

INCLUSIVE INCENTIVES

A ROADMAP FOR ECONOMIC DEVELOPMENT IN INDIANAPOLIS

July 2019



HR&A
Analyze. Advise. Act.

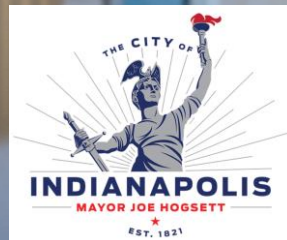


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ACKNOWLEDGMENTS

ABOUT THE INDY CHAMBER

The **Indy Chamber** serves as a voice of progress and improvement in the region, uniting business and community to maintain a strong economy and quality of life. Our advocacy efforts, networking events, economic development initiatives, and other member benefits position members, business leaders and the community for success. Indy has what it takes to be a world-class region, where innovation meets performance. The Indy Chamber is here to realize that potential to its fullest. As the economic development organization for the City of Indianapolis and Marion County, **Develop Indy** focuses on business attraction, retention, and expansion to support the people, communities, and companies that make up our economic landscape.

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ABOUT HR&A ADVISORS, INC.

HR&A Advisors, Inc. (HR&A) is an industry-leading consulting firm providing services in real estate, economic development, and program design and implementation. HR&A provides strategic advisory services for some of the most complex mixed-use, neighborhood, downtown, campus, and regional development projects across North America and abroad. HR&A understands the importance of linking accretive private investment with public resources to support investors and communities' responsibilities and aspirations.

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EXECUTIVE SUMMARY



\$134.7 M

TOTAL VALUE IN FORGONE TAX
REVENUE FROM 110 ACTIVE TAX
ABATEMENT PROJECTS

\$19-\$29

RANGE OF AVERAGE ANNUAL PRIVATE
INVESTMENT RETURN PER DOLLAR OF
SUBSIDY, 2012-2017

\$44/hour

AVERAGE WAGE OF NEW JOBS
CREATED BY TRAINING GRANT
RECIPIENTS, 2015-2018

-18%

CHANGE IN SHARE OF JOBS
ACCESSIBLE TO HIGH POVERTY
NEIGHBORHOODS FROM 2000-2012

The City of Indianapolis is re-positioning its existing economic development incentive programs to support equitable economic opportunity. These programs represent a powerful tool in advancing inclusive growth.

The Indy Chamber serves as a voice of progress and improvement in the Indianapolis region. The Chamber oversees advocacy efforts, networking, and economic development initiatives to support business growth and enhance economic competitiveness in the Indy region. As part of its mission, the Chamber recognizes the need to support a business environment where all are welcome, where everyone has a chance to access opportunity, and where differences are viewed as a source of strength, innovation, and productivity. To advance towards these goals, Develop Indy, a business unit of the Indy Chamber, is re-evaluating its economic development initiatives through a lens of inclusivity.

The City and its partners have identified four policy priorities to broaden access to jobs and promote inclusive growth in Indianapolis:

1) business growth, 2) physical investment, 3) skills development, and 4) social capital and support systems.

Develop Indy, along with the Department of Metropolitan Development, leads the City's Tax Abatement Program, which is the City's most widely deployed incentive tool, as well as a new Training Grant Program, designed to incentivize high-skilled jobs in the region's advanced industries.

This report focuses on how these existing incentive programs will be re-oriented to advance these four policy priorities and achieve tangible impacts on inclusive growth. Desired outcomes include reducing racial disparities in access to opportunity and broadening the availability of opportunity jobs and jobs that provide career pathways. Policy recommendations draw from extensive stakeholder engagement conversations, a review of historic incentive use and performance, and research into national best practices on inclusive incentive programs.

This Inclusive Incentives Roadmap summarizes these incentive policy recommendations and program enhancements. The Roadmap is intended to guide the City of Indianapolis, Develop Indy, and its partners in ensuring economic development incentive programs in Indy are positioned to advance policy priorities and contribute to improved economic mobility, broader access to opportunity, and inclusive growth.

ECONOMIC DEVELOPMENT TOOLKIT

TAX ABATEMENT PROGRAM

Align evaluation criteria with inclusive policy priorities and create a tiered structure for incentive awards. Make the application more business-friendly, and create workforce support funds to dedicate a portion of award value to addressing primary barriers to employment.

