



# Leelanau County Government Center

Leelanau County Land Bank Authority (LC-LBA)

Website: <http://www.leelanau.gov/landbank.asp>

8527 E. Government Center Dr.  
Suttons Bay MI 49682 231-256-9838

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## NOTICE OF MEETING

*The Leelanau County Land Bank Authority (LC-LBA) will meet*

**On Tuesday October 18th, 2022 at 9:00 am**  
*at the Leelanau County Government Center*

## **DRAFT AGENDA**

**PLEASE TURN OFF ALL CELL PHONES**

**PLEDGE OF ALLEGIANCE**

**CALL TO ORDER**

**ROLL CALL**

**APPROVAL OF AGENDA**

**APPROVAL OF MINUTES: September 20th, 2022 *pgs 2-7***

**PUBLIC COMMENT**

➤ **UNFINISHED BUSINESS**

➤ **DISCUSSION/ ACTION ITEMS**

1. Property Update and Discussion
  - a. Market Rate Lots RFP *pgs 8-11*
  - b. Marek Road discussion. *pgs 12-22*

2. Other Business

**CLAIMS & ACCOUNTS**

**POST AUDIT**

**CORRESPONDENCE / COMMUNICATION ITEMS**

**PUBLIC COMMENT**

**MEMBER COMMENTS**

**CHAIRPERSON COMMENTS**

**ADJOURN**

### **Members**

Treasurer John A. Gallagher III – Chair  
Dan Heinz-Vice-Chair  
Trudy Galla - Secretary  
Rick Foster-Treasurer  
Chet Janik  
Lois Bahle  
Richard Isphording

A regular meeting of the Leelanau County Land Bank Authority (LC-LBA) was held on Tuesday, September 20 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 1<sup>st</sup> 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 Eckler 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 17<sup>th</sup> 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.

Leelanau County Land Bank Authority  
Request for Proposals (RFP)  
Real Estate Broker Services to sell real property owned by the County of Leelanau Land Bank  
Authority (LBA)

Leelanau County LBA is seeking proposals from real estate brokers/firms to sell real property located within Leelanau County.

It is the intent of this Request for Proposal (RFP) to have the successful broker/firm, enter into a Professional Services Contract with the Leelanau County LBA to supply real estate services as outlined herein.

**Background Information**

The site is under the ownership of the Leelanau County Land Bank Authority (LCLBA), which is going to sell these properties.

The site consists of a vacant lot described as:

- **45-008-360-134-00; LOT 134 CHERRY HOME SUBD NO 1 SEC 17 T32N R10W 0.26 A M/L**

**Date Released:**



### **Proposal Overview**

The following information must accompany your proposal:

Provide a cover letter indicating your interest in serving as the County's real estate agent/firm to sell the County-owned property in Traverse City, MI.

The proposal must include the following:

- 1. List years in business with a description of your firm including size of firm, location, number, and nature of the professional staff.**
- 2. Describe experience (minimum five years previous experience with proven effectiveness) your firm or organization has in pertinent real estate experience.**
- 3. Describe the methods of identifying target user groups and a description of the marketing materials and the strategy for presenting the site to a national and global marketplace.**
- 4. Additional services offered through your firm.**
- 5. Fee schedule:**
  - a. State your commission rate for listing and selling of properties.**
  - b. State your proposed method of compensation for representing the County in negotiations for purchasing properties.**
  - c. State any other costs the County may anticipate relating to the real estate services to be provided.**
- 6. References. Provide a list of three applicable references. Include name, title, and contact information for each reference as well as a brief description of the specific series provided.**
- 7. Recommended listing price for the property and the rationale used to determine that price.**

### **General Instructions**

1. The proposal must be submitted in a sealed envelope marked, "Real Estate Broker Services" to the County Treasurer's Office, 8527 E. Government Center Drive, Suite 104, Suttons Bay, MI 49682 by 3:00 p.m. on Friday, October 28, 2022, at which time they will be publically opened and read. The proposals will then be forwarded to the Land Bank Authority's Board. The Board will review the proposals and develop a list of finalists to interview. The applicants are responsible for ensuring that their proposal, however submitted, is received on time and at the location specified.
2. The Leelanau County Land Bank Authority Board reserves the right to reject any and all proposals, or any parts thereof, or to waive any informality or defect in any bid if it is in the best interest of the County of Leelanau. All proposals, plans, and other documents submitted shall become the property of Leelanau County. Responses to this RFP are considered public information and are subject to discovery under the Freedom of Information Act.
3. Respondents are responsible for their own expense in preparing, delivering or presenting a proposal, and for subsequent negotiations with the County of Leelanau, if any.
4. All questions may be directed to the County Treasurer, John A Gallagher III, 231-256-9838, or email at [jgallagher@leelanau.gov](mailto:jgallagher@leelanau.gov).

