

REPRESENTATIVE FOR PETITIONER:

John P. Reed, Abrahamson Reed & Bilse

REPRESENTATIVES FOR RESPONDENT:

Ayn K. Engle, Attorney  
Angela M. Jones, The Law Office of Angela  
M. Jones, LLC

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## BEFORE THE INDIANA BOARD OF TAX REVIEW

INNERMISSION, INC.,	)	Petition Nos.: see attached
	)	
Petitioner,	)	Parcel Nos.: see attached
	)	
v.	)	County: Lake
	)	
LAKE COUNTY ASSESSOR,	)	Assessment Dates: see attached
	)	
Respondent.	)	

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**January 8, 2025**

### FINAL DETERMINATION

The Indiana Board of Tax Review (“Board”), having reviewed the facts and evidence, and having considered the issues, now finds and concludes the following:

#### INTRODUCTION

1. InnerMission, Inc. sought exemptions under the general exemption statute, Indiana Code § 6-1.1-10-16, for thirty parcels of real property located in Lake County. Because InnerMission did not prove that any of the properties were owned, occupied, and used for charitable, educational, or religious purposes during the relevant timeframes, we conclude that they are all 100% taxable.

## PROCEDURAL HISTORY

2. Over the course of three dates (March 17, 2020, April 22, 2020, and March 29, 2021), InnerMission filed seventy Form 136 exemption applications for thirty parcels of real property located in Lake County seeking charitable, educational, and religious exemptions for various combinations of the January 1, 2019, January 1, 2020, and January 1, 2021 assessment dates. On November 30, 2022, the Lake County Property Tax Assessment Board of Appeals (“PTABOA”) issued Form 120 determinations denying all seventy of InnerMission’s exemption applications. On January 13, 2023, InnerMission filed Form 132 petitions with the Board challenging the PTABOA’s determinations.
3. On October 20, 2023, the parties entered into a stipulation dividing the thirty parcels into the following 6 categories for purposes of hearing: (1) Dormitory of Church College; (2) Staff Housing; (3) Parcels Deeded in Error<sup>1</sup>; (4) Market Rental Units; (5) Dilapidated Homes; and (6) Vacant Land.
4. On April 29, 2024, Tammy Sierp, our designated administrative law judge (“ALJ”), held a hearing on InnerMission’s Form 132 petitions. Neither she nor the Board inspected the subject properties. Pastor James Calaway, Scott Wells, Nancy Frigo, Larry Hlista, Laura Mercado, and Nyamat Singh testified under oath.
5. InnerMission submitted the following exhibits at hearing:

Petitioner Ex. 1:	InnerMission IRS-501(c)(3) Letter
Petitioner Ex. 2:	Indiana SOS Business Entity Report 2021
	Certificate of Incorporation
	Certificate of Existence
	Articles of Incorporation
Petitioner Ex. 3:	Amended and Restated Bylaws of InnerMission, Inc.
Petitioner Ex. 4:	Letter to Lake County Assessor 08/03/2022
Petitioner Ex. 5:	City of Hammond Rental Assistance Letters

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<sup>1</sup>This is the terminology stipulated to by the parties for two parcels InnerMission acquired from Fusion Development Group, LLC. The status of the deeds is not at issue here.

Petitioner Ex. 6:	Emergency Solutions Grant Agreement
Petitioner Ex. 7:	Community Development Block Grant Agreement
Petitioner Ex. 8:	Development Services Agreement
Petitioner Ex. 9:	Villa Development Plan & Floor Plan Options
Petitioner Ex. 10:	Floramo Properties letter and copy of check for \$7500
Petitioner Ex. 11:	Financial Assistance, Late Payments
Petitioner Ex. 12:	Property Maintenance Records
Petitioner Ex. 13:	Balance Sheets 2015-2017
Petitioner Ex. 14:	Statement of Financial Position 2021
Petitioner Ex. 15:	Statement of Activity 2017 – 2021
Petitioner Ex. 16:	Townhome Rental Information, June 8, 2018
Petitioner Ex. 17:	Outreach Descriptions 1019-2021
Petitioner Ex. 18:	CMA Reports
Petitioner Ex. 19:	Rental Application 442 Enright Drive
Petitioner Ex. 20:	Tax Returns 2018-2021
Petitioner Ex. 21:	InnerMission Event Flyers
Petitioner Ex. 22:	Notice of Tax Sales
Petitioner Ex. 23:	Leases for Subject Properties

6. The Assessor submitted the following exhibits at the hearing:

Respondent Ex. A:	PRC for all Subject Properties
Respondent Ex. B:	Forms 136 for all Subject Properties
Respondent Ex. C:	Lake County Site Inspection Results
Respondent Ex. D:	Sales Disclosures
Respondent Ex. E:	GIS Imagery Hyles
Respondent Ex. F:	GIS Georgia Street
Respondent Ex. G:	GIS Pennsylvania Street
Respondent Ex. H:	Google Earth Imagery Hyles
Respondent Ex. I:	Google Earth Imagery Georgia Street
Respondent Ex. J:	Google Earth Imagery Pennsylvania Street
Respondent Ex. K:	Photographs of 5008 Pennsylvania Street
Respondent Ex. L:	Sohl Avenue Villas Plat
Respondent Ex. M:	SOS filing for Gate Church
Respondent Ex. N:	SOS filing for Sohl
Respondent Ex. O:	SOS filing for Fusion
Respondent Ex. P:	2018 Shelter Grant Letter
Respondent Ex. Q:	IHCDA Rental Assistance Fund Information
Respondent Ex. R:	Misc. Judgements from Hammond City Court
Respondent Ex. S:	HUD Fair Market Rents for Gary 2019, 2020 and 2021
Respondent Ex. T:	Comparable Rents from Pet'r Ex. 18 and Market Rents

7. The official record for this matter also includes the following: (1) all pleadings, briefs, motions, and documents filed in these appeals, (2) all notices and orders issued by the Board or ALJ, (3) a transcript of the hearing, and (4) the parties' post-hearing briefs.

