St. Francis Amendment to the Comprehensive Redevelopment Plan
Redevelopment of St. Francis Hospital Campus
Beech Grove, IN
(November 13, 2008)

Nature & Purpose of the “St. Francis Amendment”
This formal amendment to the Comprehensive Redevelopment Plan of the city of Beech Grove is presented in fulfillment of the requirements of HEA1001 with regard to changes and adjustments to redevelopment areas and the projects proposed to be performed using TIF and other resources. This “St. Francis Amendment” also specifically designates the St. Francis Campus as a ‘tax allocation area’ under Indiana law for the purpose of capturing TIF revenues and dedicating those revenues to redevelopment activities. The official name of the tax allocation area to be created to support the St. Francis redevelopment project will be the “Beech Grove Regional Medical Center Redevelopment Tax Allocation Area.”

This “St. Francis Amendment to the Comprehensive Redevelopment Plan” is offered as an extension of the 2008 Amendment to the Comprehensive Redevelopment Plan which expanded the designated Redevelopment Area to include not only the St. Francis campus, but which also covered the Old Landfill, Main Street, and the Greenway (all included and colloquially referred to as the “Group B” areas). The primary text of the 2008 Amendment is reproduced below with additional text set out in indented format. The 2008 Amendment specifically referred to the need to redevelop the St. Francis campus in order to prevent the spread of urban blight which is likely to result from the facility going dark. The proposed Beech Grove Regional Medical Center Redevelopment Project specifically fits the redevelopment parameters outlined in the 2008 Amendment, as demonstrated below.

This formal “St. Francis Amendment” document will attempt to specify the project to conform with current understanding of the proposal to redevelop the St. Francis campus and the role of the Beech Grove Redevelopment Commission in the proposed redevelopment. However, the reader should note that the 2008 Amendment specifically intended that the St. Francis campus was to be redeveloped as a result of the intent of St. Francis Hospital to relocate its facility to another location outside of Beech Grove.

Creating a “Beech Grove Regional Medical Center Redevelopment Tax Allocation Area”
In order to support the proposed Beech Grove Regional Medical Center Redevelopment Project at the St. Francis campus, the BGRC will need to create a TIF Allocation Area under Indiana law, and will need to specifically capture TIF revenues from the proposed redevelopment in order to provide gap financing for the Beech Grove Regional Medical Center Redevelopment Project, as well as additional financing for other redevelopment initiatives in the Integrated Redevelopment Area.

The need for gap financing arises from the fact that the purchase price of the St. Francis campus was higher than the cost that Delamore could absorb in order to make the proposed redevelopment project economically viable. As a result of the “gap” between the purchase price and the amount financeable, the City of Beech Grove (the Mayor and
City Council) and the BGRC have agreed to reinvest TIF revenues into the purchase price to ‘fill the gap.’ The mechanism for providing gap financing is to issue a TIF bond which is secured by TIF revenues (including developer guarantees) and to pay the TIF bond proceeds to St. Francis as part of the purchase price. It is estimated that the gap financing of the purchase price will amount to approximately $2.5 million.

In order for the gap financing to be successful, it is necessary for the BGRC and the City to designate the St. Francis campus as a ‘tax allocation area’ under Indiana law. This designation as a tax allocation area is the statutory mechanism which enables the BGRC and the City to capture TIF revenues from the redevelopment in order to repay the TIF bonds being issued.

The public documents necessary to enable this gap financing transaction will specifically delineate the parcels to be included in the St. Francis tax allocation area. Mechanically, therefore, it will be necessary to carefully remove the St. Francis parcels from all other redevelopment tax allocation areas and to create a specific tax allocation area for the St. Francis redevelopment project, in order to provide a clear and unambiguous legal mechanism for dedicating the TIF revenue streams to the TIF bond repayment. The bond resolutions and accompanying documents (including this “St. Francis Amendment”) will serve those legal and financial purposes.

