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Council panel OKs \$9.5M in loans to help Central State, Monon 16 neighborhoods

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April 2, 2018

The city of Indianapolis took steps Monday night to fund improvements to streets, sidewalks and other basic infrastructure in the booming Central State and Monon 16 areas with the hopes of luring more development.

An Indianapolis City-County Council committee unanimously approved the city's ability to borrow \$9.5 million to help fund those projects as part of a federal loan guarantee program.

The Metropolitan and Economic Development committee also approved the borrowing of an additional \$1.7 million to help pay for a new affordable housing development that will include permanent supportive housing for the city's homeless population.

The full City-County Council still has to grant final approval for the loans.

The projects are coming up now because the city has six months left to take advantage of more than \$30 million in a federal loan guarantee program that [it was awarded in 2012](#) by the U.S. Housing and Urban Development Department. All projects have to be in the pipeline by September 2018 to be eligible for the program, according to the city.

But, so far, the city has only completed two projects through the so-called Section 108 Loan Guarantee Program—a \$1.6 million loan for the Save-A-Lot [grocery store](#) in the Avondale Meadows neighborhood and a \$4.6 million loan for the [redevelopment](#) of the former Ford plant on East Washington Street—and time is running out to take advantage of the program, which the city says is a financing tool that allows communities to expand the reach of their Community Development Block Grant programs.

The basic gist of the program is that the city is able to borrow funds from private financial institutions at below-market interest rates to support federally approved projects. The 20-year loans are backed by the federal government and not included as part of the city's general obligation debt.

The city's community investments administrator, Jennie Fults, said the program "can be an amazing community development tool but it's not one we use very frequently" In a presentation to the committee March 5, she urged people to "act quickly" to submit more projects to the city that could take advantage of the loan program.

"We don't lose anything as a city except the access to some really cheap money" if the city doesn't use up its loan capacity allocation, Fults said.

According to HUD, the program "provides communities with a source of financing for economic development, housing rehabilitation, public facilities and other physical development projects, including improvements to

increase their resilience against natural disasters.”

But Fults told IBJ the loans do not require that future development on the site made possible by the infrastructure improvements has to be affordable. It could all be market-rate housing or retail, Fults said.

The infrastructure work at the Central State site includes building roads, sidewalks, curbs, dealing with environmental work and hooking up utilities. The \$4.6 million loan will eventually be repaid by funds from the Central State TIF.

Department of Metropolitan Development chief financial officer Rusty Carr also told the committee on March 5 that “we’re at this exciting time where there’s a lot of momentum in terms of residential and commercial investment.”

“However, we’re at a crossroads where there is a significant lack of infrastructure build-out that is impeding further private investment and redevelopment efforts,” Carr said.

In the so-called Monon 16 area, which surrounds the intersection of 16th Street and the Monon Trail, the infrastructure work will include street repaving and expansion, and the creation of alleys, curbs, and bike lanes. It will also include sewer work because “new residential homes have no connecting sewer lines,” Carr said.

That \$5 million loan will be repaid by the Fall Creek TIF.

The other \$1.7 million loan will be used to help Adult & Child Health, a not-for-profit behavioral health organization, rehabilitate three buildings in Indianapolis to provide a combined 94 units of affordable housing. About a third of the units will be set aside for permanent supportive housing for the homeless.

“We do have a shortage of permanent supportive housing units so this is a big win for the city and a big win for our homeless residents,” Fults said.

That loan will be repaid by rent revenue from the future tenants of the affordable housing units.