RURAL DECLINE & REVIVAL: STATE AND LOCAL PARTNERSHIPS IN CREATING “ STELLAR COMMUNITIES” IN RURAL INDIANA

Indiana Stellar Communities Program Research Case Studies

THE SAGAMORE INSTITUTE FOR POLICY RESEARCH

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1. Rooted in emphasizing partnerships and collaboration among multiple public agencies and community partners.

2. Focused on combining state resources to make wide-ranging quality-of-life impacts as opposed to separate, piecemeal, incremental improvements.
CREATING STELLAR

PROGRAM GOALS

• Foster local and *regional investments*.

• Improve *quality of life through comprehensive and transformative investments*.

• Encourage *sustainability and capacity building*.

• Highlight *effective and strong civic leadership and community support*.

STELLAR PROCESS

Figure 3: Conceptual Model of Indiana Stellar Communities Program Designation Process

Figure 4: Conceptual Model of Stellar Communities Program Planning and Implementation (PHASE TWO) Stages

Source: Indiana Stellar Communities Program agencies and interviews with participating communities, 2013.
# COMPONENTS OF STELLAR – Community Partners

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<td>Strengthen relationship with DePauw University and develop the city into the next great college town</td>
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RESEARCH PURPOSE & METHODOLOGY

• To build a body of knowledge about implementation, achievements, and challenges of the Indiana Stellar Communities Program (ISCP) approach to comprehensive community development in Indiana’s rural communities.

• Towards this effort, the research is documenting:
  – The implementation of ISCP over time.
  – The local and regional reach of ISCP accomplishments
  – The implications of local and regional alliances and partnerships.
  – Patterns of community change.

• This study primarily utilizes a multi-method case study research approach - During a twenty-four-month period, 86 face-to-face and telephone interviews and field observations.
PROGRAM GOALS

**PROGRAM GOAL:** FOSTER LOCAL AND REGIONAL INVESTMENTS

An objective of the ISCP is to emphasize those comprehensive community development initiatives that foster not only long-term local investments, but also overall regional investments. These investments should build on state and other investments.
Public-to-Public Partnerships: The State Agencies and Community Partners

The ISCP model positively built upon state investments.

State agency partners obligated $43.5 million to designated community partners between 2011 and 2014.

The funding from the state agencies came in the form of grants, low-interest loans, and tax credits.

Source: Indiana Department of Transportation, 2015; Indiana Housing and Community Development Agency, 2015; Indiana Office of Community and Rural Affairs, 2015.
The ISCP model positively built upon state investments. These funds were combined with community partner contributions create nearly a 50/50 match in investment.

The total estimated amount invested within the designated communities amounts to $90 million.

Source: Indiana Department of Transportation, 2015; Indiana Housing and Community Development Agency, 2015; Indiana Office of Community and Rural Affairs, 2015.
Value Meets Value:
Public and Private Capital Investments

Estimated total investments in all communities to date (4th quarter 2014) are $753 million.

Within the Stellar target areas, estimated investments are $20.7 million in public and $32.3 million in private investments.

In comparison, estimated investments citywide are $39.4 million in public and $670 million in private investments.

Source: Indiana Department of Transportation, 2015; Indiana Housing and Community Development Agency, 2015; Indiana Office of Community and Rural Affairs, 2015.
Measuring the Impacts: Real Estate Transactions and Property Values

Impact of ISCP formation on property values

Interrupted Time Series (ITS) Analysis

- **Direct effect** of ISCPs on property values within the target area boundaries

- **Spillover effects** of ISCPs on property values in the immediate vicinity (500 feet) of the target area.
**Measuring the Impacts:**

**Real Estate Transactions and Property Values**

**Impact of ISCP formation on property values**

In *Greencastle* the average sales price within the target area increased more than 100%.

In comparison the average sales price within the surrounding area remained relatively stable.

Source: Sales Disclosure Form Database, STATS Indiana, 2015.
Measuring the Impacts: Real Estate Transactions and Property Values

In North Vernon the average sales price within the target area increased more than 100% by 2013. However, data showed zero sales reported in 2014.

In contrast the average sales price within the surrounding area steadily increased.
In **Delphi** the average sales price within the target area increased by more than 50%.

