Industrial District Revitalization in Three Cities

Early Outcomes

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Executive Summary

In a number of cities across the country, many long-disinvested industrial districts are experiencing a revival and in the process bringing opportunities for cities and surrounding communities. New or expanding industrial businesses generate new jobs, attract new workers, and increase demand for local products and services. Their investment in building and infrastructure helps improve neighborhood image and gives a sense of vitality to disinvested places, while bringing an increased tax base to cities.

However, the revitalization of industrial districts, like any other process of neighborhood change, may present challenges as new businesses may spark new uses and increase real estate cost, potentially triggering conflicts and gentrification pressures among residents or longtime businesses.

How can industrial districts revitalize in an equitable way, bringing benefits to surrounding low-income communities and without triggering displacement of long-term businesses?

As a community development financial institution with a national footprint, LISC works with disinvested communities throughout the country, and in recent years has been increasingly involved in supporting industrial district revitalization efforts. To explore policies and practices that can promote more inclusive and equitable economic development, this paper examines revitalization efforts in Duluth, Indianapolis, and Jacksonville. The case studies below highlight LISC’s efforts in each city and are followed by a series of recommendations on how to achieve these equity goals.

Case Studies

In Jacksonville, the Rail Yard District’s growing visibility among the political and larger business communities can be traced to LISC’s efforts to support local business owners to formally organize. Thanks to LISC ongoing organizational coaching and support, including staff provision with an AmeriCorps member, local business owners established the Rail Yard Business District Council, a 501(c)3, and are connecting with local communities through district beautification projects co-led by residents and businesses, as well as through a local Financial Opportunity Center (FOC) in the district, co-created by LISC in partnership with local organizations.

In Duluth, Lincoln Park is quickly changing its reputation as a disinvested place to that of a destination for artisan foods and products, thanks to a series of homegrown revitalization efforts by multiple organizations and businesses in which LISC played a catalytic role. Recognizing the potential of Lincoln Park, LISC provided financing for adaptive re-use transformational projects, supported early district planning and organizing efforts, and funded strategic coordinating positions enabling the district to thrive.

In Indianapolis, the revitalization of North Mass Avenue and East Washington Street is gaining momentum thanks to a series of catalytic projects supported by LISC. Over the years LISC has actively engaged and supported planning efforts to guide redevelopment and catalyze investment in the North Mass Avenue and East Washington Street districts by bringing together citywide stakeholders and local communities to craft a development framework for each corridor and its surrounding neighborhoods. At the same time, LISC invested in catalytic development projects in those districts while building the capacity of local community-based organizations to become implementing partners and help bring their vision to life.
Recommendations

Over the past years LISC has worked with numerous partners to revitalize older industrial districts. In the process, LISC has helped create the infrastructure for collaboration, recognized local talent and helped seed homegrown efforts, and made catalytic investments that showed the viability of these districts and built the foundation for industrial investment and business expansion. Although these districts are seeing economic reinvestment and growth, research has consistently shown that growth alone may not benefit low-income residents, often communities of color, who live in the vicinity.1 This concern reflects a growing consensus among the practitioner and academic communities about the need for more inclusive economic growth strategies,2 although there is less consensus on how to achieve this goal.

The recent COVID-19 pandemic is affecting these districts in dramatic ways, and its impacts will likely be felt for years to come. However, with LISC’s support, a number of businesses in the districts studied are finding ways to adjust their production lines to serve urgent community needs—making masks or medical gowns, for example—and in the process are mitigating some of the economic and job losses felt by a staggering number of businesses throughout the country.

To help guide district revitalization work, the following recommendations build on the experiences of Jacksonville, Duluth, and Indianapolis and on best practices from other cities.

Create partnerships between equity-driven organizations and the business community. In all three cities, LISC has not only invested in local organizations and partnerships among them, but also tried to structure collaborations among private businesses, mission-driven organizations, and the public sector in ways that advance more equitable outcomes.

Support a revitalization model of shared prosperity. The model includes an intentional collaboration among local businesses to devise opportunities that can support each other and that extend beyond the business community to include surrounding neighborhoods, thereby providing economic opportunities for residents ranging from quality jobs to employee training and pathways to better opportunities.

Preserve space for manufacturing and support mission-driven non-profit stewardship. Cities and organizations working to promote industrial district revitalization can ensure a diversity of spaces and rents in these districts through a targeted mixed-use zoning approach that protects the balance between manufacturing and other uses, by supporting mission-driven non-profit ownership that preserves the lower-rent uses, and by providing funding to support long-term affordability.

LISC Research & Evaluation (LISC R&E) will continue to follow the work in these cities as their efforts progress and further official data becomes available.

Introduction

In a number of cities across the country, many long-disinvested industrial districts are experiencing a revival. Old vacant buildings are gradually being renovated and occupied by new businesses, bringing new economic activity and jobs to once declining areas. Attracted by affordable real estate and the character and aesthetics of old industrial buildings, a growing number of entrepreneurs are opting to locate and invest in the urban core. The centrality of older industrial districts, often in proximity to downtowns and highway access, has made them increasingly attractive for businesses that are gradually giving them new life.

The revitalization of industrial districts presents opportunities for cities and surrounding communities, many of which are communities of color impacted by redlining, suburbanization, and the loss of industrial jobs. New or expanding industrial businesses generate new jobs, attract new workers, and increase demand for local products and services. Their investment in building and infrastructure helps improve neighborhood image and gives a sense of vitality to disinvested places, while bringing an increased tax base to cities.

However, the revitalization of industrial districts, like any other process of neighborhood change, may present challenges. Businesses moving in may have different needs and spark new uses that trigger potential conflicts with residents or with longtime businesses. For example, foot traffic needs for new stores and restaurants may conflict with trucking requirements of industrial businesses. Zoning and fire codes that may be working for longtime businesses may prevent innovative new businesses. Renovated buildings and increased pedestrian activity may help raise local real estate values, making industrial production cost-prohibitive. New jobs may require skills that local residents lack, can be unattractive to them, or may fail to provide living wages.

How can industrial districts revitalize in an equitable way, bringing benefits to surrounding low-income communities and without triggering displacement of long-term businesses?

