

From the Mayor...

May 5, 2023

Earlier this week, the Warsaw Redevelopment Commission approved a development agreement to demolish the large, dilapidated building at the old Gatke site on McKinley Street and reuse a significant portion of the adjacent warehouse for a mixed-use development of over seventy workforce housing units and commercial space. It is hoped the project can begin later this summer and be ready for occupancy in early 2025.

In today's column, let's look at why local and state collaborations with developers are important on this and other workforce housing projects.

Current construction costs estimate the Gatke Project at around 18 million dollars. The City inherited the land many years ago when the building was abandoned. With that came the responsibility and cost of the environmental remediation. This is a common scenario in almost all communities with brownfield sites. The Arnolt Building site on Argonne Road that is currently under development is another local example of this.

Environmental issues with dilapidated, abandoned buildings on brownfields create significant redevelopment challenges and safety concerns. When initiated by a municipality, the state is a very supportive partner for remediation of these sites with the ultimate goal of returning these properties ultimately to the private sector and, property tax roles. Finding the right developer with a sustainable plan is the first critical challenge to overcome in these situations.

In addition to the City share of the remediation costs, local incentives will fund approximately 20% of the cost of the project in a multitude of ways. Designating the property taxes generated from the project improvements to the developer to finance a portion of the project (tax-increment financing) will fund about half of the City incentive. In addition, the City will be responsible to demolish the current large structure and then donate the property to the developer. Economic Development Income Tax (EDIT) proceeds will be used to fund the remainder.

The Indiana Economic Development Corporation will finance another 20%, leaving the developer responsible for 60% share of the total funding. State and local commitments improve the feasibility of the project. Their participation reduces the "gap" that exists between the high cost of a newly constructed apartment building and the ability to charge market-rate rents that meet the means of the workforce.

What is workforce housing? It is simply a range of housing opportunities that addresses the needs and affordability of employees, based upon their wage income. Workforce housing opportunities range from government subsidized rental communities up to single family, owner-occupied, market rate dwellings.

The City of Warsaw has been very purposeful to support workforce housing by utilizing tax increment financing, and investing in utility expansion, road improvements and other infrastructure investments.

As our industries expand and job demands increase, the return on our investments in housing will have unquestionable value. If we can't keep up with the housing demand, the consequences will be apparent.

The ability of our local industry and business to attract a quality, skilled workforce is predicated on the availability of quality-of-life amenities that include safe communities, good schools, nice parks, good shopping, and unique quality-of-life features. But there is no more important quality-of-life asset than housing opportunities.