



**1. Exactly what is being proposed and by whom?**

There are two developers proposing three distinct projects. **Park District Investment Group**, or PDIG, is proposing to build two of the three projects. The first project is Building A at the northwest corner of Grand River and Abbot. This is a 10-story building that would include a first floor restaurant and bank branch, 120 room Hotel Indigo, and five floors of studio, one, two, and three-bedroom apartments. The second project proposed by PDIG is Building B, located west of Valley Court Park, a five-story mixed-use building with commercial space on the first floor and four stories of one, two, and three-bedroom apartments.

DTN Management Co. is proposing a separate but adjacent project. DTN's project would include Buildings C, D and E. Building C, just south of Dublin Square, was initially proposed to be a mixed-use building with first floor retail and residential units. It has been changed in the most recent submittal to a mixed-use building with first floor retail and seven stories of office space. Building D, along the east side of Evergreen Avenue behind Dublin Square, would include a multi-story parking garage with approximately 700 parking spaces and be wrapped on the southern and westerly sides by a seven-story mixed-use building with first floor commercial and market-rate residential apartments on floors 2-7. This building as revised also includes three levels of residential units that are designed as owner-occupied condominiums. Building E is an apartment building with frontage on Abbot Road. This building will accommodate the 55+ demographic in 25 apartments on five levels, above a ground-level parking area and lobby.

**2. What does the approval process entail for these projects?**

Building B as well as the DTN buildings will first require rezoning. All three projects will require Site Plan and Special Use Permit approvals. The initial applications commenced their review process and are currently being vetted by the Planning Commission with input from the Downtown Development Authority (DDA), Transportation Commission, Commission on the Environment, and Parks and Recreation Commission. Once the Planning Commission makes recommendations, those will be forwarded to City Council. In addition to the planning and zoning process, the DDA and City Council also have an extensive due diligence and development agreement process to undertake that is expected to last into early 2015.

**3. What land is the City proposing to sell and to whom?**

The City is proposing to sell three parking lots: Lot 4 (NW corner of Abbot and Albert next to Dublin Square), Lot 8 (lot just north of People's Church), and Lot 15 (west side of Abbot across from City Hall north of the AT&T building). The City must gain 60% approval from the electorate at the November 4, 2014 election to authorize the sale. If authorized by the voters, City Council may, but is not required, to sell these properties to DTN Management for fair market value for their proposed project. The sale by City Council will be contingent on Site Plan and Special Use Permit approvals as well as a mutually acceptable Development Agreement detailing the financial terms. If these approvals are not in place, City Council is not obligated to sell this land.

**4. Does the Downtown Development Authority (DDA) also own land and may sell it?**

Yes, the Downtown Development Authority (DDA) owns the two-story former bank building at the SW corner of Abbot and Albert. The DDA may select to sell a portion of their property to PDIG for their project. The majority of the parcel will be conveyed to the City for purposes of realigning Albert Avenue west of Abbot so it aligns with Albert east of Abbot. The DDA also owns four parcels (five buildings) along the east



side of Evergreen Avenue that are the proposed location of Building D (parking/mixed-use building). The DDA may sell this land to DTN for construction of Building D. The DDA land does not require a ballot question like the City land, because the land was purchased for the purpose of redevelopment

**5. What happens if the vote to sell the land does not pass?**

If the vote does not pass, DTN plans to withdraw its development proposal for the city and DDA owned parcels of land. The City and DDA would need to determine a new strategy for the DDA owned properties and the associated debt. PDIG will continue to move forward on Building A as the sale of city-owned parcels does not impact that portion of the project.

**6. What kind of incentives will the City contribute to the project?**

Both projects involve extensive public infrastructure work, including new water and sewer lines, electric utility relocation, streetscapes and street reconstruction, and public parking. Both developers have indicated a need for Tax Increment Financing (TIF) to cover these costs. (TIF utilizes new tax revenue from a project to cover eligible development expenses.) Once the project costs have been finalized, the City and developers will negotiate how the TIF, if any, would be structured. City Council must approve any TIF plans. The terms of the TIF Plans would be incorporated into a Development Agreement. There also exist Michigan Business Tax (MBT) credits that were approved by the State of Michigan in 2008 that can still be utilized by the developers and do not impact the City's finances.