### **OBJECTIONS**

8. During the hearing, our ALJ ruled on several objections. We see no need to revisit those objections, and we adopt our ALJ's rulings. However, our ALJ took some objections under advisement. We now turn to those objections.
9. InnerMission made a hearsay objection to Respondent Exhibit S and related testimony from Laura Mercado because the witness did not prepare the document. The Assessor argued that hearsay is admissible under the Board's procedural rules as long as it is not used as the basis for our final determination. The Assessor also noted that the document is a public record that was issued by a government entity (HUD). Our procedural rules allow us to admit hearsay, with the caveat that we cannot base our final determination solely on hearsay that has been properly objected to unless it falls within a recognized exception to the hearsay rule. 52 IAC 4-6-9(d). We overrule the objection and admit Respondent Exhibit S and the related testimony.
10. The Assessor objected to Petitioner Exhibit 18 based on a lack of foundation and hearsay. The Assessor claimed that the exhibit lacked foundation because it was not a market rental analysis for any of the properties or any of the years on appeal. The Assessor also asserted that the exhibit was hearsay because Nancy Frigo was testifying about a document she did not prepare. InnerMission argued that the Assessor's objection regarding foundation went more to the document's probative value than its admissibility. It also countered that the document was not hearsay because Nancy Frigo's co-employee prepared it at her request, and she had personally reviewed it.
11. We find that InnerMission laid a sufficient foundation to authenticate the exhibit and to show that it is at least minimally relevant to the issues before us. And although the

exhibit is hearsay, as discussed above, our procedural rules allow us to admit hearsay provided we do not base our determination solely on it. We therefore overrule both objections and admit Petitioner Exhibit 18.

### FINDINGS OF FACT

12. InnerMission is an Indiana nonprofit corporation formed on December 8, 1997. It is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code. InnerMission was not organized as a college, a university, or as a church. InnerMission is organized and operated exclusively for “charitable and educational purposes,” and its mission is to take a person from surviving to thriving. InnerMission’s bylaws state that the corporation will engage in the establishment and/or operation of facilities and/or programs for one or more of the following activities:
- a) Drug addiction rehabilitation;
  - b) Counseling and provision of services to unwed mothers;
  - c) Youth crisis intervention;
  - d) Pregnancy crisis intervention;
  - e) Decent and affordable housing to persons of low incomes and moderate incomes; and/or
  - f) Such other charitable and/or educational activities as the Board of Directors may determine from time to time.

*Tr. at 37, 44, 52, 58-59, 152, 189-190; Pet’r Exs. 1, 2, 3, 21.*

13. Beginning on April 1, 2017, InnerMission entered into a series of four Emergency Solutions Grant (“ESG”) agreements with the City of Hammond’s Department of Planning and Development to administer a rapid rehousing and homeless prevention program at its Claude Street Shelter from April 1, 2017 through March 31, 2021. Each ESG had a one-year term and provided InnerMission with grant funds of up to \$40,000. InnerMission could use the ESG funds to provide housing relocation and stabilization services and rental assistance as necessary to help a homeless individual or family move as quickly as possible into permanent housing and achieve stability in that housing.

Among other things, the ESGs also required InnerMission to 1) make matching contributions to the U.S. Housing and Urban Development's ("HUD") rapid rehousing and homeless prevention program; 2) provide rental assistance payments; and 3) avoid engaging in inherently religious activities as part of the program. *Tr. at 84-90; Pet'r Ex. 6.*

14. InnerMission entered into two additional ESG agreements that covered April 1, 2021 through March 31, 2022, and September 7, 2021 through July 31, 2022, respectively. It also entered into a Community Development Block Grant agreement that covered September 7, 2021 through July 31, 2023. And during 2022 and 2023, InnerMission developed a life-skills program called "Thrive" that also provides jobs through a partnership with Old National Bank and Workforce One. *Tr. at 81-85, 90-91; Pet'r Exs. 6, 7.*

15. Over the years, InnerMission has held numerous outreach events that were open to members of the community including planting and harvesting days at InnerMission's community garden (established on May 30, 2020 at 5502 Claude Ave., Hammond), annual Thanksgiving meals and Christmas Dinners/Gift Giveaways, and an adopt-a-block program covering eight blocks known as Jacobs Square. During 2019, 2020, and 2021, InnerMission also provided the following programs:

- After School Program (5670 Sohl Ave., Hammond) – provided "tutoring, activities, and a fun safe loving environment;"
- Dream Center/IM Food Pantry – distributed food and clothing to families in need;
- Caring Hands Soup Kitchen/Community Meal (5670 Sohl Ave., Hammond) – provided food and fellowship for people in need;
- Claude Street Shelter – provided short-term housing (90 days max) for individuals and families in need of emergency shelter, assistance in locating housing, food, and clothing (through the soup kitchen and Dream Center);
- Compassion (Back to School Fests in 2019 and 2020 at Area Career Center's parking lot – 5627/5727 Sohl Ave., Hammond) – one-day event providing free

backpacks with school supplies, clothing, dental hygiene products, children's books, finger printing identification, job and college fair, games, and entertainment;

- Compassion (Franklin Elementary, 2021) – adopted a local elementary school in Hammond, provided outreach to students and families, provided students with pencil cases and pencils, provided Christmas lunch for 40 faculty and Christmas presents for 260 children;
- Conquering Marriages – facilitated conferences and clinics in the community for marriage counseling and education;
- Gateway Ministries – “designed to plant outreach centers by setting up local churches throughout the region;”

*Tr. at 38, 55-57, 96, 102-109; Pet'r Exs. 17, 21.*

16. On July 18, 2022, the Lake County Auditor issued notices of tax sale to InnerMission for all thirty of the properties that are under appeal. Some were sold, some were redeemed by InnerMission, and the ones InnerMission had yet to redeem as of April 29, 2024, had a “drop dead” date in September 2024. However, there is no evidence in the record showing the status of any particular property at any point after issuance of the tax sale notices. *Tr. at 96-98; Pet'r Ex. 22.*

#### **1. DORMITORY OF CHURCH COLLEGE**

<b>Parcel No.</b>	<b>Address</b>	<b>Assessment Year</b>
45-02-36-453-031.000-023	5613 Hyles Blvd.	2021

