

A regular meeting of the Leelanau County Land Bank Authority (LC-LBA) was held on Tuesday, September 20, 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, D. Heinz, T. Galla, R. Foster, R. Isphording, C. Janik (9:36 am)

Members Absent: L. Bahle

(Prior Notice)

Public Present: Jon Stimson - Homestretch, David King
Therese Searles, Envirollogic (zoom)

CONSIDERATION OF AGENDA

It was moved by Heinz, seconded by Foster to approve the agenda as presented. Motion carried 5-0.

Gallagher handed out a memo from Jon Stimson, Homestretch, dated September 9, a 1-page document on the sale of parcel 001-005-003-40, a list of the 2021 Foreclosure properties of 2018 and prior taxes, and a 1-page Trial Balance Report.

CONSIDERATION OF JULY 19 Minutes

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

PUBLIC COMMENT - none

UNFINISHED BUSINESS - none

DISCUSSION/ACTION ITEMS

1. Property Update and Discussion:

Brownfield Plan

Gallagher said it has been a slow summer, there are new rules with foreclosures, auctions, and, first right of refusal. He wanted to talk about each of these individually and come out of here today with some sort of plan. The brownfield plan covered all of these properties that were foreclosed in 2021. We sold one in Bingham and have had conversations of pursuing some plan that would overlap these properties for financing, affordable housing, etc. Gallagher wanted to open up the discussion and see if there is interest to pursue that further. What is our direction with the brownfield plan? Gallagher said he was reluctant to pursue it because of a local township that has pushed back and refused it for one parcel, even with so many other organizations supporting the project. We don't have the reception to allow us to use this as a tool. We could approach this as individual plans for each parcel.

Foster was concerned that some of the other townships might take that action as a precedent. On the other hand, he's wondering if we should approach townships with more progressive members who are ready for this. They recognize challenges we face; our schools face and local businesses face for workforce housing and younger families and may be more amenable than some communities that don't see the need for more workforce housing.

Heinz asked Galla about the \$250,000 EPA grant. In the grant application, the budget was for some outreach to go to townships and talk to them about Phase I, Phase II work, and apply to the brownfield. Heinz asked if discussions with the communities could also be in terms of brownfield funds, accessory dwelling units (ADUs), TIF, Land Bank, etc.

Galla replied that provided we meet terms of our grant and requirements, we could do community outreach and cover a variety of topics. We've done it in the past and talked about old commercial buildings, gas stations, etc. that we would assess. She assumed we would take a similar approach with this grant.

Gallagher added we are supposed to be getting \$200,000 in blight elimination from the Michigan State Land Bank Authority, and some of it for administration. Perhaps that could be pooled in the same effort.

Heinz asked if we consider placing only the Timberlee parcel in a brownfield plan, can we use the model brownfield plan that Envirologic set up? Searles replied that it was done as a model and would have to be modified for all the specific elements for the parcel. Ideally, there would be a future development in mind for the parcel. That is good to have in order to consider the eligible costs. The short answer is what Envirologic developed is a model for what TIF might be, but it would have to be put together for a specific brownfield plan.

Gallagher was hesitant to pursue this as none of the parcels are improved or have blight on them. This may not be the group of parcels we want in this brownfield plan.

Heinz said the last time we met there was a question of how many brownfield plans had been done for just single-family homes and the answer was zero. They were done for commercial or multiple family homes. Maybe the numbers just don't work. If we table the brownfield plan, it can be referenced and used if needed. In the meantime, we don't have a plan for the remaining parcels, we haven't done surveys or other work to see if we have a viable plan so we are a long way away.

Galla commented on the legal opinion the county board had requested she seek to see if a brownfield plan could be approved by the county board for capture of just the county TIF, no local TIF. She has received different thoughts on this idea and the legal opinion needs to be obtained and shared. We don't have that yet.

Gallagher noted the consensus was to place the brownfield for these parcels on hold.

Market Rate Lots

Gallagher said the last page in the packet contained his email for information on 3 lots. Of these lots, the estimated range for a sale price was \$39,000 to \$49,000. REMAX is the agent we used in the past for helping us list and sell our parcels. They did inspection last week and did some comps to reach the listing price. He said that cash is king right now and will be with the impending recession. If we can sell them and get cash in our coffers, it puts us in a strong position for next year and we can move forward and do more projects.

