NEIGHBORHOOD ORGANIZATIONS AS A CATALYST FOR ECONOMIC DEVELOPMENT

A RESEARCH PAPER TO BE SUBMITTED TO THE GRADUATE SCHOOL IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE DEGREE MASTER OF URBAN AND REGIONAL PLANNING

BY

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Chapter 1: Introduction

Introduction and Problem Statement

Cities are full of commercial corridors, some new and some old, some thriving and others dwindling. The reasons for this can be geographical, social, economic, or any combination of these and other factors. No matter why this is occurring, finding a solution is vital to the economic and social stability of these neighborhoods. This study will look at unconventional solutions that may already be occurring.

The purpose of this study is to look at the role neighborhood organizations play in economic development, more specifically their role at drawing businesses into neighborhoods. The problem I will address with this is the tendency of businesses to locate in business “hot spots” (locations where many businesses already exist), or in high income neighborhoods. Many lower income neighborhoods with dwindling commercial corridors already have neighborhood organizations so I am going to look at how they can be used to draw in new businesses. This problem is important to the field of urban planning because economic development has become a large and important part of the profession. Regardless of how well planned the neighborhood is in general, if economic development is not occurring, problems such as deteriorating housing quality, poverty, and crime will follow.

My interest in this topic stems from my experience with Irvington, a neighborhood located on the east side of Indianapolis. I lived near this neighborhood for a short time and
found the pride that the residents held in that neighborhood to be fascinating. Since I had never lived in an area like this, or even thought of cities as being made up of several neighborhoods, this stuck with me and partially influenced my decision to pursue a degree in planning. This neighborhood pride also prompted me to use Irvington as the topic for a term paper on human settlements. While writing said paper I discovered Irvington Development Organization. The mission of this organization is to promote development in Irvington, which includes not only recruiting new businesses, but also improving aesthetics of current business and the streetscape. As an organization they have also developed some sites including one that formerly held the Indy East Motel, which had been a crime hot spot for years before it closed in 2009. Seeing the success of this organization prompted my interest in finding out if this can be a model for neighborhood development.

**Background of the Study**

The current literature on this subject varies across disciplines. Much of the literature I have found has been in business and economic development journals, along with a few articles in planning and sociology journals. This discussion has also been going on for several decades, with some books and articles from the 1960’s still being referenced today. Much of the literature dealing with this involves case studies of a single city, or multiple cities across the nation. Some articles attempt to discover more generally why business is declining in certain areas, while others look at specific measures being taken to improve current businesses or draw in new businesses.

Much of the general literature looks at the problem from more of a historical perspective, attributing the lack of businesses to white flight, and because of this, some of those articles see
the race of the business owner as a determinate of its success in the neighborhood (Sutton, 2010). With this historical perspective also leads to the discussion of the Community Economic Development (CED) Movement, which began in the 1960’s and is still around today. This movement spawned the creation of Community Development Corporations (CDCs) and many other types of neighborhood organizations.

Community Development Corporations themselves are also the subject of much of the literature on this issue. CDCs today deal mostly in housing, more specifically low-income housing. Some of them, however, are starting to deal with economic development as well. While some articles discuss only the actions of CDCs or similar organizations, others look at the relationship between these organizations and the local government. One article discusses Cleveland in particular and the limitations of the partnerships between CDCs and other organizations (Lowe, 2008).

The existing case studies vary widely in what exactly they look at. Some fit in to the general category, some look at the actions of specific organizations, and others look at the actions of businesses. Some look at only one type of business, such as the article by Pothukuchi (2005) that discusses how to attract supermarkets to inner city areas. Some of the studies look at several cities across the country, such as the article by Richard Morin and Jill Hanley (2004) which discusses four different cities across North America, two in the US and two in Canada; while others look at only one city. Many look at an entire city that is struggling, as opposed to individual neighborhoods within the city. One looks at individual streets, comparing three commercial corridors in the same city (Loukaitou-Sideris, 2000). None of these studies are based in the Indianapolis area, the location of my study.
One of the greatest challenges is finding successful cases. Many of the neighborhoods looked at are still in the problem stage. By this I mean that they have lost businesses and are having trouble attracting new ones, but have not yet figured out why this is occurring or how to go about changing it. The successful businesses have been located there for years, and they are still having trouble attracting or retaining new businesses. Another problem that is related to this one is how to define a successful case. How many new businesses are required and how long do they need to have been open to be considered successful?

The problem with research of neighborhood organizations is in the definition as well. Due to the lack of a consistent definition, different articles may define them differently and therefore concentrate on different types of organizations. The two most common are business associations and CDCs. As stated previously, much of the current literature concentrates specifically on CDCs.

My research will expand on the current literature on neighborhood organizations drawing in businesses by broadening the focus and creating a framework that can be used by several types of organizations to draw in varying types of businesses. It will do this by looking at the actions of neighborhood organizations to see if they are, advertently or inadvertently, helping to draw in new businesses to neighborhoods. It will use actions mentioned in the current literature on neighborhood organizations, as the basis for seeing if they are inadvertently helping to draw in businesses. It will also draw on the current literature on business location decisions and see if any of the factors can be attributed to neighborhood organizations.
Objectives of the Study & Research Questions

I am undertaking this research because I am a strong advocate of neighborhood associations. I also feel that it is important to revive inner city commercial areas without gentrifying them. The goal is to reveal approaches that will economically and commercially revive the neighborhoods. It will expand the current body of knowledge by helping us understand what neighborhood organizations can do to bring in businesses to their neighborhoods. They may actually be doing things already that are assisting at drawing in new businesses, but just not know it. If we can figure out what it is than they can be a model for other organizations.

For this study I will be looking at neighborhoods in Indianapolis, IN. I will compare the number of new businesses that have located there between 2008 and 2013 to see if there is a difference in either raw number or percent. In the neighborhoods with organizations that are active in economic development I will look at the actions of said organizations to determine if they are at all responsible for the increase in the number of new businesses.

Indianapolis was originally platted as 1 mile square with the borders being North, South, East, and West Streets. The National Road (US 40) was built through the city in the early 1930’s. This coupled with the success of the automobile made way for suburbanization. These early suburbs have now become inner city areas, yet they are far enough from the downtown itself that they are not affected by gentrification. This is where many of the old and dwindling commercial corridors are located. All of the neighborhoods used in this study will be these early suburbs turned inner city neighborhoods.
The hypothesis I am testing is that neighborhoods with active neighborhood organizations attract more new businesses than those without. The relationship I expect to see will be a positive one: neighborhoods with organizations that are more active in economic development will have a larger number or percent of businesses locating in the neighborhood. I also expect that the retention rate of new businesses will be greater in those neighborhoods with active neighborhood organizations.

**Significance of the Study**

My research is important because it will help us understand what neighborhood organizations can be doing to help draw new businesses into their neighborhoods. It will do this by looking the different factors businesses use to determine where to locate. It is likely that some of those factors can already be attributed to neighborhood organizations in general; it is just a matter of whether or not each organization is actually contributing to that factor. Once we understand this my research will contribute to the field of urban planning by bridging the gap in the current literature and providing a framework for neighborhood organizations who would like to draw businesses into their neighborhoods.

**Methodology**

The research methods I will be using in my study include GIS analysis, surveys, and case studies through interviews. GIS analysis will be used to show the change in the number of businesses in neighborhoods between 2008 and 2013. This will be overlaid with a layer of neighborhood organizations that differentiates those that are active in economic development from those who are not to see if there is any correlation present in the city as a whole. The limitation to GIS analysis is that it only shows us general trends without any detailed information. It will show if there is a relationship between neighborhood organizations and new
businesses, but not why the relationships exists. The other methods I am using will help to account for this limitation. This method is still advantageous to my study because it will visually represent the data, and also allow me to see if there is a trend in the entire city.

Surveys will be emailed to neighborhoods organizations to determine their level of involvement in the business community and will also serve as a starting point for the case studies. The limitations of this will be the response rate. Organization leaders may be busy and not want to take the time to fill out a survey. The advantage of using surveys is that it will give me a broader look at organizations across the city and help determine which organizations to use in the case study.

Case studies of individual organizations will be conducted. Interviews will be conducted with the leaders of the neighborhood organizations to determine what they are doing to recruit businesses to their neighborhoods. A few businesses that each of the organizations have worked with will be contacted to gather information about their experience with the organization. The limitations of this method will be availability of the people I wish to interview and the fact that I will only be interviewing a small number of people. Despite this limitation interviewing these people will give me insight to the actions of neighborhood organizations in Indianapolis which is the advantage of this method.

Outline of Chapters

This research paper will consist of five chapters, including this one. The second chapter will discuss the relationship between neighborhood organizations and economic development in the form of a literature review. The current literature will be divided into two categories: literature discussing the actions of neighborhood organizations, and literature discussing factors
businesses use in location decisions. The third chapter will detail the research methods used for the study, beginning with the citywide GIS analysis, then moving to the surveys, and finishing with the case studies. The fourth chapter will present the findings from the GIS analysis, surveys, and case studies.

The final chapter will discuss recommendations that are based on my findings. This will include recommendations to make neighborhood organizations more effective in economic development. I will also discuss the opportunities available for future research. One future opportunity would simply be to do the same thing but on a larger scale, look at all of the relevant neighborhoods in Indianapolis instead of just the few I chose to work with for this study. Another opportunity for future research would be to actually develop a guide to be used by organizations and test in in areas that are having trouble drawing in businesses.
Chapter 2: Neighborhood Organizations and Economic Development

Introduction

This section will provide an in depth discussion of the current literature as it pertains to my thesis. As I mentioned in Chapter 1, there is very little literature specifically about neighborhood organizations drawing businesses into communities. The literature that does exist is very specific looking at only one type of business (Pothukuchi, 2005), or one neighborhood organization (Loukiatou-Sideris, 2000; Sutton, 2010). Most of the current literature falls into two broad categories: literature on neighborhood organizations themselves (Choi, 2010; De Moris & Leistner, 2009; Johnson, 2006; Kathi & Cooper, 2005; Loukiatou-Sideris, 2000; Morin & Hanley, 2004; NCCED, 2005; Simon, 2001; Sterrett, 2009; Sutton, 2010; Rabrenovic, 1996; Reingold & Johnson, 2003; Vidal and Keating, 2008) and literature on the factors businesses use to determine where to locate (Kimelberg and Williams, 2013; Love and Crompton, 1999; Pothukuchi, 2005; Rangwala, 2010; Sutton, 2010). My study will expand on the current literature on neighborhood organizations drawing in businesses by broadening the focus and creating a framework that can be used by several types of organizations to draw in varying types of businesses.