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TRAINING GRANT PROGRAM

Streamline the program's reporting requirements to encourage employer participation and expand the acceptable wage range to create career pathways in opportunity industries for workers with a less advanced technical skillset.

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LAND STRATEGY

Develop a comprehensive land strategy as part of the City's economic development toolkit, leveraging publicly-owned land in concert with place-based incentives in service of inclusive growth goals.

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COMMUNITY IMPACT NETWORK

Create a community impact network, whereby businesses receiving economic incentives commit to supporting initiatives from a menu of opportunities aligned with public policy priorities. Initiatives may include workforce development, diversity hiring, transit and childcare access, and investment in underserved communities, among others.

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INTRODUCTION

An aerial photograph of the Indianapolis skyline. The image shows a dense cluster of skyscrapers, including the Chase Tower and the Bank of America Tower. In the foreground, the Indiana State Capitol building with its prominent green dome is visible. The background shows a vast expanse of green trees under a clear blue sky. The word 'INTRODUCTION' is written in large, white, sans-serif capital letters in the upper left corner, with a thin green horizontal line underneath it.

INCLUSIVITY EFFORTS IN INDIANAPOLIS

Political leadership, community members, non-profits, educational institutions, and other stakeholders invested in the success of Indianapolis have recognized the need to approach economic development through the lens of equity. Although Indianapolis ranks among the top 10 cities for young professionals and entrepreneurs, it is also the sixth most economically segregated region and has seen an 80% increase in people living in poverty over the last decade.¹ Develop Indy and City leadership both seek to prioritize policies, programs, and initiatives to support inclusive economic growth and broaden access to opportunity for all residents of Indianapolis. In re-orienting its economic development incentive programs to advance inclusive growth, the City of Indianapolis will be operating within this broader ecosystem of overlapping programs and players, providing opportunities for collaboration and partnerships to advance shared goals.

RESEARCH AND REPORTS. There have been a variety of efforts that document existing challenges impeding inclusive growth in Indy, including “Rebuilding the Dream, Inclusive Growth in the Indianapolis Region,” (IUPPI), Brookings’ report on “Examining the Local Value of Economic Development Incentives,” and the Brookings report on “Advancing Opportunity in Central Indiana,” commissioned by CICP. A core challenge is a significant misalignment between employer needs and workforce capabilities, and a skills mismatch exacerbated by persistent barriers to upward mobility. The Indy Chamber also participated in a Learning Lab led by Brookings to examine the local value of economic development incentives and identify opportunities to ensure programs are aligned with inclusive growth priorities.

STAKEHOLDER GROUPS. Develop Indy is joined by many dedicated stakeholders committed to advancing opportunity in Indianapolis, including non-profits, community development corporations, workforce development providers, and educational institutions, who are all working towards strengthening and contributing to Indy’s capacity to advance inclusive growth. These partners are all important champions to involve in the design and implementation of recommended program enhancements to existing incentive programs, to ensure policies have broad support to be successfully implemented and are well-poised to achieve desired outcomes.

MUNICIPAL INITIATIVES. The City of Indianapolis and its partners have already launched several initiatives that collectively advance inclusive economic development, complementing the planned changes to local economic incentives. Key existing municipal initiatives with an explicit focus on inclusive growth include Project Indy, comprehensive criminal justice reform, LIFT Indy, Indy Achieves, the Indy East Promise Zone, Goal 2025, Business Ownership Initiative, On My Way Pre-K, Accelerate Indy, the Equitable Transit Oriented Development Fund, Great Places, Endowment Arts, and Transit Drives Indy. Many of these strategies try to align economic and community development, and focus on housing, wraparound services, workforce development, equitable transit, tax policy, and education.

