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Project with No-Bid, Exclusive Contract on Public Land Is Still Missing Parts ^[1]

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By:

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Results ^[2] of a Freedom of Information Act (FOIA) request and inquiries by ELi indicate that, three months into the no-bid, exclusive contract ^[3] given to developers Royal Vlahakis on the debt-ridden public lands along Evergreen Avenue, those developers still haven't submitted two key components of the application: the traffic study and the rezoning application.

Paul Vlahakis tells ELi that he expects those to be submitted this week. In the meantime, the Transportation Commission and the Planning Commission haven't been able to take all required actions on the proposal.

Additionally, the two versions of the Brownfield tax increment financing (TIF) plan that were submitted for this project were both withdrawn by the developers months ago, with still no replacement TIF plan made public.

The absence of key proposal submittals hasn't stopped a three-vote majority of Council ? Mayor

Mark Meadows, Mayor Pro Tem Erik Altmann, and Ruth Beier ? from moving to change laws aimed at allowing for more taller buildings downtown.

These changes are needed to pave the way for the Royal Vlahakis project, but will have much wider implications for East Lansing.

What the developers? delays in the proposal process *have* meant is that right now there is no end in sight for the \$5.6 million public debt the developers are supposed to pay off if the deal goes as planned.

That?s public debt on public land for which, in 2013, seven sets of developers expressed formal interest ^[4] in redevelopment.

So far, the Downtown Development Authority and City Council are still only letting Royal Vlahakis have a crack at that land.

In February, Council also voted 5-0 to let Royal Vlahakis include two public parking lots ^[5] in their proposal. These would be long-term leased to the developers in a deal that would not require approval of the voters, as a land sale would require.

Those public parcels are also not being made available for bidding by other potential developers.

Developers given an exclusive contract, with properties kept off the market:

The ?Evergreen properties? is the name generally used to talk about a series of parcels along Evergreen Avenue just north of Peoples Church. These properties were purchased from private landlords by the Downtown Development Authority (DDA) in 2009. Some are shown below.



The properties were purchased by the DDA at inflated prices ? about three times their assessed value ? resulting in a long-term debt problem for East Lansing. They were acquired as the DDA sought to support a different, ultimately-failed project by another private developer, Scott Chappelle. (This was the infamous City Center II project.)

The DDA?s purchase of the Evergreen Avenue properties have saddled East Lansing?s

government with ?under water? properties on which about \$5.6 million is now owed.

When the DDA voted three months ago [3] to keep the Evergreen properties off the market by giving an exclusive deal to Royal Apartments and Vlahakis Development, the idea was to have redevelopment of the properties move relatively quickly, to finally solve this major debt problem.

In December, in the exclusive contract, Royal Vlahakis promised that, if all went as planned, they would buy the Evergreen Avenue properties for about what is owed. Vlahakis? company owns the private property on which Dublin Square sits, just across the alley from the Evergreen Avenue properties.



The image above shows what Royal Vlahakis wants to build along Evergreen Avenue, seen as if from above the tennis courts at Valley Court Park. Evergreen Avenue along the west side of the building would be turned into a greenway.

What else the project would involve, if built as proposed:

If built as planned, the \$190 million project would involve construction of two major new high-rises on and around the area of Dublin Square, including land that is downtown and in part of the Oakwood Historic Neighborhood. It would be the third major redevelopment project within a half-block radius, and would be the tallest and biggest in footprint.

The Royal Vlahakis "Park Place" project would add to downtown a twelve-plex movie theatre and about 500 more apartments. Just east of the project area, the Center City District project adds 365 apartments. Just south of it, the DRW Convexity "Park District" project adds about another 300.



Project	Status	Apartments (total)	Parking garage spaces
Center City	Under construction	365	620
Park District	Excavation begun	290	89
Park Place	Application submitted	490	593
Total		1,145	1,302

Proponents of the Royal Vlahakis plan praise the project's promise of added residential population, 20,000-square-feet of office space, movie theaters, restaurants, and public infrastructure improvements (sewers, roads, etc.). This image shows a rendering of the project as seen as if from above the back of People's Church.



The Royal Vlahakis project also promises to add automated parking ^[6] for 600 cars, raising questions about traffic in the area, particularly on Abbot Road and for the nearby Oakwood Historic Neighborhood. (*Disclosure: This reporter owns a house in Oakwood.*) That's why the traffic report has been hotly anticipated by people watching the proposal.

Council moving on attracting bigger buildings in more of downtown:

Mayor Mark Meadows has been saying ^[7] recently that he doesn't expect much movement on the Royal Vlahakis proposal anytime soon. Nevertheless, he, Altmann, and Beier have been looking to push forward changes ^[8] to the City's zoning laws in anticipation of the project's consideration by Council.

Last week, the three voted to schedule a public hearing and likely vote on April 9 on Ordinance 1449 ^[8]. That's the ordinance that would allow 160-foot-tall buildings in a slice of downtown ? which developers Royal Vlahakis need to build what they want to build on the Dublin Square property.

