

**The Leelanau County Brownfield Redevelopment Authority (LCBRA) held a regular meeting on Tuesday, March 15, 2022 at the Government Center.**

**CALL TO ORDER:** Meeting was called to order at 10:05 am by Chairman Dan Heinz who led the Pledge of Allegiance.

**ROLL CALL:**

**Members Present:** D. Heinz, T. Wessell, J. Arens, D. King, C. Janik

**Members Absent**

**(Prior Notice):** T. Eftaxiadis, R. Foster

**Staff Present:** T. Galla, Director

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

**Public Comment**

Heinz stated that based upon what was discussed in the last hour at the Land Bank Authority (LBA) meeting, that there would be an interest in continuing discussion with the Chair of the LBA, John Gallagher, and Jeff Hawkins to talk about the idea to partner with the Brownfield Redevelopment Authority (LCBRA). Gallagher gave the LBA members a partial list of foreclosures from 2021. The idea that was presented is to open up discussions with the LCBRA to collaborate with the LBA on all foreclosed properties and put them into a brownfield plan for the purpose of redevelopment and affordable housing. This would provide additional tools to non-profits and developers. The objective is to take the list of parcels, subject to local jurisdictions approval, and put them into one plan, on an annual basis. Gallagher said that he will be closing on a few parcels in 16 days. He would add those to this list and prepare a plan with Envirologic for projects on capture, taxable value, and continue the discussion at the brownfield level in hopes there is a buy in to move this forward. The inventory the LBA has now includes buildable parcels except for two. There is one in Suttons Bay that is not landlocked but is more of a side lot disposal. There is one in Bingham Township that is already transferred to a private owner and was not a buildable lot. The remaining parcels are subject to local zoning, and in his opinion, are all buildable lots. Gallagher concluded that whether they are successful or not in building affordable housing, it would depend on tools they could provide for nonprofits and developers. Arens asked if the parcels are vacant? Gallagher replied yes, unimproved vacant properties.

Heinz gave an update on the properties and mentioned the property that has already sold. The next property is located by Sugar Loaf, the third property is within Timberlee and the fourth is in the Knollwood area of Cherry Homes in Northport. The next is a lot in Cherry Homes but not on the water, 2<sup>nd</sup> from last is a parcel in the Commercial Resort District, and the last one was not owned by the Grand Traverse Band of Ottawa & Chippewa Indians but was owned by a tribal member.

Arens questioned if the properties are foreclosed as a mortgage issue or tax related issue? Gallagher said it was taxes. Arens then asked how far back for taxes and Gallagher said that was a non-issue that was addressed by the foreclosure. These properties were purchased by the LBA for the cost listed on the far right of the handout. Gallagher mentioned that he foreclosed on them, and then they were sold to the LBA for those tax dollar amounts for purposes of affordable housing, economic development, side disposition, etc. Arens asked if the clouds on the deed were gone? Gallagher replied yes, any liens are extinguished by his judgement.

King asked if any of the properties have adjacent properties that can be acquired? Gallagher said without title work on each parcel, that is beyond what they are required to do. For purposes of foreclosure and posting tax publication for a period of two and a half years, if the balance is still outstanding it becomes an involuntary transfer to the treasurer. They don't identify other properties that could be acquired. Janik noted that the odds are slim for getting adjacent properties.

Heinz mentioned the property on Marek Rd that the LBA acquired through tax foreclosure and is selling for a nominal amount to Homestretch and they are in the process of development. We would have a step up on attracting some developer or nonprofit to look at these in conjunction with brownfield tools to start working toward more affordable housing in the county. The idea is to keep doing this every year with the foreclosed properties.