INDY'S INCLUSIVITY ECOSYSTEM

STAKEHOLDER GROUPS



MUNICIPAL INITIATIVES



RESEARCH AND REPORTS

BROOKINGS



PILLARS OF JOB ACCESS & INCLUSIVE GROWTH

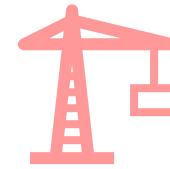
Within this context, Develop Indy and its partners are determining pathways to promote job access in Indy and advance inclusive growth, centered on four key pillars to supporting opportunity:



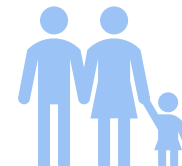
Business Growth to increase the number of available jobs in opportunity industries, improve job quality in the government, healthcare, and education sectors, foster an ecosystem of entrepreneurship, prioritize local procurement opportunities, and expand career ladders in industries with high concentrations of promising jobs.



Skills Development to prepare residents for jobs that pay family supporting wages, by using the two-generation approach of ensuring available high-quality childcare, pre-K, and K-12 seats; equitable access and completion of post-secondary credentials; and a coordinated system of job readiness.



Physical Investment to increase the likelihood of private market investment, including mixed-use cluster development, inclusive housing and commercial development, connectivity improvements, and amenities that improve quality of life.



Social Capital & Support Systems to reduce barriers impeding quality of life, and identify and support community needs, including health, transportation, civic engagement, housing, criminal justice reform, wealth building, and access to healthy food.

OPPORTUNITY JOBS

In December 2018, the Metropolitan Policy Program at Brookings, in collaboration with the Central Indiana Corporate Partnership and Ascend Indiana, released a seminal report on “Advancing Opportunity in Central Indiana.” The research highlights that not all jobs are created equal; some jobs and industries provide much greater opportunity for advancement, even to those without a four-year college degree. In order to encourage inclusive growth and broaden job access in Indy, the Chamber’s incentive programs should focus on rewarding companies in these identified opportunity sectors.

The report “defines two types of jobs relevant to improving earnings for people without a four-year college degree in Central Indiana who are working or looking for work, but still struggle to make ends meet:”

- **Good jobs** pay at least \$37,440/year or \$18/hour, and provide employer-sponsored health insurance.
- **Promising jobs** do not meet the criteria for a good job, but are jobs that put an incumbent worker on the path to reach a good job within 10 years.

Only a quarter (264,000) of Central Indiana’s jobs currently qualify as good or promising for workers without a four-year degree. To address this deficit of opportunity, Indianapolis should focus on encouraging job growth in **opportunity industries**, sectors that are tradable, and have more than the average regional share of good or promising jobs, indicating a concentration of opportunity, particularly for area residents without a four-year degree.

In the Indianapolis-Carmel-Anderson metro area, Brookings identified **102 opportunity industry sectors** that are tradable, and provide above-average concentrations of both good jobs for workers without a four-year degree, as well as good and promising jobs for high-skilled workers. Encouraging growth in the area’s opportunity sectors, including its largest opportunity sectors (based on 2017 employment), should be foundational to the Chamber’s approach to promoting job access and opening new career pathways for advancement:



Pharmaceutical
Manufacturing



Computer Systems
Design Services



Custom Computer
Programming
Services



Engineering
Services



Aircraft Parts
Wholesale

INCENTIVE REVIEW PROCESS

Develop Indy engaged HR&A to help create actionable strategies for incorporating inclusivity into existing economic development incentive programs. Our goals were to:

- 1) **ASSESS** the performance of incentives in achieving desired inclusive economic development outcomes,
- 2) **TEST** potential policy responses and develop policy recommendations, and
- 3) **OPERATIONALIZE** policy interventions, metrics, and evaluation criteria.

The entire process was informed by **stakeholder engagement**, to ensure recommendations reflect community need and are likely feasible for successful implementation in Indy's political environment.

- HR&A hosted a series of conversations with key stakeholders to discuss the ways existing incentive programs could be leveraged in service of inclusive growth goals.
- HR&A convened a series of focused discussion groups that included members of the business, real estate, and non-profit communities.
- In addition to these stakeholder roundtables, HR&A convened a steering committee, consisting of representatives of organizations involved in the Indiana University Public Policy working group on inclusivity, as well as other key organizations active in the Indianapolis economic development sphere. The steering committee met three times throughout the process and provided integral feedback to shape these recommendations.

HR&A complemented stakeholder engagement with a **benchmarking assessment** of other incentive programs oriented towards community benefits and inclusivity, reviewing national precedents to inform recommendations.

