

REAL ESTATE

'It's gone.' HGTV show 'Good Bones' accused of gentrification of Fountain Square

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John Harris Loflin misses the Fountain Square he grew up in.

The son of two laborers, the now 78-year old and his family moved into the tight-knit neighborhood of working-class "Appalachian hillbillies," he said, in 1952.

Once lined with modest homes, his childhood street, Woodlawn Avenue, is now prime real estate. Most of his family and childhood neighbors no longer live in the neighborhood, which is now lined with renovated upscale homes that reach into the \$400,000s.

"To me, those homes are just monstrosities and a show of money," Loflin said. "Fountain Square became a place where they ran people out."

In the story of Fountain Square, gentrification looms large. What used to be a home for the city's working-class and, later, a lively incubator for its artistic talent who benefitted from the cheap rent, has, in the past decade, become a place where you get craft beers, trendy cocktails and listen to live music.

The changing dynamics have sparked tension within the area about who is benefiting and who is being displaced by gentrification in one of the city's most popular up-and-coming neighborhoods. Karen Laine, co-star of popular HGTV show "Good Bones" recently found herself thrust into the center of that frustration while giving a talk at IUPUI when some within the audience criticized her for her role in gentrification.

Mother-daughter duo Karen E. Laine and Mina Starsiak Hawk, made famous by the reality show, have renovated about 100 homes throughout Indianapolis through their company, Two Chicks and a Hammer, Inc., since they began in 2007.

They primarily work in Fountain Square and Bates Hendricks, two neighborhoods that have seen intense bidding wars over homes and skyrocketing real estate prices that stand out even in a city that has experienced strong home price appreciation in the past two years.

Laine, who opened a law office in 2006 in Fountain Square and later moved there, defended her business model and the TV show.

“If there is vacant housing stock in a neighborhood that is being inhabited by raccoons and possums and drug dealers and prostitutes, what better thing is there to do with that vacant housing stock than rehabilitate it and put families in it?” she told IndyStar. “I can't think of a better thing.”

The core of the criticism against Laine and the “Good Bones” show, which debuted in 2016, is a classic argument against gentrification: Developers like Laine take old houses, “flip them” by demolishing and rebuilding, and sell them for much more than what they paid for them.

Home values in the area go up, raising property taxes and rent in the long term, and displacing long-time residents who can no longer afford to live in the gentrified neighborhoods. To find housing they can afford, low-income individuals are pushed further away from these revitalized areas, away from amenities, from jobs and from services.

The problem is exacerbated by the fact that Indiana has a severe lack of affordable housing.

The national Low Income Housing Coalition estimates Indiana is short more than 126,000 homes that extremely low-income households — those below the poverty line — can afford.

And gentrification can also raze the culture and fabric of a neighborhood. An Instagram account is dedicated to documenting the new, modern builds that are a dime a dozen in Fountain Square these days. “Gentrification can get ugly,” the account description quips.

Fishers: Homeowners fighting off planned apartment complex on northeast side

“I’m not trying to say ‘Good Bones’ (and) Karen are the sole reason this problem exists,” Jessica Dunn, a Herron School of Art alumnus who voiced concern about Laine speaking at the school, told IndyStar. “But they’re definitely contributing to the issue.”

“It’s problematic when one small selection of upper-middle class to wealthy people are the ones essentially controlling the market by buying up all of these properties and flipping them,” Dunn said.

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The conversation raised the question of whether individual real estate developers like Laine should take responsibility for mitigating the harms of gentrification, or whether that onus falls upon neighbors, upon the community, or upon the government.

Some people who’ve lived in and around Fountain Square for significant parts of their lives also told IndyStar said they think “Good Bones” plays a role.

“Two Chicks and a Hammer and ‘Good Bones’ are just opportunists,” said Loflin, who lives in the southeast neighborhood of Barrington now. “I wish they had more morals and concern for everybody,

but they just came in and took advantage of everything.”

Herron art students criticize 'Good Bones'

The question of "Good Bones" and its role in gentrification flared on Feb. 23 while Laine was speaking at Indiana University's Herron School of Art and Design as part of the Leibman Forum on the Legal and Business Environment of Art. More than 100 people, including students, faculty and alumni, gathered in-person and online to hear her speak.