**55 MILLION TOTAL REINVESTMENT IN BEECH GROVE REDEVELOPMENT**

In return for providing gap financing of the purchase price for the facility, the developer, Delamore companies, has agreed to provide a guaranteed revenue stream to the BGRC. This developer guaranteed revenue stream will repay the original $2.5 million in gap financing of the St. Francis purchase price, as well as providing the BGRC with an additional $2.5 million in funding to support other redevelopment projects in Beech Grove.

It is important that the public understand how this works, as a matter of the redevelopment of the community. The Beech Grove Medical Center Redevelopment Project will generate new TIF revenue in future years, however, the purchase of the facility requires cash now. Therefore, the BGRC and the City will use the TIF bond to provide the St. Francis owners with the cash for the purchase price now, and in return, the developer will guarantee a future revenue stream to repay those TIF bonds.

The additional $2.5 million in TIF financing which will be committed to other Beech Grove redevelopment projects is also important to the Beech Grove Medical Center Redevelopment Project. The Beech Grove Medical Center Redevelopment Project is unlikely to be successful if the areas surrounding the campus are allowed to become more blighted. Therefore, the investment of an additional $2.5 million to ensure redevelopment of other portions of Beech Grove, including Main Street and other projects previously identified, actually make the Beech Grove Medical Center Redevelopment Project more economically viable. In effect, the St. Francis campus is more likely to be successfully redeveloped if other part of Beech Grove are also redeveloped, and the success of one redevelopment project increases the likelihood
of additional redevelopment projects. As such, by providing the $2.5 million in gap financing for the purchase of the St. Francis campus, the investment of an additional $2.5 million is made possible to support other redevelopment activities. The success of one redevelopment project effectively feeds potential success in another.

Reference to All Previous Findings of Blight & Findings of Fact
This amendment includes by reference all previous statutory findings of fact and findings of blight, as related to the approved Comprehensive Redevelopment Plan. In addition, this “St. Francis Amendment” also adds the following as further substantiation of the statutory findings:

- The public health and welfare will be benefitted by the amendment of the Declaratory Resolution and Redevelopment for the existing Consolidated Redevelopment Area.
  - The public health will be benefitted by the long-term retention of medical and health care facilities at the site of the Beech Grove Regional Medical Center Redevelopment Project to serve the population of Beech Grove, as well as the population of greater Indianapolis.
  - The public welfare will be benefitted by virtue of avoiding the complete closure of Beech Grove’s #1 professional employer, and the retention of economic activity at the site of the Beech Grove Regional Medical Center Redevelopment Project.
  - The public welfare will be benefitted by avoiding the blighting influence of a closed medical facility that is believed likely to adversely affect local property values.
  - The public welfare will be benefitted by the potential creation of 1,000-1,500 additional jobs at the redeveloped Beech Grove Regional Medical Center, creating as much as $50-$75 million in additional regional economic activity in the Greater Indianapolis area.
  - The public welfare will be benefitted by the increased private sector economic activity in and around the Beech Grove Regional Medical Center Redevelopment Tax Allocation Area, including direct and indirect employment, as well as sustained and stimulated neighborhood economic activity, including retail activity.
  - The public welfare will be benefitted by the direct investment of $30 to $50 million in developer improvements to the real estate, creating an estimated total redevelopment impact of as much as $80 million.
  - The public welfare will be benefitted in other direct and indirect manners by virtue of the social and economic interaction of individual citizens, residents of Beech Grove, residents of Indianapolis, and including various forms of corporate and/or business interaction.

- The Amendment is reasonable and appropriate when considered in relation to the original declaratory resolution, the Consolidated Redevelopment Plan, and the purposes of IC 36-7-14.
  - The Amendment is reasonable and appropriate because the redevelopment of the St. Francis campus was considered a vital component to the overall redevelopment of Beech Grove, as clearly state in the Comprehensive Redevelopment Plan, as well as in the 2008 Amendment to the Integrated Redevelopment Plan for the city.
  - The Amendment is reasonable and appropriate because, while the specific details of the Beech Grove Regional Medical Center Redevelopment Project could not have been known at the time the Comprehensive Redevelopment Plan was developed and drafted, the overall nature of the Beech Grove Regional Medical Center Redevelopment Project was specifically included in the Comprehensive Redevelopment Plan, as well as in the
2008 Amendment, which amended the boundaries of the Consolidated Redevelopment Area to include the St. Francis campus for purposes of redevelopment.