One of the primary focus areas to emerge from stakeholder engagement and review of best practices was **adopting a shared-values approach to incentives**. As part of our process, HR&A worked with Develop Indy and its partners to outline how **amendments to the tax abatement and training grant programs can help Indy adopt this shared-values approach**, ensuring incentives are awarded to companies that align with Indy's policy priorities. In exchange for an incentive, companies will agree to bring positive benefits to the broader Indy community. **In the future, efforts to support the implementation of a Community Impact Network** in Indy, whereby private businesses receiving incentives are linked to public sector and community partners, will be a key focus area.

POLICY PRIORITIES

HR&A worked with Develop Indy to understand guiding policy priorities that are important to stakeholders from across the city. Building off ongoing municipal initiatives and existing needs identified during conversations with a range of stakeholders, the following six policy priorities were highlighted as areas of focus, foundational to improving inclusive outcomes in Indianapolis. Revising the City's incentive portfolio will help address some of these priorities directly, while others, such as improved access to education, will require new tools, programs, and dedicated sources of funds.

ADDRESS PERSISTENT RACIAL DISPARITIES IN ACCESS TO OPPORTUNITY.

Stakeholders expressed a common sentiment that it's imperative to bring race to the forefront of Indy's conversation about inclusivity, and that the City cannot achieve its goals around inclusive economic development without addressing persistent racial inequalities. While incentives alone are not going to reverse deeply-rooted issues of racial segregation, acknowledging it as a foundational issue is an important first step to demonstrate to residents and employers in Indianapolis that the City is serious about growing as a truly inclusive place. Supporting minorities in accessing opportunity jobs and jobs that provide career pathways is an essential focus to begin to address existing racial disparities.



LEVERAGE INCENTIVES TO ACHIEVE BROADER COMMUNITY BENEFITS.

Incentives such as tax abatements, which offset a company's capital outlays, and the City's Training Grant Program, which subsidizes custom training, traditionally impact only a specific company and its employees. Stakeholders noted a desire to ask more of employers when awarding incentives, and to recognize companies who create positive impacts in Indy that extend beyond their company, such as partnering with community-based organizations and making investments in neighborhoods of need.



IMPROVE ACCESS TO AND QUALITY OF EDUCATION.

Stakeholders feel the quality of K-12 education in Indianapolis is closely tied with race and socioeconomic status, putting low-income children at an early disadvantage. This disadvantage has implications for higher education – at Ivy Tech, the state's largest community college system, more than 70% of all students require some type of remedial coursework in order to prepare for college-level classes. The uneven access to quality education in Indianapolis creates a skills mismatch, where employers are unable to find workers with the education needed for existing positions. Indy Achieves, a program that helps Marion County residents pursue and complete postsecondary education, is an example of an initiative that advances this policy goal.



POLICY PRIORITIES

SUPPORT WORKFORCE TRAINING PROGRAMS.

Broadening access to existing programs – such as Job Ready Indy and Project Indy – and supporting additional skills-based programs is a key opportunity to address Indy’s persistent labor market challenges and existing skills gaps. Job Ready Indy is an initiative that uses a badging system focused on six key competency areas to validate the attainment of employability skills by participants. Project Indy is Mayor Hogsett’s youth jobs program. It utilizes a downloadable app where local businesses can post jobs, and young job seekers can create a profile and browse for openings based on location (helping to eliminate potential transportation barriers). These programs need to have access to funding and staff to serve unemployed and underemployed residents, to develop training programs that provide opportunities for workers to access higher quality jobs, and to offer services and training designed to enhance the competitiveness of Indy’s talent pool.



ASSIST DISTRESSED GEOGRAPHIES.

There are certain neighborhoods in Indy, including several outlying neighborhoods located outside of Downtown, that have struggled to attract investment, due to persistent socioeconomic barriers and the loss of major manufacturing facilities over the past few decades. Stakeholders identified a need for concerted community and economic development efforts to encourage investment and job creation in these underinvested areas. Incentives should be leveraged to help ensure that benefits from private investment in these distressed areas accrue to current residents.