17. 5613 Hyles Boulevard is a two-bedroom home that InnerMission acquired ownership of on December 10, 2019. In 2020, InnerMission used the property as staff housing for its property manager. InnerMission leased the property to The Gate, a church affiliated with InnerMission, from January 1, 2021 to June 1, 2021 at a rate of \$440/month to house students of the Gate Leadership College. On September 1, 2021, InnerMission leased it

to Tyler Johnson for one month at a rate of \$1,000/month in conjunction with his approval for participation in the City of Hammond's rental assistance program. *Tr. at 35-36, 43, 60-63, 149-154, 210-213; Pet'r Exs. 11, 16, 23; Resp't Exs. A, B.*

## 2. STAFF HOUSING

Parcel No.	Address	Assessment Year(s)
45-02-36-453-031.000-023	5613 Hyles Blvd.	2020
45-02-36-453-031.000-023	5615 Hyles Blvd.	2020 and 2021

18. 5613 Hyles Boulevard is the same two-bedroom home addressed in the "Dormitory of Church College" section above. InnerMission acquired ownership of it on December 10, 2019, but there is no evidence in the record regarding its occupancy or use during 2019. *Tr. at 63; Resp't Ex. A.*
19. 5615 Hyles Boulevard is a three-bedroom home that InnerMission acquired ownership of on December 10, 2019. InnerMission leased the property to The Gate from July 1, 2020 to July 1, 2021 for \$0.01/month to house staff members Rhea Falig and her husband Eric Falig, at no charge in exchange for their work for InnerMission and The Gate. *Tr. at 64-66, 154-155; Pet'r Ex. 23; Resp't Exs. A, D.*

## 3. PARCELS DEEDED IN ERROR

Parcel No.	Address	Assessment Year
45-02-36-453-014.000-023	5634 Pointe Dr.	2021
45-02-36-453-015.000-023	5636 Pointe Dr.	2021

20. InnerMission acquired ownership of 5634 Pointe Drive and 5636 Pointe Drive from Fusion Development Group, LLC on January 8, 2021. InnerMission leased 5634 Pointe Drive to Jerome Edwards from February 1, 2021 to January 31, 2022 at a rate of \$1,250/month. InnerMission leased 5636 Pointe Drive to Derrick Eubanks from



February 1, 2021 to February 28, 2021 at a rate of \$1,250/month. *Tr. at 66-67; Pet'r Ex. 23; Resp't Exs. A, B, D, O and R.*

#### 4. MARKET RENTAL UNITS

Parcel No.	Address	Assessment Years
45-02-36-453-036.000-023	440 Enright Dr.	2020 and 2021
45-02-36-453-037.000-023	442 Enright Dr.	2020 and 2021
45-02-36-453-038.000-023	444 Enright Dr.	2020 and 2021
45-02-36-453-039.000-023	446 Enright Dr.	2020 and 2021
45-02-36-453-035.000-023	5605 Hyles Blvd.	2020 and 2021
45-02-36-453-032.000-023	5611 Hyles Blvd.	2020 and 2021

21. InnerMission acquired ownership of 440 Enright Drive and 5611 Hyles Boulevard on August 31, 2016, and it acquired ownership of the remaining four properties in the Market Rental Units group on December 10, 2019. The six properties were subject to the following leases:

- 440 Enright Drive was leased to Ronald Young from September 17, 2019 to August 31, 2020 at a rate of \$995/month;
- 442 Enright Drive was leased to Maria Figueroa from June 1, 2020 to June 30, 2020 at a rate of \$800/month;
- 444 Enright Drive was leased to David Jordan from March 1, 2019 to February 29, 2020 at a rate of \$850/month;
- 446 Enright Drive was leased to Rikki Pitmon from January 1, 2020 to December 31, 2020 at a rate of \$995/month;
- 5605 Hyles Boulevard was leased to Danielle Robinson from December 1, 2019 to November 30, 2020 at a rate of \$1,095/month. The parties amended the lease on July 2, 2020 and again on September 23, 2020 because the tenant was eligible for rental assistance offered by the Indiana Housing and Community Development Authority;

- 5611 Hyles Boulevard was leased to Tanae Maye from August 1, 2018 to July 30, 2019 at a rate of \$1,190/month.

*Pet'r Exs. 11, 16, 23; Resp't Ex. A.*

22. InnerMission claimed to use the six properties in the Market Rental Units group as short- and long-term rental units for people receiving rental assistance from the City of Hammond, but the only evidence showing that InnerMission's tenants were ever enrolled in that specific rental assistance program are two applications approved on December 8, 2021 and October 26, 2022, respectively, both of which were for the 5605 Hyles Boulevard property. InnerMission does not require its tenants to be homeless or fall below any income thresholds to lease a property in this group. It screens all tenants for income, employment, and eviction history, and tenants can be charged late fees and evicted for nonpayment of rent. Tenants could sublease their units with InnerMission's permission, and subleasing was not restricted to low-income tenants. *Tr. at 67-70, 170-175; Pet'r Exs. 5, 11, 16, 23; Resp't Exs. A, B, R.*

## 5. DILAPIDATED HOMES

Parcel No.	Address	Assessment Year
45-08-34-306-016.000-004	5008 Pennsylvania St.	2020 and 2021
45-08-34-306-018.000-004	5024 Pennsylvania St.	2020 and 2021

23. InnerMission acquired ownership of 5008 Pennsylvania Street and 5024 Pennsylvania Street on December 27, 2017. The properties, each of which consists of a vacant, uninhabitable home, were gifted to InnerMission by a church in Gary that was closing its doors. InnerMission had planned to develop the properties, but it has not made any improvements since it acquired title. *Tr. at 73-78; Pet'r Ex. 22; Resp't Exs. A, C, K.*

## 6. Vacant Land

Parcel No.	Address	Assessment Years
45-02-36-453-021.000-023	443 Hyles Blvd.	2019, 2020, and 2021
45-02-36-453-020.000-023	445 Hyles Blvd.	2019, 2020, and 2021
45-02-36-453-019.000-023	449 Hyles Blvd.	2019, 2020, and 2021
45-02-36-453-018.000-023	451 Hyles Blvd.	2019, 2020, and 2021
45-02-36-453-017.000-023	455 Hyles Blvd.	2019, 2020, and 2021
45-02-36-453-016.000-023	457 Hyles Blvd.	2019, 2020, and 2021
45-02-36-453-029.000-023	5619 Hyles Blvd.	2019, 2020, and 2021
45-02-36-453-028.000-023	5621 Hyles Blvd.	2019, 2020, and 2021
45-02-36-453-027.000-023	5625 Hyles Blvd.	2019, 2020, and 2021
45-02-36-453-026.000-023	5627 Hyles Blvd.	2019, 2020, and 2021
45-02-36-453-025.000-023	5631 Hyles Blvd.	2019, 2020, and 2021
45-02-36-453-024.000-023	5633 Hyles Blvd.	2019, 2020, and 2021
45-02-36-453-023.000-023	5637 Hyles Blvd.	2019, 2020, and 2021
45-02-36-453-022.000-023	5639 Hyles Blvd.	2019, 2020, and 2021
45-08-27-251-003.000-004	3967 Georgia St.	2020
45-08-27-251-006.000-004	3983 Georgia St.	2020 and 2021
45-08-34-306-017.000-004	5018-22 Pennsylvania St.	2020 and 2021

