

COMMUNITY

Downtown Lansing, Inc. draws criticism from business owners who say agency is failing them



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LANSING — After her dad passed away in 2023, Ashleigh Rogers and her mom took a trip to Sedona, Arizona.

Rogers, who owned a small online business of homemade body products she operated from her home in Lansing, was inspired by the scenery and how people lived out West.

“We were on this journey of healing,” she said. “And I was so inspired by the sustainable, holistic way of life people in Sedona had ... that’s what inspired me to create Sedona Wanderlust.”

The expansion to Sedona Wanderlust included more body care products and sustainably made clothing, and by December 2023, Rogers said, she had been approached by Julie Reinhart, the downtown development director for Downtown Lansing Inc.

Rogers joined last year's group of businesses at Middle Village, a startup business incubator in the Atrium Building in downtown Lansing. She opened in April, but the venture with a retail storefront in the incubator lasted four months. Rogers said DLI’s mismanagement and a lack of communication and resources made it impossible to continue.

“I feared I wouldn’t have a business in Lansing after this experience,” she said. “I had to go to therapy to understand I didn’t fail. I was put in a failing situation.”

Former and existing downtown business owners say Rogers is not alone. They claim DLI, the quasi-governmental agency that works with city officials, property owners and businesspeople to bolster the downtown business scene, is not fulfilling some of the promises

made to businesses opening on Washington Square, and has overstepped the bounds of its authority.

Several entrepreneurs shared their frustrations with the Lansing City Council earlier this month and detailed why they had to close their businesses.

Cathleen Edgerly, DLI's executive director, disputes the claims of Rogers and others. She said that while DLI works to uplift business owners by acting as a "connector" to resources, ultimately the success of a business depends on the owners.

DLI's mission is "to strengthen and nurture the culture, health, and sustainability of our downtown district," and the agency "works together with stakeholders by providing channels of open communication, tools to perpetuate our culture, and reliable information that strengthens community engagement."

'It was very rare that a customer came in'

Faun Donald and Luke Trusnovec, owners of a plant store called Neva Lee's, closed a couple years after they moved downtown. They said Reinhardt recruited them in October of 2021 to move from their existing shop on Kalamazoo Street to Washington Square. Reinhardt promised them a roughly \$25,000 grant through DLI to help with the move. They received \$10,000 at the time, with the rest coming "soon," they said Reinhardt promised. The two say they never received the rest of the money, but were approved for and received nearly \$50,000 from a "completely separate" grant, Donald said.

Because the two had received \$60,000 in total from grants, DLI wasn't interested in paying the remaining \$15,000 promised, they said.

The pair say they also had continued issues with the building they were placed in, at 109 S. Washington Square. The issues, including construction and maintenance problems, led to a months-long dispute with their landlord and because the building was not up to code, the shop could not open.

Edgerly said DLI had no way to know the condition of the building, and that the organization does not interfere in communications between the business owners and any third parties.

Business owner Elizabeth Krueger of Honey Bun Bakery disputes Reinhardt's assertion. She said Reinhardt repeatedly inserted herself in conversations between Krueger and other business owners, banks and landlords.

Reinhardt told Krueger she was eligible for a \$50,000 reimbursement grant from DLI in 2022, but that the money had to be spent first. After applying for a loan at Lake Trust, Krueger's husband was denied. Krueger said after she told Reinhardt about the problem, Reinhardt called the bank, which signed off on the loan.

Edgerly denied anyone with DLI spoke with the bank on Krueger's behalf.

"We don't get involved in the contracts and negotiations between businesses and other third parties," Edgerly said.

When the Kruegers couldn't lease a storefront on Washington Square, Reinhardt recommended they join the businesses being added to the Middle Village incubator in 2023. Middle Village, which DLI operates, acts as a way for small businesses to get a foothold in the city without their own storefront.

Krueger and her husband spent the \$30,000 they got from the bank on supplies in preparation for their storefront, and were still expecting DLI to pay the grant that had been promised. Reinhardt told the Kruegers they were no longer eligible for the grant because they didn't have a downtown address.

