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Neighbors push back on east-side development proposal

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An out-of-state investment firm with plans to redevelop a rundown east-side retail center intends to refine its approach to the project in the coming weeks after encountering pushback from neighbors—some of whom have their own ideas for the property.

New York-based Skysoar Capital Partners has for nearly two years considered redeveloping the Devington Plaza property, a move that could mean new life for the nearly abandoned 36-acre site at the northeast corner of East 46th Street and Arlington Avenue.

The company’s proposal calls for a \$100 million overhaul that would see the demolition of the 192,000-square-foot shopping center, with new construction across two phases consisting of more than 500 apartments, 35,000 square feet of retail and

restaurant space, town houses, a hotel, an esports facility and various community spaces.

But the concept has so far failed to satisfy neighborhood concerns, as many residents said they desire a commercial-focused development that has little, if any, housing. In fact, a neighborhood task force has proposed a concept for the site that would feature expansive commercial space and an indoor sports and fitness facility.

That idea hasn't been studied for feasibility, but task force members said they believe it would be a better fit than the proposed housing-centric project, which would have a mix of market-rate and reduced-income rents.

A Skysoar representative this week told IBJ the company is committed to designing a project residents can get behind before proceeding with development approval processes. But, he said, any proposal will likely require a heavy multifamily component to make the economics work.

“We’re willing to do what it takes to put a project here,” said Clark Katz, a principal with the company. “That being said, we have to be able to put a project here that’s going to be financially feasible. We can’t build something that’s not going to be able to be a profitable venture. We don’t want to end up with the site the way it is right now.”



Developer Skysoar says it is pausing its plan to seek city approvals until it meets with neighbors to address concerns about the project's heavy emphasis on apartments. (IBJ photo/Mickey Shuey)

Finding compromises

Skysoar had planned to appear before the Metropolitan Development Commission hearing examiner on Dec. 19 to request a rezone for the property that would designate the entire parcel as mixed-use, an initial step in the approval process.

The proposal has the support of staff from the city's Department of Metropolitan Development, which is recommending approval. (A spokesperson for the department declined to comment.) Skysoar officials have met on and off with DMD staff since last year to fine-tune the proposal.

Now, Katz said, the firm plans to ask that the case be continued until after additional meetings with neighbors. A DMD official separately told neighborhood leaders the city plans to request a continuance.

“What we committed to is to continue to listen and continue to try our best to be able to work together with the community,” he said. “We’re going to continue to listen, but ... everything has to be able to pencil out where it’s going to be a winning project.”

Stephanie Marshall, president of the Brendan Park Civic Association and a leader of the 16-member neighborhood task force, said the neighborhood is open to finding a compromise on how the site is used—something that could be a mix of what the developer has proposed and the concept put forth by the neighbors. But, she said, having more than 500 apartments and limited retail is a non-starter.



Stephanie Marshall

“If you, in really good faith, want this to work for both sides, where both sides could be happy, I think looking at finding compromises to how we can better utilize this space” is important, she said. “We’re not closing our ears to that, and it’s not like we don’t understand that the investor is ... [developing the site] because they’re wanting a return.”

She said an indoor sports complex—which she described as similar to the MojoUp facility in Noblesville and others across central Indiana—would make Devington a year-round host for sports events that could sustain more commercial development. The retail area would be frequented not just by residents but by out-of-town visitors and others from across central Indiana.

“I think in order to make Devington a destination, it needs to be able to bridge the gap of the needs of the current residents and make it a unique experience, while giving inspiration to the youth that are going to come up and eventually occupy these houses,” Marshall said. “It needs to be a driving force to

continue to empower them—to be a vehicle that represents the community as a whole.”

Marshall also said neighbors are concerned about how residential property values might be influenced by an influx of apartments—in particular, those that are rented below market rate and owned by an out-of-state investment firm. She said she is concerned that, long term, the property will become blighted.