24. InnerMission acquired ownership of the property located at 5627 Hyles Boulevard on December 11, 2008, and it acquired the remaining 13 properties located on Hyles Boulevard on December 11, 2009. The 14 properties are vacant lots (Lots 13-26) in the Sohl Avenue Villas, a planned unit development platted for Sohl Development Group, LLC in 2005 before it bowed out and sold the lots to InnerMission. *Tr. at 78-80, 188-189; Resp't Exs. A, L.*
25. On February 2, 2021, Pastor Calaway met with Nancy Frigo, a real estate broker, developer, and builder to ask for her assistance with developing the vacant lots. Frigo's

development team then put together a villa development plan, including a feasibility study and a floor plans. On October 10, 2021, InnerMission received a proposal from Floramo Corporations to fill the role of architects and site engineering designers for development of 14 units on the vacant lots. InnerMission received a Development Services Agreement from Taylor & Monroe Enterprises, LLC dated June 7, 2022 that tasks Taylor & Monroe with developing the vacant lots into approximately 18 rental townhomes. On December 11, 2023, InnerMission received a supplemental proposal from Floramo Corporations offering to fill the role of architects and site engineering designers for development of 19 units on the vacant lots and indicating that InnerMission owes Floramo a balance of \$107,000. InnerMission's new development team has tentative approval from the City of Hammond to build 19, 4-bedroom townhome units for affordable housing. As of April 29, 2024, however, all 14 of the properties are still unimproved and InnerMission still has not broken ground. *Tr. at 78-80, 91-94, 118-120, 123-124, 132-133, 183-189, 191; Pet'r Exs. 8, 9, 10; Resp't Exs. A, E, L.*

26. InnerMission acquired ownership of three vacant properties located at 3967 Georgia Street, 3983 Georgia Street, and 5018-22 Pennsylvania Street on December 27, 2017. The two Georgia Street properties were still vacant as of July 19, 2023, and the Pennsylvania Street property was still vacant as of May 25, 2023. *Tr. at 229-232; Resp't Exs. A, F, G, I, J.*

## CONCLUSIONS OF LAW AND ANALYSIS

### A. EXEMPTION STANDARDS

27. Although tangible property in Indiana is generally taxable, the Legislature has exercised its constitutional power to exempt certain types of property. *Hamilton County Prop. Tax Assessment Bd. of App. v. Oaken Bucket Partners, LLC*, 938 N.E.2d 654,657 (Ind. 2010). Because exemptions relieve properties from bearing their fair share of the cost of government services, they are strictly construed against the taxpayer. A taxpayer therefore bears the burden of proving by a preponderance of the evidence that its property

qualifies for an exemption. *Indianapolis Osteopathic Hospital, Inc. v. Dep 't of Local Gov't Fin.*, 818 N.E.2d 1009, 1014 (Ind. Tax Ct. 2004); I.C. § 6-1.1-15-4(j) (providing that the Board's findings must be based on a preponderance of the evidence). Every exemption appeal "stand[s] on its own facts," and it is the taxpayer's duty to walk us through the analysis. *Jamestown Homes of Mishawaka, Inc. v. St. Joseph Cty. Ass'r*, 914 N.E.2d 13, 15 (Ind. Tax Ct. 2009).

28. All or part of a building is exempt from taxation if it is owned, and exclusively or predominantly used or occupied for educational, literary, scientific, religious, or charitable purposes. I.C. § 6-1.1-10-16(a); I.C. § 6-1.1-10-36.3(c). The exemption extends to a tract of land on which an exempt building is situated, as well as to parking lots and other structures that serve the exempt building. I.C. § 6-1.1-10-16(c)(1)-(2).

Additionally, a tract of land is exempt from property taxation if:

- (1) it is purchased for the purpose of erecting a building that is to be owned, occupied, and used in such a manner that the building will be exempt under subsection (a) or (b); and
- (2) not more than four (4) years after the property is purchased, and for each year after the four (4) year period, the owner demonstrates substantial progress and active pursuit towards the erection of the intended building and use of the tract for the exempt purpose. To establish substantial progress and active pursuit under this subdivision, the must prove the existence of factors such as the following:
  - (A) Organization of and activity by a building committee or other oversight group.
  - (B) Completion and filing of building plans with the appropriate local government authority.
  - (C) Cash reserves dedicated to the project of a sufficient amount to lead a reasonable individual to believe the actual construction can and will begin within four (4) years.
  - (D) The breaking of ground and the beginning of actual construction.
  - (E) Any other factor that would lead a reasonable individual to believe that construction of the building is an active plan and that the building is capable of being completed within (8) years considering the circumstances of the owner.

I.C. § 6-1.1-10-16(d).