Galla asked if we are getting rid of these properties, and just selling them on the open market and not work with non-profit organizations. Gallagher replied these are the ones this body decided were on the edge of acceptability for market rate vs. affordability, just because of the location in the communities. Galla stated she was hesitant to get rid of properties in the land bank. She noted we talked about cash but how many properties in Leelanau County do we actually get on tax foreclosure that don't go through auction or get taken on 1st right of refusal. These are only a couple lots but we could end up with cash in our accounts and no property to deal with. Gallagher replied that was very true. Galla continued, saying we have seen this before because she and Gallagher have spoken about properties that sold in the past, in the Sugar Loaf area and Cedar area, and they are still sitting there vacant. No one has done anything with them. And that's really a disappointment because the expectation was, they were going back on the tax rolls and there was going to be homes built on them, and there was going to be additional tax revenue to local jurisdictions and they are still sitting there vacant. We could have had them and used them for some projects that are so desperately needed.

Heinz asked if the project in Maple City was an outright purchase not a foreclosure and Galla replied, yes.

Heinz said at least two of the properties we have require about 1,100 or 1,200 square feet for a home and that may not be in the affordable range. If sold, the taxes start for county and townships right away so there is that to consider. We keep talking and looking at this every month and moving forward very slowly. The Shocko property – we have over \$2,600 in taxes into it. Gallagher noted he approached the Tribe a while ago and offered it for minimum bid and they wouldn't negotiate. Heinz could see the sensitivity of the issue with the Tribe. Therefore,

maybe it would be a good idea to deed it to them for \$1.00 and get it off our list. Show as a government that we can communicate with another government. There might be another situation in the future where they do this in reverse. Gallagher liked the idea and asked for input.

Isphording asked what role could the local communities play in getting things moving. Maybe selling some properties will allow us to work on bigger projects. These are taking up time. We could use other realtors to come up with ideas. Gallagher replied it won't be an issue to move these and he was confident there is a desire for these properties. Selling won't be the issue. Identifying and setting goals for the properties would be good.

Gallagher felt the Cherry homes properties should go market rate and we could work on the E. Tatch Rd. property.

Foster said he rides his bike through Cherry homes often and there must be ½ dozen properties on the west side that have a real estate sign on them and none of them have moved in the last 6 months. Parcels sold for about \$15,000-\$18,000 a couple years ago and Foster felt it was a lot of appreciation to now be considering listing these for \$29,000-\$39,000.

Discussion held on lots listed for sale, selling properties and buying new properties.

Heinz asked if the land bank was bound by bidding these out or seeking bids to list the properties. Are we at a point to identify what parcels to get rid of?

Galla noted that since she has been on the land bank, we have been anxious to get rid of properties and in hindsight, that has not always worked out for us. The long strip in Bingham Township that was sold was not going to be built on anyway. The Shocko property she was fine with getting rid of. The others she was not in favor of getting rid of them. We are taking time on these because we keep listing them on the agenda and keep talking about them but there is nothing wrong with keeping them in our inventory until we figure out what we are going to do with them, and we need to find out from legal counsel if we can do a brownfield plan that doesn't require local approval. Galla stated there are plenty of land banks in the state that still have properties listed in their land bank and they are not doing anything with them yet. Personally, she did not have a problem holding on to these until we are sure what we want to do with them.

Discussion was held on getting rid of the Shocko property and how to reach the Tribe for a response. Galla asked when Gallagher offered it to the Tribe. Gallagher said it was about a year ago and Galla asked if Gallagher would reach out and tell them the tax amount again and see what they offer. They obviously want it. Galla suggested it be done in writing and give them a request to respond in writing. Gallagher said the Tribe reached out to him and wanted it. Galla asked if he offered the Bingham property at the taxes owed and they accepted and Gallagher replied, yes. With the Shocko property they have not responded for some time. Galla requested it be done in writing. Isphording asked why they didn't respond and Gallagher said they initially reached out to Gallagher and he brought it to this board. This board gave the okay to offer it at the minimum taxes due. There are other properties owned by the tribe and he asked if they would trade and was told, no. Gallagher followed up twice and has not heard back. Isphording said it may not be polite to go over their head and ask again but it is worthwhile to get an answer one way or another. Dead air is not acceptable response. Galla asked about contacting the neighbors and doing it like our side lot program. Gallagher said he very well could do that, just needs direction from this body.

Heinz said he could go along with this but felt we could get good will if we get it to the Tribe. It will not be affordable housing and we need to work together. Maybe with adjoining properties they can put up a duplex. There won't be taxes generated but it could be workforce housing or maybe kids in the school. Gallagher supported this idea.

