CARMEL CENTRAL CITY CORE REDEVELOPMENT

AN INTERIM EVALUATION OF PROCESS & OUTCOMES

15-C36

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INTRODUCTION

Over the past two decades the City of Carmel more than tripled in population (25,380 in 1990 to 79,191 in 2010) and evolved from a small suburban town to a nationally recognized example of a new urban edge city. This transition, as with any transition, has not been made without controversy and a few missteps. While the *Indianapolis Star* and the *Indianapolis Business Journal* have reported on the debate over the redevelopment process and financing strategies, there has not been an objective documentation of the broader issues through which redevelopment was pursued and achieved.

In 2014, the City of Carmel engaged the IU Public Policy Institute (PPI) to undertake a case study of the city's core redevelopment strategies since 1995. Specifically, PPI was asked to provide the following:

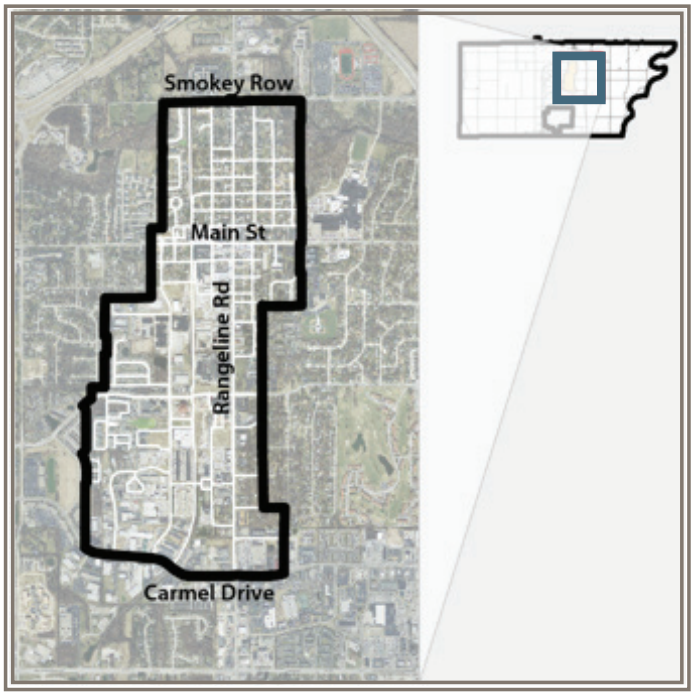
1. An overview of objective measures regarding the redevelopment of City Center and Old Town, examining investments made by the public, private, and nonprofit sectors and identifying the outcomes these investments leveraged.
2. A qualitative assessment and evaluation of the process by which the redevelopment of City Center and Old Town was pursued, examining public data and performing key informant interviews, including proponents and opponents of the redevelopment efforts, to elicit a summary of common themes and perspectives regarding the redevelopment process.
3. Estimates of the outcomes realized, including what might have happened but for the city's redevelopment efforts, the economic impacts or contributions of various outcomes, and other related measures.
4. A brief summary of lessons learned that might be useful to policymakers and/or applicable to other communities considering their own redevelopment efforts.

For the purposes of this analysis, the boundaries of the area studied are as follows:

Northern boundary: East/West Smokey Row

Eastern boundaries: 4th Avenue NE, 4th Avenue SE, and roughly one lot's width east of Range Line Road south of 4th Street SE

Study Boundaries in Carmel



Southern boundary: East/West Carmel Drive

Western boundaries: 4th Avenue SW (extended from north of Main to Smokey Row NW), one block west of 4th Avenue SW (south of Main), property boundaries between those areas with egress to 3rd Avenue SW (between 3rd Street SW and City Center) and Carmel Garden (extended south to West Carmel Drive).

The study is limited to those areas in which PPI was provided, or otherwise able to secure, data to support its findings. Additionally, recognizing the contentious nature of the debate regarding the redevelopment process and its outcomes, PPI sought outside verification and outside data sources as often as possible.

The report is organized as follows:

- The *Project Timeline* section provides an overview of key events (plans and projects) starting with the construction of the Carmel Government Center in the early 1990s and ending in December 2014.
- The *Baseline Data* section includes an overview of the timeline by which the redevelopment efforts were undertaken, baseline outcomes that can be reported, and examines comparative

scenarios of what might have happened but for the redevelopment efforts.

- The *Process Evaluation* section of the report examines questions regarding visioning and leadership, the role of government in spurring the market, and other questions related to the process by which the redevelopment efforts occurred.
- The *Economic Outcomes* section examines the economic impact and contributions of various aspects of the redevelopment effort, including the Center for the Performing Arts, construction activity, and the provision of infrastructure.
- The final section offers key insights and considerations for policymakers and other communities in Indiana considering similar efforts.

PROJECT TIMELINE

While the Carmel Government Center was completed before Mayor Jim Brainard took office, soon after his tenure began in 1996, Carmel purchased land north of the newly opened government center. In 1997, the Carmel Plan Commission completed a new comprehensive plan that estimated that by 2020 all land in Carmel would be developed and that the city's population would grow from approximately 60,000 residents to 85,000 (the 2014 Carmel population was estimated to be 86,682 according to STATS Indiana).

These events, coupled with a concern that downtown Carmel was being overrun by a collection of retail centers and office parks, led to the creation of the Old Town and 126th Street Economic Development Areas (EDAs) in May 1997. While the 126th Street EDA focused on streetscaping and the extension of 126th Street, the Old Town EDA focused on infrastructure intended to stimulate revitalization of the Old Town area. Perhaps most importantly in the preamble to the plans for the EDAs, the project consultant, Wabash Scientific, suggested that the rate of growth in Carmel means that the city's leadership must be visionary and all projects must be rooted in consensus.

These early events created an environment from which in the summer of 1997 public discussion of City Center began. With that early discussion, in an era when most Indiana suburbs were focused on market-driven subdivisions, strip centers, and regional malls, Carmel took initial steps toward a downtown redevelopment and urban place-making initiative. Over the next two decades, Carmel's efforts have born significant success, with significant construction investment in the redevelopment area. Among the accolades the community has earned are:

- *Money Magazine* identified Carmel as the best place to live in the United States in 2012 (in 2014 Carmel ranked 3rd);
- *24/7 Wall Street Journal* identified Carmel as the 12th best city to live in (2014);
- Movoto identified Carmel as best place to live in Indiana (2014);
- Livability identified Carmel as 4th best city for families (2015), while Single in the City proclaimed Carmel as the 11th best city for singles (2015).
- Grey House Publishing selected Carmel as one of two Indiana cities in their statistical rating of *126 of America's Top Rated Smaller Cities (Tenth Edition, 2014-2015)*

Perhaps the single most important step taken by Carmel was the January 1998 adoption of the City Center Redevelopment Area Plan. The plan suggested that City Center was to emerge as a focal point and gathering place for residents of and visitors to Carmel. Among the tasks described in the plan were the acquisition of 73 acres of land within the EDA, $500,000 of demolition expenses, $400,000 dedicated to utility relocation, and $1.5 million for parking facilities. Tax Increment financing (TIF) was mentioned as a potential source of funding the public investment necessary to stimulate private sector interest.

The next major event, in January 2000, was the consolidation of five RDAs and EDAs into the City Center Redevelopment area. The consolidation expanded TIF capacity and added the Performing Arts Center to the project list.

In February of 2000, the Redevelopment Commission entered into a project agreement with AMLI Residential

Properites for what was the first CRC mixed use development project in the Arts & Design District.

Over the course of 2000, the Carmel Plan Commission and City Council adopted new zoning designations for redevelopment districts, namely the C-1 City Center District and C-2 Old Town District, and rezoned key parcels to C-1 and C-2 that were designated by the CRC for redevelopment.

In June of 2001 construction began on Carmel Bike Shop, the first commercial building construction in City Center.

In May 2003, the consolidated City Center Redevelopment plan was re-amended, approximately $3.7 million of new projects were added. Perhaps most importantly the basic premise, that a vibrant and healthy downtown Carmel was important to all of Carmel, was confirmed by the Carmel Redevelopment Commission.

The consolidated City Center Redevelopment Plan was next amended in February 2004, the area was expanded, the use of TIF was confirmed, and the Performing Arts Center budget increased by $15 million.

