

University Place
East Lansing, Michigan

UNIVERSITY PLACE
DEVELOPMENT AND FINANCE PLAN

for the
Downtown Development Authority
of the City of East Lansing

August, 1986

EAST LANSING CITY COUNCIL

John Czarnecki, Mayor
Joan Hunault, Mayor Pro-Tem
David Balas
Ralph Monsma
Elizabeth Schweitzer

EAST LANSING DOWNTOWN DEVELOPMENT AUTHORITY

John Czarnecki, Chairperson
Robert Wilcox, Vice Chairperson
Brian Hicks, Treasurer

Jim Fitzgerald
Marcia Jensen
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Robert Phipps
Roy Saper
Alan Suits

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I. INTRODUCTION

A. Purpose

The Downtown Development Authority of the City of East Lansing was formed on June 17, 1986 for the expressed purpose of assisting in the growth, vitality and improvement of downtown. Under the direction of the East Lansing City Council, the Authority will be active in responding to, but not limited to, three major areas: general maintenance, parking and development project assistance.

A downtown has long been recognized as both the center of commerce and front door to the rest of the community. During 1983 the City of East Lansing began a major initiative in the area of downtown beautification through the reconstruction of major sidewalks within the area, coupled with landscaping and visually attractive street furniture. The Authority will be examining ways to continue this program while instituting a maintenance program which keeps the area in a safe and visually attractive condition.

Future economic growth within the downtown will be dependent on the ability to provide a sufficient supply of parking to support that growth. The Authority will be assisting the City in planning for new parking facilities and examining alternative ways to finance them.

And finally, the Authority will, from time-to-time, be called upon by the City to provide support in the form of various public improvements in concert with private development to create new investment in the downtown.

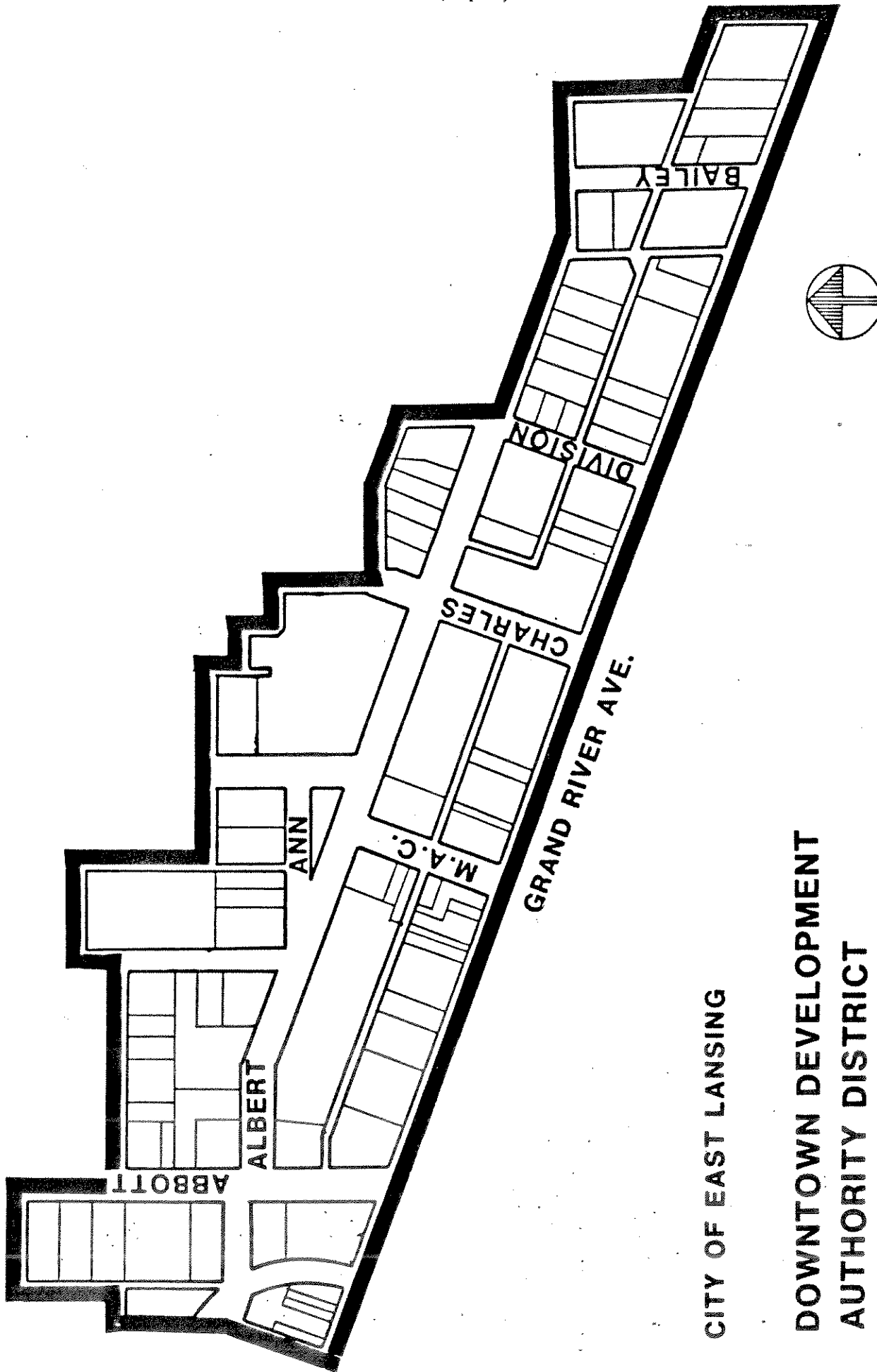
B. Legal Basis For and the Creation of the Downtown Development Authority

A Downtown Development Authority is permitted under P.A. 197 of the Michigan Acts of 1975. The statute permits cities within Michigan to form a group of people, most of whom must have an interest in property within the downtown area, to assist a city in the improvement and revitalization of its downtown. The Act gives the Authority both legal and financial powers to carry out its programs. In terms of financing, an Authority can, by approval of the local legislative body, levy up to 2 mills or institute a special assessment on development properties in order to raise funds for various programs. An Authority may also use tax increment financing to assist in the financing for construction and/or maintenance of public facilities.

On June 17, 1986, the East Lansing City Council, by Ordinance No. 635, created the Downtown Development Authority of the City of East Lansing. The Authority was organized and granted all of the powers and duties permitted under P.A. 197. On July 1, 1986, the City Council appointed a Board of Directors consisting of the Mayor and eight other individuals. Included on the Board is a permanent position available to the East Lansing School District. On July 24, 1986, a newly formed Board held its inaugural meeting, adopted its bylaws, and officially began conducting its business.

C. Development District

By Statute and City Ordinance, the Authority operates within an area described as the Development District (see Map 1, page 3). The Development District was created by City Council on June 17, 1986. The boundaries of the Development District may be changed by City Council only after public notification and a public hearing.