Galla said there is privately owned property to the east and to the west. Tribe owns north and south and immediately on M-22. There is privately owned property on either side.

Heinz suggested offering it to the Tribe for \$1.00.

Isphording asked what the expectations of the taxpayers are if we give away property for \$1.00. We may or may not get any benefit from this in the future. Is it the taxpayers' expectations that we get more than a gratuitous thank you? Do they expect more? Galla replied that the only ones the land bank has let go for \$1.00 were portions of easements that needed to go back to adjoining property owners to make the easement whole. Otherwise, we have not offered or sold anything for \$1.00. Gallagher agreed. Gallagher offered further background on the property. There is M-22 and the Tribe has 100' buffer. Property is not landlocked but control of easement is through Tribal land. With previous property we owned there, we did demolition and remediation and sold to the Tribe and they got that buffer as part of the transition from the Tribe. It's not an unencumbered piece that would be desirable to the general public. It's an isolated parcel within the confines of the Tribe and surrounded by Tribal land and Gallagher did not see any perceived value.

(Janik present)

Foster asked if the Tribe has control on that property and Gallagher replied that he would say that have significant input. Foster said if they have it, they could use it potentially as a connection to the larger property they have behind it. Gallagher said the Shocko family owned this section and he closed on them before, this is just another one. There is a big chunk on the west side that is still Shocko family owned. To get to it, you have to go through 100' lot and this lot to get to the back and its straight up a hill. It's a unique piece.

Heinz asked if we want to put any deed restrictions on the piece. Gallagher replied in good faith, could have them combine the two parcels and make a useable piece. We did not place restrictions on the other Shocko property (tax foreclosed). Heinz noted we have almost \$2,500 into this. Are we okay financially as we have almost \$2,500 into this parcel for taxes and will have to write this off. Gallagher said we have \$73,000 in cash, \$6,000 in revenue, and \$125 in expenses this year. So, we've already paid for the property, it would just be a distribution.

It was moved by Heinz, seconded by Foster, that the Shocko property number 011-642-011-20 be offered to the Grand Traverse Band, who is adjoining property owner and essentially controls the egress to that property which would affect the marketable to a third party, with an offer to transfer to the Grand Traverse Band for \$1.00 and other value consideration.

On a voice vote, the motion carried 6-0.

Gallagher said the next step would be to do an RFP to list properties. Out of the 5, he felt the N. Cherrywood Ct. one could be listed because of the distance, and the topography. He asked if a motion was necessary to go out for RFP and Janik said, no. Heinz added that the RFP doesn't bind us. Gallagher replied that he would send out an RFP for the N. Cherrywood Ct. property for listing and bring the information back to the next meeting. Property #008-360-134-00

Auction Update

Gallagher reported that the Bingham tax foreclosed parcel on 633 by ~~Eckerle~~ **Eckerle** Rd, south of the park in Suttons Bay with the trailer on it sold for \$60,750. There was an additional \$689 collected for summer taxes. Minimum bid was \$2,872.56 for back taxes. So that parcel, plus another \$20,000 or more to remediate the site, is sold. The buyer will pay that cost. Heinz asked what parcels were left. Gallagher said there were 3 properties tax foreclosed and the other 2 went through the courts and are no longer foreclosed. There are no more parcels left from this year's foreclosure. Galla asked if the previous owner of the Bingham parcel filed for excess proceeds and Gallagher replied, no. The previous owner of said parcel has not contacted Gallagher.

Marek Rd

Gallagher said he placed this on the agenda, Stimson did not ask for it but Gallagher wanted to add it for dialogue. Gallagher asked Stimson to give an update on the balance for the project. Gallagher noted that we are healthy with some cash and only a few expenditures this year. We are in a strong position to assist this project, if that is plausible. They are \$36,360 short for road and curb cutting.

Jon Stimson, Homestretch, said he spoke with Steve at Elmer's to make sure everything was covered for the

improved area. Steve went out and said there are trees to come out and culverts, etc. He came back with \$93,300 estimate which left Stimson with another shortfall. Stimson spoke with the Road Commission and the supervisor of Suttons Bay Township and both said they may be able to participate but the township only has about \$10,000 of metro funds from the state and may have some next year, as well. There won't be a recommendation until October 17 and Road Commission needs that recommendation before they can move forward and consider helping out. If the township puts in \$10,000, the Road Commission may be able to do \$10,000. Stimson is asking for this board to do a match fund of whatever he can get from those two bodies.