Literature on Neighborhood Organizations

One of the most difficult aspects in studying neighborhood organizations is deciding how to define them. There is no agreed upon definition and there is a variety of criteria that can be used to define neighborhood organizations. Most of the definitions are fairly broad and consider
the actions of the organization or related characteristics as opposed to the organizational structure or affiliation. Which definition you choose to use may depend on what you are studying. For example, a 2006 study of neighborhood organizations in Milwaukee used a definition that only considered “whether the neighborhood organizations initiated contact with its residents” (Johnson, 2006, p. 93). While this definition worked well for Johnson’s study, which was on the effectiveness of the organizations as perceived by the leaders, it is too broad for my study. This definition could include churches and crime watch groups for example, which I would not include in mine. In a book on the Community Economic Development (CED) Movement, Simon defined CED organizations as having three “salient functional characteristics”: relational density and synergy, geographic focus, and face to face encounters (2001, p. 41). The last definition I will mention is the federal definition from the department of Health and Human Services (HHS) as quoted in a report released by the National Alliance of Community Economic Development Associations (NACEDA): “Nonprofit organizations whose primary mission is to serve, or provide investment capital for, low-income communities and low-income persons and who maintain accountability to residents of low-income communities by including representatives on their governing board or an advisory body” (NACEDA, 2010, p. 5). While this definition is still fairly broad, it does provide more restrictions and would be more applicable to a study like mine.

While deciding on a definition of neighborhood organizations is helpful, it is important to realize that even within that definition a variety of types of organizations can exist. A few that I encountered in the literature and will discuss in the proceeding sections include community development corporations, neighborhood associations, and merchant associations. It is also
important to look at the partnerships that can develop between the various organizations, as well as those between the organizations and units of government.

**Community development corporations.** The first Community Development Corporations (CDCs) appeared during the CED movement in the 1960’s. Since then, the number of these organizations has grown greatly, and they are likely the most researched type of neighborhood organization. The department of Health and Human Services (2011) defines CDCs as “A private, non-profit corporation governed by a board of directors consisting of residents of the community and business and civic leaders, which has as a principal purpose planning, developing, or managing low-income housing or community development activities.”

While CDCs aim to better the community as a whole by fostering physical and economic assets; their most successful endeavor tends to be the development of affordable housing (Vidal and Keating, 2008). This is mainly due to the fact that financing is more readily available for affordable housing developments than for commercial and industrial development, and there is a higher return on those developments (NCCED, 2005). Those who do try to branch out of the affordable housing market aren’t always successful. One well known CDC in the Indianapolis area, Eastside Community Investments, Inc. (ECI), is one example of such a case. ECI started out as a typical CDC in 1976; however, by the time they closed in 2001 they had expanded and created several for-profit subsidiaries. Some people blame this municipal-like structure for the demise of the organization. (Reingold & Johnson, 2003)

Even with the failures of some, the number of CDCs who venture into non-housing developments has increased. The 2005 National Community Development Census performed by the National Congress for Community Economic Development (NCCED) showed that the
percentage of CDCs that had ever developed commercial, industrial, retail, community facilities went up from 18 in 1994 to 45 in 2005 (NCCED, 2005, p.13). They offer a possible explanation for this being that the other work of CDCs makes the neighborhoods more desirable locations for retail developments. The same publication also reports that over one third of CDCs surveyed were involved in business development (NCCED, 2005, p.15). While CDCs are not the only type of neighborhood organization I will be studying, they are definitely the most researched and therefore important to include.

**Neighborhood associations.** Neighborhood associations are another widely discussed type of organization. They do not tend to be very active in economic development directly, but some of their actions could help attract businesses to the neighborhood nonetheless. Sociologist Gordana Rabrenovic (1996) stated that “Neighborhood associations’ goals range from preserving and beautifying neighborhoods to securing better municipal services to keeping out ‘undesirable people’—often drug dealers, hustlers, and the homeless” (p. 3). She continues to say that “They seldom address major urban issues, such as the lack of affordable housing and employment opportunities” (Rabrenovic, 1996, p. 3). The issues they do address, quality of life issues, may not be directly related to economic development, but the improvements they do make to the neighborhood can make it more desirable to businesses.

One problem with neighborhood associations is that the issues they concentrate on are the ones brought up by the most active members, who tend to be middle-class white residents (De Moris & Leistner, 2009; Rabrenovic, 1996). This can create animosity between them and other organizations, as well as low income and minority residents. To help resolve this Portland allowed non-geographically based community organizations along with the traditional neighborhood associations to participate in their Community Connect process, a major review of
Portland’s community engagement system initiated by Mayor Tom Potter. (De Moris & Leistner, 2009). As I will discuss later, this worked well for Portland’s initiative, but in the case of attracting businesses to a neighborhood, a non-geographically based organization would not work as well. One viable option would be to have those organizations partner with various geographically-based organizations such as neighborhood associations. This involvement would be good not only for the members who would have the opportunity to better understand residents of varying backgrounds, but it could also show businesses that the community is connected and more close knit than others that have several organizations that do not collaborate. This could make the businesses more likely to want to join the community.

**Merchant associations.** Merchant associations are a specialized type of neighborhood organization. They occur on different scales, from a single street to entire states. Most of the members are small businesses, and some associations only allow small businesses. The aim of these groups is not usually to attract new businesses, but to help existing businesses thrive. Loukiatou-Sideris (2000) discusses the creation of a small scale merchant association for businesses located along Pico Blvd in Los Angeles. Before the creation of this association, the merchants knew very little about each other, even though some had been neighbors for several years. They did not use each other as resources for goods and customers nor did they collaborate to help draw in customer or even beautify the area.

Sutton (2010) discusses a merchants association that begun under very different circumstances. The Bogolan Merchant Association in the Fort Greene neighborhood of Brooklyn began with business owners who already had contact with each other and were greatly invested in the community they served. This investment actually stemmed from lack of investment by the city, lenders, and real estate brokers who avoided directing new businesses to
that part of the city. Due to the lack of investment, most businesses that located there between 1980-1999 “relied on personal experience with the neighborhood as a resident or recommendations from acquaintances during site selection” and that “first and second choice sites were frequently unobtainable because of inaccessible building owners and property managers” (Sutton, 2010, p. 363). While larger than the Pico Blvd association, this merchant association is also more specialized. Due to its location it catered to a mostly African-American community. I would not consider this a downfall of the organization since it was homogenous due to its location and did not aim to exclude others.

Other ethnically homogenous merchant associations are not actually an official merchant association. In Los Angeles, Korean immigrants have found their Churches to be the greatest resource when looking to start a business (Choi, 2010). The pastors in Korean churches encourage members to start businesses, and even ask them to avoid opening liquor stores, bars, and dance clubs so that they keep a good Christian image. This unofficial association differs from the Bogolan case in that it is purposefully exclusionary. Being that it is not an official organization, that is not a problem, and this occurs in many other groups, probably widely through churches as well. I will not be focusing on any unofficial organizations in my study, but found it to be worth mentioning.

**Partnerships.** The various partnerships between neighborhood organizations and other institutions are also important to consider. The most discussed of these partnerships are with the local government (De Moris & Leistner, 2009; Kathi & Cooper, 2005; Morin & Hanley, 2004). Partnerships between neighborhood organizations occur on various scales and have varying degrees of success. Two more successful cases are in Portland, Oregon and Los Angeles, California.
Portland has a strong history of neighborhood involvement, with a formal system of neighborhood associations being created in 1974 by the Portland City Council (De Moris & Leistner, 2009). While no actual partnership existed, the organizations did have support from the city and the citizens were given many chances to be involved in government decisions. This involvement dwindled in the 1990’s largely due to decreased funding and conflict between the government and communities. In 2005 newly elected Mayor Tom Potter initiated a process called Community Connect which looked at Portland’s current community engagement system, models from other communities, and tried to come up with ideas to create greater and more successful involvement in Portland (De Moris & Leistner, 2009). In 2008 the members presented their final report known as the Five-Year Plan to Increase Community Involvement to city council. Many of the strategies were being implemented by The City of Portland Office of Neighborhood Involvement before the report was even accepted (De Moris & Leistner, 2009). While this partnership produced good results, it also involved a lot of money which many cities don’t have available in today’s economy. It also was not concerned with economic development directly; its main goals were to increase involvement of all members of the community with the local government. The model could still be helpful with organizations involved in economic development as any partnership with the city is good for the neighborhood. It shows that the residents are invested in the community which could make businesses more likely to locate there.

Los Angeles approached this a little differently. Their process known as Learning and Design Forums, involved partnering individual organizations with a certain city service department that would most closely address the neighborhood needs (Kathi & Cooper, 2005). While economic development was not specifically mentioned here either, partnering with the
economic development department could potentially be a possibility and would be a good way to attract new businesses.

Some cities and organizations have been less effective at partnering up. Morin and Hanley (2004) discuss four such cities: Toronto, Montreal, Boston, and Pittsburg. They focus on Community Economic Development (CED) organizations which in the U.S. cities take the form of CDCs. In Canada these organizations are more largely funded by the local government than in the U.S., which in itself creates some partnership. In the U.S. the CDCs tend to be smaller and concentrate on specific neighborhoods, while in Canada they are larger and concentrate on specific populations. For this reason the U.S. CDCs are usually part of larger organizations within the city or region. You would think that this would make a partnership with the city easier, since they would only have to partner with one larger organization instead of several smaller ones, but that doesn’t seem to be the case. In Pittsburg, there is a public-private partnership initiated by the Allegheny Conference on Community Development. The conference was put in place in 1943 and has brought together the City, State, and County governments, along with universities on several different initiatives throughout the years. A CDC was only involved in one of these initiatives to assist in a housing rehabilitation project. Boston also has many initiatives that bring together civic, public, and private agencies for economic development but they tend to be on a regional or citywide level, not the neighborhood. They leave neighborhood development to the CDCs. While this may work out fine for them now, if both are successful imagine how well they could do partnering up. The reason that Morin and Hanley give for the lack of partnership in these cities is the territorial nature of CDCs. Since they are only concerned with the neighborhood they are located in they may be difficult for city departments to work with. While this is a good point, the city should rule out the idea of
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concentrating on certain neighborhoods. Not that they should put all of their money into one or two struggling neighborhoods and completely ignore the rest, but if they invest in the struggling areas it will help the city as a whole improve.

Partnerships with local government are not the only ones worth pursuing. Other institutions can be valuable as well. One particularly successful one in Columbus, Ohio involves Ohio State University partnering with both individual neighborhoods and the city itself (Sterrett, 2009). The foundation this partnership is built on is the idea that “If people choose to live, work, and invest in a neighborhood, then businesses will succeed, property values will rise, and the population will expand” (Sterrett, 2009, p. 113). They concentrated on neighborhoods located in the University District which total about 300 square blocks on the north, south, and east sides of campus. Campus Partners for Community Urban Redevelopment is a nonprofit corporation established by the president of Ohio State in 1995. They deal with improvements in the University District and have a board of directors that includes university administrators, the city’s development director, a current student, a permanent resident of the district, and representatives of the larger community. This organization led a revitalization plan in 1995 and 1996 that involved both commercial and housing redevelopment. The commercial portion focused on a blighted three block area along High Street, which is the district’s main commercial corridor. Sterrett (2009), states that “Urban planners and real estate consultants said that High Street wasn’t failing, but it was performing far below its potential” (p. 117). A master plan was prepared along with development and design guidelines which were both adopted in 2002. A mixed-use development project known as the South Campus Gateway was the test of this plan. The project, which opened in 2005, was a huge success. Sterrett (2009) states that “An assessment by Economics Research Associates concluded that Gateway has improved job
opportunities, tax revenues, and public safety; generated more than seven hundred full-time equivalent jobs; and drawn more than half its employees from qualified low-income communities” (p. 118). The success of this development proves that neighborhood organization can foster economic development. The main difference between this and my study is that this was a large scale development that changed the entire neighborhood, and what I will be looking at is smaller in scale, attracting individual businesses to be integrated into the neighborhood as opposed to essentially creating a whole new neighborhood. Whether or not they could have succeeded in this without collaboration from the university and the city cannot be known, but that is no reason to discount the success. If partnerships will help neighborhood organizations succeed in economic development for their community, specifically drawing in businesses, then they should be utilized as frequently as possible.