CITY OF EAST LANSING

**DOWNTOWN DEVELOPMENT
AUTHORITY DISTRICT**

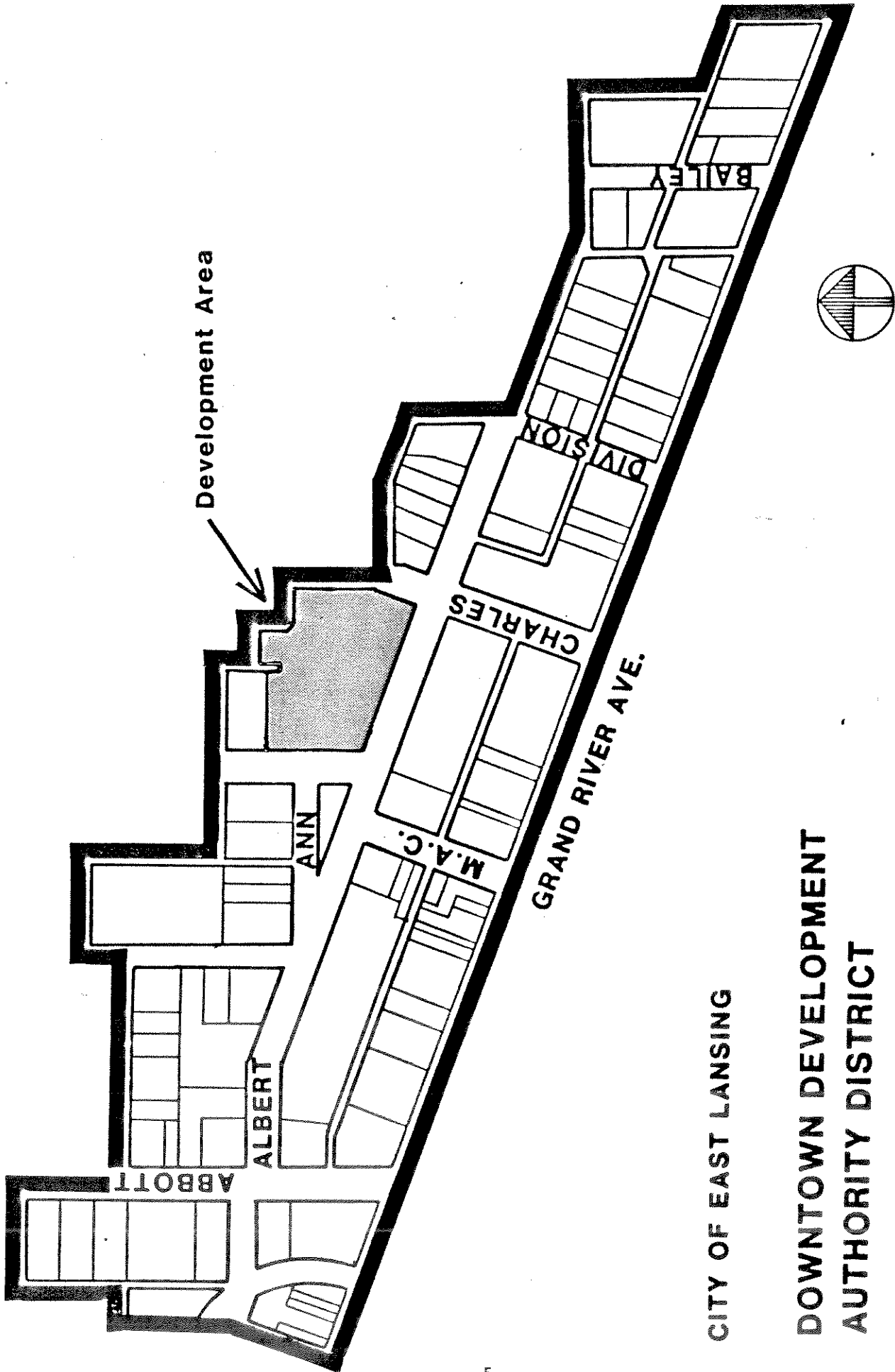
II. Development Plan

A. Boundaries of the Development Area

1. Location of Development Area in relation to Development District - See Map 2 on page 5.
2. Boundaries of Development Area - See Map 3 on page 6.
3. Legal Description of Development Area - See Appendix, Exhibit C.
4. General Description of Development Area. The Development Area is bounded by M.A.C. Avenue on the west, Albert Street on the south, Charles Street on the east, and the Masonic Temple building to the north. The Development Area is an irregularly shaped site which consists of 1.85 acres.

B. Location, Character and Extent of Existing Public and Private Land Uses

1. Existing Public Uses. The majority of the property within the Development Area is publicly owned, which includes the street alley right-of-ways. The largest parcel of land is commonly referred to as the "Citgo Block," which was purchased by the City between 1975 and 1983. The public uses include:
 - a. Public Right-of-Ways: This includes sidewalk right-of ways along Albert, Charles and a portion of M.A.C. Avenue, a public alley which connects M.A.C. Avenue with the north/south alley to the east;
 - b. Parking Lot: There is a 12-meter municipal parking lot at the corner of M.A.C. and Albert Street;
 - c. Leased Land: The majority of the Citgo Block site is leased to a private entity for private parking;
 - d. Vacant Land: The former Howland House property is vacant and presently unused.
2. Existing Private Uses
 - a. Lot 42, which abuts M.A.C. Avenue, is owned by University Place Associates and is presently vacant.
 - b. The Citgo Block is leased by the City to Jacobson Stores Realty Company for use as employee parking for Jacobson's Department Store.



CITY OF EAST LANSING

DOWNTOWN DEVELOPMENT
AUTHORITY DISTRICT

(Map 3)

SCALE: 1" = 50.0'

ANN ST.