- The Amendment is reasonable and appropriate because the fiscal intervention of the BGRC and the City were necessary to provide the gap financing required in order to finance the purchase of the St. Francis hospital property.

- The Amendment is reasonable and appropriate because, as a result of completing the financing of the purchase price for the St. Francis Hospital can result in a long-term commitment from the developer in the form of developer-guaranteed future revenues, enables the City and the BGRC to finance additional redevelopment activities which will benefit the community as a whole.

- The Amendment is reasonable and appropriate because the developer of the Beech Grove Regional Medical Center Redevelopment Project recognizes that his project will be more successful if other redevelopment activity is undertaken to the benefits of the community as a whole, thereby providing an interdependent matrix of sustained and successful economic activity for Beech Grove, as projected in the Comprehensive Redevelopment Plan.

- The Declaratory Resolution and the Redevelopment Plan, as amended by this Amendment, conforms to the Comprehensive Redevelopment Plan for the City.

- This St. Francis Amendment conforms in all ways to the 2008 Amendment to the Integrated Redevelopment Area, and the Comprehensive Redevelopment Plan as fully and completely demonstrated by the direct inclusion of major relevant sections of the 2008 Amendment directly into the text, below.

  - The 2008 Amendment was fully and formally approved by the BGRC and the City.

  - The 2008 Amendment specifically added the St. Francis campus to the Consolidated Redevelopment Area for purposes of stimulating and cooperating in the redevelopment of the St. Francis facility, which is precisely what is proposed by the Beech Grove Regional Medical Center Redevelopment Project.

  - The 2008 Amendment, as well as the Comprehensive Redevelopment Plan identify the closure of the St. Francis Hospital as a major potential problem for Beech Grove and cites the redevelopment of the hospital as a top priority for the BGRC.

- This St. Francis Amendment conforms in all ways to the Beech Grove Comprehensive Redevelopment Plan by stimulating private investment to implement the Beech Grove Regional Medical Center Redevelopment Project.

  - This St. Francis Amendment conforms in all ways to the Beech Grove Comprehensive Redevelopment Plan because the Beech Grove Regional Medical Center Redevelopment Project will directly invest a total of $30 to $50 million to redevelop the facility, and stimulating private investment is a major goal of the Comprehensive Redevelopment Plan.

  - This St. Francis Amendment conforms in all ways to the Beech Grove Comprehensive Redevelopment Plan because the redeveloped facility is preliminarily projected to generate 1,000-1,500 new jobs (depending upon the precise nature of new tenants recruited to the redevelopment facility) which is a major goal of the Comprehensive Redevelopment Plan.
This St. Francis Amendment conforms in all ways to the Beech Grove Comprehensive Redevelopment Plan because the redeveloped facility is projected to assist the surrounding community and neighborhoods in sustaining and potentially improving property values for surrounding homes and businesses, which is a major goal of the Comprehensive Redevelopment Plan.

This St. Francis Amendment conforms in all ways to the Beech Grove Comprehensive Redevelopment Plan because the financing package for the redeveloped facility will include additional financial support for other Beech Grove redevelopment initiatives.

- These other Beech Grove redevelopment initiatives will benefit the community in a cyclical and cumulative fashion, with each redevelopment initiative accumulating to create a more economically vibrant and healthy community.

- As such, the Beech Grove Regional Medical Center Redevelopment Project will be benefitted by completion of the Main Street redevelopment initiatives, as well as the Greenway redevelopment project.

- The Comprehensive Redevelopment Plan seeks to stimulate the creation of an economic environment of sustained reinvestment in order to revitalize the city of Beech Grove, and the Beech Grove Regional Medical Center Redevelopment Project represents an important part of that overall redevelopment program and strategy.

This St. Francis Amendment conforms in all ways to the Beech Grove Comprehensive Redevelopment Plan because redevelopment of the St. Francis campus was specifically included in the Comprehensive Redevelopment Strategy of the BGRC.