In fall 2004, Pedcor was awarded the bid for City Center and in April 2005, the Carmel Downtown Redevelopment Plan was approved. A new TIF district was created to support parking structures estimated to cost between $35 and $55 million.

Pedcor broke ground on City Center in 2006, and in spring 2007 construction of the Performing Arts Center, now known as the Palladium, began.

In spring 2007, Mayor Brainard won the primary election with 59 percent of the vote.

In October 2008, the CRC established 3-year pooled loan program of $15 million per year to assist overall redevelopment effort.

In November of 2010, the CRC established the Arts District Lofts and Shoppes Tax Allocation area, pledging TIF revenue to Keystone Group for infrastructure associated with the project.

In the post-recession economy of 2011, in response to rising concerns about project financing, the consolidated City Center Redevelopment Plan was amended to limit TIF's use and reflect a developer agreement to make PILOT payments if TIF revenue was insufficient.

In spring 2011, Mayor Brainard won the primary election with 62 percent of the vote.

In 2012, CRC approved Project Agreement for the construction of Nash and Kent Buildings.

In 2014 six new City Center buildings were announced with an estimated cost between $80 and $100 million.

Finally, in spring 2015, Mayor Brainard won the primary election with 63 percent of the vote.

KEY EVENTS IN CENTRAL CORE REDEVELOPMENT

1997

Carmel Plan Commission approves new comprehensive plan

May 1 Old Town and 126th Street Economic Development Areas (EDAs) created

Summer General public discussion about ideas surrounding City Central Redevelopment Area project begins

1998

January 9 City Center Redevelopment Area Plan is adopted by CRC

July 9 Construction begins on 126th Street and City Center Drive

2000

January 31 Amendments are made to the City Center Redevelopment Area and plan

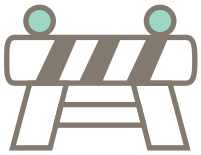
November 30 AMLI apartment construction begins

2001

June 6 Groundbreaking in Rotary Plaza

2002

Spring Construction begins on Ryland townhomes and Shapiro's Deli complex

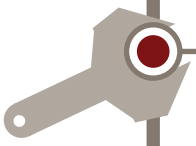


2003

August 6 Consolidated City Center Redevelopment plan amendment is confirmed and re-amended

November General Election: Brainard, 4,679; Barkley, 1,658

November Carmel Arts & Design District announced



2004

February 10 Amendment made to the Integrated Economic Development Area plan and Amended Redevelopment Area plan

Fall Pedcor awarded bid for City Center, Pedcor Corporate Headquarters are completed, and Carmel Clay Veterans Memorial Plaza groundbreaking

2006

March 23 Groundbreaking for City Center Development by Pedcor

October 31 Center for Performing Arts master plan is made public

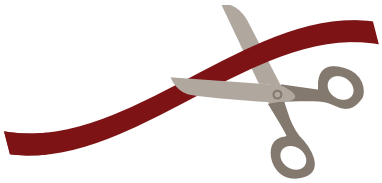
2007

Spring Construction begins on Palladium Concert Hall and Tarkington and Studio Theater

November General Election: Brainard, 9,172; Winckler, 2,068

2010

Summer Indiana Design Center opens in Arts & Design District



2011

January Palladium Concert Hall opens

February 8 Draft Supplement to the 116th Street Center and integrated Plan

March 27 Monon & Main townhomes are sold out

August Tarkington and Studio Theaters open

2014

November City Center Phase II revealed

BASELINE DATA

STATISTICS

Jobs and Population

Using the On the Map tool available from the U.S. Census, PPI was able to construct an estimate of the number of jobs located and the number of employed individuals living in the district in 2004 and 2011 (the most recent year for which data are available through that tool), with the latter being distinct from measuring population as a whole. Jobs growth in the project area (13.2 percent) was exceeded by job growth in Carmel and Hamilton County (34.7 and 23.9 percent, respectively) (Figure 1). The growth in the number of employed individuals living in the project area, however, far outpaced Carmel and Hamilton County (43.8 percent compared to 8.7 and 16.2 percent, respectively) (Figure 2). The relative growth of the population measure (employed individuals) compared with the growth in number of jobs is reflective of the replacement of relatively low-intensity strip level development with concentrated, mixed-use, relatively dense and intense development.

In addition to creating a more dense, more concentrated residential and commercial center, the On the Map data suggests a larger share of the jobs within the district are higher earning than jobs in Carmel or Hamilton County as a whole. In 2011, 46.6 percent of the jobs located in the project area were those categorized as "higher earning," meaning individuals earned more than $40,000 year (threshold established by the On the Map tool); those figures were 43.6 and 34.3 percent for Carmel and Hamilton County, respectively (the jobs within the project area were not subtracted from the city and county numbers). The percent of higher earning individuals living in the project area (49.3 percent) were not as high as the percent of higher earning individuals living in Carmel or the county (59.4 percent and 55.7 percent, respectively). However, the share of higher earning individuals living in the district increased at a faster rate between 2004 and 2011 (12.8 percent relative change) than the city or county (10 and 7.3 percent, respectively).

FIGURE 1. Jobs

	2004	2011	% Change
Project Area	4,106	4,648	13.2%
Carmel	43,669	58,843	34.7%
Hamilton County	99,495	123,249	23.9%

FIGURE 2. Employment

	2004	2011	% Change
Project Area	1,132	1,628	43.8%
Carmel	34,757	37,794	8.7%
Hamilton County	114,822	133,442	16.2%