IMPROVE ACCESS TO SUPPORT SERVICES.

Stakeholders identified several persistent barriers that impede residents’ ability to find employment, particularly for low-income residents. There is a perception that there are not enough quality, affordable childcare providers in Indianapolis, and the inability to secure affordable childcare is a major barrier to employment for low-income families. Stakeholders also note that Indy’s existing transit infrastructure is inadequate, and low-income people who live outside of Downtown have few transit options to access jobs in the city’s growing urban core. Investments in IndyGo, particularly bus rapid transit (BRT), are contributing to progress in this area.



REVIEW OF EXISTING TAX ABATEMENT PROGRAM

PURPOSE

Provide phased real property and personal property tax abatement, up to a ten-year period, for qualified investments. Real and personal property tax abatements are an efficient and targeted means of encouraging businesses to make investments in Indy by alleviating key costs associated with expansion and/or relocation.

GUIDELINES

Metropolitan Development Commission approval is required for real and personal property tax abatement. If project is located within a designated TIF district, City-County Council approval is required.

USAGE

110 projects currently have active abatements. The City has forgone \$134.7M in tax revenue over the lives of these projects, and from 2012-2017, the City received an average return on investment ranging between \$19 to \$29 in private investment per dollar of subsidy. From 4/2016 to 4/2017, employers who received abatements created a total of 1,935 jobs.

MECHANISM

Offset tax obligation for investments that support jobs (new and retained) and have positive economic impact. Projects involving new construction, expansion or renovation, as well as projects involving the acquisition and installation of new equipment are eligible for a phased-in real or personal property tax abatement, based on improvements made and amount of qualified investment.

ISSUES TO ADDRESS

There is a lack of alignment with inclusive priorities. As the Tax Abatement Program currently operates, there is no explicit mention of desired inclusive outcomes in how the program is marketed, and no codified evaluation criteria specifically focused on evaluating a company's alignment with desired inclusive outcomes. There is also an opportunity to amend evaluation criteria to make it easier for small and medium size businesses to access abatements.

STAKEHOLDER PERCEPTIONS

Abatement awards should take a shared-values approach, where community benefits are secured in exchange for a tax abatement.

Abatements should shift from a primary focus on incentivizing job creation and capital investment to a more holistic perspective where the focus is on incentivizing employers who offer quality jobs and who display behaviors and company values that align with the City's public policy priorities.

REVIEW OF EXISTING TRAINING GRANT PROGRAM

PURPOSE

Incentivize companies in advanced industries, which is a high-growth, targeted sector, to locate in Indianapolis and create high-paying skilled jobs that benefit Marion County residents.

GUIDELINES

- Average wage must be at least \$30/hour.
- Encourages hiring of Marion County employees
- Grant awards of \$20,000 minimum, to be drawn over a 5-year period, disbursed based on net new hiring and training.

USAGE

- 25 projects have received training grants since 2015.
- The average wage for newly created jobs from 2015-2018 is \$44/hr.
- New employees are subject to County Option Income Tax, generating revenue for the County.

MECHANISM

TIF Funds are used to make grant awards to offset a company's costs associated with training.

ISSUES TO ADDRESS

There is currently an underrepresentation of minorities working in the advanced industries sector in Indy. Expanding the training grant program to incentivize jobs in advanced industries that offer accessible career pathways, in addition to incentivizing high-skilled jobs, can help broaden access to opportunity. Amending the program and streamlining reporting requirements can also make it easier for small and medium size businesses to access training grants.

STAKEHOLDER PERCEPTIONS

Reporting requirements are viewed as onerous and the program is difficult to navigate.

Expanding the program to target job creation and training for employees at a range of skill levels would be of interest to employers in advanced industries.

