

**The Leelanau County Land Bank Authority (LCLBA) held a regular meeting on Tuesday, March 15, 2022 at the Government Center.**

**CALL TO ORDER:** Meeting was called to order at 9:06 am by Chairman Gallagher who led the Pledge of Allegiance.

**ROLL CALL:**

**Members Present:** J. Gallagher, D. Heinz, T. Wessell, T. Galla, R. Isphording, C. Janik (9:19 am)

**Members Absent**

**(Prior Notice):** R. Foster

**Public Present:** L. Mawby, W. Irvin, J. Hawkins, L. Mulholland

**Approval of Agenda**

*Motion by Heinz, seconded by Wessell, to approve the agenda as presented. Carried 5-0.*

**Approval of January 18, 2022 Minutes:**

*Motion by Isphording, seconded by Wessell, to approve the minutes as presented. Carried 5-0.*

**Public Comment - None**

**Unfinished Business - None**

**Discussion / Action Items**

Review Land Bank Bylaws Document

Heinz brought up a correction on page 35, section 4.2 on the third line “or by telephone” and mentioned “or by email” was to be added. Galla suggested adding the verbiage in 4.1 as well. Galla mentioned that the conflict-of-interest statement in section 3.6 does not need to be done annually. On page 13, the budget audit was changed to January 1 - December 31 fiscal year.

*Motion by Heinz, seconded by Isphording to approve the bylaws, as amended. Carried 5-0.*

Review Land Bank Policies and Procedures Document

Galla noted if we are approving the Policies and Procedures every year, we don’t need a date in the Mission Statement section each time it is revised. Gallagher agreed.

Heinz asked about the highlighted section on page 19 of 35. Galla replied there are 2 sections in yellow, page 19 and page 24. Galla brought this up several years ago and the way these policies are written, selling or purchasing property that is under \$100,000 can be done just by the Chairman. Almost all of our transactions have been under \$100,000 which means technically, the Chairman could do the transactions. However, we haven’t done that. We have brought these conveyances before this board. Galla’s suggestion is to remove the language and all conveyances will be done by the full board as it’s cleaner. She could not think of any instances where the chair bought or sold property without this board’s approval.

Gallagher said his only concern for this section is to have something in there in case he needs to act on an item quickly. Maybe we change it so it is not a purchase but a deposit or security deposit or something of that nature. The \$100,000 is excessive, especially for our size, and he’s never exercised that right. He would rather have everything go through this public body. Even the county administrator has a cap on what he can approve. Galla said that cap is \$5,000; otherwise, it goes to the county board. She would like to see these two sections changed so all transactions come before this board except what we have listed as exceptions to that policy.

Heinz noted that sometimes deposits are non-refundable. We could get stuck without the board voting on it if it is non-refundable. Heinz suggested listing refundable deposits in this section, as an exception.

Gallagher commented the language is vague enough that his interpretation of purchase price could also be a property that is damaged and he has to secure it, and board it up. If we are not meeting for three weeks, there is no reason to have a special meeting for him to secure a property. Heinz agreed but asked when could you board it up if you don't have title to it? Gallagher replied he was referring to the properties we would own.

Galla noted top of page 25, which states the Chairman can contract for demolition for less than \$50,000 without board approval. Gallagher felt it should require board approval. Galla noted that goes back to her point that these sections need some work so we are clear that selling or buying property will be done by this board, with the following exceptions, like if the Chairman has to act quickly on a purchase agreement. If he does, it still would come to this board for final approval. Gallagher noted the Empire housing project that this board purchased. Galla replied the price was more than \$100,000 and the purchase agreement came back to this board.

Gallagher commented on non-foreclosed properties, as well as non-refundable deposits under \$5,000.

Heinz suggested changing the \$100,000 to \$5,000 on both of these pages.

*Chet present (9:20).*

Discussion was held on page 25, demolition. Galla felt these sections need to be reworded. Even #6 and #7 on page 19 do not fit in this category. They actually could go under C. Disposition of Property. Rewrite b. on that page, and rewrite j. on page 24. The entire Land Bank board will act on conveyances with exceptions listed.