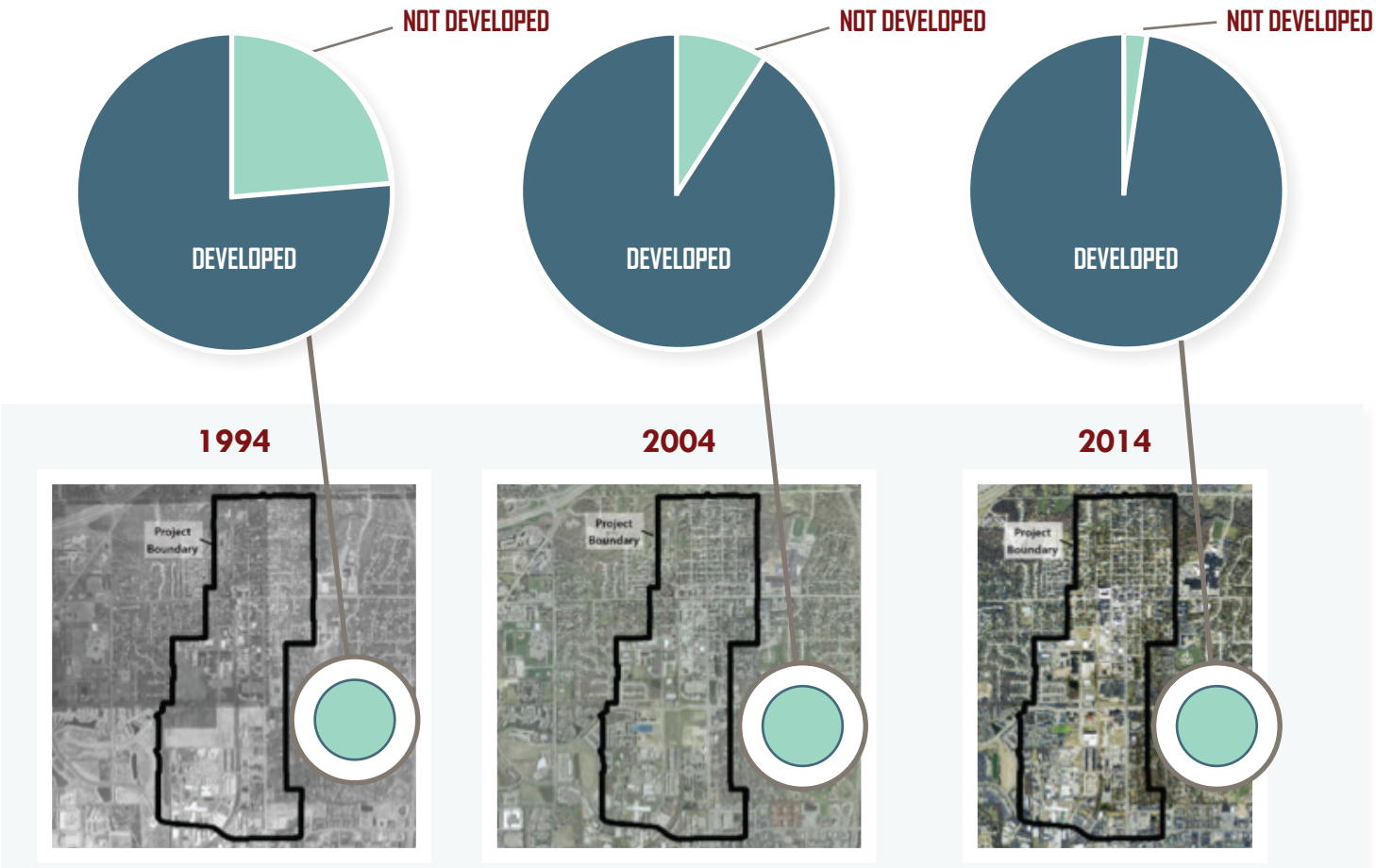
Physical Development

Using aerial photography available from Hamilton County government, PPI was able to construct estimates of the acreage of undeveloped property in 1994, 2004, and 2014. PPI estimates that more than 23 percent of the land within the boundary area remained in large, undeveloped lots in 1994. By 2004, less than 10 percent remained undeveloped; by 2014, slightly more than 2 percent of the land remained undeveloped (Figure 3).

Between 2004 and July 2014, 565 building permits were issued by the City of Carmel within the project area and 904 additional building permits issued within a half mile from the boundary of the project area; in comparison, during the same period there were a total of 10,571 building permits issued throughout Clay Township. In assessing the concentration and value of construction activities across the three areas, the project area had greater concentration of activity, greater construction costs per permit, and higher value construction activity per acre (Figure 4). Further, while the township as a whole has experienced a decrease in building permits relative to 2004 – having not had a single year in which as many permits were issued as 2004 – the project area and the area within a half mile of the project area have exceeded the number of building permits in 2004 every year but one through 2014 (Figure 5).

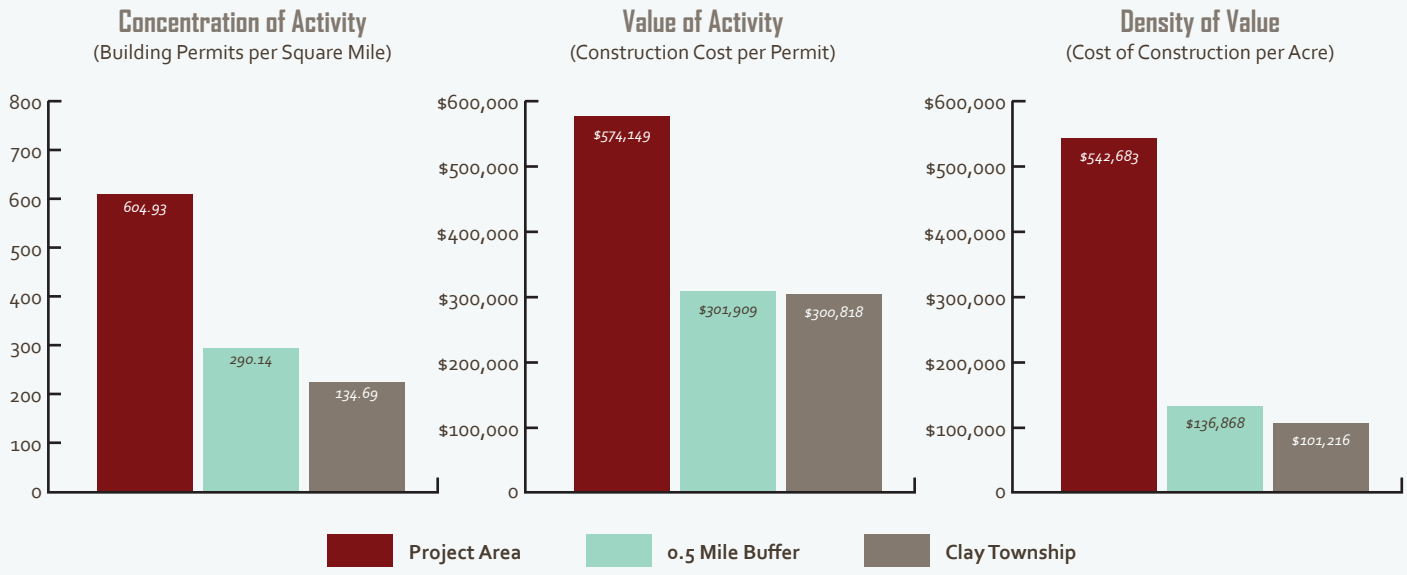
CHANGE AND INVESTMENT IN CARMEL

FIGURE 3.



Estimates of developed/undeveloped land are based on aerial photography- utilizing GIS tools- from each year stated.
Source: Hamilton County (2014)

FIGURE 4.



Source: City of Carmel (2014)

FIGURE 5. Change in Building Permits Relative to 2004

Source: City of Carmel (2014)

Fiscal Impact

The building activity experienced within the project area drove growth in gross assessed value that outpaced the rest of Carmel and Hamilton County (Figure 6).

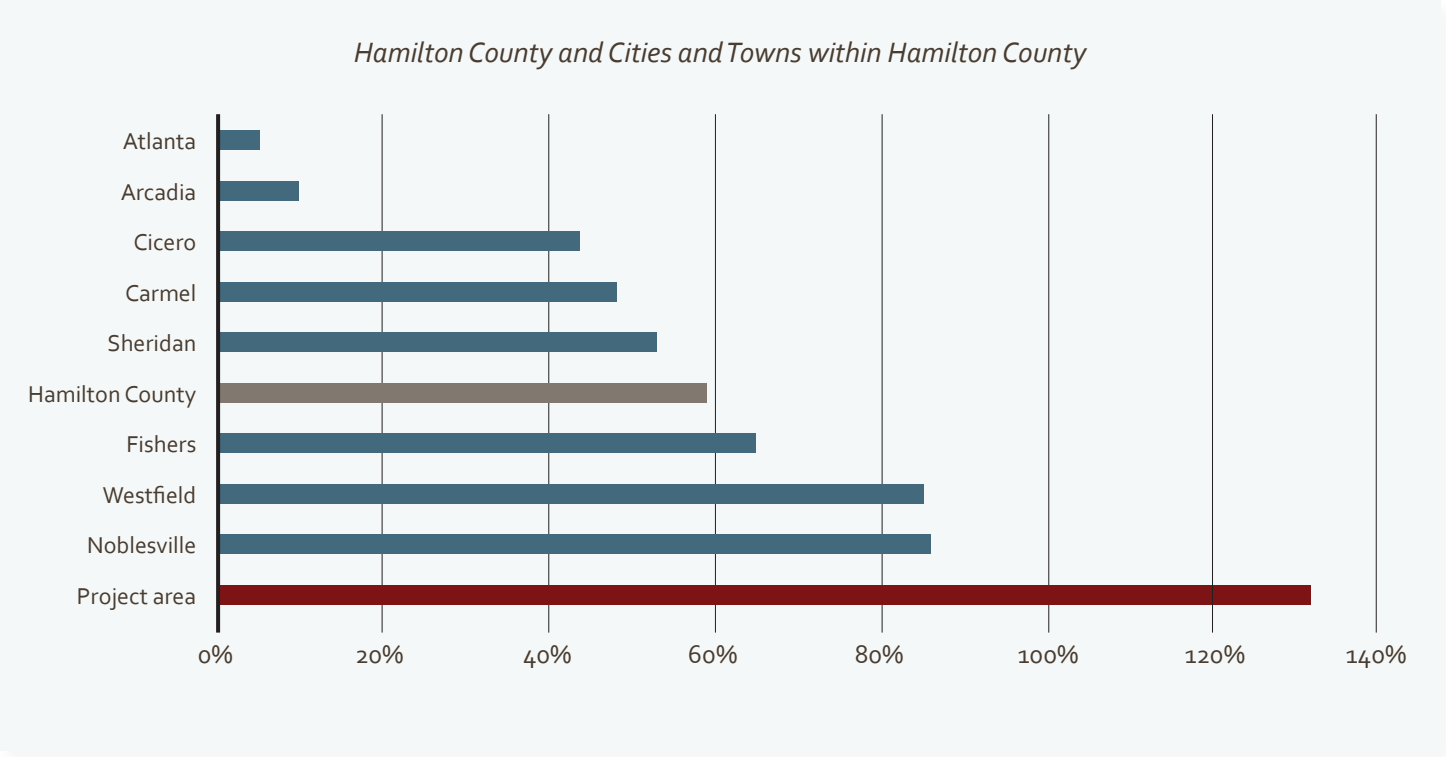
An argument could be made that it is an unfair comparison to examine a concentrated downtown to entire municipalities. In examining how Carmel's downtown faired relative to the larger cities and towns within Hamilton County, PPI finds that the project area outperformed those areas as well. Examining gross taxable assessed value growth from 2004 to 2013 in a one-mile radius from the center of Hamilton County's cities as well as Fishers, PPI found that increased value within the project area greatly outpaced downtown developments in other communities (Figure 7).[1] In the interest of normalizing a comparison, a one-mile radius within Carmel is also included (which includes areas within and outside of the project area) to make a fair comparison between Carmel's growth and these other communities.[2] Given the increased value within the project area, with the Carmel radius being slightly more than half that of the project area, we can assume that much of Carmel's dominance of its Hamilton County counterparts is due to investment within the project area.