**Literature on Business Location Decision Factors.**

Since this study will be looking at how neighborhood organizations can draw businesses into their communities, it is important to look at factors that businesses use to make their location decision. There is endless literature on this subject but with different focuses. Some focus on certain types of factors such as quality of life or economic incentives, some focus on certain types of businesses, and some take a broader look at or seek to compare differences between these factors.

Kimelberg and Williams (2013) did a study on whether the type of facility affected the location decision factors of businesses. They surveyed several businesses through two real estate companies on the importance of certain factors in their location decisions. The overall results showed that employee parking, rental rates, labor market, and timeliness of the permitting process are the most important factors. They did, however, find that these factors did vary
widely by the type of business, with the largest difference being between office and both manufacturing and retail. The majority of these would be considered quality of life factors.

**Quality of life.** Quality of life can include many things. Kimelberg and Williams (2013) list some of them as: reputation within municipality as a good place to live or work, physical attractiveness of area, quality of schools, proximity to university, public transportation, proximity to restaurants and shops, and cost of housing. These are all factors that office respondents ranked significantly more highly than retail and manufacturing. Love and Crompton (1999) did a study particularly on quality of life factors that influence business location decisions. This study looked only at businesses locating to Colorado, so may have been a little regionally biased. However I feel that their findings are still relevant. Of the 20 quality of life factors they looked at the top three ranking were: “Outdoor recreation opportunities at state or national parks; Quality of the local community parks, open space, and treescape; and local recreation opportunities” (Love & Crompton, 1999, p. 216). This is something that Indianapolis neighborhoods can capitalize on. While there are no national parks, the proximity to state parks is good and there are many community parks and trails connecting some of them. Quality of life factors should be of great interest to neighborhood organizations since they can affect these factors to some extent.

**Place-based economy.** Once way of controlling these factors is creating what Rangwala (2010) refers to as a place based economy. This basically involves creating a unique sense of place that will set the neighborhood apart from others. The idea behind this is that a unique sense of place is something that is more difficult to duplicate than economic incentives that can be offered by every city and turn into a price war. Judy Francis, AICP of the North Carolina Department of Environment and Natural Resources stated that “Place-based economy builds on
local assets and cultivates entrepreneurial leadership by focusing on the community’s triple bottom line of economic, environmental, and social returns on investment” (Rangwala, 2010, p. 43). This involves creating a sort of specialization for your community. One of the most widely used models of this is to create an arts district. This is something that every community cannot do, but for the ones who do it, they become a unique place in the city. It gives them something that they can be known for and attracts a certain type of person and business to the area. Another model that can be used is what was used by the Bogolan Merchant Association in Fort Greene which was located in a largely African-American neighborhood. Their aim was to create a sense of place based on the cultural heritage of the residents, or as Sutton (2010) put it “to reimage Fort Greene into a cultural and economic destination comparable with Little India, Chinatown, and Greek-town and economic enclaves throughout the city” (p. 365). Some people will frown upon this contending that ethnic enclaves create ghettos, but this does not always have to be the case. Ethnic enclaves can create destinations for others to visit when they are looking for a particular good or service. This was evident in the Bogolan case, as proved by the fact that “in 2003, the Brooklyn Tourism Council began featuring “Bogolan Brooklyn” in its guidebooks and walking-tour materials, describing it as a “shopping district” with a “consortium of cultural arts institutions, fashion houses, gift and furniture stores, salons, restaurants, and cafes” (Sutton, 2010, p. 366).

**Economic incentives.** Economic incentives are largely debated, but are generally not an option for neighborhood organizations so I will not discuss those in too much detail. The main opportunity for neighborhood organizations in the incentive realm is to work with the city to get a Tax Increment Financing (TIF) district, Business Improvement District (BID), or an Enterprise Zone. While that possibility cannot be ignored, it should not be a deal breaker either. If the city
refuses to create one of these within the neighborhood, the organization should still attempt to attract businesses by other means.

**Neighborhood organizations.** To me, the most interesting finding of Kimelberg and Williams’ (2013) study was the one factor that retail businesses ranked significantly higher than both office and manufacturing businesses: the presence of strong neighborhood organizations. This is extremely relevant to my study and is what I am hoping to look at more in depth to see what these organizations can do to actively draw in businesses.

One study performed by Pothukuchi (2005) inadvertently ended up looking at this. The purpose of the study was to see what city agencies are doing to attract supermarkets to underserved areas. She found that while most city governments did not actively start any initiatives to bring in grocery stores, they did frequently respond to initiatives started by neighborhood organizations. Pothukuchi (2005) cites several examples of this also stating that “The typical store-nonprofit partnership is an arrangement in which the CDC develops and owns the retail facility, which is leased to the grocery operator” (p. 240). While this is a good model for grocery stores and other basic needs for the community, the organization cannot likely do this for a large number of businesses. It would not be feasible for the organization to do this for restaurants, small retail stores, and service businesses.

**Conclusions**

While very little has been written directly about the effect neighborhood organizations have at recruiting businesses to neighborhoods, it can be concluded that from this literature review that an effect can be present. This is due to the importance many businesses put on quality of life factors when deciding where to locate. Many neighborhood organizations,
especially those not involved in economic development, dedicate much of their time and resources on improving these factors to improve the lives of their residents.

Another conclusion that can be drawn is the importance of working with other organizations including local government. These can be through formal partnerships such as the Ohio State project (Sterret, 2009) or through simply working together as Pothukuchi (2005) found cases of when studying supermarkets. As is often the case in the professional world, it is all about networking. Increasing the connections of your organization can open doors you may not have even thought to look for.

Chapter 3 will discuss the research methods used in this project. I will begin by discussing the citywide GIS analysis performed using data obtained from the Department of Housing and Urban Development. I will then discuss the survey of the neighborhoods organizations and conclude by discussing the case studies.
Chapter 3: Research Methods

Citywide Analysis of the Change in the Number of Businesses

A spatial analysis was performed on the entire city to determine if a correlation existed between the presence of a neighborhood organization and the change in the number of businesses located in the neighborhood.

Data gathering. The business data used was found on the SAVI database which is a website created by the Polis Center at IUPUI for Central Indiana communities. It is a spatially-enabled program containing various social, economic, and physical data for 11 counties in Central Indiana. Through this website I was able to obtain data on the number of business addresses located in each census tract. This was available by quarter from 1\textsuperscript{st} quarter 2008 to 2\textsuperscript{nd} quarter 2010; I contacted them to find out where I could find either older or more current data to expand my scope. I was informed that the data was provided by the U.S. Department of Housing and Urban Development (HUD), and that more recent data was available through them directly. HUD’s website offered data through 3\textsuperscript{rd} quarter 2013. Data was available back to 2005, but only included the total number of addresses as the Postal Service did not separate residential from business addresses until 2008. This resulted in a study scope of 1\textsuperscript{st} quarter 2008 to 3\textsuperscript{rd} quarter 2013.

The census tract shapefile was downloaded from the Census Bureau’s Tiger website and contains the 2010 census boundaries. The shapefile of Indianapolis neighborhoods used for spatial analysis was obtained from the Indy GIS department after viewing the interactive map on
I was unable to obtain a shapefile of neighborhood organizations so ended up creating one myself. Indy.gov has an interactive map that shows all of the organizations and their coverage areas, I used this to manually create my shapefile. The city of Indianapolis has over 778 registered neighborhood organizations which include crime watch groups, homeowners association (HOA’s), merchants associations, community development corporations (CDCs), and economic development organizations. They range in coverage areas from a single city block to an entire township. For this portion of the study I wanted to look at organizations that were associated with a specific neighborhood as opposed to organizations with larger coverage areas (to be considered later in the study). To do this a manual search was done through the website. Each neighborhood name was searched for individually. The coverage area for each of the organization’s the organizations found, and only organizations that covered at least half of their respective neighborhoods were counted. The result, shown in Figure 1, was 42 neighborhoods with organizations and 58 without.

**Data preparation.** As mentioned previously, the business data was from HUD is only available at the census tract level. This data was joined to the shapefile of census tracts in Marion County to determine the change in the number of business per census tract for three time periods: recession (January 2008 - June 2009), recovery (July 2009 - September 2013) and the entire span of the data (January 2008 - September 2013).
There was more than one option for converting the data to the neighborhood level. Because the census tract boundaries and neighborhood boundaries did not line up, as shown in Figure 2, many census tracts overlapped more than one neighborhood and it was not as simple as assigning each tract to its associated neighborhood. Instead a choice had to be made about how to handle tracts that overlapped neighborhoods: should they be assigned to only one neighborhood or be considered in every neighborhood they touch? When only assigning tracts to one neighborhood they are assigned to the neighborhood that the center of the tract lies in. When using this method 17 neighborhoods were lost because they did not contain the center of any census tracts. The shape of the remaining neighborhoods also changed to line up with the census tract boundaries, increasing the size of some while decreasing the size of others. Due to these issues, this method will not be used in the citywide data. It will however, be used when looking at the results of individual organizations that are larger than a single neighborhood.

The method that will be used for the citywide data analysis will leave every neighborhood intact by including the census tract in every neighborhood that it overlaps. Because this involves the tracts, and therefore the businesses, being counted more than once; the values derived will be averages instead of sums.
Surveys

A survey was conducted of neighborhood organizations that are active in economic development. These served as a starting point for the case studies.

Choosing the organizations. The organizations that I contacted were chosen through two methods. The first was to contact the neighborhood liaisons assigned by The Indianapolis Department of Metropolitan Development. The county has nine liaisons which cover districts of varying size and are shown in Figure 3. All nine of the liaisons were contacted by email and asked to name the organizations in their neighborhoods that they consider to be active in economic development. Five of the liaisons responded directly, and one forwarded the message to her organizations which produced one response. This process provided me with a total of 20 recommended organizations.

