



*State agencies*  
WORKING TOGETHER TO  
MAKE A BIG IMPACT



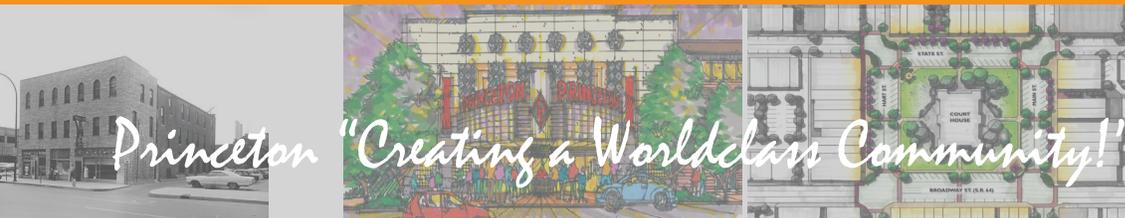
*North Vernon "Stellar Ready!"*



*Greencastle "The next great college town"*



*Delphi "Storied past...Stellar future!"*



*Princeton "Creating a Worldclass Community!"*

Draft Report  
January 26, 2014

**Annual Summary Report:  
Findings**

Prepared for

Indiana Housing and Community  
Development Authority

*in partnership with*

Office of Community and Rural Affairs

Indiana Department of Transportation

# EXECUTIVE SUMMARY



Innovative Ideas. Real Results.

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January 26, 2014

# Annual Summary Report: Findings

## Indiana Stellar Communities Program Executive Summary

Prepared for  
Indiana Housing and Community Development Authority  
in partnership with the Indiana Office of Community and Rural Affairs  
and the Indiana Department of Transportation  
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# Executive Summary

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**R**ural America continues to be a vital part of the nation. Over the past three years, the state of Indiana, recognizing the value of rural areas, has heavily invested in the revitalization of its smaller rural cities and towns, on the premise that economically stable and thriving agricultural communities remain a crucial building block for a well-functioning state and regional economy. These investments in downtown commercial revitalization, owner-occupied and mixed-income housing, transportation, and other infrastructure have helped to alleviate rural decline and spark a renewed interest and mobilization of resources towards community-building and improvement throughout the state of Indiana.

Launched in 2010, the Indiana Stellar Communities Program (ISCP) is a multi-year, over \$58 million (investments to date) initiative operated by the Indiana Lieutenant Governor's office and funded by three state agencies: the Indiana Housing and Community Economic Development Agency, the Indiana Office of Community and Rural Affairs and the Indiana Department of Transportation. The Lieutenant Governor's Office recognized a need for "more innovative, comprehensive development efforts in rural communities in Indiana to meet the unique local needs and make a bigger impact." So it brought the three state agencies together to design the Indiana Stellar Communities Program.

The ISCP develops strategic community investment plans, promotes partnerships, and implements comprehensive solutions to address local challenges in Indiana's smaller communities involving community economic development, housing, transportation, and overall quality of life. Within each ISCP designated community, a steering team of local and regional partners come together to plan and implement a variety of revitalization projects that are part of that city's

vision for its future sustainability.

ISCP's approach to comprehensive community development is unique by its attempt to improve rural communities in a way that is:

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- 1) Rooted in emphasizing partnerships and collaboration among multiple public agencies and community partners and**
  - 2) Focused on combining state resources to make wide-ranging quality-of-life impacts as opposed to separate, piecemeal, incremental improvements.**
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## Community Partners

The following cities are pilot locations and community partners:

- ◆ City of Greencastle (2011)
- ◆ City of North Vernon (2011)
- ◆ City of Delphi (2012)
- ◆ City of Princeton (2012)
- ◆ City of Bedford (2013)
- ◆ City of Richmond (2013)

These cities were selected for the pilot by considering a number of criteria related to the city's ability to: a) demonstrate visible impact to citizens and surrounding regions, b) attract future economic investment, c) leverage existing community assets, d) create significant local and regional impact, and e) foster local support and participation in the ISCP Initiative.

## INDIANA STELLAR COMMUNITIES PROGRAM

This is the first in a series of reports on the progress, issues, and impacts of the Indiana Stellar Communities Program (ISCP). It focuses specifically on describing program goals, planning, and implementation in the first four communities designated as “Stellar” between 2011 and 2012.

