Topic/ Issues:

- Demolition of historic buildings and all housing should be discouraged.
- Low to moderate-income residents should not be placed in old homes. Maintenance and utility costs are too high.
- In terms of code enforcement, Health and Hospital:

  Needs to be more even and congruent in its enforcement,

  Needs to have more power over deteriorating buildings,

  Should give more time between notification and demolitions, and

  Should not use demolition of housing as an aid in law enforcement (i.e., tearing down drug houses to move illegal drug business).
- There should be more control over new housing built in historic neighborhoods. Fall Creek Proper is a good example (with the exception of the cul-de-sacs) of preferred housing construction. Modular and multi-family housing should be discouraged, although doubles are acceptable.
- New housing should have a "connectivity to the past."
- Consider a "conservation" preservation district over all neighborhoods within Citizens Neighborhood Coalition (CNC) not already protected. Modify the controls to achieve consensus among the neighbors.
- Neighbors wish to have greater input, from a historic preservation perspective, in the development of Fall Creek Place.
- In developing new housing, single-family homes, and doubles should be encouraged along with home ownership.
- The neighborhood is concerned about the future of the Herron School of Art buildings and the Metropolitan Center.
- More housing rehabilitation is needed.
- People should call Health and Hospital regarding old neglected homes and buildings that are health hazards.
- In historic neighborhoods, newer homes should be compatible to the older historic homes. The physical features should be preserved and be uniform in appearance.
- The community needs some means of being made aware of improvements in the neighborhood. This may mean more community or neighborhood meetings. Neighbors should be notified of construction in the neighborhood.

- There needs to be a method of determining what existing residential, commercial, and industrial buildings merit restoration. Some commercial buildings can be converted to loft type housing.

Historic Preservation Recommendations in Ranked Order:

	Timing	**Primary Responsibility**
1. Continue to encourage the renovation or restoration of the area's existing housing stock.	Ongoing	Neighborhoods
2. Wherever possible, retain old houses, and find an alternative to demolition.	Ongoing	King Park Area Development Corporation (KPADC) and neighborhoods
3. Support the concept that all single-family housing be owner-occupied housing.	Ongoing	Neighborhoods
4. Improve Health and Hospital's understanding of neighborhood code enforcement issues.	Ongoing	Neighborhoods
5. Encourage a private and voluntary historic property acquisition and restoration program.	Ongoing	Neighborhoods, Historic Landmarks Foundation of Indiana (HLFI), and non-profit organizations
6. Recognize, reestablish, strengthen, and retain residential use as the primary land use.	Ongoing	City
7. Investigate the feasibility of establishing a neighborhood design review or economic development committee that could review and make recommendations regarding proposed changes in the neighborhood, such construction of new houses, reuse of Herron and other existing buildings, and for Fall Creek Place.	2001-2003	City, KPADC, and neighborhoods
8. Encourage low to moderate-income rental residents to become home owners.	Ongoing	KPADC
9. Recommend that property owners make use of existing rehabilitation loan programs.	Ongoing	KPADC and neighborhoods
10. Ensure that new houses are compatible with older homes in the neighborhood.	Ongoing	Indianapolis Historic Preservation Commission (IHPC), KPADC, and neighborhoods
11. Halt the demolition or deterioration of existing historic buildings, structures, and objects, and prevent further deterioration of historic character.	Ongoing	City
12. Encourage the preservation of structures that have architectural or historical significance in accordance with standards of rehabilitation.	Ongoing	Neighborhoods, HLFI, and non-profit organizations

Commercial and Business Development

Commercial at 22nd Street and Central Avenue

Commercial and Business Development Goal: Increase retail and commercial establishments in the community.

Neighborhood Discussion of Topic/ Issues:

- Vacant commercial buildings are a problem. Their reuse is important to the vitality of the neighborhood. A list of the vacant buildings that are available for redevelopment should be developed. It can then be provided to those businesses that are looking for a location in the neighborhood. For example, Family Dollar is looking for another site in the neighborhood for an 8,000-10,000 square foot store.
- A program is needed to help residents become business owners. It was pointed out that the Urban Enterprise Association (UEA) has a small business incubator program at the Fuller Business Center.
- There is no merchants' association in the neighborhood. A merchants' association would be helpful in dealing with common issues or challenges. Citizens Neighborhood Coalition (CNC), King Park Area Development Corporation (KPADC), and the UEA will work to form the association.
- Some store owners compensate for theft by raising prices.
- The neighborhood has a number of vacant properties that may have environmental problems. These sites may be difficult to reuse.
- The challenges for business in inner city neighborhoods, such as Citizens are:

  Inventory loss,

  Attracting good employees,

  Having the type of inventory on hand that people in the neighborhood want, and

  Perception of high crime.
- Research is needed to find businesses that have been successful in inner city areas. What can be learned from them? The Minority Chamber, Local Initiatives Support Corporation (LISC), the City, and Indiana Economic Development Council (IEDC) should assist in this research.
- There is a concern about past business failures in the inner city area. Someone should talk to CVS, Subway, and Blockbuster Video regarding their closed stores at the Meadows. Why did they close?
- Small businesses are important because they can be more flexible in meeting the needs of customers.

- There is a need for a concentration of businesses that are “likely to succeed” which may not meet the desires of the neighborhood.
- The perception of high crime is a deterrent to people shopping at area stores.
- The major shopping areas in the neighborhood have traditionally been 16th, 22nd, and 25th streets.
- There is a concern about new development not fitting in with the neighborhood.
- Businesses in the neighborhood need to be compatible with residential portions of the neighborhood.
- There is a lack of accessible retail for shopping and employment for area residents. The neighborhood feels that City’s help is needed to deal with this issue.
- The neighborhood considers pawnshops and check cashing businesses as undesirable.
- Concerns about safety of business employees and customers need to be addressed.
- Neighborhood residents need to be encouraged to shop at existing businesses.
- Residents need more information regarding area businesses. Businesses should be featured in neighborhood newsletters.
- What the neighborhood needs in terms commercial and business development is:

  Diversity of products offered,

  An inventory or directory of commercial and business assets that the neighborhood has to offer,

  A positive marketing and image,

  Aesthetic and/or cosmetic improvements to some area businesses, such as a façade improvement program and streetscape program,

  Infrastructure improvements, and

  Retention and reinvigoration of existing businesses.

Commercial and Business Development Recommendations in Ranked Order:

	Timing	**Primary Responsibility**
1. Establish a merchants' association for area businesses.	2001	Area merchants and Urban Enterprise Association (UEA)
2. Develop a marketing plan for businesses in this area.	2001-2003	City, schools, and IUPUI
3. Increase/encourage development of neighborhood based commercial uses in existing or new commercial structures. Contact current commercial property owners to assess feasibility of reuse and need for resources. The aim is to create opportunities for local entrepreneurs while providing long-term tenants for vacant commercial buildings.	2001	Merchants' association
4. All new surface-parking areas must be screened and landscaped.	Ongoing	City
5. Enhance the viability of existing neighborhood businesses.	2001-2003	Citizens Neighborhood Coalition (CNC) and merchants' association
6. The Footlight Musicals should be retained in the neighborhood theatre and an acceptable reuse found for the Herron Institute.	Ongoing	City, King Park Area Development Corporation (KPADC), and neighborhoods
7. Encourage both new construction and the redevelopment of existing commercial buildings, office buildings, and housing.	2001-2003	City, KPADC, and developers
8. Work to improve brownfield properties.	2001-2011	City and developers
9. Research businesses that do well in the inner city. Use this information to assist area businesses.	2001	Minority Chamber, Local Initiatives Support Corporation (LISC), City, and Indianapolis Regional Economic Development Partnership (IREDP)
10. ~~Prepare an analysis of the current commercial/retail situation of the neighborhood~~.	2001	UEA, City, and KPADC
11. All new commercial development should provide on-site parking.	Ongoing	City, CNC, merchants' association, and KPADC
12. New business development should take place in support of commercial nodes.	Ongoing	City, CNC, merchants' association, and KPADC
13. Explore ways of improving off-street parking.	Ongoing	City, CNC, merchants' association, and KPADC
14. Support the redevelopment of a viable commercial center at 22nd and Central similar to that proposed in *Citizens/King Park Retail Market Study* (See Appendix B).	Ongoing	City, CNC, LISC, and KPADC

Parks and Green Space

Martin Luther King Park

Parks and Green Space Goal: Preserve and improve park and recreational facilities within the neighborhood.

Neighborhood Discussion of Topic/ Issues:

- In general, the parks in the neighborhood are underutilized.
- More respect should be paid to Martin Luther King Park. Broken glass and trash are problems in the park, especially after Saturday nights.
- Programs that draw more kids to Martin Luther King Park should be created.
- Adults should get involved to supervise programs at Martin Luther King Park.
- Items such as football goal posts, soccer fields, tennis courts, volleyball courts, and basketball goals are needed in Martin Luther King Park.
- The Monon Trail needs to be completed to the downtown.
- The Monon Corridor is more important to the neighborhood than the Meridian Corridor.
- Abandoned properties along the Monon are a problem. Some of the larger parcels, such as the "bulge," provide an opportunity for a new neighborhood park.
- A business development group should look at what can be done to improve areas adjacent to the future Monon Trail. The Urban Enterprise Association (UEA) and Indy Greenways should be involved in this effort.
- New businesses need to be matched with land available adjacent to the Monon Trail.
- An inventory of the land resources available in the Monon Corridor would be helpful in seeking partners to develop this vacant land.
- How can the financial resources to keep neighborhood parks maintained be obtained?
- Money currently budgeted for parks should be compared to the amount necessary to maintain parks at an ideal standard.
- Partnerships with churches to maintain parks should be explored. Are there other solutions when the City does not have enough money?
- The monument to Dr. Martin Luther King , Jr. and Robert Kennedy needs to be maintained. The monument is being poorly maintained. A sign is needed to commemorate the historical circumstances for locating the monument in the park.
- Martin Luther King Park needs to be improved to be better utilized by both children and adults. Suggestions are: 1) creating recreation and activity programs, 2) providing sports, and 3) possibly developing a family center or other facility.
- How can the City help in brownfield remediation?
- The neighborhoods need to play a big part in promoting brownfield remediation.

- There is a need to do more cleanups of the Monon Corridor. What role do volunteers play? A partnership with Indy Greenways on this effort would be helpful.
- What is going to happen with the Norfolk and Southern Corridor? The Central Indiana Regional Citizens League and the Metropolitan Planning Organization's office are studying this corridor.

Parks and Green Space Recommendations in Ranked Order:

	Timing	**Primary Responsibility**
1. Complete the Monon Trail from Fall Creek to the downtown. Make it a showcase corridor.	2001-2005	Indy Greenways
2. Recommend that staffing and funding be sufficient to provide adequate security and maintenance at Martin Luther King Park.	2001-2005	Indianapolis Police Department (IPD), Indy Parks, and the neighborhoods
3. Develop a memorandum of understanding between stakeholders to establish responsibility for maintenance of neighborhood parks.	2001-2005	Indy Parks and the neighborhoods
4. Use School #27, Citizens Multi-Service Center and the Jubilee Center after school hours to augment neighborhood recreational needs especially for children and teenagers. Offer fine arts, dance, passive and active recreation, and other similar activities.	2001-2002	Citizens Neighborhood Commission (CNC), Citizens Multi-Service Center (CMSC), Jubilee Center, Indianapolis Public Schools (IPS), YMCA, and YWCA
5. Work with businesses to improve brownfield properties	2001-2010	City and Urban Enterprise Association (UEA)
6. Establish three small mini-parks. These could be maintained in conjunction with Martin Luther King Park.	2001-2015	City and neighborhoods
7. Provide safe places to walk.	Ongoing	IPD and neighborhoods
8. Embark on a tree-planting program.	Ongoing	UEA, Keep Indianapolis Beautiful, and neighborhoods
9. Recommend that a feasibility study be made by Department of Parks and Recreation to determine the merits of more community center space in the neighborhood.	2001	Community Centers of Indianapolis (CCI) and CMSC with resident surveys
10. Develop only parks that can be kept safe and well maintained.	2001-2005	IPD, Indy Parks, and the neighborhoods
11. Maintain the excellence of the existing system of parks.	2001-2005	IPD, Indy Parks, and the neighborhoods
12. Ensure that park facilities have new equipment.	2001-2005	Indy Parks and the neighborhoods
13. Expand existing system of parks within the neighborhood.	2001-2005	Indy Parks and the neighborhoods
14. Develop a large, active recreation area that links all green space in the neighborhood together.	2001-2005	Indy Parks and the neighborhoods

Human Services

Human Services Goal: Expand the social service programs in the neighborhood as needed and strengthen the linkages between the existing providers of social services.

Citizens Multi-Service Center

Neighborhood Discussion of Topic/ Issues:

- There is poor communication and collaboration between social services and neighborhood organizations.
- There is a lack of programs for women 15-18 and 18-25.
- The attitudes of existing human service providers can be a barrier to those seeking services.
- Customer service needs to be improved.
- Organizations and services need to work together.
- The Citizens Multi-Service Center is a neighborhood service agency that is pro-active in providing diverse programs for low and moderate income individuals in all age groups in the community. These services are provided in collaboration with private and public organizations.
- The Citizens Multi-Service Center has a food pantry and a temporary unskilled labor service for persons 18 and older.
- For the youth at Citizens Multi-Service Center, there is the STAR (Striving to Achieve Respect) Program. This is an after-school program during the winter for area children grades 6-12. It offers children an alternative to drugs through individual guidance. In addition, it provides tutoring, computer training, arts and crafts, puppeteers, meals, home visits and excursions as a reward for academic, and behavior improvement.
- Senior programs at Citizens Multi-Service Center provide activities and special events for area persons 60 and older from Monday-Friday, 9 AM-1 PM. Included are hot lunches, excursions, health education, home visits, movies, and mall shopping.
- The Jubilee Center houses the Oaks Academy, a private Christian school for children up to sixth grade.
- The Oaks Academy provides quality, affordable education. Agencies and grants fund the school's budget, which allows tuition costs to be kept at rate of $3,000 per year. This is 1/3 of tuition for other private schools in the Indianapolis area. Scholarships are available for some students.
- Other programs and services at the Jubilee Center include youth programs, a wellness program and resource center.
- Future plans are for the Jubilee Center to provide a clinic and fitness center.

- The resource center at the Jubilee Center targets housing, transportation, and job training, with individual help in developing interpersonal as well as life skills. The center also helps families during the holidays such as Christmas with meals, clothing, and gifts for the children.
- There is concern regarding the high incidence of sexually transmitted diseases in the City of Indianapolis and its impact on the neighborhood. Work needs to be done with individuals to educate them on the health risks of sexually transmitted diseases and to educate particularly those on welfare and youth.

Human Services Recommendations in Ranked Order:

	Timing	**Primary Responsibility**
1. Create human service programs for women ages 15-25. Make sure there is coordination between agencies.	2001-2003	Citizens Multi-Service Center (CMSC), Jubilee Center, and churches
2. Develop a brochure that describes available resources in the community.	2001	All agencies operating in the neighborhood
3. Develop a one-stop human resources center.	2001-2005	Community Centers of Indianapolis (CCI) and CMSC
4. Recommend that Citizens Multi-Service Center seeks other sources of funding from the private sector.	2001	CCI and CMSC
5. Recommend that Citizens Health Center seek other sources of funding to correct some deficiencies in services and maintenance.	2001	Citizens Neighborhood Coalition (CNC) and CMSC

Faith-Based Community

Faith-Based Community Goal: Strengthen the linkages among churches in the neighborhood and between the churches and neighborhood residents.

Neighborhood Discussion of Topic/Issues:

- The majority of the faith-based community in the neighborhood is made up of those that do not live in the neighborhood.
- Churches provide important social services and foster residential stability.
- Small churches need to be identified as resources, not just the big churches.
- Partnerships between churches and Department of Parks and Recreation to maintain parks should be explored.
- There is a need for a “heart driven” faith leader in the area.
- Communication amongst churches, between churches and neighborhoods, and between churches and human service providers needs to be improved.

Faith-Based Community Recommendations in Ranked Order:

	Timing	Primary Responsibility
1. Work to locate newly forming churches in existing church buildings.	2001-2002	Old Northside
2. Form an association of area clergy.	2001	Citizens Neighborhood Coalition (CNC) and ministers
3. Identify members of the clergy that are on area boards and a part of area neighborhood organizations.	2001	CNC
4. Sponsor a regular clergy breakfast of ministers in the area.	2001	CNC

A church in the neighborhood

Neighborhood Organizations

Neighborhood Organizations Goal: Establish greater community commitment and involvement in the neighborhood.

Neighborhood Discussion of Topic/Issues:

- Once plans for the neighborhood are complete, both the neighborhood and City staff need to support their recommendations. The residents need to be more proactive. They can affect zoning and planning decisions.
- The neighborhood needs more information regarding planning and development projects in the neighborhood.

Neighborhood Organization Recommendation:

	Timing	Primary Responsibility
Foster greater cooperation and working relationships between the Enterprise Zone, the various neighborhood associations, the development corporation, and the various agencies of the City of Indianapolis.	Ongoing	City, King Park Area Development Corporation (KPADC), Urban Enterprise Association (UEA), and the neighborhoods

Public Works and Transportation

Public Works and Transportation Goal: Make the neighborhood a clean and sanitary place to live and maintain streets, curbs, and sidewalks at a level that provides good pedestrian and vehicular movement.

Neighborhood Discussion of Topic/Issues:

- Street cleaning, street maintenance, and snow removal of interior, non-thoroughfare streets is needed.
- Some infrastructure improvements may be needed to retain existing businesses and attract new business development.
- If the esplanade on Alabama Street is to be reconstructed, as suggested in the Herron-Morton Place Plan, a Barrett Law method of payment should be used so that those that benefit the most from it pay for it.
- A proposal for a light rail/trail system on the Monon should be explored. Alternatives are needed.
- Can Union Station be used as a central transportation hub?

Public Works and Transportation Recommendations in Ranked Order:

	Timing	**Primary Responsibility**
1. Repair streets, curbs, and sidewalks as needed.	2001-2005	City with neighborhood input
2. Explore the possibility of reconstructing the esplanade on Alabama Street.	2001-2005	City and Herron-Morton Place
3. All streets, esplanades, and alleys should be maintained and preserved.	Ongoing	City
4. Alleys should be cleaned, paved, and provided with adequate lighting.	2001-2005	City
5. Consider altering traffic patterns to reduce maximum amount of automobiles on College and Central to 3,000 per day.	2001-2005	City
6. Streets should be cleaned on a regular basis.	Ongoing	City
7. Weeds and other obstructions should be controlled at intersections.	Ongoing	City
8. Assess the community's infrastructure to determine relevant problems and methods of repair.	2001-2005	City
9. Create and maintain the necessary automobile circulation routes and loading facilities to adequately support the Meridian Corridor commercial area.	Ongoing	City
10. Explore the potential of a public transit demonstration project on the Monon that promotes the concept of a multi-modal transportation corridor and acts as a catalyst for development.	2001-2010	City and the Metropolitan Planning Organization (MPO)

Industrial Development

Industrial Development Goal: Reuse existing vacant and underutilized industrial land by developing light industrial uses that provide jobs and are good neighbors.

Neighborhood Discussion of Topic/Issues:

- Vacant industrial buildings are a problem. Their reuse is important to the vitality of the neighborhood.
- Remediation of brownfields at former industrial sites, especially those in the Monon Corridor, are a concern to the neighborhood.

Industrial Development Recommendations in Ranked Order:

	Timing	**Primary Responsibility**
1. Develop, within the Enterprise Zone, a series of mini-industrial parks that are based on performance zoning and development.	2001-2015	Urban Enterprise Association (UEA)
2. Develop a theme for industrial parks within the Enterprise Zone that focuses on sustainable, environmentally responsible facilities, services, and products.	2001-2015	UEA

Public Safety

Public Safety Goal: Increase safety for the residents of the neighborhood.

Neighborhood Discussion of Topic/Issues:

- Security in neighborhood parks has improved through better coordination between the Indianapolis Police Department and park rangers. Placing call boxes in the parks may provide additional help.
- The perception of high crime is a deterrent to the development of new business in the neighborhood.
- More efforts are needed to eliminate crime in the neighborhood.

Public Safety Recommendations in Ranked Order:

	Timing	**Primary Responsibility**
1. Recommend implementing walking police patrols.	2001	Indianapolis Police Department (IPD)
2. Strengthen police/community relations in the neighborhood.	Ongoing	IPD and neighborhoods
3. Establish a youth group to assist in the implementation of public safety activities.	2001	Community Centers of Indianapolis (CCI), Indy Parks, Citizens Neighborhood Coalition (CNC), and IPD
4. Develop a sense of place in the Meridian Corridor area with a safe, secure environment, and appearance that will expand into the adjacent neighborhoods.	2001-2005	Businesses in the area. Clarian may play a major role.
5. Strengthen neighbor to neighbor relations within the neighborhood to increase public safety.	Ongoing	CNC and CCI
6. Strengthen neighborhood organizations.	Ongoing	CNC
7. Hire trained people to deal with the community in parks and other recreational locations.	Ongoing	City
8. Train police officers to be sensitive to the needs of the community.	Ongoing	IPD

Education

Education Goal: Improve the level of education of residents of the neighborhood.

Public School #27

Neighborhood Discussion of Topic/Issues:

- Neighborhood children are going to schools outside of the area. This makes it difficult for parents to be involved in school activities.

Education Recommendation:

	Timing	Primary Responsibility
Provide proper maintenance of school buildings, equipment, and grounds.	Ongoing	Indianapolis Public Schools (IPS)

Job Creation and Training

Job Creation and Training Goal: Increase economic opportunity for neighborhood residents.

Neighborhood Discussion of Topic/Issues:

- Lack of adequate childcare makes it difficult for area residents to obtain jobs. The care of sick children is an especial problem.
- One difficulty with the economy in general is that good paying, factory jobs are disappearing.
- Transportation for area residents to jobs can be a problem. Public transportation does not always solve the needs. Jobs at the airport are an example of good jobs that are nearly inaccessible for area residents. The Urban Enterprise Association (UEA) has been working on some solutions to the transportation problem.
- Some business would like to hire people from the neighborhood. They have difficulty in coming in contact with good applicants from the neighborhood, though.
- Neighborhood residents need access to job training. The UEA is a job placement agency. Residents need to be aware of their services.