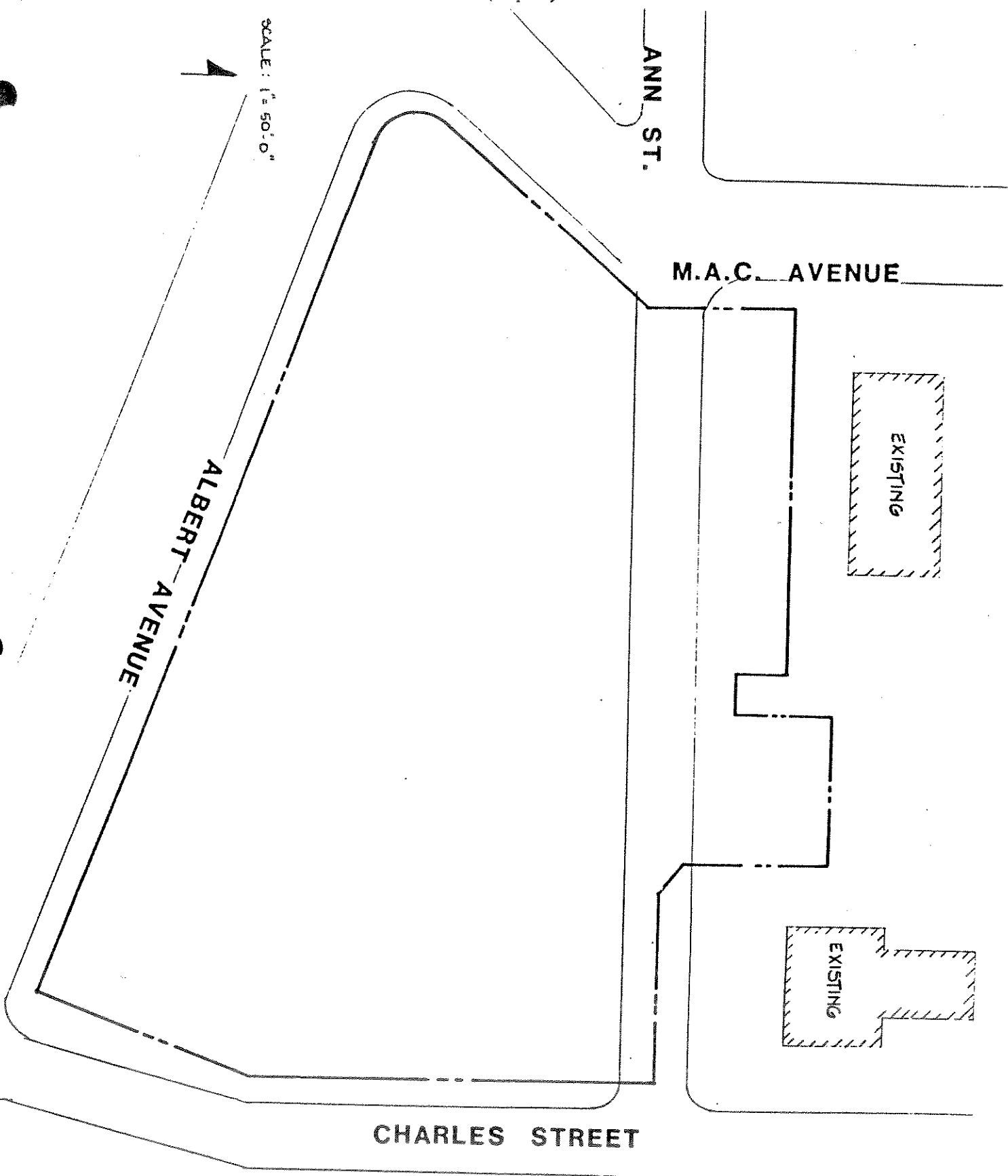
M.A.C. AVENUE

ALBERT AVENUE

EXISTING

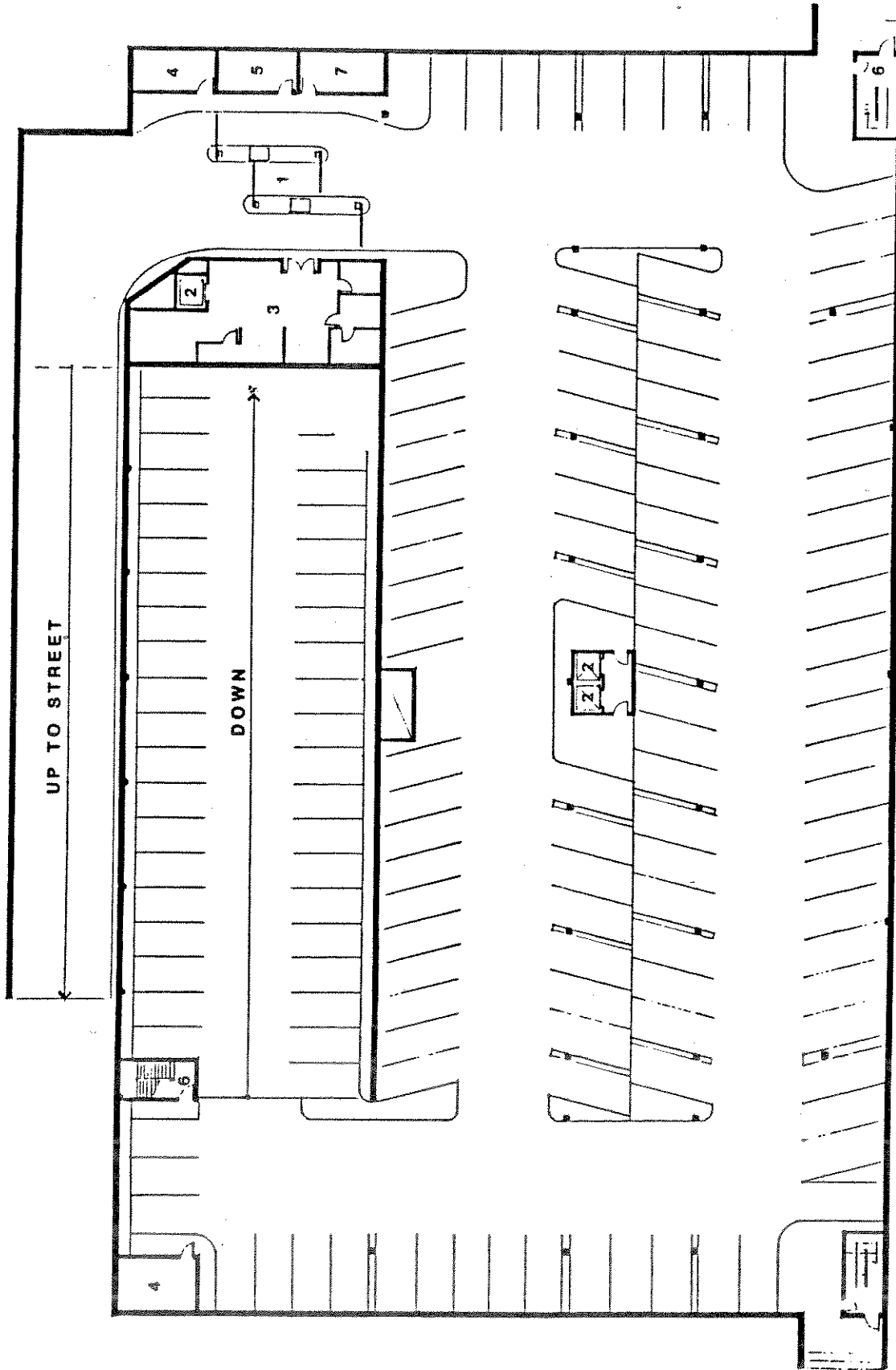
EXISTING

CHARLES STREET



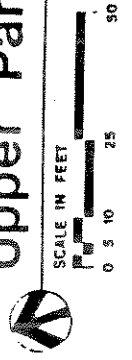
C. Location, Character and Extent of Proposed Public and Private Land Uses