Some students clashed dramatically with Laine as they pressed her on her role in gentrification.

“My question for you is whether or not you think you're responsible for the gentrification of Fountain Square?” Bryn Foreman, a multimedia artist studying at the Herron School of Art, asked. “There are plenty of people who believe that you are.”

“No,” Laine said.

“No? Really?” Foreman responded. “You ever think about all the people who feel that you’ve hurt them?”

“I think I’ve answered your question,” Laine said. “‘No’ is a complete answer.”

The students say Laine was failing to take responsibility for the ways in which her reality TV show and the houses she has redeveloped, have driven the ongoing gentrification of neighborhoods in a city where affordable housing is becoming increasingly scarce.

“I’ve known long-standing Fountain Square people lose their housing to Airbnbs, which I understand is not necessarily your fault, but it was sprung from exposure from the TV show,” Dana Smessaert, an attendee at the Herron talk, said to Laine.

Laine said that if she raised the value of homes, it was because she had invested in them and put work into rehabilitating them.

“We live in a capitalist society and this is how it works,” she said, adding later, “I feel like if someone invests in real estate and realizes a return on their investment, that's a good thing.”

Culture and community lost

The gentrification of Fountain Square happened in three waves, former IU sociology Masters student Angie Calvert wrote in a 2017 paper. "Good Bones" premiered on television during the final wave.

From the 1950s to the 1990s, Fountain Square blossomed into a noisy neighborhood of Appalachian immigrants who came to Indiana in search of jobs and affordable housing, Calvert wrote.

The Fountain Square lots and homes were small, and suited to working-class households' budgets. As a child, Loflin slept in the dining room of the 800-square-foot, 2-bedroom house he shared with his three,

sisters and blue-collar parents.

The community was poor, but not dirt poor, Loflin said. Neighbors helped neighbors with everything from sharing beans to beer to lending a hand fixing a car.

“First was this interconnected group of poor white people who survived by cooperation and sharing culture and values, then came the gentry, and those people got priced out, and the hypergentrification came,” Loflin said.

At the turn of the millennia, the first wave of middle-class gentrifiers settled in Fountain Square, Calvert wrote. Many were quirky, passionate, and embraced the “unconventional” culture of Fountain Square. They were the artists and the hipsters.

“When somebody paints a mural in your poor neighborhood, you know you're moving out,” Loflin, who also conducts gentrification research as a neighborhood historian, said.

The second wave of gentrification began in 2005 to 2010, Calvert wrote. Buoyed by federal housing stabilization dollars, community development corporations bought old homes in impoverished areas, rehabbed them, and sold them to young professionals “for the highest cost they could”, Calvert wrote.

Two of the new transplants were Laine and her daughter, Starsiak, who bought a house together in 2008 for \$10,000 and renovated it, Laine said.

Finally, in the past decade, house flippers and real estate speculators have turned the neighborhood into a swanky hub rife with professionals and Airbnbs. Household income in Fountain Square increased 47% from 2010 to 2016, a 2018 SAVI study on neighborhood change found, indicating gentrification.

“Another sad thing is that there is zero historic integrity to most of these houses being rehabbed (or even completely demolished and rebuilt as “contemporary” style houses not true to the area). If you look around, the neighborhood is unrecognizable from what it was ten years ago,” Dunn wrote.

By the time Laine bought a vacant lot on the historically-Black Hosbrook Street for \$3,500 in 2014 from the city land bank, the dominoes of development had already fallen. But critics of Two Chicks and a Hammer say they accelerated the process.

Two Chicks and a Hammer built a 4-bedroom home on the lot and sold it a year later for \$242,000, according to Zillow data. The home is now worth \$438,100, according to Zillow's estimate.

Laine has lived in her current Fountain Square home since 2012, when she bought it for \$45,000. Her home is probably worth \$450,000 today, she told IndyStar. She herself has witnessed, first-hand, the effect of soaring housing prices, she said. She has watched her neighborhood morph from one of mechanics and grocers and construction workers from Appalachia and Kentucky to one of lawyers and architects.

“It started to affect my neighbors in a way that is very uncomfortable for me,” Laine said. But, she said, she does not know how to change the system.