Examining the fiscal impact of dense, mixed-use developments, existing research suggests the costs realized by the municipality to service the project area is less than serving the same number of households and businesses than more typical suburban development patterns. Specifically, a series of models have examined the fiscal impact to municipalities, modeling dense development relative to more traditional suburban patterns, when normalized (Robert Charles Lesser & Co., LLC & Smart Growth America, 2015). Municipal revenue (based on assessed value per acre within property tax classes) is often higher in walkable urban areas when compared to lower density development (Figure 8). Additionally, the density of development has been found to have beneficial impacts on reducing per-capital municipal costs as well. Specifically, models have examined the following areas:

Roads: Maintenance costs and the quantity of roads (lane miles) are reduced as development is more intense.

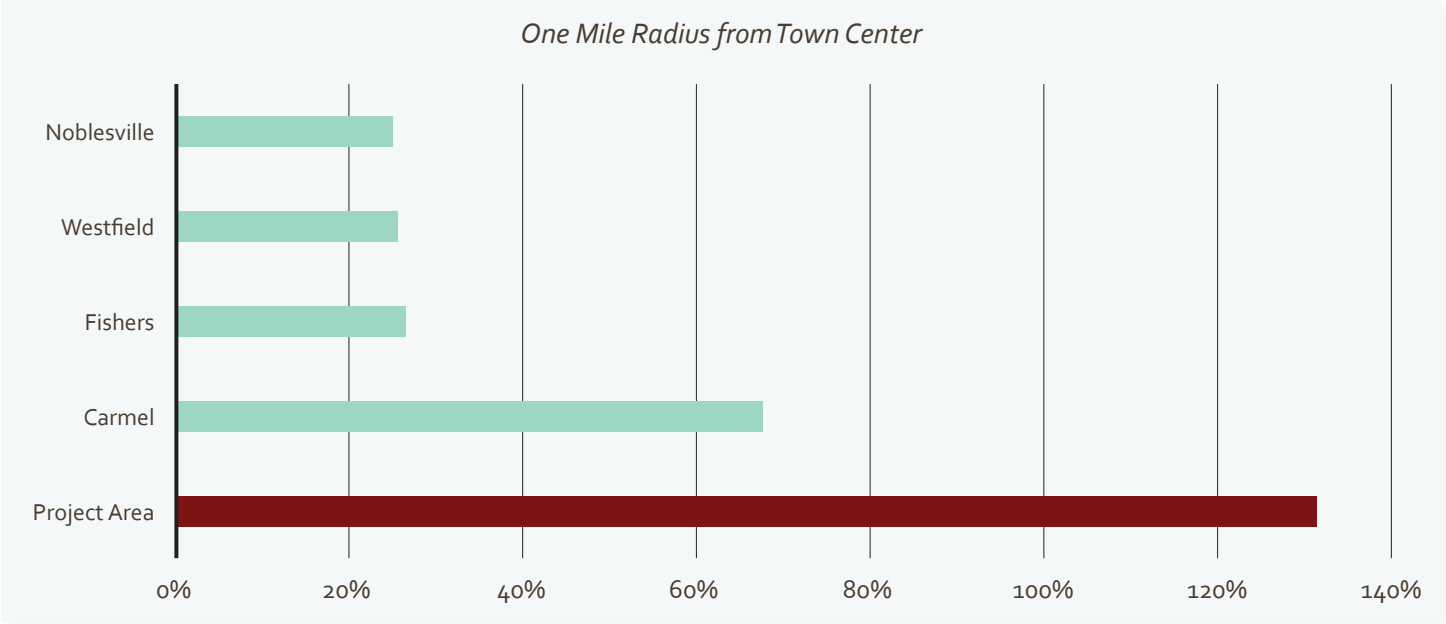
Water/Wastewater: Length of water and wastewater pipes, and the costs of maintaining those pipes are reduced as density intensifies.

FIGURE 6. Percent Increase in Gross Taxable Assessed Value (2004-2013)



Source: Hamilton County (2014)

FIGURE 7. Percent Increase in Gross Taxable Assessed Value (2004-2013)



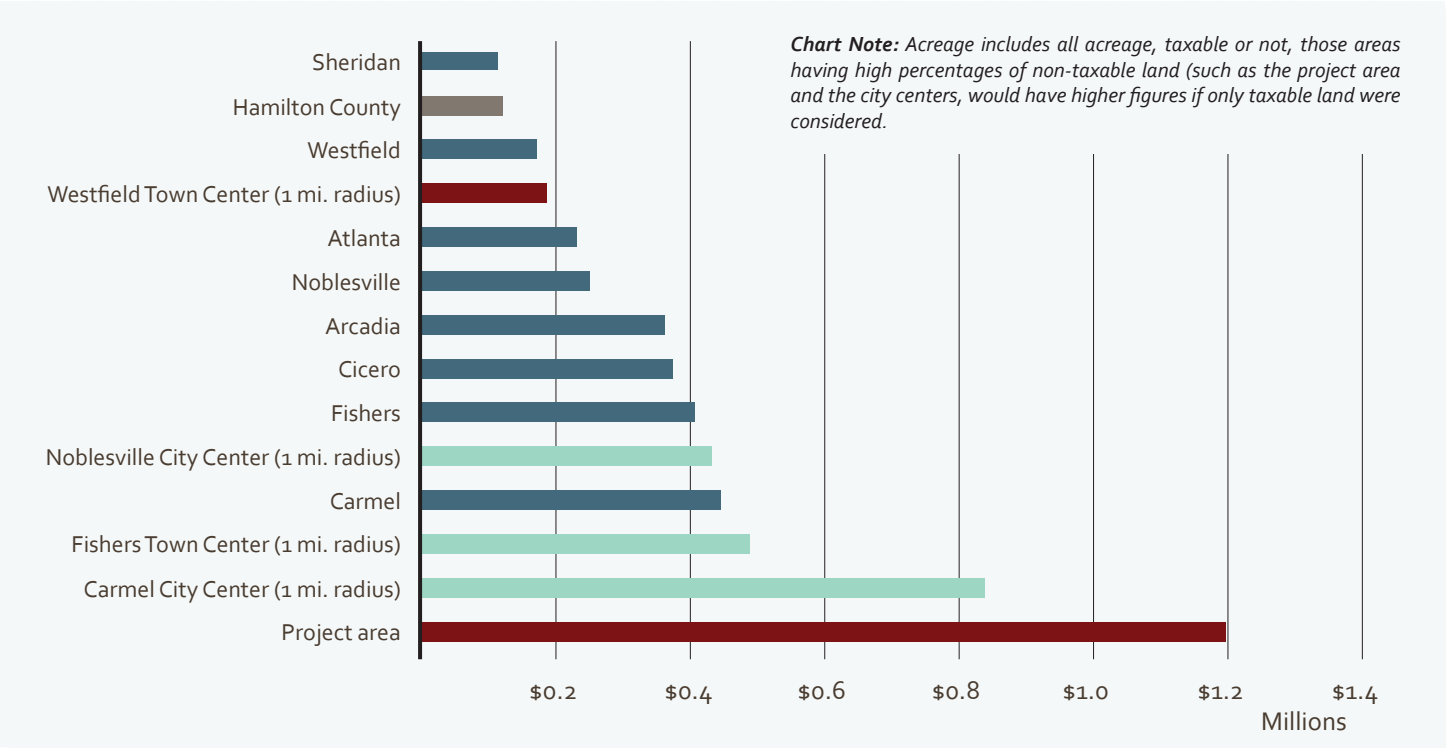
Source: Hamilton County (2014)

When development is targeted to places where infrastructure is already in place and underutilized, the cost is further diminished.

