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E.L. seeks \$5.3M development bond

By *Brian McVicar*

The State News

Published: February 12, 2008

The East Lansing City Council moved forward in its attempt to receive a \$5.3 million bond and delayed action of a resolution banning the use of eminent domain during its meeting Tuesday night.

The bond is planned to foster the development of new businesses in the downtown and could be used for improvements on the Virginia Avenue project and in other parts of the city.

According to city documents, \$3.2 million of the bond could be used for these plans, with the remaining \$2.1 million left for insurance costs. The bond is open to petition from citizens for 45 days. It will then go before the City Council for final approval.

About \$300,000 of the bond is planned to be used for a SmartZone above Barnes & Noble, 333 E. Grand River Ave. A SmartZone is an area meant to house businesses with a focus on technology.

“The idea here is to create an environment where high-tech start-ups can thrive,” said Tim Dempsey, East Lansing’s community and economic development administrator. “We’re providing a lower cost place to do business that is in close proximity to the university.”

City officials hope students such as Nicholas Chilenko can carry East Lansing’s economy into the future.

Chilenko, a marketing junior, owns Nicholas Creative Media, a Web site design and Internet marketing company. For about 10 years, Chilenko has helped design Web sites and develop marketing strategies for local and national companies.

“A lot of companies follow old corporate models,” he said. “I love to go into companies and work with them and help them turn around their Web sites.”

Chilenko said low-rent office space would help get his business on its feet.

“I’m still a one-man show,” he said. “There’s a lot of growth that needs to occur.”

But providing inexpensive office space doesn’t necessarily guarantee a business will thrive, said Patrick Anderson, president of Anderson Economic Group.

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Michigan's personal property tax, which taxes businesses on their equipment, is an unfair burden on businesses, he said.

"That's a problem all across Michigan," Anderson said. "That's one of the challenges we face when trying to bring these businesses to Michigan."

Eminent domain

City Council members most likely won't approve or reject a resolution banning the use of eminent domain until next week.

If passed, the resolution, introduced by resident Phil Bellfy wouldn't allow the city to take private property for public use.

Eminent domain is a hot-button issue in the city because property owners fear officials will take their land for several planned redevelopment projects.

Bellfy said it's important for the city to make a clear statement against the use of eminent domain.

"I think what the problem is for them is that it's going to be a resolution that would bind future councils," he said.

If passed, the resolution wouldn't have the validity that a law carries, said Tom Yeadon, East Lansing's assistant city attorney.

"The actual legality of the resolution is questionable," he said.

Published on Tuesday, February 12, 2008

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