Critics say flipping houses for profit harms communities

Former resident Lauren Dodge loved living in Fountain Square's artist community, where she had her first art show at the now-defunct General Public Collective space. As someone with epilepsy, she could not drive. Being able to walk from her apartment to her work as a Milktooth barista was a massive help.

Within two years of moving into the apartment at 520 Virginia Avenue, though, Dodge was priced out. Her rent for the 1-bedroom she shared with her then-boyfriend went up from \$800 in 2016 to \$1,800 in 2018. She had to leave.

Dunn said that Laine and the "Good Bones" TV show have had a strong influence on house flipping in the Fountain Square neighborhood and others by buying up all the properties they can, fixing them up, and selling them for profit.

“Even though their profit margins aren't terribly high, they additionally profit off of the show itself and have way more resources than a person trying to buy an affordable home and fixing it up for them/their family,” Dunn wrote in an email.

Most of the homes sold by Two Chicks and a Hammer make a profit, although some do not, Laine told IndyStar. She added that she personally has never taken a paycheck from the business, which she retired from in 2019. She primarily relied on her career as a prosecutor at the Marion County Prosecutor's Office and later, a criminal defense attorney, for income.

She and her daughter are both paid for their appearances on HGTV's "Good Bones", but Laine declined to disclose for how much.

What do you do with an empty house?

Critics of the practice say that house flipping is made possible because of systemic housing instability and unaffordability caused by the foreclosure crisis, predatory loans, and other issues. Until those are addressed, the harms will continue.

In parts of Marion County, including Wayne Township and Center Township, the latter of which encompasses Fountain Square, people lost their homes at rates ranging from two to three times the national average, even before the pandemic, a New America study found.

People in the ring of neighborhoods surrounding downtown Indianapolis suffered tax foreclosures between 2014 to 2018 at especially high rates, the report said.

Fountain Square saw a tax foreclosure rate of 2.33 times the Marion County average, according to the New America study. Bates Hendricks' was 4.98 times.

Black homeowners in particular have seen declines in homeownership rates since 1970.

“People aren’t addressing why these houses have been empty, falling apart, etc...,” Dunn wrote in an email. “People are still being sold predatory loans and end up foreclosing because they can’t afford their mortgage. COVID has put a financial strain on so many people and the wealth gap is growing.”

Many, but not a majority, of homes that Laine and her daughter rehabilitated through their company, Two Chicks and a Hammer, were city land bank properties. Most land bank properties were taken due to tax foreclosure when owners fell behind on property taxes.

Two Chicks and a Hammer bought 12 properties from the Renew Indianapolis land bank between 2014 and 2020, according to Renew Indy’s public data. All but one cost Two Chicks and a Hammer less than \$3,500.

After rehabilitating them, Two Chicks and a Hammer sold the homes for between \$195,000 — a 2-bedroom Bates-Hendricks home first sold in 2017 — and \$397,000 — a 4-bedroom Bates-Hendricks house sold in 2021.

What can you do to mitigate the harms?

Ultimately, advocates argue that the responsibility to counteract the way the real estate free market displaces people lies with a range of stakeholders, from individual neighbors to home builders to developers to the government.

Jordan Ryan, an Indianapolis-based architecture historian, said “The free market is going to do what the free market does, until those with the power and agency tell it otherwise.”

She said she wishes there were more affordable housing incentives to develop vacant and abandoned properties into housing for low-income individuals rather than wealthier homebuyers.

She cited good initiatives the city is doing to tackle the affordable housing crisis: home repair programs, the ongoing development of a community land trust by the non-profit Kheprw Institute, and investment in affordable housing.

“Housing is a human right, in my mind, to imply people of lower economic skills and earnings deserve to be displaced is problematic to me,” Ryan said.

Loflin wishes he still lived in the house he grew up in. He knows it is worth a great deal more now than what he and his sisters sold it for in the 1980s.

He still thinks about the old Peppy Grill, where he played country music as a teenager. He thinks about his Black neighbors on Hosbrook Street, whom he went to school with at one of the city’s few integrated schools. He thinks of Old Man Johnson who burned coal in the winter to keep warm.

“It’s gone,” Loflin said. “I miss it. I’m disappointed...As a guy looking back, it’s a sore thumb, it makes no sense. It may to people 100 years from now, but all I see is people not having a community.”

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