Contents of the 2008 Amendment (Group B)
For reference purposes, the relevant contents of the 2008 Amendment to the Beech Grove Comprehensive Redevelopment Plan are presented below as excerpts. Additions to the 2008 Amendment are indented and presented parenthetically in order that the reader can track what was presented to the public as part of the 2008 Amendment (before the Beech Grove Regional Medical Center Redevelopment Project was identified), as well as the additions that are presented as part of the St. Francis Redevelopment Project.

The proposed 2008 Amendment to the Integrated Redevelopment Plan: St. Francis Area includes the following, as set forth in detail in the (2008) Legal Description (attached to the 2008 Declaratory Resolution):

- The St. Francis Area
  - Designation of the St. Francis area as part of the Beech Grove Redevelopment Area (RD Area) is a defensive move by the BGRC.
  - The St. Francis campus is non-profit real estate and the TIF designation of those parcels will have no impact on property tax revenues to local government.
○ St. Francis authorities have publicly stated that the hospital will be closed and have placed the site for sale.

○ The BGRC has noted publicly that it fears that, if the hospital facility is allowed to ‘go dark,’ even temporarily, the neighborhoods surrounding the area (including commercial and residential property) will be adversely affected.

○ As a result of the adverse impact caused by the hospital closure, local businesses and residents could experience lower property values, which will have an adverse impact on local property tax revenues.

○ The BGRC is moving to designate the St. Francis area in order to stimulate redevelopment interest and to potentially provide TIF incentives to stimulate investment in redevelopment activities.

○ There are approximately 430 properties adjacent to the St. Francis area which would be projected to experience negative economic impact as a result of the closure of St. Francis.

○ (This St. Francis Amendment is offered for the purpose of publicly specifying the elements of the proposed Beech Grove Regional Medical Center Redevelopment Project to redevelop the St. Francis campus.)

○ (The proposed St. Francis Redevelopment Project includes);
  ▪ (Approximately $17.8 million purchase price, plus capitalized interest (~$3.5 million), for which Beech Grove taxpayers would have $0 liability, per city’s attorneys);
  ▪ (An additional $5 million payment to St. Francis is included in the transaction, but the method of financing is not currently determined.)
    ○ (It is possible that this $5 million could become part of the public financing package, in order to assure St. Francis of full payment.)
    ○ (It is not expected that this additional financing would cause the City or taxpayers to have additional liability for bond repayment.)
  ▪ (Approximately $12.2 million investment in facility rehabilitation and redevelopment based on new tenant needs);
  ▪ (A phased withdrawal of St. Francis operations, enabling St. Francis to maintain a presence at the current facility for certain services);
    ○ (a part of the additional $5 million cited above is related to the extension of St. Francis’ presence in the facility past 2010.)
  ▪ (A TIF financing component of approximately $5 million, with approximately $2.5 million directly reinvested in the St. Francis property);
  ▪ (Redevelopment of a mixed-use facility, including residential, retail and professional offices to support the local economy);
  ▪ (The creation of approximately 1000-1,500 jobs at full redevelopment at the campus location (which would otherwise be deserted));
  ▪ (The creation of $50-$75 million in additional wages from jobs created at the Beech Grove Regional Medical Center Redevelopment Project)
- Conversion of a tax-exempt facility into an estimated $50 million in taxable assessed value;
- Avoidance of the blighting influence of 915,000 s.f. of vacant building on the surrounding neighborhoods;
- Preservation of an estimated $2-$3 million in the personal wealth of surrounding neighbors as a result of maintaining an economically viable development, thereby avoiding reduced market values;

Public Policy Overview
Based on testimony from the 2008 Legislative Session, there seems to be a public proclivity to criticize and question the designation of areas for tax increment financing. This 2008 Amendment hereby notes that the St. Francis area to be designated as part of the Integrated RD Area generates an overwhelmingly positive economic impact not only on this area to be designated, but on the community in general.

But more importantly in the community, the collective positive impact of this redevelopment investment on surrounding properties is overwhelmingly positive, as well. This secondary economic impact on the surrounding community has a direct impact on the personal wealth of individual families, and this positive impact should not be marginalized in order to score political gains. This is real value made available to real families. The St. Francis designation presents a set of excellent examples of the importance and impact of redevelopment.