Gallagher said we could offer a match to secure funding from both, as collaborative and community partner. It's within scope of us to do improvements to the property.

Galla stated as a technical point, the Land Bank still owns the property. Gallagher confirmed. Galla clarified that we would be putting money into property that we still own, without it being a donation. Gallagher agreed. Galla stated that we have not transferred the deed and that doesn't happen unless Homestretch gets the funding lined up. The deed is still being held in escrow. Heinz asked if we get \$5,000 when we convey the title or was it a dollar. Gallagher replied it was one dollar.

Heinz noted the county board did put ARPA (American Rescue Plan Act) fund into this 8-unit project, in the amount of \$125,000.

Stimson said they are in need of money to improve the property that is not yet owned by the developer (Homestretch). It would help the project and also improve the county road. He has been talking with a neighboring property owner for additional land so they could continue the development and put in more units. The road improvements enhance the ability for next 2 parcels to be developed.

Janik asked Gallagher to review what was being proposed. Gallagher suggested a match or commitment from the Land Bank and the Road Commission and the township so we can get this funding gap covered.

Galla asked what our 5/50 after sale of the property would generate in funds. Galla asked Stimson if they got a PILOT from the township to reduce property taxes on this site and Stimson replied, yes, they got 6% of the gross. Galla said she was looking down the road at what we would take in with 5/50 once this property is sold. Gallagher said it would offset what we put into it. Janik asked for an estimate. Gallagher did not have a number but reported that the 4 REACH homes in Northport are anticipated to generate about \$25,000 back to the Land Bank in 5/50 funds. Based on assessment and total valuation, these apartments could come in higher than that. So, \$10,000 would fall under the amount we could capture with 5/50.

Galla stated Stimson pointed out the township and road commission won't act on this until at least October 17. Obviously, you are not building this year so what does that do for the cost for next year? Stimson replied that Alpers Excavating wants to get in there now. There are moving parts. Beyond the road, that gap seems to be forthcoming this month with Leelanau Community Foundation action or others. They will be able to fund everything except the Marek Rd. improvement. They can do that later so there is time but he would like to have all the funds committed before they get started. He is hopeful they can still get some work going in October of this year.

Gallagher summarized that this action would be helpful to present to the township and road commission to address this gap. Stimson agreed and said that enhances our request for 1/3 from each.

Heinz asked about the expiration of the Escrow agreement and Galla said it was extended.

Stimson said township meets 17th of October and the recommendation from them goes to the road commission.

Galla looked up the Escrow Agreement and stated it was extended by the Land Bank and expires June 1, 2023. The property has not yet been transferred to Homestretch. Gallagher pointed out the Land Bank will meet again on October 18.

Heinz asked Gallagher about a special assessment district with the Road Commission at some point for this area, and was it still a viable option. Gallagher thought Stimson had probably exercised all available options, including that one.

It was moved by Janik, seconded by Heinz, to strongly consider at the next meeting, a 1/3 matching grant contingent on the Road Commission and Suttons Bay Township also matching 1/3.

Janik said this motion would allow Stimson to go back to both bodies and let them know we are considering a 1/3 match, but this does not tie our hands and does not commit us.

Gallagher referred to the September 9 email from Stimson and said the total debt is \$93,300. What Stimson has in his presentation is less \$10,000 from the township, up to 50% from the Road Commission (\$46,650), and that leaves a balance of \$36,650. Gallagher's understanding was 1/3 of the \$36,650 was being requested of us. Janik said that gives something for Stimson to take to other jurisdictions and then come back next month and we can have some dialogue. Foster said 1/3 is about \$12,000.

Galla suggested that we also get the numbers on the 5/50 for next month so we have an idea how much money we might bring back in on the sale of this property. Gallagher agreed.

On a roll call, motion carried 6-0.

Other Business

Gallagher reported he would be attending the MI Association of Land Banks meeting in October in Detroit and should have more updates for the October 18 meeting regarding funding for blight elimination, and other programs.

Janik announced that Habitat for Humanity has two work bees at the Maple City Crossings and they are looking for volunteers to help with that project. They will have tools and everything there. Just need to show up – Wednesday, October 5 and Saturday October 15.

PUBLIC COMMENT - none

MEMBER / CHAIR COMMENTS - none

ADJOURN

Meeting adjourned at 10:08 am.