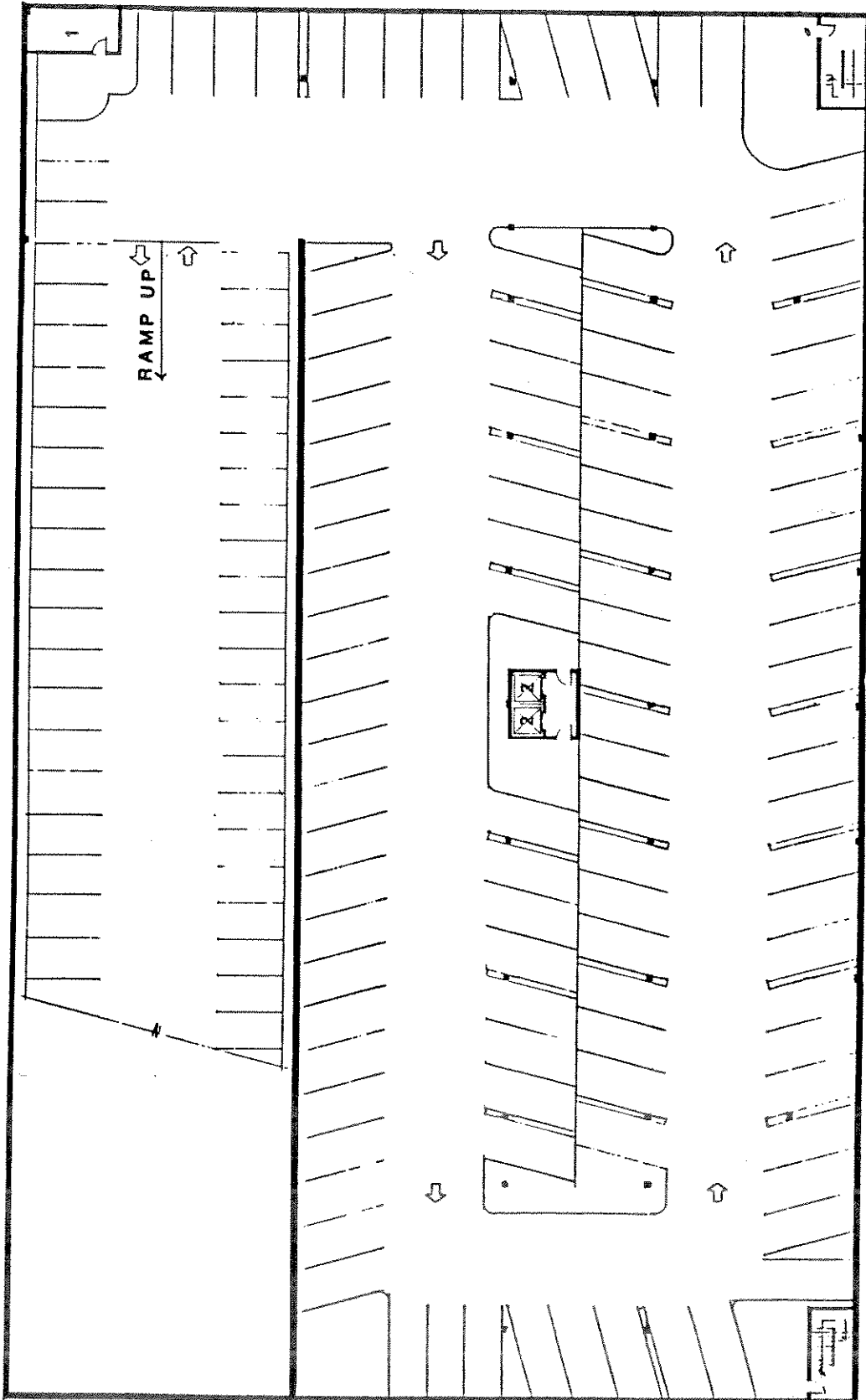
1. Proposed Public Uses. The proposed public uses to be constructed as part of the University Place development include:
 - a. Parking Structure: The City will construct a 270 space underground parking garage. The structure will be two levels below grade and physically connected to the hotel/commercial buildings (See Exhibits 1, 2 and 3, pages 8-10).
 - b. Park/Plaza: The City will construct a public park/plaza at both the west and east ends of the University Place project (See Site Plan, Exhibit 4, page 11). The Plaza is being designed to encourage both active uses (e.g., small group performances, art festival) and passive uses, and will be attractively landscaped (see Park Plan, Exhibit 5, page 12). The plaza will also enhance the image of the M.A.C./Albert area as the focal point and center of the downtown.
 - c. Elevated Pedestrian Walkway: An enclosed pedestrian walkway will be constructed over Albert connecting the second level of the commercial building with the third level of Parking Lot 3. The pedestrian walkway will permit better use and management of the existing and proposed parking facilities while encouraging a climate controlled connection between University Place and commercial buildings in the 300 block of East Grand River Avenue.
 - d. Street Closure: A landscaped street closure will be constructed at the intersection of Charles and Ann Street.
 - e. Acquisition: All property acquisition necessary for the project has been completed.
2. Proposed Private Uses (See Site Plan, Exhibit 4, page 11.)
 - a. Hotel/Conference Facility: A seven story, 183 room hotel will be constructed as part of University Place. The hotel will include conference and banquet facilities for up to 600 people.
 - b. Commercial Building: A six-story, 65,000 sq. ft. commercial building will be constructed adjacent to the hotel. The first two levels of the building will contain 29,000 gross square feet of leasable retail space. The top four levels will contain 36,000 sq. ft. of quality office space.
 - c. Atrium: The hotel and commercial buildings will be physically connected by a seven story glass atrium. Within the atrium there will be a restaurant, cafe, lounge, gift shop, conference pre-function area and retail arcade (see Exhibit 6, page 13).