Is it better to designate an old hospital which is being abandoned by its current operators in order to stimulate new investment as quickly as possible, or to wait a few years with the facility boarded up and see what happens to property values in the surrounding neighborhoods? If the City refuses the St. Francis designation, are they not gambling with the personal wealth of the surrounding neighbors?

We bring forward these points because Beech Grove has undergone a long period of criticism and question with regard to tax increment financing. Public discussion and education is always healthy. But the rhetoric of the 2008 Legislature demonstrated that much of the politicization of TIF is based on fundamental ignorance and misinformation, as evidenced by the potential projected economic impact of the St. Francis designation as part of the Beech Grove RD Area.

Although we will not be the authors of the Tax Impact Analysis (TIA), we expect that the tax impact analysis will show that the parcels being designated are overwhelmingly non-profit and generate virtually no property tax revenue impact on the community, the schools or other tax units. (This assertion is confirmed in the Tax Impact Analysis performed by Reedy & Peters, LLC.)

Instead, the RD Area designation (of the St. Francis campus) of will enable the BGRC to leverage about $5 million in TIF funds into a total of nearly $18 million in total funding which will benefit a broad cross-section of the community (with special benefit to the surrounding neighborhoods). This is precisely the purpose of urban redevelopment.
**The Issue of Assessed Value**
In previous actions of the BGRC, concern has been expressed with regard to the impact of the BGRC’s action on revenues to the Beech Grove school system. This 2008 Integrated RD Plan Amendment hereby clearly states that the BGRC holds the very same concern.

Beech Grove officials have met with school officials to discuss the need for redevelopment in Beech Grove. The consensus of these discussions is consistent with the findings of the Comprehensive Redevelopment Plan as well as the policies and plans of the BGRC.

It is hereby stated that the BGRC sees the loss of assessed/market value of property in Beech Grove as the top threat to the community at large. Beech Grove has suffered from a long-term decline in assessed value, and it is believed that the primary contributing factor in this AV loss is urban blight. It is the goal of the BGRC to address the issue of urban blight by developing strategies to eliminate existing blight, as well as preventing/deterring urban blight in the future.

**The Potential Economic Impact of Redevelopment**
People often fail to realize the full economic impact of urban blight. This RD Plan, as well as the Comprehensive Redevelopment Plan, has attempted to educate the public on the economic problems associated with urban blight and the cost to the community.

Within the last year, there has been an undercurrent of public testimony which suggests that the use of TIF has a negative economic impact on the schools. At the same time, discussion with school officials indicates that school officials are not opposed to TIF, but that the school’s problem is one of urban blight – in the form of declining assessed value in Beech Grove. This St. Francis Amendment to the RD Plan seeks to address these issues of public testimony and the overall economic impact on the schools in a quantified manner.

**Enhancement of Property Values Represents a Direct and Positive Impact on the Personal Wealth of Beech Grove Residents!!**
The table below is intended to give the general public a rough idea of the potential positive economic impact which can result from the TIF designation (Beech Grove Regional Medical Center Redevelopment Project). The economic projections presented above are preliminary, but the economic impact of the TIF designation is clear – without TIF investment in the redevelopment of Beech Grove, (as well as leveraging resulting from grants and private investment) the city cannot realistically expect to reverse its long-term decline in AV.

(As noted in the table below, it is possible to project as much as $130 to $150 million in total regional economic impact as a result of the St. Francis redevelopment project. Of this total, approximately $80 million in economic value is created or preserved, and another $50 to $75 million in annual salaries and wages are projected for the St. Francis campus when redevelopment is complete and fully occupied.)