Wessell said he preferred to take e. and move it up right after a. and make it letter b. – for a more prioritized list on page 18 of 35.

Members asked Galla and Gallagher to work with Corporate Counsel on the document and bring it back for review.

#### Review 2021's Tax Foreclosed Inventory, and Distribution List

Gallagher reviewed the list of parcels. First parcel 001-111-010-00 has been transferred. The LBA gave approval to do side lot disposition with the Grant family, so that parcel is no longer in our possession. Galla said that most of the parcels lie within a subdivision with the exception of parcel 011-642-011-20 in Peshawbestown, which the Grand Traverse Band of Ottawa & Chippewa Indians (GTB) was interested in. There is also a parcel in Omena Bay Resort Area that is in the commercial resort district in Leelanau Township that does allow duplexes. Galla stated that she had received two phone calls from interested individuals wanting to build their own homes, but we have nothing in place to dispose of the property or to enter an agreement for housing. Gallagher did not receive any written notices but had received phone calls and there is high demand for vacant properties. Wessell said that the township supervisor and board are very interested in workforce housing. He would love to see this offered to a non-profit or developer for workforce housing. Gallagher stated that along with non-profits they should also include Leelanau Cellars on the distribution list, because they would have vested interest in the property. To the west is Leelanau cellars property - 008-750-003-00. Galla received an email from a Brownfield Authority (LCBRA) member who explained his concept for these parcels. They are land bank properties which can be turned into brownfield projects and then work with a contractor to build housing.

Gallagher asked if they should do some of the legwork and prepare a brownfield plan over all of these and incentivize partnership with the tools already in place. Heinz mentioned that in order to do that, you are looking at using brownfield options such as TIF, so that there are multiple townships involved and you would need approval from all of them. Heinz stated that when he looked at these six properties, the LBA & LCBRA should approach this as a high priority for affordable housing. Every one of those could possibly be affordable housing, except the Cherry Home parcel, which might be good to sell that at fair market value and use toward other projects. Heinz added we could use the proceeds for affordable housing, or keep proceeds for projects. Those four would be good to offer for affordable housing with deed restrictions. Heinz concluded that they should add Peninsula Housing to the list. Mawby stated they have not received a letter for 501(c3) yet, but they have applied for non-profit status.

Hawkins commented on the market rate. For clarification, if the LBA were to put all of the properties into a brownfield plan, it doesn't preclude the LBA from selling any of them at market rate. The LBA could leverage the TIF off the market rate ones to help the other ones. Hawkins noted that the LBA could benefit and support the

program by the TIF from the market rate property. The beauty of land bank owned properties in a brownfield plan is that properties don't have to be contiguous. Hawkins explained that the LBA will still have to go through all jurisdictions for approval and use TIF and sale of property for their program. Gallagher stated that market rate properties could still be affordable, after the fact.

Heinz gave the example of the parcel in Elmwood being one empty lot in cul-de-sac. If we went to the township and asked them for TIF on that, would it be just for that footprint or adjoining properties? Hawkins said in this particular situation the LBA wouldn't necessarily have to have eligible activities on the parcel, they could use tax increment generated from it to pay for eligible activities on other properties. Gallagher said this is a funding mechanism to provide more tools to work with developers so that they can isolate these parcels and buy the ones that are best for development, whether it is a duplex in Omena or a single-family home in Elmwood Township.

Heinz liked the idea and asked what if we have more coming up for foreclosure? Can they be added afterward? Gallagher replied that would be an amendment and would have to go back through the process again, or do a separate process again. Instead of soliciting Habitat for Humanity, and other non-profits, maybe we take a step forward to get more tools in the tool bag before they come to the table, because the tools are not being utilized. Force the developers and non-profits to become educated and trained to use these tools.

Galla stated she was not interested in selling the properties to individuals in hopes that they develop them into housing. Galla agrees with Gallagher and Hawkins to submit the parcels into a brownfield plan and take some time to work with non-profits. This would mean more homes to keep people in the neighborhoods and keep kids in schools. She has seen properties that the LBA had previously sold and they are still vacant.

