

xxHOME

Large office building proposed for Renaissance Zone  
Plan would add 150,000 square feet to downtown area

By DANIEL STURM

If you are concerned about the glut of vacant office space in downtown Lansing, get a load of this:

Developer Sam Eyde is asking the city to let him build a three-story, 150,000-square-foot office building in the Seven Block Renaissance Zone southwest of the Capitol. It is a half-mile from where construction has just begun on the 110,000-square-foot Boji office building.

Eyde's one-square-block site is next to the new Hall of Justice. It is bordered by Butler Boulevard on the east, Martin Luther King Boulevard on the west, Kalamazoo Street on the south and Washtenaw Street on the north.

Daniel Sturm/City Pulse

Renaissance neighborhood residents have grown impatient with the undeveloped plot of land at the intersection of South Butler Boulevard and Kalamazoo Street. Paul Tagger, 422 S. Butler, fears that if the developer's plans are adopted, they might end up surrounded by empty office buildings.

The Boji building is under construction at Townsend and Allegan streets.

Residents are displeased about the Eyde's plan. "The citizens think that housing should be a component," said city development manager Emil Winnicker. "If they can demonstrate to the developer how to make money with housing, there would certainly be no hesitation to do that."

Repeated efforts to reach Eyde for comment were unsuccessful.

Eyde bought the land from the city in 1999 for \$290,000. His original plan called for a 90,000-square-foot office building and an adjacent 30,000 square-foot commercial building.

Eyde was supposed to complete the project by 2001. But City Council approved an extension to 2004 after Eyde said economic conditions were no longer favorable for meeting the original deadline.

Now Eyde is seeking another extension, this time till 2006. And besides increasing the size of the office building by 60,000 square feet, he wants to decrease the commercial building from 30,000 square feet to a total of 10,000 square feet, Winnicker said.

Eyde needs City Council's approval for the deadline extension but not for changing the size of the project, Winnicker said, explaining it still satisfies the zoning requirements for which it has already been approved.

Mayor Tony Benavides is expected to send a recommendation on the two-year deadline extension to City Council shortly. Winnecker said he favors the extension and wants Eyde to submit his new building proposal by December.

None of the changes sit well with neighbors of the lot, which has been cleared. They have grown impatient with the undeveloped property, which they call a blight in an otherwise revitalized residential area.

On June 16, Ben Harman, chairman of the Seven Block Citizens' District Council, sent a letter to Benavides arguing that the developer had delayed construction even during good economic conditions. "Given current economic conditions, there is no indication that the market for office space will improve any time in the near future," wrote Harman.

The group asked City Council to refuse any future deadline extensions and to terminate the agreement with the developer if the December 2004 deadline is not met. The group also recommended allowing time for Eyde to submit a new mixed-use development plan that includes housing, offices and commercial property.

The group is empowered by state law to advise the city on development issues concerning the Seven Block Renaissance Zone, which covers 36 acres, from Allegan Street to St. Joseph Highway, and from Martin Luther King to Butler.

Winnicker said he believes a compromise between Eyde, the city and residents is possible. He said planning staff members are working on a recommendation, which Benavides will pass to City Council for approval, modification, or refusal.

Winnicker said he believed that the developer's request for another delay of construction is reasonable. "The time is just not right for building, with the office market being so soft," said Winnicker. If construction were to start, he said, it would add to the saturation of office space

downtown and would compete with the Boji project.

City Council recently approved the \$50 million project, named after the developers Ron and Louie Boji, which would provide downtown Lansing a publicly financed 1,225-space parking ramp and the privately financed 110,000-square-foot office building.

Since the Boji project will be within walking distance, Renaissance Zone residents are afraid they might end up surrounded by empty office buildings. Some would prefer attractive residential housing units and a grocery store. "I would think that two big office developments built simultaneously would compete with one another," said Ron Whitmore, a founding member of the Renaissance Neighborhood Association.

The Citizens' District Council argues that the city should amend the original agreement and encourage Eyde to construct a mixed-use development that would include housing and some dining and retail.

The Seven-Block district, along with 11 other Michigan "Renaissance Zones," became tax-free in 1997 in an effort to encourage economic revitalization. Both residential and commercial businesses in these designated zones are exempt from most state and local taxes until 2008. Tenants must reside within a renaissance zone for 183 consecutive days before being eligible for the abatement. The city estimates a loss of \$23,000 in the seven-block area per year.

Since the revitalization effort began in 1997, the city has acquired 60 homes in the area, built nine new homes and rehabilitated 20, spending \$2 million in addition to a \$5 million-dollar state grant allotted for the acquisition, demolition, rehabilitation, new construction, and improvements of sidewalks and streets.

Paul Tagger, a 422 S. Butler resident, said the tax incentive has inspired neighbors to remodel their homes and has attracted many new residents, including himself. Added Tagger: "The area has basically turned into a family-type of neighborhood. It's a hundred times better than it was in 1996." Tagger, who raises funds for investment companies, remembers the neighborhood when there were abandoned houses, crackheads and prostitutes. "Now there's no problem at all. People can walk in the dark and walk with their kids," Tagger said.

Tagger also said that a grocery store was desperately needed and criticized the developer's plan for more office space. "This just wasn't what we agreed on when the Renaissance Zone started," said Tagger. He fears that if the developer's plans are adopted, the quality of life will decrease in the Renaissance Neighborhood. The increased traffic, noise, and higher taxes — all reasons he moved out of his west-side apartment — could threaten recent improvements. Added Tagger, who's also a board

member of the neighborhood association: "Another huge office building is just not to the residents' benefit."

Whitmore, who is Tagger's neighbor, says he's also skeptical of the developer's true intentions for the property. The community activist doesn't understand why Eyde did not start the construction as soon as possible. He may miss the opportunity to offer tenants the benefits of no property taxes and to make the site more easily marketable. If the tax-free zone expires in 2008, why does Eyde want to delay their project until 2006, Whitmore asked.

Another source speculated that the delays are probably due to Eyde's desire to negotiate a deal with state government. The newly built Constitutional Hall near the Capitol was leased from the Eyde Co. for Agriculture and Environmental Quality offices from 2001 through 2026, for \$6.4 million a year. The state has the option to buy the building for \$1 at the end of lease. "They hope that they will get the same sort of deal from the state they've gotten elsewhere downtown, which would be highly lucrative," Whitmore said.

Both Eyde's company and Seven Block residents have expressed interest in exploring alternative types of development at the site, wrote Harman in his letter to the mayor. The Citizens' District Council suggests conducting a market study to see whether types of development popular among residents would be economically feasible. The council intends to apply for a grant from the Capital Regional Community Foundation to cover the costs of a survey, as soon as it hears from City Council on the extension.

Added Whitmore: "Quite frankly, residents are not willing to wait any longer. There's always going to be another excuse for a further delay. But I also have some hope that the developer is going to be cooperative."

Care to respond? Send letters to [letters@lansingcitypulse.com](mailto:letters@lansingcitypulse.com). View our Letters policy.