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Need revenue? Tax thyself

Mass Ave, Fountain Square seen as best districts to seek self-taxation program for economic growth

REVITALIZATION – A CAUSE FOR which Mass Ave has become a poster child of success – always depends upon local stakeholders with vision and energy.

It depends more upon money – cold, hard cash most times provided by any one of a limited number of funding sources. The Local Initiatives Support Corp. is one of those sources – but officials there know all too well that there is no bottomless pit of money.

“We know that some funding sources may be reduced – or not reward any money at all,” LISC Senior Program Officer Will Pritchard said.

Mass Ave activists know the truth of that statement. Last year, Mass Ave missed out on outside funding for its aggressive streetscape project which keeps the Avenue blooming through the summer – before scraping together enough money from a handful of business owners.

LISC, however, has found a Shakespearian answer. Stakeholders: Tax Thyself.

There is on the Indiana books a state law that allows a commercial corridor to become an Economic Improvement District – which allows such a district to add a surtax upon its own property owners. Revenue from the tax would, in turn, be returned to the district for use in such efforts as façade improvements, maintenance, public security or public art.

Such a step does not come easily.

“It’s a long process,” Pritchard said, emphasizing that a majority of property owners would be required to sign off on the designation.

Even more than that: A majority of property owners must vote yes – and those ‘yes’ votes must represent two-thirds of the district’s assessed valuation. If such accord can be reached, Pritchard sees the proposal going before the City-County Council next July.

LISC officials didn’t necessarily have Massachusetts Avenue in mind when they discovered the Indiana law, which dates back to 1988 and is used in only a handful of locations around the state, none in Marion County.

Pritchard thought the idea might work for one of the commercial corridors involved in LISC’s program known as FOCUS, such as the 16th Street or North Meridian street corridors. LISC is currently channeling between \$15,000

and \$45,000 a year to those districts to help themselves do the bootstrap thing, “but we don’t know if we’re always going to have dollars to give them.”

But LISC officials also knew they weren’t experts on the Economic Improvement District concept. Turns out they couldn’t find anyone else around here that was, so they ended up with a Colorado-based consulting firm to coach them through the process.

After staging two well-attended workshops in April, the consultants recommended the two districts where



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Will Pritchard
Local Initiatives Support Corp.

More about the concept:

□ Stakeholders are currently being surveyed on their priorities should an Economic Improvement District be enacted. They have been asked to rate existing city services, such as street cleaning, alley maintenance, parking meters, lighting, street and sidewalk maintenance, and security. They have also been asked to prioritize such items as street beautification, public art, district identity, economic development, marketing and promotions, parking management and staff support.

□ An Economic Development District is a financing mechanism used to provide revenue for a variety of local improvements and services that enhance, not replace, existing municipal services. An EID is self-imposed and self-governed

and must be supported by private-sector businesses and property owners.

□ The creation of an Economic Development District does not take city government off the hook for any current services. The law calls for a “baseline service agreement” to be signed so that no basic services can be transfer to the new district.

□ The Economic Development District would be managed by a board of directors composed of district stakeholders – although each year’s budget would be approved by the City-County Council.

□ More than a thousand Economic Development Districts exist across the nation. Their combined record indicates such benefits as multiple service options, reliable revenue, an inherently fair cost-to-benefits ratio, self-government, encouragement of private-sector manage-

ment, required stakeholder support, and a renewal rate of over 99 percent.

□ Services commonly added or enhanced by Economic Development Districts include maintenance, public safety, marketing and image enhancement, special events, parking management and transportation, human services, economic development, planning and design, and capital improvements.

□ The first such district (known most other places as “Business Improvement Districts”) was created in New Orleans in 1975. The concept is given much of the credit for dramatic changes to Times Square in New York City. In Downtown Philadelphia, such a district funded a program to dislodge 60,000 wads of gum from the streetscape. That city’s district is also credited for a 69-percent reduction in the homeless population. ■

an Economic Improvement District had the best chance of success:

Mass Ave and Fountain Square.

Stakeholders in both district were receptive to the idea, and so the process began.

The consultants are now in the midst of interviewing property owners, gauging support and asking: “If you could improve one thing in the district, what would it be?”

There is no shortage of questions to be answered:

□ Is there enough support for this self-imposed tax?

□ How big would the district be? The boundaries could range from only storefronts with Mass Ave frontage to a wider area, more in line with the recently adopted historic preservation district.

□ What projects would be underwritten by the tax revenues?

Determining the answer to each of those questions is part of the process. Early feedback has been strong, but Pritchard also knows that the folks who are interested enough to attend such meetings are generally those willing to make commitments.

So far, he has been preaching to the choir.

LISC is providing much of the funding for this stage of the process, but is relying on the local stakeholders to push the effort. Those duties fall to, on Mass Ave, the Riley Area Development Corp., and, in Fountain Square, Southeast Neighborhood Development.

Bill Gray, Riley Area’s executive director, is willing. “We will champion this as long as the stakeholders move forward with it,” he said.

The final step in the effort involves the City-County Council, which not only must approve the initiative but also its annual budget.

City-County Councilor Jackie Nytes thinks it a good idea, but like Gray is looking for local buy-in.

“I am happy to be supportive,” she recently said, “but it has to be neighborhood-driven, and it has to be something you want to do.”

As a past chair of the Mass Ave Financial Gathering Committee, Nytes understands not only the cash-flow problems but also the fact that current funding sources aren’t nearly enough for major projects such as construction of a parking garage or establishment of paid staff to coordinate Mass Ave activities, tasks now carried out by volunteers.

And Nytes is one person who would like to see the district’s boundaries stretched beyond Mass Ave itself, in what she called “an holistic approach.”

Pritchard believes a major key to the effort is educating potential nay-sayers to how this surtax will actually benefit them in the long run.

“We know that it’s a sensitive issue,” he said, “but the key is that it is self-imposed.”

He also knows not to underestimate opposition to anything that costs money. “If there’s not enough support,” he said, “we’ll drop it and come back in a couple of years.”

- Bill Brooks