![Figure 3. Indianapolis, IN neighborhood liaison districts. Retrieved from: http://www.indy.gov/egov/city/dmd/neighborhood_services/ta/Pages/home.aspx](http://www.indy.gov/egov/city/dmd/neighborhood_services/ta/Pages/home.aspx)
The second group of organizations was provided by Local Initiatives Support Corporation (LISC). They are a national CDC with a local branch that works with many neighborhood organizations throughout the city to improve economic development, education, health, and/or housing in the neighborhoods they serve. They have an economic development program called Fostering Commercial Urban Strategies (FOCUS). Organizations involved in this program are all involved in economic development in their communities. A Senior Program Officer with the organization sent an email containing the link to my survey to the FOCUS email list which included 40 individuals from 26 organizations. Some of these organizations overlapped with those recommended by the neighborhood liaisons.

**Sending the surveys.** The surveys were conducted via Survey Monkey. The link was sent to all 60 email addresses recommended by the neighborhood liaisons and LISC. Sixteen responses were garnered from 15 organizations, with one organization responding twice as more than one individual was contacted. The small sample size would limit the generalizability of the results had generalization been a goal of this study. Since the purpose of the surveys was to find individual successes, not look for overarching trends, this is not an issue. Had the surveys sent resulted in a greater response, or had a larger pool of organizations been sent the survey, generalization may have been more of a possibility.

Another issue with the generalizability of the results lies in the types of organizations that responded, more specifically the number of each type. Half of the organizations that responded to the survey were Community Development Corporations (CDCs). They do not make up half of the neighborhood organizations in the city and are therefore overrepresented. They do however tend to be larger organizations with more staff and resources then many non-CDC organizations,
providing them more opportunity to be involved in economic development endeavors. This could also explain their higher response rate for the survey.

**Analyzing the results.** Due to the small sample size, no statistical methods were used when analyzing the results. Instead, the answers to each question were summarized in tables followed by a discussion of the results in Chapter 4. These discussions include the relationship between answers to the same question and between the various questions. This will include looking for common answers to organization that have been successful in the field of economic development. A copy of the survey is included in Appendix A.

**Case Studies**

A more in depth look was taken into some of the organizations. This involved further contact through email, phone interview, or in person interviews with organization leaders and business owners. For some of the organizations, further analysis of the HUD data was conducted as well.

**Choosing the organizations.** All of the organizations used as case studies participated in the survey process. All of the organizations were also chosen partially due to the interest one of the members showed in the study. Size and organization type were other factors that went into the case study decisions. The first organization, Irvington Development Organization (IDO), was chosen because of its size. Its coverage area consists of only one neighborhood, Irvington, which takes up 4.27 square miles on the east side of Indianapolis. The second organization I looked at is Binford Redevelopment and Growth (BRAG). They are on the opposite end of the size spectrum, covering all or part of five neighborhoods that take up 13.23 square miles on the northeast side of Indianapolis.
The third organization I chose to look at was Westside Community Development Corporation (WCDC). Size wise, they are halfway between the previous two at 8.16 square miles. Like BRAG they cover all or part of five neighborhoods. They were chosen because they are a CDC and are currently working on many economic development initiatives. The final organization I chose was LISC. They are different than any of the other organizations that completed a survey as they are the local branch of a national CDC. They do not work specifically in one neighborhood, but instead work with other organizations to help improve economic development, education, health, and/or housing in the neighborhoods they serve.

Contact with the organization. The first part of the case study involved further contact with each of the organizations, though the method of contact differed. I met for an in person interview with the executive director of IDO, conducted a phone interview with the president of BRAG and senior program officer with LISC, and had increased contact by email with the executive director of WCDC. With the exception of LISC, these interviews were not structured, they were conversations guided by the organization’s survey responses. They were asked to elaborate on some answers and provide specific examples. They were also asked for the names of some businesses they helped bring into the neighborhood so they could be contacted for an interview as well. LISC was instead asked about their involvement with the various associations. A copy of the questions asked to them is included in Appendix B.

Business interviews. Each of the businesses suggested by the organizations were contacted for interviews. They were contacted either by phone, email, or a combination of the two depending on the information provided. A link to an online survey with the same questions was provided in the email, but garnered no responses, all surveys ended up being conducted by phone. A copy of the questions is included in Appendix C.
**GIS analysis.** A more in depth analysis of the HUD data was conducted for the areas served by IDO, BRAG, and WCDC, as well as the Fountain Square neighborhood which LISC listed as one of their successes. This analysis includes a comparison of the two options discussed earlier:

1. Averaging the data for all census tracts that are located within, or touch the boundary of the organization.
2. Including and summing only census tracts whose centers lie within the boundary, which means the majority of the tract is located in the association’s coverage area.

Depending on the results of this analysis, and the coverage of the organization compared to the census tracts further analysis was performed on each of the neighborhoods to seek further explanation or explain inconsistencies. This included looking at individual census tracts to explain locational successes or failures or large increases and decreases that skew the averages.
Introduction

This chapter will present the findings from the analyses discussed in chapter 3. I will begin by discussing the citywide GIS analysis of the HUD data. Next the survey results will be discussed. I will end with the case studies of four organizations followed by a summary of the relevant findings.

Citywide Analysis of the Change in the Number of Businesses

Indianapolis neighborhoods and organizations. The city of Indianapolis recognizes 99 neighborhoods which range in size from 0.29 square miles (Homecroft) to 20.31 square miles (Lawrence). Most neighborhoods are on the smaller end of the spectrum, with the average size being 4.1 square miles. Almost half (46 of 99) of the neighborhoods are smaller than 3 square miles, and only 4 neighborhoods are larger than 10 square miles in size. A frequency distribution chart showing neighborhood sizes is shown in Figure 4.
Data analysis. As mentioned in the preceding chapter, there were a few steps to analyzing the data. The first step was to combine the HUD data to the census tract layer to see the change in the number of businesses for each census tract. The results, listed in Table 1 show an almost even split between tracts with a decrease in businesses and those with an increase in businesses for the recovery period and the entire data span. For the recession, fewer tracts show both a decrease and an increase in businesses, with significantly more tracts showing no change in the number of businesses for that time period.

Table 1. Change in the number of businesses for census tracts.

<table>
<thead>
<tr>
<th>Time Span</th>
<th>Decrease</th>
<th>No Change</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recovery (7/2009 – 9/2013)</td>
<td>113</td>
<td>1</td>
<td>110</td>
</tr>
<tr>
<td>Entire data span (1/2008 – 9/2013)</td>
<td>111</td>
<td>1</td>
<td>112</td>
</tr>
</tbody>
</table>

The next step, as explained in Chapter 3, was to convert the census tract data to the neighborhood level. The results, the average change in the number of businesses for census tracts overlapping the neighborhoods for each time period, are depicted in Tables 2, 3, and 4.
Table 2. Change in the number of businesses for neighborhoods during the recession.

<table>
<thead>
<tr>
<th>Recession (1/2008 – 6/2009)</th>
<th>Neighborhoods with an active organization</th>
<th>Neighborhoods without an active organization</th>
<th>All neighborhoods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease in businesses</td>
<td>22</td>
<td>21</td>
<td>43</td>
</tr>
<tr>
<td>No change in businesses</td>
<td>2</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Increase in businesses</td>
<td>18</td>
<td>31</td>
<td>49</td>
</tr>
</tbody>
</table>

Table 3. Change in the number of businesses for neighborhoods during the recovery period.

<table>
<thead>
<tr>
<th>Recovery (7/2009 – 9/2013)</th>
<th>Neighborhoods with an active organization</th>
<th>Neighborhoods without an active organization</th>
<th>All neighborhoods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease in businesses</td>
<td>23</td>
<td>33</td>
<td>56</td>
</tr>
<tr>
<td>No change in businesses</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Increase in businesses</td>
<td>19</td>
<td>24</td>
<td>43</td>
</tr>
</tbody>
</table>

Table 4. Change in the number of businesses for neighborhoods for the entire data span.

<table>
<thead>
<tr>
<th>Entire data span (1/2008 – 9/2013)</th>
<th>Neighborhoods with an active organization</th>
<th>Neighborhoods without an active organization</th>
<th>All neighborhoods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease in businesses</td>
<td>22</td>
<td>32</td>
<td>54</td>
</tr>
<tr>
<td>No change in businesses</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Increase in businesses</td>
<td>20</td>
<td>25</td>
<td>45</td>
</tr>
</tbody>
</table>

The results are similar to the census tracts in that they are all close to evenly split between a decrease or increase in businesses, with the largest variation occurring in the recession time span. This is due to the larger number of neighborhoods with no change in the number of businesses which is more likely to occur when looking at a shorter time span. In that same time
period, a larger percentage of neighborhoods had an increase in businesses (49%) than did census tracts (39%).

When looking at the presence of a neighborhood organization, we see that neighborhoods with an active neighborhood organization have little variation in the distribution of increases and decreases in the number of businesses. They, like the total numbers, remain right around 50/50. Neighborhoods without organizations show more variation with a larger percentage with an increase in the number of businesses during the recession, a more with a decrease during recovery and overall.

When looking at each time frame individually, we see that during the recession, those neighborhoods without active organizations fared better than those with active organizations. Only 36.8% of neighborhoods without organizations experienced a decrease in the number of businesses during that time period while 53.4% of neighborhoods with active organizations showed a decline over the same time period. Neighborhoods without active organizations were more likely to show an increase in the number of businesses or remain stable than those with active organizations. 54.4% of neighborhoods without active organizations showed an increase in the number of businesses during the recession and 8.8% did not experience any change in the number of businesses. The results for neighborhoods with active organizations were 42.9% and 4.8% respectively.

When looking at the recovery period, we see that results for neighborhoods with active organizations changed very little. None of those neighborhoods remained stable; instead one additional neighborhood experienced an increase and one a decrease. More change occurred in the neighborhoods without active organizations, which unlike during the recession had a greater
percentage of neighborhoods experience a decrease in the number of businesses (57.9%) than an increase (42.1%).

The inconsistency in these results shows that the presence of an active neighborhood organization has little effect on the overall ability of a neighborhood to retain businesses. That is not to say that individual organizations did not help individual neighborhoods attract or retain businesses. It is possible that without organizations, more neighborhoods would have shown a decline, but without speaking with the organizations or business owners there is no way to know this.

For the purpose of comparisons in the case studies section, the average change in businesses was calculated for each of the time period. The census tract level was used to get the most accurate average. In addition to the overall average, the median decrease and increase were calculated as well. This was done by calculating separate medians only using tracts that showed a decrease for the median decrease, and only those tracts that showed an increase for the median increase. The results are shown in Table 5. For both the recovery and the entire data span, the median increase is a larger number than the median decrease. We saw earlier that in both of those time spans, there were more tracts with a decrease in businesses than an increase. This tells us that overall, on average the increases were larger than the decreases.

Table 5. Average and median changes in the number of businesses for neighborhoods.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall average (All tracts)</td>
<td>1.96</td>
<td>19.45</td>
<td>21.41</td>
</tr>
<tr>
<td>Median decrease (Only tracts with a decrease)</td>
<td>-4</td>
<td>-66</td>
<td>-68</td>
</tr>
<tr>
<td>Median Increase (Only tracts with an increase)</td>
<td>3</td>
<td>87.5</td>
<td>81.5</td>
</tr>
</tbody>
</table>
Surveys

**Respondents.** The 60 emails sent resulted in 16 survey responses from 15 organizations. One organization, Greater Southside Business/Community Alliance, completed the survey twice as two individuals from the organization were contacted. The responses were from a variety of types of organizations as shown in the Table 6.