BEST PRACTICES FROM OTHER CITIES

REQUIRED PUBLIC BENEFIT AGREEMENTS

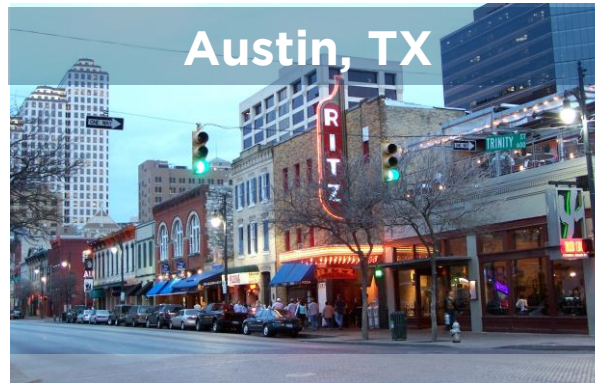
Portland, OR



- Equity and inclusion are central themes of the city's 5-year strategic plan.
- All incentive recipients must enter into a public benefits agreement.
- Companies can choose from a menu of 15-20 community benefit options to fulfill their agreement. Options include activities such as creating a diversity hiring plan, engaging with local schools, or hosting events to support entrepreneurship.

EQUITY-FOCUSED TAX ABATEMENTS

Austin, TX



- To receive an abatement, firms must meet specific requirements aligned with public priorities:
 - Locate in a desired development zone
 - Comply with environmental regulations
 - Meet requirements around linkages to local economy, local hiring, workforce training, and contributions to cultural vitality and quality of life.

GOOD JOBS INCENTIVES

San Diego, CA



- Businesses receiving incentives must commit to creating and retaining middle-wage jobs and/or investing in low-income neighborhoods.
- Firms can receive additional incentive dollars for meeting stated community goals around inclusion.

BEST PRACTICES FROM OTHER CITIES

REQUIRED PUBLIC BENEFIT AGREEMENTS.

In 2017, Prosper Portland, the city's primary economic development agency, enacted a policy mandating that any company receiving incentives through its E-Zone Program must enter into a public benefits agreement. Companies receive a menu of 15-20 community benefit options to choose from and must agree to a certain level of community investment in exchange for tax savings. Portland also requires all recipients of awards to contribute 15% of the incentive's total value to a Workforce Training and Business Development Fund administered by Prosper Portland, a provision which has been a requirement since the 1990s.

EQUITY-FOCUSED TAX ABATEMENTS.

Austin's use of incentives to deliver positive community impacts and drive towards inclusive outcomes stems from broader citywide efforts to address institutionalized racism and systemic racial inequities. Tax abatement deals are evaluated using a firm-based matrix on a variety of factors related to citywide inclusion goals. Projects must meet a minimum score to qualify for an abatement, with the level of abatement award dependent on the score. At a minimum, firms must be located in a desired development area and conduct their business in compliance with environmental regulations. Projects are then scored on a variety of qualitative factors, including linkages to the local economy, character of jobs, labor force practices, and cultural vitality. Bonus categories reward behaviors such as local hiring – a goal of 75% of workers being city residents - or employing returning citizens.

GOOD JOBS INCENTIVES.

To bring San Diego's incentive program into alignment with the Economic Development Department's focus on incentivizing middle-income jobs, and to modernize its approach to economic development, the Department recently recommended revision of its existing incentives policy. The City's newly revised Business Incentive Program now requires firms receiving incentives to: 1) create at least ten qualifying jobs which pay between 80% and 120% of Area Median Income and are retained for at least three years, or 2) create at least three qualifying jobs in a low-to-moderate income area, or 3) make a \$5 million capital investment used for business expansion, attraction, or retention. Qualifying businesses must also be in an economic base sector. Once a firm meets these base criteria, it can receive larger abatements if it meets certain goals in workforce development, education, or community-building.

PROGRAM ENHANCEMENTS

An aerial photograph of the Indianapolis skyline, featuring the Indiana State Capitol dome in the foreground and several tall skyscrapers in the background. The image is overlaid with a semi-transparent blue rectangle containing the title and list.

- 1. Overall Incentive Program Amendments**
 - **Modify Evaluation Criteria**
 - **Establish Baseline Requirements**
- 2. Amend Tax Abatement Program**
- 3. Amend Training Grant Program**
- 4. Develop Land Strategy**
- 5. Establish Community Impact Network**

OVERALL INCENTIVE PROGRAM AMENDMENTS

MODIFY EVALUATION CRITERIA AND TIER AWARDS.