Developer responsibilities

Doug Morris McCoy, the AI and Shary Oak director of real estate at [Indiana University](#), said neighborhood development can be “quite a process” because of the complexities created by trying to meet numerous parties’ interests.



Doug McCoy

That challenge is further exacerbated by a firm’s need to have a feasible project that can navigate political and socioeconomic interests while still being able to secure financial backing. He said oftentimes, concepts put together by neighbors don’t take into consideration one or more of the factors that must be balanced by developers.

The task force’s Marshall said members believe there are other interested buyers for the property, although she declined to identify any groups. Skysoar has the plaza under contract from current New York owner, Eshagh Malekan, pending the zoning change approvals.

To follow the neighborhood’s proposal outright, McCoy said, is “just unrealistic, as developers, to stay in business.”

“It has to be worth the risk they’re taking, and it has to be financeable—that’s what’s driving them,” he said. “They’d love to do what the neighbors say they want, and they would do it in a second. If it was profitable and works well, they wouldn’t hesitate.”

More than 70 people attended a Dec. 2 neighborhood community meeting to discuss the project, with most vocal about their support for the task force’s proposal over that of Skysoar. Marshall shared the raw results of 64 surveys returned during the meeting that show most were fully opposed to the New York firm’s project and desired more retail.

While some indicated they weren’t fully sold on the sports facility plan, the majority said they’d prefer a commercial-driven site to one focused on apartments and rental housing.

Abbey Chambers, a qualitative researcher and founder of Indianapolis-based Justways Research, said she has been studying Devington and other east-side neighborhoods for nearly four years. She said a balance can be struck between deferring to the plans of a property’s owners and the needs of the larger community—particularly in a case that involves a massive site in the middle of a neighborhood.



Abbey Chambers

Chambers said the developer should try to incorporate as many of the neighbors’ ideas as possible.

If you own the property, she said, “you can do whatever you want and have all the rights. But I think when you’re developing a community or developing a site, it behooves you to think about what the community wants and try to work with them.”

She said if Skysoar Capital Partners had “just worked with the community from the get-go, they could have potentially saved a lot of resources.”

Katz said Skysoar, which is working on the development with Indianapolis housing development firm BWI LLC, has made some concessions already. The group is proposing an esports facility that could host large local and regional events, while the hotel would help the neighborhood attract those in town for the competitions or other business.

“We want to make sure that the record shows that we’re a development team that is listening and has been moving the needle in terms of what people’s needs and wants are now,” Katz said. “I think as the community gets informed, as they learn more about development and ... about what’s out there in different communities, the goalposts will move a little bit. ... We’re doing our due diligence, which is taking their input.”

New life

Neighbors and a developer are trying to find common ground for a proposed plan to revitalize a dilapidated site just south of Arlington Middle School.

Proposal: \$100M-plus redevelopment of former Devington Plaza shopping center

Property: 36 acres

Address: 6000 E. 46th St.

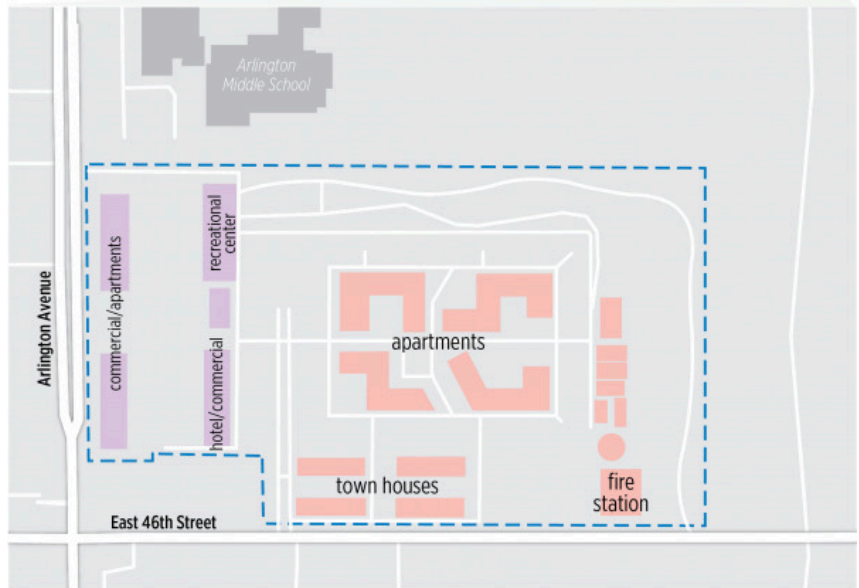
Current owner: Indianapolis RE Management LLC