- 1. TRAFFIC CONTROL
- 2. ELEVATOR
- 3. HOTEL LAUNDRY
- 4. MECHANICAL
- 5. MAINTENANCE STORAGE
- 6. STAIR
- 7. ELECTRICAL

Upper Parking Plan - 147 spaces

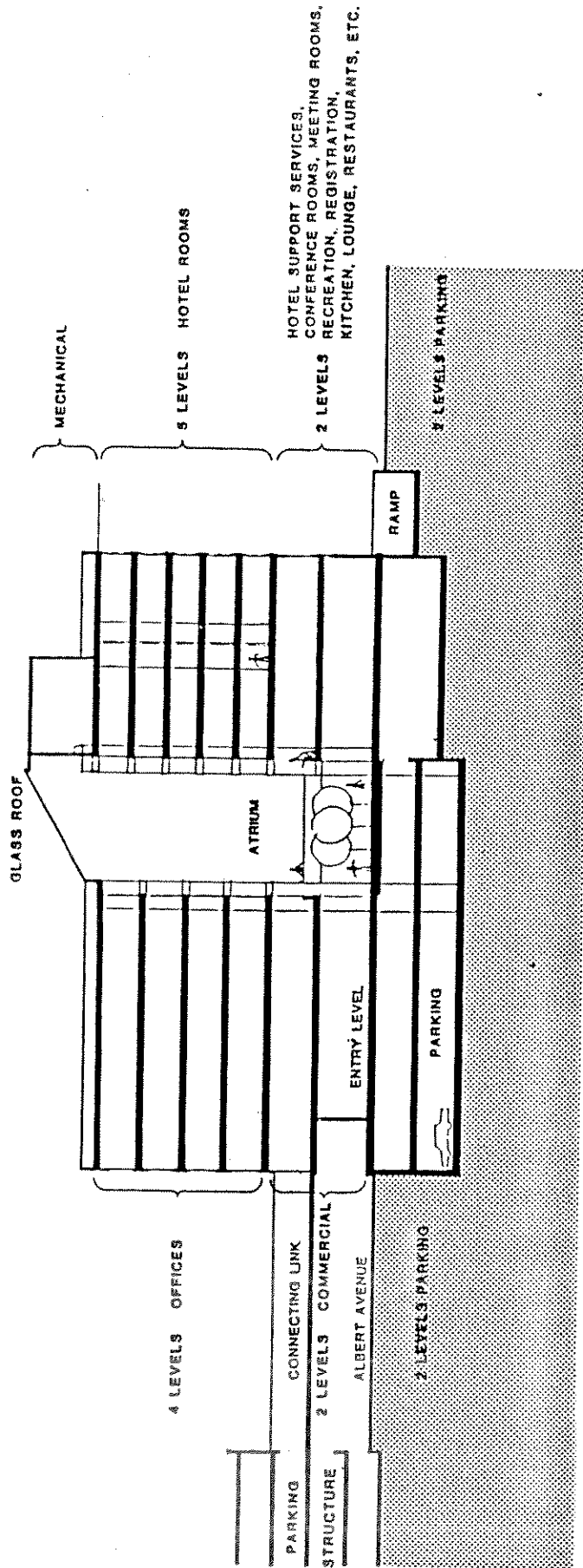




- 1. MECHANICAL
- 2. ELEVATOR

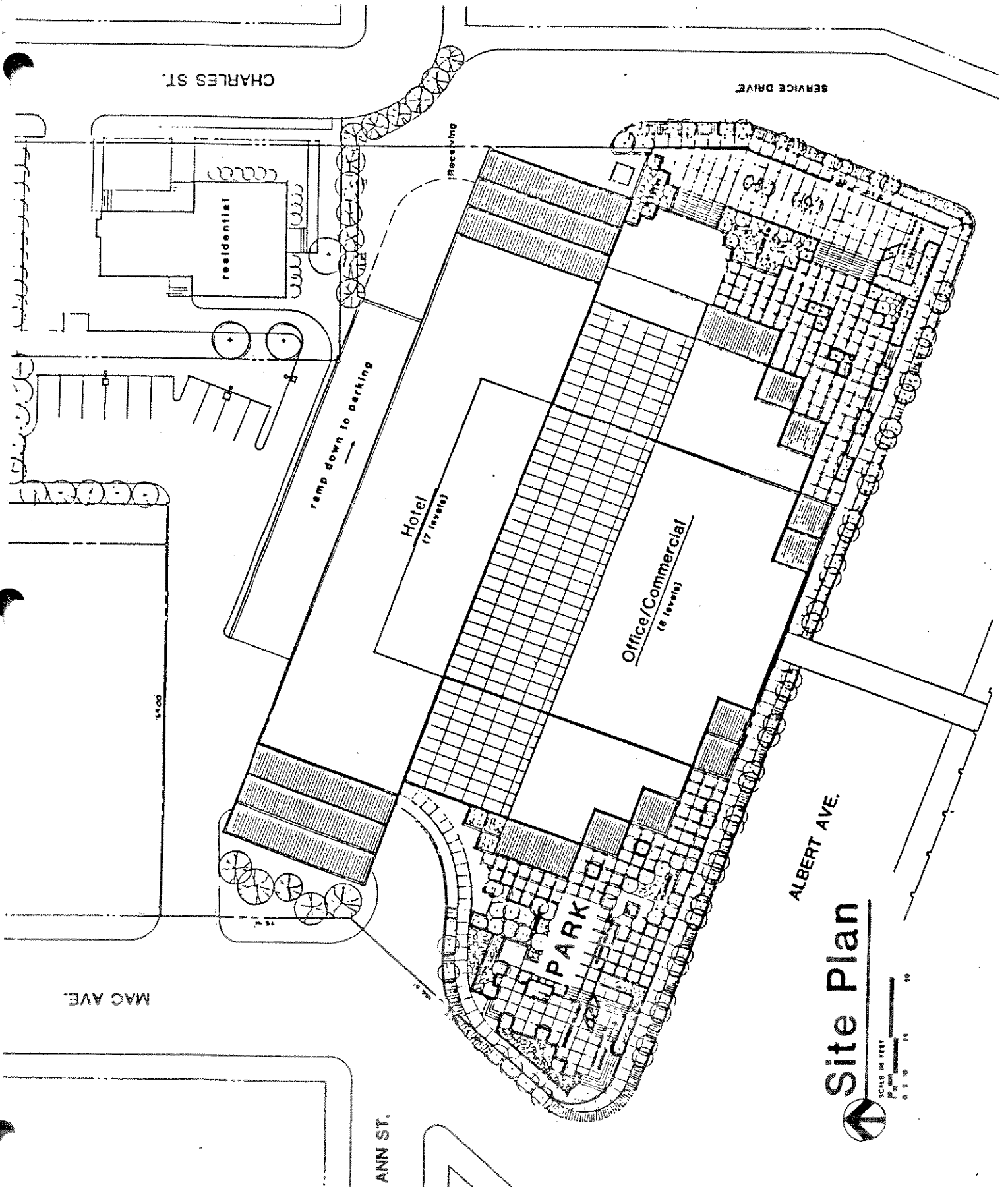
Lower Parking Plan - 113 spaces

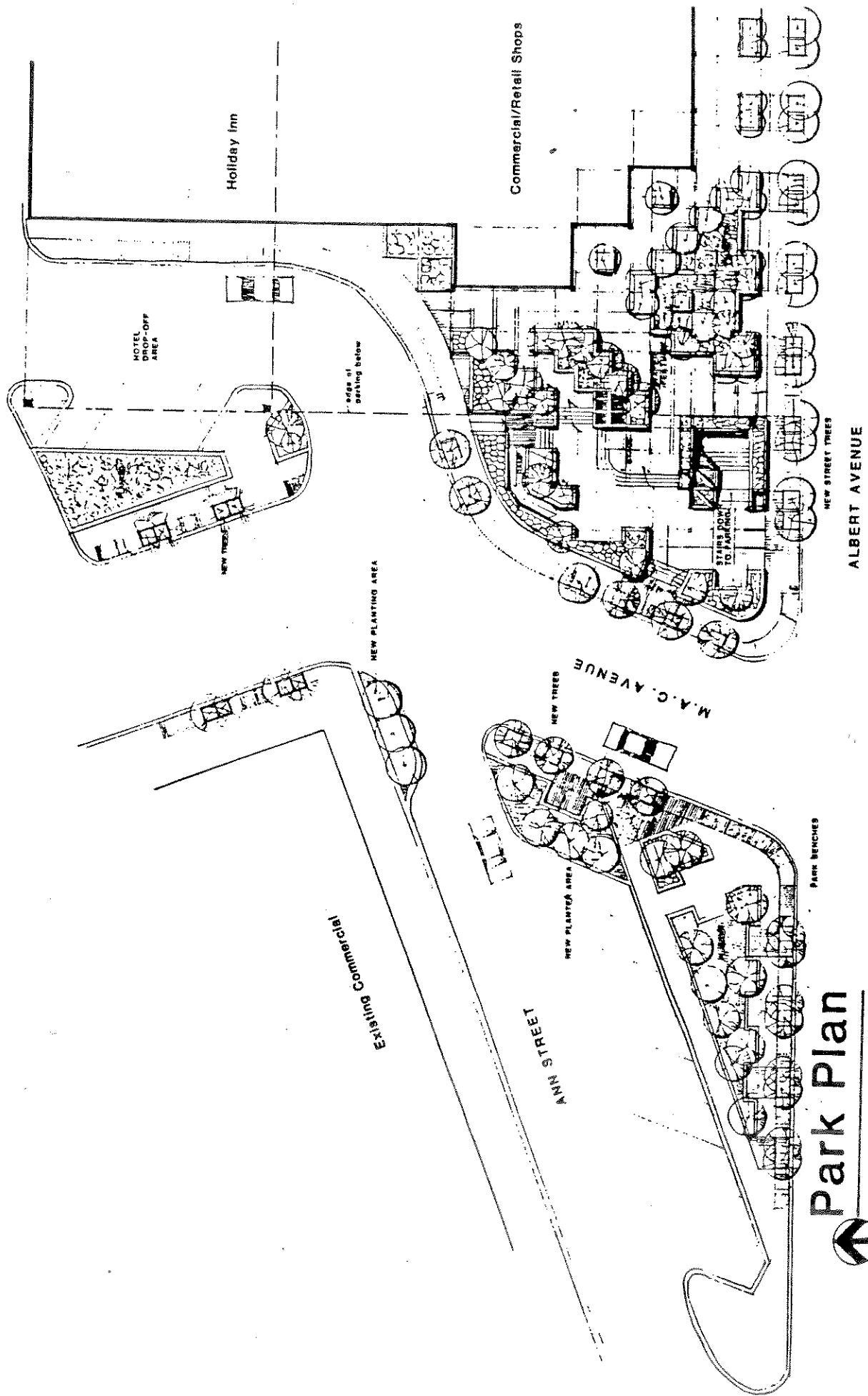




Building Section

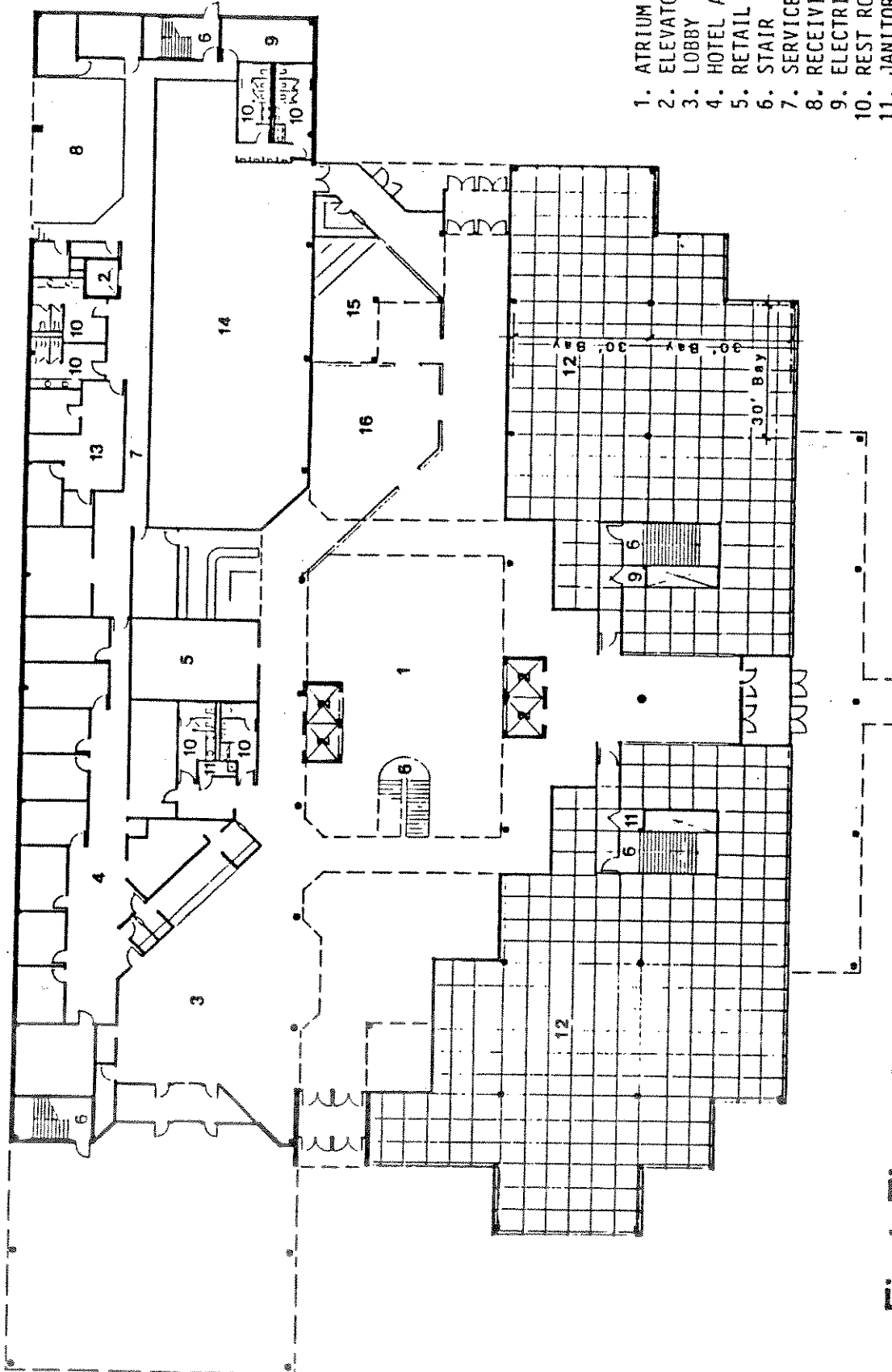






Park Plan





- 1. ATRIUM
- 2. ELEVATOR
- 3. LOBBY
- 4. HOTEL ADMIN.
- 5. RETAIL STORE
- 6. STAIR
- 7. SERVICE CORRIDOR
- 8. RECEIVING
- 9. ELECTRICAL
- 10. REST ROOM
- 11. JANITOR
- 12. SHOPS
- 13. SERVICE & MAINT.
- 14. ENTERTAINMENT LOUNGE
- 15. LOBBY BAR
- 16. ATRIUM CAFE

First Floor Plan



D. A Description of Existing Improvements to be Demolished

The Development Area contains two improved parking areas, one public and one private. The parking facilities will be eliminated as a result of this project. Also, Ann Street, which while legally vacated still exists but will be eliminated as well. It will take approximately one week to eliminate the improvements.

E. The Location, Extent, Character and Estimated Cost of the Improvements and an Estimate of Time Required for Completion

1. Public Improvements: As noted, the public improvements will include a 270 space underground parking ramp, a park/plaza, elevated pedestrian walkway, street closure, land acquisition and associated site work. Total cost of the public improvements, including finance, legal, design, acquisition and construction costs, is \$3,795,000.

It is estimated that it will take 18 months to complete construction.

2. Private Improvements: The private improvements, consisting of the hotel, commercial building and atrium, are estimated to cost \$17,000,000 to construct.

It is estimated that it will take 18 months to complete the entire project.

F. Construction Stages and an Estimate of Completion Time for Each Stage

(See "E" above.)

G. A Description of Any Parts of the Development Area to be Left As Open Space and the Use Contemplated for that Space

1. Public Open Space: A public park/plaza will be developed, consisting of 16,244 sq. ft. at the east and west ends of the development. The west plaza will contain a sunken area which is designed for sitting as well as to encourage small performance activities. The stairs which move from this area up to the grade level plaza can be used as a stage. The remaining area of the plaza, as well as the east plaza, are suitable for simply sitting as well as display activities such as the annual Arts Festival.