As a community development financial institution with a national footprint, LISC works with disinvested communities throughout the country, and in recent years has been increasingly involved in supporting industrial district revitalization efforts. To explore policies and practices that can promote more inclusive and equitable economic development, this paper examines revitalization efforts in Duluth, Indianapolis, and Jacksonville. It starts by providing context for industrial district revitalization efforts, followed by an overview of LISC’s efforts in each city, and concludes with recommendations for equitable industrial revitalization.

Evolving Manufacturing and Urban Industrial District Needs

Despite job losses suffered during the Great Recession of 2007–2009, manufacturing remains a vital part of the national economy, employing 12.75 million workers and generating broader spillover effects throughout the economy.\(^1\) And notwithstanding a prevalent discourse of industrial decline, industrial activity is still an important component of urban economies.

Despite the restructuring in many urban places that disadvantages industrial activity in favor of a service economy, cities, as opposed to suburban settings, still have several advantages for manufacturing. These include a large and diverse pool of workers, and strong logistics networks to move cargo. They also may have universities that invest in research and development, access to venture capital to support innovative products that can become
exports, and proximity to other firms. Cities also need industrial land for critical urban services infrastructure like school bus depots, warehouses for goods coming in and out of town, and private and public sector industrial maintenance and repair activity such as parking and repair spaces for trucks, buses, cranes, and other construction vehicles. Taken together with manufacturing, these activities have more recently come to be labeled production, distribution, and repair (PDR) activities.

Indeed, the nature of industrial activity is shifting. The introduction of advanced technologies is allowing businesses to get smaller, become more productive, and produce a wider range of products. While three-quarters of all manufacturing firms in the country have fewer than 20 employees, output per hour for all workers in the manufacturing sector has increased by more than 2.5 times since 1987. Furthermore, new technologies are fostering the growth of the maker movement and creating new opportunities for a wide range of small, niche, and artisanal manufacturers producing everything from artisanal beers to innovative robotics.

Accordingly, modern productive industrial land may be occupied by laboratories, flex space, maker spaces, warehouses, or buildings built explicitly for manufacturing. But even as the types of manufacturing spaces are diversifying, availability of adequate sites with access to critical infrastructure within or nearby urban centers is limited. Despite the presence of a great deal of unused industrial land or buildings, making that land or structures suitable for industrial activity presents great challenges. From cleaning up environmental contamination to sparking large infrastructure investments, retrofitting industrial properties requires capital that most city governments alone do not have.

In this context, businesses emerging in industrial districts are often not the typical large manufacturers, but are small niche producers, many from creative industries that benefit from proximity to urban amenities and access to transportation. Rather than attracting large manufacturing companies industrial districts are increasingly giving space to a wider variety of industrial and commercial businesses ranging from custom furniture makers to breweries and in the process bringing a new set of uses and impacts to these districts that is not yet fully understood—especially for whether it supports more equitable revitalization that brings good jobs and investment to long-disinvested communities of color.

On one hand, revitalization brings much-needed investment and economic activity to formerly declining areas, including additional jobs and an increased local tax base. On the other hand, additional jobs that new businesses bring may be inaccessible to local residents, many of whom may be without the skills or networks required to access these new opportunities. Furthermore, increased investment in centrally located industrial districts may increase commercial real estate values, which if left unchecked may raise land costs to a point where it becomes prohibitive for manufacturing activity, potentially displacing the few legacy manufacturers that managed to remain in these districts, or even newer, more pioneer establishments, as their rents escalate or they run out of space to expand. In other cases, they can bring new cachet to nearby residential neighborhoods, bringing new investment but decreasing affordability.

In this context, practitioners and public officials are debating how industrial districts can revitalize without sparking gentrification and displacement for nearby residents, while remaining sustainable for manufacturing over the long term. How can their revitalization help provide economic and good job opportunities for local residents?

The case studies below highlight LISC’s efforts in Jacksonville, Duluth, and Indianapolis and are followed by a series of recommendations on how to achieve these equity goals.
Creating local infrastructure for collaboration in Jacksonville

Located west of downtown Jacksonville is the Rail Yard District—a mostly industrial, urban area that encompasses several neighborhoods. Once a hub for industry that took advantage of the terminus of north-south rail lines built in the nineteenth century, the district and surrounding communities experienced disinvestment with the decline of the rail era and suburbanization, giving rise to vacant lots, abandoned warehouses, and a general perception of decline.

Nevertheless, the Rail Yard still plays an important role in Jacksonville’s economy. In 2015 a LISC MetroEdge study found that the district housed 346 businesses, and contributed $2.7 billion in local economic impact. Among these businesses are well-established and thriving legacy manufacturers such as Beaver Street Fisheries, a top importer, manufacturer, and distributor of quality frozen seafood, and Load King, a custom fabricator of retail store displays for Starbucks and AMC Theaters, as well as a growing number of newcomers that are

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Annie Murphy, PRESIDENT, ECO RELICS
Above: Rethreaded is a social enterprise member of the Rail Yard District Business Council (RYBDC) in Jacksonville. The company provides long-term employment, life and career development for survivors of human trafficking.

reactivating obsolete industrial spaces with a variety of new industrial and commercial uses including breweries, event spaces, chocolate and candy making, and architectural salvage depots, among many others.

In fact, according to the Census, for much of the last two decades the Rail Yard has been a solid industrial district. Since 2002, the main industries occupying the yard have been construction, manufacturing, transportation and warehousing, and wholesale trade, which together have grown their presence in the district from 5,113 employees in 2002 (70 percent) to 5,925 employees in 2017 (78 percent). In fact, whereas manufacturing jobs have declined in the city of Jacksonville from 28,697 to 24,790, or from 6.6 percent to 4.8 percent of all jobs, in the Rail Yard District they have remained steady around 24 percent of the district’s workforce with a net increase of 32 jobs during this time period. Furthermore, as of 2017 manufacturing jobs in the Rail Yard District represent over 7 percent of all manufacturing jobs in the city of Jacksonville. 

Despite the presence of thriving legacy businesses and a new wave of entrepreneurs, the Rail Yard District has challenges due to long disinvestment in its physical environment, particularly in infrastructure such as railroad crossings, bridges, underpasses, drainage (a major access road with nine-foot clearance floods every time there is a major rainfall) and in a number of older industrial buildings.

