



FIVE INITIATIVES

INTRODUCTION

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FIVE INITIATIVES - RELEASED FRIDAY, OCT. 27, 2023

INTRODUCTION

Over the course of this campaign, we have made choices about which ideas, or plans, to promote.

Public safety has dominated the agenda because we can't be a successful city until the violent crime problem is solved. We must be safe, and we must **feel** safe. This is a law enforcement problem **and** a "root cause" problem. We must attack it from both fronts.

Fixing "root causes" is a long-term effort that will require partnerships and community effort; I'm prepared to lead those efforts. The law enforcement problem is immediate and largely under the control of the mayor, and for me, it will be Job #1.

I have strongly endorsed Doug Carter's call for a complete review of the Marion County criminal justice system. I want to call your attention to a little-covered element of my remarks when we unveiled our public safety plan in July.

"And lastly, we'll hold people accountable. My office will provide transparency into every aspect of our city's public safety, including police actions, prosecutor actions and the actions of criminal court justices. Publicly, online."

The mayor has washed his hands of affecting the entirety of the criminal justice system, including the criminal courts, the sheriff's office and the prosecutor. His vision of being the city's chief executive is limiting, and that is why our public safety problem remains out of control.

The mayor – as chief executive and the leader of our city – has the power to shine a bright light into every corner of the criminal justice system. I will act where I have authority and shine a bright light on everything else. It is past time for a change.

But there is a lot more to being mayor than solving the crime problem, and we must advance across a very wide range of policy issues. We must be innovative at every turn. We must tackle giant issues as well as simple ones. We must see far over the horizon and right in front of our noses.

This week, I am releasing five initiatives I'll advance immediately in January 2024. There are many more we could talk about, but I pick these five because they suggest the imagination and innovation that we'll bring to Indianapolis city government.



FIVE INITIATIVES

#1 PROPERTY TAX FREEZE TO PROTECT SENIORS FROM BEING TAXED OUT OF THEIR HOMES

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PROPERTY TAX FREEZE TO PROTECT AGAINST RAPIDLY RISING PROPERTY TAXES

OPEN TO ALL SENIORS AND NON-SENIORS WITH EXTRAORDINARY ASSESSMENT INCREASES.

As I listen to Mayor Hogsett and his close advisors, I'm struck by the extent to which they fail to understand the economics of progress. It is vital to our city that both incomes and property values grow.

I find this an especially troubling topic when I hear people speaking negatively about neighborhood redevelopment because it will "price people out of their homes." This is a solvable problem! The people most in harm's way are senior citizens living on fixed incomes, but others can fall victim as well when neighborhoods become popular places to live. When neighborhood home values rise precipitously, assessed values rise too. The result is rapidly escalating property taxes.

The state legislature tried to give local governments a way to deal with this through Senate Bill 46, and that law is being piloted in the Riverside Neighborhood. But it's unwieldy, complex and provides only a half measure of relief. Worst of all, it is financed by robbing Peter to pay Paul. It works by the City-County Council approving tax *credits* to help long-standing home owners. Therefore, the burden of paying those rising property tax bills is just shifted to everyone else. There's a better way.

*The right way to approach the problem is a **financing** solution that is supported by the future value of the property. Any fix for this problem that tinkers with the moving parts of the property tax system – assessed values, rates, credits, etc – is doomed to be complex, unfair or both.*

My plan would let any senior citizen opt-in to a program that would simply cap the amount of property taxes they pay until they sell the home. The program would create a Freeze Fund by using the city's bonding authority. Each year, the amount of tax above the frozen level would be paid by the Fund. When the home is eventually sold, the money is repaid to the Fund out of the proceeds of the sale.

In addition to seniors, this program will be available to anyone whose assessed value rises by a certain amount in any one year – say a 15% increase.

It is very simple. No red tape. Going forward a total freeze on the amount of property taxes. And just to be clear, the property taxes get paid each year; the city, schools and other units of local government are out no money. We are just borrowing from the future to enable homeowners to live without worry that they'll be forced out of their homes by things outside their control.

The only condition will be a threshold equity value in the home, probably 30%, so the mortgage balance could not exceed 70% of the assessed value. But that will undoubtedly not be a problem for seniors who've been in their homes a long time, or even for younger homeowners whose mortgages predate the escalating property values.

It is simple, self-reliant and common sense. You freeze your property taxes for as long as you own the property. The increase in property taxes and the cost of carrying the debt are financed by bonds. When the home is eventually sold by the owners or their estate, the City collects the value of all the avoided property tax from the proceeds of the sale to retire the debt.