Proposed owner: New York-based SkySoar Capital Partners

Development consultant: Indianapolis-based BWI LLC

Architect: Indianapolis-based w/Purpose

Urban planner: David Rubin Land Collective



Phase I

- ▶ two 60-unit apartment buildings, each with seven 2,500-square-foot commercial spaces
- ▶ esports facility
- ▶ 12,500-square-foot roller rink
- ▶ pool and bathhouse
- ▶ 60-room hotel with seven, 2,500-square-foot commercial spaces

Phase II

- ▶ four 100-unit apartment buildings: 50 units market rate, 50 tax-credit
- ▶ eight town houses
- ▶ public amenities, including basketball court, dog park, tennis courts, amphitheater, rain garden, walking trail, playground

Source: IBJ research

Skysoar has engaged with City-County Council member Keith Graves, who represents the district, since it first contemplated redevelopment of Devington Plaza two years ago.

While Graves has generally been supportive of the company's efforts, he recently said he has changed his views after conversing with residents—he plans to call down the rezone during a full council meeting if it receives approval in its current form, with plans to oppose the project.

The continuance means the project will next be considered by the hearing examiner on Jan. 23.

Katz said multiple meetings with community members and Graves are planned in the coming weeks. But Marshall, who said she has not heard about any planned meetings, said she isn't confident that much will change in discussions with Skysoar.

Katz has “not responded to any of the text messages or the emails that I have sent him in the last week,” Marshall said Tuesday. “So, no, I do not have any confidence that he is going to do anything other than what ... they have been able to produce.”

Looking ahead

In addition to the proposal itself, Marshall and other neighbors have expressed concern about the involvement of BWI in the project. While the firm has developed other properties across Indianapolis and the east side—including in the Devington neighborhood—it has come under fire recently for what some tenants have considered shoddy craftsmanship and poor development practices.

In April, nonprofit news organization Mirror Indy reported that some living in and near the Canal Village project the company built during the pandemic were unimpressed by the development. Gary Hobbs, president of BWI, has defended the company's track record in the months since.

And he told IBJ this week that “ BWI has a very strong track record here of residential and commercial mixed-use and mixed-income developments. Even within the Devington community, we have high-quality projects across the street from [the plaza], with senior housing that has stood the test of time, and those projects continue to be fully occupied with happy residents.”

BWI is not currently contracted to develop the Devington project for Skysoar, although that hasn't been ruled out. BWI helped orchestrate the involvement of local design firms With Purpose and David Rubin Land Collective, both of which the firm has worked with before.

Hobbs said he hopes to continue to be involved in the Devington Plaza project and “to work with top-notch, high-quality architects, contractors and subcontractors” throughout the process.

Katz said he's aware of Mirror Indy's reporting on BWI, although he said he hasn't heard concerns from neighbors about BWI's involvement in this project. But several individuals attending the Dec. 2 community meeting said they were worried that any apartments built at Devington would be of poor quality as a result of BWI's participation.

“I think this is something that we'll have to consider as we go forward, but there's a lot of things that BWI brought to the table that are very, very positive, and I'm grateful for their help and

what they did till now,” Katz said. “Obviously, this is a business, and if there’s something that we feel is going to be detrimental to the project, whatever it is—whether it’s BWI or somebody else—we will do the right thing to make sure that the project moves forward with the right team.”•

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