Gallagher said they would be establishing a funding mechanism by doing this on an annual basis. Arens asked if any of these are identified as multiple family zones. Gallagher said they have one in commercial that could have a duplex. The remainder are single family homes yet to be reviewed. Wessell asked if it was an Accessory Dwelling Unit (ADU)? Would that qualify for affordable housing? Galla stated if there is a primary home first on the property, then they probably could have an accessory dwelling. Heinz said at the LBA meeting, they discussed this and also wanted to see what Hawkins could do to put together a model of TIF reimbursement. The LBA is not asking for approval right now since Eftaxiadis is absent and he has expertise on this, as well. Heinz would like Hawkins to talk about what he could do.

Hawkins said the intent is to take advantage that the LBA controls the properties and allows you to dictate what the future might look like for properties, such as affordable housing. From a brownfield perspective, the LBA could conceptualize the properties in a brownfield plan, – run a TIF model to make some assumptions. We could assign some values for market rate as well as affordable homes and calculate what a brownfield plan might look like for costs to be offset and what type of TIF would be generated. We can use TIF on the property or properties that are adjacent or contiguous to that parcel if it helps support the project. For LBA owned parcels in a brownfield plan, we can use TIF generated from one parcel and use it for another parcel that needs assistance. You can take these properties around the county and put them in a plan and use those funds from one parcel to another. You can only do this with land bank owned and controlled properties. It is similar to what they did with Habitat for Humanity property in Maple City, we would do that with these properties. Gallagher wanted to wait to see if any additional properties would come up with the foreclosure, and then move forward with some assumptions. Hawkins said they could do it each tax year by amending the brownfield plan and adding additional properties to it. It all depends on how it works and what the numbers show. Heinz asked if that could be a perpetual one so the TIF they get from 3<sup>rd</sup> group of properties could offset the cost of the 2<sup>nd</sup> and 1<sup>st</sup>? Hawkins said as long as it is in the same plan, yes and there is a 30-year time frame to capture a plan.

Wessell stated that this is exciting since they have been talking for a decade on what they can do and this is something that is concrete and over time could make a difference. He applauded the effort. Hawkins said if you take six homes and two of them are at market rate and four at affordable, the TIF you generate per year may not be a lot. It may not make you even, but starts you down that path. Gallagher stated that this starts them on a path they do not currently have. We are establishing a funding mechanism that can perpetuate and duplicate efforts for years to come for our successors. King asked if there are other jurisdictions doing this with both bodies working together. Hawkins said yes, others are doing this. It is a hot button and the statutes were set up to allow this. There are only so many dollars coming out of Department of Housing and Urban Development (HUD) and other agencies for attainable housing.

Gallagher explained that there is a huge deficit for LBA financing. For 5 years we get 50% of taxes. If we sell properties, we are not getting market rate TIF financing –we are getting a discounted rate for 5 years and we don't have financing for loans. The state land bank would do a \$100,000 loan for one year to the land bank but you have to figure out how to pay it off. The county doesn't have enough property or revenue to make that work. It's imperative that this relationship be established. Hawkins said, if you move in this direction and create a model you are trying to implement in the community, it is a great way to attract other funding from the state, from Michigan Economic Development Corporation (MEDC), from other pots of money that have not been allocated yet. This is a great way to show that you have a model and can show you need more money to make it work.

Heinz mentioned that they are still in public comment, so when they get to consideration of agenda, he suggests they have an action item today to talk about the parameters of what Hawkins might do.

Mawby stated he is representing Peninsula Housing, a local community land trust. He would really urge the LCBRA to coordinate with the LBA, and expressed that this is exactly what they have been hoping for as a community land trust. He hopes they can look at the models as it is something they understand will be very important to encourage housing for families and workers to live in the county. As a community land trust, they are very interested in participating with LBA and LCBRA to develop those tax foreclosed properties. Mawby will continue to be at the meetings and looks forward to participating. Arens asked if there is a black letter understanding of what is affordable, or attainable? Mawby replied no, to be affordable a property owner should spend no more than 30% of their income toward housing. There are some federal programs that define income levels for participation. Mawby mentioned that he has only been doing this about eight months now, and the term 'attainable' generally is used to refer to people that are working, making decent income but the cost of housing is so high that disparity between market and what working people can afford is so great that it becomes unattainable. The idea is to fill the gap.