It encourages, instead of discourages, rising property values. It achieves multiple public benefits and solves a problem that is created purely of the government's making because of the way the property tax system works. And most of all, it makes it possible for seniors to stay in the neighborhoods they have loved and been part of their whole lives. The presence of these longtime residents and a senior perspective adds enormous value to the fabric of our neighborhoods.

Shreve Opt-In Property Tax Cap Financed by Freeze Fund Bonds

A "Normal" Scenario

Modeling Assumptions:

- 1.2% tax rate
- 5% coupon on bonds
- Mortgage limit = 70% of NAV in base year, held constant.

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Net Assessed value	223,000	267,600	307,740	353,901	406,986	415,126	423,428	431,897	440,535	449,346	458,333	467,499	476,849	486,386	496,114	506,036	516,157	526,480	537,010	547,750
Rate	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
Tax due	2,676	3,211	3,693	4,247	4,884	4,982	5,081	5,183	5,286	5,392	5,500	5,610	5,722	5,837	5,953	6,072	6,194	6,318	6,444	6,573
Tax Paid ... The Freeze Line	2,676	2,676	2,676	2,676	2,676	2,676	2,676	2,676	2,676	2,676	2,676	2,676	2,676	2,676	2,676	2,676	2,676	2,676	2,676	2,676
Tax avoided & financed w Shreve Freeze Bonds	535	1,017	1,552	2,028	2,208	2,306	2,405	2,507	2,610	2,716	2,824	2,934	3,046	3,161	3,277	3,396	3,518	3,642	3,768	3,897
Cumulative Tax Avoided & Financed w SFBS	535	1,552	3,123	4,821	6,529	8,235	9,940	11,644	13,347	15,049	16,750	18,450	20,149	21,847	23,544	25,240	26,936	28,631	30,325	32,018
Carrying cost @ 5%	27	27	78	156	267	382	502	627	758	894	1,035	1,182	1,334	1,492	1,656	1,826	2,002	2,184	2,372	2,567
Cumulative carrying cost	27	54	104	161	228	309	399	499	608	726	854	992	1,140	1,298	1,466	1,644	1,832	2,030	2,238	2,457
Cumulative tax obligation at sale	562	1,056	1,656	2,261	2,881	3,516	4,166	4,831	5,511	6,206	6,916	7,641	8,381	9,136	9,906	10,691	11,491	12,306	13,136	13,981

Super conservative assumptions: The bondholder's view

Sale price = 80% of assessed value	214,080	246,192	283,121	325,589	332,101	338,743	345,518	352,428	359,476	366,666	373,999	381,479	389,109	396,891	404,829	412,925	421,184	429,608	438,200
Max mortgage value = 70% of base NAV	(156,100)	(156,100)	(156,100)	(156,100)	(156,100)	(156,100)	(156,100)	(156,100)	(156,100)	(156,100)	(156,100)	(156,100)	(156,100)	(156,100)	(156,100)	(156,100)	(156,100)	(156,100)	(156,100)
Cum tax obligation @ sale (line 11)	(562)	(1,656)	(3,383)	(5,858)	(8,545)	(11,452)	(14,586)	(17,955)	(21,565)	(25,424)	(29,539)	(33,919)	(38,572)	(43,505)	(48,727)	(54,247)	(60,072)	(66,212)	(72,676)
Sale proceeds avail to owner	57,418	88,436	123,637	163,631	167,456	171,190	174,831	178,373	181,812	185,142	188,360	191,460	194,437	197,286	200,002	202,579	205,012	207,295	209,424
Coverage Ratio	1.37	1.56	1.78	2.01	2.02	2.02	2.02	2.02	2.02	2.02	2.01	2.01	2.00	1.99	1.98	1.96	1.95	1.93	1.92

Normal assumptions: The homeowner's view

Sale price = assessed value	267,600	307,740	353,901	406,986	415,126	423,428	431,897	440,535	449,346	458,333	467,499	476,849	486,386	496,114	506,036	516,157	526,480	537,010	547,750
Actual Mortgage balance from schedule below	(62,420)	(56,760)	(50,816)	(44,574)	(38,021)	(31,140)	(23,915)	(16,329)	(8,364)	(0)	(29,539)	(33,919)	(38,572)	(43,505)	(48,727)	(54,247)	(60,072)	(66,212)	(72,676)
Cum Freeze Bond obligation @ sale	(562)	(1,656)	(3,383)	(5,858)	(8,545)	(11,452)	(14,586)	(17,955)	(21,565)	(25,424)	(29,539)	(33,919)	(38,572)	(43,505)	(48,727)	(54,247)	(60,072)	(66,212)	(72,676)
Sale proceeds avail to owner	204,618	249,324	299,702	356,554	368,560	380,836	393,395	406,251	419,417	432,909	437,960	442,930	447,814	452,609	457,309	461,910	466,408	470,797	475,074
Mortgage amt	135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000
Interest rate	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
term	30 years	30 years	30 years	30 years	30 years	30 years	30 years	30 years	30 years	30 years	30 years	30 years	30 years	30 years	30 years	30 years	30 years	30 years	30 years