Stormwater: The capacity of systems meant to transfer and treat stormwater is a function of the amount of impervious surface (most commonly, roads and roofs) in an area. The area per person/unit ratio is reduced in a more dense/intense development pattern.

Fire Protection: Because capital costs of fire stations and equipment, as well as operations and maintenance, are spread across the number

FIGURE 8. Assessed Value per Acre



Source: Hamilton County (2014)

of individuals (residences or businesses) served within a response shed; costs remain roughly the same over any given area (variable to a degree if traffic congestion reduces response times); costs are reduced by the number of individuals served within a dense development, due to having more individuals within those areas.

School Transportation: In many communities, schools establish a "walk zone" where students within that zone are expected to walk to school. As more students live in that zone, a greater proportion of the student population walks to school, therefore reducing school transportation costs.[3]

Solid Waste Collection: Lower-density development requires that trucks travel farther between pickups, reducing efficiency and increasing fuel costs.

In summary, the type of mixed-use development within the City Center and the Arts & Design districts, relatively dense housing, apartments/condos and townhomes, with office and retail, is a fiscally-responsible development style. Dense development requires fewer resources to build and maintain infrastructure, and reduces the cost of public safety.

DISCUSSION OF ALTERNATIVES

Almost certainly Carmel would have experienced redevelopment within the City Center area. However, without public intervention it is likely the development character would have been more traditional suburban in nature, and likely not as geographically concentrated or happen as quickly. And without the increased density there certainly wouldn't have been the fiscal benefits (without looking at costs) in terms of concentration of property taxes, population, income, and employment. In fact, researchers were unable to find any evidence of dense new urban development occurring within the suburban counties of the MSA without significant public participation.

1 Fishers was a town during the majority of the study period.

2 One mile radii were measured from City Center and Range Line in Carmel, 116th and the Nickel Plate in Fishers, the Courthouse in Noblesville, and the corner of IN-32 and Union Street in Westfield.

3 It is not clear that this applies in Carmel, however, as noted elsewhere an analysis conducted by the city suggests that new developments within the project area have fewer children per household than other areas throughout Carmel, due to the household composition of the current occupants. In the event that that should change, and the development serve a number of children, even if the "walk-zone" concept did not apply to this development.

PROCESS EVALUATION

Over the course of the summer and fall 2014, PPI staff interviewed many of the key participants, proponents, critics, and a few neutral observers to gain an understanding of different perspectives related to Carmel's core redevelopment outcomes, process, and financing strategies. While anyone who reads the *Indianapolis Star* or *IBJ* surely recognizes that there has been disagreement over the development process and concern, on the part of some, regarding the financing issue, the interviews revealed a general sense of agreement that a placemaking project, centered around the arts and walkable, sustainable living was important, ahead of its time, successful and transformational.

Those who support both the project and the process argue that without intervention the type of development the market has historically supported—single story commercial and single family residential—would have been much less dense and not at all unique or transformational. In effect, they argue, without intervention there would have been a continuation of the single family residential and auto-based retail that dominates much of suburban Indianapolis. Those who agree with the general notion of the project while criticizing the process ignore or discount the commitment to placemaking, walkability, and density while suggesting that absent any public involvement the private market would have eventually revitalized the area.

Carmel's core redevelopment was a project that all agreed was important and successful, yet there was professional disagreement and personal animosity occurring in the later stages of the project. The process evaluation is intended to provide civic leaders in other communities who are considering placemaking on a large scale with a list of public policy issues to be carefully considered as they attempt to create new walkable and sustainable places in their automobile dependent suburbs.

As one considers the following analysis of the public policy ramifications of the Carmel development, it is important to keep in mind the notion that there is no absolute right or wrong when it comes to public policy. What any individual finds to be right or wrong is a result of their values and their interpretation of events/decisions. Another element that affects interpretation of public policy decisions is the time frame of the evaluator. If one is focused on outcomes or rate of return in the short term, any interpretation of a key decision may be much different than if one is focused on outcomes or rate of return by 2025. It is also important to keep in mind that while the analysis treats the issues compartmentally and presented in what the authors believe is the most logical manner (for the sake of report organization), the issues are inter-related.

Finally, the Carmel project, like virtually any other major development, has been a long process with hundreds of incremental decisions being made that eventually add up to the development that is in place today. Thus, some decisions, which likely seemed relatively minor at the time, have become key points of contention.

PROCESS FINDING #1

The interviews revealed an outcome that was locally and nationally recognized as highly successful in cementing Carmel's image as one of the nation's best suburbs.

- The placemaking effort, based on arts and walkable sustainable living, was important and well ahead of its time. Carmel was the first suburban community in central Indiana to embrace placemaking and now most others are trying to find their own unique version of City Center and the Arts & Design District.
- The market, while favoring Carmel, would not have delivered dense and vertical development with integrated mutli-family housing, retail and restaurant development. Instead, the market would have continued to isolate single family housing from retail, restaurants, and office development.
- The walkable, sustainable, integrated multi-family approach to City Center and the Arts & Design District provides a critical option for empty nesters wishing to downsize yet remain in Carmel, as well as a more affordable option for younger workers, many of whom grew up in Carmel, but previously could not afford to live there.
- City Center, the Arts & Design District, and the Monon Trail created iconic gathering places for locals and an image that introduced Carmel to the nation.

- Regardless of any other issues that accompany the process, the fact that Mayor Brainard was able to anticipate the movement toward placemaking, walkability, and sustainable cities and was able to lead Carmel to become a nationally exemplary suburb is a testament to his vision and leadership.

PROCESS FINDING #2

PPI analysts, based on interviews and external data collection, believe that City Center and the Arts & Design District redevelopments achieved subjective analytical success including:

- Carmel anticipated a trend, placemaking, well before most communities and thus became an Indiana and national leader in quality of life and livability rankings.
- Carmel's placemaking efforts are now being imitated by many other central Indiana communities as well as other Midwestern suburbs.
- In an era of increasingly timid, risk and cost averse leadership focused on small government and low taxes rather than aspiration, Carmel shows that aspirational forward-thinking leadership can not just survive but thrive.
- The City Center and the Arts & Design District projects' short-term benefits may revolve primarily around placemaking, quality of life, and publicly supported private investment, but in the longer term it will be about a sustainable economy, with lower service delivery costs and a high assessed value to citizen tax base.

PROCESS FINDING #3

The first question asked of each interviewee addressed the overriding issue of the role local government should play in economic development. All agreed that local government had a role.

- The general consensus of those interviewed was that local government can and should provide aspirational leadership by identifying thriving opportunities, developing plans that fit with the community's goals, and supporting the implementation of projects that fit within the goals and plan. In the case of Carmel, it was generally agreed that a key role for local government was to maintain the city's high quality of life and regional and even national image of suburban splendor. It was also generally agreed that providing the infrastructure necessary to support economic growth is a critical and minimum element in local government's economic development effort.
- Disagreement arose over what constitutes appropriate support in Carmel as it does in most communities. Specifically, there was philosophical disagreement over how and when it is appropriate for the government to intervene in the market and heated discussion over the amount of subsidy to be provided. Some of those interviewed argued that the role of government is to support the market through basic infrastructure investment while others suggested that to maintain a high quality of life government should anticipate and guide the market to achieve publicly beneficial outcomes. In effect, some favored letting the market dictate to Carmel while others wanted Carmel to lead the market to identified outcomes, specifically placemaking.
- The discussion of the appropriate level of public investment was directly related to the amount of public money invested in Carmel and the financial condition of the city. Some argued that too much post-infrastructure subsidy had occurred and that the city finances were at risk. Others felt that the city was financially sound and that the level of investment was appropriate. In general, the financial argument revolved around issues of quality versus cost. Those who wanted less public investment argue that the quality was excessive, while those in favor of additional investment argue that high quality is a key element in Carmel's evolving national brand and that settling for average would not have enabled a transformation of the city's national image.