### **Scope of Services**

The successful firm shall agree to contract with the Leelanau County Land Bank Authority to provide the following:

1. Develop strategies for sale of designated County-owned properties (such as conducting a study of comparable properties);
2. Develop marketing materials (electronic and/or hard copy) to advertise sites for sale, distribute the materials to potential buyers via the appropriate form(s) of media and report results to the County on an agreed upon frequency;
3. Participate in site tours of County-owned property that is for sale for potential buyers;
4. Analyze offers from potential buyers and advise the County with respect to negotiations;
5. Represent the County in negotiations with a prospective buyer from the time of offer until closing;
6. Coordinate real estate transaction closings; and
7. Handle all other customary activities and services associated with real estate transactions.

### **Presentations**

Presentations at public meetings may be required.

1. Selected candidates may be asked to present their proposals Tuesday, November 15<sup>th</sup>, 2022.

### **Requirements**

Respondents to the RFP shall have the following qualifications:

1. Must be licensed and in good standing with the State of Michigan to sell real estate.
2. Must have an excellent reputation in the real estate community.
3. Must be knowledgeable in the regional real estate market and should have experience with similar properties.

### **Term of Contract**

The contract period for the successful agent/firm will be six months from date of award. The contract may be renewed for additional terms upon satisfactory performance by the broker/firm and at a negotiated rate agreed to in writing by both the agent/firm and the Leelanau County Land Bank Board. Alternate contract periods may be considered.

### **Evaluation and Award Process**

Issuance of this RFP and receipt of proposals does not commit Leelanau County Land Bank Authority to award a contract. The County reserves the right to postpone receipt date, accepting or rejecting any or all proposals received in response to this RFP, or to negotiate with any of the brokers/firms submitting an RFP, or to cancel all or part of this RFP.

### **Deadline Date**

**The proposal must be submitted in a sealed envelope and clearly marked, "Real Estate Broker Services" and forwarded to:**

**Leelanau County Treasurer's Office  
8527 E. Government Center Drive, Suite 104  
Suttons Bay, MI 49682**

**Due by 3:00 p.m. on Friday, October 28, 2022.**

## Trudy Galla

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**From:** Jon Stimson <jon@homestretchhousing.org>  
**Sent:** Thursday, October 13, 2022 12:55 PM  
**To:** Trudy Galla  
**Cc:** John Gallagher  
**Subject:** RE: Marek Rd

Hi Trudy,

The Township voted 3 to 2 in favor of providing \$15,000 for the Marek Road/M-204 upgrades plus a recommendation to the Road Commission for a 50% match, and to provide the work.

Minutes have not yet been posted but the meeting epacket is available for downloading on their website.

Thanks,

*Jon*

*Jonathan Stimson*

**Executive Director**  
**Homestretch Nonprofit Housing Corp.**  
400 Boardman Ave., Suite 10  
Traverse City, MI 49684  
O: 231-947-6001  
C: 231-342-7014  
[www.homestretchhousing.org](http://www.homestretchhousing.org)



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**From:** Trudy Galla <tgalla@leelanau.gov>  
**Sent:** Thursday, October 13, 2022 12:43 PM  
**To:** Jon Stimson <jon@homestretchhousing.org>  
**Cc:** John Gallagher <jgallagher@leelanau.gov>  
**Subject:** Marek Rd  
**Importance:** High

Jon;  
Do you have any additional information on Marek Rd. that needs to go into the Land Bank agenda packet? I'm sending it out tomorrow morning.

