

**A regular meeting of the Leelanau County Land Bank Authority was held on Tuesday, January 19, 2021 at the Government Center, in person and by ZOOM.**

**CALL TO ORDER:** Meeting was called to order at 9:09 am by Chairman Gallagher.

**ROLL CALL**

**MEMBERS PRESENT:** T. Galla, J. Gallagher, R. Isphording, C. Janik, T. Wessell  
(in person)

**MEMBERS PRESENT:** D. Heinz, R. Foster  
(via ZOOM)

**PUBLIC PRESENT:** Wendy Irvine, Nathan Kalchik, Jonathon Stimson

**APPROVAL OF AGENDA:**

The agenda was accepted as presented.

**APPROVAL OF DECEMBER 15, 2020 MINUTES**

Heinz pointed out a spelling error on page 3.

*Motion by Isphording, seconded by Janik, to approve the minutes as amended. Motion carried 7-0.*

**PUBLIC COMMENT** – None

**ELECTION OF OFFICERS**

Vice-Chairman

*Motion by Janik, seconded by Wessell, to nominate Heinz as Vice-Chairman. Motion carried 7-0.*

Secretary

*Motion by Wessell, seconded by Isphording, to nominate Galla as Secretary. Motion carried 7-0.*

Treasurer

*Motion by Janik, seconded by Wessell, to nominate Isphording as Treasurer. Motion carried 7-0.*

**Review and Adopt 2021 Meeting Schedule**

*Motion by Janik, seconded by Heinz, to approve the meeting schedule for 2021, as presented. Motion carried 7-0.*

**Identify 2021 goals**

Galla shared two goals proposed by Isphording.

1. Find more ways to serve the community.

2. Find more ways to promote our services to the community.

Heinz proposed replacing “promote” with *adding the words* affordable housing *after promote on Item I*, and then mentioned asking the County Board for financing.

Discussion ensued on being financially independent from the county.

Gallagher said Michigan Association-Counties (MAC) is working with the senate and fiscal accountability to allow for land banks to have the authority to pull from the forfeiture fees associated with tax foreclosure process, for funding for the land bank operations. What Gallagher proposed earlier is we have an agreement with the county that is separate from any future legislation that is going to be passed, that allows us to have a line of credit, if you will, a borrowing threshold to tap into for future projects pulled from the delinquent revolving fund for purposes of remediation or demolition that could be repaid over the TIF. If we want to pursue that, Gallagher would pursue such an agreement with Corporate Counsel. We would still be independent and quid pro quo, with financial resources available to the land bank as we move forward. Heinz asked if this was on the agenda today. Gallagher responded no, if we are interested, we can bring it up at a later time.

Heinz mentioned Organizational Item 3 – Incorporate County’s housing programs with the Land Bank, and asked if that was the Housing Action Committee (HAC). Galla stated the HAC is under County Planning Commission, as a sub-committee. This refers to rehab grants through the Planning Office, which are no longer available. Gallagher clarified, saying the recommendation is to remove last sentence under item 3 of the Organization Items, ‘this would include incorporating the county’s housing programs for the LBA.’

*Motion by Wessell, seconded by Heinz, to approve the 2021 goals. Motion carried 7-0.*

### **Bylaws and Policies & Procedures Review**

Galla said Heinz provided comments, which she included with the Bylaws and Policies & Procedures when she sent them to corporate council for review. There are some overlaps in the documents and it may be best to wait on taking action, until she hears back from ~~council~~. *Counsel*.

Heinz commented on page 12 of the packet, item 4.5 Quorum. There was a discussion last month about having zoom aspects in the document for having a quorum. Janik responded and suggested we hold off and see what happens at the state level. Current requirements expire at the end of March and he suggested we wait and see what state does. Right now, we are abiding by state law which allows us to have zoom meetings.

Gallagher requested this would be moved forward to the February meeting.

**UNFINISHED BUSINESS** – None.

### **DISCUSSION/ACTION ITEMS**

Update from Habitat for Humanity on Maple City housing project

Irving said they did have a presentation scheduled for the Kasson Township Planning Commission, but it has been rescheduled so she does not have an update on that at this time.

Kalchik said they have submitted the site plan to the township, they have also reached out to County Road Commission about a driveway and the health department for well/septic. They are probably doing a Part 41 and going thru the state with that. Rick Prince is helping with design and approvals.

