

Leelanau County Housing Task Force Report

Dated: December 27, 2001

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**LEELANAU COUNTY
HOUSING TASK FORCE**

Facilitator:

Trudy J. Galla

Appointees:

(italicized names represent alternates)

Lee Acure
Jim Anderson
Shelly Collins
Bill Crowgey/
Kathy Garthe
Ronald Crummel
Phil Deering
Kip Diotte
John Dzuirman
Marben Graham
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Egan Cypher
Bill Merry/
Tina Lentz/
Ruth Montgomery
Cheryl Naperala
Brian Price
LouAnn Rogers
Robert Schlueter
Tom Sisco
Marilyn Singer
Ralph Sleight
Loren Smith
Clark Southwell
Dennis Steckler
Mike Stone

INTRODUCTION

At their regular meeting February 20, 2001, the County Board of Commissioners established a Housing Task Force committee, comprised of 28 appointees and 5 alternates. Planning Director Trudy Galla was assigned the duty of Facilitator of the committee.

The first meeting of the Housing Task Force was held April 5 with 20 people in attendance. Members filled out cards explaining why they signed up for the committee and what their expectations were. Reasons for signing up for the committee included:

- Awareness of programs
- Incentives for moderate priced housing
- Diversity
- Zoning issues
- Architectural aspect
- Small houses
- What is “affordable housing”?
- Clustered development
- Alternatives to conventional techniques
- Cost of infrastructure
- Acquire/secure land
- Explore community land trust
- Do we have a housing problem?

Members discussed the 1996 Housing Study for the area and determined the data was too old to be useful. The group received an update on the current Community Development Block Grant (CDBG) program and discussed goals and a mission statement. The group determined that all decisions would be made by consensus.

In subsequent meetings, the group established goals, a mission statement, and a definition for affordable housing. They heard 4 different presentations regarding housing projects, identified barriers to affordable housing, completed worksheets on housing conditions in the county and then reviewed recommendations for a report to the County Board.

MISSION STATEMENT OF THE HOUSING TASK FORCE:

“To investigate affordable housing options for Leelanau County and make a recommendation to local units of government for an affordable Housing Plan for Leelanau County.”

DEFINITION OF AFFORDABLE HOUSING:

“Affordable Housing is a residence which requires no more than 30% of the household’s annual income to pay for total housing costs, including maintenance, utilities, etc., or a residence which can be purchased for 3 times the household’s annual income, or less.”

LEELANAU COUNTY HOUSING CONDITIONS

The Task Force has identified the following housing conditions in the county:

General Housing Conditions

Leelanau County has a lack of homes for low-income to moderate income families. Examples of these families might be teachers, construction workers, county employees, and small business owners. There is a lack of rental units with rent below \$500 per month. The greatest effect this has is on employers and the schools with the result being a lack of employees and declining school enrollment due to families moving to areas where housing is more affordable, or not moving into the county at all.

Generally, the Task Force felt the quality of homes in the county was good to excellent with very few unsightly properties.

Housing Needs

The Task Force felt the most important housing needs were homes for low-income to moderate income families and rental units for senior citizens and families with monthly housing costs affordable for single to double incomes. There is a need for apartments, duplexes, and units close to schools and employers.

Housing Types

The majority of the Task Force felt homes in the low-income to moderate income bracket were needed along with multi-family dwellings, rentals, apartments and senior housing. Interest was also expressed for long-term rental units (not seasonal) and small unit rentals (8 or less) as well as condo projects. Members felt housing types should be clustered and located close to services and amenities.

Location of Housing

Members were in agreement that new housing should follow the recommendations in the General Plan and be located in or near villages or settled communities, close to schools, churches, and major employment opportunities, and close to Traverse City. When asked “where” in the county there was the highest need for affordable housing, the northern area of the county was the most popular. Northport and Leland received the highest votes followed by Leelanau Township, Maple City and then Glen Arbor.

Non-housing Community Development Needs

By far, the most important non-housing needs identified as part of the Task Force studies was infrastructure. Sewer, septage treatment, and water were identified as the most

important requiring immediate attention for all housing. As a second step, the Task Force suggested that citizens be educated and assistance be sought for new infrastructure.

Although not as highly recognized, transportation was also identified as a non-housing need that should be addressed. Members also felt it was important to have housing near locations offering recreational opportunities, childcare, medical and dental services, and child and family service programs.

BARRIERS TO AFFORDABLE HOUSING

The following were identified as barriers to affordable housing in Leelanau County:

Heading: Zoning, Rules/Regulations

- Inefficient Production Process
- Construction difficulties
- Permits and building process

Heading: Infrastructure

- Sewer
- Water
- Roads
- Utilities

Heading: Land

- Land values
- Land availability, and cost
- Cost of construction
- Taxes

Heading: Education

- NIMBY (Not In My Back Yard)
- Stereotypes placed on affordable housing
- Homeowner Skills

Heading: Financial

- Low paying jobs
- Lack of year-round employment/need for economic development in the county
- Lack of credit or poor credit

COMPONENTS OF A WORKABLE AFFORDABLE HOUSING PROGRAM IN LEELANAU COUNTY

Five (5) components to a workable affordable housing program in the county are: financing, design and location, cooperation and assistance from a local housing organization, community support, and marketability. Each of these is bulleted in more detail as follows:

1. FINANCING

- a. Down payment assistance (2-\$5,000.00 programs through MSHDA & FHLBI)
- b. Terms 30 or 40 year loan terms to reduce payments
- c. 0-3% interest
- d. PILT (Payment In Lieu of Taxes)
- e. Deferred loan component from MSHDA – lien on property, no payments but loan is due upon sale (maximum of \$25,000 deferred loan)
- f. Zero percent down programs (such as the Rural Development programs)
- g. Recapture of interest

2. DESIGN AND LOCATION

- a. Homes to be quality built with broad appeal
- b. Blend into a community setting for a sense of community
- c. Priority location in Villages and near identified community centers, such as Sugar Loaf

3. COOPERATION AND ASSISTANCE

A. COMMUNITY LAND TRUST

- a. Advisory or Steering Board
- b. Managed trust accounts for homeowners
- c. Scattered locations within the county
- d. Donated land and purchased land from grants
- e. Monthly fees for taxes and home maintenance and repair escrow accounts

B. COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO)

- a. IRS 501c3 designation - build capacity
- b. Operate parallel to county programs
- c. Develop, own, and manage housing units
- d. Develop small rental projects (4-10 units) with incomes tax credits
- e. Use MSHDA operating funds and technical assistance

4. COMMUNITY SUPPORT

- a. County Board endorsement and possible funding support
- b. Township Board and Village Council endorsements
- c. Private sector involvement (LIST) (Local Initiatives Support Corporation)

- d. Zoning laws adapted if and when needed to remove or minimize regulatory barriers.

5. MARKETABILITY

- a. Monthly house or rental payments of \$350.00 - \$600.00 (P&I)
- b. Target 60% to 80% of county area median income
- c. Preserve affordability with shared equity agreement in mortgage
- d. Right of first refusal to county or Non-profit Organization (NPO)
- e. Homeownership education and counseling

RECOMMENDATIONS

STEP 1: ROLE OF THE COUNTY BOARD:

- Establish a new Housing Commission to administer policies and procedures of a new Housing Plan for Leelanau County.
- Establish the position of an Executive Director of Housing to work with the Housing Commission to further the goals and objectives of the new Housing Plan.
- Continue to pursue Community Development Block Grant (CDBG) funding through MSHDA.
- Continue to utilize Program Income funds for additional rehabilitation projects.
- Endorse the goals and objectives related to Housing listed in the General Plan.

STEP 2: ROLE OF THE NEW HOUSING COMMISSION

SEEK FUNDING

- Seek funding for Technical Assistance (T/A) grants from MSHDA for the development of
 - a) a Housing Plan for Leelanau County,
 - b) the development of a Community Housing Development Organization (CHODO), and
 - c) the development of a Community Land Trust.
- Create or identify an existing non-profit entity to operate a community land trust program.
- Seek additional funding from MSHDA and HUD for replacement, new construction, and development of rental units to improve and expand the current housing in the county.

DEVELOP A COMMUNITY EDUCATION PLAN

- Increase awareness and availability of homebuyer education and down payment assistance programs.
- Identify private sector lenders to provide education to renters and homeowners regarding budgeting, credit repair and ownership options.
- Provide outreach and education to potential new homebuyers on the options of cooperative and condominium housing.

ESTABLISH CONTACTS

- Contact local labor unions to determine the feasibility for contributions and/or assisting their members to support and/or participate in affordable housing programs.
- Establish connections with local builders, suppliers, financial organizations and the faith community, to provide an ongoing mechanism to solicit supplies, donations, and/or time to local nonprofit rehab/construction projects.
- Support and promote campaigns to raise funds for local affordable housing projects and provide a mechanism for contributions to a fund for affordable housing.
- Contact large employers concerning their interest in development of Employee Assisted Housing programs.
- Organize a focus group for homebuilders, developers and architects to determine what is needed to increase the production of affordable housing.
- Establish a communication network with owners, realtors, and the National Park Service regarding availability of properties to enable possible purchase and conversion to permanent affordability.

CONTINUE STUDIES

- Continue to study the Housing situation in the county, monitor existing affordable housing stock, and modify the new Housing Plan, as needed.
- Utilize the data and results from the Regional Housing Study to promote, educate, and further the Housing Plan for Leelanau County.
- Utilize other organizations to assist with problems related to homelessness, counseling services for families and children, and other social and economic issues.
- Identify locations for development of new permanent affordable housing and assist with purchase of existing buildings for conversion to permanent affordable housing.
- Develop an inventory of available land for new construction.

STEP 3: ROLE OF THE PLANNING & COMMUNITY DEVELOPMENT OFFICE

PLANNING & ZONING

- Establish a method to analyze and propose changes to zoning requirements in order to minimize the barriers it places on affordable housing.
- Analyze methods to streamline the development review process for affordable housing projects, and provide methods for municipalities to encourage 20% of overall new construction is affordable.
- Establish benchmarks and timelines for municipalities to adopt in order for an affordability component to be incorporated into the redesigned development review process.
- Review ordinances for their ability to promote mixed use developments and development with mixed housing types and mixed incomes and propose revisions accordingly.
- Develop a list of possible incentives and programs being implemented in other communities for review by the new Housing Commission.
- Encourage townships and villages to work with the Planning and Community Development office to review current development regulations to encourage some of the concepts of new urbanism. Target areas to include: setbacks, street widths, building sizes and lot sizes.

CONTINUE STUDIES

- Study options and funding sources for the development and/or expansion of water, sewer, and other infrastructure support. Promote the development and/or expansion of infrastructure near and around existing villages and settled communities to allow for higher residential density.
- Study the feasibility of allowing accessory apartments on single family lots, additional units within existing single family dwellings, units within accessory buildings, and small free-standing units.
- Promote and encourage affordable housing.