Trudy

Trudy J. Galla, AICP, Leelanau County Planning Director  
8527 E. Government Center Dr., Suite 108  
Suttons Bay MI 49682

***Suttons Bay Township  
95 West North Street, P.O. Box 457  
Suttons Bay, Michigan 49682  
231-271-2722***

October 13, 2022

Leelanau County Road Commission  
10550 Eckerle Road  
Suttons Bay, MI 49682

To: Brendan Mullane, Manager, and Members of the Leelanau County Road Commission

The purpose of this correspondence is to advise you that during our recent October 12, 2022 regular board meeting, the Suttons Bay Township Board voted to support improvements to portions of the Marek Road surface and the M204 intersection area. The Board authorized disbursement of \$15,000 for this project, however, the motion is contingent upon the Leelanau County Road Commission's support on a cost-share arrangement. The township Board has always been appreciative of the County Road Commission's customary and usual willingness to be a partner with similar road improvement requests from our township and are hoping this project will be supported as well.

The Marek Road Homestretch Nonprofit Housing Corporation "Vineyard View Apartment" project will provide many positive results for our township and the Suttons Bay community by assisting with the demand for such housing while hopefully attracting more young people into our area. Your assistance with this request will help facilitate the development of this much needed project.

Thank You for your consideration.

Tom Nixon, Supervisor, Suttons Bay Township

CC Email to: Suttons Bay Township Board Members  
Jon Stimson, Executive Director Homestretch Nonprofit Housing Corp

## Trudy Galla

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**From:** Jeff Hawkins <hawkins@envirollogic.com>  
**Sent:** Wednesday, October 12, 2022 5:07 PM  
**To:** Trudy Galla  
**Cc:** Therese Searles  
**Subject:** RE: Request

Trudy-

First and foremost a land bank's 5/50 and a PILOT cannot exist together. The property is currently exempt from ad valorem taxes and would continue exempt under Homestretch's ownership. However, under the act, Homestretch would be subject to an annual service charge as discussed in the draft ordinance referenced in the board packet. There would be no ad valorem property taxes, including school, generated from this property for at least 15 years, possibly more. The following section of the act regulating this issue is copied below which I think explains it:

### Excerpt from PA346 of 1966:

Sec. 15a. (1) If a housing project owned by a nonprofit housing corporation, consumer housing cooperative, limited dividend housing corporation, mobile home park corporation, or mobile home park association is financed with a federally-aided or authority-aided mortgage or advance or grant from the authority, then, except as provided in this section, **the housing project is exempt from all ad valorem property taxes imposed by this state or by any political subdivision, public body, or taxing district in which the project is located.** The owner of a housing project eligible for the exemption shall file with the local assessing officer a notification of the exemption, which shall be in an affidavit form as provided by the authority. The completed affidavit form first shall be submitted to the authority for certification by the authority that the project is eligible for the exemption. The owner then shall file the certified notification of the exemption with the local assessing officer before November 1 of the year preceding the tax year in which the exemption is to begin.....

(4) Except as otherwise provided in this subsection, **any payments for public services received by a municipality in lieu of taxes under this section shall be distributed by the municipality to the several units levying the general property tax in the same proportion as prevailed with the general property tax in the previous calendar year.** For payments in lieu of taxes collected after June 30, 1994, the distribution to the several units shall be made as if the number of mills levied for local school district operating purposes were equal to the number of mills levied for those purposes in 1993 minus the number of mills levied under the state education tax act, Act No. 331 of the Public Acts of 1993, being sections 211.901 to 211.906 of the Michigan Compiled Laws, for the year for which the distribution is calculated. For tax years after 1993, the amount of payments in lieu of taxes to be distributed to a local school district for operating purposes under this subsection shall not be distributed to the local school district but instead shall be paid to the state treasury and credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

So, in summary, if the PILOT is in-place, the various taxing jurisdictions would receive some revenue from the service charge which would be 6% of the ad valorem mills. The land bank cannot capture this as 5/50 since this service charge is really a specific tax and the 5/50 is a specific tax and you can't have two specific taxes running at the same time.

An option for consideration would be to do a brownfield plan on the project with an eligible expense being a cost of “selling or conveying” the property to Homestretch (which could be commensurate with the 5/50 the land bank would have received) and begin collecting after the ordinance runs out and it is no longer tax exempt which could be 15 years or sooner if some or all of the property is sold and it is no longer held by a non-profit. Someone else will be tracking that one for sure. I hope this helps, please let me know if you want to discuss further or if I need to explain anything more.

I will be in Detroit at the MALB meeting. However, Therese is planning on attending either in person or via zoom if feasible. She can do either and will accommodate the needs of the LCBRA and you.