29. Property is predominantly used or occupied for an exempt purpose if it is used or occupied for those purposes during more than 50% of the time that it is used or occupied in the year that ends on the assessment date. I.C. § 6-1.1-10-36.3. In this case, the statute requires us to examine the use of the property during the entire year preceding each of the three assessment dates at issue (i.e., 2018 for the January 1, 2019 assessment; 2019 for the January 1, 2020 assessment; and 2020 for the January 1, 2021 assessment). A property is 100% exempt if it is exclusively used or occupied for exempt purposes or if it is predominantly used for exempt purposes by a church, religious society, or nonprofit school. I.C. § 6-1.1-10-36.3(c)(1)-(2). Otherwise, a property qualifies only for an exemption that “bears the same proportion to the total assessment” as the amount of time the property's exempt use bears to its total use. I. C. § 6-1.1-10-36.3(c)(3). Where a property is not used exclusively for exempt purposes, a taxpayer must offer evidence comparing the relative distribution of time between exempt and non-exempt uses. *See Hamilton Cnty. Ass'n v. Duke*, 69 N.E.3d 567, 572 (Ind. Tax Ct. 2017) (“[F]ailure to provide the Indiana Board with a comparison of the relative amounts of time that a property was used for exempt and non-exempt purposes is fatal to a claim of exemption under Indiana Code § 6-1.1-10-36.3.”).
30. Here, InnerMission is seeking 100% exemptions for its thirty parcels of real property because it claims to own, occupy, and use them for charitable, educational, and religious purposes. The term “charitable” must be understood in its broadest constitutional sense. *Knox Cnty. Prop. Tax Assessment Bd. of Appeals v. Grandview Care, Inc.*, 826 N.E.2d 177, 182 (Ind. Tax Ct. 2005). A charitable purpose will generally be found if: (1) there is evidence of relief of human want manifested by obviously charitable acts different from the everyday purposes and activities of man in general; and (2) there is an expectation that a benefit will inure to the general public sufficient to justify the loss of tax revenue. *Id.*
31. To receive an educational-purpose exemption, a taxpayer must show that it provides a public benefit through educational instruction that is the “substantial equivalent” to

instruction offered in Indiana's tax-supported institutions. *Dep't of Local Gov't Fin. v. Roller Skating Rink Operators Ass'n*, 853 N.E.2d 1262, 1266 (Ind. 2006). The closer the taxpayer's activity is to traditional educational programs offered in public schools, the more obvious the public benefit. But a taxpayer need not offer courses that are directly analogous to courses taught in public schools; rather, the taxpayer's courses simply need to be related to public-school offerings. *Id.* (citing *Trinity School of Natural Health v. Kosciusko Cnty. Prop. Tax Assessment Bd. of Appeals*, 799 N.E.2d 1234, 1238 (Ind. Tax Ct. 2003)). And the taxpayer need only relieve the state's burden of providing public education to "some limited extent." *Id.* (quoting *Trinity School*, 799 N.E.2d at 1238).

32. In regard to religious-purpose exemptions, the Tax Court has explained that "[t]he State Board acts properly when it takes a hard look at the use of certain property, especially where, as here, the property's use does not have the normal hallmarks of religious activity." *Alte Salems Kirche, Inc. v. State Bd. of Tax Comm'rs*, 694 N.E.2d 810, 815 (Ind. Tax Ct. 1998). Even ownership by a church is insufficient to exempt a property from taxation—there must be an intent to use the property for an exempt purpose and that "intent... must be more than a mere dream." *Trinity Episcopal Church v. State Board of Tax Commissioners*, 694 N.E.2d 816, 818 (Ind. Tax Ct. 1998) (internal citations omitted). *See also, Foursquare Tabernacle Church of God in Christ v. State Board of Tax Review*, 550 N.E.2d 850, (Ind. Tax Ct. 1990) ("Generally, exemptions are granted when there is an expectation of a benefit which will inure to the public by reason of the exemption. ... It would not serve any purpose to grant an exemption for property merely owned by a church, with no reasonable expectation of the property ever being used for its intended purpose. The public does not derive any benefit from property which is not being used or taxed.").

## **B. EXEMPTION EVIDENCE**

33. InnerMission is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code, but the grant of a federal or state income tax exemption does not automatically entitle a taxpayer to a property tax exemption. *See Raintree Friends*

*Housing, Inc. v. Ind. Dep't of State Revenue*, 667 N.E.2d 810, 816 n. 8 (Ind. Tax Ct. 1996) (rejecting the Indiana Department of Revenue's argument that IRS guidelines represented the appropriate test for determining whether the taxpayer was a charitable organization for state income tax purposes); *see also*, *National Ass'n of Miniature Enthusiasts v. State Bd. of Tax Comm'rs*, 671 N.E.2d 218, 220-222 (Ind. Tax Ct. 1996) (denying taxpayer a charitable purposes exemption despite the fact that it was exempt under 501(c)(3)). We therefore turn to evaluating whether InnerMission's remaining evidence was sufficient to prove that it owned, occupied, and used any of its thirty properties for charitable, educational, or religious purposes.

34. While InnerMission was organized, in part, for educational purposes, it did not present any evidence showing that it owned, occupied, or used any of the thirty properties it appealed to us to offer educational instruction, much less courses related to those offered by Indiana's public schools. InnerMission did offer an after-school tutoring program that might theoretically qualify as educational instruction, but it ran the program out of a property located at 5670 Sohl Avenue, which is not part of this appeal. Thus, we conclude that none of the properties that are the subject of this appeal qualify for an educational purpose exemption.
35. We reach the same conclusion regarding InnerMission's claim for a religious purpose exemption—none of its thirty properties qualify. InnerMission admitted it is not a church, and it did not present any evidence showing that it owned, occupied, or used its thirty properties to offer any type of religious activities. Further, the ESG agreements it entered into with the City of Hammond specifically prohibit InnerMission from engaging in inherently religious activities as part of HUD's rapid rehousing and homeless prevention program.
36. In contrast, InnerMission presented evidence that it is organized and operated for charitable purposes, and its stated mission is to take a person from surviving to thriving. InnerMission's bylaws also state that it will engage in the establishment and/or operation



of facilities and/or programs for activities such as drug addiction rehabilitation, counseling and crisis intervention, and providing decent and affordable housing for people of low and moderate incomes. Further, InnerMission's rapid rehousing and homeless prevention program, along with its many outreach events and other programs genuinely appear to be intended to relieve human want and benefit the general public. Because InnerMission engages in activities that are generally charitable in nature, we will evaluate each of InnerMission's properties to determine if it owned, occupied, and used any of them to provide charitable acts during the relevant timeframes for which the general public can expect a benefit sufficient to justify the loss of tax revenue.