PROCESS FINDING #4

Any mayor or elected official who is aspiring to lead their city forward should be aware of the tension between the time-consuming, consensus-building process and the need for timely decisions during the construction process. The tension between consensus building and project construction is not the only tension aspirational leaders must be prepared to encounter. There will also likely be conflict between those who are risk averse

and support the status quo and those who are agents of change. Both groups want what is best for the community; the disagreement is over risk and reward.

- In the Carmel case study, most of those interviewed felt the early planning efforts led by the mayor, the plan commission, and the redevelopment commission were well planned and implemented. There was little disagreement over the quality of the public discourse that led to the placemaking intervention. In fact, even ardent opponents of the mayor were in general agreement with the overall strategy.
- The moment when the tension between the inclusivity required to build ownership and support conflicted with the immediacy to implement and construct was over a change order for the Palladium. That small event, a change order that required a decision regarding the use of marble or carpeting, emerged as a symbol of the disagreement and discord over the project as a whole.
- From that moment forward there were two levels of contention, one over policy and the other deeply personal. Arising from the loss of trust and confidence that resulted from the change order was a public debate over a wide range of cost versus quality issues, financing strategies, and length of sustained pubic investment that devolved into growing resentment and personal friction between opposing political leaders.
- Emerging from that contentious debate was a concern by neutral parties that the infighting, over things that virtually every other community in Indiana wishes they had, could eventually start to reflect negatively on the community.
- In the case of Carmel, that disagreement led to a heated primary campaign, which Mayor Brainard easily won. Post-primary, the heated debate has substantially abated.

Among the key takeaways for other mayors considering aspirational and transformative projects are:

- It is important to be mindful of the tension between the minutia and immediacy of the construction event and the broader, more time-consuming consensus building effort. And remember that consensus building continues well after construction is underway.
- Ongoing communication, trust, mutual respect, shared credit, and ownership are essential elements to a civil and harmonious public process.
- Aspirational leadership is hard, the risks are great, but rewards can be even greater. Aspirational leaders are always vulnerable to claims that things are good enough, that too much attention is focused on a specific place, that the project costs too much, and disagreement over individual tastes and preferences.
- The rewards associated with being creative and innovative can transform communities and, in Carmel's case, lead to a rapid rise in national rankings.
- It is difficult to determine when to begin to reduce public involvement, while the risks associated with too early withdrawal are enormous. For example, a failed business and projects that don't occur can affect not only the local economy and image but, when TIF is used, may affect the ability to retire project-related debt.

At the start of an aspirational project, no one can confidently know the amount of time, effort, and money required. Perhaps most importantly, it is almost certain that the final result will not match the original plan – aspiration and innovation can't be comprehensively planned, rather they are rationally and incrementally developed. Project leaders have to constantly respond to changing markets, new opportunities, and risks. The process isn't going to be smooth, there will be topics of debate and instances of disagreement. The artful mayor will try to determine when to compromise and when the project requires steadfast and even obstinate dedication. No mayor will get that right every time. It is critical to realize that once ground is broken if the choice is between being amenable/liked and the project, one has to be true to the project.

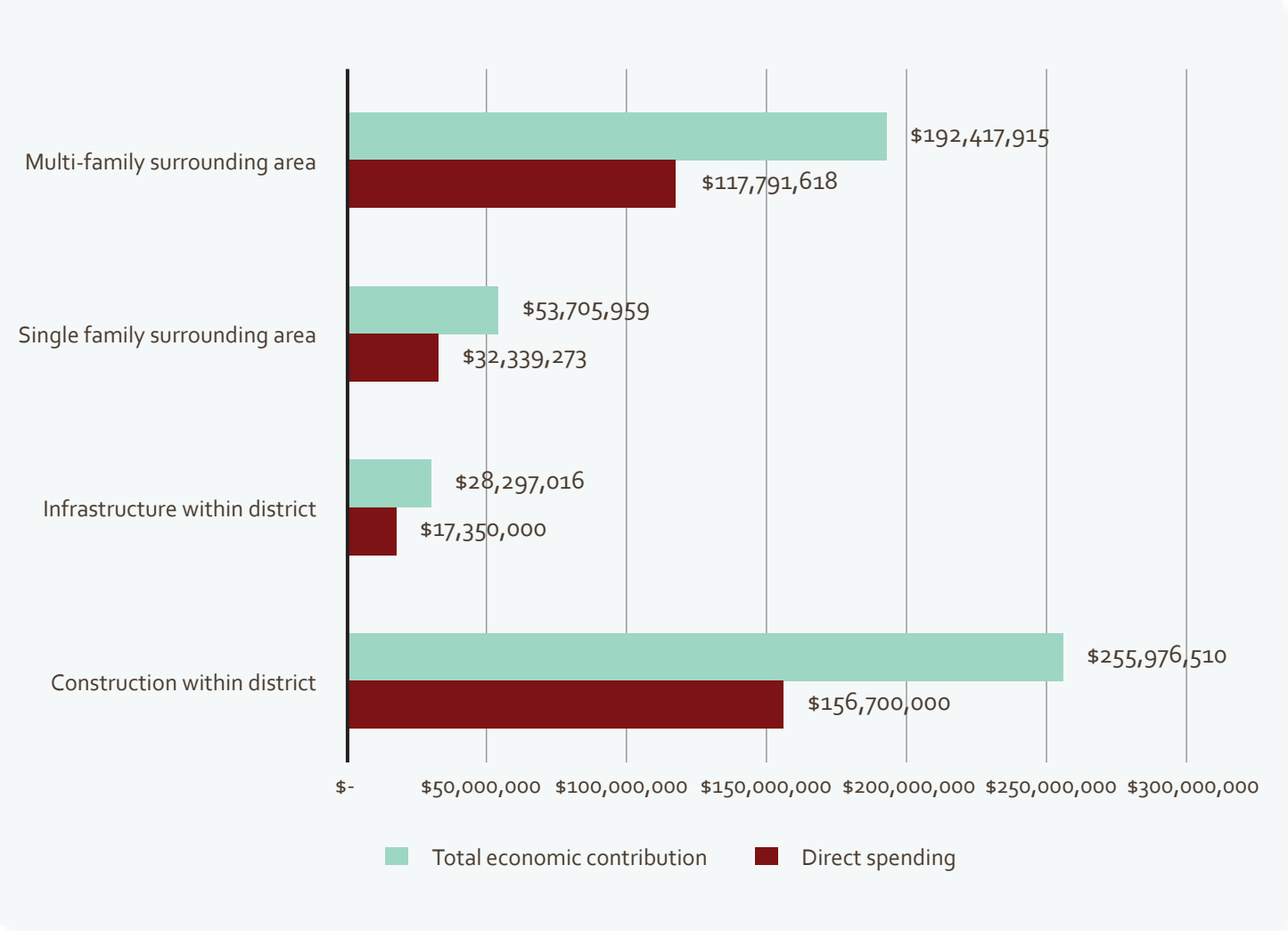
In the final analysis, there was decidedly less disagreement over the project results than there was over the process. While it is impossible to fully understand exactly when and where relationships began to fray, it is clear that better communication, shared risk and credit, and collective ownership would have resulted in better intra-government and inter-personal relationships. If this occurred, the process may have been viewed as favorably as the outcome of the project.

ECONOMIC CONTRIBUTIONS

The analysis of the economic contributions of construction and operations within and around City Center makes no attempt to determine the net new investment within the study area. Rather, it is focused on the gross amount of economic activity attributable to specific projects, catalyzed by public investment, that occurred within the district and on new residential that has since occurred in territory immediately adjacent to the City Center and the Arts & Design District.

Within the district, Carmel invested $17.35 million in infrastructure and a total of $156.7 million of public investment in facilities occurred. According to IMPLAN input/output modeling, the investment of that $174 million leveraged an additional $110.2 million of economic activity within Hamilton County. This means that each dollar of investment resulted in an additional 63 cents of economic activity. A total of 3,336 (FTE) jobs and nearly $140 million in employee compensation are associated with the total investment within the district. Approximately $32.3 million of new single family construction and $117.8 million of multi-family housing construction has occurred in the neighborhoods surrounding City Center and the Arts & Design District (Figure 9). While it is impossible to determine exactly how much of the new investment only occurred because of City Center and the Arts & Design District, using IMPLAN we know that the approximately $150 million of residential investment resulted in an additional $96 million of indirect and induced economic activity. There were 1,531 total (FTE) jobs and $106 million of employee compensation associated with the residential construction.