### **Director Comments**

Galla quickly noted the incorrect date on Claims & Account but clarified it is the correct document for this meeting. She will need to order new checks through Huntington.

### **Consideration of Agenda**

Heinz asked to add New Business #4 to the agenda with Hawkins discussing a proposal for a brownfield plan. *Motion by Janik, seconded by Arens, to approve the agenda as amended. Carried 5-0.*

### **Conflict of Interest – None**

### **Consideration of January 18, 2022 Minutes**

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

### **Consent Agenda**

*Motion by Janik, seconded by Wessell, to approved the consent agenda as presented. Carried 5-0.*

### **Unfinished Business**

#### 2022 Goals

Wessell suggested they may want to hold these and move it forward after hearing the public comment today. Janik agreed and goals will move to a future meeting for consideration.

Heinz asked about page two of the minutes regarding the BRA applying for grant funds. Hawkins said he was referring to past grants the county received from the Environmental Protection Agency (EPA) dollars, and the application submitted in the fall of 2021. He mentioned that announcements for funding again could come up sometime in May. As part of the infrastructure bill, they have designated \$1.5 billion toward brownfields which is an unprecedented amount not seen before. Assessment grants account for \$600 million. Hawkins explained that he was on a conference call with EPA recently and got the impression that some of this infrastructure money may go toward the round of grants the county just applied for. The Clean-up grants, revolving loan fund grants, assessment grants and multi-purpose grants will open up for applications again. This might be something to consider if the LCBRA doesn't get awarded from the 2021 application, then apply for some of those dollars again this fall.

### **New Business**

#### Extension of General Services Agreement with Envirologic

Hawkins said he has had the good fortune of working for the LCBRA for several years and has extended their contract and looking to extend again. They allocated \$5,000 for work on general consulting services such as when developers approach and need help or review of their work. Hawkins also helps draft brownfield plans if needed, and anything to promote and advocate on behalf of the LCBRA. This extension would be for another year and it amends the budget to provide additional funds. Hawkins said there are two contracts and two tables in the packet to

show that one is for general services which is amendment #8, and there is one for TIF management that they do for the LCBRA. There will be two invoices for today, one for each.

***Motion by Janik, seconded by Wessell, to extend the contract with Envirollogic as presented, for a one-year period. Motion carried 5-0.***

Janik commented that since he has been here, Hawkins and his team have done an outstanding job. Heinz said that Eftaxiadis had said the same thing in the email that came to all of them.

Discussion - Potential Brownfield Plan – Maple City Crossings

Jeff Hawkins, Envirollogic & Wendy Irvin, Habitat for Humanity

Hawkins said they have had several conversations with Habitat for Humanity on the housing they are building. There are three duplexes being built. We've explored the conversation to use a brownfield plan and TIF to offset some of the costs. We have run a model and demonstrated anticipated values and the financial gap, and any offsets with down payment assistance, etc. There would be a positive tax increment revenue that could be available to offset some of those costs. This won't make Habitat completely whole but it will provide a significant amount of money –about \$275,000 over the term of a brownfield plan.

Irvin said it is a creative financing tool that they have been looking at for a couple years. Other Habitats are using it successfully. We can take this program to a local bank and get a loan so we could upfront some capital for infrastructure. Irvin supports this conversation and is delighted to have the LBA and LCBRA join efforts as discussed earlier. The Habitat board has approved going forward on this so we are moving forward on the next steps. Galla mentioned she recently received the application along with supporting documents but it is missing some data. Once she gives it a review, then she will present it to the LCBRA for consideration.

Heinz asked how the project was coming financially, with inflation and increasing costs. Irvin said they are an organization that fundraises to meet the rising gap. They are currently waiting for their sewer permit so they are ready to start as soon as they get the rest of the permits. Hopefully by summer/fall they can start. Irvin mentioned that they won't be building all six houses this year as they are not all in the budget. They still have one more year to finalize but won't be able to finish all six houses this year. Heinz asked about the pollution issue and Irvin replied she has received the reports back and things are fine, very minimal risk and they are moving forward.