Recognizing the potential of the district and that advocacy is needed to galvanize political attention and new investment in the area, LISC Jacksonville is supporting local business owners to formally organize. With the help of consultants, LISC began engaging local businesses in 2016 through a series of meetings and interviews including both long-time legacy manufacturers and emerging and innovative businesses, which helped to spur consensus around forming a business council. And in 2017, with LISC’s support, the group incorporated the Rail Yard District Business Council (RYBDC) into a 501(c)3. Annie Murphy, president of Eco Relics, an architecture salvage depot in the Rail Yard, reflected on LISC’s critical role in the process:

“There’s no way we would have organized ourselves without LISC... LISC came and visited every business, talked to them, and gave that personal handshake, which was a big deal because it made us all feel like the Rail Yard District could really happen. LISC also helped us organize and run our first meeting before we were even a Rail Yard District. LISC provided us with a backbone, and gave us a level of legitimacy that we would not have had if we just tried to do this on our own.”

In addition to supporting business organizing efforts, LISC helped staff RYBDC with an AmeriCorps member and has provided ongoing organizational coaching and support. This included legal, technical, and financial assistance as well as marketing and networking support, such as connecting RYBDC with public officials and publicizing its efforts through tours, radio interviews, and marketing materials. This support has been crucial to a nascent organization composed of a wide variety of businesses, which may share an overall vision for the district, but may have diverging priorities and views on how to accomplish that vision. While some

**Rail Yard Jobs**

*2002–2017*

![Graph showing Rail Yard Jobs 2002–2017](source)

businesses focus on larger-scale issues like infrastructure problems that take long-term engagement and lobbying with public agencies, other businesses want to focus on smaller physical improvement projects that can have visible and immediate impact. Besides diverging priorities and governance challenges within the council, the lack of a full-time dedicated staff and a clear vision or plan for the district affected the RYBDC’s early ability to engage public officials and communicate its needs and requests as part of a cohesive plan. To assist RYBDC in overcoming these early challenges, LISC placed an AmeriCorps member exclusively to support the council’s efforts and has intentionally engaged the Urban Land Institute (ULI) of North Florida to convene a Technical Assistance Panel (TAP) for the Rail Yard District, whose recommendations helped articulate the various priorities for the district into a single plan and provide a roadmap for RYBDC’s revitalization efforts.

LISC efforts to support revitalization of the Rail Yard District are part of its ongoing work to revitalize New Town, an adjacent residential neighborhood that was developed in the early twentieth century for African-American workers in the railroads and industrial areas in the vicinity, including the Rail Yard. Since 1999 LISC has invested nearly $5 million in loans and grants as part of these combined efforts, of which $70,000 has been targeted to the Rail Yard since 2018.

Through these efforts a number of early accomplishments are emerging, including RYBDC membership growth from 8 to 10 early businesses to 63 enterprises representing 4,694 employees, and growing visibility among the political and broader Jacksonville community. Furthermore, the group was able to organize a job fair for local residents and through the recently opened Financial Opportunity Center (FOC) has placed 16 residents in jobs, 7 of which are in the yard and immediate vicinity.

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### Early Outcomes of District Revitalization Efforts by LISC and Partners

- RYBDC incorporation into a 501(c)3 and membership growth from 10 to 63 businesses
- Recognition and branding of the area as the Rail Yard District
- Infrastructure improvements (Myrtle Avenue viaduct drainage issues addressed and Stockton Street rail crossing fixed)
- Beaver Street beautification projects led by community members and yard businesses
- ULI Rail Yard District Technical Assistance Panel developed
- Job fair held for connecting local residents with businesses in the yard
- Leadership in the Urban Core Economic Development Forum that raised the visibility of economic development and manufacturing in the urban core of Jacksonville to a wider audience
- 16 residents placed in jobs, with 7 being placed in the yard and vicinity area
New businesses in the Lincoln Park District include Corktown Deli & Brews and Love Creamery (above) and Dovetail Café located in the Duluth Folk School (below).
LISC helped set the stage for the revitalization of Lincoln Park... [T]hey knew the value of what we were doing and figured out how to support the work.
Shawn Wellnitz
THE ENTREPRENEUR FUND

Seeding ‘homegrown’ revitalization in Duluth

Situated to the west of downtown Duluth, Lincoln Park is a residential neighborhood interspersed with small businesses, local institutions, and community organizations. Located adjacent to Duluth-Superior Port, one of the leading bulk cargo ports in all of North America, Lincoln Park was once an industrial hub and the place where industrial workers lived. Like many other urban neighborhoods throughout the country, Lincoln Park experienced the effects of economic restructuring and suburbanization. The neighborhood became one of the most disinvested in Duluth, with higher unemployment and poverty rates and older housing stock.

As in many other areas in the country, however, not all industrial activity left Lincoln Park. The section of the neighborhood that encompasses the port remains a vibrant industrial district, including many storage and shipping facilities, and in its northern section a number of long-term businesses have been able to stay in place, despite major economic downturns. According to the Census, the entire Lincoln Park neighborhood, including the port, gained 2,578 jobs between 2002 and 2017, representing over half of jobs created in the city of Duluth as a whole during that time, and industrial-related sectors including transportation and warehousing, manufacturing, construction, and
wholesale trade employ the largest number of workers (73 percent). Furthermore, whereas manufacturing jobs decreased citywide, the larger Lincoln Park neighborhood gained 52 manufacturing jobs in this time period.\textsuperscript{12}

Despite the strength of the port, the northern section of the district, including the commercial corridors along Michigan and Superior streets, has struggled with high vacancies over the years. Despite the presence of a few long-term tenants including small businesses and local neighborhood organizations, large portions of the area between Lower Michigan and W 1st streets struggled to attract and retain businesses. However, in recent years noticeable changes began to emerge and the neighborhood is quickly shedding its image as disinvested place and gaining a reputation as a destination for artisan foods and products. Attracted by a central location, easy highway access, and affordable real estate, a number of entrepreneurs began opening their businesses in the district within the last five years.

