

Frequently Asked Questions About A Redevelopment Commission

1. What is Redevelopment?

Redevelopment is a process created to assist town government in eliminating blight from a designated area, and to achieve desired development, reconstruction and rehabilitation including but not limited to: residential, commercial, industrial, and retail.

2. What is a Redevelopment Commission?

In most towns the Town Council is the governing board for the Redevelopment Commission; however the Council and the Commission are two separate, distinct legal entities. The commission members may hire staff to carry out the day-to-day operations and its redevelopment plans.

3. What is the benefit for a citizen in a Redevelopment Project Area?

Redevelopment is one of the most effective ways to breathe new life into deteriorated areas plagued by social, physical, environmental or economic conditions that act as barriers to new investment by private enterprise. Through redevelopment, a project area will receive focused attention and financial investment to reverse deteriorating trends, create jobs, revitalize the business climate, rehabilitate and add to the housing stock, and gain active participation and investment by citizens which would not otherwise occur.

4. What is a Redevelopment Plan?

A redevelopment plan represents a process and a basic framework within which specific projects will be undertaken. The plan provides the Commission with powers to take certain actions such as to buy and sell land within the area covered by the plan (project area), improving dilapidated facilities, and to use Tax Increment Financing (TIF).

5. What is a Project Area?

A project area is the grouped properties where actual redevelopment will take place. The commission will hold a special public hearing to give citizens a chance to express their concerns. (Commission meetings are open to the public.) After which the Redevelopment Commission acts on the adoption of the project area and becomes responsible for future projects.

6. Why do we have Redevelopment Projects?

The basic reason for establishing redevelopment projects is to secure funds that can be used to attract commercial, industrial, and residential development in order to eliminate blight and improve an area.

7. How do Redevelopment Commissions secure funds?

Indiana State law makes available to Redevelopment Commissions a method of obtaining funds called “tax increment financing” (TIF funding). On the date the Town Council approves a Redevelopment Plan, the property within the boundaries of the plan has a certain total property tax value that is locked in. After the property is improved and the tax assessed valuation increases, the taxes derived from this increase go to the Redevelopment Commission. These funds are called “tax increment.” Usually, the flow of tax increment revenues to the Commission will not be sufficient by themselves to finance the full scope of redevelopment activities and development projects necessary to turn an area around. Therefore, Commissions issue bonds. These bonds are not a debt of the town but are repaid solely from tax increment revenue.



Flag of Speedway, Indiana

8. Will property tax rates increase because of the Redevelopment?

No. Taxes rates will not change because of the redevelopment project. After a blighted property is improved, the higher property taxes reflect that rise in property value, not an increase in tax rate.

9. Why does the Commission have the power of eminent domain (condemnation of property)?

Real estate developers seldom can assemble the many separate parcels of land needed for a site large enough to improve a large blighted area. One small “hold-out” can refuse to sell at any price and block the entire development. The Commission can, if necessary, use its power of eminent domain to acquire the hold-out parcel and permit the project to proceed to reduce or eliminate the blighting condition.

10. What is relocation?

Relocation is the displacement of a business or family for the purpose of clearing land and preparing it for a designated use within a project area. When a person or business meets the legal qualifications, the Redevelopment Commission can pay for assistance in finding a new location, moving costs, and certain other costs.

11. If a citizen should decide to sell property to the Commission who determines the selling price?

The Commission hires an independent appraiser to establish the fair market value of the property. If the owner is not satisfied with the appraised value, he/she may hire their own appraiser to re-evaluate the property. The two appraisals are then compared and a selling price is negotiated. Fair market value is the value that the property would have if it were placed in today’s market and sold.

12. How will a TIF tax affect Speedway, Marion County and other taxing agencies in regards to loss of tax revenue?

Taxing agencies will continue receiving the base revenues that were locked in before the improvements were made. In most blighted areas, property values would not increase without the redevelopment activities anyway. However, after all redevelopment costs are paid, the TIF tax stream to the redevelopment ends and all taxes will go toward the regular taxing agencies. In the meantime, taxing agencies receive increases in non-property tax revenues and revenues generated outside the project area as a direct result of redevelopment activities (i.e. sales tax, hotel room taxes, and property taxes from new buildings outside the TIF area).

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