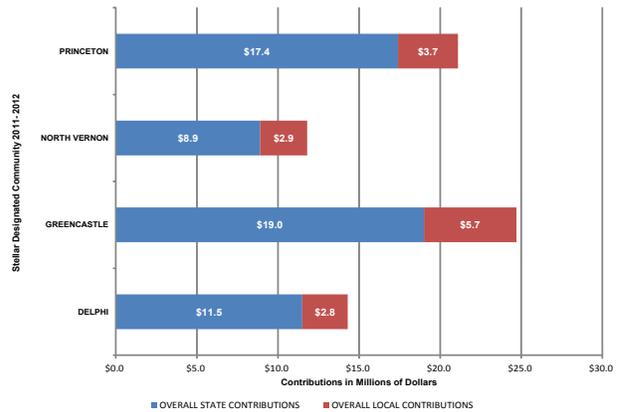
In doing so it briefly highlights program creation, process, and findings (e.g., successes, challenges, and lessons learned) (to date), while providing an assessment of current economic and social impacts of the program. Future reports will continue this assessment.

### Indiana Stellar Communities Program Goals: Outcomes (to date)

**Program Goal: Foster 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.**

**Strategic Layering of Resources Produces Positive Impacts.** 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. As of December 2013, over \$70 million has been budgeted for Stellar project improvements. Of the estimated budgets, approximately \$56 million in total state funding sources and \$15 million in total local investments (including city local matches, private/corporate sponsorships, and foundation grants/fundraising efforts) have been invested.

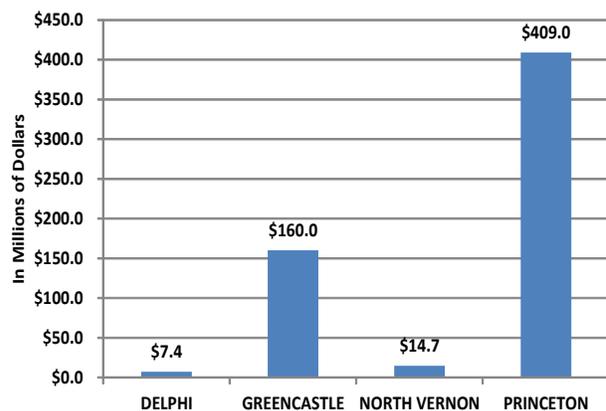
**Total Budgeted Investments in ISCP Partner Communities**



Source: Based on data provided by HWC Engineering. Delphi, North Vernon, and Princeton Stellar Communities Status Report December 2013; Based on data provided by Greencastle City Administration); The Greencastle/Putnam County Development Center, Inc. - Greencastle Stellar Communities Research Estimated Investments December 2013.

The program had also sparked additional investment from community stakeholders. Current data analysis indicates that in its short time span, Stellar has sparked local and regional investments for the designated communities and their surrounding regions.

**Private Investment During Stellar City-wide & Stellar Target Area**



Source: Based on data provided by Delphi, Greencastle, North Vernon, and Princeton Stellar Communities Status Investments December 2013;

### Heightened the Level of Recognition Regionally.

Other evidence of local and regional impacts is a heightened level of recognition from Stellar. Respondents have noted an increase in awareness and interest about their cities as a result of Stellar designation. For example, respondents in all four cities stated an increase in interest from potential business owners, visitors, and other surrounding cities and towns. Respondents indicated that as a result of Stellar, “people are talking more about what will work and attract people” and that because of Stellar they are receiving more attention from larger cities throughout the state.

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**Program Goal: Improve quality of life through comprehensive and transformative investments. Another goal of the ISCP approach is to empower rural communities to implement comprehensive development in a way that will be transformative to the community. Each of the four communities identified both tangible and intangible evidence of improvements to quality of life and transformative investments.**

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### Encouraged Business and Population Retention and Attraction.

Data shows Stellar activity is a catalyst for economic growth for communities by providing the designated communities the initial capital for investment and development. Respondents indicated that Stellar created a window of opportunity for increased business and population attraction and retention.

### Increase Community “Self-Worth.”

Due to the decline in communities, businesses and residents began to become disenchanted

with their cities. Respondents in all four cities noted the Stellar program has created a renewed sense of pride, hope, and commitment in communities by its “see-touch-feel” factor.

*“...But the improvement that Stellar had provided there is immeasurable. It’s incredible.”*

*“Now Stellar concentrates the see, feel, and touch factor. People get excited about the town and then they have hope and then they open up their hearts to feel love for the town again.”*

### 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 incline.

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**Program Goal: Encourage sustainability and capacity building. 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.**

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In all four communities, respondents identified the program as a mechanism to leverage opportunities and obtain other investments and increased community capacity to complete a large amount of projects in a short time span through the development of partnerships.