## **1. DORMITORY OF CHURCH COLLEGE**

37. InnerMission sought an exemption for its property located at 5613 Hyles Boulevard for the 2021 assessment year. InnerMission acquired ownership of the property on December 10, 2019, and it used the property as staff housing for its property manager in 2020. However, the mere fact that a property owned by an organization that engages in charitable activities houses someone associated with, or even employed by, the organization is not an obviously charitable act as the government is under no obligation to provide the organization's staff with housing. And InnerMission failed to offer a detailed explanation of how providing housing for its property manager relieved human want or benefited the general public, much less that doing so provided enough public benefit to justify the loss of tax revenue. Nor did it provide any evidence establishing whether the property manager used the property for the entirety of 2020 or just some portion of the year. Consequently, even if housing staff were a charitable act, we would not be able to find that the property was predominantly used for exempt purposes. Thus, we conclude that 5613 Hyles Boulevard was 100% taxable for the 2021 assessment year.

## **2. Staff Housing**

38. InnerMission also sought an exemption for its property located at 5613 Hyles Boulevard for the 2020 assessment year. However, InnerMission did not even acquire ownership of

the property until December 10, 2019, and it submitted no evidence regarding its occupancy or use during 2019. Thus, we conclude that 5613 Hyles Boulevard was 100% taxable for the 2020 assessment year as well.

39. InnerMission requested an exemption for its property located at 5615 Hyles Boulevard for the 2020 and 2021 assessment years. However, like its property at 5613 Hyles Boulevard, InnerMission did not acquire ownership of it until December 10, 2019. And it submitted no evidence regarding the property's occupancy or use during 2019. Thus, we conclude that it was 100% taxable for the 2020 assessment year.
40. Regarding the 2021 assessment year, InnerMission's evidence shows that it leased the property to The Gate from July 1, 2020 to July 1, 2021 for \$0.01/month to house two staff members as free housing in exchange for their work for InnerMission and The Gate. As discussed above, however, housing someone associated with, or even employed by, the organization is not an obviously charitable act because the government is not required to provide the organization's staff with housing. And InnerMission failed to offer any specifics explaining how providing housing for two of its staff members during the second half of 2020 relieved human want or benefited the general public, much less that doing so provided enough public benefit to justify the loss of tax revenue. Furthermore, even if housing staff were a charitable act, we would not be able to find that the property was predominantly used for exempt purposes because InnerMission did not provide evidence regarding how the property was used during the first half of 2020. We therefore conclude that 5615 Hyles Boulevard was also 100% taxable for the 2021 assessment year.

### **3. PARCELS DEEDED IN ERROR**

41. InnerMission sought exemptions for its properties located at 5634 Pointe Drive and 5636 Pointe Drive for the 2021 assessment year. However, InnerMission did not even acquire ownership of the properties until January 8, 2021. Because InnerMission did not own them on the January 1, 2021 assessment date, and because it did not submit any evidence

demonstrating that the prior owner owned, occupied, and used them for exempt purposes on the assessment date and during more than 50% of the prior year, we conclude that both properties are 100% taxable for the 2021 assessment year.

#### 4. MARKET RENTAL UNITS

42. InnerMission requested exemptions for the six properties in the Market Rental Units group for the 2020 and 2021 assessment years. It claimed to use the properties in this group as short- and long-term rental units for people receiving rental assistance from the City of Hammond. However, the only evidence in the record showing that any of its tenants were ever enrolled in that specific rental assistance program are two applications associated with the 5605 Hyles Boulevard property that were approved on December 8, 2021 and October 26, 2022, respectively—both of which are irrelevant to the assessment dates at issue. InnerMission did amend an existing lease for 5605 Hyles Boulevard on July 2, 2020 and again on September 23, 2020 because that particular tenant was eligible for rental assistance offered by the Indiana Housing and Community Development Authority. However, InnerMission did not even attempt to demonstrate that it relieved a government burden beyond the extent of the rental assistance the tenant received. *See Starke Cty. Assessor v. Porter-Starke Servs., Inc.*, 88 N.E.3d 814, 820 (Ind. Tax Ct. 2017) (explaining that a taxpayer must show that a government burden exists and that it relieved the burden beyond the extent of the grants.).
43. InnerMission also appeared to claim that the rental units in this group were leased at below market rental rates. However, it submitted no evidence establishing that was true for any of the leases that were in effect during 2019 or 2020. Even if it had shown that its rental rates (which ranged from \$800 to \$1,190/month) were below market, its evidence would still be insufficient because providing low-income housing is not a *per se* charitable purpose. *Housing P'ships v. Owens*, 10 N.E.3d 1057, 1059 (Ind. Tax Ct. 2014), *reh'g den.* 17 N.E.3d 403; *see also, Oaken Bucket*, 938 N.E.2d at 658 (explaining that charging below market rent is merely an indication of an entity's beneficent motives). And the evidence we have regarding InnerMission's leasing operations leads

us to conclude that it acts more like a typical landlord than a charitable enterprise.

InnerMission does not require its tenants to be homeless or fall below any income thresholds to lease any of the six properties in the Market Rental Units group.

Additionally, InnerMission screens all tenants for income, employment, and eviction history, and it charges tenants late fees and evicts them for nonpayment of rent. Existing tenants can also sublease their units to tenants who are not low-income.

44. Furthermore, except for the lease of 446 Enright Drive that ran from January 1, 2020 to December 31, 2020, InnerMission failed to provide evidence establishing how any of the properties were used during the entirety of either of the years preceding the 2020 and 2021 assessment years at issue. And some of the evidence InnerMission submitted is simply irrelevant to the years at issue. Specifically, the leases for 442 Enright Drive and 446 Enright Drive did not commence until 2020, making them irrelevant to our analysis for the 2020 assessment year. Additionally, the lease for 5611 Hyles Boulevard expired in 2019, rendering it immaterial to our analysis for the 2021 assessment year.

Consequently, even if we found its leasing activities were charitable, we would not be able to find that the properties were predominantly used for exempt purposes.

45. Finally, InnerMission argued that the rent it collects from the six properties in the Market Rental Units group support the organization and its charitable mission. The Indiana Supreme Court, however, has made clear that the statutory test is the predominant use of the property, not the distribution of income for charitable purposes. *State Bd. of Tax Comm'rs v. New Castle Lodge #147, Loyal Order of Moose, Inc.*, 765 N.E.2d 1257, 1263. We recognize InnerMission is not claiming that the properties qualify for charitable-purpose exemptions because it donated a portion of its income to charity like the taxpayer in *New Castle Lodge*. However, the fact that InnerMission does not use its properties to generate profits for another organization or a private individual fails to address the predominant use of the properties. And it admitted that these six properties “are not occupied by or specifically for the charitable purpose of Innermission.”

