

**A regular meeting of the LBA was held on Tuesday, July 19, 2022 at the Leelanau County Government Center.**

**CALL TO ORDER:** The meeting was called to order at 9:00 am by Chairman Gallagher who led the Pledge of Allegiance.

**ROLL CALL:**

**Members Present:** J. Gallagher, T. Galla, D. Heinz, L. Bahle, C. Janik

**Members Absent:** R. Foster, R. Isphording  
(Prior Notice)

**Public Present:** W. Irvin, L. Mawby, P. Miller

**Approval of Agenda**

*It was moved by Janik, seconded by Bahle, to approve the agenda as presented. Motion carried 5-0.*

**Approval of June 22, 2022 Minutes**

*It was moved by Heinz, seconded by Janik to approve the minutes as presented. Motion carried 5-0.*

**Public Comment** – None

**Discussion / Action Items**

**Land Bank – Revised Model for Brownfield Plan**

Hawkins reviewed the revised brownfield plan, noting the summary tells the story of this modeling for the parcels owned by the Land Bank. Hawkins reviewed the cost and stated it was averaged according to a value per .01 acre. School tax was listed and they decided these would all be principal residences so the original model was revised to exclude school operating. The highest SEV was used as a comparable as the best case scenario. The maximum TIF reimbursable is just shy of \$250,000.00 including the Land Bank 5/50 capture.

Heinz spoke from an accounting perspective, and said he wanted to look at a simplistic approach. The Land Bank wants to provide affordable housing which is probably an 800 square foot home with no garage, no basement and a gravel driveway. We have five parcels so five units. That construction cost is about \$250/sq ft so that's \$200,000.00 for the basic house, but you have to clear the land, grade it, and have a septic and water well which is \$20,000.00 or more. That doesn't even include the fair market value of what the Land Bank owns. So, at \$220,000.00 and ½ that being the State Equalized Value (SET) then we start at \$110,000.00 and the modeling goes from there. That would be a quick approach and we are at about \$140,000.00 in tax increment financing (TIF) available. Heinz asked Hawkins if that was over simplifying. Hawkins didn't think so and said that if you look at the various parcels, then the original model may be closer than the SEV model to what Heinz just mentioned. He felt Heinz was on track with what could be anticipated. The construction of the homes was not intended to be in the plan. The plan won't generate that kind of revenue but could offset some of it. There is not a lot generated from these parcels for TIF.

Heinz said we have \$240,000.00 into it, without the Land Bank cost. Habitat for Humanity mentioned the affordable value a person could pay is about \$150,000.00 so about \$165,000.00 shortfall on each of the five places without a non-profit getting charitable contributions or applying for grants. Maybe all

five parcels can't be developed and two are sold off for the highest value for market rate housing. We then take our money and put that toward the money we are short. If two lots are sold at \$40,000.00 each, we have \$80,000.00 to use toward some other properties for housing.

Gallagher said the point of this exercise is what could be done with the Land Bank properties and what are the options.

Hawkins said the proceeds from any sales could be done with a strategy similar to what was done on the Madison Ave property in Suttons Bay Village.

Bahle commented on the parcels within the Grand Traverse Band area and asked Gallagher if those had been offered to the tribe. Gallagher said they were, and they basically want them at no cost. There is one parcel we hold that would not even be tribal land and would be subject to ad valorem tax roll and PRE and Non-PRE. The tribe is interested in one parcel, in particular.

Galla added she had conversations with a couple people interested in the parcel on E. Tatch Rd. They work in the county and need land to build a home.

Bahle asked how these ended up on the tax rolls and Gallagher said there is an easement along M22 that didn't develop over the years. The tribe owns the front part and there are parcels plotted behind that.

Gallagher asked members if they wished to move anything forward. Hawkins added this was an update for consideration. Hawkins replied to comments made by Heinz on what parcels would be the best to pursue and Hawkins noted that these won't generate a huge cash flow but it could help offset some costs. The whole issue here is that you go through foreclosure and parcels are sold and then they sit. If you want something constructed, you could do a Request for Proposals (RFP) to facilitate a builder to construct an affordable home on one or more of the parcels.

Heinz asked about the parcels they are discussing and what is the possibility the townships will go along with the TIF collection? And have they ever had a single-family residential go into TIF? Hawkins said all of the brownfield plans have been commercially related with the exception of the former government center in Leland. Heinz commented that without the brownfield plan, the Land Bank still gets the 5/50.