Job Creation and Training Recommendations in Ranked Order:

	Timing	Primary Responsibility
1. Recommend that the Citizens Multi-Service Center expands its programs to include job counseling, training, placement, and development.	2001	Citizens Multi-Service Center Board and Citizens Neighborhood Coalition (CNC)
2. Recommend that Citizens Multi-Service Center develops job apprenticeship programs.	2001	Community Centers of Indianapolis (CCI)
3. Determine the amount and location of existing childcare and compare to needs. Recommend facilities be expanded if there is unmet demand.	2001	Citizens Multi-Service Center, Methodist or St.. Vincent hospitals and churches

Land Use Plan

The land use plan for the Citizens/King Park neighborhood is designed as an update to portions of the Comprehensive Plan for Marion County for Center Township, the Citizens Neighborhood Coalition Subarea Plan, 1983, and portions of the Near North/Fall Creek Plan, 1993.

Land Use Definitions

Land use plans make recommendations that address issues and concerns of residents and property owners in the neighborhood. The premise for developing a land use plan is the protection of health, safety, and welfare of residents and also the rights of property owners established in law.

Recommending land uses on a plan does not mean the land will automatically change to the recommended uses. Rather, the plan will serve as a guide for future development. When zoning variance and rezoning cases are being considered by the Metropolitan Development Commission, information from the land use plan will be used to substantiate the desirability of a use for a particular site.

The following describes typical uses that may be found in each land use category. Some uses may be subject to certain restrictions or limitations by zoning. The appropriate ordinances should also be consulted.

Very Low-Density Single-family Residential - 0 to 2 dwelling units per acre. Single-family houses.

Low-Density Single-family Residential - 3 to 5 dwelling units per acre. Single-family houses.

Medium-Density Single-family Residential - 6 to 15 dwelling units per acre. Single-family houses.

Very Low-Density Double Residential - 0 to 2 dwelling units per acre. Two-family houses.

Low-Density Double Residential - 3 to 5 dwelling units per acre. Two-family houses.

Medium-Density Double Residential - 6 to 15 dwelling units per acre. Two-family houses.

High-Density Double Residential - 16+ dwelling units per acre. Two-family houses.

Medium-Density Multi-family Residential - 6 to 15 dwelling units per acre. Multi-family apartments.

High-Density Multi-family Residential 16-25 U/A - 16 to 25 dwelling units per acre. Multi-family apartments.

High-Density Multi-family Residential 26-49 U/A - 26 to 49 dwelling units per acre. Multi-family apartments.

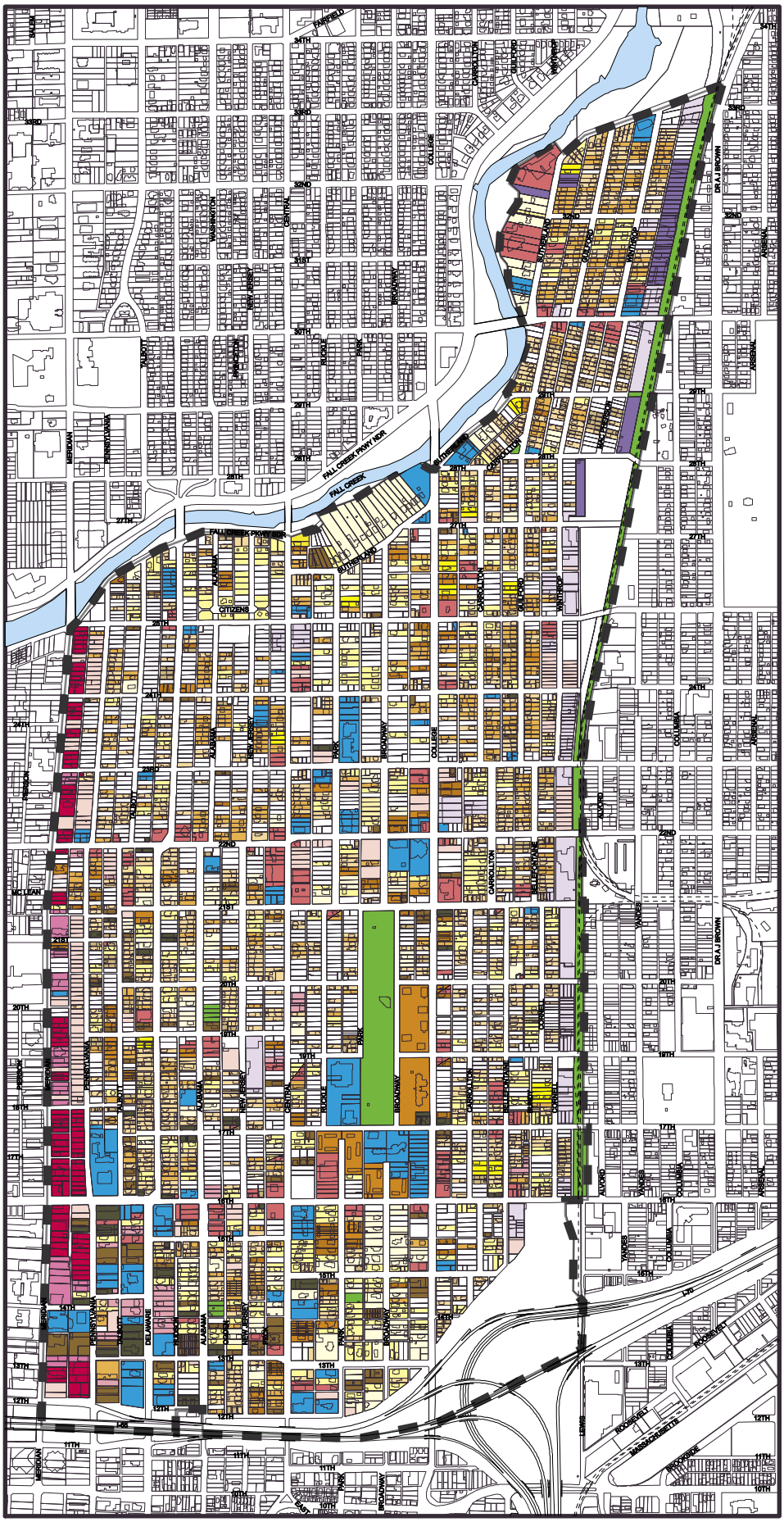
High-Density Multi-family Residential 50+ U/A - 50+ dwelling units per acre. Multi-family apartments.

Office Buffer - Low intensity office uses such as medical services, insurance, real estate, legal services, and other similar office uses. Generally one or two-story buildings.

Office Center - Office development that generally includes three or more buildings and an internal road system. Generally buildings with more than two stories.

Existing Land Use

- Very Low-Density Single-Family (0-2 U/A)
- Very Low-Density Double (0-2 U/A)
- Low-Density Single-Family (3-5 U/A)
- Low-Density Double (3-5 U/A)
- Low-Density Multi-Family (3-5 U/A)
- Medium-Density Single-Family (6-15 U/A)
- Medium-Density Double (6-15 U/A)
- Medium-Density Multi-Family (6-15 U/A)
- High-Density Double (16+ U/A)
- High-Density Multi-Family (16-25 U/A)
- High-Density Multi-Family (26-49 U/A)
- High-Density Multi-Family (50+ U/A)
- Neighborhood Shopping
- Community Shopping
- Office Buffer
- Office Center
- Light Industrial
- Heavy Industrial
- Park
- Special Use
- Parking
- Vacant Lot



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Low Intensity Mixed-Use - Combination of commercial and transit-related uses in a planned development.

Neighborhood Shopping - Shopping areas that serve the shopping needs of area residents. Grocery stores and pharmacies are examples of stores in a neighborhood shopping area.

Community Shopping - Commercial center serving an area larger than just the surrounding neighborhood.

Special Use - Churches, schools, government property, power substations, switching stations, non-profit agencies, nursing homes, hospitals, union halls, and cemeteries are examples.

Mini Park - A park of between 1/4 and five acres that usually serves a specific age group within the immediate neighborhood. Facilities may include a playground, sitting area, and multi-purpose game area.

Greenway - Public trails that can be located on or parallel to floodways, streams, parkways, wooded areas, and abandoned railroad rights-of-way or other public easements.

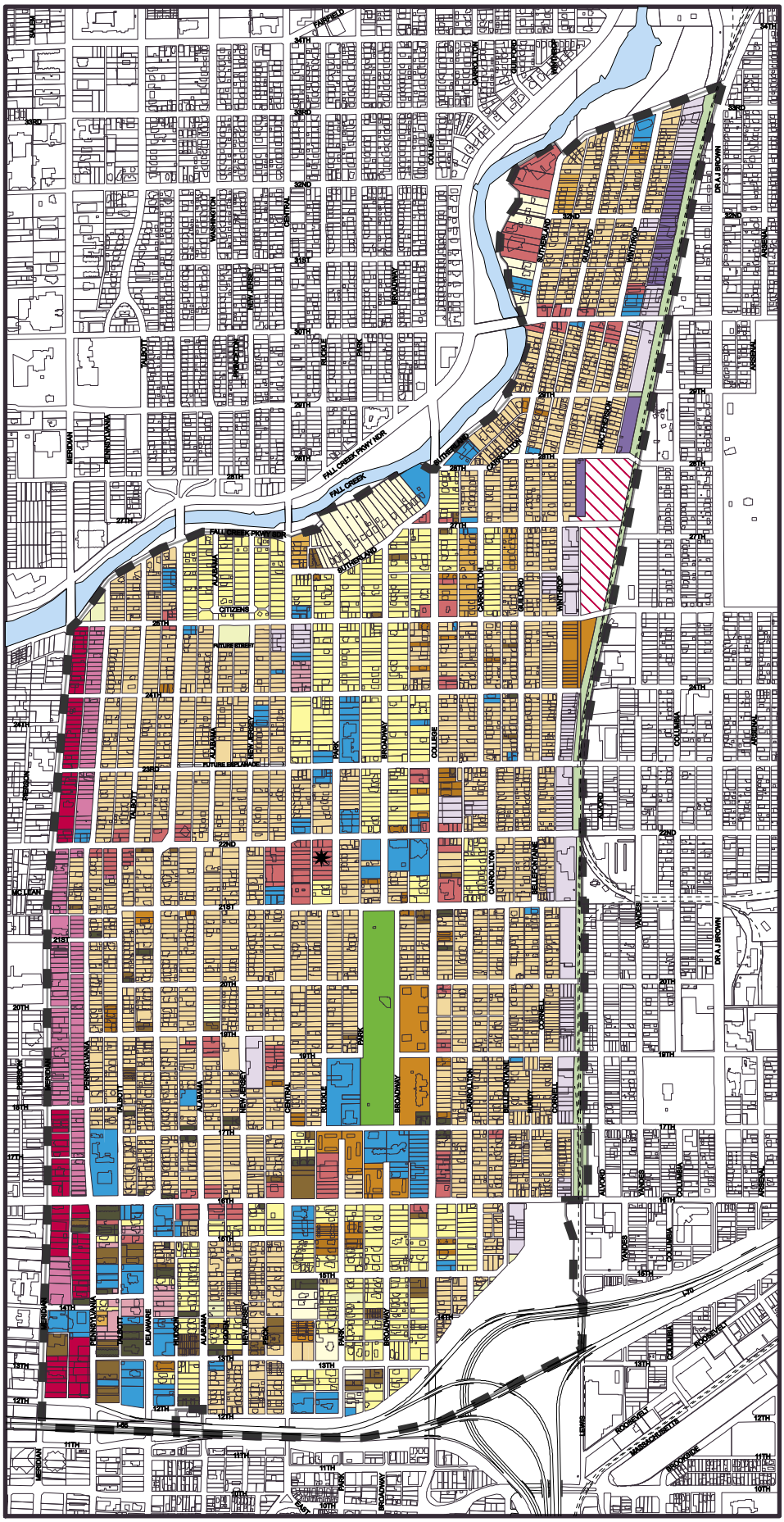
Neighborhood Park - A park of between five and 25 acres that serves the immediately surrounding neighborhood. A neighborhood park usually includes facilities for basketball, tennis, picnicking, and a playground.

Light Industrial - Industries that conduct their entire operations within completely enclosed buildings and do not have objectionable characteristics that extend beyond their property lines. Some examples are jewelry manufacturing and engraving, warehousing, construction companies, upholstering, paper box and paper products manufacturing from finished paper, and manufacturing of optical goods.

Heavy Industrial - Industries that produce smoke, noise, and have outside storage. Because of their nature, they should be located away from residential areas. Some examples are motor truck terminals, concrete manufacturing, scrap metal reprocessing, and auto and truck component manufacturing.

Land Use Plan

- Very Low-Density Single-Family (0-2 U/A)
- Low-Density Single-Family (3-5 U/A)
- Medium-Density Single Family (6-15 U/A)
- Medium-Density Double (6-15 U/A)
- Medium-Density Multi-Family (6-15 U/A)
- High-Density Double (16+ U/A)
- High-Density Multi-Family (16-25 U/A)
- High-Density Multi-Family (26-49 U/A)
- High-Density Multi-Family (50+ U/A)
- Neighborhood Shopping
- Community Shopping
- Low Intensity Mixed-Use
- Office Buffer
- Office Center
- Light Industrial
- Heavy Industrial
- Mini Park
- Greenway
- Park
- Special Use



This site is recommended for Neighborhood Shopping use in combination with existing retail uses similar to the concept developed as part of the "*Retail Market Study-Citizens/King Park.*" Retail uses at this center should be neighborhood oriented retail uses similar to those described on the site map in "*Retail Market Study - Citizens/King Park.*" It is recommended that extensive landscape screening be provided on the Park Avenue frontage of the property which faces single-family homes on the east side of the street. Curb cuts on Park Avenue should be kept to a minimum. C3 is the recommended zoning category for the site.

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Land Use and Zoning Issues

Much of the initial discussion in the planning meetings regarding land use and zoning issues was focused on a series of questions aimed at providing the information needed to prepare a land use plan and zoning plan. These questions are listed below with a general description of the responses of the neighborhood participants.

What are the forces of change in the neighborhood?

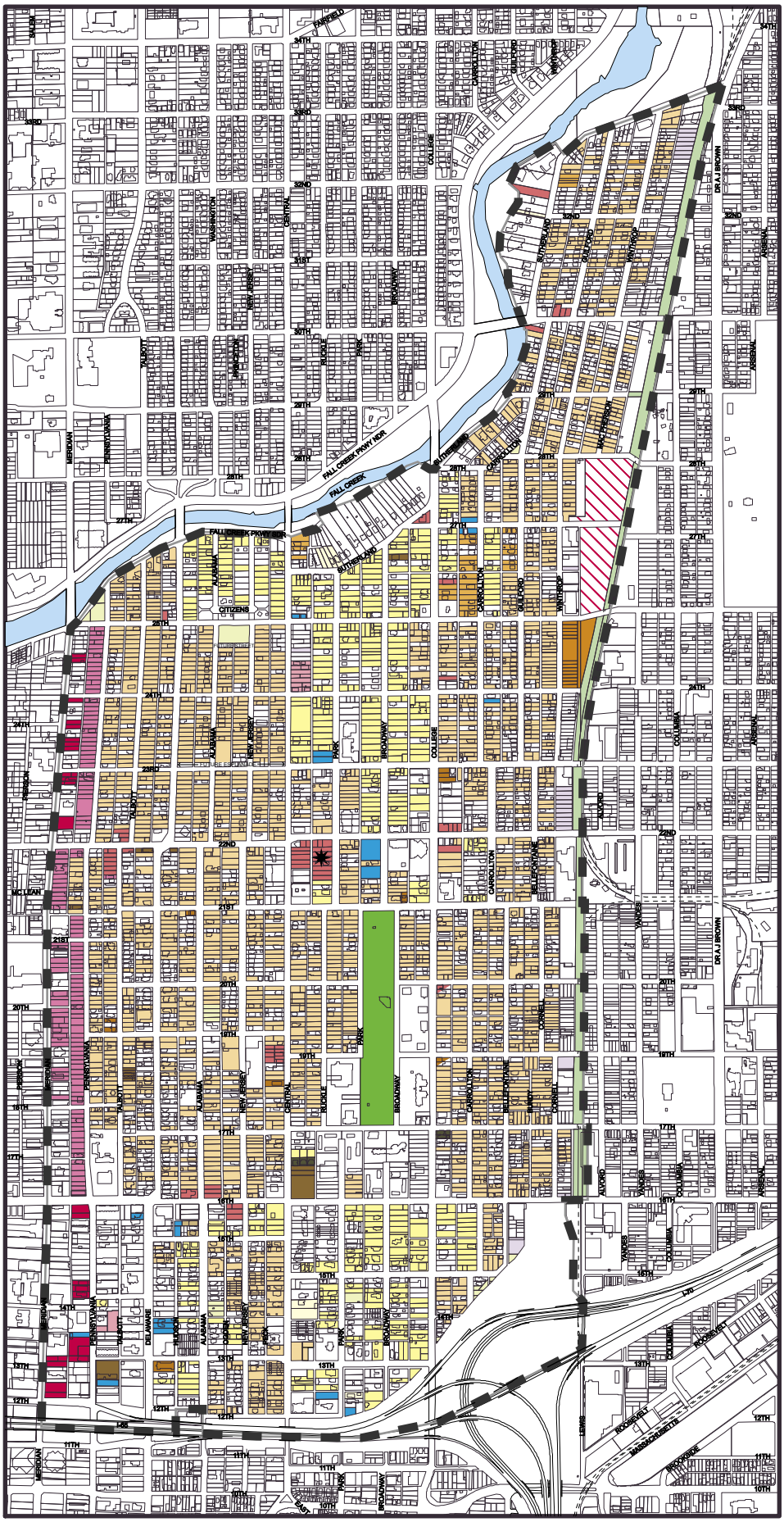
- Historic preservation.
- Development of the home ownership zone.
- Welfare Reform.
- Improvements to Fall Creek.
- Revitalization of the downtown.
- Development of the Monon Corridor.
- Changes in transportation.
- The Meridian Corridor.
- Neighborhood organizations.
- The Tinker Street (16th Street) planning initiative now going on in the neighborhood.
- Changes in social service agencies and their services.
- Changes in jobs available to neighborhood residents.
- Possible improvements to 22nd Street in terms of new businesses.
- There are an increasing number of professional people living in the neighborhood. More of them seem to be opening offices in their homes. This is not a viewed as a positive trend.
- The neighborhood is concerned that in some cases vacant lots will be turned into parking lots. An example of this is that recently churches have built parking lots in residential areas. This is especially troublesome because the parking is needed only once or twice a week.

What are the significant vacant and underutilized parcels and how would you recommend they be used in the future?

- The neighborhood would like to see vacant and underutilized land in the neighborhood used to develop single-family homes. This is true for house lots and even parts of the neighborhood that were formerly industrial.
- The neighborhood suggested that the staff look at the drawings prepared by Ball State students in 1993. The students developed some very good recommendations regarding the reuse of land and buildings especially some of the vacant land near the Monon Corridor. A summary of the student work is included in this document on pages 44 and 45.

Change in Land Use

- Very Low-Density Single-Family (0-2 U/A)
- Low-Density Single-Family (3-5 U/A)
- Medium-Density Single-Family (6-15 U/A)
- Medium-Density Double (6-15 U/A)
- Medium-Density Multi-Family (6-15 U/A)
- High-Density Double (16+ U/A)
- High-Density Multi-Family (16-25 U/A)
- High-Density Multi-Family (26-49 U/A)
- High-Density Multi-Family (50+ U/A)
- Neighborhood Shopping
- Community Shopping
- Low Intensity Mixed-Use
- Office Buffer
- Office Center
- Light Industrial
- Heavy Industrial
- Mini Park
- Greenway
- Park
- Special Use



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What are the existing buildings that no longer serve their original function and do not have a reuse determined? Examples are former churches, schools, institutional, industrial, and commercial buildings.

- Herron Institute - At this time, IUPUI does not have a reuse of this facility defined.
- Metropolitan Center - A developer is now considering redeveloping this building at 16th and Delaware as an arts complex.
- The nursing home at 1910 North Delaware has been vacant for a number of years.
- The Lockerbie Healthcare Center nursing home at 1641 North College is vacant and boarded.
- The commercial buildings on the southwest corner of 16th and College have been vacant for a long time.
- The former antique mall near the Black Curtain Theater is now empty.
- Old School #29 at 2101 North College Street seems to be empty again. It was an arts institution for a while.
- The site of the former A&P building at 1513 Alabama is a concern. The neighborhood would prefer to see this site reuses as single-family residential sites.
- The former Metro Taxi garage at 1520 North Alabama is vacant.

Are there existing land uses that need expansion space or are there land uses that are needed but presently not available in the neighborhood?

- The neighborhood feels that more park space may be needed to support new housing development such as Fall Creek Place.
- The neighborhood feels strongly that there should be more residential development in the neighborhood.
- The neighborhood would like to have a really a good restaurant, gas station, drug store, and a new grocery store.

Are there eyesore buildings that are in such bad condition they should be recommended to be torn down?

- The neighborhood expressed concern about the destruction of any neighborhood buildings. Most would be hard to replace with modern materials and construction methods.
- There are a number of vacant commercial buildings throughout the residential areas of the neighborhood with little historical or architectural merit that should be phased out of the neighborhood.

Should the plan give consideration to the future site needs of certain land uses, such as new schools and parks?

- Facilities in Martin Luther King Park should be expanded, but this should not be done until it is possible for the City to do a better job of maintaining the existing park space.
- There is a trail, starting from the soccer fields in the eastern portion of the Old Northside, that needs to be expanded.
- No new parks or schools are needed in the Old Northside.

Are there areas where existing land use does not match zoning and the existing uses do not match surrounding development?

- The I3U zoning of residential structures in the 1600 and 1700 blocks of Cornell Avenue is an example. The I2U zoning of residential structures on the west side of Winthrop Avenue between 23rd and 27th streets is a similar example.
- The PK2 zoning surrounding Martin Luther King Park is an example of an awkward zoning that does not match existing development.
- There are some commercial uses that intrude on residential areas. These should be phased out.

What should be the overall residential densities in the neighborhood? Overall, the neighborhood has a very mixed-density now.

- The neighborhood feels that the land use pattern created for Fall Creek Place is acceptable for most of the neighborhood. Residents of the Old Northside are concerned about any increase in population density. Single-family homes are the desirable development for most vacant house lots. Parking was a major concern expressed by the audience at the Old Northside meeting. Parking problems have gotten much worse recently. The need for more on-street parking and parking lots are ever increasing problems. Meeting attendees suggested showing portions of the neighborhood changed from the present D8 zoning to D5 as a way to control the growth in parking needs. The zoning plan reflects this recommendation generally east of the alley west of Central Avenue.