While development has accelerated in recent years, such remarkable revitalization can be seen as the result of multiple partners working together to bring economic activity and jobs to a once disinvested part of town, and traced to a number of parallel efforts by multiple organizations and businesses in which Duluth LISC has played a catalytic role.

For 20 years LISC Duluth has supported neighborhood revitalization efforts in Lincoln Park including entrepreneurship, affordable housing, and healthy food access initiatives. A catalytic investment was the development in 2009 of Clyde Park, a former industrial building located in the western section of the neighborhood, into a facility including a restaurant and event space, the Duluth Children’s Museum, and a regional hockey and soccer center, the Essential Health Duluth Heritage Sports Center. In the early planning stages of this project, LISC Duluth sponsored a MetroEdge market analysis that provided sound data for its redevelopment, paving the way for the revitalization of Lincoln Park. The $9.9 million project brought much-needed investment and thousands of yearly visitors to the neighborhood.
In 2011 Duluth LISC asked an economic development consultant to work with neighborhood stakeholders to establish goals and strategies for the Lincoln Park district. Following this work, LISC supported the efforts of the Entrepreneur Fund, a local business service organization, to convene small local business leaders to promote the district’s economic revitalization. As a small-business lender and technical assistance provider, the Entrepreneur Fund recognized the momentum that the arrival of new creative businesses such as Bent Paddle Brewery, Duluth Pottery, Frost River Trading, and OMC Smokehouse was bringing to the district, as well as the barriers and challenges faced by small businesses willing to open in the district. With LISC support, the Entrepreneur Fund brought local businesses together in a series of facilitated meetings to help them identify commonalities and develop a strategic vision for the district.

In the process, the group established a collaborative called Advancing Lincoln Park (ALP) in 2014. The group’s vision was to attract craft producers and entrepreneurs that cared for the neighborhood and that would complement the existing industrial base and invest in branding the area as a destination craft district. In 2016 ALP, spearheaded by the combined efforts of local businesses Bent Paddle, Duluth Grill, and Frost River, successfully established the Lincoln Park Craft District, in the section of the neighborhood between 18th and 22nd avenues along Superior and Michigan streets. Through LISC’s support ALP staged a holiday pop-up shop program that helped launch the district and, together with a strong marketing campaign, position Lincoln Park as a craft destination for residents as well as local entrepreneurs.

Besides supporting planning and organizing efforts by businesses and the Entrepreneur Fund, Duluth LISC helped fund Ecolibrium3, a neighborhood organization long established in the community, and brought an urban strategist to maintain momentum for the effort and market the district through a district coordinator position. Shawn Wellnitz, chief executive officer of the Entrepreneur Fund, highlighted LISC’s instrumental role to the district’s revival:

LISC helped set the stage for the revitalization of Lincoln Park... [T]hey knew the value of what we were doing and figured out how to support the work. For example, LISC paid for the coordinator position for the district. And where else do you find those dollars, and someone willing to do that work? The city has so many different priorities so pulling those resources together was invaluable.

As a homegrown and volunteer-driven effort, the initiative to revitalize Lincoln Park faced an early challenge in the lack of dedicated staff to focus on the activities required to drive district revitalization, from promotion and marketing to business attraction. Laura Mullen, co-founder of Bent Paddle Brewery, explains the importance of the district coordinator position that LISC strategically sponsored to help address this challenge:

One of the most helpful things was the creation of the district coordinator position that LISC funded. Before she came onboard we were doing all the business attraction ourselves, which was crazy. Then she came in with all the information, could show the buildings and help with referrals. Not only that, but she also did all the tactics around branding like the #CraftingSomethingGreat! [campaign]. It made all the difference.

Part of the district’s success stems from the presence of supportive public partners. In 2016 the city of Duluth adopted the Lincoln Park Small Area Plan that changed zoning in the district to allow for manufacturing and retail/flexible land uses, and actively participated in ALP’s efforts including by creating a liaison for all city-related functions, which helped streamline city approval processes as well as connect businesses to much-needed information and resources. For example, through designating Lincoln Park as an Innovation Zone the city piloted a grant program to address a challenge many businesses were experiencing in trying to acquire and
renovate buildings in the district. Jason Hale, senior housing developer for the City of Duluth and former city liaison for Lincoln Park, explained that even though industrial buildings were affordable, business owners could not obtain mortgages large enough to cover acquisition and renovation costs since the area had been disinvested for so long. So the city stepped in to provide a loan with a forgivable portion to address this financing gap. The Advance West Pilot Program, as the grant program is known, helped eight businesses renovate and open doors in Lincoln Park, and was later expanded to serve businesses citywide.

In addition, to the $9.1 million LISC provided in New Markets Tax Credit equity for the redevelopment of Clyde Park, since 1999 it has invested nearly $4.1 million in grants and loans to the various organizations working collectively to revitalize Lincoln Park, as well as sponsoring market analyses and economic development consulting services to provide sound baseline information and help guide the efforts.

The early outcomes of such collective efforts are promising. No longer seen as a sleepy part of town, Lincoln Park is increasingly recognized as a craft and popular destination where locals and tourists can find a variety of businesses offering locally made goods such as pottery and leather apparel, and enjoy craft beers and ciders, top-rated burgers, and artisanal ice cream. In fact, between 2014 and 2017 the section of the neighborhood that encompasses the Craft District saw an increase of 134 jobs, with manufacturing jobs and accommodation and food services positions nearly tripling from 15 to 43 and from 37 to 101 respectively.

### Outcomes of District Revitalization Efforts by LISC and Partners

- Area recognition through the Craft District designation
- Pop-up market that attracted nearly 500 visitors who came to see 10 featured vendors, two of which are now permanently located in the Craft District
- Establishment of Advancing Lincoln Park as a collaborative for district revitalization enabling ongoing business networking and peer support
- Creation of Advancing West Pilot Loan Program by the city to fill financing gaps in small business access to capital
- Expansion of major anchors like Bent Paddle and Frost River Trading Co.
- Planned investment for a mixed-income housing project in the district
- 42 new businesses and 175 new jobs
Aerostich, legacy manufacturer of motorcycle gear located in Lincoln Park for over twenty years.
LISC had roles in varying steps. It advocated for redevelopment in the district by saying we believe this site has potential, and worked with community groups to help make their vision into something more tangible from a planning aspect—that was really crucial to build upon.