FIGURE 9. Direct Spending and Total Economic Contribution of Public & Private Investment in City Center and Arts & Design District



Finally, the annual contribution of The Center for the Performing Arts, based on an operating budget of $10.5 million, is nearly $18 million. There are 418 direct, indirect and induced jobs (FTE) and $6.8 million of employee compensation associated with The Center for the Performing Arts operations. Visitors at The Center for the Performing Arts are estimated to generate over $635,000 of food and beverage related spending annually. Based on total operating budgets of $5.1 million other arts organizations within the City Center and the Arts & Design District generate a total economic contribution of over $8.7 million and 205 jobs (FTE) with and additional $3.3 million of employee compensation.

CONCLUSION

The City Center and the Arts & Design District projects are a testament to both the benefits and the risks associated with projects intended to transform a community. Carmel invested public resources based on the idea that placemaking and creating dense walkable places are critical elements that help suburban cities remain competitive for jobs and residents in conjunction with the changing demands of empty nester baby boomers and emerging demands of the millennial generation. How civic leaders anticipated these events is unclear, but by being ahead of the curve Carmel established its reputation as not just one of the finest suburbs in Indiana but one of the best in the nation. It is now seeing its noble experiment, duplicated by most every suburb within Central Indiana and the nation.

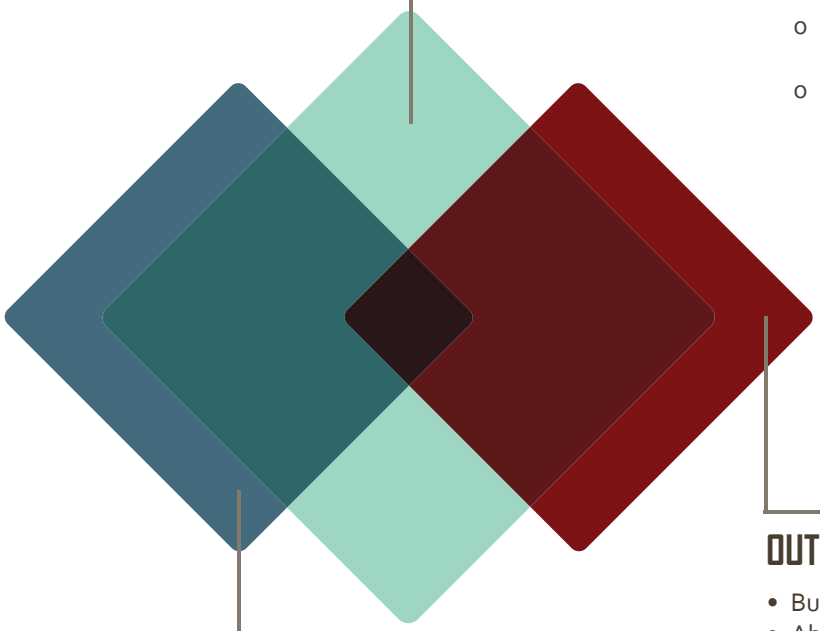
That said, the transformation from a statewide leader to a national leader didn't come without some very public and controversial debate that tested the commitment of the mayor and the council. Those considering visionary and transformational efforts in other communities should be aware of the community and personal risks and rewards inherent is these undertakings. The democratic process means that every four years the community will collectively weigh in on their perceptions of the project outcomes/progress. Commitment in the face of challenge is essential to a project's success as is developing a process that strives to be inclusive in design, sensitive to community input, and sharing of credit (and risk and blame).

There will not be unanimity of agreement over every decision. There are inherent risks and challenges but the rewards can be substantial. While the project is yet to be completed and final outcomes determined, the early returns indicate that Carmel has successfully built a national reputation for itself and is positioned to gracefully transition along with the changing tastes of millennials and boomers.

KEY POLICY EVENTS IN CENTRAL CORE REDEVELOPMENT

PROJECT DEVELOPMENT

- Determine need
- Idea generation
- Consensus building/project ownership
- Key project elements/principles and performance metrics
- During this phase:
  - Many will rally around striving ideas, but know that some will prefer status quo;
  - Project will appear fixed but implementation stage will be fluid and filled with unanticipated opportunities and issues;
  - While most focus on developing a low cost estimate, you should consider a contingency cost;
  - Should be able to identify champions and critics, need to find ways to communicate with and compromise with critics without undermining project principles/ performance metrics.



OUTCOME

- Buildings/infrastructure begin to be completed
- Ability to analyze early outcomes
- Sustainability discussion of how public sector begins to withdraw/when private sector takes over
- Discussion of next phase/how to continue momentum
- During this phase:
  - Some won't like the look/feel as ideas become reality;
  - Outcome metrics likely mix of good and bad;
  - Unanticipated benefits and risks become obvious;
  - Other communities may begin to replicate and occasionally improve based on lessons learned but there is law of initial advantage;
  - Criticism may become more muted, but not achieving economic fiscal goals creates rich opportunity for critics;
  - Critics likely to focus on specific issues, advocates focus on entire project.

PLAN IMPLEMENTATION

- Ground breaking
- Inconvenience for some residents/business
- Changes orders
- New opportunities
- Things that won't work due to changing market conditions
- During this phase
  - Costs likely to increase / criticism likely
  - Project will start to be different than the one public agreed upon
  - Pace makes consensus building more challenging
  - Pace increases risk of friction between champions and emerging critics
  - At some moment each project reaches the point where the risk of increasing public contribution is less than the potential losses if public support is withdrawn

KEY EVENTS IN CENTRAL CORE REDEVELOPMENT

1990s

The 11-acre Carmel government center is completed.

1994

Old Town Carmel design charrette (BSU College of Architecture and Planning).

1995

Mayoral GOP Primary Election: Jim Brainard defeats Ted Johnson (incumbent).

1996

City Council adopts resolution to acquire Monon Trail right-of-way from 96th street to 146th street.

1997

The Carmel Plan Commission approves a new comprehensive plan.

Projects were expected to be completed by 2020, which were estimated to increase the Carmel population to 85,000. The Plan suggested that Carmel would emerge as a regional employment center and recommended that U.S. 31 be converted into a limited access freeway.

May 1 **The Old Town and 126th Street Economic Development Areas (EDAs) are created.**

Wabash Scientific assisted with EDA creation as lead consultant, while the Carmel Redevelopment Commission (CRC) served as EDA plan administrator. EDA text declared in its introduction that "the rate of growth in Carmel means that the city's leadership must be visionary." The document also suggested that all "projects must be rooted in consensus." The EDA projects were funded using a municipal bond supported by county option income tax revenue (COIT).

- **126th Street EDA:** Created to support the extension of the 126th Street Corridor into the science and technology park. The $3 million project plan included streetscape throughout the 126th Street Corridor.
- **Old Town EDA:** Created to support infrastructure improvements and stimulate revitalization, with an estimated infrastructure cost of $3.9 million.
    - Among the infrastructure items to be addressed were: road resurfacing, drainage improvements, sidewalks (both new and rehabbed), new curbs and gutters, and brick enhancements.
- **Pennsylvania Street North & Pennsylvania Street South EDAs:** Created to support the widening of Pennsylvania Street. Wabash Scientific led preparation of the economic development area plans. The plan intended to support the widening and improvement of Pennsylvania Street from 103rd to 131st streets. Project cost estimated at $4.4 million.

Summer **General public discussions about early City Center Redevelopment Area project ideas begin.**

1998

Jan. 9 **City Center Redevelopment Area Plan is adopted by CRC.**

The City Center was intended to emerge as a focal point and gathering place for residents and visitors of Carmel. It later became the center of government and entertainment. Wabash Scientific developed the EDA Plan, while CSO prepared the Architectural Plan.