How should vacant lots be treated?

- The neighborhood would like to see new single-family homes on vacant lots.

Is it acceptable to combine vacant lots for single family houses?

- Wherever possible larger lots, as were developed in Fall Creek Proper, are more desirable than the existing lot size.

Is it acceptable to split vacant lots for new houses?

- If new residential lots are created, the neighborhood feels they should have a lot width no smaller than the existing typical lot width of 50 feet.

What about side lots? Should it be expected that houses will be built on them?

- This is to be expected and is acceptable.

Should the construction of new carriage houses with apartments be anticipated?

- Generally, the neighborhood has no objection to carriage house development as long as adequate parking is provided.

Should it be expected that all houses will eventually contain the same number of units as they originally contained?

- This probably will occur and is not seen as a negative trend.

What is the future of historic apartment buildings that have no off-site parking? Should some vacant lots be used to provide parking for these structures?

- The neighborhood suggested that, if possible, these buildings should be developed as senior housing. Seniors often do not have cars.
- Another acceptable solution is for these buildings to share parking lots of business in the area as long as the businesses are agreeable.

Should some existing unused parking lots be removed?

- Wherever possible, these parking lots should be developed as single-family houses.

Should any new apartment buildings be anticipated?

- Generally, meeting participants were not in favor of any new apartment complexes in the neighborhood. They expressed a feeling that home ownership strengthens the neighborhood. Condominiums are acceptable in some cases.

Should new attached homes or doubles be anticipated?

- New doubles are acceptable as long as adequate parking is provided.

What is the future of industrial land in the neighborhood?

- The neighborhood expressed concerns regarding industrial businesses in the neighborhood. They cited unwanted truck traffic and industrial expansion needs that infringe on nearby residential development as problems. At the same time, some people acknowledged that industrial businesses do provide jobs for neighborhood residents.

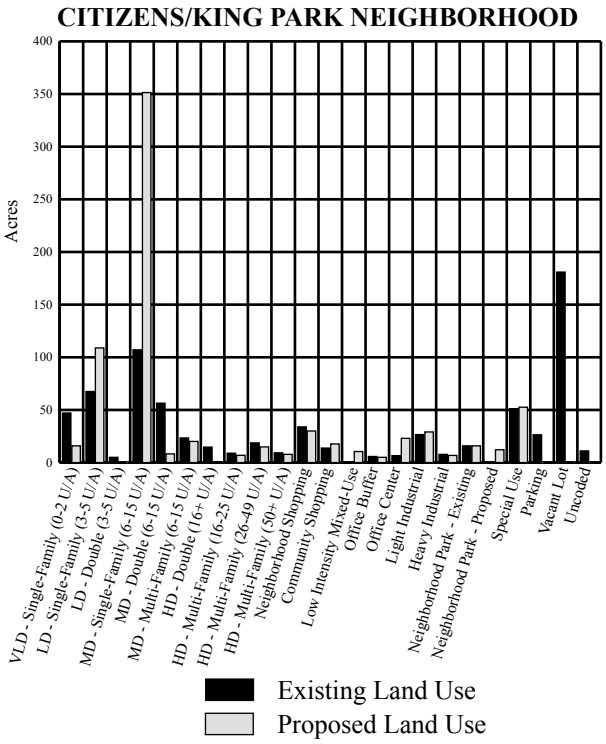
Based on the above responses, a land use plan for the Citizens/King Park neighborhood was developed. The table and chart on the following page compare existing and proposed land use for the neighborhood.

Potential Impacts of the Land Use Plan

The major decreases in land use that will occur in the neighborhood with the development of the land use plan will be in the categories of Vacant Land, Very Low-Density Single-Family, Medium-Density Double and Parking Lots. The major increases in land use will be in the categories of Low-Density Single-Family and Medium-Density Single-Family. Vacant Land will be used primarily in the development of single-family housing. Very Low-Density Single-Family will decrease as more and more side yards are developed as single-family housing. The number of doubles will decrease as houses continue to convert back to single-family homes. Parking lots that are not now being used will be developed as single-family housing.

A comparison of 1960 and 2000 Census information for the neighborhood reveals a population decreases from 31,110 to 7,924 and a housing unit decrease from 13,191 to 4,915. Citizens/King Park neighborhood population decreased 75 percent, while in Center Township the decrease was 45 percent and Marion County experienced a 13 percent increase in population. The housing unit loss for the neighborhood was 63 percent, while in Center Township, the loss was 29 percent and Marion County experienced a 36 percent increase. If the neighborhood develops as shown in the land use plan, there will be a net increase of approximately 1,200 housing units and population increase of approximately 2,050 people.

Category	Existing Land Use	Proposed Land Use
VLD - Single-Family (0-2 U/A)	47.1	15.9
LD - Single-Family (3-5 U/A)	67.5	108.9
LD - Double (3-5 U/A)	5.0	0.0
MD - Single-Family (6-15 U/A)	107.1	351.4
MD - Double (6-15 U/A)	56.4	8.3
MD - Multi-Family (6-15 U/A)	23.4	20.1
HD - Double (16+ U/A)	14.7	0.9
HD - Multi-Family (16-25 U/A)	8.9	6.9
HD - Multi-Family (26-49 U/A)	18.7	14.9
HD - Multi-Family (50+ U/A)	9.3	7.8
Neighborhood Shopping	33.9	30.0
Community Shopping	13.8	17.7
Low Intensity Mixed-Use	0.0	10.5
Office Buffer	5.8	5.0
Office Center	6.6	23.0
Light Industrial	26.6	29.1
Heavy Industrial	7.8	6.8
Neighborhood Park - Existing	15.9	15.9
Neighborhood Park - Proposed	0.0	12.2
Special Use	51.2	52.6
Parking	26.4	0.0
Vacant Lot	180.9	0.0
Uncoded	11.1	0.0
Summary	737.8	737.8



Zoning Plan

After reviewing current zoning and recommendations for future land use, a zoning plan was developed. The recommended zoning changes in this plan are to be used only as an indication of the desirable zoning of sites in the Citizens/King Park Neighborhood. It should not be inferred from the zoning plan that recommending zoning classifications automatically bestows new regulations on property. Zoning decisions are made through the petitioning process and must be heard and voted upon by the Metropolitan Development Commission. Zoning recommendations in this plan cannot be used to justify land use when seeking development permits. Realistically, the zoning plan is a guide for incremental change, not a mandate for immediate action.

Some of the recommended zoning changes for the Citizens/King Park Neighborhood are designed to properly designate various properties whose uses, although appropriate, are not supported by the proper zoning classifications. The other zoning recommendations provide direction for development on vacant land and areas in transition to a different use based on the recommendations of the land use plan. An effort was made to separate incompatible uses through buffering and transitional uses.

Zoning Definitions

The following section describes zoning districts recommended in the zoning plan.

DWELLING DISTRICTS:

D5 - Medium/High-Density Single-Family. Permitted are single and two-family dwellings.

D8 - Urban Single and Multi-Family. Located in areas experiencing renewal by either public action or natural process. Permitted is a full range of residential development, including single-family, two-family, and multi-family. Maximum height of buildings is 35 feet.

D10 - High-Density Multi-Family. Central and inner city high-density multi-family apartments. Maximum height of buildings is unlimited.

DP - Planned Unit Development. Creative site planning, variety in physical development, and imaginative uses of open space are objectives to be achieved. Residential uses are preferred in these areas.

COMMERCIAL DISTRICTS:

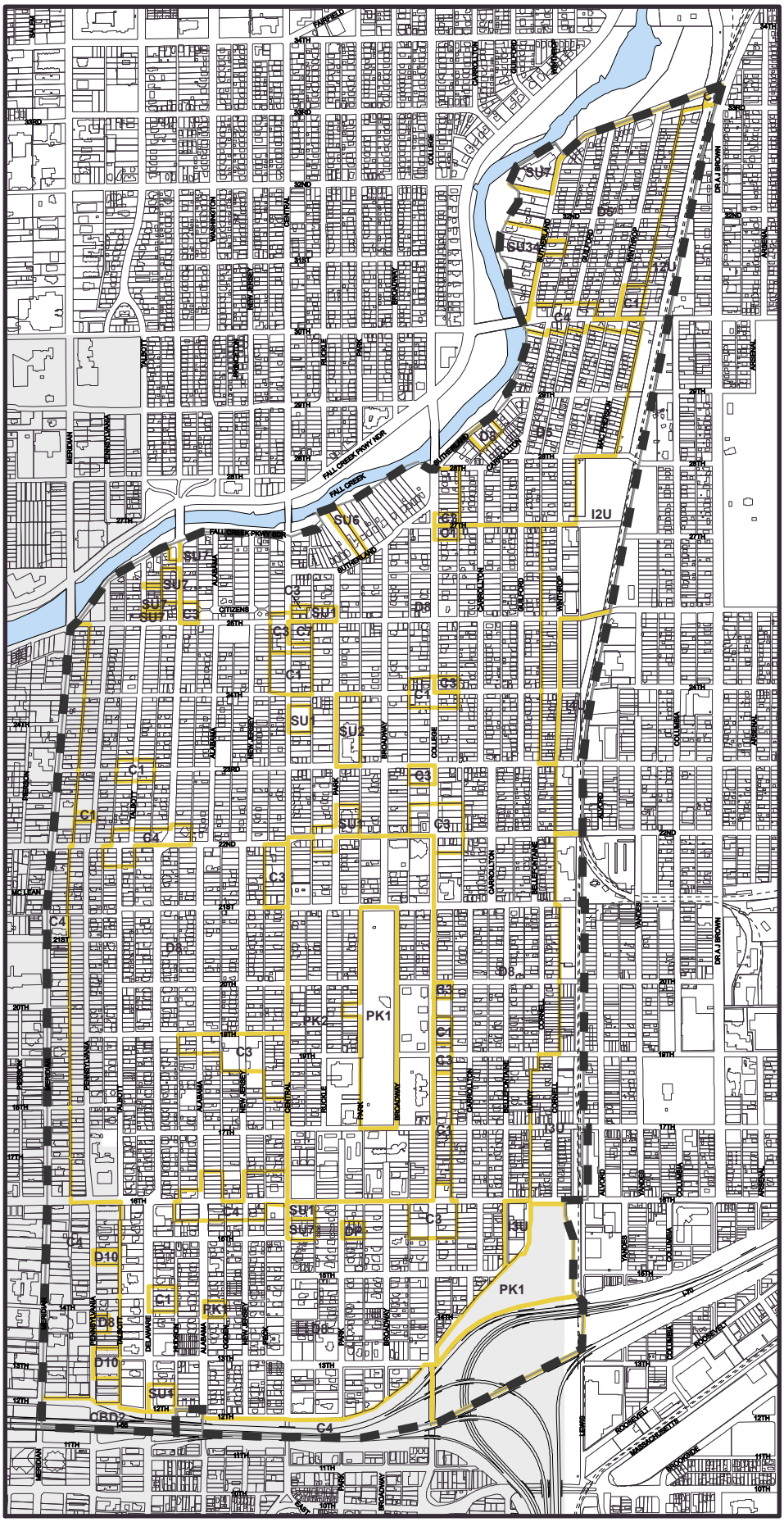
C1 - Office Buffer. Exclusive office district.

C3 - Neighborhood Commercial. Permits a range of indoor retail sales and personal, professional, and business services in a neighborhood. Most C1 uses are permitted plus gas stations and convenience markets are permitted with restrictions. Carryout food establishments or restaurants are permitted but does not permit outdoor seating.

C4 - Community - Regional Commercial. Permits business groupings and regional shopping centers. Permits most C1 and C3 uses as well as department and discount department stores.

Existing Zoning

D5	Medium / High-Density Single-Family
D8	Urban Single and Multi-Family
D10	Highest Density Multi-Family
DP	Planned Unit Development
C1	Office
C3	Neighborhood Commercial
C4	Community / Regional Commercial
C7	High Intensity Commercial
CBD2	Central Business District 2
I2U	Light Industrial Urban
I3U	Medium Industrial Urban
I4U	Light Industrial Urban
SU1	Church
SU2	School
SU6	Hospital and Sanitarium
SU7	Charitable and Philanthropic
SU34	Club Room, Fraternity, Lodge and Public Ballroom
SU38	Community Center
PK1	Park
PK2	Park Perimeter
	Regional Center Secondary



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Department of Metropolitan Development
Division of Planning
November 21, 2001

C7 - High Intensity Commercial. Permits retail uses with significant amounts of outdoor storage (materials, equipment, and parking of trucks). Typically located away from residential districts on high volume highways. Permits most C1 uses and all C3, C4, C5, and C6 uses.

CS - Special Commercial. Permits a unique combination of uses, commercial and non-commercial, in a planned development. Intended to encourage greater creativity in land planning, superior site and structural design and development.

SPECIAL USE DISTRICTS:

SU1 - Church.

SU2 - School.

SU6 - Hospital and Sanitarium.

SU7 - Charitable and Philanthropic Institutions.

SU34 - Club Room, Fraternity, Lodge, Public Ballroom.

SU38 - Community Center.

PARK DISTRICTS:

PK1 - Park District One. Permits all sizes and ranges of public park land and facilities.

PK2 - Park Perimeter Special District. Assures that the area peripheral to public parks will be compatible and harmonious with park uses.

INDUSTRIAL DISTRICTS:

I2U - Light Industrial Urban. Light industrial in existing urban industrial areas that may serve as a buffer between residential and heavy industrial areas. Provides for the use of shallow lots. Permits various industrial uses with no objectionable characteristics.

I3U - Medium Industrial Urban. Intermediate district located away from residential areas and buffered by lighter industrial uses. Permits I2U uses and some I4U uses subject to I3U standards.

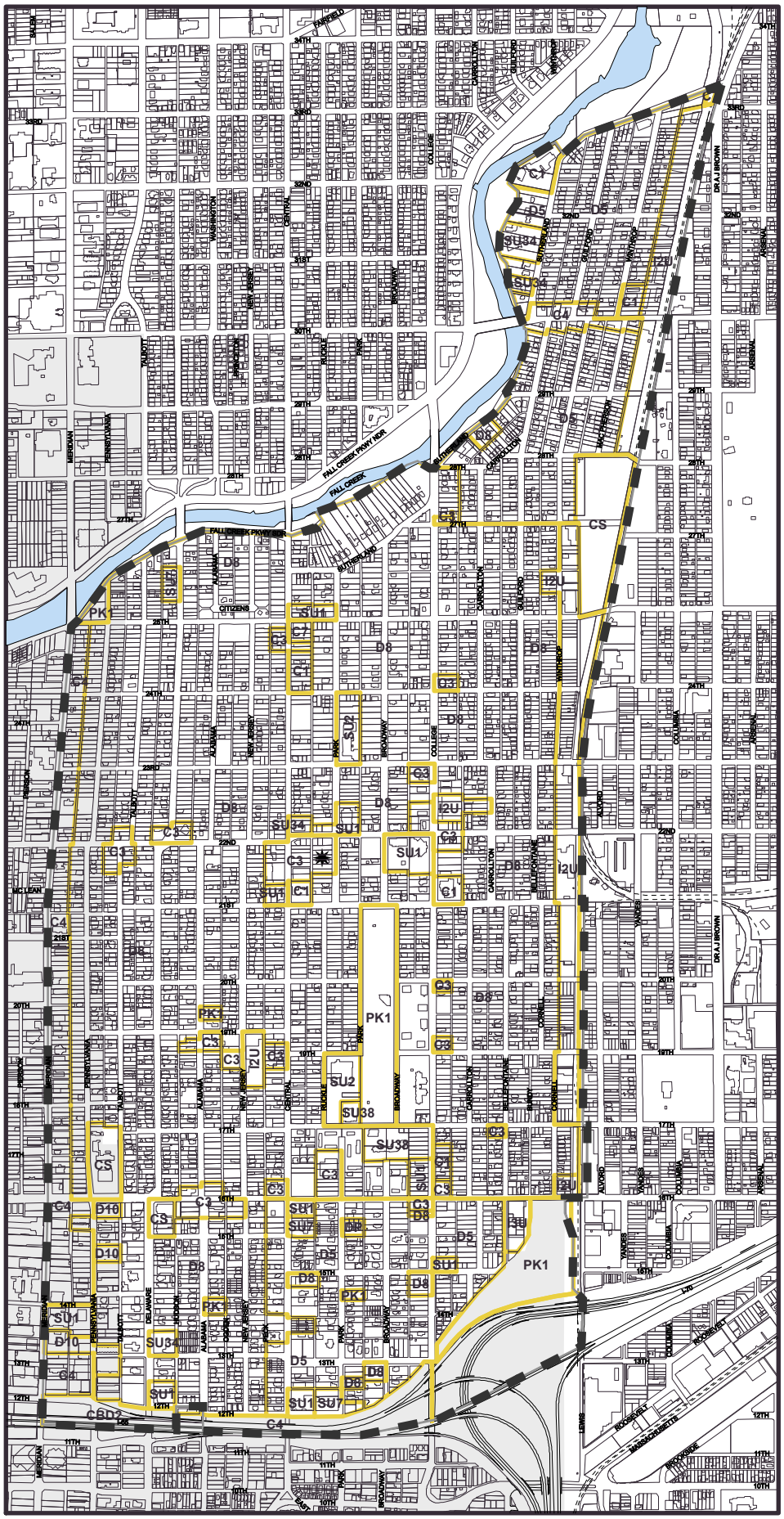
I4U - Heavy Industrial Urban. Heavy industrial that should be removed as far as possible from residential areas. Provides for heavy industrial uses with factors difficult, expensive or impossible to eliminate. Sufficient buffering of objectionable characteristics should be provided to minimize any detrimental aspects. Permits I3U uses subject to I4U standards.

REGIONAL CENTER SECONDARY:

All uses of land located within the Regional Center shall be subject to the approval of the Administrator of the Division of Current Planning on behalf of the Metropolitan Development Commission, as included within a required site and development plan.

Proposed Zoning

D5	Medium / High-Density Single-Family
D8	Urban Single and Multi-Family
D10	Highest Density Multi-Family
DP	Planned Unit Development
C1	Office
C3	Neighborhood Commercial
C4	Community / Regional Commercial
C7	High Intensity Commercial
CS	Commercial Special
CBD2	Central Business District 2
I2U	Light Industrial Urban
I3U	Medium Industrial Urban
SU1	Church
SU2	School
SU6	Hospital and Sanitarium
SU7	Charitable and Philanthropic
SU34	Club Room, Fraternity, Lodge and Public Ballroom
SU38	Community Center
PK1	Park
	Regional Center Secondary



This site is currently zoned SU1 and PK2 with existing development being a church parking lot, one house and five vacant house lots, two of which are used as side lots to a house to the south. If reuse of this site for the described commercial uses cannot be accomplished, it is recommended the existing church parking remain and Low Density Single Family infill houses be constructed on the vacant house lots. The recommended zoning in this case would be SU1 and D8.

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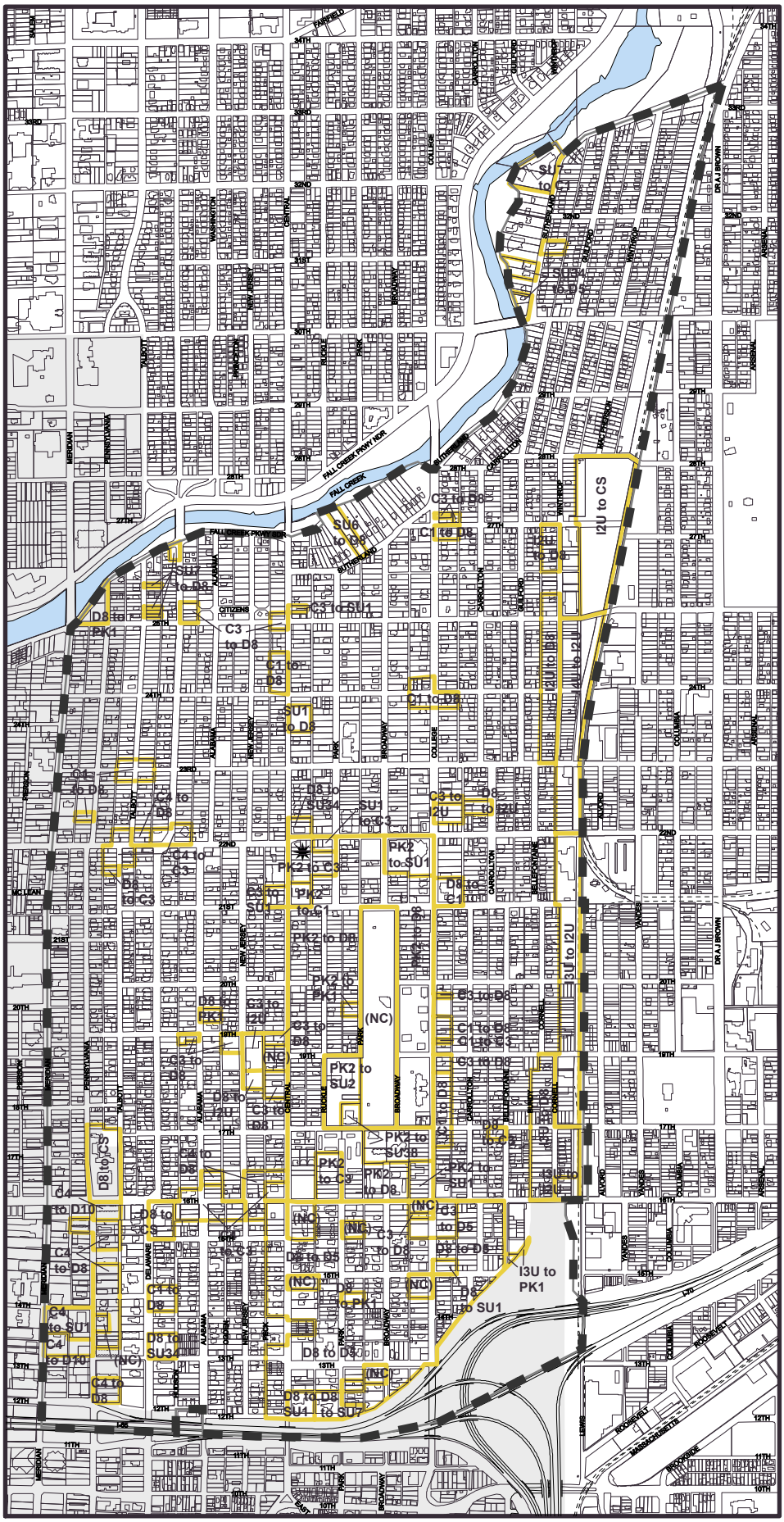
Department of Metropolitan Development
Division of Planning
November 21, 2001

Change in Zoning

D5	Medium / High-Density Single-Family
D8	Urban Single and Multi-Family
D10	Highest Density Multi-Family
DP	Planned Unit Development
C1	Office
C3	Neighborhood Commercial
C4	Community / Regional Commercial
C7	High Intensity Commercial
CS	Commercial Special
CBD2	Central Business District 2
I2U	Light Industrial Urban
I3U	Medium Industrial Urban
I4U	Light Industrial Urban
SU1	Church
SU2	School
SU6	Hospital and Sanitarium
SU7	Charitable and Philanthropic
SU34	Club Room, Fraternity, Lodge and Public Ballroom
SU38	Community Center
PK1	Park
PK2	Park Perimeter
(NC)	No Change

Regional Center Secondary



This site is currently zoned SU1 and PK2 with existing development being a church parking lot, one house and five vacant house lots, two of which are used as side lots to a house to the south. If reuse of this site for the described commercial uses cannot be accomplished, it is recommended the existing church parking remain and Low Density Single Family infill houses be constructed on the vacant house lots. The recommended zoning in this case would be SU1 and D8.