Debit/Credit card for Brownfield Account

Galla mentioned that the LCBRA account has changed banks several times and they are now with Huntington Bank. She explained that they used to have a card that was linked to their account to pay for expenses such as a prepayment for registration. With the changing of the accounts this card is no longer available unless approved by the LCBRA to get a card again. Regarding the project in Leland, they had to make sure that the LCBRA was a separate entity from the County, otherwise they were not able to use any assessment fund dollars on that site because it was questioned if the LCBRA was a part of the County. Legal review from Corporate Counsel concluded the LCBRA is a separate entity. Galla was bringing this to the members to decide if they wanted to have a card.

***Motion by Arens, seconded by King, to authorize a card for the LCBRA account. Motion carried 5-0.***

Discussion continued.

Gallagher mentioned that the county board does not have authority over this body and does not allow for debit cards. We don't have a policy with use, storage, or controls for audit of a debit card. Gallagher commented on a credit card vs debit card and Janik said the motion didn't state which and he suggested they all work together with legal counsel before they get a card.

Proposal for LCBRA/Land Bank for a brownfield plan

Hawkins stated that for a typical brownfield plan, he would guess that they are running around \$4,000-\$5,000 to put

one together. He would anticipate this would be about ½ that, to run those numbers. You won't know what properties you have until after March. Gallagher said he will have final numbers and can create a list for Envirollogic. Hawkins said you have flexibility to add properties to a plan. The more accurate approach might be a brownfield plan for 2022 for these parcels and in 2023 we can see how many parcels there are. If you have a few more come up you can decide to add them, or do a separate plan for those additional parcels.

### **Financials**

Claims & Accounts - \$4,586.55

*Motion by Wessell, seconded by King, to approve Claims & Accounts as presented. Carried 5-0.*

### **Presentation– Brownfield Training**

Hawkins provided a training presentation.

*(A PDF of the presentation is available in the Planning and Community Development Office.)*

*(King left the meeting at 11:28)*

Following the presentation, Heinz asked if the LCBRA will lose funds if there are not enough TIF dollars generated for the Leland site. Hawkins replied no. There have been discussions with EPA on the revolving loan fund and payback of the amount used on the Leland site. Those dollars would go back into the brownfield fund for future projects. Heinz stated it is a debt that shows up under Governmental Accounting Standards Board (GASB) as \$314,000 with no revenue shown. Hawkins said that one is the Environment, Great Lakes, and Energy (EGLE) loan. The revolving loan fund has no interest on it. You, as an entity, can market it and manage it. This is because you loaned the dollars to the project with no interest rate on it. Hawkins said the question for the LCBRA is if you pay the revolving loan fund back, or not. The developer's job is to sell the parcels, not develop the homes. Parcels were sold but not all of the development has occurred so there is less TIF than expected. Your TIF policy says debts get paid first and then you pay the developer.

Heinz asked about the Maple City project, isn't there a pilot on that parcel? Hawkins didn't believe there was. Heinz then asked about the West Shore project saying that there is a Marina going in and wondered if they will be getting TIF from that. Hawkins said he has been working with Galla on that. Galla has reached out multiple times to the developer, but it is getting close to a time when the LCBRA may need to discontinue that plan. Hawkins said his recommendation is that they make one last reach out to the developer and shut it down if nothing is going on. They shouldn't be capturing TIF if they don't have activities to repay. Hawkins reminded members that the brownfield plans are yours, not the developers.

**Correspondence / Communication Items - None**

**Public Comment – None**

**Director Comments – None**

**Member / Chairperson Comments – None**

### **Adjournment**

*Motion by Janik, seconded by Arens, to adjourn. Meeting adjourned at 11:55 am.*