<table>
<thead>
<tr>
<th>Organization Type</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>CDC</td>
<td>8</td>
</tr>
<tr>
<td>Non-CDC development organization</td>
<td>2</td>
</tr>
<tr>
<td>Merchant Association</td>
<td>2</td>
</tr>
<tr>
<td>Neighborhood Association</td>
<td>2</td>
</tr>
<tr>
<td>Art’s Organization</td>
<td>1</td>
</tr>
</tbody>
</table>

*Table 6. Survey respondents by organization type.*

Most of the organizations have large coverage areas and work with several adjacent neighborhoods. One organization, Irvington Development Organizations, works with a single neighborhood that is recognized by the city; Lakeside Improvement Association, Inc. works with a small portion of the Traders Point neighborhood surrounding Traders Point Lake; Big Car, the arts association works with three non-adjacent neighborhoods (Lafayette Square, Garfield Park, and Far Eastside); and LISC is a national CDC with a local branch that works with all neighborhoods in Indianapolis. The organizations have been in existence from 1.5 to 31 years, half of the organizations have been working with their neighborhood for 20 years or more.

**Organizations focus and accomplishments.** The organizations were asked what they considered to be the main focus of their organization. Several options were given and they were
instructed to choose all that applied. The results are shown in Table 7. The percentage column is the percent of organization, not responses. Since organizations were asked to choose all that applied, the total is greater than 100%. With the exception of one organization, all that chose “business attraction or retention” also chose “economic development.” Definitions were not provided for the focus areas. I consider business attraction and retention to be a very specific form of economic development; only concerned with working with businesses, not other factors that can affect economic development. Other options provided that were chosen include beautification, housing, and crime prevention.

Table 7. Primary focus area of organizations.

<table>
<thead>
<tr>
<th>Primary Focus Area(s)</th>
<th>Number of Organizations</th>
<th>Percent of Organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beautification</td>
<td>9</td>
<td>60%</td>
</tr>
<tr>
<td>Economic Development</td>
<td>12</td>
<td>80%</td>
</tr>
<tr>
<td>Business Attraction or Retention</td>
<td>10</td>
<td>66.7%</td>
</tr>
<tr>
<td>Housing</td>
<td>10</td>
<td>66.7%</td>
</tr>
<tr>
<td>Crime Prevention</td>
<td>4</td>
<td>26.7%</td>
</tr>
</tbody>
</table>

This question also provided space to write a focus that was not listed. The write in responses included:

- “Increasing civic engagement,” Greater Southside Business/Community Alliance
- “Education,” Garfield Park Neighbors Association
- “Public School support and promotion,” Binford Redevelopment and Growth, Inc.
- “Common wishes of members,” Lakeside Improvement Association, Inc.
- “Event planning and promotion,” Fountain Square Merchants Association
- “WCDC is involved in other areas such as beautification to the extent that it supports the organization’s housing and community development goals,” Westside Community Development Corporation
Organizations were also asked what they consider to be the main accomplishments of the organization. Each of the options corresponded to one of the focuses listed in the previous question, and the organizations were again asked to choose all that apply; the results are listed in Table 8.

Table 8. Main accomplishment of organization.

<table>
<thead>
<tr>
<th>Main Accomplishment(s)</th>
<th>Number of Organizations</th>
<th>Percent of Organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leading a beautification project</td>
<td>9</td>
<td>60%</td>
</tr>
<tr>
<td>Recruiting business to the neighborhood</td>
<td>8</td>
<td>53.4%</td>
</tr>
<tr>
<td>Keeping current businesses happy</td>
<td>6</td>
<td>40%</td>
</tr>
<tr>
<td>Developing or improving housing</td>
<td>9</td>
<td>60%</td>
</tr>
<tr>
<td>Increasing safety</td>
<td>3</td>
<td>20%</td>
</tr>
</tbody>
</table>

Of the 13 organizations that listed either “economic development” or “business attraction or retention” as a main focus, 8 chose “recruiting businesses to the neighborhood” as a main accomplishment. Six organizations chose “keeping current businesses happy” as a main accomplishment. Only two organizations, Garfield Park Neighbors Association and King Park Development Corporation, chose both “recruiting businesses to the neighborhood” and “keeping current businesses happy.” This means that 12 of the 13 organizations feel that they are accomplishing their goal of “economic development” or “business attraction or retention.”

**Business climate.** The organizations were asked two questions about business climate. As with the focus areas, business climate was not defined. The definition varies depending on the source and includes tax rates which would indicate that it is usually considered on a larger
scale such as city or metro area. For the purpose of this study I would consider business climate to be success or likeliness of success of business in the neighborhood. The first is regarding how the business climate has changed since they became involved with the neighborhood. The results of this question are listed in Table 9.

Table 9. Change in business climate of neighborhood since organization has been involved.

<table>
<thead>
<tr>
<th>Change in Business Climate</th>
<th>Number of Organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significantly Improved</td>
<td>5</td>
</tr>
<tr>
<td>Improved</td>
<td>9</td>
</tr>
<tr>
<td>No Change</td>
<td>1</td>
</tr>
<tr>
<td>Declined</td>
<td>0</td>
</tr>
<tr>
<td>Significantly Declined</td>
<td>0</td>
</tr>
<tr>
<td>I don’t feel I can answer this question</td>
<td>1</td>
</tr>
</tbody>
</table>

The 13 organizations that indicated improvement were the same 13 that chose “economic development” and/or “business attraction or retention” as a main focus. All 5 organizations that indicated a significant improvement in the business climate of their neighborhoods also chose “recruiting businesses to the neighborhood” as a main accomplishment. This shows that all of these organizations feel that their efforts have been successful and that they are making a difference in their neighborhood.

The organization that chose no change is Lakeside Improvement Association, Inc. which, as mentioned previously is a small neighborhood organization that works with homeowners surrounding Traders Point Lake. The main focuses of their organization are beautification and common wishes of members and they did not list any accomplishments. The organization that
did not feel they could answer the question is West Indianapolis Development Corporation. They are a CDC that focuses on housing and chose developing and improving housing as their main accomplishment.

The second question regarding business climate was whether the respondent feels that neighborhood organizations can have an impact of the business climate. This question was answered by every organization and all answered with yes.

**Involvement and impact with business community.** Organizations were asked what level of involvement they have in the business community. The results are shown in Table 10. Of the organizations that chose somewhat involved, only one listed “economic development” and “business attraction or retention” as main focuses. This organization, Lawrence CDC, also listed “keeping current businesses happy” as a main accomplishment of the organization.

<table>
<thead>
<tr>
<th>Level of Involvement with Business Community</th>
<th>Number of Organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Involved</td>
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<tr>
<td>Somewhat Involved</td>
<td>3</td>
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<tr>
<td>Involved</td>
<td>6</td>
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<tr>
<td>Heavily Involved</td>
<td>6</td>
</tr>
</tbody>
</table>

The organizations were also asked to rate the impact (no, some, moderate, heavy) of their organization on the attraction and retention of businesses. One organization, Lakeside Improvement Association, Inc. chose not to answer the question. The responses of the 14 organizations who did answer are listed in Table 11.
West Indianapolis Development Corporation indicated that they have no impact on the attraction and retention of businesses, which is consistent with housing being their only focus. The two respondents from Greater Southside Business/Community Alliance gave different answers to this question, one chose some impact and the other chose moderate impact. Of the organizations that chose heavy impact, all but one also indicated heavy involvement in the business community. LISC is the only organization that feels they have heavy impact on the attraction and retention of businesses but are only “involved” in the business community. This shows us that the organizations do feel that they are making a difference in the neighborhoods they work in.

**Activities to foster economic development.** The last question asked was: What new or significantly enhanced activities by your organization would foster economic development? Only 11 of the 15 organization answered this question. Those who did answered with quite a range of specificity. Some answers were very general and could be applied to multiple organizations such as increasing outreach and communication with businesses, increasing resources for staff, filling vacant space, and increasing or supporting transit; while others were very specific such as Fountain Square’s attempt to create an Economic Improvement District (EID). They commented:
“We had tried to pass an EID in order to be able to take a more active role in maintenance, beautification, promotion and safety of the business district, but the EID failed to be approved. If we had an EID it would allow FSMA (Fountain Square Merchants Association) to significantly promote and improve the appearance and attractiveness of the business district which we believe would foster economic development.”

Greater Southside Business/Community Alliance also provided a more specific answer stating that “Getting our InterUrban District branding efforts going and embraced by our Madison Ave Corridor businesses” would help foster economic development.

Case Studies

Irvington Development Organization (IDO). This organization is the smallest of the organizations I choose to further analyze. They serve one neighborhood, Irvington, which is located along Washington Street on the east side of Indianapolis. The boundaries they use for the neighborhood however are not the same as the ones the city uses to define it. This is common across the city, as many smaller neighborhoods are not recognized and are grouped with others to create slightly larger neighborhoods. Figure 5 show the boundaries of Irvington as defined by the city, and those defied by IDO (coverage area). The area defined by IDO is smaller at 2.55 square miles as opposed to the 4.27 square mile are defined by the city. This organization was chosen because of its size, I wanted to include a small organization and there were few to choose from, and the willingness of the executive director to participate.
IDO was started in 2002 and is one of several organizations located in the Irvington Neighborhood. They are a small organization consisting of a volunteer board and one paid staff member. Their mission statement is: “Irvington Development Organization: working for the benefit of Irvington by cultivating positive business development, promoting the unique character of our neighborhood and enhancing the quality of life for residents and visitors” (Irvington, 2014). They have a partnership with Irvington Business Association (IBA), the two organizations started as separate organizations but later combined making IBA a branch of IDO.

**Interview with the organization.** I met with the executive director of IDO to gain a more in depth perspective on some of the survey answers. As mentioned previously, IDO was the only organization to consider economic development their only focus. While this is their only focus, they have had accomplishments in other categories. The recently completed an affordable
housing development called “Irvington Lofts” and they are also working of phase 2 of a streetscape project of Washington Street that began in 2005.

In terms of economic development, they listed recruiting businesses to the neighborhood as a main accomplishment. The executive director provided me with the names of four businesses they had worked with in their decision to open in the neighborhood. All four were contacted and two were willing to participate in a short phone interview which will be discussed shortly.

I also asked them to elaborate on the last question of the survey, “What new or significantly enhanced activities by your organization would foster economic development?” The answer given on the survey was “Enhanced business recruitment efforts and greater communication with entire neighborhood.” She elaborated by saying that they need to diversify their communication strategies, using more than just social media and email to promote the organization and pass along information. She stated that it is easy to just put something on Facebook and be done with it; they need to reach out to more people through press releases. For enhanced business recruitment she stated that they need to be more active with out of neighborhood recruitment. They are starting by putting together a factsheet about Irvington that promotes the neighborhood as a good place to do business. Her vision is that residents can take it to their favorite restaurant asking, “Have you ever considered opening another location? If you do, you should look at Irvington.”