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City of Indianapolis
Department of Metropolitan Development
Division of Planning
November 21, 2001

1993 Ball State Charrette Summary

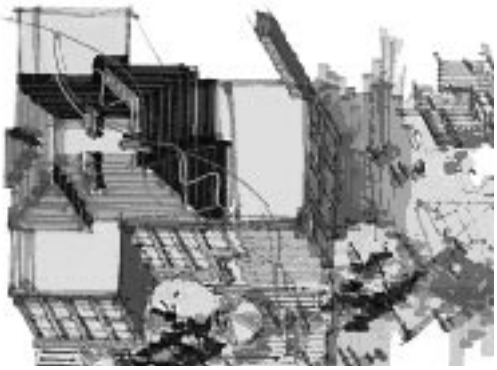
A class from Ball State University College of Architecture and Planning conducted a planning charrette in the Citizens/King Park neighborhood in the spring of 1993. Students invited neighborhood stakeholders to a series of public workshops at the Choice Learning Center. People were asked to describe the neighborhood setting and to give their ideas regarding the future of the neighborhood.

The students combined what they learned from their own research of the neighborhood with what they learned from neighborhood people. With this information, they produced a series of 20. "boards" that describe in words and drawings concepts that would improve the quality of life for those living and working in the area.

In the intervening seven years, there have been some significant changes in the neighborhood that render some of the original proposals made by the students impractical. An example of these changes is the initiation of the development of the Home Ownership Zone or Fall Creek Place. A number of the student proposals targeted the part of the neighborhood that was eventually selected for the Home Ownership Zone application.

Many of the ideas depicted in the work of the students may still have validity, though. They include:

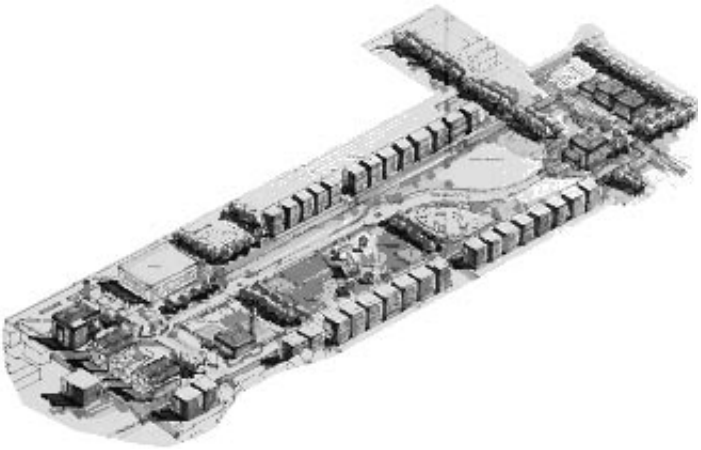
- Strengthening existing neighborhood organizations and improving the links between them,
- Developing the Monon Corridor as a pedestrian and mass transit corridor,
- Strengthening the links between the corridor and the neighborhood,
- Developing a transit transfer station and commercial node on the "bulge" property at 25th Street and the Monon,
- Making improvements to the banks of Fall Creek so that it is more of a park-like setting and can be used for neighborhood recreation,
- Developing a neighborhood walking tour,
- Promoting the development of small business in the neighborhood,
- Developing a series of community gardens throughout the neighborhood,
- Concentrating new commercial development on the traditional neighborhood commercial corridors of 16th and 22nd streets,
- Ensuring that decent housing is available in the neighborhood for a range of home buyers,
- Restoring and maintaining the historic houses and other buildings in the neighborhood,
- Building new houses on vacant lots that are energy efficient, reasonable to maintain and compatible with existing homes in the area,
- Developing community gathering places at different locations throughout the neighborhood, and
- Making improvements to Martin Luther King Park that are aimed at providing more recreational facilities and honoring the memory of Dr. Martin Luther King , Jr.



Student proposal for a community center at former School #27

Student drawing of historic homes

Student proposal for a trail on the banks of Fall Creek



Student proposal for new facilities in Martin Luther King Park

Appendix A: Credits

RESIDENTS:

Members of the following neighborhood organizations: Citizens Neighborhood Coalition (CNC), Reagan Park Community Action Group, Reagan Park Community Action Group #2, Old Northside Neighborhood Association, New North Side Neighborhood Association, Friends and Neighbors Block Club, Kennedy-King Neighborhood Association, Unity Residents Council, Reagan Park/ Johnson, and Herron-Morton Place.

Others attending Citizens/King Park Neighborhood Plan meetings.

ADMINISTRATION AND POLICY DIRECTION:

City of Indianapolis

Mayor:
Bart Peterson

Deputy Mayor:
Carolyn M. Coleman

Metropolitan Development Commission:
Randolph Snyder, President
James J. Curtis, Sr., Co-Secretary
Lee Marbles, Co-Secretary
Harold Anderson
Lance Bundles
Gene Hendricks
Robert Smith
Ed Treacy
Sylvia Trotter

Department of Metropolitan Development:
Maury Plambeck, AICP, Director

Division of Planning:
Michael Peoni, AICP, Administrator
Robert Wilch, Planner in Charge
John Byrnes

Appendix B: Retail Market Study

Retail Market Study
Citizens/King Park

Submitted to

City of Indianapolis

July, 2001

ERA Project Number: 13983

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Executive Summary

The City of Indianapolis' Department of Metropolitan Planning is in the process of an urban planning and redevelopment effort in the Citizens/King Park neighborhood. This process includes improvements to public space and roads, a major effort to increase and improve the area's housing stock, and market research to determine the retail development potential of the neighborhood. The retail development potential in the neighborhood is the subject of this report.

Urban Retail Trends

Economics Research Associates (ERA) is aware of a number of trends in the retail industry that may affect efforts to successfully develop new retail space in the Citizens/King Park neighborhood. First, a number of recent studies have made a strong case for more urban retailing in America. The nation's inner city markets exhibit strong aggregate demand for retail goods despite the lack of supply in many inner cities. Second, inner city shoppers are not all alike. Successful retailers in inner city settings tend to be those that can best define, and adjust to, their particular inner city markets. Third, a critical mass of retail stores is typically necessary to justify the construction of new retail space.

Area Definitions

The Citizens/King Park neighborhood is located 2 miles north and east of the Indianapolis central business district. It lies east of Talbot Street, south of Fall Creek Parkway, north of 22nd Street, and west of College Avenue. This neighborhood is the "study area" for this report. Although there were four critical intersections in the homeownership zone that were the focus of this study, we also examined other properties and trends in the surrounding area. Therefore, our market analysis applies to the broader Citizens/King Park neighborhood.

This study analyzes market data based on a primary trade area of 1 mile. ERA also considered a secondary trade area of 2 miles in an effort to have a more comprehensive assessment of the surrounding development and retail activity. These 1 and 2 mile market rings are referred to as the "trade areas" throughout this report. Emphasis will be on the primary trade area.

Throughout our analysis it will be useful to distinguish between the specific boundaries of the Citizens/King Park neighborhood and the larger market trade areas. Although there are two trade areas defined in this analysis, the most important one is the 1-mile trade area. It is the "primary" trade area. For the purposes of this report the term "trade area" will refer to the primary trade area unless otherwise specified. A map on page 6 illustrates these various areas.

Demographic Data

Population Density - The 1-mile radius around the subject area defines the primary market. The population within this primary market was 14,100 people in 1999. As the development proceeds and new homeowners move in, the 1-mile population is expected to remain above 14,000 people by 2007 when the housing development will be complete. The 1 to 2-mile ring around the

subject area defines the secondary market. The population within this secondary market was about 57,900 people in 1999. Therefore, the combined primary and secondary markets in the surrounding area have a population of 72,000 - population within a 2-mile radius of the subject.

Traffic Counts - Central Avenue provides a convenient thoroughfare for southbound commuters into downtown. Traffic counts are highest during the morning rush hours. ERA estimates the daily vehicle count at the key intersection of 22nd and Central Avenue is about 16,600. ERA bases this estimate on survey data from a study by Pflum, Klausmeier & Gehrum (PKG) as well as station counts provided by the City's Department of Capital Asset Management. Interviews conducted with property owners in the area, however, indicated that traffic counts might be higher. It is possible that significant foot traffic occurs at these intersections, which may give existing business owners the impression of a higher vehicle traffic count.

Median Household Income - ERA analyzed the income characteristics and spending patterns of residents in the 1-mile trade area around the subject sites. In an effort to make income and spending data easier to interpret we compared statistics of the primary residential market to the state of Indiana and the nation as a whole. The median household income in the primary market area was $17,200 in 1999 according to business market data maintained by Environmental Systems Research, Inc. (ESRI). This is far lower than the median household income level statewide ($40,100) and nationwide ($40,000). According to data from ESRI, median household incomes in the primary market area are expected to grow at a compound annual growth rate (CAGR) of about 3.7%. Therefore, we estimate the median household income this year (2001) is approximately $18,400 in the 1-mile trade area.

Household Size - The average household size in the primary market included 2.2 people. Comparatively, the average household size across the state of Indiana is 2.6 people. Nationwide, the average household size is about 2.7 people.

Home Ownership - The percentage of households that are owner-occupied in the primary market is lower than statewide and national averages. About 42% of the households are owner-occupied in the primary trade area. Statewide, about 77% of Indiana households are owner-occupied. Nationwide, about 67% of U.S. households are owner-occupied.

Consumer Expenditures - For the purpose of this retail analysis ERA has focused on a limited set of spending categories. These relevant spending categories include food, apparel, general merchandise, housewares & small appliances, materials, and miscellaneous retail stores (which include drug stores, liquor stores, and entertainment). According to the income and population projections described above, this report estimates that expenditures by residents will be about $4,600 per capita on relevant retail categories in the primary trade area this year (2001).

ERA points out that despite low incomes and high levels of public assistance among residents in the trade area, aggregate incomes in the trade area amount to significant spending power. Moreover, low homeownership rates and U.S. Census expenditure data indicate that the level of disposable income available for retail spending may be close to the national average on a per capita basis.

Market Analysis

Retail Supply - Our analysis estimates that retail establishments in the 1-mile trade area numbered between 50 and 60 stores. This represents about 260,000 square feet of retail in the relevant categories. These retail establishments in the 1-mile trade area produce an estimated $45 million in sales annually in the relevant categories.

Retail Demand - By taking the product of the present year population and the present year per capita income, we estimate an aggregate income of about $173 million in the trade area. Using spending ratios derived from BLS expenditure data we estimate that 38% of the trade area's aggregate income is spent on the seven retail categories discussed in this report. By taking the product of the above spending ratio (38%) and the estimated aggregate income ($173 million) of the trade area, this analysis estimates that residents of the trade area spent a total of approximately $65 million in stores that fall into the seven relevant retail categories. This calculation provides us with an estimate for retail demand in the subject trade area.

Retail Leakage - Examination of the categorical sales and expenditures estimates indicate that significant leakage occurs in four of the seven defined retail categories. These categories are, namely, Eating & Drinking Places, Materials Stores, Apparel Stores, and Miscellaneous Stores. The aggregate leakage for all seven retail categories is more than $20 million. Moreover, the leakage of the four suggested target categories exceeds $25 million. This indicates that significant potential exists for expansion in restaurants, materials stores, apparel shops, and miscellaneous stores. (Note that the miscellaneous store category includes pharmacies, video rental shops, and other entertainment oriented stores.) On the other hand, the supply appears to be adequate for grocery, furniture, and general merchandise stores in the primary trade area.

Retail Opportunities

Opportunities exist for retailers in the Citizens/King Park neighborhood. A variety of retail categories could be successful in the area. One option for retail growth in the study area is to target retail businesses that can make use of existing properties. This would allow them to benefit from currently low lease rates in the neighborhood. For example, the owner of Crawford's Bakery could be approached regarding the introduction of a second bakery in the existing building at 22nd and Central Avenue that used to be the Joint Boutique. The possibility of installing a drive-through window combined with morning commuter traffic and low lease rates could produce an opportunity for a bakery or donut shop to benefit from currently existing physical and market conditions at this location.

Another option for retail growth in the study area is to develop new retail space. The presence of the Safeway grocery store as well as good visibility and traffic counts at the southeast corner of 22nd Street and Central Avenue make this corner a logical site for new development. For example, a new neighborhood shopping center development could build on the existing market conditions and grocery store traffic to create a more significant mass of retail shopping that would appeal to a wider customer base.

Of the total $20 million gap between supply and demand in the trade area, this report estimates that about one-third of the opportunity for retail development is feasible within the more defined neighborhood study area. This represents about $6.8 million in potential sales that could take place in the neighborhood study area if appropriate and well managed retail stores in certain categories were to open there.

Based on these strengths and weaknesses as well as national industry data, ERA believes it is reasonable to assume performance below, but similar to, the median (but below the mean) of Midwest neighborhood shopping centers for our study area. This report assumes a sales performance of $175 per square foot, on average, for new businesses in the Citizens/King Park neighborhood is possible. In reality certain retail types should experience sales performance higher than $175 per square foot in the area, but other retail types may experience lower sales levels. Based on this assumption, there is a potential for approximately 30,000 to 40,000 square feet of additional retail business in the neighborhood.

Strategic Recommendations

The client and other parties have pointed out a desire to coordinate housing and retail planning efforts in the subject neighborhood. ERA believes this is prudent and recommends a combination of two strategies for housing development in the subject area. First, the City should continue with current development efforts to increase and upgrade the housing stock in the neighborhood. Second, the City should land bank many of the parcels they own for future residential development as housing demand increases in the area.

ERA also recommends a combination of two strategies for retail development in the subject neighborhood. First, we recommend the development of new retail space in the form of a neighborhood center. Because of certain shared costs, improved financial performance, and increased customer traffic, we recommend that new development be consolidated into a single shopping center, preferably adjacent to an existing anchor tenant, such as the Safeway grocery store. Second, we recommend the adaptive reuse of certain existing buildings for retail use. Existing buildings that are suitable for retail are limited in the area, but they offer an attractive opportunity to certain retailers because they are inexpensive to lease.

Under current market conditions ERA recommends the development of only one new property for retail use. But community representatives have demonstrated optimism that the neighborhood is undergoing change both in terms of income characteristics and population density. If the Fall Creek Place development demonstrates strong demand for housing and if the proposed neighborhood shopping center proves successful, then it is possible that further retail or mixed-use developments in the neighborhood will be feasible in the future. With this vision in mind, therefore, ERA recommends that City planning officials consider purchasing and land banking property at one of the remaining four key intersections outlined in this report.

In addition to the four key intersections outlined in the report, the intersections of 16th Street and Central as well as 16th Street and College Avenue offer many of the necessary market characteristics required by certain retail developers. For example, the relatively high traffic counts (29,000 VPD) at the intersection of 16th Street and College Avenue could make it

appealing to a large drug store, such as Walgreen's. Furthermore, there has been significant interest and commitment by residents and community leaders in the subject and surrounding neighborhoods to make private development feasible at some of these locations.

Financial Analysis

To assist our client in making the best decisions possible regarding potential retail development in the Citizens/King Park neighborhood, ERA considered a scenario in which approximately 30,000 square feet of new retail space is developed in the study area.

This report identifies a number of possible locations for the proposed neighborhood shopping center. But the recommended location is adjacent to the Safeway grocery store near the southeast corner of 22nd Street and Central Avenue. Many retailers that can succeed under market conditions displayed by the subject trade area prefer to be located near an anchor tenant, such as a grocery store. Similarly, many of these retailers perform best when located with each other because the critical mass of shopping drives higher customer traffic and allows operators to share costs associated with parking, common areas, and security.

ERA conducted a preliminary financial analysis of the proposed shopping center. Our report demonstrates that some level of public investment will be necessary to make the project feasible. Incentives assumed in this report include some form of tax incentive (possibly Tax Increment Financing), land acquisition and demolition costs, low interest financing, and possibly an equity grant. The report estimates total development costs of approximately $2.3 million. It assumes the center would begin operation in 2003. This report bases its estimates on an average tenant lease rate of $8 per square foot (plus triple net charges) in the first year of operation. Our analysis also assumes a 7% vacancy rate and a 3% inflation rate. Based on regional operating standards, this report estimates that the center's operating costs will be approximately $3.75 per square foot (including real estate taxes) in the first year.

Based on total development costs of $75 per square foot, the proposed center would cost an estimated $2,250,000 to develop. It will be necessary to find public incentives that can be available at the onset of development in an effort to keep financing costs at an affordable level. This report assumes a modest private investment and a series of loans will pay the remaining development costs. Private investment equaling 20% of the remaining costs could yield an internal rate of return of about 18% based on the assumptions and findings outlined in this report.

General Limiting Conditions

Every reasonable effort has been made to ensure that the data contained in this study reflect the most accurate and timely information possible, and they are believed to be reliable. This study is based on estimates, assumptions and other information developed by Economics Research Associates from its independent research effort, general knowledge of the industry, and consultations with the client and the client's representatives. No responsibility is assumed for inaccuracies in reporting by the client, the client's agent, and representatives or any other data source used in preparing or presenting this study.

No warranty or representation is made by Economics Research Associates that any of the project values or results contained in this study will actually be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Economics Research Associates" in any manner. No abstracting, excerpting, or summarization of this study may be made. This study is not to be used in conjunction with any public or private offering of securities. It is not to be used for any other similar purpose where any person other than the client may rely on it to any degree. This study may not be used for purposes other than that for which it is prepared. Exceptions to these restrictions may be permitted after obtaining prior written consent from Economics Research Associates.

This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

Introduction

The City of Indianapolis has retained Economics Research Associates (ERA) to conduct a market analysis and help develop a retail strategy for the Citizens/King Park neighborhood, just north of the city's central business district. The project specifically targets four intersections in the area. These subject sites include the intersections of 22nd Street and Delaware Street, 25th Street and Delaware Street, 22nd Street and Central Avenue, and 25th Street and Central Avenue. The project seeks to determine what types of development might be feasible at these four intersections. Furthermore, the project analyzes the neighborhood as a whole in order to offer guidance in retail-related planning efforts. Although the report focuses on the homeownership zone, our market research applies to the surrounding area. The study's primary trade area, for example, also includes the intersection of 16th Street and College Avenue.

In the greater Indianapolis metropolitan area retail development has been strong. According to Colliers 2001 Commercial Real Estate Report ten major "big box" retailers are seeking to expand in the Indianapolis market during the next two years. These retailers plan to add an additional 4 million square feet of retail development in Indianapolis during the next two years. Retail competition in the metropolitan area is expected to continue to escalate, especially in the categories of home improvement, warehouse clubs, discount stores, and grocery stores.

Despite growing competition in the metropolitan area, there has been little in the way of retail development in the Citizens/King Park neighborhood. A number of retailers have gone out of business or are struggling in the area. Yet, some establishments such as the B&B Liquor Store, Church's Chicken, and Family Dollar continue to perform well in the neighborhood.

This study will help identify whether and to what extent further retail development is feasible in the neighborhood. The study will attempt to identify which specific retail categories are more likely than others to succeed in the study area. After the report discusses retail feasibility, ERA provides a preliminary financial analysis of one potential retail development scenario. It is intended to serve as an example for discussion purposes.

Cheryl Baxter, Senior Vice President, and Hans Detlefsen, Associate, conducted this assignment for the City of Indianapolis' Department of Metropolitan Development, Division of Planning.

Project History & Background

This report is one among a number of recent efforts aimed at better understanding the existing market and opportunities for development in the Citizens/King Park neighborhood. Site visits, interviews, and previous studies all contributed to ERA's understanding of the neighborhood, its market characteristics and opportunities that may exist for expansion of the neighborhood's retail offerings. In the following section we discuss some of the work already undertaken or planned for the subject.

Previous Studies

ERA reviewed a number of planning documents and market analyses that have already been conducted for the Citizens/King Park neighborhood. During the past several years the City's Department of Metropolitan Development, Division of Planning has coordinated work between neighborhood groups, economic development organizations, private developers, researchers, and consultants in an effort to make the best planning and development decisions for the area. The following discussion reviews some of the relevant studies that have been done to date.

Citizens/King Park Neighborhood Plan - This draft planning document was released in July 2000 and is the product of ongoing discussions between the City and the various community leaders and representatives of the Citizens/King Park neighborhood. The document surveys current land use and building conditions. It also summarizes a number of priorities and concerns voiced by members of the community regarding future planning and development.

King Park Area Urban Design Plan - In 1999 Urban Design Associates prepared this document for the City of Indianapolis. It includes design plans and costs for a homeownership plan intended to transform a "blighted inner-city area" into a thriving and safe mixed-income neighborhood. In March 1998 the U.S. Department of Housing and Urban Development awarded a $4 million Homeownership Zone Grant to the City for this purpose.

Analysis of Retail Development in the Indianapolis Inner City - Indiana University's Center for Urban Policy and the Environment (CUPE) conducted a retail analysis for the City in 1999. The study focused on 6 inner city retail market areas covering 58 census tracts. One of the key findings from this study is the demonstration of "leakage" in certain retail categories for one of the study's market areas located around the intersection of 22nd and Central Avenue.