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Annual Principal	135,000	132,968	130,935	128,904	126,242	123,772	121,179	118,456	115,597	112,595	109,442	106,133	102,657	99,008	95,177
annual payment	8,782	8,782	8,782	8,782	8,782	8,782	8,782	8,782	8,782	8,782	8,782	8,782	8,782	8,782	8,782
Interest	6,750	6,648	6,542	6,430	6,312	6,189	6,059	5,923	5,782	5,630	5,472	5,307	5,133	4,950	4,759
principal	2,032	2,134	2,240	2,352	2,470	2,593	2,723	2,859	3,002	3,152	3,310	3,475	3,649	3,832	4,023
Mortgage balance	132,968	130,835	128,594	126,242	123,772	121,179	118,456	115,597	112,595	109,442	106,133	102,657	99,008	95,177	91,154
Annual Principal	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
annual payment	8,154	8,6929	82,494	77,837	72,946	67,812	62,420	56,760	50,816	44,574	38,021	31,140	23,915	16,329	8,364
Interest	4,558	4,346	4,125	3,892	3,647	3,391	3,121	2,838	2,541	2,229	1,901	1,557	1,196	816	418
principal	4,224	4,435	4,657	4,890	5,135	5,391	5,661	5,944	6,241	6,553	6,881	7,225	7,586	7,965	8,364
Mortgage balance	86,929	82,494	77,837	72,946	67,812	62,420	56,760	50,816	44,574	38,021	31,140	23,915	16,329	8,364	0

A 45 year old couple bought a home in 2005 for \$150,000, with \$15,000 in savings and a 30 year, 5% mortgage of \$135,000.

Its assessed value --- which under Indiana law must track with market value --- rose 2% a year making the assessed value \$223,000 in 2025 after 20 yrs. By then, their mortgage had been paid down to \$67,182. Then, in 2025, due to excellent economic development of Mayor Shreve, their neighborhood suddenly becomes extremely popular and assessed values skyrocket, 20% in year 1, and 15% more in each of the next 3 years, before stabilizing again at increases of 2% per year.

The couple turns 65 in 2025, and opts into the Shreve Freeze Plan, capping their property taxes at the prior year's \$2,676.

They live in their home in an ever-improving neighborhood until 2044, 19 years later, when they decide to move to a retirement center at age 84.

Their neighborhood had continued to thrive all those years and they enjoyed the vitality of new families, and especially the small children, who they watched grow up as their own children had years before.

They sold their home for \$547,750. They had paid off their mortgage in 2035, and never paid a dime more than the property taxes they paid in 2025. At the sale of their home they had to repay to the Freeze Fund the amount of property taxes they avoided for the last 20 years plus the carrying cost of that amount. This was done at the closing of their home sale. The amount paid to the Freeze Fund was \$72,676. They walked away at closing with a little over \$475,000.



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#2 PUBLIC TRANSPORTATION RESET

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PUBLIC TRANSPORTATION RESET

Indianapolis needs a world class, information age, **public** transit system. The people who envisioned IndyGo's present model were looking backward, not to the future.

This is a tough situation because we – the City – have spent hundreds of millions of dollars on a Rapid Transit idea that doesn't work and never will. This is not an uncommon problem. In business, it's the problem of dealing with sunk costs. All of that already-spent investment is like a great force pushing you to spend even more. But hard decisions need to be made; we can't keep throwing good money after bad.

The evidence of operating failure is impossible to ignore:

- IndyGo's operating expenses in 2022 were \$127 million; its operating revenue was a little under \$6 million.
- That means riders paid only about 5% of the total cost to operate the service, which is among the lowest in the country.
- Most of the \$121 million shortfall is covered by income and property taxes – nearly \$110 million last year.
- IndyGo's "Rapid Transit" concept is not "rapid." The buses are virtually empty, and even the promise of carbon neutrality is quietly compromised because the electric buses can't hold a sufficient charge in the winter, requiring mid-circuit recharge using diesel-powered generators.