**7. How much debt does the City have on this project and will it take on more financial burden?**

The Downtown Development Authority currently has \$5,565,000 in outstanding Bond Anticipation Notes (BANs) that were originally issued in 2009 and backed by the City. The BANs come due April 1, 2015. The DDA can either pay off this debt through the sale of the Evergreen properties to DTN or convert the BANs to long-term debt. The preference of the DDA is to sell the land and pay the outstanding debt. If the City were to take on any additional debt it would be to contribute towards construction of the proposed parking garage. Any new debt would be paid back over time with project-generated TIF revenue and new parking revenue.

**8. Will the City own the proposed parking garage?**

The City will own at least a portion of the proposed parking garage. There are advantages to both private ownership and City ownership, as well as a hybrid approach where ownership is split, however in order to accommodate the parking needs of the surrounding uses, the City will own and operate at least the number of the parking spaces determined to meet that need. Final decisions on the extent of public-parking ownership will be made by City Council prior to entering into any Development Agreements.

**9. What are the benefits to the City of these projects?**

First and foremost, these projects will redevelop a vacant and underutilized prime corner in downtown and gateway to Michigan State University. They will add diversity of retail, office, and residential users that will bring more vibrancy to the western end of downtown. Improvements to public infrastructure will further enhance surrounding properties and greatly improve the area's sense of place.



**10. How much will the City and DDA sell the property for?**

The City would sell the property for fair market value. The fair market value has been established through appraisals that have determined the following values: Lot 4 - \$290,000, Lot 8 - \$935,000, and Lot 15 - \$670,000. The DDA intends to sell its properties for an amount sufficient to cover its outstanding debt obligation, which stands at \$5,565,000.

**11. Will the projects address the blighted properties and why hasn't the City ordered their demolition sooner?**

The blighted and vacant building along West Grand River and the apartment building adjacent to Valley Court Park are part of the PDIG projects. All of those properties will be demolished if that proposal moves forward, as well as the vacant DDA-owned building at the southwest corner of Abbot and Albert. The DDA-owned properties on the east side of Evergreen would be demolished if the DTN proposal goes forward. The City has not ordered demolition of any of the vacant buildings because the projects are currently subject to a proposed plan of development which nullifies condemnation abilities.

**12. Will these projects be just more student rentals and bars?**

No, the proposed projects include a 120-room upscale boutique hotel (Hotel Indigo), an office building, 55+ housing, owner-occupied condos, and a variety of retail users, as well as residential units for rent. The residential rental units will certainly have some student occupants, but will not be the only use within the project. The mix of commercial and residential housing types will add to the diversity of the downtown.

**13. Why is 55+ housing proposed for this area?**

In 2013 the City of East Lansing partnered with five other agencies to complete a Senior Housing Survey. As part of that survey, respondents, age 50 and older, identified areas in the community where they would consider relocating to if they were to move from their house. Over 40% (1,046) of respondents indicated the vicinity of downtown East Lansing as a preferred location. This site is also in close proximity to Hannah Community Center and the MSU Campus, two other preferred locations of respondents.

**14. Are the projects of the two development entities contingent upon each other?**

No, the projects are not contingent upon each other. PDIG plans to move forward even if the DTN project does not and DTN plans to move forward even if PDIG's project does not (and the land sale vote is successful). However, the cost allocation of infrastructure and sizing of the proposed parking garage are likely to be impacted if one of the projects does not move forward.

**15. What exactly is the DDA and how does it related to the City?**

The Downtown Development Authority (DDA) is a downtown redevelopment authority that includes the Mayor, City Manager, and nine other members appointed by City Council, including a majority of which are downtown property owners. The DDA is authorized under Public Act 197 of 1975 and was formed in East Lansing in 1986 for purposes of developing the University Place office and hotel (Marriott) project. The DDA is funded through Tax Increment Financing (TIF) and has acquired properties in the Park District Area

## **Park District Project Area - Frequently Asked Questions (Updated 10/10/14)**



specifically for purposes of redevelopment. The DDA may act independently of the City, but its annual budget must be authorized by City Council.

### **16. Where can I get more information on the projects?**

The city has a web site dedicated to the projects: <http://www.cityofeastlansing.com/parkdistrict>