### Overall Program Value

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Respondents in state agencies and ISCP- designated communities identified the following three areas as overall values of the program:

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#### Encourages Planning and Prioritization and a Broader Vision.

Participants noted the program's ability to encourage and reinforce planning and prioritization of community vision and project implementation. One key feature of the Indiana Stellar Community Program, which enhanced the program, was the required Strategic Community Investment Plans. Many of the community partners noted that the practice of completing this plan helped them to clearly plan and concisely prioritize their existing and projected community improvement projects.

Community partners stated that, in addition to program planning and prioritization, the Stellar process added value by encouraging participants to "think bigger and dream bigger" visions for what they would like to accomplish in their community revitalization efforts.

#### Catalyst for Change and Growth.

Bringing the number of resources to bear in a singular community in a short period of time to stimulate economic growth. Current data analysis indicates that in its short time span, Stellar has sparked local and regional investments for the designated communities and their surrounding regions. For instance, in Princeton, Toyota has provided over \$1 million in funding towards Stellar-initiated projects, and OnSite OHS has invested approximately half a million.

Other evidence of local and regional impacts is a heightened level of recognition from Stellar. Respondents have noted an increase in awareness and interest about their cities as a result of

Stellar designation. Respondents indicated that as a result of Stellar, "people are talking more about what will work and attract people" and that because of Stellar they are receiving more attention from larger cities throughout the state.

*"The overall value is it's a catalyst for the growth of the community....What the Stellar grant allowed us to do was to make that big jump and ramp up that aesthetic quality.*

#### Creates a Sense of Self-worth.

The respondents noted that ISCP created a feeling of self-worth and increased community pride. Due to the decline in communities, businesses and residents began to become disenchanted with their cities. Respondents noted that the Stellar program has created a renewed sense of pride, hope, and commitment in communities by its "see-touch-feel" factor.

*"It's a feeling of self-worth. There's a lot of action going on. We don't even have a government center in the city. We don't have a Fortune 500 company here. So it brought a lot of self-worth."*

#### Accelerated Project Completion & Promotion of Broader Impacts.

Respondents noted that the Stellar program has allowed the state agencies, along with the community partners, to complete projects in shorter timeframes, resulting in broader community and regional impacts.

### **Building Strategic Relationships and Enhancing Program Delivery and Impact**

Stellar nurtured partnerships and increased social capital as well as other forms of community capital for both the community partners and state agencies. State agencies and community partners were able to increase their organizational capacities, particularly in building strategic relationships, organizational program delivery and impact, and financial impacts.

The partnerships have also proven favorable on several fronts. First, the partnerships incited “buy-in” of comprehensive planning projects. Second, the partnerships stimulated sharing of public and private resources to complete improvement projects. Third, the partnerships established with outside stakeholders through implementation of a targeted neighborhood improvement model brought together complementary strengths of the various community institutions and neighborhood groups. Finally, the implementation of a targeted neighborhood improvement model has pushed Stellar towards becoming a replicable and scalable model.

### **Nurturing Partnerships = Increased Community Capital and Leveraging of Resources**

In the absence of Stellar, the communities had many pieces and stakeholders to accomplish improvements, but lacked the financial resources to accomplish them. As an outcome of Stellar, respondents identified the program as a mechanism to leverage opportunities and obtain other investments.

### **Increased Communication between State Agencies, and among State Agencies and Community Partner**

Respondents stated that improved levels of communication significantly increased cooperation amongst state agencies and between state agencies and the designated communities.

### **Increased Community Capacity**

Respondents noted that the ISCP process promotes for increased community capacity by providing cities the means to complete a large amount of projects in a short timespan.



Photo: Groundbreaking for the first Stellar Project - Irish Hill Housing Project

Source: North Vernon Stellarbration PowerPoint presentation.

### **Challenge to State Agencies to Expand their Roles.**

Respondents stated that the program motivated each agency to expand outside of its traditional role of community development and to become more creative in its use of resources.

### **Changed Perceptions of State Agencies.**

Respondents noted that the process has helped to either enforce or positively change community perceptions of them. Initially, community partners stated that their overall perception of OCRA was positive before and after Stellar. In comparison, respondents indicated no perception of IHCDA before their involvement with the ISCP. This was largely due to lack of experience working with IHCDA prior to Stellar. However, they stated an overall positive perception of IHCDA as a result of ISCP.