Business interviews. The first person I spoke with was the owner of Irvington Vintage, an antique store located on Audubon Road south of Washington Street. Their contact with the organization before locating in the neighborhood consisted of using the organizations “available
properties” listing on the website to find a space for his store. Once they found a property he was interested in, the organization put him in contact with the landlord. He stated that the actions of the organization had “very little” effect on his decision to locate within the neighborhood, mainly because he already knew he wanted to located there before contacting the organization. Other factors that influenced his decision to locate in Irvington were the proximity to his home, and the momentum of the neighborhood. He stated that “he had lived in the neighborhood for 2 years and seen dramatic positive change.” While this may not be a direct action of the organization, it could be at least partially attributed to the organization. The streetscape project of the main business corridor helped to improve the image of the area making businesses more likely to locate there. IDO also partners with LISC as a FOCUS Business District, allowing the businesses access to Façade Grants which again help to improve the image of the area. Once the image is improved momentum builds. The simple presence of an active organization can also help to build and continue momentum.

The other business interviewed was Chef Dan’s, a food truck and catering company that located in Irvington. I spoke with one of the owners. As with Irvington Vintage, the contact between them and the organization dealt with finding a space to rent. They contacted IDO and they put her in contact with landlords with available space. Like Irvington Vintage, Chef Dan’s knew that they wanted to locate the business in Irvington before contacting IDO. They however, stated that the organization had a large impact on their decision to locate there mainly due to the fact that they “knew someone was working on the neighborhood to make it better.” Other factors that influenced their decision included the location within the city (as a food truck as central location is important), the proximity to their home, the fact that it was the closest business district, and also that it was “more of a neighborhood than just a business district.” She
elaborated on the last reason stating that she didn’t want to locate on Shadeland Avenue, a large north-south corridor just east of Irvington, because it lacked the identity or neighborhood feel.

**Change in the number of businesses.** The neighborhood of Irvington covers several census tracts. Five tracts lie almost entirely within the neighborhood (as defined by the city), the boundaries do not line up perfectly, and the area is slightly larger at 4.68 square miles compared to the neighborhood itself at 4.27 square miles. The two areas are shown in Figure 6.

![Figure 6. Comparison of Irvington neighborhood as defined by the city to the census tracts used in the analysis.](image)

I also chose to look at two other areas. The first of which are the tracts that make up IDO’s coverage are. This eliminated one tract from the previous area that extents too far east. The last area I looked at are the tracts along the Washington Street corridor, the main commercial corridor in Irvington. This further eliminated two tracts. Those areas are shown in Figure 7.
When looking at the change in the number of businesses using both methods described previously, the results are very different. When looking at only the Irvington census tracts area, all time spans show a decline in businesses. When looking at the results from the citywide analysis however, a decline only occurs during the recession. This tells us that at least one of the surrounding census tracts must have experienced a substantial increase in the number of businesses to offset the Irvington tract’s decrease. Table 12 shows this. While other surrounding tracts also experienced an increase, the two listed showed the most substantial increase and are located directly west of the neighborhood.

While the average from the citywide analysis did show an increase, it was a smaller increase than the citywide median. The decline is also less than the citywide median for declines; meaning that while it is losing businesses, it is not doing horribly when compared to the
rest of the city. The IDO tracts and Washington Street corridor also show a decline. The decline for IDO tracts is very similar to that of the Irvington tracts. This tells us that the tract included in the Irvington area, but not the IDO area was average for those areas: it was not doing significantly better or worse than those surrounding it. The Washington Street corridor however is doing worse than the other areas with a decline that is more than double the IDO and Irvington tracts. It is also doing slightly worse than the citywide median, meaning that more than half of all tracts with a decline had a decline smaller than theirs.

Table 12. Average change in the number of businesses for Irvington areas.

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<tr>
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<td>-97.5</td>
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<td>Tract 3553</td>
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<td>-66</td>
<td>-68</td>
</tr>
<tr>
<td>Median Increase from citywide analysis</td>
<td>3</td>
<td>87.5</td>
<td>81.5</td>
</tr>
</tbody>
</table>

**Binford Redevelopment and Growth (BRAG).** BRAG is one of the larger organizations I choose to further investigate. They were chosen partially due to the President of the organization’s interest in the study. They are one of the larger organizations I am looking at, their coverage area is 11.85 square miles and includes all or part of 5 neighborhoods on the northeast side of Indianapolis. It includes the entire neighborhoods of Allisonville and
Devonshire, the majority of the I-69/Fall Creek neighborhood, and small portions of Castleton and Millersville.

BRAG started in 2005 simply as a group of neighbors who were concerned about the lack of retail services at the intersection of 71st Street and Binford Boulevard (Binford, 2014). They now consider themselves to be “a community organization with broader focus, addressing economic and quality of life issues facing residents and businesses in the area” (Binford, 2014). Like IDO, they are made up of mostly volunteers. They have two paid staff members: a part-time executive director and a part-time fundraising manager.

**Interview with the organization.** I spoke with the president of BRAG in effort to gain a more in depth perspective to the organization and their actions. When asking about the organization’s focus, they were an organization that listed several. In addition or economic development and business attraction and retention they listed beautification, crime prevention, and public school support and promotion. Their involvement in multiple areas is evident on their website and also during the interview.

BRAG’s economic development initiatives have been quite successful. They have a business alliance whose goal is to “preserve a productive and sustainable business environment in the BRAG area” (Binford, 2014b). They do this by hosting lunches and networking events for area businesses and consumers. The business alliance also came up with the idea of publishing a business directory for the area. To be published in the directory, the business must be a member of the BRAG Business Alliance. The directory was created with assistance from Community Health Network and the fundraising manager was charged with promoting BRAG and the business directory. The directory was distributed to area households and is also available on the
website. Members of the business alliance also receive a booth at the farmer’s market which allows them to further promote their business and make contact with potential customers who may have been unaware of the business.

The organization’s strategy for business recruitment is simply “talk to everybody.” They promote the area to developers and bankers, mentioning available space to these people in general conversation. They also try to talk to business outside the area, taking a similar approach to what IDO is working towards, asking if they have considered opening another location and suggesting their area and currently available space. Additionally, they promote to politicians as well, including city council and the Mayor.

As with IDO, I also asked her to elaborate on the last question of the survey, “What new or significantly enhanced activities by your organization would foster economic development?” The answers given on the survey were “finding local owners for strip malls, increasing the number of locally owned restaurants and shops, sidewalk and trail development and transit enhancements and development.” In response to the first answer she stated that they have made a lot of progress with this already. While there is still some out of state ownership, most of the problem areas have been purchased by local developers, which is good for the neighborhood as well as the businesses. They second portion of the survey answer, increasing the number of locally owned restaurants and shops, was pretty self-explanatory and is being addressed in their business recruitment strategies.

On its face the third answer, sidewalk and trail development doesn’t necessarily seem related to economic development, but with the increasing interest in walkability that is changing. The president stated that their main competition for residents is the northern suburbs, all of
which have trail and sidewalks. Losing residents or potential residents can have a negative effect on economic development as local businesses may be less likely to succeed. They do have one trail in the works; 3 years ago the Department of Public Works received a grant for a multi-use trail along 71st Street between Binford Boulevard and Hague Road and construction should begin at any time.

The last answer she gave to the question was transit enhancement and development. As planners, this is something that we are usually in favor of for a variety of reasons. Her arguments included the improvement of quality of life and the access to jobs. BRAG’s coverage area includes and is near several employment areas including Castleton and Keystone at the Crossing, and people need to get to work. She ended by saying “TOD’s are huge and we are at a great place for it.”

**Business interviews.** I spoke with the owner of The Mailing Station at 71st and Binford. This business has been open for over 30 years which predates BRAG by over 20 years. While BRAG had no influence on the decision to locate the business there, they did assist in the decision to remain at that location and on their ability to recover from the recession. Many of their customers are local business owners, and BRAG’s ability to attract new businesses to the area brought them more business, increasing their customer base which helped them recover. He attributes the attraction of new businesses to BRAG’s support of new businesses along with the beautification efforts along the Binford corridor. When asked what the organization could do to further attract new businesses he stated that they are “doing everything that can be done.”

**Change in the number of businesses.** As mentioned earlier, BRAG’s coverage area includes multiple neighborhoods. It therefore also consists of several census tracts. As with
Irvington, many of these tracts are not entirely part of the coverage area. Because of this, and in effort to get a more comprehensive understanding of the data, several tracts were looked at both individually and combined.

The first area I looked at consisted of all seven of the census tracts covered by BRAG. As with IDO, the boundaries do not line up perfectly, and the area is larger at 16.48 square miles compared to the 11.85 square miles that make up BRAG’s coverage area. The second area I looked at includes five census tracts that border Binford Blvd. and I-69. At 11.27 square miles, these five tracts are much closer in size to BRAG’s coverage area. They contain most of the commercially zoned areas covered by the organization. These two areas, along with BRAG’s coverage area, are shown in Figure 8.

The next areas I looked at were the three neighborhoods that are mostly or entirely within BRAG’s coverage area. I looked at each of these neighborhoods individually using only the method that includes census tracts whose centers lie within each neighborhood. This prevented tracts being double or triple counted due to overlapping more than one neighborhood. It also prevented tracts that lie outside these neighborhoods entirely but share a boundary from being counted. Figure 9 shows the tracts used for each neighborhood. Tract
3301.05, also shown in Figure 9 is a part of all three neighborhoods, but was not used because the majority of the tract is in the Castleton neighborhood.

![Map showing neighborhoods covered by BRAG](image)

*Figure 9. Neighborhoods covered by BRAG. Census tract 3301.05 is part of all three neighborhoods, but mostly lies in the Castleton neighborhood.*

The results for all areas looked at are shown in Table 13. The results for all BRAG tracts, the commercial tracts, and the Allisonville neighborhood are very similar with declines of over 200 businesses in the recovery and for the entire data span. The only increase that occurred in those areas was in the Allisonville neighborhood during the recession. They were also the only area looked at that had an increase during that time period. Devonshire showed a decline in all time spans, but much smaller declines than the previous two areas with the largest being a loss of 10 businesses over the entire data span. The I-69/Fall Creek neighborhood was the only one to show increases during recovery and the entire data span.
Table 13. Average change in the number of businesses for BRAG areas.

<table>
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<tr>
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<tr>
<td>BRAG Tracts average</td>
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<td>-213.14</td>
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<tr>
<td>Commercial Tracts</td>
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<td>Allisonville</td>
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<td>Devonshire</td>
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<td>I-69/Fall Creek</td>
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<td>Median decrease from citywide analysis</td>
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<tr>
<td>Median Increase from citywide analysis</td>
<td>3</td>
<td>87.5</td>
<td>81.5</td>
</tr>
</tbody>
</table>

Westside Community Development Corporation (WCDC). WCDC is different than the previous two organizations looked at as it is a community development corporation. Their coverage area is slightly smaller than BRAG’s at 8.16 square miles. That area includes one neighborhood in its entirety as well as portions of five other neighborhoods. The neighborhood it covers entirely is the Near Westside. It includes about half of Garden city, and small portions of Speedway, Eagledale, West Indianapolis, and Stout Field.