At last week's meeting, Council Member Shanna Draheim tried to push the public hearing and vote on Ordinance 1449 into May, but she was outvoted 3-1. (Aaron Stephens was away on vacation.) Draheim said that, before a vote on Ordinance 1449, she wants to see the people of the City have a public conversation about where they want to see tall buildings, and how tall they want them to be.

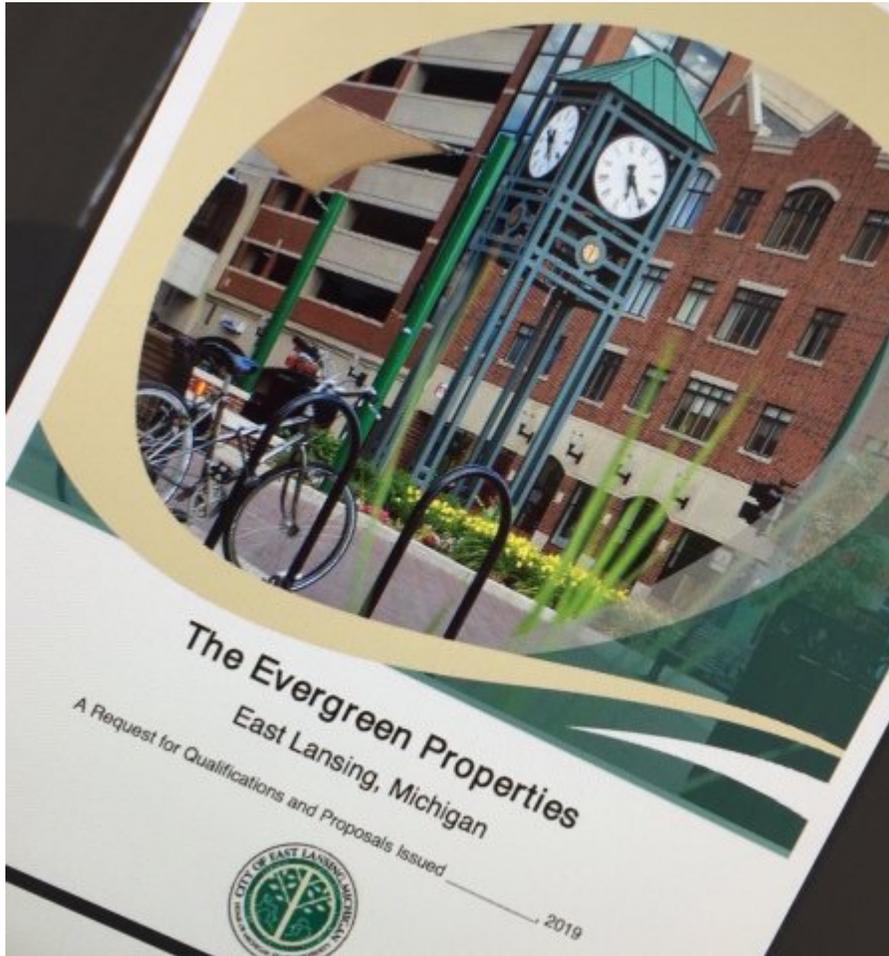
Meadows, Altmann, and Beier have already voted through another zoning change, Ordinance 1443, which allows for 140-foot buildings in a larger area of downtown. This is an ordinance also needed for the Royal Vlahakis project.

That ordinance passed 3-2 ^[8], with Draheim and Stephens voting against and reiterating that they wanted a broader public discussion about height and density in the downtown before these changes to the law are made.

Both 1443 and proposed ordinance 1449 require a supermajority of Council for buildings of these heights: At least four members of Council have to support a project for it to be approved.

A ?Request for Proposals? in the waiting:

When the DDA voted to give Royal Vlahakis the exclusive contract, it also voted to approve a ?Request for Proposals? (RFP) for the Evergreen Avenue properties [9] ? a packet of information that could be used to invite *other* developers essentially to bid on the properties.



But, so far, the DDA and Council haven?t been interested in seeing what other developers might propose for that land if that RFP went out. And, unless and until the DDA gets out of the contract made with Royal Vlahakis, no other developers can be solicited.

For now, that means waiting for the chosen developers to finish submitting the required materials.

Because of the height of the proposed project, the proposal will ultimately require support of at least four members of City Council. At the moment, it doesn?t look like it has that support. Draheim and Stephens have been voting against moving quickly on the underlying zoning changes required for the project, and last week Beier expressed apparent dissatisfaction with the current design.

As it is, April 1 marks the day the DDA will have to start ramping-up the size of debt payments on the Evergreen Avenue properties under the latest restructuring of that public debt.

Learn more about the Royal Vlahakis Park Place deal at ELi's dedicated page ^[10] on the project's history.

Related Categories:

Big Development ^[11]

City Council ^[12]

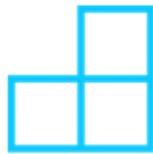
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