2. Private Open Space: The atrium which connects the two private buildings will attractively serve as private open space. Activities within the atrium will primarily serve the private uses within the development.

H. A Description of Any Portions of the Development Area Which the Authority Desires to Sell, Donate, Exchange or Lease to or From The Municipality and the Proposed Terms

The Authority will sublet the public improvements as described in "C-1" from the City of East Lansing. The City of East Lansing, in turn, is leasing the public improvements from the City of East Lansing Building Authority. Under the terms of the sublease between the City and the Downtown Development, the Authority will be making semi-annual payments to the City based on a payment schedule established in the sublease. [Further, pursuant to the terms of the lease (not in that lease) between the City and the Building Authority] the sublease will include the condition that the City operate the public improvements.

I. Desired Zoning Changes and Changes in Streets, Street Levels, Intersections and Utilities

1. Zoning: The existing zoning permits the uses described in this plan.
2. Changes in Streets or Street Levels: Ann Street, which presently bisects the northern portion of the site, a portion of M.A.C. Avenue and the alley, are being eliminated.
3. Changes in Intersections: A traffic diverter will be constructed at the Charles and Ann Street intersection to prevent vehicular traffic turns entering or exiting the Development Area through the adjacent residential neighborhood.

4. Changes in Utilities:

- a. Sanitary Sewer: An existing 12" sanitary sewer line now under Ann Street will be relocated from the north/south alley to Charles Street.
- b. Water Main: An existing 8" water main currently under Ann Street will be relocated to the new access drive located at the northern portion of the Development Area.

J. An Estimate of the Cost of Development, a Statement of the Proposed Method of Financing the Development and the Ability of the Authority to Arrange the Financing

1. Estimate of the Cost of the Development:

a. Parking Structure	\$2,850,000
b. Park/Plaza-Walkway	446,000
c. Design, Engineering	165,000
d. Acquisition	10,000
e. Total	<u>\$3,471,000</u>