In contrast, the respondents indicated a negative perception of INDOT prior to ISCP, yet perceptions changed as a result of the working relationship established with INDOT through ISCP. The change in overall agency perceptions was attributed to the increase in communication and an understanding that representatives in each of these agencies wanted the “best for the community.” Moreover, there was increased awareness amongst respondents that negatively perceived bureaucratic limitations were mainly beyond state agency control, and were mainly consequences due to federal regulations.

### **Nurturing Partnerships.**

Respondents stated that the process has helped them recognize each other’s strengths and has improved partnerships and relationships amongst the three state agencies. It also has fortified the relationships between state agencies and partner communities, as well as other state institutions. For instance, in Greencastle the partnerships helped to solidify a relationship between the city and DePauw University by opening lines of communication.

### **Increased Social Capital and Other Forms of Community Capital.**

The respondents stated that ISCP increased social capital (both vertical or linking social capital and horizontal or bridging social capital), which afforded the partner communities the opportunities to build and draw on outside investments.

### **Increased Organizational Capacity of State Agencies.**

Respondents indicated an increase in organizational capacity as a result of the collaborative relationship between the three state agencies. The ability to extend their capacity has afforded the agencies the ability to help more communities by pulling their financial and human capital together.

### **ISCP Policy Lessons**

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#### **Policy Lesson One: It’s a Balancing Act.**

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Respondents indicated that all projects were considered high-priority projects. As such, respondents had to learn how to balance project prioritization and coordination to ensure that all the necessary steps were followed and pieces were in place to ensure project implementation and completion.

#### **Policy Lesson Two: Red Tape Is Still Red Tape.**

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Respondents noted that although the grant funding was guaranteed, there were requirements to complete the applications, contracts, and procurement processes; the process mirrored an application for normal state project funding, only at a much faster pace.

## INDIANA STELLAR COMMUNITIES PROGRAM

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### **Policy Lesson Three: Need for Project-Specific Administrative Management.**

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Respondents stated that due to the complexity of the process, there needs to be some set-aside funding for project management. They identified a good project manager as someone whose sole responsibility is to oversee and organize the projects.

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### **Policy Lesson Four: All State Agencies Should Follow a Community Liaison Model.**

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Respondents identified the OCRA model as helpful and effective in helping communities navigate through the ISCP process. Respondents recommended that the other two agencies, INDOT and IHCD, follow a similar model to reduce confusion by pinpointing one target or “go to” person who is knowledgeable about their community and their respective Stellar project.

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### **Policy Lesson Five: All Participants Need To Exhibit Patience and Flexibility.**

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One of the initial lessons learned relates to project prioritization. As community partners developed their applications, partners were required to prioritize or rank projects. In doing so, respondents indicated that in an effort to create a “good” or Stellar-worthy application, the process (intentionally or unintentionally) guided them towards selecting those projects which they felt would be able to “fit in” with Stellar goals. Therefore, community partners consequently shifted project priorities. For instance, partners would take a project initially ranked number nine, 10, or 11 on the project list and move it up to a four or a three based on whether the project fit Stellar criteria from a funding standpoint or it was located within community target areas.

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### **Policy Lesson Six: Make It Work for All Different Types of Jurisdictions.**

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Respondents noted that there needs to be some work on the state agencies' part to be more inclusive in ISCP selection model towards towns and not just county seat cities to alleviate the exclusivity problem.

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### **Policy Lesson Seven: Develop a “Stress-Test” to Determine Community Capacity.**

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Respondents stated that there needed to be some type of mechanism in place in the ISCP selection model to test the communities' capacity and leadership to implement such an extensive program.

*“I think what I would change in the process is more or less to...to 'stress-test' a community...To go from zero and little or no dollars to \$19 million is a big leap for communities of their size.... I don't think that we scaled it in relationship to the size of the community.... So \$6 million is not a big deal, but to a community of this size it was really a big deal.”*

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### **Policy Lesson Eight: Make Sure a Community Has All Its “Ducks in a Row.”**

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Respondents noted that there needs to be a better mechanism implemented to make sure that communities have all of the necessary pieces and partners in place. One main issue cited was the lack of site acquisition, which impeded progress in the first round of Stellar awardees.

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### **Next Steps and Future Research**

This summary report represents the culmination of the first year of Sagamore Institute's contracted research and evaluation of the Indiana Stellar Communities Program. The goal has been to gather information about the Indiana Stellar Communities Program from state agencies, community partners, and stakeholders, so that the evaluation process and implementation within ISCP can be strengthened.

In the second phase of this evaluation, to be in 2014, Sagamore Institute will continue the analysis of the six Stellar communities (Greencastle and North Vernon (2011); Delphi and Princeton (2012); and Bedford and Richmond (2013)).

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