

Ruth Beier - Re: Idea

From: Mark Bell <mark@harbor-bay.com>
To: Ruth Beier <rbeier@cityofeastlansing.com>
Date: 5/19/17 4:09 PM
Subject: Re: Idea

Ruth,

I am typing into my phone as I drive so please excuse grammatical errors.

My suggestion on the idea was introduced because I am afraid that the current deal continues to move around too much financially. I recognize that the city needs to push for the best deal possible. My fear is that the community perceives that the developer is getting a sweetheart deal. I can say with the utmost honesty, this simply is not the case and we are stretched very thin under the current deal terms. Further, I am fearful that the goal line continues to get moved.

So with that in mind, in a last ditch effort to possibly eliminate this public perception, I threw out the idea of just limiting the development to grand river.

If that were the case, I would be worried about the following that I would need to make a business decision on whether or not to accept:

We would lose target. They are only in the deal should they have parking in the adjacent lot.

We are over \$1.5 million in design engineering and legal costs that we would have to throw in the trash.

We have closed on land at a high land basis that assumed going 140 feet, as the comprehensive plan suggests.

I personally cannot support a building that has students and adults in the same building. Another developer might think differently, but I find this to be very unlikely.

The financial challenges of having condos coexisting above rentals is a major financing challenge, far more challenging than the bonds currently proposed in the current deal. I find this to be near impossible.

We would have to be delayed a year, because by the time we go back and re-design, go back to planning commission, etc. We will have missed the summer commencement construction cycle, and we will just need to wait until next summer. This causes financial consequences as we have already closed on the buildings and have carrying costs associated to them.

Overall, I am just trying to throw out ideas, even if they are difficult, because I get concerned with the constant back-and-forth on the current deal. I hope that you can appreciate that I only want to be very candid and to the point. No BS. At times I feel like East Lansing has scars from previous

developers, which is unfortunate. I promise you, our firm is of the utmost integrity, has a proven track record, and I am committed to finding a "win win", if that is what the community wants and wishes. However, we are at a delicate threshold where I cannot keep spending design, engineering, and legal costs without a better understanding if there is a pathway to a finish line.

In summary, if a development was to be limited just to the grand river side, I could only conceivably move forward if the city were willing to remove the 25% rule and allow us to put retail (non-target / non grocery) at the grade level and market rate housing above. I would also need time to further evaluate the substantial sunk costs mentioned above before fully considering this option.

Thank you Ruth.

Sent from my iPhone

On May 19, 2017, at 2:47 PM, Ruth Beier <rbeier@cityofeastlansing.com> wrote:

Hey Mark,

I heard that you asked about doing just the Grand River building. I think a mixed building there could be a win-win. The bottom 75% could be market rate rental, and the top 25% could be owner occupied with its own elevator, grown up amenities, and beautiful views. Alumni would love those units. I would buy one. The building could be shorter, and market rate rentals could park in our existing ramps. You could include parking in the building for the condos. The architecture would have to be interesting (you couldn't just build a box), but if you build a nice building in that perfect location, the condos will sell.

Ruth

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