Gallagher remarked that there is a purpose and good reason for why we are doing this. Janik felt education is needed for citizens to understand why we are doing this. People don't understand it, it's complex, and there are misperceptions.

Hawkins commented on the model and said there could be discussions with each of the communities. As Heinz mentioned, they need all five units to agree to a brownfield plan. If some don't, then those parcels fall out of the brownfield plan. You could proceed with the idea to have all five parcels put into a brownfield plan.

Heinz said this generates about \$5,000 a year. He asked if they have the staff to try this and the money for the consultant to do this work and to get contractors to go along? Gallagher felt the bigger carrot was the brownfield TIF. If they can get this to work and collect the \$140,000.00, that will make a difference. That's two houses they could supplement over a 30-year period. Hawkins added that it sounded like the Land Bank Authority and the Leelanau County Brownfield Redevelopment Authority

(LCBRA) were both interested in using this tool. Is this an opportunity to work with Housing North and others to help do the leg work and educate communities?

Heinz said the LCBRA will discuss it at the 10:00 am meeting. What do we want to do?

Hawkins commented that in concept, we know what a brownfield plan will look like. But the rest of the pieces need to be put together to make it a reality.

Heinz suggested that some parcels could be sold and put the money into the bank. We could work with a realtor, and we could get appraisals.

Bahle noted the Cherry Home property may have association fees, as well.

Gallagher offered to reach out to Remax, the realtor they have used in the past, and see what the properties would be listed at. They should be able to get a listing price for no cost.

Hawkins noted in the brownfield plan they start at zero and capture all the TIF. Also, the health department should be contacted to review each lot for well and septic.

Gallagher will contact Remax on a listing price, and also check on cost of getting appraisals.

#### **Review Madison Avenue Deed Restrictions**

Galla gave an update on the review of chain of title, restrictions, and attorney's request. Bahle commented that they need to do what they can to untangle this one. Perhaps get the Village to stop the restrictions, etc. There was an adjacent parcel owner that was so against the Habitat for Humanity project.

Mr. Miller, attorney for Mr. Buhr who bought this from Habitat, spoke and said Kevin Buhr came to Mr. Miller asking two things: getting more time and perhaps modification to save part of the structure. Separate this from the Land Bank. The Land Bank document incorporates the agreement between the Land Bank and Habitat for Humanity. If they can eliminate that, they eliminate one of three things in the chain of title. Otherwise, it adds ambiguity to the title. Miller said he was happy to facilitate and could draft a release that the Land Bank attorney could review. That will save some time. Gallagher asked for the draft to be sent to him for the Land Bank attorney to review.

Gallagher asked what is the intended use of the property. Miller replied, single family home. The restrictions from the Village require owner occupancy and no short-term rental. Habitat for Humanity requires raising the structure and rebuilding.

Miller said there was a development agreement between the Land Bank and Habitat for Humanity and it runs with the chain of title. Miller handed out a draft release for review.

Heinz said the original agreement was for two housing units. They agreed that it needed to be sold by Habitat for Humanity and have the money put into the Maple City Crossings project. Habitat tried and couldn't get the two units approved with the village, so the Land Bank allowed it to move forward with a sale. We have not been able to do what we needed to do to generate affordable housing there.

Wendy Irvin of Habitat for Humanity, reiterated what Galla said – they determined they couldn't do the project and sold it so the money for Habitat for Humanity could be used for the Maple City project. We put restrictions on it because there was interest by the Land Bank that there be restrictions to have housing put on that site. The faster we can put a home on it, the better and that is what the community also wanted. Heinz asked if they should extend the deadline for development of a home on the Madison Ave property. Miller replied if the owner can get a little more time then hopefully, they can use some of the structure.

Galla said it was to be a six-month time period. There should have been a discussion in Spring of 2021 on the home not being torn down. Two years for rebuilding ends in September of 2022. Was there any discussion on this earlier? Galla pointed out difficulty of enforcing deed restrictions, and affordability restrictions. We found this out with housing through the county. You can put restrictions in the chain of title but someone has to follow up when violations occur. Otherwise, nothing is done. Miller said the owner hasn't forgotten about the six-month time period and that's why he got Miller involved.

***Motion by Heinz, seconded by Bahle, that the Land Bank take necessary steps with counsel's advice to eliminate the purchase and development agreement with Habitat for Humanity which is referenced in the chain of title.***

Discussion:

Galla suggested it be worded more generic, and just refer to Liber 1338, page 52.

Heinz and Bahle agreed.

