

A regular meeting of the Leelanau County Brownfield Redevelopment Authority (LCBRA) was held on Tuesday, July 18, 2023 at the Leelanau County Government Center.

CALL TO ORDER

Meeting was called to order at 10:01 a.m. by Chairman who led the Pledge of Allegiance.

ROLL CALL

Members Present: D. Heinz, D. Allen, G. Allgaier, J. Arens, D. King, R. Foster, T. Eftaxiadis

Members absent: None

Staff: T. Galla, Director

Public: J. Hawkins, L. Mawby

PUBLIC COMMENT

Larry Mawby, encouraged favorable action on item 1, New Business, a. and b.

DIRECTOR COMMENTS - None.

CONSIDERATION OF AGENDA

Motion by Foster, seconded by Allen, to accept the agenda as presented. Motion carried 7-0.

CONFLICT OF INTEREST – None.

CONSIDERATION OF JUNE 20, 2023 MINUTES

Motion by Allgaier, seconded by Foster, to approve the minutes as presented. Motion carried 7-0.

CONSENT AGENDA

- a. Fishbeck – General Consulting and TIF Management
- b. Fishbeck – EPA Assessment Grant

Motion by Foster, second by Allgaier, to accept the consent agenda as presented. Motion carried 7-0.

OLD BUSINESS – None.

NEW BUSINESS

Letters of support for Rural Readiness Grant applications

- a) Leelanau County application

Motion by Allgaier, seconded by Foster to approve the letter of support for submittal of the Rural Readiness Grant county application. Motion carried 7-0.

- b) Peninsula Housing application

Motion by King, seconded by Allgaier, to approve the letter of support for Peninsula Housing for submittal of the grant. Motion carried 7-0.

c) Update to changes to Act 381 – Jeff Hawkins, Fishbeck

Hawkins passed out a flyer on changes to Act 381 for new brownfield incentives for housing development. He put together a flyer that explains the basic changes. The governor and her administration are very interested in creating more housing. Michigan is about 75,000 units short in the state as far as the need. Several different groups have been working to try and pass changes to assist with the number of units being constructed. Several amendments worked through the house and senate, but are not passed by the governor yet. It is tie-barred to another bill with other changes to act 381. Basically, the amendment allows for state and local tax increment revenues to go towards housing development activities. When they classify a site as being a brownfield, properties that involve housing can be considered eligible for a brownfield plan. This has allowed them to expand the eligible activities that could be reimbursed under a brownfield plan. If you are not a core community, you can't do those expanded eligible activities. This would expand that for infrastructure to support housing (gas, electric, sewer, etc.). Those might be eligible costs, including demolition and site preparation that support housing. There is a financing gap for cost of construction and selling price. In Maple City, we tried to cover the gap but now it would be allowed without using the land bank. There are acquisition costs to factor in as well. The majority of these housing eligible activities are for housing up to 120% of Area Median Income (AMI), and that's probably a pretty high number in Leelanau County.

Payments in lieu of taxes and even the fee could potentially be captured through a brownfield plan. Administrative cost may be bumped from \$100,000.00 annually to \$125,000.00 annually. In the past, any projects proposed for housing up to 120% AMI which would pursue capture of school taxes had to do an Act 381 work plan. Now, school taxes captured through a brownfield plan would be reviewed by Michigan State Housing Development Authority (MSHDA) which changes the review body at state level. The amendment allows removal of lead, asbestos, mold and demolition of up to \$250,000.00 and they can capture school taxes to allow for this. Also, there is an opportunity in the amendment, that if there is no income subsidy associated with market rate housing, they can go over school taxes to pay for all of these without an Act 381 work plan. This is up to 120% AMI and doing a school tax, then taking the work plan to MSHDA for review, but if you are doing it for market rate housing and capture school tax, then you don't need a work plan approved through MSHDA. The process to go through MSHDA for approval of an Act 381 work plan has not been drafted yet. Within 30 days, they should have some webinars in place so that they will understand what this looks like. Foster asked if they are increasing staff at MSHDA to handle all of this? Hawkins said they might be considering that. They already have a relationship with Environment, Great Lakes, and Energy (EGLE) and two staff members that work with MSHDA. Hopefully that will continue. They have received calls from developers already who will be interested in taking advantage of these tools.

FINANCIALS

Claims & Accounts

*Motion by Allgaier, seconded by King, to approve Claims & Accounts in the amount of \$8,188.59.
Motion carried 7-0.*

Heinz stated that last month he brought up a payment around \$6,000.00 and the reimbursement from the EPA grant. Galla informed him after each meeting, she submits electronically the request to the Environmental Protection Agency (EPA) and they pay back promptly. They reimburse quickly.