<table>
<thead>
<tr>
<th>project</th>
<th>Assessed Value of Area</th>
<th>~ # of properties affected</th>
<th>Increased Wealth</th>
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</thead>
<tbody>
<tr>
<td>Projected Impact</td>
<td>Value</td>
<td></td>
<td></td>
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<tr>
<td>------------------------------------------------------</td>
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<tr>
<td>St. Francis closure</td>
<td>$0 (tax exempt hospital)</td>
<td>430</td>
<td>($2,150,000)</td>
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<tr>
<td>Net Residential Economic Impact (loss in personal wealth caused by hospital closure)</td>
<td>($2,150,000)</td>
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<tr>
<td>Projected loss of jobs</td>
<td>2,600</td>
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<tr>
<td>Net Residential Economic Impact (assuming hospital redevelopment)</td>
<td>$2,150,000</td>
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<tr>
<td>Purchase Price of the St. Francis facility</td>
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<td>Projected Investment in tenant improvements</td>
<td>$12,200,000</td>
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<tr>
<td>Projected new jobs created @ Redeveloped Facility</td>
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<tr>
<td>Projected salaries &amp; wages from newly created jobs (accruing to the region)</td>
<td>$50,000,000 to $75,000,000</td>
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<tr>
<td>Projected new Assessed Value created</td>
<td>$ 50,000,000</td>
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</tr>
</tbody>
</table>

**Projected Total Local Economic Impact of Redevelopment**

*not including jobs*

$ 82,150,000

**Projected Total Regional Economic Impact @ Full Redevelopment**

$ 130 to $150 million

**Using TIF Funds for Matching Grants**
The BGRC deserves to be proud of the fact that it has used TIF revenues as matching grants in order to successfully attract $5.5 million in state and federal grant funds to improve the community. It is hoped that the landfill reclamation will be equally successful in attracting grant funds, as well as attracting grant funds for neighborhood revitalization in the future. These results should be clear to everyone.

**The “Rule of 9” in Urban Blight**
The public discussion related to the redevelopment planning in Beech Grove has alluded to the “rule of 9,” where one declining property has a negative impact on approximately/ at least 8 adjacent properties. (In the case of the St. Francis campus, there are 430 directly adjacent properties, due to the size of the campus and the surrounding urban development.)

When the blighted areas increase in size, the “Rule of 9” is amplified, as demonstrated in the table above. The total number of properties designated in the original 2008 Amendment as part of the Redevelopment Area was approximately 30-40 (see parcel list in Declaratory Resolution). Based on a study of Beech Grove aerial photos, these 30-40 parcels have a direct/adjacent impact on at least 480 additional properties.

**Using TIF Funds to Increase Personal Wealth**
If the St. Francis hospital facility becomes abandoned (i. e., “goes dark”), the impact of that one closure could wipe out over $2 million in property value for Beech Grove residents. On the other hand, if the St. Francis facility is successfully redeveloped, the redevelopment project could easily gain $2-$3 million in additional property value (rather than losing it). (Based on a review of existing property values, it appears that the uncertainty swirling around the ultimately plight of the St. Francis campus has suppressed property values by as much as 3% to 5%. Therefore, it would
not surprise us to find that the property value of the property surrounding St. Francis could be reinvigorated to offset this market value suppression, once the site is fully redeveloped and re-occupied.)

**THE IMPACT OF REDEVELOPMENT ON ASSESSED VALUE**
At this time, it is difficult to know how redevelopment will impact Beech Grove’s assessed value (AV). The Legislature has altered the way that the property tax system will work, and it is difficult to accurately predict what will happen over the coming years. However, the projection of $2.6 million in improved property value is based on a nominal increase of less than 5% per property, on average. If the real estate market responds more positively to the BGRC’s initiatives, the economic impact projection could be even greater.

(In addition, the conversion of the St. Francis campus from tax-exempt to taxable status (with guarantees from the developer) will generate an estimated additional $50 million in taxable property value, beyond the $2.6 million in surrounding AV.)

It is assumed that, since the assessment process is directly tied to market value, the improvements to market value resulting from redevelopment projects will result in increased AV for local government. However, until the economic model for the re-structured property tax system is more fully understood, it will be difficult to compute the link between AV and market value in economic terms.

