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St. Joseph County plans takeover of Indiana 933 near Notre Dame

Developer says road near ND needs safety improvements

By Ted Booker South Bend Tribune Jan 26, 2018 Updated Jan 26, 2018



A proposal for commercial, office and apartment/townhouse development at the northeast corner of Indiana 933 and Douglas Road on land owned by the University of Notre Dame. **Image provided/Holladay Corp.**

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SOUTH BEND — St. Joseph County wants to take over Indiana 933 from the state as part of a plan that would enable a private developer to build a housing and retail development near the University of Notre Dame.

The plan comes as Holladay Properties — which has proposed the \$65 million to \$75 million mixed-use development on Notre Dame-owned property at the northeast corner of Indiana 933 and Douglas Road — says it won't break ground unless it can make road and landscaping improvements to a 1-mile stretch of Indiana 933. The stretch is between Angela Boulevard and Douglas Road.

The developer says the road project is needed because the stretch, which has a narrow sidewalk close to the roadway, isn't safe for pedestrians and bikers. An unsafe road wouldn't complement the development on the 25-acre property, which calls for commercial offices, retail shops, 52 town homes and 252 apartments.

To solve the safety issue, Holladay teamed up with Notre Dame, Saint Mary's College, Holy Cross College and religious congregations of the Holy Cross priests, sisters and brothers to plan its \$16 million "Indiana Corridor Improvement Project." Among other things, the project calls for wider sidewalks to be built farther from traffic lanes, a landscaped median replacing the center turn lane and an asphalt bike path west of the road that would connect to a broader trail system.

For the road project to move forward, however, the state would first need to relinquish Indiana 933 to the county.

Bill Schalliol, the county's economic development director, said the county is interested in taking over the whole 6.5-mile stretch of Indiana 933 from the state, which runs north from Angela Boulevard to State Line Road.

The state is expected to offer the county roughly \$4.2 million to take over the road, Schalliol said, which is based on the cost of projects the state has planned for the next five years and how much it expects the county will need to maintain the road for 10 years. The county will have a chance to negotiate a better deal when the state makes its offer in late February, Schalliol said, and he hopes to finalize the deal this summer.

In a separate effort, the county will also look to take over a 7.5-mile stretch of Indiana 931 from the state during the same timetable. That stretch, in the southern part of the county, runs north from County Line Road to Kern Road. The state is expected to offer the county \$8.5 million to take over the road.

For years, Schalliol said, the state has tried to convince the county to take over Indiana 933 and 931. That's because the state wants to be responsible for maintaining only its major highway in the region, the U.S. 31 bypass from South Bend to Plymouth that opened in 2014.

"There's going to be a point where the state is going to have to start relinquishing its assets," he said, "so we might as well be on the front end of it."

Along with taking over Indiana 933 in the northern part of the county, the county also plans to launch a tax increment financing district, or TIF, by this summer where Holladay planned its project.

That district would allow property taxes captured by the new development to be used by Holladay to pay off its \$16 million road project, Schalliol said. Under the plan, the project would be paid for upfront by the developer with long-term bonds. Those bonds would be paid off with taxes from the TIF district.

Because it is owned by Notre Dame, the property where the development is planned isn't on the property tax rolls. But if the project proceeds, Notre Dame would lease the property to the developer, and it would

be put back on the rolls to generate taxes.

University Village, Notre Dame's apartment complex for married students, now sits on part of the development site, but it will be closed by the university this spring and demolished.

Next month, the County Council will consider approving \$200,000 to hire three different firms to plan the TIF district for the Holladay project, along with a broader economic development area for Indiana 933.

The \$200,000 would come from a fund that takes in revenue from Healthwin, a senior living facility on Darden Road that is near Indiana 933. Because the county owns that property, Healthwin has made lease payments for several years that have benefited the fund, which has a balance of \$735,000.

During a recent committee meeting, County Council member Jamie O'Brien questioned why Holladay, which would benefit from the \$200,000 effort, isn't pitching in.

"It seems to me if the project is designed to facilitate the Holladay development, then we should look to Holladay for some of the costs," he said.

But Schalliol doesn't think Holladay should be on the hook for any of those costs.

"If our expense to get a \$75 million investment is \$200,000, that's a heck of a return," he said.

Paul Phair, vice president of development for Holladay, didn't return a call Thursday afternoon.

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County plans Indiana 933 takeover

The county plans to take over Indiana 933 from the state. The 6.5-mile road runs from Angela Boulevard to State Line Road. The move would allow a developer to complete road improvements along a 1-mile stretch (green line in map below) from Angela Boulevard to Douglas Road. Improvements would support a housing and retail project at Indiana 933 and Douglas Road.



Tribune Graphic/JOHN STUMP