Jeff Hasser
DEPARTMENT OF METROPOLITAN DEVELOPMENT

Establishing a citywide foundation for inclusive district revitalization in Indianapolis

Like many cities throughout the country, Indianapolis has experienced a dramatic economic transformation in recent decades. In 2015 Indianapolis was among the country’s top 20 cities that added the most technology jobs, and was nominated by Forbes magazine as one of the country’s top 10 cities for young professionals. In fact, between 2002 and 2017 the city added nearly 64,000 jobs, of which nearly 12,000 were in professional, scientific, and technical services. Yet, despite the growth of high-paying tech jobs, between 2002 and 2017, Indianapolis lost nearly 16,000 middle-income manufacturing jobs that were replaced primarily with lower-paying jobs in transportation and warehousing (over 5,500 jobs) and healthcare and social assistance (nearly 51,000 jobs).

The North Mass and East Washington corridors are legacy industrial districts situated east of downtown Indianapolis that illustrate some of these trends. They were once important industrial hubs and home to companies like the Schwitzer
and Mallory corporations, major manufacturing companies in the auto and electronics industries for most of the twentieth century. Between 2002 and 2017 East Washington lost 290 out of 388 manufacturing jobs and North Mass shed 558 out of 1,067 manufacturing jobs. And whereas East Washington had an overall increase of 638 jobs thanks to the arrival of information jobs (about 1,200 jobs), between 2002 and 2017 North Mass lost 621 jobs, equivalent to over a quarter of all the district jobs (originally 2,319 jobs in all)—and despite growth to 2,163 total jobs in 2017, the district hasn’t fully recovered.

For over 25 years LISC Indianapolis has been working to revitalize and promote economic opportunity in Indy neighborhoods through a series of parallel initiatives ranging from the Quality of Life Neighborhoods program to Center for Working Families and Great Places 2020. It has concentrated on both East Washington and North Mass districts through the Fostering Commercial Urban Strategies (FOCUS) program, which combines targeted investments for industrial and commercial redevelopment and neighborhood infrastructure improvements with technical assistance and support for business growth and creation.

In addition to FOCUS, LISC Indy has actively engaged and supported planning efforts to guide redevelopment and catalyze investment in both districts by bringing together citywide stakeholders and local communities to craft a development framework for each corridor and its surrounding neighborhoods. At the same time, LISC invested in building the capacity of local community-based organizations to become implementing partners and help bring that vision to life.
In North Mass the implementing partner is the Riley Area Development Corporation (RADC), working to attract businesses and entrepreneurs to the district, and to connect them to local and state resources, including workforce development programs. One of RADC’s key projects is RUCKUS, a makerspace that provides affordable space and resources for local artisans and entrepreneurs and that is currently expanding its efforts to include an ongoing entrepreneurship bootcamp to create a continuous pipeline of local talent.

One catalytic project in North Mass, begun in 2015, is the ongoing redevelopment of Circle City Industrial Complex (CCIC), a 540,000-square-foot industrial complex located at a visible intersection at the entrance of the district. The project has included performing repairs and updates to make the building viable for new businesses and stabilize the property, and adding over 100 new tenants including artists, makers, small businesses, and non-profits. More recently, the formerly closed southern end portion of the complex is going through redevelopment to house an expanded set of uses including restaurants, retail and office space, and a performance venue. Directly behind CCIC, another long-vacant and underutilized 140,000-square-foot building, now named the Box Factory, is undergoing a nearly $20 million redevelopment, $2 million of which was provided by LISC’s affiliate New Markets Support Company, that will include office space and a large recreational center. Both CCIC and the Box Factory are less than three-quarters of a mile from the $300 million redevelopment of the former Coca-Cola Bottling Factory, now called Bottleworks, located just inside the limits of downtown adjacent to North Mass; this redevelopment will include shopping, a boutique hotel, a food hall, and other amenities.

For the East Washington Street corridor, LISC’s revitalization partner is the Englewood Community Development Corporation (ECDC), a 25-year-old organization providing affordable housing, economic development opportunities, and quality-of-life initiatives for Englewood residents. ECDC is the lead organization for a series of interrelated initiatives aimed at spurring investment and revitalization of East Washington Street and surrounding communities, including the East Washington Street Partnership and Englewood Great Places 2020. It also co-leads the IndyEast Promise Zone with the John Boner Center.

A catalytic project on East Washington Street is the redevelopment of the PR Mallory Campus, a 10-acre brownfield site long targeted for redevelopment and impeded by numerous factors including environmental contamination, historical landmark status, and fragmented site ownership. Thanks to recent milestones achievements including site acquisition and control by the city, completion of remediation, and approval of financing, redevelopment is moving

![North Mass and East Washington Jobs](image-url)
forward, led by a partnership between ECDC and the John Boner Neighborhood Center. The first phase of the project will provide space for two schools, the Purdue Polytechnic High School and Paramount School of Excellence, as well as a hydroponic indoor farm and community outdoor spaces. In a subsequent phase, 14,000 square feet will be developed for commercial or light industrial use. Jeff Hasser, administrator of real estate and economic development at the Department of Metropolitan Development for the City of Indianapolis, describes the multidimensional role that LISC has played:

*LISC had roles in varying steps. It advocated for redevelopment in the district by saying we believe this site has potential, and worked with community groups to help make their vision into something more tangible from a planning aspect—that was really crucial to build upon. [LISC] also facilitated those conversations between city and local groups that are required to make things happen, such as what are the next steps to get this project done. And of course it played a key financing role in getting the final financial package done.*

In both districts, large catalytic investments, coupled with targeted physical improvements such as facade improvements of old industrial and commercial buildings, are helping to change the image of these districts and overall sense of their viability as places to reinvest and open businesses.

In addition to providing financial support for CCIC’s and the PR Mallory Campus redevelopment with loans of $4.2 million and $6.2 for each respective project, since 2001 LISC provided over $7.5 million in grants and loans to local organizations working to revitalize these districts and surrounding communities, and since 2016 have assisted 192 businesses with training, real estate technical assistance, and access to capital, improved building conditions including 27 commercial façade improvements supported by a LISC matching grant program.

