

From the Mayor...

August 5, 2022

Earlier this week, the city announced a change in development partners for the North Buffalo Street project. Matthews, LLC, will be relieved from their role as developer for the mixed-use building portion of the project. Let's discuss how the city will move forward with the change through the completion of the project.

The North Buffalo Street neighborhood redevelopment is a project collaboration between the City of Warsaw, the Regional Cities initiative (State of Indiana), and developer, Matthews, LLC. The 2017 Regional Cities agreement individually incentivizes both the city and developer. Per the agreement, Regional Cities funds are awarded when each partner fulfills their investment responsibility.

The City's investment was to improve the site for development. This included new curbs, streets, sidewalks, drainage, and utility improvements. Additionally, the city was also responsible to design and construct a lakefront recreational amenity. All infrastructure work was completed. The Plaza on North Buffalo Street was also completed. It was dedicated on May 3, 2021, triggering distribution to the city, its full portion of \$1.6M of Regional Cities incentive. The city of Warsaw did its part.

The developers agreed to invest in two phases. One is the construction of a multi-use residential building at the site of the old water filtration plant. The other is construction of single-family town homes along North Buffalo Street. The developer agreed to invest a minimum of \$10.5M in those two projects by December of 2023 in order to receive Regional Cities incentives of 1.885M.

Keeping its end of the bargain, the city has delivered to the developer a very desirable site for the project. To date, Matthews, LLC, has not met their obligation, and are thus, not currently eligible for Regional Cities incentives. Because of this, Mathews LLC will be removed as the developer of the mixed-use building portion of the project. It is a simple issue of non-performance.

To also be very clear, Mathews LLC, has received no property or incentive from the city up to this point.

The city is moving on. This past week, we began our search for a new developer of the mixed-use building.

While we're on the subject, let me give you an update on the Owens project.

Having control of the entire Owen's site, the city is working to develop a design that will meet the workforce rental housing demands that we are focused on. Being continually challenged by the rising costs of construction, we must find a balance between construction costs and rents

that our market can sustain. The difference between the two creates a gap that we must address. We are currently identifying grants and incentives to fill that gap.

As you can imagine, the very uncertain economic headwinds that we have all be experiencing are impacting these projects. Housing needs are also changing as remote work alters commuting requirements while interest rate increases constraints on the ability to own. Construction delays, material and workforce shortages, and supply chain issues have dramatically increased costs.

Growing workforce housing opportunities continues to remain our community's highest priority. I can assure you of that.