In comparison, there were no large shifts in the average sales price within the surrounding area.
Measuring the Impacts: Real Estate Transactions and Property Values

**AVERAGE PROPERTY SALES BY COMMUNITY PARTNER**

Princeton

In **Princeton** the average sales price within the target area decreased by 39%.

Similarly, the average sales price within the surrounding area steadily declined by 68%.
In **Bedford** the average sales price within the target area increased by 22%.

In comparison the average sales price within the surrounding area shows a small decline of 25%.
Measuring the Impacts: Real Estate Transactions and Property Values

In **Richmond** the average sales price within the target area decline significantly a year prior to designation. After designation the average sales price reported doubled.

Similarly, the average sales price within the surrounding area increased by more than 50%.
PROGRAM GOALS

**PROGRAM GOAL**: IMPROVE QUALITY OF LIFE THROUGH COMPREHENSIVE AND TRANSFORMATIVE INVESTMENTS

An objective of the ISCP approach is to empower rural communities to implement comprehensive development in a way that will be transformative (both tangible and intangible) to the community.
Encouraged Business and Population Retention and Attraction

In all six communities, respondents indicated that Stellar created a window of opportunity for increased business and population attraction and retention. Respondents noted the Stellar program has created a renewed sense of pride.

"…But the improvement that Stellar had provided there is immeasurable. It's incredible."

"…Winning Stellar really was a boost in pride for the community. You still small improvements where property owners are taking a little more pride in their home or in their business."

"…That feeling of pride. For all the people, who live here. Not just the county, but the region."

Turning Piecemeal Ideas into Transformative Investments

Overall, respondents stated that the program added value by providing a mechanism for consolidation of resources in a single community in an accelerated period of time. For some communities, this was viewed as the difference between the continued "life or death" of their community.

According to respondents, providing a large sum of funding to one community in a short timeframe allowed an economic boost in the local economy. This boost permitted a shift in communities, thereby creating a turning point of decline to growth.

PHOTO: Delphi Opera House
IMAGE: Delphi Opera House Rendering

Sources: Scott Greeson Music available online at www.scottgreesonmusic.com; Inside Indiana Business available online at www.insideindianabusiness.com.

PHOTO: Before and after photos. Irish Hill Housing Improvements
Source: Available at www.northvernonstellar.com/photos.

PHOTO: Princeton Theater

PHOTO: Before and after photos. Irish Hill Housing Improvements
Source: Available at www.northvernonstellar.com/photos.

PHOTO: Downtown Senior Housing Project

Transformative Impacts

Transformative investments occurred in all six communities.

Bedford and Richmond
Princeton
Delphi
Greencastle
Transformative Impacts

The majority of respondents interviewed indicated that the completion of the Strategic Investment Plan (SIP) and application process had positive outcomes for their communities.

“I think the product we got out of being a finalist, the SIP, have been helpful to us and have resulted in other grant awards we have received... We were able to get a nice federal highway grant...I think that all the work we did leading up to that is what really helped us to become successful. We put a lot of effort into the planning and prioritizing. I think it had a lot to do with that.”

PROGRAM GOALS

The program pursues comprehensive planning and development initiatives that are not only “do-able,” realistic, and replicable, but those which also have the capacity to leverage additional community capital.

**PROGRAM GOAL:** ENCOURAGE SUSTAINABILITY AND CAPACITY BUILDING
Replicable Model across a variety of Community Context

Being an experiential type of program, the ISCP creates a replicable base model from which current and future community development programs can adopt.

- Community Partners
- Finalists
- IHCDA’s Communities for a Lifetime
- OCRA’s Place-based Investment Fund
- OCRA’s Community Entrepreneurship Initiative program with the Office of Small Business Enterprise

“In creating a new initiative Stellar is a good model for other programs such as [IHCDA’s new program] Communities for a Lifetime.”

“We use it [ISCP] as a model for our Place-based Investment Fund and Community Enterprise program with OSBE [Office of Small Business Enterprise].”
Community Ownership and Initiative

- **Formal and informal leaders have emerged** in each community who take their own initiative (without prodding from city government).

- Respondents reported that the process **allows for these leaders to take ownership of projects and programs**.