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**Outcomes of District Revitalization Efforts by LISC and Partners**

- Redevelopment of major legacy industrial sites in both districts: Circle City Industrial Complex, Box Factory, Ford Assembly Plant and PR Mallory Campus. The PR Mallory, Ford Assembly and Box Factory were able to tap into the State of Indiana Industrial Recovery Tax Credit which had not been deployed in Indianapolis in several years.

- Prioritization of North Mass and East Washington by the City of Indianapolis for CDBG grant awards for multiple annual grant cycles.

- Construction of the first net zero energy senior affordable housing in Indiana on a former brownfield site.

- Indianapolis hosted national Urban Manufacturing Alliance gathering in 2016 at Circle City Industrial Complex

- Ruckus Makerspace creation and expansion

- 81 new businesses moved to or opened on East Washington Street or North Mass

- 380 jobs created

- 6 major brownfield sites tested and remediated for development

- 27 commercial facades improved by LISC matching grant program
Recommendations

Over the past years LISC has worked with numerous partners to revitalize older industrial districts. In the process, LISC has helped create the infrastructure for collaboration, recognized local talent and helped seed homegrown efforts, and made catalytic investments that showed the viability of these districts and built the foundation for industrial investment and business expansion. Although these districts have seen economic reinvestment and growth, research has consistently shown that growth alone may not benefit low-income residents, often communities of color, who live in the vicinity. This concern reflects a growing consensus among the practitioner and academic communities about the need for more inclusive economic growth strategies, although there is less consensus on how to achieve this goal.

The recent COVID-19 pandemic is affecting these districts in dramatic ways, and its impacts will likely be felt for years to come. With LISC’s support, however, a number of businesses in the districts under study are finding ways to adjust their production lines to serve urgent community needs—making masks or medical gowns, for example—and in the process mitigating some of the economic and job losses felt by a staggering number of businesses throughout the country.

To help guide district revitalization work, the following recommendations build on the experiences of Jacksonville, Duluth, and Indianapolis and on best practices from other cities.
Create partnerships between equity-driven organizations and the business community

Grassroots community development requires an infrastructure of locally based organizations and partners that have the capacity to engage residents in planning for neighborhood revitalization, and the ability to execute these plans. In all three cities, LISC has not only invested in local organizations and partnerships among them, but also tried to structure collaborations among private businesses, mission-driven organizations, and the public sector in ways that advance more equitable outcomes.

For example, in Jacksonville LISC drove the creation of the Rail Yard Business Council to advocate for the district and promote business growth. At the same time, LISC fostered a connection among Edward Waters College, Florida’s first historically black college and university (HBCU) and an anchor institution of the adjacent New Town neighborhood; Operation Hope, a community-based organization working with re-entry citizens; and United Way of Northeast Florida. These partners established a Financial Opportunity Center (FOC) in New Town.

This pairing of community-based workforce development organizations with business-promoting entities is important for advancing more equitable revitalization outcomes, because it can make local hiring a more established practice. Many business owners want a stronger connection with their surrounding communities and recognize their role in providing quality jobs for residents. However, not every business shares this orientation. To promote a more widespread culture of local hiring for good jobs, it is important to support workforce organizations that truly understand the needs of industrial and manufacturing businesses. And because many emerging firms are small and overstretched, a local organization that is mindful of training and hiring needs can provide opportunities for local residents. As Kara Scremin, marketing manager of Engine 15 Brewery in the Rail Yard District, explained:

> Having a centralized resource would be helpful—for example, if there is a staffing place, a place we could all go to get referrals, not that we’d run it, but that could be a partner. We have a saying, ‘Keep it in the Yard,’ so we could use that to hire locally as well and do things to support the area, but we’re all so busy so if we don’t know where to go that won’t happen.

In the same way, LISC Indianapolis has intentionally connected Englewood Community Development Corporation (ECDC) with Indy’s economic development organization of the chamber of commerce (Develop Indy) so economic development projects reflect local community plans and vision for the neighborhood. The redevelopment of PR Mallory Campus by ECDC and the John Boner Neighborhood Center to house community schools, open space, and production facilities is an example of collaboration that targets community-planned outcomes. Ian Nicolini, vice president of Indianapolis economic development for the Indy Chamber of Commerce explains:

> So the idea is that by working with a local organization we would know enough about a place to understand its assets, what its vision is, and what type of economic initiatives the community supports so that we can go as part of the same team and help facilitate projects that bring their community’s vision to life.

Similarly, noting a lack of diversity among business owners opening in Duluth’s Lincoln Park, LISC brought together a wide range of partners including the University of Minnesota Duluth’s College of Liberal Arts Creative Entrepreneurship Program, the Family Freedom Center,
Family Rise Together, the American Indian Community Housing Organization, and Integrative Re-Sources to launch Creative Startups LABS, a four-week business boot camp designed for emerging creative entrepreneurs from underrepresented communities, which so far has graduated 23 entrepreneurs, 40 percent of whom are people of color and/or women.

In addition to this work, with support from the Northwest Area Foundation (NWAF) LISC Duluth is convening a wide range of partners from workforce development and entrepreneurship agencies, as well as leaders from successful entrepreneurial enterprises and advocates from the African-American and Native American communities, through an inclusive planning process to strengthen collaboration among partners in the workforce development and entrepreneurship support systems so they more effectively serve people of color in Duluth.

**Support a revitalization model of shared prosperity**

Investments in districts in Duluth and Jacksonville came mostly from local businesses, most of which bought and renovated industrial buildings to open or expand. They were attracted by the affordability and accessibility of the areas, and especially by the presence of legacy industrial businesses, as Jason Hale from the City of Duluth shares:

I think what sets Lincoln Park apart is that it wasn’t just the real estate. It was an organic vision in business growth and a commitment to invest in the neighborhood and embracing the grit.

In both districts a large number of the businesses leading revitalization have strong connections to the broader neighborhood, and consider the larger impact of their investments on other local businesses as well as on the surrounding communities. Tom Hanson, the owner of Duluth Grill and OMC Smokehouse, explains:

Early on we figured out we have to operate under a model of shared growth if we want to succeed because our neighbors really matter.