*InnerMission, Inc.'s Post Hearing “Proposed” Findings* at 4. Because InnerMission did

not present evidence demonstrating that it owned, occupied, and used any of the six properties in the Market Rental Units group for charitable purposes during more than 50% of 2019 or 2020, we conclude that they are 100% taxable for the 2020 and 2021 assessment years.

## **5. DILAPIDATED HOMES**

46. InnerMission sought exemptions for its properties located at 5634 Pointe Drive and 5636 Pointe Drive for the 2020 and 2021 assessment years. It acquired ownership of both properties on December 27, 2017. At that time, each property consisted of a vacant, uninhabitable home. *Trinity Episcopal Church v. State Bd. of Tax Comm'rs*, 694 N.E.2d 816 (Ind. Tax Ct. 1998) provides that a property “acquired for future use in furtherance of exempt purposes may qualify for a property tax exemption.” But “the intent to use the property for an exempt purpose must be more than a ‘mere dream.’” *Id.* at 818. Although InnerMission planned to develop the properties, it has not made any improvements to them in the six-plus years that have passed between when it acquired title and the date of our hearing. And InnerMission provided no evidence demonstrating that it has taken any concrete steps toward using either property for a charitable use. Thus, we conclude that they are 100% taxable for the 2020 and 2021 assessment years.

## **6. VACANT LAND**

47. InnerMission had owned the 14 vacant properties located on Hyles Boulevard for more than 14 years as of the April 29, 2024 hearing date. It claims that the parcels should be exempt from taxation because they are being developed into 19, 4-bedroom townhome units for affordable housing. Indiana Code § 6-1.1-10-16(d) provides that a tract of land is exempt if it is purchased for the purpose of erecting a building that would be exempt under Ind. Code § 6-1.1-10-16(a) or (b). To qualify, however, the owner must demonstrate substantial progress and active pursuit towards erecting the building and using the tract for an exempt purpose not more than 4 years after the property is purchased, and for each year after the initial 4-year period. The statute lays out the

following factors an owner must prove in order to establish substantial progress and active pursuit of the building project:

- (A) Organization of and activity by a building committee or other oversight group.
- (B) Completion and filing of building plans with the appropriate local government authority.
- (C) Cash reserves dedicated to the project of a sufficient amount to lead a reasonable individual to believe the actual construction can and will begin within four (4) years.
- (D) The breaking of ground and the beginning of actual construction.
- (E) Any other factor that would lead a reasonable individual to believe that construction of the building is an active plan and that the building is capable of being completed within (8) years considering the circumstances of the owner.

I.C. § 6-1.1-10-16(d).

48. Here, InnerMission provided no evidence demonstrating substantial progress or active pursuit towards erecting buildings or using any of the 14 vacant properties located on Hyles Boulevard for a charitable purpose within the initial 4-year period after it purchased them, or for more than 7 years after the initial 4-year period. In fact, as of the date of our hearing on April 29, 2024, all 14 of the properties were still unimproved and InnerMission had yet to break ground on any of them.
49. We do not doubt InnerMission's intention to build on the properties. However, the evidence it offered (InnerMission's work with Nancy Frigo's development team, the proposals it received from Floramo Corporation, and the Development Services Agreement from Taylor & Monroe Enterprises, LLC) does not support its claim because InnerMission did not even engage with the developers until more than 11 years after it took ownership of the properties and more than a month after the last of the three assessment dates for which it filed appeals. Because InnerMission failed to submit objective evidence of substantial progress or active pursuit within the timeframes contemplated by the statute, none of the 14 vacant properties located on Hyles Boulevard

qualify for an exemption under I.C. § 6-1.1-10-16(d). We therefore conclude that they are 100% taxable for the 2019, 2020, and 2021 assessment years.

50. InnerMission acquired ownership of the three vacant properties located at 3967 Georgia Street, 3983 Georgia Street, and 5018-22 Pennsylvania Street in 2017. But it submitted no evidence demonstrating substantial progress or active pursuit towards erecting buildings on them or otherwise using any of the tracts for charitable purposes during the initial 4-year period after it purchased them or during any of the years thereafter. And we note that all three properties were still vacant more than two years after the last of the two assessment dates for which it filed appeals. Because InnerMission failed to submit objective evidence of substantial progress or active pursuit within the timeframes contemplated by the statute, none of the properties qualify for an exemption under I.C. § 6-1.1-10-16(d). We therefore conclude that 3967 Georgia Street is 100% taxable for 2020, and that 3983 Georgia Street and 5018-22 Pennsylvania Street are both 100% taxable for the 2020 and 2021 assessment years.

#### **FINAL DETERMINATION**

51. For the reasons discussed above, we find InnerMission's thirty parcels of real property are 100% taxable for the respective assessment years at issue.

The Final Determination of the above captioned matter is issued by the Indiana Board of Tax Review on the date first written above.

  
Chairman, Indiana Board of Tax Review

\_\_\_\_\_  
Commissioner, Indiana Board of Tax Review

  
Commissioner, Indiana Board of Tax Review

**- APPEAL RIGHTS -**

You may petition for judicial review of this final determination under the provisions of Indiana Code § 6-1.1-15-5 and the Indiana Tax Court's rules. To initiate a proceeding for judicial review you must take the action required not later than forty-five (45) days after the date of this notice.

The Indiana Code is available on the Internet at <http://www.in.gov/legislative/ic/code>. The Indiana Tax Court's rules are available at <http://www.in.gov/judiciary/rules/tax/index.html>.



