

March 06, 2020 03:12 PM | UPDATED 39 MINUTES AGO

Will Michigan City become the next New Buffalo?

The Indiana lakefront town's power plant is going offline, and it's getting improved train service.

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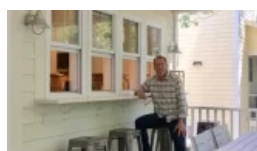
Getty Images

The Indiana lakefront town's power plant is going offline, and it's getting improved train service.

They're not making new lakefront land anymore, except in Michigan City, Ind.

OK, it's not new, but since 1950 an eight-story power-generating plant—whose tower looks like part of a nuclear plant though it actually runs on water and coal—has dominated the Lake Michigan skyline in the small city 53 miles from the Loop. The utility, Northern Indiana Public Service Co., now plans to close the plant by 2028. That will ultimately allow for removal of both the tower and the plant building beside it.

EARLIER



Can this man launch Harbor Country 2.0?

"Once that tower comes down, you're looking at a whole new lakefront," says Clarence Hulse, executive director of Michigan City's economic development

corporation. Not only will it remove the visual stigma of having a power plant looking over the beaches, but Michigan City will regain about a mile of shoreline on 50 acres.

"That's a game-changer," Hulse says. No definitive plans for the land are in place yet, but it's likely to include residential uses and public beach access. That's because the Marquette Action Plan prepared in 2018 by the Northwestern Indiana Regional Planning Commission calls for replacing any departing industry with public lakefront.

With beaches in New Buffalo and other parts of the northwest Indiana/southwest Michigan crescent increasingly crowded, a new strip of lakefront would be a welcome remedy. The old U.S. Steel South Works on Chicago's South Side lakefront is another potential jewel ripe for redevelopment, but no buyer has emerged for the massive site in more than a decade.

The Michigan City power plant shutdown is one of three potential game-changers for the town. In February 2019, the Indiana Dunes National Lakeshore, just west of Michigan City, was elevated to national park status, raising its profile among tourists locally and nationally. And the South Shore commuter rail line will lay a second track along a 25-mile single-track stretch between Gary and Michigan City by 2024, cutting half an hour out of the commute from Michigan City to Millennium Station in Chicago.

"When you can get from here to Randolph Street by train in an hour, people are going to say, 'I can get to Michigan City as fast as I can get to Highland Park or Naperville,'" says Michael Conner, an @properties agent and Chicago native who moved with his wife and kids to Michigan City 20 years ago. "That connectivity, our low taxes and our beaches are going to work together to get you over here."

Along with the three substantial changes in Michigan City, Conner says, is a fourth factor that may bring eyes and investment to the city's new stretch of lakefront. "The disarray of Chicago's and Cook County's finances are going to continue to drive people to Indiana," he says, and "when they see how much they can afford in Michigan City, that's it."

ATTRACTIONS

The upgrades of the park and the rail line will also benefit other small Indiana coastal towns like Beverly Shores, Ogden Dunes and Dune Acres. But Michigan City, beyond the future addition of lakefront land and beaches, has a burgeoning—though still invitingly small-city-scaled—restaurant, brewery and arts scene, as well as other vacation-friendly attractions, including an Instagrammable lighthouse, the Blue Chip Casino and the Washington Park Zoo, a quaint collection nestled into the dunes a short walk from the power plant tower.

Any influx of new beach-going homeowners, whether full-timers or part-timers, may clash with Michigan City's urban makeup. The median household income in the city of about 29,000 people is roughly \$50,000, compared to more than \$71,000 for the county it's in, LaPorte, and \$78,000 for its next-door neighbor, Beverly Shores. If a wave of new residents were looking for places to gentrify, they'd naturally begin with the neighborhood immediately south of the power plant, along the streets named for Civil War figures (Lincoln, Willard, Hayes, Sheridan), where the housing now is modest. Displacement of longtime homeowners there, if it comes, could spark a backlash against newcomers.

Real estate developers are already anticipating the heightened attention that may come when the plant shuts down.

At JKG Development's planned 55-unit Washington Landing condo, on Washington Street in the shadow of the eight-story power plant tower, buyers have reserved 40 units well ahead of the planned spring groundbreaking, says Pete Rahm of Keller Williams Realty Harbor Country. Prices will start at about \$400,000 for a two-bedroom and \$550,000 for a three-bedroom, says James Garrison, also of Keller Williams.

NEW PRODUCT

In a town where the median home price was just under \$115,000 in 2019 and where the only other lakefront condos—Dunescape, a few blocks east—go in the \$300,000s, Washington Landing is coming in "above all the Michigan City market," Garrison says.

The rationale, he says, is that these condos are a new type of product for Michigan City, a development where every unit has a lake view and the building includes a fitness center, a pool and a restaurant.

The five-story building is sited so that all condos look out north and northeast over Trail Creek to Michigan City's existing Washington Park beach area, and northwest prospects from the site will improve when the power plant tower is gone.

"That's more than five years out," Rahm says. Better to capitalize on the view as it is now.

Rob Harte, whose UpperCross Development Group finished the Beachwalk neighborhood of second homes east of downtown Michigan City, says he has "a hotel site, a condo site and a historic restoration" planned due to what's happening with double-tracking, the park and the power plant. The restoration is a long-vacant building on Franklin Street, but Harte declines to release details on the others while he seeks financing and approvals. The total cost to develop all three sites is \$100 million, Harte says

Kirby Atwell, who works in nonprofit management in Chicago, has a side gig buying homes for rehab to rent or sell. Between 2011 and 2016, he says, he flipped 70 houses in south Cook County, but now, since moving to Beverly Shores, he's turned his attention to Michigan City. He sees a potential for big returns as Michigan City heats up.

Atwell recently bought a modest house on Belden Street for \$39,000, plans to renovate to the tune of \$45,000, and will offer it as an Airbnb. It's a little under 2 miles from the future new lakefront land, but "you've also got the outlet mall, the casino," he says. "People will want to be close to all of it."

Atwell plans to buy several more Michigan City houses with the same purpose, as he envisions short-term vacationers quickly catching on to the fun that lies just an hour from Millennium Station.