Gallagher questioned if Habitat for Humanity has gone through a Part 41 before? Kalchik stated he was not aware of them going through it before. Gallagher asked what their contingencies were at this point, what is outstanding to get this project moving forward? Kalchik responded that they are waiting on the township to move forward with everything else. Hopefully, after the presentation on Wednesday they can move forward. As layout shows, there are three lots, if they leave it like this, one of the units has a setback issue. It was a recommendation of the zoning administrator to combine the three lots. They will have to get that moving forward once they get approval. Kalchik said the goal is to start the first foundation by mid-June. At this point, it still seems like things are on target. Gallagher questioned if this was a permitted use, within the current zoning. Kalchik responded yes, it is a use by right. The only slight change is that we will combine the lots for better spacing. It was purposely designed to stay off Highway 667, so the drives are on side streets for safety and spread out for some privacy. Galla mentioned the design, and asked for more clarity. Kalchik responded that it is a one-story design, using the same requirements they currently use for single family homes ~~they~~. Zero step entrance, and size requirements are all very similar, other than sharing the garage wall, so there is not a noise issue between units. Kalchik said they are planning on three bedrooms one and a half bath. Galla asked about the approximate selling price. Irving stated the selling cost is dependent on individual clients and is based on household income and the number in household. It is 30% or less of their income. They found it difficult to find comparables in the area to determine what the homes could be appraised at. The best and closest was the house they recently built in Maple City. Based on this, the appraised value should be close to \$200,000.00, but actual mortgage will be 30% or less of their income.

Heinz questioned if there are any surprises so far on the budget such as sewer or road commission requirements, etc.? Kalchik said he is not aware of any. The Road Commission has not made any comments, and they haven't applied yet because they are waiting for the first step with township. Heinz asked about the recent increase in lumber costs. Kalchik stated they are aware of it. In his discussions with lumber suppliers, it spiked and came down a little bit. Hopefully starting in June, with COVID being further along, supply will be a little better. Supply was lacking and driving up cost, but it is getting better.

Gallagher mentioned Sylt Rd and said it was going to be for sale, now it is up for rent? Irvin said they renovated the home and were seeking a habitat homeowner but couldn't find anyone to meet their eligibility requirements for a two-bedroom home. The board decided to sell to someone who would hopefully meet the local needs and fit their mission. It was sold to a local business owner who is using it for summer employees. Gallagher asked if deed restrictions were included as part of the sale and Irvin said no. Gallagher thanked Irvin and Kalchik for their time. Irving said she would like to come back and share the outcome of the Kasson Township Planning Commission meeting. Gallagher commented that he might have to "sign off" if the township required the lots to be combined. Galla will put them on the February agenda to give an update on potential action items.

Marek Rd – Request from Homestretch for 1 year agreement

Stimson said they won't have affordable housing here, unless we raise \$810,000.00. The intent was to get a \$500,000.00 affordable housing grant from the Federal Home Land Bank, but they didn't make it to the second round. Donated land would have made them competitive to go forward. Stimson said they are prepared to walk away from this project if the LBA has other plans for the property. If they

were to go forward with the project, he would do another grant this year, but the county needs to look at doing a fundraiser to help raise \$300,000.00. It is a great site because it's rural and zoning is not an issue. The county might be amendable to the PILOT program for tax abatement. Stimson suggested putting an ad in the local newspaper regarding the fundraiser. He doesn't think anyone has asked county residents to pony up for that and it's a good way to test and see if there is interest for that. Janik stated the county is very limited on fundraising ability, so why wouldn't Homestretch do a fundraiser for the project? Janik continued, saying that if they receive donations, they legally cannot donate it to someone. Stimson said by "county" he means county residents. They don't have any other avenue to get that financial gap raised. If they just creep forward on those checkmarks then the grant becomes more of a reality. It's rural so no one is going to claim "not in my backyard" (NIMBY), but we can always pull up and look at other projects. Gallagher said they haven't gone down the road as far as looking at fundraising, that might be possible avenue. Gallagher asked Stimson if they could do something else with the property. Maybe a single-family or duplex without all the hoops to jump through, and waiting for grants. Can Homestretch do that? Stimson said whether it is a single-family home or duplex, it would still require a grant to bring that cost down. Gallagher mentioned the possibility of selling the property to Homestretch and allowing them to build. Stimson said that was an idea they could look at. If they build a duplex or two, they could go for a grant to reduce the cost of each home. Conversely, they could build a \$200,000.00 home on it and make it affordable by the way it is designed.