- Respondents also noted that the ISCP model **creates community accountability**.
Capacity to Leverage Additional Community Capital

- The strategic layering of community capital has a comprehensive impact in rural improvement efforts.

- Respondents conveyed that the inclusive nature of the planning process for the ISCP both generated and strengthened community capacity to do projects it deemed critical and leverage resources.

- By strategically layering foundation, private, and public resources in targeted areas, the designated communities allowed for the creation of broader community impacts as well as private market forces to re-activate and take over.

- Respondents stated that improved levels of communication significantly increased cooperation among state agencies and between state agencies and the designated communities.
The ISCP approach calls for demonstration of strong leadership capacity that is capable of coordinating and managing a multi-year, multi-project program. In addition, it seeks to illustrate and build long-term partnerships among civic, community, and private stakeholders as well as between rural communities and the lead state organizations.

**PROGRAM GOAL:** HIGHLIGHT EFFECTIVE AND STRONG CIVIC LEADERSHIP AND COMMUNITY SUPPORT
An Effective ISCP Approach Is Not ALL About Money, It’s About:

- **Relationships**: ISCP model increases organizational capacities, particularly in building strategic relationships, organizational program delivery and impact, and financial impacts.

- **Vision**: Clear and repeated articulation of vision helps state agency partners and community supporters understand mission, roles, and expectations.

- **Trust & Collaboration**: True transparency about expectations up-front helps to build assurance, cultivate trust and confidence among partners and with community supporters.

- **Capacity Formation**: By bringing together complementary strengths, the ISCP model increases community capacity, helps to leverage resources, and motivates partners to expand outside of traditional roles.
Round 3: 2013

A major finding of this study revealed that, over the past several rounds, the social capital networks of the community partners has grown. Social capital stock is an important element in promoting rural improvement initiatives to address neighborhood scale issues of rural decline within the partner communities; however, it is not necessarily the level but the presence of social capital that is critical for improvement to occur within rural areas.
PROGRAM CHALLENGES

• Respondents in state agencies identified barriers to the success of the program as:
  – Limited Access to Resources and Organizational Capacity.
  – Variations in Missions, Community Needs, and Strategies.
  – Different Funding Sources.
  – Complexity and Diversity of Participant Communities, Not a “One Size Fits All” Approach.

• Respondents in the ISCP-designated partner communities identified barriers to the success of the program as:
  – Red tape is still red tape.
  – Community Capacity and Coordination.
  – Shortfalls in Anticipated Funding Amount.
  – Change and Consensus Building Difficult
  – The accelerated timeframe made application and implementation demanding, yet worthwhile.
What Works?

State Agency Partners

- Maintain **good communication and trust** throughout the entire process.
- Be **flexible with funding sources** and be willing to **think beyond your comfort**.
- **Adaptability** has allowed them to sustain their impact by evaluating, executing, and adapting ideas throughout the process.
- **Standardize and document** the process (i.e., evaluation, inquiries, resolutions, and feedback) among and between state agencies.
- **Focus on and strengthen the most important parts** of the community investment plan that make the community's overall vision work.
- **Show connections and target development geographically** so that the transformative investments are evident.

Community Partners

- Public participation helps with public buy-in, particularly from those individuals who control purse strings, because they have to listen.
- **Be prudent on research**ing the metrics, time commitments, resources needed, and overall programmatic expectations.
- **Share power in order to be** stronger forces for good.
- **Focus on and strengthen the most important parts** of the community investment plan that make the community's overall vision work.
- **Show connections and target development geographically** so that the transformative investments are evident.

**Master the Art of Adaptation:** Throughout the funding rounds, the ISCP process has evolved and expectations have shifted or been modified to increase program success.

**Share Leadership:** The formal and informal leaders within the communities and between state agency partners know that they must share power in order to be stronger forces for good.

**Sustain Impact through Partnerships:** The six community partners that we studied have all developed enduring, somewhat diversified sources of financial support, including large individual donor bases, government contracts, corporate donations, and foundation grants. Typically, they have aligned their fundraising strategy with their impact strategy. The communities understand that when they utilize all their community capital forces simultaneously, it creates momentum that fuels further success.

- **Have patience and get the community involved upfront** so it is their plan.
Thank you!

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