You can see the dilemma if you think of it as a story problem: Consider the 5,152,520 rides per year in 2022, and that each ride is one leg of a two-ride passenger trip. How much taxpayer subsidy supports every passenger trip if taxpayers are paying \$110,000,000 to subsidize this activity?

The answer is \$43 per passenger trip. So, if you ride the bus every day to work and back, the taxpayers are paying \$215 per week for your transportation, \$860 per month. Just think about that.

IndyGo and our "rapid transit" is a mess. But we shouldn't fight over the sunk costs and bad decisions. Rather, we should face forward, and with good will, figure out how to fix it.

Our admirable community ambition to have a good public transportation system got ahead of being smart. The greatest hockey player of all time, Wayne Gretsky, was once asked how he managed to always be around the puck. His answer should be our answer. He said, "because I skate to where the puck is **going to be**, not where it is."

The basis of the problem is that trunk line "mass transit" is an antiquated concept. And, ironically, it's unhelpful to the people who most need public transportation. For example, the 85-year-old widow living on her social security income who needs transportation to her doctor's appointment can't walk four blocks to the bus stop and another three blocks when she gets near the doctor's office.

Information technology makes door to door ride-sharing the base-line technology for public transportation. NOT trunk line bus systems.

As is, the Hogsett Administration has saddled us with a last century transportation model and the taxes to go with it. We need to have the courage to change course.

Indianapolis should be a leader, not a laggard. We should pioneer a public transportation system based on smaller vehicle (smaller than a city bus!) ride sharing that provides customized door-to-door service. It should be high tech and something that differentiates us from cities still clinging to the 20th century transportation model.



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#2 PUBLIC TRANSPORTATION RESET

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PUBLIC TRANSPORTATION RESET (CONTINUED)

Indianapolis should be a leader, not a laggard. We should pioneer a public transportation system based on smaller vehicle (smaller than a city bus!) ride sharing that provides customized door-to-door service. It should be high tech and something that differentiates us from cities still clinging to the 20th century transportation model.

Once you disconnect from the anachronism of large bus, trunk line, “mass transit” – which was a great idea in densely populated urban areas last century – you can invent a public transit system that uses information technology to enable door-to-door service and achieves all the other laudable goals of public transportation. AND at a significantly reduced cost!

I will name a Blue-Ribbon Panel to evaluate this entire issue, with the aim of establishing a future-oriented PUBLIC transportation model.



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#3 MICRO-SCHOOL PILOT

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MICRO-SCHOOL PILOT IN DISADVANTAGED NEIGHBORHOODS

Thanks to the giant innovation pioneered by Mayor Bart Peterson, now over 20 years ago, the one place the mayor has specific authority to affect education is through the mayor's ability to charter schools. Twenty years down the road, most of this work is procedural and responsive to market interest. I will continue that good work and be aggressive about making sure mayor-chartered schools are delivering a high-quality product.

But this unique mayoral authority gives us an opportunity to apply changing education technology in a way that could be a watershed opportunity to address individual student education, plus address long-term issues that can improve blighted neighborhoods and sociological issues that later manifest as mental health issues and eventually as the "root causes" of crime. In other words, an idea that could let us do something spectacularly good for each child and improve the sociological, psychological and cultural issues that endanger urban America.

This is not an idea I can prove will work. I can prove that financing property tax increases using property values will work. I can prove that our public transit policy is broken and leading in the wrong direction. But this idea stems from imagination and a willingness to see into the unknown. (Albert Einstein once said that "imagination is more important than knowledge.")

If we are going to be a city that the nation looks to for leadership, we will have to innovate. We will have to summon equal parts optimism, imagination and commitment. Then, expecting and working for fabulous success, take the entrepreneurial risk that an idea might fail. I don't believe we will fail, and I believe we will pioneer a very important concept. The upside is potentially gigantic.

Why does this make sense today? Because if you study the trends, we are probably at a convergence point in the entire organization of education. Information technology has combined in a way to enable individualized instruction for every single student. This is going to precipitate an amazing transformation of the education world that has large upside repercussions for all children.

For most of our lifetimes, education has been arranged based on the average — one teacher instructing 20 kids, aiming to meet the class in the middle. Ten of those kids fit nicely under the center of the bell curve — the average. But five of them were able to go a lot faster and lost interest, while five of them struggled to keep up and dropped out. That system operates optimally for half the kids.