Analysis of Six Retail Locations in the Indianapolis Inner City - Terzo & Bologna, Inc. conducted a study in 2000 that expanded on a number of the findings from the CUPE study. The analysis considered available retail space, operating characteristics, and recommendations for spurring retail development in the subject areas. One of the most useful sections of the Terzo & Bologna report is the analysis of capture rates in certain retail categories. This information, combined with the finding of leakage demonstrated in the CUPE report, may help to identify which store types and retail categories will be most feasible for private development.

Area Development

ERA recognizes that a number of parties are interested in, and contributing to, development of the Citizens/King Park neighborhood. A major housing development effort has received federal funding and is underway in Fall Creek Place. In addition to this housing development, both the Indianapolis Greenways and the Indianapolis Urban Enterprise Association have been involved in improvements near the Citizens/King Park neighborhood. The King Park Area Development Corporation has also taken a leadership role in advocating economic and community development in the study area. These area development efforts are summarized below.

The Fall Creek Place Project - A project with potential for broad impacts, already underway, is the three-phase residential development of 244 single-family houses and 95 town home units in the neighborhood during the course of the next seven years. Phase I of this project represents the construction of 133 single-family homes and 50 town home units along Pennsylvania Street and Delaware Street. Phase II of this project will aim to build 79 single-family homes and 12 town home units along Alabama and New Jersey. Phase III will aim to build 32 single-family homes and 33 town home units along Central Avenue and Park Avenue.

Monon Rail Trail - The final phases of the Monon Trail (Phases 4 & 5) were approved for funds during the summer of 2000. Construction of this section of the trail, extending from Fall Creek Parkway to 10th Street, is anticipated to begin in late 2001. Major features of this section of the trail (Monon South) include rehabilitation of a railroad bridge over Fall Creek and connections to the Fall Creek Greenway Trail and Douglass Park. There will be a trailhead connection to the Old Northside Soccer Fields at 16th Street and a possible future extension into downtown Indianapolis. Members of the Citizens/King Park community feel the completion of the Monon corridor is very important for the image of the neighborhood. They also support the extension of the trail to downtown. ERA does not believe this trail will have a significant impact on retail performance in our study area.

Urban Enterprise Association - A portion of the Citizens/King Park neighborhood lies in one of the Urban Enterprise Association's (UEA) designated zones. This designation qualifies businesses located in the area, including retail stores, for a number of valuable tax incentives. Specifically, any operation located in a UEZ area is eligible for State income tax credits and an exemption from the State inventory tax. Furthermore, the Indianapolis UEA has funded an effort to improve the appearance of the area directly east of the Citizens/King Park neighborhood. A three-person crew has been hired to clean up "any unsightly conditions" between College Avenue and the railroad tracks along which the Monon Trail will be developed.

King Park Area Development Corporation (CDC) - In cooperation with the UEA the King Park CDC has made a commitment to improving the housing stock in and around the study area. A total investment of $155,000 has been committed for home repairs in the area between College Avenue and the proposed Monon Trail. Similar investments may occur in the future for nearby areas. An effort is being made to maintain the architectural integrity of the existing housing stock and improve its condition.

ERA's Assignment

ERA intends to augment and complement the efforts and development already under way in the Citizens/King Park neighborhood. More specifically, ERA has been retained to produce a neighborhood retail analysis. ERA's study aims to provide both economic analysis and specific retail recommendations based on our market research, economic trends outlined in this report, and ERA's experience in retail development for inner city neighborhoods. A preliminary financial analysis component of our report is intended to help make this study valuable for development and marketing purposes as well.

Area Description

Citizens/King Park Neighborhood

The Citizens/King Park neighborhood is located 2 miles north and east of the Indianapolis central business district. It lies east of Talbott Street, south of Fall Creek Parkway, north of 22nd Street, and west of College Avenue. Residential development in the area primarily followed the Civil War and was part of the residential growth in the fashionable northside neighborhoods. The area served as a prime residential district for high-income city dwellers until the housing shortage that followed World War II. Since then many of the large housing structures have been converted from single family homes to multi-family residential units. Moreover, the housing stock has been in decline for a number of years. A significant effort is underway by both neighborhood and City representatives to revitalize the area.

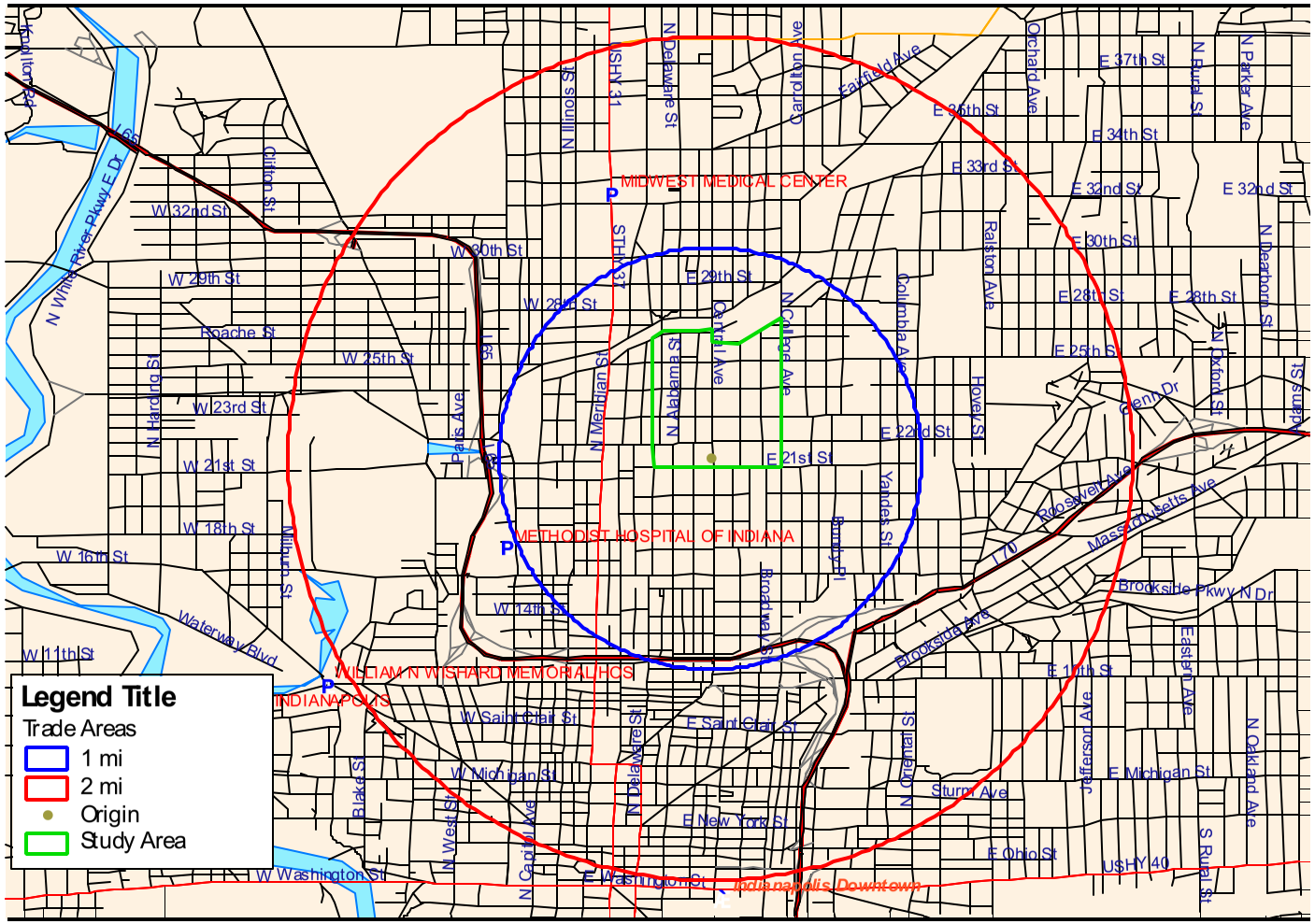
Trade Areas

Neighborhood boundaries are typically not ideal for market research. Because consumers often engage in retail spending based on criteria other than neighborhood boundaries (i.e. distance, location, drive time, and convenience) ERA finds it valuable to consider trade areas based on mileage. Therefore, this study analyzes market data based on a primary trade area of 1 mile. ERA also considered a secondary trade area of 2 miles in an effort to have a more comprehensive assessment of the surrounding development and retail activity. One of the benefits of analyzing market data in this way is that retail corporations and developers often have site selection criteria based on demographic data within defined market rings.

Terms and Definitions

Throughout our analysis, it will be useful to distinguish between the specific boundaries of the Citizens/King Park neighborhood and the larger primary market trade area. For the purposes of this report the term "trade area" will refer to the entire primary market area. It is defined as everything within one mile of the intersection of 22nd Street and Central Avenue. The selection of this origin point is somewhat arbitrary, but other possible origin points were evaluated to make sure that its point of origin did not significantly skew demographic or market data. For the purposes of this report the term "study area" will refer to the more narrowly defined Citizens/King Park neighborhood. It is bounded by Fall Creek Parkway on the north, 21st Street on the south, Talbott on the west, and College Avenue on the east. These boundaries are taken from the executive summary of the King Park Homeownership Zone Urban Design Plan. More generally, however, the Citizens/King Park neighborhood is an approximate one square mile area immediately north of downtown Indianapolis.

Citizens/King Park Neighborhood



Study Area: Citizens Neighborhood

Urban Trends in Retail Development

In the past decade there has been a series of professional and academic studies focused on retail opportunities in America's inner cities. The retail market in inner cities is both large and concentrated. These markets are often populated with consumers who represent significant aggregate spending power. According to a recent report by the Initiative for a Competitive Inner City (ICIC), in 1998 there were 7.7 million households in America's inner cities with retail spending power in excess of $85 billion per year. The Boston Consulting Group estimates that as much as $21 billion of this retail market is not being met.

For a number of reasons, however, these markets have been noticeably under-served during the past few decades. Prospective retailers typically cite poor infrastructure, inadequately trained workforces, and crime as the main reasons for not investing in inner city locations. A recent trend in retail development, however, has retailers looking at inner city markets in a different light. Many are beginning to see inner cities as the last large domestic frontier for expansion.

The Annual Inner City Shopper Survey (published by ICIC) was released in October 2000. The survey revealed some valuable findings for retailers who wish to operate in inner city markets. Listed below are a number of bullet points taken from the survey.

- Inner city households often spend more on apparel and groceries than the average U.S. household. Total average annual spending on apparel by inner city households, for example, was $1,157 in 1999 compared to $1,124 spent annually by the average U.S. household.

- Brand names have appeal. For example, 33% of inner-city African-American consumers agree or strongly agree that national food brands are worth the price, compared to 23% of shoppers in the U.S. overall.

- Inner city shoppers are highly fashion conscious. Over 50% of both the inner city African-American and Latino shoppers ranked trend-setting fashion as somewhat or very important when making a purchasing decision, compared to only 30% of U.S. shoppers nationwide.

- Fresh meats and seafood are important for inner-city African-American shoppers. About 70% of inner city African-Americans, for example, indicated that they purchased seafood within the past thirty days, compared to 48% of U.S. shoppers on average.

- Knowledgeable customer service is important. For example, 66% of inner-city African-American shoppers cited "salespeople who can pull together apparel outfits" as somewhat or very important when selecting a store. Only 46% of all shoppers across the country cited this as an important factor.

- The availability of payment flexibility and store credit cards are more valued by inner-city shoppers. For example, 66% of inner city African-American shoppers said that grocery stores that accept credit cards are somewhat or very important in selecting where to shop for food. This compares to 42% on average for U.S. shoppers across the country.

• While discount department stores appear to be the stores of choice in suburbia, drug stores are more common in inner city markets. Products most often purchased by inner city shoppers at drug stores include school supplies, home office supplies, specialty bath products, and cosmetics.

• Attitudes affect shopping. For example, 35% of inner city Latinos and 33% of inner city African-American shoppers report they enjoy shopping for home furnishings compared to only 26% of shoppers nationally.

A 1998 study by PriceWaterhouseCoopers noted that significant differences exist between different segments of inner city shoppers. Successful retailers have made adjustments to this fact. For example, among inner city African-American shoppers the two apparel categories in highest demand are women's athletic clothing and women's dress shoes, compared to men's dress clothing and men's athletic clothing among inner city Whites. When shopping for groceries, 64% of inner city African-Americans (compared to 40% of inner city Whites) rate "fresh seafood" as a very important factor when choosing a grocery store. Similarly, 89% of inner city African-Americans rate "high quality meat" as a very important factor when choosing a grocery store. The study also noted that inner city Latino retail markets could also be very different from both the White and African-American inner city markets.

ERA takes a few important conclusions from the findings in these recent studies and surveys. First, inner city African-American shoppers are more brand-driven than the average shopper. It appears that many inner city shoppers believe that popular, national brand names can serve as a type of quality guarantee, and therefore, are worth the extra cost. This is true both for groceries and apparel. Second, inner city shoppers are more fashion-conscious than the average U.S. shopper. Therefore, it is critical to have contemporary and fashionable styles to be a successful retailer (especially for apparel) in the inner city. Third, inner city consumers seek a high level of customer service. Especially in the categories of home furnishings, apparel, and electronics inner city shoppers desire knowledgeable sales staff to help them learn about products and coordinate their purchases. Fourth, inner city shoppers greatly value credit and flexible payment options. The acceptance of credit cards at grocery stores and the availability of financing at home furnishing and electronics stores are very important.

Demographics

Demographic data can be particularly useful in the development of a retail strategy due to the well-defined customer bases that some retailers have identified. This section will document ERA's demographic findings for the trade area around the Citizens/King Park neighborhood.

Population

The most relevant markets for retail development suitable at the subject sites are residential populations within 1 mile and 2 miles of the subject area. For certain types of retail development morning and afternoon vehicle traffic are also important markets. Because the Citizens/King Park neighborhood is easily accessible from downtown, another potentially important market is the downtown employment market. ERA has gathered demographic data and traffic counts to help define these markets in the following sections.

Primary Market - The 1-mile radius around the subject area is the primary market. The population within this primary market was 14,100 people in 1999. This is a key statistic in determining the feasibility of developments in most of the fast food, convenience, and personal service industries. For example, a Dunkin' Donuts franchise typically seeks to serve a residential population of at least 8,000 to 10,000 people within a 1-mile radius. The subject site easily meets this population criterion. Furthermore, with developments currently under way in the Fall Creek Place Homeownership Zone, the 1-mile housing stock is expected to grow. As the development proceeds and new homeowners move in, the 1-mile population is expected to remain above 14,000 people by 2007 when the housing development will be complete.

Secondary Market - The 1 to 2-mile ring around the subject area is the secondary market. The population within this secondary market was 57,900 people in 1999. Therefore, the combined primary and secondary markets in the surrounding area have a population of 72,000 - population within a 2-mile radius of the subject site. This is also a key statistic in determining the feasibility for many small restaurant and entertainment venues. For example, the apparel store called Simply Fashion seeks to serve a residential population of 55,000 people within two or three miles. Likewise, a Little Caesar's Pizza franchise typically seeks to serve a residential population of 30,000 people within two miles of the store. The subject's 2-mile market currently meets the population criteria for both of these stores. Other fast food restaurants and entertainment chains such as Subway sandwich stores and Blockbuster video rental stores have similar market criteria.

Downtown Employment Market - The International Council of Shopping Centers (ICSC) conducted an analysis of the Indianapolis downtown employment market in 1996. While the ICSC analysis estimated a downtown office workforce of about 60,000 employees, the City of Indianapolis now estimates that total downtown employment is about 100,000 people. The subject area's proximity to downtown could allow for a partial capture of this downtown employment market for meals, errands, personal services, or automotive related services. A number of these downtown employees already commute to and from work through the Citizens/King Park Neighborhood on Delaware Street and Central Avenue.

Vehicle Traffic at 22nd & Central - Central Avenue provides a convenient thoroughfare for southbound commuters into downtown. Traffic counts are highest during the morning rush hours. ERA estimates the daily vehicle count at this intersection is about 16,600. ERA bases our estimates on survey data from a study by Pflum, Klausmeier & Gehrum (PKG) as well as station counts provided by the City's Department of Capital Asset Management. Interviews conducted with property owners in the area, however, indicated that traffic counts might be higher. It is possible that significant foot traffic occurs at these intersections, which may give existing business owners the impression of a higher vehicle traffic count. Moreover, it is possible that traffic counts have increased since the PKG study was conducted in 1999.

Vehicle Traffic at 22nd & Delaware - Delaware Street provides a convenient thoroughfare for northbound commuters out of downtown. Traffic counts are highest during the evening rush hours. ERA estimates the daily vehicle count at this intersection is about 16,800. ERA bases our estimates on survey data from a study by PKG as well as station counts provided by the City's Department of Capital Asset Management. Interviews conducted with property owners in the area, however, indicated that traffic counts might be higher. It is possible that significant foot traffic occurs at these intersections, which may give existing business owners the impression of a higher vehicle traffic count. Moreover, it is possible that traffic counts have increased since the PKG study was conducted in 1999.

Vehicle Traffic at 25th & Central - This intersection is close to Fall Creek Parkway. Traffic counts are highest during the morning rush hours. ERA estimates the daily vehicle count at this intersection is about 12,000. ERA bases our estimates on survey data from a study by PKG as well as station counts provided by the City's Department of Capital Asset Management. It is possible that this intersection experiences higher vehicle traffic than we estimate, however, due to the heavy traffic counts between this intersection and College Avenue.

Vehicle Traffic at 25th & Delaware - This intersection is close to Fall Creek Parkway. Traffic counts are highest during the evening rush hours. ERA estimates the daily vehicle count at this intersection is about 12,200. ERA bases our estimates on survey data from a study by PKG as well as station counts provided by the City's Department of Capital Asset Management.

Income and Spending Patterns

Income statistics and spending patterns of the nearby residential population are critical site selection factors for many entertainment, retail, and service businesses. ERA analyzed the income characteristics and spending patterns of residents in the 1-mile trade area around the study area. In an effort to make income and spending data easier to interpret we compared statistics of the primary residential market to the state of Indiana and the nation as a whole.

Income Levels - The median household income in the primary market area was about $17,200 in 1999 according to business market data collected by Environmental Systems Research, Inc. (ESRI). This is far lower than the median household income level statewide ($40,100) and nationwide ($40,000). Per capita income in the primary market area was about $11,400 in 1999. This per capita income level was also significantly lower than the national per capita income

level ($20,500) and Indiana's statewide per capita income level ($19,600) in the same year. According to data from ESRI, median household incomes in the primary market area are expected to grow at a compound annual growth rate (CAGR) of about 3.7% while per capita incomes are expected to grow at nearly 3.6% annually. Therefore, per capita incomes in the primary trade area are expected to be approximately $12,300 this year (2001).

Table 1 - Income Trends in the Primary Market Area

	CAGR	1999	2000	2001	2002	2003	2004	2005
Median Household Income	3.66%	$17,152	$17,779	$18,430	$19,104	$19,803	$20,527	$21,278
Per Capita Income	3.59%	$11,433	$11,844	$12,269	$12,710	$13,166	$13,639	$14,129

Source: CACI, ESRI, BLS, ERA

Household Size - The average household size in the primary market included 2.2 people. About 42% of the households in this area are families. Comparatively, the average household size across the state of Indiana is 2.6 people. About 70% of Indiana households are classified as families. Nationwide, the average household size is nearly 2.7 people. About 69% of U.S. households are classified as families. The primary market area, therefore, has a high level of single-person households relative to Indiana and the U.S. Single-person households indicate adult residents.

Jobs in Trade Area - There are approximately 14,800 jobs in the primary market trade area. The job to resident ratio of the population within one mile of the subject site, therefore, exceeds 1. There are more jobs than there are people in the trade area. These figures are significantly higher than statewide and nationwide averages. In Indiana and in the U.S. there is approximately 1 job for every 2.5 people, including children and retirees. Given the large proportion of residents in the trade area, however, who are receiving some form of public assistance, as discussed later in this seciton, it is evident that a number of the jobs in the trade area are being filled by employees who reside elsewhere.

Home Ownership - The percentage of households that are owner-occupied in the primary market is lower than statewide and national averages. About 42% of the households are owner-occupied in the primary trade area. Statewide, about 77% of Indiana households are owner-occupied. Nationwide, about 67% of U.S. households are owner-occupied.

Demographic Groups - CACI Business Analyst has adopted a classification system for population groups based on various demographic characteristics. The demographic groups classified as "Enterprising Young Singles" and "Newly Formed Households" are relatively prevalent in the primary market area. Over 25% of the households in the primary market area fall into one of these two categories. Statewide, about 11% of Indiana households fall into one of these categories. Nationwide, about 9% of U.S. households fall into these categories. The demographic groups classified as "Low Income Young & Old" and "Urban Working Families" are also relatively prevalent in the neighborhood. About 10% of the households in the primary market fall into these categories, while only 7% of Indiana households and 4% of U.S. households fall into these categories respectively. Finally, the number of households in the demographic groups classified as "Distressed", "Hardtimes", and "Social Security Dependents" is very high in the neighborhood. About 62% of the households within one mile of the subject area

fall into one of these three classifications. Statewide and nationwide about 3% and 4% of households are in these categories respectively.

Spending Patterns - For the purpose of this retail analysis ERA has focused on a limited set of spending categories. These relevant spending categories include food, apparel, general merchandise, small appliances & housewares, materials & home equipment, and miscellaneous retail stores (which include drug stores, liquor stores, and entertainment oriented retail). According to the most recent available BLS spending data in the primary trade area, estimated expenditures by residents were about $4,600 per capita on relevant retail categories (1999 data). ERA observed comprehensive trend data (CACI) for the trade area to make sure that these estimates, based on national survey data, were not substantially overstated for the study area.

Leakage - The term "leakage" refers to a situation wherein total annual expenditures exceed total annual sales in a defined area. A 1999 report published by Indiana University's Center for Urban Policy and the Environment (CUPE) identified sales and expenditures data in a trade area that includes the study area of the present report. The CUPE report found significant leakage in several retail categories, namely, food at home, apparel, entertainment, drugstores, household furnishings, gasoline service stations, and vehicle service stores. According to the study, net leakage in the 5-census tract area exceeded $14 million in 1998 in the studied categories. ERA's market analysis, which appears later in this report, will similarly compare sales and expenditure estimates for the subject's specific trade area. This report concludes that significant retail leakage is occurring in the subject neighborhood.