2. Method of Financing: The City of East Lansing Building Authority, in December of 1985, issued Building Authority Bonds in the amount of \$3,795,000 to construct the public improvements. The City of East Lansing, in turn, entered into a lease with the Building Authority to operate and maintain the improvements, at an annual lease payment equal to the annual debt service on the bonds. The City will rely on the annual lease payments from the Downtown Development Authority, to make the City's annual lease payments to the Building Authority. In addition to parking revenues, the Authority shall raise its funds necessary to make its annual lease payments to the City by capturing the tax increments created by the private improvements within the Development Area and described in "E-2".

3. Ability of the Authority to Arrange the Financing: The Authority has the power to use Tax Increment Financing pursuant to Michigan P.A. 197, as amended, and as permitted by East Lansing City Ordinance 635. The Authority shall be entitled to capture the tax increments upon adoption of this Finance and Development Plan by the East Lansing City Council.

K. Designation of the Person or Persons, Natural or Corporate, to Whom all or a Portion of the Development is to be Leased, Sold, or Conveyed in any Manner

1. Purchase: The East Lansing Building Authority will purchase the public improvements, as a condominium unit, from University Place Associates, the project developer.

2. Lease Agreements

- a. City of East Lansing: The City will be leasing the land it owns as part of the Development Area to the project developers. Also, the City is leasing from the Building Authority the public improvements.
- b. Authority: The Authority will be subleasing the public improvements from the City of East Lansing.

L. The Procedures for Bidding for the Leasing, Purchasing or Conveying in Any Manner All or a Portion of the Development

All of the public improvements will be publicly owned or leased; and all such activity will be conducted to City Ordinance and/or policy.

M. Estimates of the Number of Persons Residing in the Development Area and the Number of Families and Individuals to be Displaced

None.

N. A Plan for Establishing Priority for the Relocation of Persons Displaced by the Development

Not applicable.

O. Provision for the Costs of Relocating Persons Displaced by the Project

Not applicable.

P. A Plan for Compliance With Act NO. 227 of the Public Acts of 1972

Not applicable.

III. Financing Plan

A Tax Increment Finance Plan establishes the procedure by which the Authority is able to finance or assist in the financing of the public improvements described in the Development Plan. This Finance Plan, and any amendments to it, will govern the Authority's participation in the project unless or until the Authority's assistance is no longer required.

