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By:

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Above: MSUFCU President April Clobes and a rendering of the project (courtesy of MSUFCU)

We broke the story ^[2] yesterday of the Michigan State University Federal Credit Union (MSUFCU) working with East Lansing Planning staff on a redevelopment project that would involve the credit union purchasing public land just south of Dublin Square and putting up a five- to eight-story office building there.

Readers have had a lot of questions about this, so we put a series of them to April Clobes, President/CEO of MSUFCU, and City Manager George Lahanas.

Clobes confirmed this morning that the credit union is looking to pay the appraised value of the property -- \$810,000. (ELi obtained the appraisal and you can see it here ^[3].)

I asked Clobes, "Why shouldn't the Council and voters instead want an auction to the highest bidder, or an RFP [Request for Proposals] process that obtains what is considered the best combination of price and project, in your opinion? In other words, why should MSUFCU get special access to this property without it being opened up to other comers??"

I also noted that the land has gone up a lot in value and some buyers might want to purchase it at a higher price for investment or for their own project.

Clobes responded, "I don't think this is the Credit Union's decision. I believe this is for council and ultimately, voters to determine."

She explained, "We were approached by the City to determine if this location would be a possibility for us to expand operations. It was not presented to us as a bidding proposal. I believe we were approached as we have a positive reputation in the community, have been a good partner to the City, provide community support, and bring market-rate jobs to the region. Our project is a different opportunity for the downtown space to supplement the recently built housing, retail, and hotels."

City Manager George Lahanas wrote by email, "Given the challenges of getting dedicated office space into the downtown, we are not recommending an RFP process. In order for this to proceed, it would require Council approval as well as the approval of the voters of East Lansing. They would determine whether the project would be proceed."

Lahanas says "nothing was held back" about this development. "This would normally be announced when MSUFCU informed us that they are ready and interested in proposing the project. That has now happened." He explains, "We were planning a press release to coincide with [the] item going on the Council agenda."

The story broke after ELi sent MSUFCU and Lahanas questions about it yesterday afternoon. Now Council is being asked to consider ballot language next Tuesday. Lahanas says staff will make available that ballot language when they release the Council agenda tomorrow.

Contrary to what some readers are speculating, this project *would* result in the generation of property taxes. The land is now owned by the City, which means it generates no property taxes. If it were sold to MSUFCU ? something that would require majority-voter approval as well as approval by a majority of City Council ? then MSUFCU would own the land and pay taxes on it.

Clobes confirmed this: "The Credit Union does pay property taxes on all our locations in East Lansing. Also our employees pay the personal income tax."

The credit union is currently paying about \$932,000 per year just on property taxes on its headquarters building in East Lansing on the Northwest corner of the city. Additionally, like other businesses, MSUFCU pays the City of East Lansing a special business tax that is confusingly called a "personal property tax."

Would the credit union hope to see some of the property taxes on this proposed project diverted for development-related costs through a tax increment financing (TIF) plan?

Clobes answers, "No, at this time this has not been requested."

The project would eliminate surface parking on the site. Where would users of this new building be expected to park if they want to drive to it?

Says Clobes, "Visitors would park in the City lots. This is the same process we have with our current branch location. We currently pay for monthly parking passes for our employees working downtown as well."

Lahanas confirmed that this is the plan for this project: "Parking will be in the city parking system."

Looking at the press release yesterday, one ELi staff reporter noted, "I've gone to a number of performances of jazz musicians in residence at the MSUFCU headquarters. It's a large room with windows, walls, movable chairs, lighting, sound system, and such. I wouldn't call it a performance space although it is used for that."

Is this the same kind of space the credit union has in mind for this downtown building?

Says Clobes, "Yes, the space would be similar to our community room at the headquarters. Similar performances could occur in this space as well as meetings and events."

Note: This article was updated at 12:15 to include Lahanas' responses after we received them.

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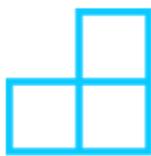
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