Being a CDC their focus is broader than economic development. This is reflected in their mission statement:

“WCDC’s Mission is to stabilize & revitalize the Near Westside via housing and commercial development, property management, and community planning. This is WCDC’s primary mission. WCDC has had a history of undertaking its mission by addressing housing. WCDC’s secondary mission is to stabilize families by developing a range of affordable housing options and related supportive services” (Westside, 2014).

The history they mention in the mission statement is much longer than the previous organizations looked at as they were founded in 1985. With seven staff members, they are also
larger than IDO and BRAG. This is partially due to their involvement in property management as some of their staff members include a property manager and maintenance staff.

**Contact with the organization.** The additional contact with this organization was completed over a series of emails instead of a phone or in person interview. This was done because less questions were required due to the in depth nature of the organizations survey responses. As a CDC, it was to be expected that the organization would have focuses other than economic development. Most CDCs have their main focus in housing, which is one that WCDC chose. They also chose economic development and business attraction or retention. They inserted a comment for “other” as well: “WCDC is involved in other areas such as beautification to the extent that it supports the organization’s housing and community development goals.”

WCDC does consider themselves successful in their focus areas, as they listed recruiting businesses to the neighborhood and developing or improving housing as their main accomplishments. They feel that the business climate in their neighborhoods has improved since they became involved. When asked what level of involvement they have with the business community they answered “involved,” and they feel that they have moderate impact on the attraction or retention of businesses.

While they are a community organization, their role in the attraction of businesses is different than the previous organizations discussed. This is due to the fact that they own commercial properties along the Michigan Street corridor. So when recruiting businesses to the neighborhood they are acting as more than just a community organization, they are the property owner and potential landlord to the tenant. This puts them at an advantage to the other organizations I interviewed because they have more control over the recruitment process. The
others have to take more of a middleman role, putting the potential business in contact with landlords with available space. Depending on the organization’s relationship with the landlord, that could be the end of their involvement in the processes. Since WCDC is the landlord, they have control and are involved in the process till the very end. This also gives them more control in retaining the businesses as well since they know when leases are ending and control the renewal rates. The other organizations may not know when a business’ lease is ending and may not know that they do not plan on renewing until they have moved. Since WCDC is the landlord, they can be more proactive at keeping businesses in their current locations and work to remedy and issues that are causing the business to consider relocating.

As I mentioned earlier, their survey responses were very in-depth, for this reason I did not need to ask the executive director to elaborate on this. On the survey they listed several economic development initiatives they are currently undertaking. These are:

1. The Statesman is 40 units of low-moderate income apartments with nearly 7000 square feet of commercial / retail. Have applied for funding.

2. Artists Nook is a group of three distressed buildings on the Michigan corridor. WCDC has predevelopment funding to stabilize the buildings and get project feasibility started.

3. BrightFarms has committed to build a commercial greenhouse on a former brownfield on Michigan.

4. The Pershing is a six-unit apartment building in fair-poor shape. WCDC is partnering with another CDC to purchase and rehab the property.

5. Four new businesses have located to Michigan Street in the last 18 - 24 months. Using this momentum, WCDC helped organize a merchants’ association around a study of the corridor.

6. WCDC has submitted economic development proposals to the City to help one of the existing businesses expand and to create an urban farm on the former-Central State property.

7. WCDC commissioned a study of West Washington Street and helped get the West Washington Merchants Coalition started. They have been meeting monthly, but need a
project to help the group grow. One possible project is working with the City and Washington Community School to erect signage, paint cross walks, etc. to slow traffic in front of the school.

8. WCDC is working with the community and Indianapolis Metropolitan Police Department, South West to have a festival on Michigan Street. We are trying to recruit businesses to participate.

9. Earth Team is collaboration between Kinney Group and Indianapolis Metropolitan High School to train students to operate a garden. The students also do landscaping and cleanup work all along the corridor. WCDC is planning to use them to help on Artists Nook and to care for street improvements installed through ROW / Keep Indianapolis Beautiful.

10. WCDC actively engages with IUPUI to seek opportunities for businesses developed out of research to be housed in Near West and to help attract or develop businesses or housing that would serve faculty, staff and /or students located immediately east of White River.

11. WCDC also tries to maintain a data base of vacant commercial buildings; works with the neighborhood to promote multi-modal transportation in the neighborhood, including bus, bus-rapid transit, bicycling and pedestrian traffic. Several proposals to develop bike and walking lanes, trails and paths are being worked on. WCDC also works with the neighborhood to support desirable businesses and oppose unwanted businesses. The neighborhood establishes the type of businesses that are needed and whether to support or oppose particular zoning petitions.

Business interviews. The first business I spoke with was Judges BBQ, a small restaurant only open Monday-Friday afternoons. I spoke with the owner about his experience with WCDC. When speaking with him it was obvious that he saw the organization mainly in the landlord role. While the organization did make contact with him regarding the available property, the rest of their involvement seemed to be in the role of landlord. When asked what factors influenced the decision to locate the business there, he answered that the landlord gave him a good deal, offering free rent for a number of months. He also said that the property’s location on a main thoroughfare (Michigan Street) influenced his decision to locate there. Overall, he was happy with his experience with the organization, and when he was asked what, if anything, the
organization could have done to further influence his decision; he answered by saying that they have been more than helpful, allowing leeway and being very understanding with rent.

The other business I spoke with was BrightFarms, a New York based company that “finances, designs, builds and operates greenhouse farms at or near supermarkets, cutting time, distance, and cost from the produce supply chain” (BrightFarms, n.d.). I spoke with the Real Estate and Government Relations Associate who had been working with WCDC to locate an urban farm in the area. Someone at the City of Indianapolis actually recommended WCDC to the business because of their available spaces. When asked how much weight the organizations actions had on their decision to locate in the neighborhood she answered that the impact was large, that they wouldn’t have searched for sites on their own so the fact that WCDC owned the building was a large part of it. Other factors that influenced their decision were the factor they use for any area: they wanted a “neighborhood that would be best served by an urban farm,” typically a low income area offers the potential for high impact and WCDCs area fit that description. As with all of the other business interviewed, they were also asked “What, if anything, could the organization have done to further influence your decision?” They answered by saying that WCDC is one of the most helpful organizations they have worked with across the nation and that they have been a cheerleader for their business and others working hard to make the Michigan Street corridor into what it is today.
Change in the number of businesses. As with BRAG, this organization covered several neighborhoods and therefore several census tracts. For this reason I looked at more than one combination of tracts to get a better understanding of the changes in that area. WCDCs area covers all or part of 11 census tracts of varying size. These tracts total 11.89 square miles, a much larger area than the 8.16 square mile coverage area of the organization. For this reason, I excluded three tracts had a larger area outside WCDCs coverage than inside. This resulted in using 8 tracts with a total area of 7.69 square miles, slightly smaller than WCDCs coverage area. The second group of tracts I chose to look at were the ones that include the Michigan Street Corridor, since that is the main commercial corridor that WCDC is working to improve. Both groups of tracts, along with the organization’s coverage area are shown in Figure 10.

Next I choose to look at the Near Westside neighborhood. This is the only neighborhood that lays entirely in WCDCs coverage area, and at 3.82 square miles they makeup almost half of the coverage are. As with the BRAG I only used the method that includes census

![Figure 10. Comparison of WCDC’s coverage area, tracts included and excluded in the WCDC analysis, and tracts along the Michigan Street corridor.](image-url)
tracts whose centers lie within the neighborhood. The tracts used are shown in Figure 11.

![Figure 11. WCDC coverage area and tracts included in the Near Westside neighborhood.](image)

All three areas looked at show an increase in the number of businesses for each time periods. These results are shown in Table 14. The Michigan St. corridor and the Near Westside tracts had an increase greater than the citywide median, meaning they are doing better than over half of all census tracts.

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Neighborhood Organizations as a Catalyst for Economic Development

Pamela Howard

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<td>Citywide Median Increase</td>
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**Local Initiatives Support Corporation (LISC).** As mentioned previously, LISC is a nationwide CDC with a local chapter. Unlike the other organizations looked at, they do not work with one specific neighborhood, or even directly with any neighborhood. They instead work with other neighborhood organizations to improve the individual neighborhoods. In their mission statement the describe themselves as “the local office of a national organization that helps resident-led, community-based development organizations transform distressed communities and neighborhoods into healthy ones — good places to live, do business, work, and raise families” (Local, 2014). While the Indianapolis chapter wasn’t formed until 1992, the city began working with the national group in the late 1980’s.

Their economic development program, Fostering Commercial Urban Strategies (FOCUS) offers many tools for involved neighborhood organizations to use. These include façade rebates, loans and equity products, site finding assistance, and green business tools. They also have a Neighborhood Commercial District program with provides special support to designated districts. Mass Ave. and Fountain Square are two particularly successful former districts.

**Interview with the organization.** I was able to conduct a phone interview with a Senior Program Officer at LISC who is active in the FOCUS programs. As I mentioned earlier, this interview was more structured than with the other organizations. This was because many of the questions were about the organizations they work with as opposed to the neighborhoods themselves. The first question asked was if they had ever been involved with the recruitment of
any particular business. She answered that they have worked with multiple neighborhoods through FOCUS, that they facilitate small business grant programs in “tougher corridors” and have helped at least five businesses. Next I asked which organizations have been most successful at recruiting businesses. She said that their most successful corridors have been Mass Ave., Fountain Square, and Irvington; they have “graduated” and become more active corridors. She stated that 10th Street, Meridian, 16th Street, and MLK are all making good progress.

The remaining questions were about the actions of the organization, with the first being which actions have been most successful at recruiting businesses. She started by saying that as a city, Indianapolis is getting smarter about small business recruitment. More loans are available through the Chamber of Commerce they city and state. LISC also offers smaller loans that most banks won’t even consider. Organizations that work with these entities can offer more assistance to the businesses looking to open in their neighborhood. Many people looking to open a business may not know where to start, so having an informed organization to help to make a huge difference.

When asked what actions have been least successful, she stated that the biggest problem is organizations starting too big too soon. They try to start a real estate project, which is a huge undertaking, when there is more basic work that needs to be done before a project like that has any chance of being successful. This more basic work includes cleaning up the neighborhood, improving safety, and working on branding and networking the neighborhood. The last question asked was regarding suggestions on how organizations can be more successful at business recruitment. The first answer is a common one, more staff and resources. This is something that most organizations are aware they need but can’t necessarily do anything about. The second suggestion was to continue momentum, make sure there are people in you organization and
neighborhood that are connecting with available tools, and potential businesses. This is something that all organizations do on some level. Some are better connected than others, or have connections in higher places that can provide better assistance giving them an advantage.