A. Tax Increment Finance Procedure

The procedure for the establishment and implementation of tax increment financing is defined in Section 13 (b) and (c) of Act 197. Prior to the implementation of a tax increment finance program, the Development and Finance Plan must be approved by the East Lansing City Council. Once approved, the City Treasurer is required by law to transmit to the Authority that portion of the tax levy of all taxing bodies paid each year on the Captured Assessed Value of all real and personal property located within the Development Area that is due to new construction. The tax amounts to be transmitted are referred to as the Tax Increment Revenue. The Captured Assessed Value is defined as the amount in any one year by which the current assessed value of real and personal property in the Development Area exceeds the initial assessed value for new construction. The Initial Assessed Value is defined as the most recently assessed value of all real and personal taxable property within the boundaries of the Development Area at the time the Tax Increment Financing Plan is approved by the East Lansing City Council.

Under this Tax Increment Finance Plan, the Captured Assessed Value shall not include any increase in the Initial Assessed Value which is attributable to normal annual appreciation either as a unique feature to the taxable real or personal property or as a factor assigned by the City Assessor on a Development District-wide percentage. Further, taxes will not be captured which are the result of any existing debt millage of the East Lansing School District or any new operating, debt or Building and Site Maintenance millage (excluding renewal of existing millage) which are levied by the East Lansing School District after the adoption of this Plan.

B. Estimate of Initial Assessed Value and Tax Increment Revenue

The Initial Assessed Value, as defined above, for the Development District is \$57,820 (see Exhibit 7, page 19). It is estimated that the Captured Assessed Value, once the taxable real and personal property within the Development Area is completed, will be \$4,026,300. Based on an estimated millage rate of 76 mills, less any debt millage levied by the East Lansing School District, it is estimated that the Tax Increment Revenue will be \$300,000 annually.

C. Maximum Amount of Bond Indebtedness to be Incurred

The Authority will not be issuing bonds for purposes of financing the public improvements.

D. Duration of the Program

The Authority will be entering into a sublease with the City of East Lansing for a period not to exceed 20 years.

(Exhibit 7)

Development Area Initial Assessed Value (1986)

<u>Parcel No.</u>	<u>Address</u>	<u>Current Use</u>	<u>1986 SEV</u>
18-139-009	315 Ann Street	Vacant	\$23,160
18-139-010	300 M.A.C. Ave.	Vacant	\$17,330
18-139-011	302 M.A.C. Ave.	Vacant	\$17,330
18-150-001	315 M.A.C. Ave.	Vacant	Exempt
18-150-011	Albert Ave.	Vacant	<u>Exempt</u>
		Total SEV:	\$57,820

E. Use of Tax Increment Revenue

The Tax Increment Revenue to be paid the Authority by the City Treasurer are to be disbursed by the Authority pursuant to the terms of the sublease with the City of East Lansing, and the purpose of the funds shall be for the following:

1. To assist the City in meeting its annual obligation to the Building Authority with respect to the City's lease of the improvements, of which said lease funds shall be used by the Building Authority to pay principal and interest payments on any bond indebtedness for the construction of the public improvements.
2. For any annual operating deficits incurred by the City in the operation and maintenance of the public improvements.
3. For any payments required by the City to establish and maintain a capital replacement reserve during the useful life of the improvements.

F. Annual Surplus of Tax Increment Revenues

To the extent that the tax increment revenues of the Authority in any one year exceed the sum necessary for the Authority to meet the commitments and payments as set forth in E above, then such surplus funds shall revert proportionately to the respective taxing bodies.

G. Impact on Assessed Values and Tax Revenues

The tax impacts which are expected to occur as a result of this Development and Finance Plan are as follows:

1. No taxing jurisdictions will lose any existing tax revenues as a result of this program, and in fact will gain tax revenue under the anticipated appreciation in the initial assessed value of the Development Area.
2. It is anticipated that all of the taxing jurisdictions will receive, prior to the end of this program, new tax revenues from the Captured Assessed Value since, through appreciation, the percent of Captured Assessed Value needed by the Authority to meet the commitments of this plan will be reduced over time.
3. The private improvements that will occur within the Development Area are expected to increase overall economic activity and assessed values within the Development District, which in turn should result in increased tax revenues to the other taxing jurisdictions.

APPENDICES

- | | |
|----------------------|-----------|
| 1. Ordinance 635 | Exhibit A |
| 2. DDA Act | Exhibit B |
| 3. Legal Description | Exhibit C |

CITY OF EAST LANSING, MICHIGAN

ORDINANCE NO. 635

Introduced: 06/03/86

Adopted: 06/17/86

AN ORDINANCE TO ESTABLISH A DOWNTOWN DEVELOPMENT AUTHORITY AND TO DESIGNATE THE BOUNDARIES OF THE AUTHORITY AS PROVIDED BY ACT 197 OF THE PUBLIC ACTS OF 1975.

WHEREAS, the East Lansing City Council, at its meeting of May 6, 1986, gave notice of its intention to establish a Downtown Development Authority pursuant to Act 197 of Michigan Public Acts of 1975, as amended, and gave notice of a public hearing regarding said Authority for June 3, 1986; and

WHEREAS, public notice of Council's intention and public hearing date having been placed twice in a newspaper of general circulation, and all owners of property of record within the proposed District having received notice not less than 20 days nor more than 40 days, and said notice having been posted in 20 conspicuous places within the proposed District at least 20 days prior from the date of said public hearing pursuant to Public Act 197; and

WHEREAS, a public hearing having been held on June 3, 1986 at which hearing public comments were received and recorded.

THE CITY OF EAST LANSING ORDAINS:

1. that the East Lansing City Council hereby establishes the Downtown Development Authority which shall be known as the Downtown Development Authority of the City of East Lansing, which Authority shall operate in accordance with, and exercise all the powers and authority as provided by Act 197, P.A. 1975, as amended;
2. that the boundaries for the Authority District are hereby established and described in Attachment A hereto;
3. that the City Clerk is hereby directed to promptly file a copy of this Ordinance with the Secretary of State, and further directed to cause a copy of this Ordinance to be published at least once in a newspaper of general circulation;
4. that the Authority shall be under the supervision and control of a governing board consisting of the Mayor and those members appointed by the Mayor, subject to the approval of the City Council, as provided by Section 4 of Act 197;
5. that this ordinance shall be in full force and effect upon its adoption and publication as provided by Section 6.4 of the City Charter.

The foregoing Ordinance 635 was moved for adoption on the 17th
day of June, 1986, by Councilmember Balas
supported by Councilmember Schweitzer, and adopted by
the following vote:

Yeas: Balas, Hunault, Monsma, Schweitzer, Czarnecki

Nays: None

Adopted this 17th day of June, 1986.

John B. Czarnecki
John B. Czarnecki, Mayor

Michael Benedict
Michael Benedict, City Clerk