**Attachment**  
**InnerMission, Inc. v. Lake County Assessor**

Category 1-6	Petition No.	Parcel No.	Address	Assessment Date
1. Dormitory of Church College	45-023-21-2-8-00125-23	45-02-36-453-031.000-023	5613 Hyles Blvd.	January 1, 2021
2. Staff Housing	45-023-20-2-8-00124-23	45-02-36-453-031.000-023	5613 Hyles Blvd.	January 1, 2020
2. Staff Housing	45-023-20-2-8-00126-23 45-023-21-2-8-00127-23	45-02-36-453-030.000-023	5615 Hyles Blvd.	January 1, 2020 January 1, 2021
3. Deeded in Error	45-023-21-2-8-00185-23	45-02-36-453-014.000-023	5634 Pointe Dr.	January 1, 2021
3. Deeded in Error	45-023-21-2-8-00186-23	45-02-36-453-015.000-023	5636 Pointe Dr.	January 1, 2021
4. Market Rental Unit	45-023-20-2-8-00180-23 45-023-21-2-8-00181-23	45-02-36-453-036.000-023	440 Enright Dr.	January 1, 2020 January 1, 2021
4. Market Rental Unit	45-023-20-2-8-00178-23 45-023-21-2-8-00179-23	45-02-36-453-037.000-023	442 Enright Dr.	January 1, 2020 January 1, 2021
4. Market Rental Unit	45-023-20-2-8-00176-23 45-023-21-2-8-00177-23	45-02-36-453-038.000-023	444 Enright Dr.	January 1, 2020 January 1, 2021
4. Market Rental Unit	45-023-20-2-8-00174-23 45-023-21-2-8-00175-23	45-02-36-453-039.000-023	446 Enright Dr.	January 1, 2020 January 1, 2021
4. Market Rental Unit	45-023-20-2-8-00172-23 45-023-21-2-8-00173-23	45-02-36-453-035.000-023	5605 Hyles Blvd.	January 1, 2020 January 1, 2021
4. Market Rental Unit	45-023-20-2-8-00170-23 45-023-21-2-8-00171-23	45-02-36-453-032.000-023	5611 Hyles Blvd.	January 1, 2020 January 1, 2021
5. Dilapidated Homes	45-004-20-2-8-00122-23 45-004-21-2-8-00123-23	45-08-34-306-016.000-004	5008 Pennsylvania St.	January 1, 2020 January 1, 2021
5. Dilapidated Homes	45-004-20-2-8-00120-23 45-004-21-2-8-00121-23	45-08-34-306-018.000-004	5024 Pennsylvania St.	January 1, 2020 January 1, 2021
6. Vacant Land	45-023-19-2-8-00167-23 45-023-20-2-8-00168-23 45-023-21-2-8-00169-23	45-02-36-453-021.000-023	443 Hyles Blvd.	January 1, 2019 January 1, 2020 January 1, 2021
6. Vacant Land	45-023-19-2-8-00164-23 45-023-20-2-8-00165-23 45-023-21-2-8-00166-23	45-02-36-453-020.000-023	445 Hyles Blvd.	January 1, 2019 January 1, 2020 January 1, 2021
6. Vacant Land	45-023-19-2-8-00161-23 45-023-20-2-8-00162-23 45-023-21-2-8-00163-23	45-02-36-453-019.000-023	449 Hyles Blvd.	January 1, 2019 January 1, 2020 January 1, 2021
6. Vacant Land	45-023-19-2-8-00158-23 45-023-20-2-8-00159-23 45-023-21-2-8-00160-23	45-02-36-453-018.000-023	451 Hyles Blvd.	January 1, 2019 January 1, 2020 January 1, 2021
6. Vacant Land	45-023-19-2-8-00155-23 45-023-20-2-8-00156-23 45-023-21-2-8-00157-23	45-02-36-453-017.000-023	455 Hyles Blvd.	January 1, 2019 January 1, 2020 January 1, 2021
6. Vacant Land	45-023-19-2-8-00152-23 45-023-20-2-8-00153-23 45-023-21-2-8-00154-23	45-02-36-453-016.000-023	457 Hyles Blvd.	January 1, 2019 January 1, 2020 January 1, 2021
6. Vacant Land	45-023-19-2-8-00149-23 45-023-20-2-8-00150-23 45-023-21-2-8-00151-23	45-02-36-453-029.000-023	5619 Hyles Blvd.	January 1, 2019 January 1, 2020 January 1, 2021
6. Vacant Land	45-023-19-2-8-00146-23 45-023-20-2-8-00147-23 45-023-21-2-8-00148-23	45-02-36-453-028.000-023	5621 Hyles Blvd.	January 1, 2019 January 1, 2020 January 1, 2021
6. Vacant Land	45-023-19-2-8-00143-23 45-023-20-2-8-00144-23 45-023-21-2-8-00145-23	45-02-36-453-027.000-023	5625 Hyles Blvd.	January 1, 2019 January 1, 2020 January 1, 2021
6. Vacant Land	45-023-19-2-8-00140-23 45-023-20-2-8-00141-23 45-023-21-2-8-00142-23	45-02-36-453-026.000-023	5627 Hyles Blvd.	January 1, 2019 January 1, 2020 January 1, 2021

6. Vacant Land	45-023-19-2-8-00137-23	45-02-36-453-025.000-023	5631 Hyles Blvd.	January 1, 2019
	45-023-20-2-8-00138-23			January 1, 2020
	45-023-21-2-8-00139-23			January 1, 2021
6. Vacant Land	45-023-19-2-8-00134-23	45-02-36-453-024.000-023	5633 Hyles Blvd.	January 1, 2019
	45-023-20-2-8-00135-23			January 1, 2020
	45-023-21-2-8-00136-23			January 1, 2021
6. Vacant Land	45-023-19-2-8-00131-23	45-02-36-453-023.000-023	5637 Hyles Blvd.	January 1, 2019
	45-023-20-2-8-00132-23			January 1, 2020
	45-023-21-2-8-00133-23			January 1, 2021
6. Vacant Land	45-023-19-2-8-00128-23	45-02-36-453-022.000-023	5639 Hyles Blvd.	January 1, 2019
	45-023-20-2-8-00129-23			January 1, 2020
	45-023-21-2-8-00130-23			January 1, 2021
6. Vacant Land	45-004-20-2-8-00116-23	45-08-27-251-003.000-004	3967 Georgia St.	January 1, 2020
	45-004-21-2-8-00117-23			January 1, 2021
6. Vacant Land	45-004-20-2-8-00114-23	45-08-27-251-006.000-004	3983 Georgia St.	January 1, 2020
	45-004-21-2-8-00115-23			January 1, 2021
6. Vacant Land	45-004-20-2-8-00118-23	45-08-34-306-017.000-004	5018-22 Pennsylvania St.	January 1, 2020
	45-004-21-2-8-00119-23			January 1, 2021