The land acquisition list contained in the City Center Redevelopment Area Plan included 73 of the 88 acres designated to the redevelopment area. The two largest land owners were Helen Mueller with 60 acres and CSX Transport with 9 acres. The project's total cost was estimated at $10.5 million (land acquisition $8.1 million, demolition $500,000, utility relocation $400,000, and parking facilities $1.5 million). The redevelopment plan mentioned the potential use of Tax Increment Financing (TIF) to fund public investment in the redevelopment area.

The work in the City Center redevelopment area was proposed to link and synchronize with the improvements made to the Old Town and 126th Street economic development areas. The 126th Street EDA plan set out to establish a TIF district that would support the City Center plan. The amendment changed the boundaries of the original 126th Street Corridor. The boundary changes transferred some land to the Old Town RDA and added some land within the Carmel Science and Technology Park.

July 9 **Construction on 126th Street and City Center Drive begins.**

1999

Carmel Redevelopment Commission authorizes purchase of Mueller property at 126th Street and Range Line Road for Carmel City Center project.

2000

Jan. 31 **Amendments are made to the City Center Redevelopment Area.**

Key adjustments to the City Center Redevelopment Area consisted of consolidating the five RDA and EDA areas into a single plan and district, designating additional territory, and providing an updated project list. The combination of the five RDA and EDA districts and addition of new territory would consolidate planning efforts and increase TIF capacity.

TABLE 1. New projects added to the combined district

Performing Arts Center	$30 million
Art Museum	$16 million
Land acquisition	$4 million
Maintenance facility	$2 million
Range Line Road land acquisition	$2 million
Old Meridian improvements	$1.5 million
Mohawk Center development	$6 million

Nov. 30 **Carmel Bike Shop (Kestner Building) begins - first building in City Center Complex.**

July 30 **AMLI apartment construction begins at City Center (312 market rate apartments).**

2001

Spring Kestner Building work is completed.

June 6 Groundbreaking and construction for Rotary Plaza begins.

Oct. 27 The Monon Greenway construction is completed.

2002

Feb. 4 Kroger Grocery Store is demolished.

Spring Construction on Ryland Townhomes and Shapiro's Deli complex begins.

2003

March 3 AMLI Old Town mixed used building begins construction.

May 1 The consolidated City Center Redevelopment Plan amendment is confirmed and re-amended.

At the time of their creation, the five areas were meant to be distinct and separate, however their successful development resulted in them becoming largely contiguous. The new amendment re-affirmed the original findings and importance of a vibrant and healthy downtown to all of Carmel and suggested that the city center would be much larger than originally planned.

New actions in the amendment included the following:

- Transferring parts of Old Town EDA into City Center RDA, including an expansion of the allocation area, to capture new development around Main Street and 1st Avenue SW;
- The consolidation of the Pennsylvania Street North and South EDAs and the 126th Street EDA and establishing the combined territory as an allocation area.

TABLE 2. Selected new projects added to the City Center Redevelopment project list

Storage area and restrooms on Monon Trail	$500,000
Veterans' Memorial	$125,000
South Veterans Way roundabout	$1 million
East/West Retail Boulevard	$600,000
Repairs and renovation of public space	$225,000
Infrastructure	$750,000
Construction of the South Tower	$500,000

April 15 Construction begins on Building 1 (of 5) Pedcor Square, Carmel City Center Corporate headquarter.

Sept. 12 Groundbreaking and construction for Flagstar Bank begins.

Nov. 4 General Mayoral Election is held: Brainard (incumbent) 4,679, Barkley 1,658.

2004

Feb. 10 **Amendment is made to the Integrated Economic Development Area Plan and Amended Redevelopment Area Plan.**

Due to the substantial progress in achieving the original goals outlined in both plans, amendments were added to capitalize on this success and to meet the evolving needs and opportunities for the project. Primary work on amendments was provided by Wabash Scientific.

The amendment declared that the "City Center Redevelopment Area directly benefits all of the city's Economic Development Areas," therefore, the CRC could occasionally consider using TIF and other revenue from the EDAs for projects in City Center.

Key changes include:

- Expanded boundaries of the Integrated 126th Street EDA, inclusion of the Pennsylvania Street South EDA into the TIF allocation area;
- Adding Range Line Road parcels to City Center Redevelopment Area and designating part of the Old Town Economic Development area as part of the tax allocation area;
- Adding the C-210 Annexation Area in the North Illinois Street EDA (but not in TIF allocation area);
- Adding the west side of U.S. 31 to the Illinois Street EDA.

Other territorial changes included:

- Inclusion of new and potential development along Hazel Dell Road to Hazel Dell Parkway EDA;
- Including the 96th Street corridor into the Hazel Dell Parkway EDA (and as part of allocation area);
- Expansion of the Old Meridian economic development area and designation of EDA as an allocation area.

TABLE 3. New projects and/or new costs

Performing Arts Center	increased $30M to $45M
Art Museum	increased $16M to $20M
Land acquisition	increased $4M to $5M
City Center/Old Town Roadway Improvements	$10 million

Spring **Kosene and Kosene Condominium Development begins construction on 24 condominium units.**

Fall **Pedcor is awarded bid for City Center, Building 1, 2, and their corporate headquarters are completed.**

Groundbreaking and construction on Carmel Clay Veterans Memorial Plaza begins.

2005

January **Goodyear building is demolished.**

April 25 **Carmel Downtown Economic Development Plan is approved.**

Wabash Scientific prepared the Carmel Downtown Economic Development Plan with the primary purpose of creating TIF allocation area. This would support Pedcor and plans for the proposed Performing Arts Center. The new downtown areas would be added to the Integrated Economic and Redevelopment Areas. However, there would be no additional TIF revenues added to areas that were already supported by TIF.

Primary use of TIF would be parking facilities that were estimated to cost between $35 million and $55 million.

Old Town Shoppes Phase 1 begins construction on SE corner of Range Line Road and Main Street.

2006

Aug. 23 **Groundbreaking and construction for City Center development by Pedcor begins.**

Oct. 31 **The Center for Performing Arts Master Plan is made public.**

Nov. 17 **Amendment is made to remove Parcel 12 from the City Center Redevelopment Area.**

The amendment would remove Parcel 12 from the City Center Redevelopment Area and create a stand-alone Parcel 12 Economic Development Area. This would allow the CRC to capture TIF revenue from project developed on Parcel 12. The amendment report was drafted by Wabash Scientific and the land was part of Pedcor's project.

2007

Spring **Construction begins on Palladium Concert Hall and Tarkington and Studio Theaters.**

May **Construction begins on Indiana Design Center (156,000 square feet).**

Construction begins on Lurie Building, gallery, office, and condos within the Arts and Design District.

November **General Mayoral Election is held: Brainard (incumbent) 9,172, Winckler 2,068.**

2008

2009

Construction begins on Sophia Square mixed use building within the Arts and Design District, 202 units plus 60,000 grand floor retail.

2010

Summer **Indiana Design Center opens.**

2011

January **Palladium Concert Hall opens.**

April 25 **Wabash Scientific presents a supplement draft for the 116th Street Center and Integrated Plan.**

The supplement to 116th Project Area presented a project agreement to use TIF solely for the apartments, which were substituted for townhomes due to economic changes. The stated goal of the supplement was to provide project transparency and protection for taxpayers.

The apartment developer committed to limiting TIF revenue use to $186,000 per year. Developer also committed to a minimum apartment complex assessed value of $17.4 million. The developer agreed to make PILOT payment if there was not enough TIF revenue.

March 27 **Monon & Main townhomes are sold out.**

August **Tarkington and Studio Theaters open.**

2012

2013

Aug. 14 **Construction begins on Nash Building at City Center (10,000 retail, 31 residential units).**

Oct. 3 **Construction begins on Mezz Buildings 1 and 2 at City Center (32 apartments and offices).**

Dec. 17 **More retail and residences planned for Carmel's City Center.**

Indianapolis Star states there will be six new structures added in 2014, with an estimated cost of $80 million to $100 million. The article lists Carmel's Palladium Concert Hall contribution at $200 million. According to project supporters, "our goal was to create a pedestrian friendly, mixed-use development that set Carmel apart from most suburbs."

TABLE 4. New building structures

Baldwin Building	2 floors of commercial and retail 2 residential floors
Chambers Building	2 floors of commercial and retail 2 residential floors
Holland Building	1 floor commercial, office, and retail 4 residential floors
Pedcor Square Building	5 stories
Wren Town	6-7 stories
New public parking facility	-

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