Technology today allows each child to move at his or her own pace, enabling a much more efficient system that is unbound by the physical construct of a classroom for 20 students.

I'd like to pilot the idea of four mayor-chartered "Micro Schools" located in the most disadvantaged neighborhoods; each would serve 20-25 students of all grade levels. Not so many students involved to be disruptive of IPS, other charter schools or the various private school options, but enough to let us examine the potential. We will have our pick of the very best teachers who are motivated by the prospect of changing the world. You can bet the 25 students of all ages will get outstanding education. And technology would enable individualized instruction for every single student.

The idea of locating these pilot "Micro schools" in disadvantaged neighborhoods is not unintentional. As I have learned over the last many months of diving deeply into the root causes of crime, the social pathologies that result in crime trace back to the earliest years in a person's life. Mental health issues, social values, perspectives on relationships and work and family... they are all the product of how we all grow up. The idea here is that the constant presence of a "Micro School" in a very small geography can make a difference on all these fronts at once.



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#3 MICRO-SCHOOL PILOT

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MICRO-SCHOOL PILOT IN DISADVANTAGED NEIGHBORHOODS (CONTINUED)

These “Micro School” buildings would become vital centers of a very small area – no more than a few blocks – anchors of stability in their neighborhoods. They would become places where resources could be marshalled for the whole neighborhood, things like mental health care, summer lunch programs and early childhood education opportunities that are so crucial to eventually reading at grade level.

I am eager to have the best and brightest education and social service professionals involved. That includes representatives from the 11 public school corporations in our city; I know there is enormous expertise there on these issues. And we will engage with neighborhood leaders to sort through which locations make the most sense. I will name someone to lead this effort before January 2024 and we will move as quickly as we move in business when organizing a start-up. And that is FAST.

This is not a fully developed “plan.” It is the articulation of a vision different from what anyone else in the country is talking about, enabled by the unique capacity for the Indianapolis mayor to charter public schools. This should always be our goal as a city: to leverage our unique capacities to be the first and the best in the country.



FIVE INITIATIVES

#4 MINIGOV

GIVING NEIGHBORHOODS REAL POWER

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MINIGOV

Speaking of neighborhoods, this next initiative has a lineage that goes all the way back to the creation of modern Indianapolis. When the city and county merged via Unigov, there was a companion bill that passed the Indiana legislature called “Minigov.” It recognized that while we could save taxpayer money and coordinate the vision for a vibrant metropolis by merging city and county government, the best government is that which is closest to the people. So, Minigov enabled giving certain powers for land use and zoning to local neighborhood associations.

Unfortunately, the idea was never adopted by the new City-County Council, but it was a good idea, and we should do it! When local neighborhoods have a real ability to govern, more people will be engaged in civic life. And that is vital to building a great city.

Right now, in one of our largest neighborhoods, Meridian Kessler, there is a proposal being advanced to give the Indianapolis Historic Preservation Commission extraordinary authority to regulate whether property owners can “tear down” homes to build new ones. My view is there is no point in involving some centralized element of government – with an agenda that is actually different from what neighborhood residents care about. Let the neighborhood itself establish process and standards for governing these kinds of land use issues. This is the concept of “minigov.”

PUBLIC WORK STARTS AT HOME

In addition to land use, how about this: let’s take a material part – say 10% – of all public works funding and let neighborhoods decide how to spend it. The people in our neighborhoods know which sidewalks need to be replaced or streets repaved better than a bureaucrat downtown.

I would make this the first step in budgeting for public works improvements, which would have profound effects on the city’s perspective on public works. From the ground up, we in city government would be following the lead of people close to the action. Inevitably – and intentionally – we would see that the neighborhood projects fit with other public works ideas with neighborhood consequences. In short, it would be a process innovation that enabled “good government.”

So, I propose we move significant zoning and land use decisions closer to the people, giving neighborhoods real authority to self-govern. And second, I propose that we give neighborhoods the first 10% of money for public works projects of their choosing.



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#5 BAG THE BAGGING

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BAG THE BAGGING

Finally, something that might be a small idea as public policy goes: but makes this point: sometimes innovation is no harder than stealing someone else's good idea.

Raking leaves is great exercise. But bagging leaves is a pain in the back. Literally. It's also terrible for the environment — all those plastic bags going into the waste system.

Hundreds of cities around the country **vacuum leaves from the curbside** and then recycle them. It's one of the simplest win-wins I've ever seen.

If I am elected mayor, rake or blow your leaves to the curb... but you are **DONE** bagging them.