HR&A recommends modifying the criteria used to evaluate all incentive applications and requests, to ensure the evaluation process reflects policy priorities, aligns with desired inclusive outcomes, and offers more opportunity to small and medium size businesses. Awards granted will be tiered, and more inclusive projects will qualify for longer abatements and/or larger awards. All incentive program applicants should be evaluated according to criteria that align closely with the City's inclusive growth priorities:



COMMUNITY IMPACT

Phase 1: Community Impact is clarified and weighted more heavily in processes for evaluating incentive applications.

Phase 2: Businesses are required to participate in the Community Impact Network and those that commit to meaningful community engagement receive higher scores.



OPPORTUNITY INDUSTRY

New Criterion: Businesses that create job pathways in opportunity industries score higher.



QUALITY JOB ACCESS

Wages and benefits are set as baseline criteria, and the number of new and retained jobs receives less weight.

OVERALL INCENTIVE PROGRAM AMENDMENTS

ESTABLISH BASELINE REQUIREMENTS.

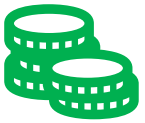
Only companies that meet certain baseline criteria should receive incentives, allowing Indy to utilize its incentive dollars responsibly and proactively communicate its values to businesses. While wages and provision of benefits are currently considered when reviewing abatement applications, there are no set requirements. Likewise, community impact is included in the abatement evaluation process, though no clear definition exists. Formalizing these baseline requirements will ensure that only businesses that offer quality jobs will be eligible for incentives, better positioning economic development in Indianapolis to align with a shared-values approach, where the City secures public benefits in exchange for its investment.



Institute a wage floor. Indianapolis should only incentivize jobs that provide residents with a family-sustaining wage. Requiring a minimum wage of \$18/hour for each incentivized job is in line with the recommendation of the Brookings Institute. Jobs paying below \$18/hour will not count in the evaluation of an incentive application, unless these jobs are dedicated for workers from an underserved population, such as returning citizens.



Provide healthcare benefits. Providing healthcare benefits to full-time employees helps keep them off the benefits cliff. Access to healthcare and insurance means wages can be spent on other necessities.



Have a positive fiscal impact to the City as demonstrated through ROI analysis. Requiring that incentive projects demonstrate a favorable fiscal cost-benefit analysis ensures that incentive awards ultimately have a positive return to the City, and communicates to the public that incentives are being deployed in a responsible manner.



Engage businesses to positively impact communities. In the initial first phase of amendments to incentives program, City staff should develop clear metrics for defining community impact in evaluating applicants. This will help lay the foundation for a second phase of refinements to incentive programs – once the Community Impact Network is implemented, participation in the network will be a key criterion for receiving an incentive award.

AMEND TAX ABATEMENT PROGRAM

CREATE DEDICATED WORKFORCE SUPPORT FUNDS.

To further bolster Indy's workforce support ecosystem, the abatement program should create dedicated spending accounts as part of the abatement award process. These workforce support funds will be targeted to address some of the most pressing barriers to employment in Indy: access to training, transit, and childcare. All abatement recipients will be required to dedicate 5% of their total award value into a dedicated spending account, and funds must be expended on training, transit, or childcare needs of the firm's employees.



TRAINING



TRANSIT



CHILDCARE

In establishing workforce support funds as part of the abatement program, the City should provide firms with a menu of options delineating acceptable use of funds (e.g., subsidize transit passes, reimburse cost of continuing education classes or trainings, provide vouchers for childcare). The employer would then submit a report to the City on an annual basis, for the duration of the abatement, detailing its use of funds. For firms with large abatement awards, the City could choose to set a threshold (e.g. for all awards where total savings are \$1 M and greater), whereby employers would work with the City to develop a customized spending plan for the use of the firm's workforce support fund.

MAKE APPLICATION PROCESS MORE BUSINESS-FRIENDLY.

Develop Indy and the City should identify applicants with impactful community development projects that align with inclusive growth goals, and at the same time work to make the application process more business-friendly. Reviewing the application process and ensuring it is accessible to businesses, while also better aligning the abatement program with inclusive priorities, will help ensure Indy remains competitive with other cities in Indiana, while also encouraging a shared-values approach to incentives.