Gallagher commented on a motion regarding Habitat for Humanity agreement with Mr. Buhr. Irvin asked if there would be any opposition to Habitat for Humanity offering an extension for this agreement? They need an extension with a method to insure there is compliance. Heinz suggested they recommend Habitat for Humanity move forward with due speed to clear up any matters that are about to expire to the ultimate purpose of getting this on tax rolls as soon as possible.

Gallagher had no objection to Habitat for Humanity giving extension. He did have reservations with a waiver. There was some intent by the Land Bank and Habitat for Humanity and possibly the Village, to have that site remediated. Gallagher didn't want to fall short on our goals and objectives with regard to that. In addition, we don't want to disappoint the citizens of Suttons Bay. He would not support a waiver at this time.

***Motion withdrawn.***

By consensus, there was no objection to Habitat for Humanity moving forward with an extension with Mr. Buhr for the property.

***Motion by Janik, seconded by Heinz, to have Gallagher and Galla review the document from our attorney on the Suttons Bay Village property and Chairman Gallagher sign the document when ready.  
Motion Carried 5-0.***

August meeting date

Gallagher noted that Galla will be out of state. He suggested waiting to see if there were any agenda items to act on. The budget is done. If there are no items, the meeting will be cancelled.

### **Public Comment**

Mawby said with regard to the brownfield proposal, he encourages them to proceed with that and think about it. It is possible within the LCBRA to set up a brownfield plan to cover those five parcels. Most of them are not suitable, because of subdivision restrictions and zoning. Most will not work for affordable housing but could be sold for market rate and still be part of TIF to generate significant revenue to apply to other spots for affordable housing. He suggested the Land Bank consider all of them in a brownfield plan. He stated he has looked at Sugar Loaf and Timberlee parcels and subdivision restrictions require 1100 or 1200 square foot homes. You can't do less in those areas and they don't allow duplexes. Without really significant funding to plug the gap in those areas, housing might not happen. It doesn't mean they shouldn't be part of a brownfield TIF. They could be sold at market rate, and you still generate revenue.

### **Member comments**

Heinz commented on the foreclosures and those that filed a complaint to obtain excess money from the sale proceeds. Another one is the mobile home site and he asked if we are securing that so people don't get into it? Is it still occupied? Gallagher said it is not occupied. Heinz asked if it was their responsibility to secure it? Gallagher said it is the owner's personal property and clarified that the Land Bank doesn't own the trailer or personal property on the site. Gallagher said he has to provide a notice and give them an opportunity to take it off. He is waiting for the auction. The biggest issue is if the court would look upon a bond requirement on the property to have the trailer removed as an equitable part of the transaction. His concern is they are going to have cause for concern that he encumbered the sale and wouldn't allow it to sell because of a bond requirement. The treasurer's office would be held liable for that. It is going to auction. There are no claims on it. Because the law is so new, Gallagher did not recommend purchasing this property for fair market value.

Heinz asked about the Schocko property and thought there was an update on that coming? Gallagher said the Tribe has not communicated anything lately. The extended family was interested in it. He reached out to the Tribe but has not heard back yet. With \$1,000 of back taxes that had to be paid, they didn't seem interested.

Heinz reported that last week he and Galla watched a zoom conference on Accessory Dwelling Units (ADU's). It was sponsored by Housing North and one person brought up the fact that from northern lower Michigan from Mackinaw City down to Kalkaska and over to Lake Michigan, we need 15,000 dwelling units and most are for rental (11,000). People can't afford down payment or homes because of first jobs or just getting out of school so, they just want to rent. If that is true here, if we are ever going to get rid of that back log, apartments are needed. They don't even have zoning sufficient to allow all of these rentals, (about 350 in our county) plus sewer and water systems. The Land Bank is looking at how they can put a dent into this. Affordable housing doesn't automatically mean homes.

Gallagher noted the Homestretch project on Marek Road would bring in some rentals.

Heinz said the county doesn't have an appetite for starting housing and getting Section 8 vouchers or Retired Veteran vouchers available. That would be a huge effort to have staff and bonds for building, etc. The only way you are going to make progress is to get through the 600 units the market calls for.

Bahle would like to have meeting with Heinz and talk about the Housing Action Committee and community land trust and get up to date on some of these things. She will share the two-page summary sheet and checklist.

Gallagher commented on the state funds that will be available for blight elimination. The specifics on that are still coming out and within the last 3 weeks. New funding is available and perhaps up to \$200,000.00 for small Land Banks. Galla noted we received funds for blight elimination in the past and took down two structures.

**Adjournment:**

***Meeting adjourned at 10:15 am.***