Post Audit, Budget Amendments, Transfers – None.

CORRESPONDENCE/COMMUNICATION ITEMS - None.

PUBLIC COMMENT

Mawby thanked members.

DIRECTOR COMMENTS

Galla gave an update on the Bluebird project. Galla, Hawkins and Heinz met with Mr. Telgard, Bluebird owner, and township supervisor to see where the project stands and to introduce the idea to the supervisor that the Telgard's will be looking for a brownfield plan for the site. They met inside the Bluebird, and they talked about what has already been done and what needs to be done. Galla said she would keep her eyes on any funding that could help offset the costs. They have run into some issues as far as what they planned on doing and splitting the parcels. There are certain requirements when splitting the parcels.

Hawkins said they have already completed some of the due diligence that they were working on before with the hazardous materials on site. The Telgard's mentioned there were a couple tanks filled in with concrete on the site. A brownfield plan for the site, as part of the work order that is approved, was initiated that but they had to do some other work on the site. They anticipate looking at their schedule for deconstruction and construction on that site, hopefully they have a brownfield plan to bring before you soon. They have to have the township board review it and adopt it, as well. Then it goes on to the Board of Commissioners for a public hearing and approval. Heinz asked if all of that is under a time frame by end of September as he wants to do demolition. Hawkins replied yes, he may proceed with asbestos abatement because it has to be done before demolition. They need to get in front of the township board, sooner than later.

Heinz asked for confirmation that there was already a brownfield plan adopted for Bluebird? Hawkins said it is not done yet. The first step was site eligibility and a brownfield plan, they didn't anticipate anything else to be done. Once they started, they realized they needed more things done - for instance, they had a demolition estimate but not asbestos so there were elements that needed to be evaluated and established. So that's why they shifted and now that they have that data, they can go back to developing the brownfield plan.

Allgaier asked if legislation is passed? Hawkins said if passed they can use school taxes for pretty much everything they are talking about. Whether you do a \$50,000.00 or a \$10 million project, they had to go through same process for using school taxes. It is proposed in amendments that they put an automatic ceiling of \$250,000.00 for a smaller project so they don't have to go through that approval process with the state. The risk you have is that the plan doesn't get approved and you have incurred those expenses. In northern Michigan, construction window is narrower than other parts of the state. Hawkins would like to try and get things rolling.

Eftaxiadis asked Hawkins about support for this project. Hawkins said the intent was just to present the project so they knew what was going on. Years ago, they did the brownfield plan for the Leland site. There are three generations on the Bluebird property so their intent is to continue the family tradition with the Bluebird. Looking at their taxes, they've paid over three generations worth and they pay a substantial number of Residential Equivalent Unit's (REU) on the sewer system which supports that sewer system.

Eftaxiadis asked Hawkins if he has seen anything in the amendments concerning the application of the \$250,000.00 capped for demolition as related to becoming a pre-approved activity? Any discussion about looking back for one year? Hawkins replied that he was not aware of anything. It is a pretty loose interpretation. Eftaxiadis always thought that but it was in the policy for a one-year timeframe. Hawkins answered that policy is from Michigan Economic Development Corporation (MEDC) when they were in the position to make the review/approval. Now that this is pre-approved, they don't need to ask them for approval.

Heinz asked Galla about the Kyle Evans property in Northport, the former hospital. She said the Leelanau County Land Bank Authority was awarded a \$751,000.00 grant to do demolition and help that project along. A brownfield plan on that site may be considered. The funds from the state go a long way for them to get the property ready for development.

MEMBER / CHAIRPERSON COMMENTS

Eftaxiadis said in regard to the amendments to Act 381, we may want to consider the projects we do. Tomorrow, MEDC and EGLE will have a webinar and they will go into these changes. He expects there will be a lot of questions on implementation. He didn't know if there was still time to register for it.

King asked Hawkins if Fishbeck could differentiate the information on the memos for the consent agenda. As an example, pages 9-10 of the Bluebird memo mention everything that has happened with a small update that is new at the very end. Perhaps italicize or use a different way to highlight the new information so it is easier to locate the update.

Heinz asked if this document goes to EPA? Galla replied, no. Hawkins said it is tied to invoices for that period so information is related to what you are approving. Hawkins appreciated the request. He wanted to remind them of what happened on projects but will differentiate the new information in the future.

ADJOURN

Motion by Foster, seconded by Allgaier to adjourn.

Meeting adjourned at 10:37 am.