This shared growth approach includes an intentional collaboration with other local businesses to devise opportunities that can support each other. For example, in Jacksonville, Load King donates commercial space to ReThreaded, a social enterprise also based in the Rail Yard District that helps survivors of the sex trade industry. In Duluth, before Lincoln Park Craft District was established, local business owners co-sponsored marketing initiatives that could benefit the entire district and create opportunities for business-to-business (B2B) collaborations. Karin Kraemer, owner of Duluth Pottery, described the benefits of this approach:

Doing things for each other instead of looking outside our community to save us has enabled us to build an amazing local scene. For example, I wasn’t doing commercial cups. As an artist I was above that [laughs]... but we figured out a way to do it. Tom came and asked me for 100 cups for his restaurant and he called me a few days later and said: can you make me more? I sold them all. And those 100 cups grew into 20,000 cups, which allowed me to buy this building and hire more people. So being able to do that for him allowed me to do it for other restaurants and build a business line.

Furthermore, this shared approach to economic growth can extend beyond the business community to include surrounding neighborhoods, and in doing so foster equitable district revitalization by providing economic opportunities for residents, ranging from quality jobs to
employee training and pathways to better opportunities. For example, in Jacksonville, Load King buys foreclosed homes in the neighborhoods surrounding the Rail Yard and donates them to Habitat for Humanity, and Beaver Street Fisheries runs the Jacksonville Farmers Market for the benefit of the community. As Annie Murphy of Eco Relics in the Rail Yard explains:

We’re in a district where many low-income individuals live and they do not have a lot of public transportation options. People can spend two and a half hours via city buses to get to the Town Center Mall, to work in a job that pays minimum wage. So our goal is to get businesses in the district to at least consider hiring people that live in our district, and we are actively working with the local colleges and high schools to make this happen.

Illustrating how this model of shared prosperity is reflected in intentional worker engagement and continuous skills training, Karin Kraemer of Duluth Pottery shared:

The businesses here are working really hard to train people to become more than what they’re doing in their job; that’s part of their mission to train your employees to take your job. And unfortunately there are not a lot of companies who think like that these days.

Groups working on industrial district revitalization can promote this shared approach by spurring collaboration between business organizations and local communities in diverse ways. In Jacksonville, for example, LISC supported the connection between businesses and local communities by funding neighborhood beautification projects implemented by residents and businesses, and supported business efforts to create a yearly job fair for local residents. Alternatively, a neighborhood organization can connect local businesses and local residents. This is the case in Duluth, where Ecolibrium3, the organization working on management, marketing, and promotion for the Craft District, is also a mission-driven non-profit committed to addressing economic, housing, and health disparities in Lincoln Park. As an organization with established connections in the business and local communities, Eco3 is equipped to further that connection with a range of initiatives such as internship programs for local youth.

The Southwest Brooklyn Industrial Development Corporation (SBIDC) in New York City constitutes a powerful example of an organization that serves both businesses and the broader neighborhood. As a membership non-profit, the organization was established four decades ago to assist industrial businesses located in the Sunset Park, Red Hook, and Gowanus neighborhoods through a range of business services, workforce services, policymaking, and advocacy. Over time the organization expanded its mission to become a neighborhood economic development organization and improve the quality of life for residents in those neighborhoods. This has allowed SBIDC’s strong relationships with local manufacturers to be leveraged to promote quality jobs for local residents.

Government entities can promote a shared prosperity approach and extend the benefits of industrial district growth to surrounding neighborhoods by retooling incentives scoring and evaluation systems to ensure economic development incentives are directly tied to job and business opportunities for local residents.
State and local economic development agencies, for example, could shift economic tax incentives to target companies that create accessible jobs through first-source hiring. Government agencies can prioritize grants that give weight to organizations that combine economic development (business services) with workforce training and placement provided in-house or through established partnerships with community-based organizations. Such an approach to investment recognizes industrial districts and surrounding neighborhoods as an ecosystem and seeks to make investments that foster collaboration and strengthen that ecosystem. As Aundra Wallace, president of JAXUSA Partnership, the regional economic development arm of Jacksonville Chamber of Commerce, shares:

The Rail Yard project itself is one that can be a catalyst of redevelopment for a section of Jacksonville that hasn’t seen overwhelming economic prosperity in some time. It can blend in with other development efforts that are going on in North Jacksonville, but as a stand-alone project it will not work. The district will take off when there is strong connectivity with the community and the community can advocate for the district and the development of North Jacksonville as whole.

Preserve space for manufacturing and support mission-driven non-profit stewardship

All districts examined include mixed-use areas, containing a mix of legacy industries, artisanal production, light manufacturing, arts, and other types of creative design uses. As districts revitalize and local demand for space increases, real estate prices rise, creating pressure for industrial businesses as return on investment for building commercial space is higher than for industrial uses. Such pressure and potential displacement of lower-rent uses like manufacturing undermines both the diverse qualities that have made industrial districts attractive and the public-policy rationale for their support.

For manufacturing and industrial companies to thrive, space needs to be affordable and stable so business owners can safely invest in their building facilities, equipment, and workers. Thus they need to know that their space cannot be easily converted to these other uses. In all three cities, local communities and planning authorities need to decide how much space in these
Cities and organizations working to promote industrial district revitalization can ensure a diversity of spaces and rents in these districts through a targeted mixed-use zoning approach that protects the balance between manufacturing and other uses, supporting mission-driven non-profit ownership that preserves the lower-rent uses and providing funding to support long-term affordability.

Planning and regulatory tools such as industrial zone designations can be an effective way to preserve and even support the growth of industrial space. For example, Somerville, MA, adopted artisan zoning to encourage the growth of production spaces by allowing light manufacturing uses in a wider variety of industrial, commercial, and even residential districts. San Francisco’s Production, Distribution, and Repair (PDR) districts explicitly disallow office, retail, hotel, and other non-industrial development except when ancillary to PDR use, although they allow vacant and marginally occupied buildings in mixed-use areas to be redeveloped into properties that contained up to 66 percent non-PDR commercial space. The strategy seeks to encourage development, particularly of larger parcels, while preserving a balance of industrial and commercial uses through an internal cross-subsidy mechanism in which a limited amount of office development can create sufficient return to support construction of new PDR space. Furthermore, all mixed-use projects require a conditional use permit, ensuring that each project is subject to public review, and providing an opportunity to negotiate for community benefits tied to the permit.