**Findings of Fact & Blight**
In the case of the St. Francis area, the BGRC finds that the statutory findings of fact and findings of blight pertaining to the original RD Areas, as amended and as integrated, are extended to include this (2008) amendment area (which includes the St. Francis campus). After review, the amendment area suffers from largely the same statutory developmental constraints and requires the same statutory redevelopment efforts as were found to exist for the Integrated RD Area (as well as the original RD Areas). These statutory findings of fact being determined to be fully valid for the amendment areas, the BGRC finds that there is no need for redundant re-statement of those findings of fact. However, as the amendment process is considered and placed before the public, the BGRC reserves the right (and potential obligation) to expand said statutory findings of fact to address issues brought forward by the public which are related to these amendment areas.
Redevelopment Projects
The Redevelopment Projects presented in the Integrated RD Plan have been reviewed by the BGRC and are similarly found to be relevant and beneficial to the proposed amendment areas, with special considerations related to the following:

**ST. FRANCIS AREA REDEVELOPMENT (~$30-$50 MILLION)**
The owners of St. Francis Hospital have announced that the hospital will close. Furthermore, the owners have stated that they will not permit the facility to be reused as a critical care facility (which is the use which is most easily supported by the facility). For these reasons, the BGRC is seeking to designate the St. Francis area (including the hospital campus, as well as commercial properties in the impact area) as part of the RD Area. However, it is noted that the hospital property is essentially tax exempt and therefore there will be no TIF impact resulting from this designation.

The BGRC has discussed the St. Francis issue many times in public. The BGRC believes that, if the hospital facility is abandoned – even temporarily – the closure will have a negative impact on property values in the area surrounding the hospital. In addition, the neighborhood businesses that depend on hospital traffic will be adversely affected by the hospital closure.

The BGRC also believes that the closure of the hospital will have an adverse impact on market/assessed values in the surrounding areas, and that the closure will amplify the problems of urban blight in Beech Grove.

The designation of the St. Francis Area as part of the RD Area is designed to stimulate new investment in the redevelopment of the entire area surrounding the hospital campus. If/when properties in the St. Francis areas are improved, the fiscal result will be enhanced market/assessed values, which will benefit local government. The preliminary estimate of ~$10 million in redevelopment costs is likely to be substantially less than will be necessary to redevelop the St. Francis area.

(The table above provides the fundamental redevelopment parameters of the Beech Grove Regional Medical Center Redevelopment Project. The projected new investment generated to redevelop the St. Francis campus amounts to $30 million, in addition to the economic benefit to the surrounding neighborhoods and retail areas. In addition, the 1,000-1,500 jobs created as a result of this redevelopment project could also be expected to generate as much as $50-$75 million in annual wages/salaries and benefits when the project is fully redeveloped. Based on preliminary estimates, the impact of the proposed Beech Grove Regional Medical Center Redevelopment Project could be as high as $80 million locally, and $130 to $150 million regionally (when regional wages/salaries are included).)

(The original estimate of $10 million was shown in the 2008 Amendment to the Comprehensive Redevelopment Plan as a preliminary estimate, and without knowledge of specific proposals to redevelop the St. Francis property, or the specific needs to be covered by any public financing. The Beech Grove Regional Medical...
Center Redevelopment Project, however, provides more specific estimates of the cost of the St. Francis redevelopment, as shown in the table. Overall, the purchase price of the facility, plus the cost of retrofitting the facility to meet the requirements of tenants is expected to cost $30-$50 million, as shown in the table, above.)

REDEVELOPMENT STRATEGY

The BGRC finds that the above amendments to the RD Area and RD Plan represent simple extensions of the Redevelopment Strategy that was initiated previously and stated in the Integrated RD Plan. The BGRC has specifically sought to:

- encourage reinvestment and redevelopment by existing companies and property owners;
- improve existing thoroughfare corridors to enhance traffic flows and encourage redevelopment of property on major corridor;
- redevelop thoroughfare corridors in order to reduce truck traffic impact on residential areas; and,
- attract and encourage new investment and new interest from real estate investors seeking commercial and residential redevelopment opportunities.

  ○ (Work with prospective redevelopment investors to assist in making redevelopment opportunities economically viable.)

The BGRC hereby finds that the previously-defined Redevelopment Strategy continues to be viable for this amendment area.

/bg stf amendment 081113