Summary

The table below summarizes a number of the demographic and income trends discussed in the sections above. Figures are shown for the primary market area. Statewide and nationwide statistics are also shown for comparison purposes.

Table 2. Statewide and National Comparisons

	Subject	Indiana	USA
Percent Families	41.6%	70.1%	68.8%
Average Household Size	2.23	2.62	2.66
Employment Ratio	104.9%	43.3%	39.8%
Jobs per Resident	1.0	0.43	0.40
Hardtimes/Social Security	62.3%	2.8%	3.6%
Urban Working Class	10.1%	6.8%	4.0%
Young Professionals	25.6%	11.0%	9.0%
Homeownership	42%	77%	67%
Per Capita Income	$11,433	$19,590	$20,549
Median Household Income	$17,152	$40,135	$39,981

Source: ESRI, ACORN, ERA

ERA points out that despite low incomes and high levels of public assistance among residents in the trade area, aggregate incomes in the trade area amount to significant spending power. Moreover, low homeownership rates and expenditure data indicate that the level of disposable income available for retail spending may be close to the national average.

Market Analysis

This section analyzes existing supply and demand for retail within a 1-mile radius of the Citizens/King Park neighborhood. The intersection of 22nd Street and Central Avenue was designated as the origin for this 1-mile market ring. ERA organized retail data into several different retail categories to better identify where potential development opportunities may lie. These categories are, namely, Apparel & Accessories Stores, Eating & Drinking Places, Food & Grocery, Furniture Stores, General Merchandise, Materials Stores, and Miscellaneous Stores (including drug stores, liquor stores, and entertainment retail). The aim of this analysis is to calculate estimates of supply and demand in the defined trade area and discuss what categories of retail may be most suitable for development based on these findings.

Several different retail types are typically found in trade areas such as the subject area. To best acquire data on these retail types ERA has organized them into the seven categories listed previously. We have defined these categories such that they correspond, as much as possible, with national data sources such as the U.S. Census, BLS Consumer Expenditure Surveys, Claritas market data, and Business Analyst market data. These retail categories are briefly explained below.

Apparel - This category consists of all men's, women's, and children's clothing stores. Jewelry and shoe are considered apparel as well. Boutiques and athletic apparel stores are included in this category. The trade area has four apparel stores.

Eating & Drinking Places - This category basically consists of eating and drinking establishments. Fast food restaurants, bars and pubs, and other dining establishments are included. This study found 15 stores that fit into this category located in the trade area.

Food & Grocery - This category consists of grocery stores and food stores. All sizes of grocery stores are included as well as fish and meat markets, bakeries, and specialty food stores. The trade area has six stores that fit into this category.

General Merchandise - This category consists of stores that sell a wide selection of personal and household goods. General stores, dollar stores, and variety stores are included in this category. The trade area has 10 general merchandise stores.

Small Appliances & Housewares - This category consists of stores that carry small home products and housewares as well as minor appliances. This study found five such stores in the trade area.

Materials & Household Furnishings - This category consists of stores that carry building materials, hardware, landscaping materials, large appliances, and household equipment. There are only two materials stores in the trade area. No hardware stores exist in the trade area.

Miscellaneous - This category consists primarily of drug stores, liquor stores, and entertainment retail. Any existing bookstores, video rental shops, florist shops, and sporting goods stores will also be included in this category. The trade area has 13 miscellaneous retail stores currently.

Existing Supply

Data for this section were obtained from a mapping software program called Business Analyst. Because no mapping software can ever be perfectly up to date, ERA checked the mapping data with Yellow Pages store listings provided by InfoUSA to better reflect up-to-date retail supply.

This study utilizes ERA's Retail Planning Model to estimate the total square footage of each relevant retail category in the 1-mile trade area. These estimates are based on ERA's interviews with real estate representatives familiar with the trade area as well as selected listings from the 2000 Retail Tenant Directory, which indicate square footage requirements for a number of national retailers in the relevant retail categories. Our analysis estimated that retail establishments in the 1-mile trade area represent about 260,000 square feet of retail in the relevant categories.

Of the 260,000 total square feet of retail in the trade area there is a wide disparity in size between different retail categories. The model estimates there are about 45,000 square feet for eating and drinking places. This report estimates there are about 5,000 square feet of retail stores selling materials in the trade area. Another 40,000 square feet of small appliance stores exist. This analysis estimates that about 50,000 square feet of general merchandise exists according to the model's estimates. Roughly 90,000 square feet of food and grocery retail stores exist. The model estimates about 10,000 square feet of apparel retail. Only about 19,500 square feet of miscellaneous retail exist in the trade area, according to the analysis.

Given this estimated square footage of existing retail located inside the trade area, ERA attempts to make a determination regarding the amount of retail sales for which these stores account. This study applies sales estimates to each of the seven retail categories under consideration. Average sales per square foot figures are based on national averages and ERA's knowledge of retail performance in similar trade areas. Our analysis estimates that retail establishments in the 1-mile trade area produce about $45 million in sales annually in the relevant categories.

Of the estimated $45 million in total retail sales in the trade area there is a wide range in sales between different retail categories. The study assumes that existing eating and drinking places in the trade area average about $175 per square foot in annual sales. This study assumes that any existing materials stores have average annual sales of $100 per square foot. Currently operating furniture and appliance stores average $150 per square foot. Existing general merchandise stores are assumed to average $225 per square foot. Food and grocery stores are assumed to have average sales of $150 per square foot. Apparel stores that currently operate in the trade area are assumed to have average sales of about $100 per square foot. The analysis assumes that existing miscellaneous retail operators average about $250 per square foot, in part due to the relatively small square footage of such establishments.

The table below summarizes the retail space and retail sales by category in the 1-mile trade area. Itemized data regarding the stores and store locations in each category are included in Appendix A of this report.

Table 3 - Estimated Retail Supply

	Establishments	Average Size	Total Space	Average Sales/SF	Category Sales
Eating & Drinking Places	15	3,000	45,000	$175	$7,875,000
Materials & Household Furnishings	2	2,500	5,000	$100	$500,000
Small Appliances & Housewares	5	8,000	40,000	$150	$6,000,000
General Stores	10	5,000	50,000	$225	$11,250,000
Food & Grocery	6	15,000	90,000	$150	$13,500,000
Apparel	4	2,500	10,000	$100	$1,000,000
Miscellaneous	13	1,500	19,500	$250	$4,875,000
TOTALS	*55*	*4,718*	*259,500*	*$173*	*$45,000,000*

Sources: ERA, Business Analyst, InfoUSA, 2000 Retail Tenant Directory

Existing Demand

ERA based retail demand estimates on Midwest regional consumer expenditure data from the Bureau of Labor Statistics (BLS). Calculations of potential sales estimates from Claritas were also taken into account. The most recent BLS data appears in the 1998/1999 Consumer Expenditures Survey. Expenditure ratios were extracted from the Consumer Expenditures Survey and applied to demographic statistics for the subject trade area.

The population of the trade area was approximately 14,100 in 1999. According to estimates by CACI Marketing Systems population has remained roughly constant through the present year (2001). The population was not expected to change significantly during the past two years. Per capita incomes in the trade area were about $11,400 in 1999. According to estimates by CACI Marketing Systems per capita incomes in the trade area have risen to approximately $12,300 in the present year (2001). By taking the product of the present year population and the present year per capita income, we estimate an aggregate income of about $173 million in the trade area.

Using spending ratios derived from BLS expenditure data and ERA's experience working in similar urban settings, this report estimates that approximately 38% of the trade area's aggregate income is spent on the seven retail categories discussed in this report. Some recent sources have indicated that inner city shoppers spend a larger portion of their incomes on these retail trade categories. For example, ESRI market data indicates that spending in these categories is far less variable than income. Therefore, even if a population has average incomes lower than the national average, this population still experiences per capita spending similar to the national average (in dollars) on products in many of the identified retail categories. Moreover, the 2nd Annual Inner City Shopper Survey notes that retail demand of inner-city households exceeds the national average in apparel and grocery categories. Therefore, ERA considers 38% to be a reasonable, perhaps even conservative, estimate of the proportion of the subject trade area's income that gets spent on the retail categories identified in this report.

By taking the product of the above spending ratio (38%) and the estimated aggregate income ($173 million) of the trade area, we estimate that residents of the trade area spent a total of more than $65 million in stores that fall into the seven relevant retail categories. This calculation provides us with an estimate for retail demand in the subject trade area.

The table below shows the itemized spending ratios for each category of retail. It also shows per capita and aggregate expenditures in each of the relevant categories.

Table 4 - Estimated Retail Demand

	Percent of Spending	Per Capita Expenditure	Aggregate Expenditures
Eating & Drinking Places	6.7%	$822	$11,585,000
Materials & Household Furnishings	4.1%	$503	$7,089,000
Small Appliance & Housewares	2.3%	$282	$3,977,000
General Stores	5.0%	$613	$8,645,000
Food & Grocery	7.5%	$920	$12,968,000
Apparel	4.4%	$540	$7,608,000
Miscellaneous	8.1%	$994	$14,005,000
TOTALS	*38.1%*	*$4,674*	$65,877,000

Sources: ERA, BLS, Consumer Expenditure Survey (1999), 2000 Retail Tenant Directory

Discussion of Leakage

Observing the various categorical sales estimates and expenditure estimates allow us to compare supply and demand of various retail types in the defined trade area. In any instance where expenditures exceed sales, "leakage" is said to occur. That is, expenditures in these categories is "leaking out" of the trade area and being spent elsewhere. Retail categories that display significant levels of leakage often indicate a gap between demand and supply. These categories are the most reasonable retail types, therefore, to target for investment in the area. Examination of the categorical sales and expenditures estimates indicate that significant leakage occurs in four of the seven defined retail categories. These categories are, namely, Eating & Drinking Places, Materials Stores, Apparel Stores, and Miscellaneous Stores. The following text summarizes the leakage in each of these retail categories and discusses why the other categories appear not to have any leakage.

Eating & Drinking Places - There appears to be an opportunity for expansion of the current stock of restaurants in the trade area. Expenditures at eating and drinking places by residents of the trade area are estimated to be approximately $11.6 million annually. Meanwhile sales at restaurants located in the trade area are estimated to be about $7.9 million annually. The study estimates leakage of $3.7 million annually in this retail category.

Materials & Household Furnishings - There also appears to be an opportunity for expansion of the current stock of material supplies and hardware stores in the trade area. Expenditures at material and household stores by residents of the trade area are estimated to be about $7.1 million annually. Sales at these stores located in the trade area are estimated to be about $500,000 annually. The study estimates leakage of about $6.6 million in this retail category.

Small Appliances & Housewares - There appears to be sufficient supply of stores in the trade area that are selling small appliances and housewares. Expenditures at such stores by residents of the trade area are estimated to be about $4 million annually. Sales at these stores located in the trade area are estimated to be about $6 million annually. This suggests that these stores are drawing customers from outside of the trade area. Because furniture and appliances are relatively higher ticket retail items stores in this category are sometimes able to draw customers from a significantly larger trade area than stores in other retail categories.

General Merchandise - There also appears to be sufficient supply of general merchandise stores in the trade area. Expenditures at general merchandise stores by residents in the trade area are estimated to be about $8.6 million annually. Sales at the general stores located in the trade area are estimated to be about $11.3 million annually. This suggests that these stores are drawing customers from outside the trade area or that customers residing in the trade area spend more at these stores than residents of similar neighborhoods do, controlling for demographics. The supposed strong performance at the Family Dollar store may also help to explain the findings in this category.

Food & Grocery - There appears to be sufficient supply of food and grocery stores in the trade area. Expenditures at food and grocery stores by residents in the trade area are estimated to be approximately $13 million annually. Sales at the food and grocery stores located in the trade

area are estimated to be about $13.5 million annually. This suggests that these stores are drawing customers from outside the trade area or that customers residing in the trade area spend more at food and grocery stores than residents of similar neighborhoods do, controlling for demographics. The existence of a Safeway grocery store and a large Kroger supermarket help to explain the findings. Furthermore, there is a popular food/bakery store in the trade area. Crawford's Bakery is believed to capture a significant amount of sales from customers who do not reside in the trade area. Some of these customers are downtown employees whose commuting patterns pass Crawford's Bakery.

Apparel - There appears to be an opportunity for expansion of the current stock of apparel stores in the trade area. Expenditures at apparel stores by residents of the trade area are estimated to be approximately $7.6 million annually. Sales at apparel stores located in the trade area are estimated to be roughly $1 million annually. This study estimates leakage of about $6.6 million annually in this retail category.

Miscellaneous - There also appears to be an opportunity for expansion of the current stock of miscellaneous stores in the trade area. Expenditures at miscellaneous stores by residents of the trade area are estimated to be about $14 million annually. Sales at miscellaneous stores located in the trade area are estimated to be only $4.9 million annually. The study estimates leakage of almost $9.1 million annually in this retail category. ERA suggests that a significant portion of this leakage is occurring due to a lack of pharmacies, drug stores and entertainment outlets. There are no video rental stores and only one drug store in the studied trade area.

The aggregate leakage for all seven retail categories is more than $20 million. Moreover, the leakage of the four suggested target categories exceeds $25 million. This indicates that significant potential exists for expansion in restaurants, material stores, apparel shops, and miscellaneous stores. (Note that the miscellaneous store category includes drug stores and video rental shops.) On the other hand, the supply is adequate for grocery, furniture, and general merchandise stores in the primary trade area.

The following table summarizes the supply and demand of each of the seven studied retail categories in the trade area. Leakage is shown as the difference between demand and supply. A summary column indicates whether potential development in each category is reasonable based on the opportunities identified in this analysis.

Table 5 - Estimated Leakage

	Supply	Demand	Leakage	Opportunity
Eating & Drinking Places	$7,875,000	$11,585,000	$3,710,000	Yes
Materials & Household Furnishings	$500,000	$7,089,000	$6,589,000	Yes
Small Appliances & Housewares	$6,000,000	$3,977,000	-$2,023,000	No
General Stores	$11,250,000	$8,645,000	-$2,605,000	No
Food & Grocery	$13,500,000	$12,968,000	-$532,000	No
Apparel	$1,000,000	$7,608,000	$6,608,000	Yes
Miscellaneous	$4,875,000	$14,005,000	$9,130,000	Yes
TOTALS	*$45,000,000*	*$65,877,000*	*$20,877,000*	*Yes*

Source: ERA

Other Store Categories

In addition to the retail categories included in this market analysis ERA would like to point out two additional store categories that may be feasible for development. A visual survey of the trade area observed seemingly low counts of professional/personal service establishments and vehicle service facilities. This is especially true in the targeted neighborhood study area.

Professional and personal service establishments include operations such as income tax services, real estate services, travel services, care services, and communications services. There appear to be very few such service operations in the study area. One concept adopted by some urban retailers is to combine one or more of these service categories with a retail store. For example, Radio Shack is an outlet for a number of communications services and equipment, especially wireless phones and pagers.

Vehicle service facilities include car washes, oil changing stations, gasoline stations, and automotive repair shops. There are few such operations within the 1-mile trade area. There are no gasoline service stations in the more defined neighborhood study area.

Based on discussions with ERA partners and community development organizations, it is likely that the study area could support business in both of the categories discussed above. An advantage of automatic car washes is that they typically have very low operating costs. Wireless telephone and paging service companies also perform well in some inner city locations with similar demographics. While some income tax service franchises only operate seasonally, many perform exceedingly well in inner city neighborhoods.

Methodological Discussion

Two different methods of comparing retail supply and demand in the study area suggest an opportunity for retail development. The leakage in the four targeted categories indicate roughly a $25 million gap between demand and supply in these selected retail categories. The aggregate leakage in all seven retail categories indicates roughly a $20 million gap between demand and supply in all seven retail categories. Because of the nature of retail categorization, however, ERA places more emphasis on the net gap of $20 million between retail expenditures and sales. Overlap between various categories could be accounting for some of the large categorical leakage calculations. For example, some of the general merchandise stores in the trade area may be conducting sales of items that are typically categorized as apparel or housewares. Similarly, certain small appliance and houseware stores may be selling items that are typically categorized as materials and household furniture products. The main value of studying leakage in the various retail categories is to find evidence regarding which retail sectors are likely to be most under-served in the trade area. But we assume that the net retail leakage is a better indicator of the total opportunity for new retail development in the trade area.

Retail Opportunities

Opportunities exist for retailers in the Citizens/King Park neighborhood. A variety of retail categories could be successful in the area. Among other factors, retail success will depend on careful consideration of the market to best match supply with demand. The following section estimates how much additional retail space is feasible and discusses various types of retail stores to serve as examples for ongoing efforts to expand retail trade in the subject neighborhood.

One option for retail growth in the study area is to target retail businesses that can make use of existing properties. This would allow them to benefit from currently low lease rates in the neighborhood. But the existing stock and condition of available buildings in the study area will restrict some potential retailers. Later in this report we discuss a selection of existing buildings that may be suitable for retail use.

Another option for retail growth in the study area is to develop new retail space. The presence of the Safeway grocery store as well as good visibility and traffic counts at the southeast corner of 22nd Street and Central Avenue make this corner a logical site for new development. But other locations are also possible. We briefly discuss the strengths and weaknesses of various sites later in this report. Because the construction of new retail space would require higher lease rates than tenants are likely willing to pay at this location, ERA believes that it will be necessary for some level of public assistance to subsidize development or operating costs.

Sales and Square Footage

The findings from the market study indicate that the primary 1-mile trade area can support an additional $20 million in retail business. Of the total $20 million gap between supply and demand in the trade area, we estimate that about one-third of the opportunity for development is feasible within the more defined neighborhood study area. This represents about $6.8 million in potential sales that could take place in the neighborhood study area if appropriate and well managed retail stores in certain categories were to open there.

To justify the estimate that one-third of the retail opportunity is feasible in the neighborhood area, ERA observed other potential sites for development in the trade area. The great majority of any new retail trade is likely to be most feasible at any of approximately 15 intersections. Four of these intersections are located in the Citizens/King Park neighborhood. While this represents slightly more than one-fourth of the total intersections likely to be considered by retailers, ERA points out that these four intersections are less developed than a number of the other intersections outside the neighborhood but inside the trade area. Therefore, as a minimum, ERA believes it is feasible for one-fourth of future retail development in the trade area to be located in the Citizens/King Park neighborhood. It is likely that significantly more than one-fourth of all new retail in the trade area may be feasible in the neighborhood. This is due to both the low level of existing development at key intersections and the presence of a potential retail anchor in the Safeway grocery store at the southwest corner of 22nd and Central Avenue.

Yet, the neighborhood area is significantly less than one-third of the total area in the one-mile ring. The neighborhood area also does not include the major two-way thoroughfares of Meridian Street and College Avenue where significant retail exists and higher traffic counts occur. For these reasons ERA believes not all of the trade area's retail opportunity should be located in the Citizens/King Park neighborhood. Therefore, as a maximum, we believe it is feasible for up to one-half of future retail development in the trade area to be located in the Citizens/King Park neighborhood, unless a major discount or home materials store were to locate in the area. This study concludes that it is reasonable to expect one-third of the trade area's potential retail could be located in the study area.

The subject neighborhood approximates the core of the 1-mile trade area. Moreover, there is very little retail competition within the target neighborhood. For these reasons ERA believes a significant portion of the trade area's retail opportunity should be targeted for the Citizens/King Park neighborhood. We estimate that one-third of the retail potential, or $6.8 million of retail, is feasible in the Citizens neighborhood. The remaining retail potential is likely to be most feasible along College Avenue, 16th Street, and Meridian Street.

To gain some understanding of how much retail space this opportunity might represent ERA studied lease rates in the Midwest generally, and in the subject neighborhood specifically.

According to "Dollars & Cents of Shopping Centers: 2000" retail operations in U.S. neighborhood shopping centers in the Midwest sold an average of $218 of merchandise per square foot (GLA) in 1999. The top performing neighborhood shopping centers had sales of $349 per square foot. The worst performing neighborhood shopping centers had sales of $116 per square foot. The median level of sales for neighborhood shopping centers in the Midwest was $201 per square foot in 1999. It is important to note that the survey controlled both for geography and for shopping center types. ERA considered data that was specific both to the Midwest and to Neighborhood Shopping Centers, as defined by the Urban Land Institute (ULI).

ERA believes that opportunities for new business could increase as a result of the subject's location near the heart of a large central business district, relatively insufficient supply in retail categories, and the aggregate spending power of the market. On the other hand, low income levels, real and perceived crime, and the absence of any true neighborhood shopping center may diminish opportunities for new businesses in some retail categories.

Based on these strengths and weaknesses as well as national retail data, ERA believes it is reasonable to assume performance similar to the median (and below the average) of Midwest neighborhood shopping centers for our study area. Therefore, this study assumes sales performance of between $175 and $225 per square foot, on average, for businesses in new retail space in the Citizens neighborhood is possible. We then estimate there is a potential for approximately 30,000 to 40,000 square feet of additional retail business in the neighborhood.

ERA's calculations for potential retail development are based on the consideration of retail stores that have narrow markets and draw customers from relatively small trade areas. Certain destination retail stores, however, are able to draw customers from a larger trade area. Examples of these stores include Lowe's, Home Depot, Pamida Hometown Values, Target, Kmart, and

Kohl's. If a destination-type store were to locate in the trade area, such a retailer would likely require much more than the suggested 30,000 to 40,000 square feet of additional retail space. But potential sales growth in the neighborhood could far exceed the additional $6.9 million per year estimated in this report. Such scenarios are possible due to the ability of these stores to draw from a broad market. Some detailed information regarding customer base, size requirements and sales performance of selected destination-type stores appears in Appendix A.

Lease Rates

A factor in the decision to develop retail space or open a retail operation is the cost of suitable retail facilities. Most retailers prefer to lease space for their operations, and this section discusses lease rates realistic for the study area. The details of this section are based on findings from the most recently available ULI retail survey and ERA's interviews with neighborhood property owners and real estate professionals.

According to ULI survey data, lease rates for retail space in the Midwest range from about $6 per square foot to about $13 per square foot at neighborhood shopping centers (including older shopping centers). The average lease rate at neighborhood shopping centers in the Midwest was about $8.50 in 1999. Rental rates for newer properties (1 to 3 years old) in neighborhood shopping centers were between $11 and $12 per square foot on average in 1999. However, the lease rate at newer buildings in 1999 was $7.87 for the “lower decile” of neighborhood shopping centers nationwide.