*Change in the number of businesses: Fountain Square.* LISC considers Fountain Square to be one of the more successful areas they have worked with. This was mentioned in the interview and also listed on their website. For this reason, I chose to take a closer look at the change in the number of businesses in the area. At 0.67 square miles, Fountain Square is the smallest area I am looking at. It contains two census tracts, and as with the other neighborhoods, the boundaries do not line up perfectly. This results in a slightly larger area of 0.78 square miles. These areas are shown in Figure 12.

Using the method from the citywide GIS analysis, six census tracts were averaged to come up with the value from fountain square. Table 15 shows that the averages derived from the six tracts in the citywide analysis are very similar to those found using only the 2 tracts that make up the neighborhood. This tells us that Fountain square is not doing significantly better or worse than the areas surrounding it. And while it did show an increase, the increase less than half of that of the citywide median, meaning that it is only doing better than about ¼ of all census tracts.

*Figure 12. Comparison of Fountain Square neighborhood and tracts used for analysis.*
Table 15. Average change in the number of businesses for Fountain Square areas.

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Fountain Square (citywide analysis, 6 tracts)</td>
<td>3.17</td>
<td>29</td>
<td>32.17</td>
</tr>
<tr>
<td>Fountain Square (2 tracts)</td>
<td>3.5</td>
<td>34</td>
<td>30.5</td>
</tr>
<tr>
<td>Citywide Median Increase</td>
<td>3</td>
<td>87.5</td>
<td>81.5</td>
</tr>
</tbody>
</table>

Conclusions

The citywide GIS analysis led to the conclusion that overall, the presence of a neighborhood organization does not lead to an increase in the number of businesses. For all time periods studied, more neighborhoods with an organization showed a decrease in the number of businesses than an increase. The results were similar for neighborhoods without an organization, except that during the recession more neighborhoods showed an increase in the number of businesses than a decrease. As I mentioned earlier, this is not to say that neighborhood organizations do not make a difference. If no organizations were present their may have been an even greater number of neighborhoods presenting a decrease.

The surveys showed us that most of the neighborhood organizations that are active in economic development feel that they have been successful on at least some level. Fewer feel that they have been successful at recruiting businesses to the neighborhood specifically. The case studies gave us a more in depth look into the successes of some of the organizations. All of the organizations looked at in the case studies did have some successes. They were all able to provide the names of some businesses they helped bring to the neighborhood, though the organizations had differing roles. IDO served as a starting point for businesses by maintain a
website of available properties, their involvement was finished once the business was in contact with the potential landlord. WCDC on the other hand owns property and therefore was the potential landlord. This allows them to remain involved throughout the entire process, even after the business is open.

Even though they all had some successes, the neighborhoods they worked with did not necessarily show an overall increase in the number of businesses. When looking at Irvington, for example, all time periods showed a decrease in the number of business when looking only at the tracts included in the neighborhood. Even when only looking at the Washington Street corridor a decrease is present. The results, which were similar for BRAG’s coverage area as well, tells us that organizations alone cannot always increase the overall success of a neighborhood.

The interview with LISC brought some insight into what some of the organizations may be doing wrong, and what they could be doing to improve. This can basically be summed up as: don’t get ahead of the game, but keep playing. Don’t try to start a big project when there is a lot of smaller things that need to be accomplished in order to increase the project’s chance for success. Also, make sure your organization is always out there. Even if you do not have a large project or initiative to promote at the moment, make sure people know of your presence and what you are trying to accomplish. Stay connected to people and resources around the city and state, you never know when the right opportunity may arise.
Chapter 5: Recommendations

Introduction

This chapter includes recommendations for making neighborhood organizations more effective in economic development. These can be applied to new organizations just starting out or existing organizations that are struggling in economic development.

Quality of Life

The first recommendation comes from the literature review, though the interview with LISC reiterated it. Quality of life issues can be important to some businesses looking at where to locate. They are more important to residents and potential residents which will serve as the customer and employee base for the business. While some of these issues such as school quality and proximity to transit cannot be tackled by a neighborhood organization alone, other factors are often concerns of the organizations. Beautification of the neighborhood or a commercial corridor is often a goal of neighborhood organizations. While aesthetics alone may not seem like an important factor, it can have a positive effect on other factors as well. Cleaning up a commercial corridor can make it a more desirable place for people to frequent. As the corridor gains popularity more businesses will look to locate there.

Crime is another quality of life issue that some neighborhood organizations deal with. Whether this is through a formal neighborhood watch program or having an officer provide safety tips at a neighborhood meeting the important part is in getting the residents involved.
While a neighborhood organization alone will not likely be able to eliminate crime, making residents and business owners more aware and proactive could be a good starting point.

These quality of life factors are the basic work that the Senior Program Officer at LISC was talking about when she said that some organizations start too big too soon. If these factors are attended to first, larger real estate projects are more likely to succeed. Trying to manage all of these factors, plus whatever other goals your organization is working on can be a challenge. That is why having committees is important.

**Organization through Committees**

Many neighborhood organizations have very few staff members, some as few as one or two. They rely heavily on the support of volunteers including a board of directors. To be able to handle multiple projects committees should be formed. Each committee should have a leader and the leaders should meet with staff members and the board of directors regularly so a lack of communication does not create problems. The committees will be largely made up of volunteers, but staff members should make every effort to be involved as well. While the committees are separate, they should be supportive of each other and try to be involved in and spread the word about any events another committee is sponsoring. One of the best ways to promote an event is through social media.

**The Use of Social Media**

In today’s day and age social media is one of the most effective ways to communicate with members and promote your organization and its events. This is not to say that it should be the only method used, not everyone is on social media sites and when the site is new it will need to be networked as well. But once the site is up and running and you begin to gain followers, it
can become a great way to remind members of upcoming meetings and events. It also makes it easy for members to pass along the information to others they know. Since not everyone is on social media it is also important to diversify your communication methods.

**Diversifying Communication Methods**

The diversification of communication methods is something that the Executive Director of IDO mentioned they needed to work on. Once they began using social method it became easy to only promote through those sites, potentially missing residents who do not use social media or do not follow the organization. That is why she mentioned needing to go back to e-mail and press releases as well. It is also good not to forget the value of posting flyers. Many local businesses may be willing to post them which can help get the word out about the organizations and its events.

Face to face communication is always important and should not be left out. There are plenty of opportunities outside of organized meeting to get the word out about your organization. Besides simply bringing up your organization in routine conversations, attending events held in your neighborhood and throughout the city provides great opportunity as well. A local farmers market is a good option, and one that IDO uses to promote their organization. This works well for them because Irvington has its own farmers market, many other neighborhood likely do not, but a nearby market that residents in your neighborhood attend would work as well. Attending larger events throughout the city not only gives you the opportunity to reach out and connect with your residents, but it allows you to connect with other organizations as well opening up the possibility of partnerships.
Partnerships

The importance of partnership was discussed extensively in the literature review but should be reiterated due to its importance. Partnerships with local government can provide much needed support of projects and also assist in gaining funding. Larger non-governmental organizations such as LISC can also offer additional funding such as grants for some projects. LISC’s FOCUS program also offers the opportunity to learn about various tools and methods other organizations have used through monthly luncheons. While these partnerships with other neighborhood organizations may not seem as valuable, it does provide the opportunity to learn from each other which is extremely valuable. Knowing what is going on in other neighborhoods can also allow you to see external factors that can affect your efforts.

External Factors

It is important to note that there are external factors that can affect the number of businesses locating in your neighborhood. The biggest factor is other neighborhoods. If there is a large commercial corridor near your neighborhood some business will want to locate there. Trends in neighborhood popularity can also have an effect. If there is a nearby neighborhood that is gaining popularity and residents, businesses will follow.

Other external factors effect more than just your neighborhood. One is the economy in general. While new businesses will open in a weak economy, the owners may be less likely to take risks. This could mean wanting to locate in a “safer place”, one that has many successful businesses, or plenty of traffic to increase the possibility of success. Funding may also be more difficult to obtain in a weak economy, making it more difficult for small businesses to open.
Defining Success

It is also important to note that even if your neighborhood is not experiencing an overall increase in the number of businesses, you can still be successful. If you are helping to draw in new, desirable businesses to the neighborhood that is a good thing no matter what else is happening. Businesses will always close and change locations, some of those factors are beyond the control of organizations. Some of the businesses that are leaving could be less desirable businesses that people wanted going anyways. In that case your efforts could be changing the makeup of your neighborhood or commercial corridor, making it a more desirable place to visit.

Conclusion

The methods discussed in this chapter may seem fairly simple and some may even consider them common sense, but they are also easy to forget. Sometimes it is important to go back to the basics to see what we have forgotten. Other, more extensive methods could be found through further research. This could include a similar study, but using organizations in a variety of cities to find methods that are working in other cities. Through a more in-depth study such as that, the results may be more detailed and could be tailored to the varying types and sizes of organizations. These results could then be used to create a step by step guide for organization looking to succeed in economic development. This paper could serve as a starting point for said research.
References


Irvington Development Organization. (2014). *Strategic Plan*. Indianapolis, IN.


Appendix A: Neighborhood Survey Questions

1. What is the name of your organization?
2. Which neighborhood(s) do you work in?
3. How long have you worked in this neighborhood(s)?
4. What would you consider to be the main focus of your organization? (choose all that apply)
   a. Beautification
   b. Economic development
   c. Businesses attraction or retention
   d. Housing
   e. Crime prevention
5. What would you consider to be the main accomplishments of your organization? (choose all that apply)
   a. Leading a beautification project
   b. Recruiting businesses to the neighborhood
   c. Keeping current businesses happy
   d. Developing or improving housing
   e. Increasing safety
6. How has the business climate in your neighborhood(s) changed since your organization became involved?
   a. Significantly improved
   b. Improved
   c. No change
   d. Declined
   e. Significantly declined
   f. I don’t feel I can answer this question
7. Do you feel that neighborhood organizations can have an impact on the business climate?
   a. Yes
   b. No
8. What level of involvement does your organization have with the business community?
   a. Not involved
   b. Somewhat involved
   c. Involved
   d. Heavily involved
9. How would you rate the impact of your organization of the attraction or retention of businesses?
   a. No impact
   b. Some impact
   c. Moderate impact
   d. Heavy impact
10. What new or significantly enhanced activities by your organization would foster economic development? What additional resources or assistance would be required to engage in these activities?
Appendix B: LISC Interview Questions

1. Have you been directly involved in the recruitment of any particular business?
2. Which organizations do you feel have been most successful at recruiting businesses?
3. What actions by organizations have been most successful at recruiting businesses?
4. Which actions have been least successful?
5. Do you have any suggestions on how organizations can be more successful at business recruitment?
Appendix C: Business Interview Questions

1. Describe the organizations involvement in your decision to locate within the neighborhood.
2. How much weight did their actions have on your decision?
3. What other factors influenced your decision?
4. What, if anything, could the organization have done to further influence your decision?