Krueger said Middle Village wasn't a good fit for her business. They closed in February 2024 and eventually filed for bankruptcy. They still owe the money borrowed from Lake Trust.

Rogers said Middle Village has had problems. Its opening in the Atrium Building was delayed by construction, and once it did open, she doesn't believe it was advertised enough.

"I don't think people knew we were in there," she said. "It was very rare that a customer came in."

'Businesses have to do their due diligence'

Edgerly said she's proud of the work done by DLI and of the businesses on Washington Square that are thriving. As of this year, downtown Lansing had a 28% to 30% vacancy rate downtown.

A comprehensive market analysis was done on Lansing's downtown in 2023, with DLI and its board of directors leading it. They identified 10 in-demand retail spaces needed on Washington Square, including a pharmacy and sporting and family apparel. Although none

of the new businesses fill those needs, Edgerly said it wasn't her job to dissuade potential businesses from trying to open a storefront.

"We want to be able to uplift all businesses," she said.

Laurie Lonsdorf, the capital area regional director for the Michigan Small Business Development Center, said it isn't DLI's job as a principal shopping district to tell a business owner they shouldn't pursue their idea. Instead, she said business owners need to be pragmatic and aware of what the market needs.

Lonsdorf said business owners need to "think very carefully" before opening and be prepared to do a lot of the work themselves. Although organizations like DLI and downtown development authorities in other communities can provide a lot of guidance and resources, it is on the business owner to ask questions and understand whether the advice they're getting is actually helpful.

"Businesses have to do their due diligence," Lonsdorf said. "Have the lease reviewed by attorneys, make sure you're aware of all contingencies, be aware of the conditions of the buildings."

Lonsdorf said that especially since COVID, owning a business downtown is harder than ever before. State workers, who downtown businesses could once rely on, don't frequent Washington Square as often and there are simply fewer working downtown because of work-from-home policies.

Cara Nader, the owner of Strange Matter coffee shop, which has a location at 331 Washington Square, said she feels she's succeeded because she hasn't relied on DLI. Like other business owners, she feels there's a lack of transparency in the agency.

"I think there needs to be a complete overhaul in how the downtown district operates," she said. "We need people with small business experience ... and pay them well to do the job."

Does Lansing need a DDA?

Lansing opted for DLI as opposed to a downtown development authority, which is used in many Michigan cities.

Amy Shamroe is Traverse City's mayor and she credits the revitalization of the city's downtown to its DDA, which was established in the mid-90s.

"Can't imagine not having a part of our city government in charge of downtown because of the funding opportunities it provides, and creating the stability business owners need," Shamroe said. "It also provides accountability."

Shamroe said Traverse City's DDA, while not being fully hands-on, does take more of an active role in how the businesses fit into downtown, and as a part of city government is more easily able to advocate on behalf of business owners.

"There was an MDOT project that was fixing the roads, and our DDA spoke with them about including wider sidewalks, which would help the businesses," she said.

DDAs are primarily responsible for promoting economic growth by providing communities with the necessary legal, monetary, and organizational tools to revitalize downtown districts. By contrast, DLI was established as a Principal Shopping District in the 1990s. DDAs are primarily funded by capturing tax growth in a designated downtown area.

DLI's 2025 budget showed that \$2.5 million of its expected \$3.3 million income came from grants. DLI is expecting \$467,000 from the city assessor's office, and smaller amounts from the city for business development and maintenance of public spaces.

Shamroe added that the DDA works with the city inspector's office, developers and landlords to ensure buildings are suitable for tenants.

"We don't want businesses moving into buildings they will need to move out of," she said. "That looks bad for the city and the downtown development authority."

Traverse City, a widely popular Up North tourism destination, has a vacancy rate of roughly 5% to 10%, Shamroe said. She credits the city's DDA with creating a "hospitable environment" for restaurants and retail.

"I think you need to have public trust in the DDA," she said. "I think residents, business owners, landlords need to feel like there's accountability."

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