Although ULI's new survey is not yet complete, lease rates are expected to stay flat or be slightly higher in 2001 due to moderate inflation. The above lease rates are based on triple net leases and do not include charges for insurance, utilities, common areas, and real estate taxes.

The retail lease rates in the Citizens/King Park neighborhood are somewhat lower. According to interviews with property owners, some older existing properties that are suitable for retail use are currently leasing for less than $5 per square foot. But the development of new retail property, without public incentives, would likely require much higher rental rates to justify construction of new building space. ERA conducted interviews with professionals who work in Indianapolis’ commercial real estate industry. These interviews found that the study area may be able to support lease rates of between $8 and $10 per square foot for new building space if it is configured in a neighborhood center format. For the purposes of this study, we assume average lease rates of $8 per square foot (plus triple net charges) for tenants in the new development. At these rates, however, public assistance will be necessary to justify construction of the new retail space as proposed in this report. The following sections discuss some ways to help target those retailers that are likely to be most profitable in the study area.

Examples of National and Regional Retailers

This section identifies a number of retailers from the four categories targeted in the market analysis. The discussion in this section is not meant to serve as a comprehensive study of all possible tenants, nor is it a guarantee that any of the listed retailers would necessarily succeed in

the neighborhood. Rather, the list of retailers provided in this section is meant to serve as an example of what types of stores are likely to be feasible for retail development in the study area.

ERA searched for national retailers seeking to expand in Indiana. We limited our search to retailers that consider locating in neighborhood shopping centers and freestanding buildings. The definition we use for neighborhood shopping center is consistent with that of the Urban Land Institute (ULI). According to ULI, a neighborhood center provides for the sale of personal services and convenience goods for the day-to-day living needs of the immediate neighborhood. It is typically built around a supermarket as the principal tenant and contains a gross leasable area of about 60,000 square feet. In practice, it may range in size from 30,000 to 100,000 square feet. The extent to which most chain retailers would desire locating in the Citizens/King Park neighborhood will depend largely on whether a neighborhood center can be developed. A few of these national retailers might be willing to consider locating in a freestanding building somewhere in the study area. Wherever possible we further limited our search to retailers who seek trade areas with demographics compatible with those found in the study area. Many retailers were willing to indicate by survey or telephone interview what income category they target as a customer base. Moreover, some were willing to disclose what population density they deem necessary to support new development. This section focuses on retailers who target a market with low to middle income levels and require a relatively low population density. The following table provides a list of potential retail and service stores. The retail category, store name and approximate required store sizes are included in the table.

Table 6 - Retail Examples in Targeted Categories

Category	Store Names	Typical Square Footage
Eating & Drinking Places		
	Little Caesar's Pizza	1,400
	Subway Sandwiches	1,200
	Taco Bell	2,000
	Dairy Queen	2,500
	Dawn Donuts	2,000
Materials & Hardware Stores		
	Ace Hardware	10,000
	Lowe's Home Improvement	100,000
	Christmas Décor	1,000
Apparel & Fashion Stores		
	Ashley Stewart	3,000
	Norstan Apparel	3,500
	Rainbow Apparel	5,000
	Simply Fashion	3,000
Miscellaneous Stores		
	Blockbuster	3,500
	Hollywood Video	5,000
	CD Warehouse	2,000
	Christian Light Bookstore	6,000
	Salvation Army	15,000
	Medicap Pharmacy	2,000
	Walgreen's Express	2,500
	Hastings Entertainment	15,000

Personal & Professional Services		
	Jackson-Hewitt	800
	Fiesta Hair Salons	1,200
	First Choice Haircuts	1,000
	Spin Cycle	4,000

Source: ERA, Retail Tenant Directory

Discussion of Franchises

In a competitive economy and limited start-up funding, many entrepreneurs turn to retail franchises for an opportunity to own their own businesses. Franchising provides entrepreneurs with the advantage of a regionally or nationally recognized product or name brand. It also can be a way to quickly start operation with minimal initial investment. Good franchise companies also provide their potential franchisees with criteria for making the best decisions regarding business location, store size, and marketing.

Although franchising has a number of advantages, as discussed above, there are also some possible disadvantages from a development standpoint. First, the most essential component of a franchise is a local entrepreneur who is willing and able to own and operate the franchise. Second, a number of inflexible corporate rules could make it difficult for a local franchise to best cater to its particular customer base. Third, sometimes the building and signage requirements determined at a corporate level are not compatible with property and zoning at the local level.

After weighing the positive and negative aspects of franchising, however, there are a number of franchises that are experiencing rapid expansion and success across the country and in inner cities. Entrepreneur Magazine conducts an annual survey of franchises and rates them according to a number of criteria including their growth rate and initial investment required.

The table below includes a list of 13 franchises that appear on Entrepreneur Magazine's top 100 franchise ranking for 2001. Ranking refers to the quality of the franchise as measured by Entrepreneur Magazine. ERA selected only those franchises that have initial investment costs of less than $100,000 and are ranked among the best 30 franchises. This list of companies represents the best franchises based on Entreprenuer Magazine's ranking system. Their ranking system considers the company's size, the company's stability, start-up costs, the number of years in business, the number of years franchising, and the company's financial strength.

Table 7 - Top Ranked Franchises

Store Name	Ranking	Description	Investment Cost
Subway	1	Sandwiches and Salads	$63k - $175k
Radio Shack	8	Consumer Electronics	$60k
Jani-King	10	Commercial Cleaning	$8k - $34k
Jackson Hewitt	11	Tax Preparation Services	$47k - $76k
Coverall North America	15	Commercial Cleaning	$6k - $36
Service Master	18	Commercial Cleaning	$22k - $75k
Chem-Dry Carpet	20	Carpet Cleaning	$22k - $64k
Matco Tools	23	Auto, Professional Tools	$55k - $148k
Curves for Women	24	Women's Fitness, Weight Loss	$20k - $32k
Merle Norman Cosmetics	27	Cosmetic Studios	$37k - $205k
Blimpie International	28	Sandwiches and Salads	$85k - $286k
Jazzercise	29	Dance, Exercise Classes	$2k - $20k
Carlson Wagonlit Travel	30	Travel Agency	$3k - $164k

Sources: ERA, Entrepreneur Magazine

Another indicator of the successfulness of various franchises, however, can be how fast the company is growing. Therefore, ERA compiled a list of some of the fastest growing franchises.

The table below includes a list of 10 franchises that have experienced the fastest growth during 1999 and 2000. Their ranking refers to how fast they have grown. ERA selected only those franchises that have initial investment costs of less than $100,000 and are ranked among the 30 fastest growing franchises.

Table 8 - Fast Growth Franchises

Store Name	Ranking	Description	Investment Cost
Coverall North America	2	Commercial Cleaning	$6k – $36
Subway	4	Sandwiches and Salads	$63k – $175k
Jani-King	5	Commercial Cleaning	$8k – $34k
Curves for Women	10	Women's Fitness, Weight Loss	$20k – $32k
Great Clips	19	Family Hair Salons	$87k – $162k
Liberty Tax Services	21	Tax Preparation Services	$25k – $37k
Adventures in Advertising	22	Promotional Produces, Service	$13k – $47k
PostNet Postal & Business	24	Postal, Business Services	$96k – $128k
Radio Shack	27	Consumer Electronics	$60k
Christmas Décor	28	Holiday, Event Decorating	$17k – $38k

Sources: ERA, Entrepreneur Magazine

A few franchises appear on both the fast growth list and the top performance list. These franchises may represent the best opportunities for entrepreneurs seeking to own their own business. Various market, financial and management factors, however, will inevitably play a critical role in the success or failure of any franchise.

Local and Independent Retailers

In addition to franchises and the national and regional retailers listed in previous sections, it is possible that certain local or independent retailers have an opportunity to succeed in the Citizens/King Park neighborhood. Local restaurant operators could have flexibility and first hand knowledge of the market that many national or regional operators would lack. With better knowledge of their market and flexible operating rules, some local restaurants are able to capture a greater share of their potential market than larger restaurant operations.

It is also important to consider the difference between independent operators and chain or franchise operators. One advantage of seeking a non-franchise, independent retailer is that the business operations are already in place. For example, Gas America is considering expansion of four to six new gas stations and convenience stores in Indiana during the next year. Since they are an independent company, they operate their own store locations and do not require the entrepreneurial initiative that would be necessary for opening a franchise.

A retail store such as Broadway Video is both local and independent. Not only does it have the flexibility to cater to its local market, but it also operates its own stores. The company operates 23 video rental stores in Illinois, Indiana, and Ohio and is headquartered in Indianapolis.

More information regarding particular retail stores has been summarized in Appendix A. The selection includes some local retailers, independent retailers, chain stores, and franchises.

Land Use and Site Selection

ERA recommends a combination of two strategies for housing development in the subject area. First, the City should continue with current development efforts to increase and upgrade the housing stock in the neighborhood. Second, the City should land bank many of the parcels they own for future residential development as housing demand increases in the area.

ERA also recommends a combination of two strategies for retail development in the subject neighborhood. First, we recommend the development of new retail space in the form of a neighborhood center. Because of certain share costs, improved financial performance, and increased customer traffic, we recommend that new development be consolidated into a single development, preferably adjacent to an existing anchor tenant, such as the Safeway grocery store. Second, we recommend the adaptive reuse of certain existing buildings for retail use. Existing buildings that are suitable for retail are limited in the area, but they offer an attractive opportunity to certain retailers because they are inexpensive to rent.

The following section details our recommendations regarding land use planning, retail development and site selection.

Current Housing Development

The Fall Creek Place Project received over $4 million for a homeownership program in the study area. This three-phase development will add 244 single-family homes to the area. Current plans also include 95 town home units.

Due to federal funding for the project, it will be necessary to sell a significant portion of these new residential units to households with low to moderate incomes. This presents a potential obstacle regarding home designs. Most of the existing homes in the western part of the study area are structures of 2,400 square feet and larger. According to real estate representatives who work in the area, homes of this size typically cost about $150,000 to build in the private market. But a typical low to moderate income household may only be able to afford an estimated $80,000 to $100,000 for housing. Therefore, smaller housing must be considered or public subsidies are likely to be necessary.

ERA suggests the use of two-unit housing structures in some areas to make a better visual transition from the larger houses on the western side of the neighborhood to the smaller houses on the eastern side of the neighborhood. But ERA recommends the client initiate further study of the issue by qualified architects, planners, designers, and developers.

The condition of some of the existing housing stock is also a concern. Efforts are underway to renovate some homes in the neighborhood. The UEA and King Park CDC have committed $155,000 for home repairs in the vicinity. But assuming restoration costs of $40 to $50 per square foot, this investment may only be enough to restore a few homes. ERA recommends continuation of these efforts.

Future Housing Development

The City owns approximately 270 lots in the study area. A number of them have renters occupying the structures on these lots. But the majority of these properties are vacant lots. Moreover, the City owns about 20 other parcels that are not suitable for housing. Many of these are designated as park areas.

ERA recommends the upkeep of all park properties in the area. Furthermore, we suggest land-banking most of the residential lots for future development, as housing demand may increase. A few of the vacant lots that are near intersections appear to be suitable for retail development. City ownership of these properties would make land assembly more expedient for potential future development at key intersections identified in this report.

New Retail Space

The construction of new retail space in neighborhoods with low incomes and relatively low traffic counts is often difficult to justify economically. In the Citizens/King Park neighborhood, however, a number of factors are working together to improve the outlook for development of some new retail space. Firstly, the Fall Creek Place Homeownership Plan is currently being implemented. Secondly, the City of Indianapolis has devoted resources to study and plan new residential, recreational, and retail developments. The City has also studied and planned extensive improvements to sidewalks and streetscapes. Thirdly, neighborhood groups and community leaders support the notion of new retail development. Fourthly, the existence of the Safeway grocery store creates a natural anchor for the proposed development of new retail space. Finally, our analysis shows a substantial amount of "leakage" in multiple retail categories for the neighborhood. Therefore, assuming a well designed retail center with certain public incentives, good marketing, professional management, adequate parking and security, an anchor store, and a quality tenant mix that is appropriate for both residents and commuters, ERA concludes that the development of a small neighborhood shopping center could be feasible.

One established economic premise for retail development in America is that most retailers perform best when located in a cluster with other stores. Americans prefer to accomplish multiple objectives during a single shopping excursion. From a market perspective, therefore, a development that has a "critical mass" of tenants is likely to do a better job of attracting customers than isolated stores. According to our analysis of market data and economic trends, development of new retail space that is unable to meet this criterion is not feasible in the study area under current market conditions. At a minimum, this type of development typically must contain between 40,000 and 60,000 square feet of retail space. Such neighborhood centers are the smallest form of standard retail shopping development. Community shopping centers, regional shopping centers, and super-regional shopping centers are all much larger. The success of such development forms attest to the importance of the "agglomeration effect" created when substantial mixes of tenants are housed in single developments.

The development of a center not only benefits customers, it also benefits operators, developers, and investors. A substantial mix of retailers combined with customers' desires to one-stop-shop would help individual stores to perform better, and thereby help the development on whole to

perform better. Grouping retailers into a single center would also allow for shared parking, security, and maintenance.

ERA recommends the consideration of four potential sites for the proposed neighborhood shopping center. The first potential site is at the southeast corner of 22nd Street and Central Avenue. For the purposes of discussion, ERA has provided a site concept drawing for this location. The second potential site is at the northwest corner of 22nd Street and Delaware Street. The third potential site is at the southeast corner of 25th Street and Delaware Street. The fourth potential site is the northeast corner of 25th Street and Delaware Street. Although ERA recommends the development of only one neighborhood shopping center, we feel that all of these sites should be considered for additional, freestanding retail development in the future. Each of the four preferred locations has a separate set of strengths and weaknesses. The following text discusses these strengths and weaknesses.

Southeast Corner of 22nd & Central - The most obvious advantage of this intersection is the presence of a Safeway grocery store to serve as an anchor and traffic generator. Another possible strength may be the willingness of the property owner to look favorably on development plans. A brief interview with the property owner indicated some enthusiasm regarding the prospect of retail development at this site. Moreover, a second viable business (B & B Liquors) could serve as a second anchor tenant in the new development. ERA has identified a number of retailers that prefer grocery stores as co-tenants. A summary table outlining this data appears in Appendix A. A potential weakness of this site is the present location of the exception parcel in which the liquor store now operates. Unless the owner is willing to remove this structure and locate the liquor store in the new shopping center, this location will suffer from poor visibility, thereby making the site much less feasible for a neighborhood retail center.

Northwest Corner of 22nd & Delaware - The greatest advantage of this location is the visibility of the site to northbound traffic on Delaware Street, due to the angle of the intersection. The intersection also has the highest vehicle traffic count in the neighborhood. About 16,800 vehicles cross this intersection daily. Impulse retail, convenience items, and automotive services are examples of retail types that benefit from good visibility and vehicle traffic volumes. Development decisions at this site should recognize the need to cater to evening commuters rather than morning commuters. Evening commuters are more likely to stop at Dairy Queen, for example, whereas morning commuters are more likely to stop at Dunkin' Donuts. The presence of a currently viable business at this location, however, could make further retail development here unlikely. With a limited supply of successful businesses in the subject neighborhood, ERA suggests that City initiatives to remove such businesses, without consensus of the business owners and operators, could be detrimental to the business climate of the area.

Southeast Corner of 25th & Delaware - One possible advantage of this location is the absence of currently operating businesses. Land assemblage and preparation, therefore, might be simpler and quicker at this site than at others where unwilling parties are asked to participate. Yet, there is a building structure at this site that needs minor repairs. ERA was unable to ascertain whether it is currently being used. This site, however, is not large enough for the development of a true neighborhood shopping center unless land can be assembled to the east or the south. Alternatively, if a more substantial development occurs at another location, the site could be used

for a retailer who wishes to operate in a freestanding building. Some restaurant and miscellaneous stores are likely to be most feasible, given their ability to survive on a neighborhood customer base. Dairy Queen, Little Caesar's, and Hollywood Video are three examples. Retail types should be selected that can do the majority of their business by drawing on the neighborhood market and evening vehicle traffic.

Northeast Corner of 25th & Delaware - This site has two primary advantages. First, it is currently unused and no existing building structures exist. This could allow for simple and quick site preparation. Second, this corner has relatively few residential properties adjacent to it. Sometimes it can be difficult to develop a gasoline filling station or convenience store adjacent to residential properties due to the amount of lighting necessary to keep the store property safe and well lighted. One potential disadvantage of this site is its lack of surrounding development. If retail development were to occur here, it would have to be substantial enough to attract customers in its own right. Convenience or general merchandise stores might consider this site. A gasoline filling station, such as Gas America, would perhaps consider this site. Even certain destination retail stores might consider this location if enough land can be assembled to accommodate a store such as Kmart or Lowe's. More detailed information, on these and other stores, appears in Appendix A.

In addition to the most feasible development sites within the study area, there are a few areas near the study area, but outside the homeownership zone, which may have development potential for retail space. Specifically, the intersection of 16th Street and Central Avenue has some advantages for certain retailers. Because of its higher traffic volume (24,000 VPD), this intersection can meet market criteria for a wider range of potential retailers. It is also somewhat closer to downtown and adjacent to a neighborhood to the south of it that offers somewhat higher population density and income statistics. Furthermore, the Kroger grocery store near this intersection has the potential to serve as a magnet for other retailers mentioned in this report, many of which prefer to locate at the site of a grocery store. If a new hardware store opens up in the area, it should consider this site as well as the site of the proposed neighborhood shopping center at 22nd Street and Central Avenue. Similarly, based on current demographic and market conditions, the location may be ideal for a major pharmacy or drug store, such as Walgreen's.

Existing Buildings

In addition to the recommended development of a new neighborhood shopping center, there are also opportunities to use existing buildings for retail or business expansion in the neighborhood. Much of the existing space at the four subject intersections is in good condition. Minor improvements may be necessary to make them suitable for retail. Some structures that might be considered for demolition are also in suitable condition for retail and, in fact, have viable businesses operating in them. The primary reason for which these structures should even be considered for demolition or retail use is to make better use of prime locations and improve store visibility for more substantial retail development. The properties that merit consideration for retail use are discussed below.

Coin Laundry - This building lies adjacent to the Family Dollar store at the southwest corner of 22nd Street and Central Avenue. Demographic and market data indicate that a coin laundry could

be profitable in the subject neighborhood. The condition of the property only requires minor repairs according to aerial photographs and building assessments provided by the City. ERA recommends minor improvements to this facility and reuse as a coin laundry or fast food restaurant. Or if a larger laundry facility is included in the proposed neighborhood shopping center, this space could be leased for a professional service business.

Old Hardware Store - This building has been used as a hardware store and a worship center in recent years. It is located on the northeast corner of 22nd Street and Delaware Street. The condition of the property is excellent according to aerial photographs and building assessments provided by the City. Although not feasible under current market conditions, this building could have potential retail use in the future, after housing developments and a neighborhood shopping center are able to demonstrate success. Alternatively, this structure could someday be demolished to allow for a larger mixed-use development, possibly including retail.

Storage Garage - This building is located just south of the southwest corner of 25th Street and Central Avenue. ERA could not ascertain the exact size and former uses of this building and the lot just north of it. The condition of the property is excellent according to aerial photographs and building assessments provided by the City. It is currently being marketed.

Plumbing Repair - This building is located at the northwest corner of 22nd Street and Central Avenue. ERA could not ascertain the exact size and former uses of this building. The condition of the building is excellent according to aerial photographs provided by the City. The building is currently being used as a plumbing supply store. If a hardware store moves into the vicinity, this store may wish to locate with the hardware store. In this event, the existing building could be considered for retail use. The location of this property and the building condition make it valuable to potential retailers, such as a bakery or a donut/coffee shop, which typically require access to substantial morning commuter traffic. If used for this purpose, a drive-through option for vehicular customers would be strongly recommended.

The Joint Boutique – This building is located at the southwest corner of 22nd and Central. The building is approximately 1,500 square feet. ERA has recently determined that the store has relocated to College Avenue. The owner of this property is currently considering leasing or selling the property to a potential retailer. ERA suggests the existing building should be marketed for retail that caters to morning commuters. A drive-through window is recommended for potential tenants such as Crawford's Bakery or Dunkin' Donuts.

Nelco Automotive Service - Under certain circumstances ERA would recommend the demolition of the structure on the northwest corner of 22nd Street and Delaware. This space is a prime location for impulse retail or evening commuter services. An automatic car wash is one type of development that could likely benefit from the visibility and traffic patterns at this site under current market conditions. Impulse goods, such as ice cream, fast food, or snacks could also benefit from the characteristics of this site and may be able to utilize the existing structure without demolition. Some examples of potential retail operators that would benefit from this location include Dairy Queen, Walgreen's, Casey's General Store, and Precision Auto Wash. Alternatively, if success is demonstrated at other developments in the subject neighborhood, this

site may eventually be targeted by private developers, without assistance from public entities, due to the high visibility of the location.

B & B Liquor Store - ERA would also recommend the demolition of the "exception parcel" at the southeast corner of 22nd Street and Central Avenue. Currently the building operates as B & B Liquor Store. The development of a neighborhood center will depend on high visibility and the ability to create a safe atmosphere. The presence of the current structure would obstruct the visibility of the proposed neighborhood center. If the property/store owner is supportive, we recommended that the current liquor store be torn down and relocated into one of the stores to be constructed as part of a new development.

Preliminary Financial Analysis

To assist our client in making the best decisions possible regarding potential retail development in the Citizens/King Park neighborhood, ERA considered a scenario in which approximately 30,000 square feet of new retail space is developed in the study area. A site plan is included at the end of this report in Appendix C. Our estimates are based on a contiguous development that resembles a neighborhood shopping center. This section analyzes development costs, operating costs and operating revenue for such a development from a development perspective. Appendix B outlines this preliminary financial analysis.

Assumptions

The financial analysis for the proposed neighborhood shopping center represents a number of variables including construction, operation, financing, and public incentives that will greatly affect the degree to which such a development is feasible. In order to perform even a basic financial analysis ERA must make a number of assumptions regarding these variables. Our assumptions are discussed below.

This analysis assumes the center will consist of 30,000 square feet of new retail space in a strip format. Based on construction cost data from Marshall & Swift this analysis estimates development costs of about $75 per square foot. Total development costs are estimated to be approximately $2.3 million.