Gallagher said he doesn't want to just close the door on this project, but he doesn't know if this is the best result for the community or if they should do something in a more expeditious fashion. Stimson mentioned the length of the driveway and the infra-structure and cost to get up to the site. If those costs could be spread out over three or four units that would help. Gallagher suggested going out for an RFP and listing it, otherwise Homestretch won't recoup their cost. Galla pointed out that the agreement between the LBA and Homestretch expired at the end of last year. This is a rural area that does not have a decent access road and we are looking at putting multiple units with very high infrastructure costs. Galla said this money could be used better in a community where the infrastructure is already there. Gallagher responded that if Homestretch is not interested in putting in a single-family home, then the LBA should pursue an RFP. Homestretch already engaged with them and did the due diligence. As a way for them to be able to recoup their costs, the LBA could approach them with a single-family unit.

Galla stated that the prior agreement didn't lock the LBA into a certain type of development. Gallagher questioned if there was interest from the LBA members to extend the offer to Homestretch again and see if they are interested in building a single-family home. Janik asked Stimson what Homestretch was interested in. Stimson said they are about putting affordable housing out there, anytime, it is feasible. When Galla talks about Homestretch infrastructure cost, unless you have a piece of property in the village that you don't need, then that money is well spent on infrastructure. Stimson said they could build a single-family home and spec it out, but they are more inclined to try and get multiple units on a piece of property. Rural areas are harder than downtown. Galla questioned when Homestretch would have to apply for grants again if the LBA moves forward with this project. Stimson said the pre-application was due in June, the final application is due in August and the grant is awarded in November. Gallagher responded that this meant nothing in the ground until 2022.

Janik suggested they go out for RFP (Request for Proposals). We have the right to reject or accept any/all offers. This would give Homestretch an opportunity to come up with a proposal. They don't have to accept the highest offer. If someone comes up with a proposal that meets their goal of affordable housing, they can accept it. This will give both the LBA and Homestretch the ability to look at options and move forward.

***Motion by Janik, seconded by Wessell to proceed with an RFP for the Marek Rd. Property.  
Motion carried 7-0.***

**OTHER BUSINESS**

Heinz said after last month's meeting, Gallagher emailed him the trial balance as of 12/31. The line item called "land held for resale" is \$83,000.000. Besides \$5,000.00 for Marek Rd. and whatever our contribution was for Maple City, is that lion's share of \$83,000.00? Gallagher replied yes. Heinz continued, saying we have \$5,000.00 in Marek Rd. and we bought the Flaska property for \$60,000.00. Heinz questioned the original Maple City project costs. Gallagher said he expensed those out in 2019. As of 12/31, these are the unaudited numbers. They have Mariah Lane, which is the road in Leland Township that they had around three or four hundred dollars into that they sold for \$1.00. Gallagher will get an itemized breakdown for that line item. Wessell said he is interested in having a discussion with the County Board about a line of credit with the delinquent tax revolving fund for either demolition, acquisition or remediation of future properties. Gallagher will bring this up at his department head update to the County Board in April.

**CLAIMS & ACCOUNTS** – None.

**POST AUDIT** – None.

**CORRESPONDENCE/COMMUNICATION ITEMS** – None.

**PUBLIC COMMENT** – None.

**MEMBER/CHAIR COMMENTS**

Heinz said he saw in the Policies & Procedures document that they will pursue opportunities for direct purchase of mortgage foreclosures. Would money possibly be used for that and was the property in Empire similar to that? Heinz continued, saying if the bank is going to take over the house, they could step in and purchase it for affordable **housing**. Gallagher said the county was already invested in the Empire property thru the Planning Departments programs and there were affordable restrictions on it. The property was being rented out and they were able to purchase it and sell it to the tenants and meet the affordability restrictions. It met the LBA's goals and objectives. Gallagher said any acquisitions come before this board because there are provisions in the bylaws allowing him to just purchase it, but he is not comfortable doing that without consensus. Heinz questioned if that was a quicker way to get more affordable housing in the county, rather than going thru Homestretch or Habitat for Humanity? Gallagher responded that if they can find those, then by all means they should be presented to this board for consideration. Heinz said the only means is thru a Sheriffs Sale or the classifieds section for mortgage foreclosures. Heinz asked Gallagher if he was going to suspend tax foreclosures in 2021. Gallagher said he didn't believe that would be a viable option this year. There will be special circumstances, but they intend to foreclose this year on those given forbearance last year.

**ADJOURN**

***Motion by Ispording, seconded by Janik, to adjourn. Meeting adjourned at 10:10 a.m.***