Revitalization efforts driven by small-scale investments from local businesses have different implications than revitalization led by large-scale investments in which real estate transaction is the main driver. To real estate developers who buy and renovate industrial or commercial properties with the goal of renting new spaces, their bottom line is tied to increased real estate values in the district. This raises questions regarding the long-term affordability of the district for manufacturing, since industrial activities require a low cost per square foot, as well as for smaller businesses that are renting in the district.

Mission-driven non-profit ownership has proven to be a successful model for the redevelopment and management of affordable industrial space. First, while rents have to cover costs of developing and managing these spaces, their mission-driven character entails their commitment to long-term affordability and industrial use, so companies have the confidence of knowing they will not be evicted and can invest in plant, equipment, and workforce training. Second, as organizations that are rooted in place and the communities they serve, they are best equipped to select tenants based on a variety of policy goals including strengthening a regional cluster, building community assets, or committing to hire locally or from disadvantaged groups, as the redevelopment of PR Mallory Campus by Englewood Community Development Corporation and the John Boner Neighborhood Center illustrates.

Furthermore, public capital funds to support the acquisition and development of industrial properties can prioritize working with non-profit mission-driven organizations to create long-term affordable industrial spaces that can be assets for local communities. For example, in New York City the Industrial Development Fund (IDF) provides grants and loans to non-profit organizations to help them purchase and renovate old industrial buildings. Since its release in 2015, four non-profit developers have received $41 million through IDF.

districts they want to preserve exclusively for manufacturing and industrial-related uses and create mechanisms to protect those uses without discouraging further investment. As noted by stakeholders in all three cities, real estate prices are increasing in all four districts, and with that creating gentrification pressures for incoming businesses and local communities.
Conclusion

In a number of cities across the country, many long-disinvested industrial districts were experiencing a revival until the recent COVID-19 pandemic hit, with impacts likely to be felt for years to come. As we recover from this pandemic and look ahead, we need to continue investing in places that have long been left behind to foster inclusive and resilient communities of opportunity. As this paper has shown, investments in industrial districts bring numerous opportunities for cities and surrounding communities. The revitalization of industrial districts, however, like any other process of neighborhood change, may present equity challenges as new businesses may spark new uses and increase real estate costs, potentially triggering conflicts and gentrification pressures among residents or longtime businesses. Equitable and inclusive district revitalization requires intentional strategies as efforts in Duluth, Indianapolis, and Jacksonville reveal. These strategies include:

**Create partnerships between equity-driven organizations and the business community.** In all three cities, LISC has not only invested in local organizations and partnerships among them, but also tried to structure collaborations among private businesses, mission-driven organizations, and the public sector in ways that advance more equitable outcomes.

**Support a revitalization model of shared prosperity.** The model includes an intentional collaboration among local businesses to devise opportunities that can support each other and that extend beyond the business community to include surrounding neighborhoods, thereby providing economic opportunities for residents ranging from quality jobs to employee training and pathways to better opportunities.

**Preserve space for manufacturing and support mission-driven non-profit stewardship.** Cities and organizations working to promote industrial district revitalization can ensure a diversity of spaces and rents in these districts through a targeted mixed-use zoning approach that protects the balance between manufacturing and other uses, by supporting mission-driven non-profit ownership that preserves the lower-rent uses, and by providing funding to support long-term affordability.

As this paper reveals, the efforts in all three cities are showing promising outcomes, including a renewed sense of pride and enthusiasm for those districts, new amenities from a growing number of new and expanding businesses, and new jobs for local communities. Limitations of official data, however, restrict this paper’s ability to provide a more current analysis of a few outcomes, particularly jobs, as the last year of available official jobs data for limited geographies is 2017, when many of the efforts highlighted here were in early stages or still underway. LISC Research & Evaluation will continue to follow the work in these cities as the efforts progress and updated official data becomes available.
Endnotes


5. The maker movement refers to the increasing number of individuals engaged in designing and building self-made products, often customizable and unique and ranging from artisanal foods to robotics.


9. Financial Opportunity Centers (FOCs) are career and financial coaching service centers that help low- to moderate-income people build credit and wealth-building skills. The FOC in New Town was established through a partnership between Edward Waters College, Florida’s first historically black college and university (HBCU) and an anchor institution of the neighborhood; Operation Hope, a community-based organization working with re-entry citizens; and United Way of Northeast Florida.

10. Ibid.

11. Quality of Life Neighborhoods have developed a collective community vision, with a set of local organizations and institutions working together to implement the vision with LISC support; the Great Places 2020 initiative seeks to spur neighborhood revitalization by channeling public and private investment to a set of target disinvested communities.

Promise Zones are neighborhoods, selected in a competitive process, where the federal government works with local leaders to target financial resources and a variety of programs to achieve neighborhood-created goals and priorities.

The organizations include Englewood Community Development Corporation, Riley Area Development Corporation, and John Boner Neighborhood Center.


Financial Opportunity Centers (FOCs) are career and financial coaching service centers that help low- to moderate-income people build credit and wealth-building skills.


The group is made up of Duluth Workforce Center (Elena Foshay, executive director), Community Action Duluth (Jeff Longenecker, executive director), SOAR Career Solutions (Emily Edison, executive director), the Entrepreneur Fund (Janie Moore, development), Carl Crawford representing both the City of Duluth (diversity director) and the Family Freedom Center, Janet Kennedy (city councilperson, NAACP vice president, and entrepreneur), Salaam Witherspoon (NAACP and community member), Bobbi Jo Potter (protective services director, St. Louis County Native American Child, and community member), Miranda Pacheco (City of Duluth Indigenous Commission and community member), and ChaQuana McIntyre (entrepreneur and this year’s recipient of Minnesota’s SBA Minority Small Business Champion of the Year award).