This analysis considers a scenario in which a municipal incentive (e.g. Tax Increment Financing) allows for approximately $450,000 of public funding at the onset of development. Without this, or a similar incentive, the development of any new retail space in the neighborhood is unlikely to be feasible under present market conditions. After an initial public investment, the remaining cost of development is estimated to be about $1.8 million in the proposed scenario.

A modest level of investment from the private sector will also be important for the success of the proposed development. This analysis assumes private investment will be in an amount equal to 20% of the remaining development costs after the initial public investment is made. In the present scenario this amount represents about $360,000, which is 16% of the total development costs, as estimated in this report.

For the purposes of this report, ERA assumes the development costs that remain after public and private equity investments will be financed through one or more private lenders. Given the private and public investment assumptions outlined above, we estimate $1.44 million in financing will be needed.

Bank One's published lending rate for commercial development is currently 8.0% and may decline as the Federal Reserve considers further cuts in the borrowing rate. This analysis assumes the proposed development could secure low interest financing for certain portions of development, producing an average lending rate of 7.5%. Low interest financing programs may be available through the Local Initiatives Support Collaborative (LISC) and other organizations

with a commitment to improving inner city neighborhoods. The use of such low interest loan programs could reduce the annual debt service. Based on a 20-year loan and a lending rate of 7.5%, this study estimates debt service for the subject will be $139,000 annually.

This analysis assumes there will be no cost of land acquisition. If the center is developed on a property owned by the City a land grant is assumed. If the center is developed on privately owned property we assume the owner will invest in the development - perhaps by donating the value of the land as additional equity.

Based on an interview with the Center Township's Assessor's Office and regional survey data from *Dollars and Cents of Shopping Centers*, this analysis assumes the cost of real estate taxes, insurance, and utilities will likely be about $1.50 per square foot. This is a rough estimate based on survey data from neighborhood shopping centers in the Midwest and input from the client. Commercial property owners in similar areas indicate their property tax rates are sometimes less than $1 per square foot for older buildings. Tax expenses are included in this report's operating expense estimates. Estimates are based on triple net leases.

Additional costs associated with design, architecture, engineering, and consulting services, as well as demolition could be significant. ERA does not estimate such costs in this report. The current analysis assumes such costs will be paid for by the City of Indianapolis.

This analysis assumes an inflation rate of 3% annually. While it is impossible to predict the rate of inflation, this is a reasonable and conservative estimate and is widely used. The inflation rate applies to lease rates and operating costs as well as all tenant charges.

Financial Estimates

The following estimates are based on national and regional survey data for neighborhood shopping centers and ERA's knowledge of various inner city markets in the Midwest. This analysis assumes the development of a 30,000 square foot shopping center adjacent to the Safeway grocery store. Total retail space in the complex, including the grocery store, would be approximately 45,000 square feet. We assume the construction of an "average" class "C" shell and the development of an "average" interior retail space. Terms in quotations are consistent with building classes and construction quality classifications as defined by Marshall & Swift.

Although this analysis assumes a location at the southeast corner of 22nd Street and Central Avenue, there are other locations in the study area that are viable. A later section addresses the topic of site selection and considers the strengths and weaknesses of various locations.

The following discussion outlines the findings from this report's financial analysis. Appendix B details ERA's financial analysis and our financial assumptions.

Development Costs - Estimated at $2,250,000. This figure is based on shell and interior development cost estimates provided by Marshall & Swift as well as a 25% expense for soft costs. Estimates are based on survey and engineering data from neighborhood shopping centers.

Owner's Operating Costs - Estimated at $105,000 for first-year operation. This figure includes general and administrative costs as well as maintenance and repair. It also includes costs associated with real estate taxes, utilities, insurance, and common areas. Estimates are based on ULI survey data for newer neighborhood shopping centers and interviews with commercial property owners in similar Indianapolis neighborhoods.

Owner's Operating Revenue - Estimated at $265,000 for first-year operation. This figure is based on triple net lease rates of $8 per square foot in the year 2003 and a 7% vacancy rate. Tenant charges are expected to account for additional revenues of $1.50 per square foot. (Note that it may be possible to charge tenants a greater portion of operating costs depending on demand for space and flexibility regarding tenant types.)

Owner's Net Operating Income - The net operating income before debt service is $160,000 in the first year. This figure is expected to increase gradually each year. Our analysis shows net operating income of $209,000 in the tenth year of operation.

Debt Service Costs – Based on a 20-year loan with an average lending rate of 7.5%, this report estimates an annual debt service of $139,000. This amount represents a debt service coverage ratio of between 1.2 in the first year of operation and 1.5 in the tenth year of operation.

Owner's Net Cash Flow – In this analysis, net cash flow is estimated to be about $21,000 in the first year. Net cash flow is expected to increase every year. In the tenth year of operation, net cash flow is projected to reach $70,000.

Public Subsidy – This analysis assumes a public subsidy equivalent to a 20% equity investment in the project. This amounts to about $450,000 at the onset of development. Tax increment financing (TIF) may be the most feasible incentive for the subject development. Local governments would be expected to recover this entire subsidy amount over time through the increased real estate tax revenue that will be created by the proposed development.

Private Equity – This analysis assumes a smaller private equity investment in the project. We assume private investment of about 16% of the total development costs. This amounts to about $360,000 at the onset of development. This investment is expected to produce a return for private investors, as outlined below.

Property Reversion – Based on sale of the development after 10 years of operation, ERA estimated the net property value to the owner after paying off the initial mortgage and the cost of selling the property. A 10% terminal capitalization rate was assumed for the purposes of this analysis. The cost of sale is assumed to be about 8% of the property value. Therefore, the net property value after 10 years of operation is estimated to be approximately $1 million.

Internal Rate of Return – This analysis estimates that the proposed project would yield an internal rate of return of about 18% to investors, based on the assumptions outlined in this report.

The table in Appendix B outlines ERA's financial analysis in greater detail. It calculates financial performance down to a bottom line of total property cash flow, which is adjusted for

the property reversion explained above. Appendix B also includes an outline of the assumptions on which our basic financial analysis is based.

Strategic Recommendations

Based on our market analysis, it is likely that the Citizens/King Park neighborhood could support an additional 30,000 to 40,000 square feet of retail space. A combination of new and existing buildings can be utilized to meet this amount of new retail trade. New building space should be consolidated into a single development. As the neighborhood begins to revitalize and increase in population density it is likely that further retail development will be feasible. Initially some public incentives are recommended to spur retail development. There is a broad range of success and failure among existing retailers in the neighborhood. Some recently published inner city retail surveys provide some important information for current and potential retailers trying to serve this inner city market. Finally, the neighborhood residents and the existing retail operators need to recognize common goals. Cooperative efforts between residents and neighborhood-store owners could contribute greatly to the revitalization and beautification of the neighborhood.

Retail Development

ERA recommends a two-fold retail development strategy. The first element of this strategy is the development of a neighborhood shopping center, including approximately 30,000 square feet of new retail space, preferably adjacent to the existing Safeway grocery store. The second element of this strategy is the use of existing properties for retail development in the neighborhood. As more residential development occurs and if a neighborhood shopping center is able to demonstrate success, demand is likely to increase for commercial space in the neighborhood and existing buildings may be sought for retail use. These two development strategies should not be seen as mutually exclusive. But the total amount of additional retail the neighborhood can support under current market conditions is approximately 30,000 to 40,000 square feet, depending on the retail types targeted and the specific tenant mix achieved.

The most feasible option for further retail development at this time is the construction of a neighborhood shopping center. Due to the presence of the Safeway grocery store the first location to consider for such a development is the southeast corner of 22nd Street and Central Avenue. An additional 30,000 square feet of retail development adjacent to the Safeway would help to create a critical shopping mass in the neighborhood. The total retail space there, including the grocery store, would be about 45,000 square feet. This would be enough to create a small neighborhood shopping center. The study area currently lacks such a center.

Over time, there may be opportunities to redevelop several existing buildings into freestanding retail establishments. A few buildings are in good condition and would require minimal work to be made suitable for retail. The buildings described in the previous section are recommended for priority consideration. But other buildings, such as the storage facility at the southeast corner of 25th and Central, may eventually be sought for redevelopment if higher and better uses can be established as the population density and market statistics in the area change.

Other Land Use Issues

ERA recommends that the City land bank most of the property they currently own that is not planned for housing development. More housing will be necessary to significantly increase the population density of the neighborhood. But patience is necessary, as it may not be possible to immediately sell all the housing units currently being developed. After the housing market is able to absorb the housing currently being developed, it may be possible to consider further residential development, which would help to increase the market for retail trade.

Public Incentives

There are four types of public incentives that are likely to have large and immediate positive impacts on the revitalization of the study area. First, streetscaping and landscaping along major corridors and intersections would help to increase the attractiveness of the area. Such efforts not only increase neighborhood pride, they also create a sense of safety and beauty that might increase the willingness of commuters to shop at area retail stores. Second, financial assistance for the development of a neighborhood shopping center is recommended to spur investment in retail development. The availability of low interest financing is likely to make the difference between feasible and infeasible development of new retail space. If the development proves to be successful, it will likely lead to greater willingness of retailers to locate in the neighborhood and the ability to charge somewhat higher rental rates for retail space. Third, property tax incentives will be necessary. If possible, complete abatement of property taxes for the proposed improvements should be considered. Fourth, an equity investment or grant may be necessary to make the proposed neighborhood shopping center feasible. ERA identifies specific assistance levels for each of these incentive types in our financial analysis outlined in Appendix B.

City development officials have also served a valuable role in their efforts to coordinate work in the Citizens Neighborhood. The federal government has made a major investment in the area to increase the housing stock and encourage home ownership. Public officials at local and state levels can play an important role as advocates for this neighborhood as well, especially due to the media attention such officials can command.

Retail Operators

Recent studies and survey data focused on inner city shopping reveals a number of useful lessons for retail operators. A few of the most important conclusions are listed below.

Inner city shoppers are highly fashion and brand conscious. Survey data found that many inner city shoppers equate popular name brands with quality and are willing to pay more for name brand products. We recommend prominent display of name brand products such that a maximum number of potential customers can view and access these products. This recommendation applies particularly to grocery, general merchandise, and apparel stores. A summary of retail recommendations is listed below.

- Prominent Display of Name Brand Products (Grocery, Apparel, and General Stores)

- Availability of Fashionable Clothing (Apparel)

- Product Selection based on High Brand Recognition (Grocery, Apparel, and Miscellaneous)

- Availability of fresh meat, especially fish and seafood (Grocery)

- Cooperative Efforts with Residents (Monthly Discount Day)

- Incorporate Complementary Franchises (i.e. Blockbuster, Christmas Décor, Jackson-Hewitt)

Neighborhood Initiatives

ERA strongly recommends a concerted effort by members of the community and neighborhood organizations also to improve the appearance of the neighborhood.

- Security Personnel - Uniformed security personnel to assist customers in the proposed neighborhood shopping center. Community groups could coordinate training. Funding could be available from a tenant improvement fee or volunteer efforts could be coordinated for additional security and shopper assistance.

- Welcoming Atmosphere - Security personnel are sometimes able to assist customers in other ways. Efforts to help customers with bags or directions can create a welcoming environment that customers remember and desire.

- Clean Up - Neighborhood leaders could organize efforts. The appearance of litter and unsightly property can be a significant obstacle to development in any area. While restaurants and other retailers should also make efforts to keep the area clean, residents must ultimately take responsibility for the appearance of their neighborhood. The City can help by assuring good trash removal services and providing adequate public trash receptacles.

- Loose Dogs - Uncurbed animals create an unsafe atmosphere for pedestrians and hence discourage shopping. The presence of too many large dogs in a neighborhood can also perpetuate a stigma of high crime levels in the area.

- Crime – Perception of crime in the subject neighborhood has been identified as an obstacle to private retail development. The Indianapolis Police Department also records actual crime statistics, as measured by reports of criminal activity in several categories. Both the perception and reality of high crime levels exist in the study area. Although we expect the City's Police Department to allocate resources where the need is greatest, we strongly recommend informal and formal efforts to reduce the amount of criminal activity in the subject area.

Appendix A – Selected Retail Stores

Appendix Table A1 – Selected Retail Stores

Name	Size	Stores	Annual Sales	Sales/SF	Trade Zone	Population	Co-Tenants	Income
Ace Hardware	10,000	5,100					All	Mid
Ames	65,000	455	$3,841,000,000	$130	3 Miles	25,000	All	Low, Mid
Arch Paging	1,000	185					All	All
Blockbuster	3,500	5,145	$3,893,400,000	$216		20,000	Grocery	All
Broadway Video	4,500	23					All	All
Casey's General	2,720	1,206	$1,256,490,000	$383			Freestanding	Mid
Cato Fashions	3,600	809	$584,700,000	$201	10 Miles	20,000	Grocery	Low, Mid
CD Warehouse	2,000	360	$54,845,432	$76	10 Miles	75,000	All	Mid
Christian Light	6,000	12			5 Miles	50,000	All	Mid
Christian Outlet	2,000	45					All	All
Curves For Women	1,500	869			10 Miles	40,000	All	Mid
Dawn Donut	2,000	61					All	Low, Mid
Dairy Queen	2,500	5,920	$2,723,000,000	$184			Freestanding	All
Domino's Pizza	1,200	4,484	$3,360,000,000	$624				All
Dunkin' Donuts	1,500	3,700	$2,300,000,000	$414	1 Mile	8,000	All	All
Fagen Pharmacy	5,000	23					All	All
Fiesta Hair Salons	1,200	240					Grocery	
First Choice Hair	1,000	301	$72,671,346	$241	3 Miles	25,000	Grocery	Low, Mid
Gas America	40,000						Freestanding	Low, Mid
Glik's	4,000	52	$32,000,000	$154	3 Miles	20,000	All	Mid
Grow Biz Int'l	2,500	1,152	$96,351,000	$33		100,000	Grocery	Mid, High
H&R Block	1,000	10,000	$1,521,500,000	$152			All	Mid
Hasting's Entertain	15,000	138	$398,668,000	$193	5 Miles	30,000	Grocery	Mid, High
Hollywood Video	5,000	1,615	$763,908,000	$95				All
Home Depot	102,000	915	$30,219,000,000	$324			All	All
Horizon Pharmacy	8,000	52	$74,737,000	$180		50,000	Grocery	All
Jackson-Hewitt	800	3,000					All	Low, Mid
Kmart	110,000	2,173	$35,913,000,000	$150			All	Mid
Kohl's	86,000	259	$3,681,763,000	$165			All	All
Little Caesar's	1,400	4,200	$1,950,000,000	$332	2 Miles	25,000	Convenience	Low, Mid
Lovins Pharmacy	4,500	15				15,000	All	All
Lowe's	100,000	540	$12,244,882,000	$227			All	All
Mail Boxes Etc.	1,500	3,300			3 Miles	20,000	Grocery	Mid, High
Medicap Pharmacy	2,000	184	$187,723,000	$510	3 Miles	25,000	All	Low, Mid
Movie Gallery	4,000	964	$267,633,000	$69			Grocery	All
Norstan Apparel	3,500	200			3 Miles	50,000	Grocery	Low, Mid
Pamida	35,000	156	$672,394,000	$123	10 Miles	15,000	All	Mid
Powerhouse Gym	12,000	300					All	Mid
Radio Shack	2,450	7,101					All	Mid, High
Rainbow Apparel	5,000	650				200,000	Fashion	Low, Mid
Rite Aid Drug	10,000	3,833	$12,731,900,000	$332			All	All
Sally Beauty Salons	1,600	1,843			3 Miles	30,000	Fashion, Grocery	Mid
Salvation Army	15,000	1,650					Discount	Low, Mid
Simply Fashion	3,000	215			3 Miles	55,000	Grocery	Low, Mid
Spin Cycle	4,000	172	$28,000,000	$41	1 Mile	20,000	Grocery	Low, Mid
Subway	1,200	6,559	$3,600,000,000	$457		15,000	Entertainment	All
Sullivan's Hardware	10,000	2					All	All
Taco Bell	2,000	7,111	$5,200,000,000	$366		20,000	All	All

Target	90,000	914	$25,420,000,000	$309			All	Mid
Villagers Hardware	40,000	2	$25,000,000	$313			All	All
Walgreen	15,000	2,833	$17,838,800,000	$420	1 Mile	15,000	All	All
Wascomat	4,000	3,000				12,000	All	Low, Mid

Source: ERA, RTD 2000, Entrepreneur, R&I

Appendix B – Financial Analysis

APPENDIX C - Preliminary Financial Analysis

Neighborhood Retail Center

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Size	30,000		1.00	1.03	1.06	1.09	1.13	1.16	1.19	1.23	1.27	1.30	1.34
Vacancy/Loss	7.0%												
Leased Space	27,900												
Revenue													
Net Lease Income*	$8.00 per sf		$223,000	$230,000	$237,000	$244,000	$251,000	$259,000	$267,000	$275,000	$283,000	$291,000	$300,000
Other Tenant Charges	$1.50 per sf		$42,000	$43,000	$44,000	$46,000	$47,000	$49,000	$50,000	$51,000	$53,000	$55,000	$56,000
Total Operating Receipts			*$265,000*	*$273,000*	*$281,000*	*$290,000*	*$298,000*	*$308,000*	*$317,000*	*$326,000*	*$336,000*	*$346,000*	*$356,000*
Expenses													
General & Administrative	$1.00 per sf		$28,000	$29,000	$30,000	$30,000	$31,000	$32,000	$33,000	$34,000	$35,000	$36,000	$37,000
Maintenance & Repair	$1.25 per sf		$35,000	$36,000	$37,000	$38,000	$39,000	$40,000	$42,000	$43,000	$44,000	$46,000	$47,000
Taxes, Insurance, Other	$1.50 per sf		$42,000	$43,000	$44,000	$46,000	$47,000	$49,000	$50,000	$51,000	$53,000	$55,000	$56,000
Total Operating Expenses			*$105,000*	*$108,000*	*$111,000*	*$114,000*	*$117,000*	*$121,000*	*$125,000*	*$128,000*	*$132,000*	*$137,000*	*$140,000*
Net Operating Income			$160,000	$165,000	$170,000	$176,000	$181,000	$187,000	$192,000	$198,000	$204,000	$209,000	$216,000
Private Equity		$360,000											
Debt Service Costs			$139,000	$139,000	$139,000	$139,000	$139,000	$139,000	$139,000	$139,000	$139,000	$139,000	$139,000
Debt Coverage Ratio			*1.2*	*1.2*	*1.2*	*1.3*	*1.3*	*1.3*	*1.4*	*1.4*	*1.5*	*1.5*	*1.6*
Net Cash Flow			$21,000	$26,000	$31,000	$37,000	$42,000	$48,000	$53,000	$59,000	$65,000	$70,000	$77,000
Property Reversion												$1,004,000	
Total Property Cash Flow		- $360,000	$21,000	$26,000	$31,000	$37,000	$42,000	$48,000	$53,000	$59,000	$65,000	$1,074,000	

Sources: ERA, M&S, ULI, Mansur, USDoC, City of Indianapolis
* Triple Net Lease

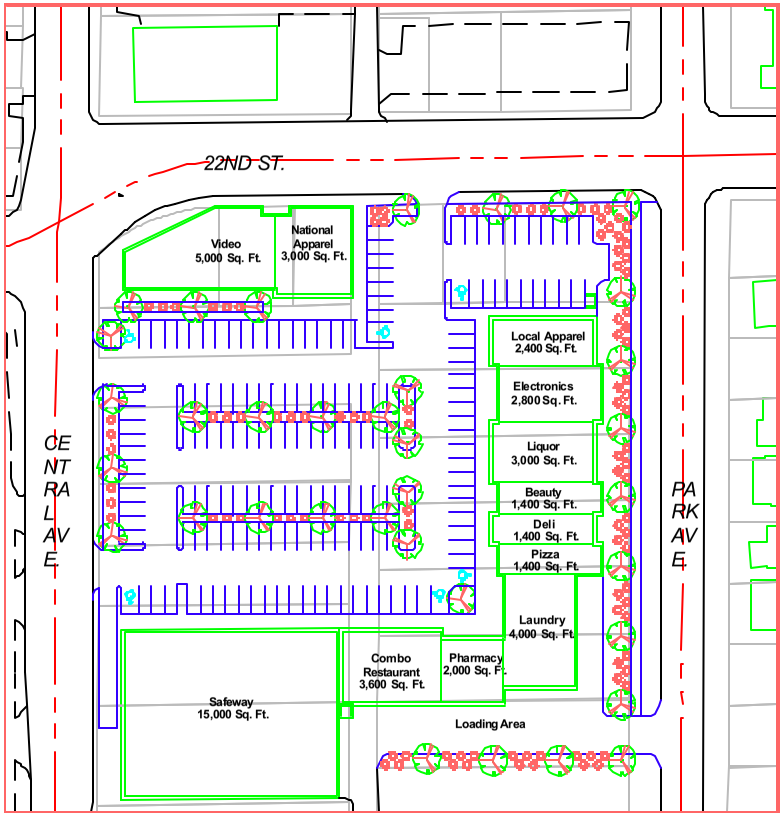
APPENDIX C – FINANCIAL ASSUMPTIONS

Appendix C - Financial Assumptions

Total Development Costs	$2,250,000
Municipal Bond/TIF Incentive	$450,000
Required Funding	$1,800,000
Private Investment	$360,000
Bank Loan	$1,440,000
Lending Rate	7.5%
Monthly Lending Rate	0.6%
Loan Term	240
Monthly Debt Service	$11,601
Annual Debt Service	$139,000
Internal Rate of Return	18%
Year 11 NOI	$216,000
Terminal Capitalization	10%
Property Value	$2,160,000
Cost of Sale	$172,800
Unpaid Mortgage	$982,743
Net Property Value	$1,004,457

Sources: ERA, ULI, Marshall & Swift, Mansur, City of Indianapolis

APPENDIX D – SITE CONCEPT



22ND & CENTRAL SHOPPING CENTER
CONCEPT DRAWING

Store Type	Example
Video Rental	Hollywood Video
Hardware	Sullivans
Liquor	B & B Liquor
National Apparel	Ashley Steward/Simply Fashion
Local Apparel	Joint Boutique
Beauty	Sally Beauty Supply
Electronics	Radio Shack
Games/Books	Christian Light
Sandwich/Deli	Subway
Pizza	Little Caesar's
Laundromat	Spin Cycle
Pharmacy	Medicap
Combo Restaurant	Baskin Robbins/Dunkin Donuts
Tax Service	Jackson Hewitt
Bakery	Crawfords