Heinz stated that if the LBA were to put all six properties in a brownfield plan and sell the Cherry Homes lot at market, there is still a need for \$50,000 to finish Marek Rd. Could we use \$50,000 of proceeds toward a property that is in another location? Gallagher asked if funding might be available for Marek Rd through a brownfield plan. Hawkins stated that the LBA could do whatever they want with proceed sales. A TIF has to be used appropriately.

Heinz would like to see if this is doable and asked who would take the lead, the LBA or LCBRA? Gallagher replied that he would like to see a collaboration between LBA and LCBRA and look at it as a long-term development potential.

Mawby said that Peninsula Housing would like to be on the distribution list. It is his understanding from the State Land Bank that TIF would be created by a brownfield plan on land bank owned properties and does not need approval from anyone except the county board. Gallagher stated that there are different TIF's such as a 5/50 TIF through land bank that doesn't take local approval. The brownfield plan does take local approval.

Hawkins suggested the LBA consider doing a model on the properties before approaching the townships. Make certain assumptions as to which properties are market rates, what types of homes would go on them, what TIF's are generated, and offset costs on other properties. If it makes sense financially, take that to the townships and show what you envision will happen. Hawkins said this might be an opportunity for the LBA to create a model and put it into action. Gallagher asked Hawkins if that would be specific to the stakeholders or the developers and Hawkins replied that it could be both. Hawkins could make some assumptions and plug those in, talk with the assessor, see what kind of TIF would be generated and assume the time period it will occur and see how that works. That way you can show the taxing jurisdiction it may not be a forever thing and might be something on a timeframe and you can also show developers if they can build a property at this cost, we could possibly offset some of the cost by capture of TIF and reimbursement. This can help make the homes more attainable if some costs are offset by TIF. Gallagher asked if brownfield plans are negotiable? Hawkins stated, depending on your partner, the LBA would have a developer reimbursement agreement in place that shows the rules on how the develop will be paid, when they get paid, etc.

Galla said she liked the idea of trying to put this together to see what it looks like and what the numbers are. She believed we would need someone to help with this and under the LCBRA, Hawkins and his company are under contract for general services so that might be a request the LBA wishes to take to the LCBRA and see if they would allow this work to be done under general services. We would need to engage his services if we are going to ask for something to be put together. Gallagher asked if we should wait until March 31 for tax foreclosure to place those on

this list. Galla asked if he anticipated any other parcels and Gallagher said there were still quite a few outstanding. He was hopeful he could get payoffs. March 31 is the deadline for paying.

Gallagher asked if they should present it to the LCBRA today as an introduction. Heinz said he can't speak for all of them but this could be a template for moving forward. He hopes there aren't any more foreclosures. Heinz said the issue for affordable housing won't go away in a year or two; it would be nice to have a yearly brownfield plan in place to work on that. Wessell liked the idea of presenting to the LCBRA. Gallagher and Hawkins will be at LCBRA meeting and introduce the idea today.

Wessell asked if Housing North was on the list. Gallagher confirmed and will also add Leelanau Cellar and Peninsula Housing. Heinz asked if we are going to ask for a Request for proposals or see what the LCBRA will do.

Isphording felt we should go to the LCBRA first and talk to them.

Gallagher noted this list is a working document for notification of parcels we acquire. He also felt it should go to local units of government.

#### Other Business

**None**

**Claims & Accounts / Post Audit - None**

**Correspondence / Communication Items - None**

#### **Public Comment**

Mawby looked at the distribution list and noticed that the GTB is not on it and thinks they would be useful.

#### **Member Comments / Chairperson Comments**

Heinz said it was nice to see the county put in \$125,000 toward the Marek Rd. project. He asked how these funds worked and if it needed to come through the LBA. Gallagher replied those were ARPA funds and one of the expenses allowed is for affordable housing so under that guise, there request was awarded funding. Heinz asked about the \$150,000 that was requested to be funneled through the LBA. Is that still viable? Janik replied the next meeting is April 19 to review the remaining ARPA funds and there are non-profits listed on the agenda. Odds are there may be more funds coming after these ARPA funds.

#### **Adjournment**

**Motion by Isphording, seconded by Wessell, to adjourn. Meeting adjourned at 9:59 am.**