AMEND TRAINING GRANT PROGRAM

Many stakeholders feel the existing Training Grant Program is difficult to navigate and perceive that it does not always provide real value to the employers who participate. Based on stakeholder engagement, the Indy Chamber should implement the following modifications to the Training Grant Program to enhance its appeal to employers and to better align with desired inclusive outcomes:



Streamline reporting requirements. Many employers feel the reporting requirements and administrative burden associated with the program outweigh the benefit received, and several stakeholders expressed a desire that the City's program followed the same reporting requirements as the State's program, which are viewed as more reasonable. Additionally, tech companies that the program targets often do not have formalized training programs, so it is difficult to create an upfront training plan, as currently required by the program. Exploring more flexible ways for employers to demonstrate how they've expended funds on training can help enhance the program's utility to employers.



Leverage job quality requirements to foster career ladders. Setting the minimum wage requirement at \$18/hour and requiring all incentivized positions to provide employees with benefits will help the program better serve the needs of Indy residents with fewer technical skills, who will have the opportunity to start on a promising career path and build their skillsets through quality employment within one employer or between several employers over time. By broadening the training grant program to incentivize both higher-skilled jobs, as well as jobs that offer access to advancement within the advanced industries sector, the City and Develop Indy can ensure the training grant program is both more attractive to employers and more responsive to the needs of Indy's workforce.

DEVELOP LAND STRATEGY

In addition to its existing incentive programs, the City of Indianapolis should expand its toolkit to include a comprehensive land strategy. Publicly-owned land can be a powerful tool to promote inclusive growth, particularly when paired with place-based incentives like Opportunity Zones. Remediated public land with a clean title can help catalyze investment aligned with neighborhood priorities, providing an indirect incentive to encourage growth in underinvested neighborhoods. To kickstart development of a land strategy, Develop Indy should work with the City to:



Build a catalogue of all publicly-owned properties in Indianapolis. The City of Indianapolis should work to create a publicly accessible database of all publicly-owned properties. While different City departments and organizations track this information already, there is no centralized, easily-searchable database. This online database should include basic information such as acreage, current zoning, and proximity to interstates, rail lines, and bus stops. Additionally, it should contain a status update as to which phase of redevelopment the property is in, and all relevant documents. Having a clear, easy to use, accessible online database of public land is a necessary first step in developing a land strategy to support inclusive growth.



Identify sites with highest opportunity for development and establish a vision for their repositioning. The City should work with Develop Indy and its partners to evaluate and proactively acquire sites with the highest potential to attract businesses, investment, and/or private partners to realize new development. The City should actively shape a future vision for these sites that is aligned with communities' priorities and advances broader inclusive economic development goals. These may include the creation of new affordable housing or introduction of new businesses and job centers in neighborhoods suffering from disinvestment. After establishing a vision, the City should then develop a series of concept plans for priority landholdings as a first step to defining potential future uses, and establish parameters for potential future land disposition (as determined appropriate). Develop Indy should then proactively market sites to developers and businesses interested in investing in Indy.



Coordinate with partners leading Indy's Opportunity Zones. Opportunity Zones represent a new, as of yet untested place-based incentive, and Indy's designated Opportunity Zones will need to be a central element of the City's land strategy. Develop Indy should coordinate with City and State leadership who are leading Indy's Opportunity Zone efforts, and help market identified opportunity sites in Indy to Opportunity Zone investors.

ESTABLISH COMMUNITY IMPACT NETWORK

After instituting baseline requirements and implementing program amendments, the City of Indianapolis should drive citywide efforts to establish a Community Impact Network. The network will be designed so that businesses receiving economic incentives commit to supporting initiatives from a menu of opportunities, which may include initiatives around workforce development, diversity hiring, transit and childcare access, and investment in underserved communities, among others.

The City, the Indy Chamber, and other partners are already actively working to develop this Community Impact Network, including defining a menu of actions that leverage existing resources, align with local capacity, and are positioned to help the City achieve its inclusive growth goals. Once the Community Impact Network is in place, the evaluation process for economic incentives should be amended so that participation in the Community Impact Network and a commitment to fulfilling a meaningful number of actions from the menu becomes a pre-requisite for receiving an incentive.



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