Talk soon.  
Jeff

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**From:** Trudy Galla <tgalla@leelanau.gov>  
**Sent:** Wednesday, October 12, 2022 3:51 PM  
**To:** Jeff Hawkins <hawkins@envirollogic.com>  
**Subject:** Request

**CAUTION: CAUTION! EXTERNAL SENDER** Were you expecting this email? TAKE A CLOSER LOOK. Is the sender legitimate? DO NOT click links or open attachments unless you are 100% sure that the email is safe.

Jeff;  
Can you provide me with an answer on this?

Here is the link to the 7/14/2021 Public Meeting agenda packet for the Suttons Bay Township Board: [https://www.leelanau.gov/downloads/71421\\_board\\_packet.pdf](https://www.leelanau.gov/downloads/71421_board_packet.pdf)

In here you will find an Ordinance for a PILOT on the Marek Rd project (Vineyard apartments). I'm also attaching the draft land bank minutes from September, where we discussed the PILOT and I asked about it and Jon Stimson said something about '6%'. The Ordinance spells this out.

Here's the question that the land bank needs answered: "Will the Land Bank see ANY 5/50 on this project once the Warranty Deed is released from Escrow and recorded to Homestretch?" My thought is 'no'. But, what happens to school taxes? County taxes? Homestretch will own it but be renting it....are ANY taxes generated from this property?

Thank you for your response. **It will be very useful for our meeting next Tuesday.** John Gallagher will be at the Land Bank conference. Will you be at the conference?

Trudy

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**SUTTONS BAY TOWNSHIP**  
**Leelanau County, Michigan**

**ORDINANCE NO. 2020- \_\_\_\_**

**PAYMENT IN LIEU OF TAXES TAX EXEMPTION ORDINANCE**  
**VINEYARD VIEW APARTMENTS**

An Ordinance to provide for a service charge in lieu of taxes for a housing project for persons and families with an income equal to or less than workforce income levels as related to annual medium income to be financed with an Authority-aided Mortgage Loan or an advance or grant from the Authority pursuant to the provisions of the State Housing Development Authority Act of 1966 (1966 PA 346, as amended; MCL 125.1401, *et seq*) (the "Act").

THE TOWNSHIP OF SUTTONS BAY ORDAINS:

**SECTION 1.** This Ordinance shall be known and cited as the "Suttons Bay Township Tax Exemption Ordinance – Vineyard View Apartments"

**SECTION 2.     Preamble.**

It is acknowledged that it is a proper public purpose of the State of Michigan and its political subdivisions to provide housing for persons and families earning workforce housing or less income levels, as compared to annual medium income ("AMI") and to encourage the development of such housing by providing for a service charge in lieu of property taxes in accordance with the Act.

That Suttons Bay Township is authorized by the Act to establish or change the service charge to be paid in lieu of taxes by any or all classes of housing projects exempt from taxation under this Act at any amount it chooses, not to exceed the taxes that would be paid but for this Act.



It is further acknowledged that such housing for persons and families earning workforce housing or less income levels, as compared to MCI, is a public necessity, and as Suttons Bay Township will be benefited and improved by such housing, the encouragement of the same by providing real estate tax exemption for such housing is a valid public purpose. It is further acknowledged that the continuance of the provisions of this Ordinance for tax exemption and the service charge in lieu of all *ad valorem* taxes during the period contemplated in this Ordinance are essential to the determination of economic feasibility of the housing projects that is constructed or rehabilitated with financing extended in reliance on such tax exemption.

Suttons Bay Township acknowledges that the Sponsor (as defined below) has offered, subject to receipt of a Affordable Housing Project (AHP) Mortgage Loan from the Federal Home Loan Bank of Indianapolis, FHLBI, to construct, own and operate a housing project identified as Vineyard View Apartments on certain property located at 525 North Marek Road in Suttons Bay Township, encompassing Parcel Nos. 45-11-011-020-004-13 to serve the qualified persons and families, and that the Sponsor has offered to pay Suttons Bay Township on account of this housing project an annual service charge for public services in lieu of all *ad valorem* property taxes.

Suttons Bay Township concurs that in granting applications for occupancy in the Housing Development, the Sponsor shall give first priority to those qualified applicants who are Leelanau County Residents. This paragraph is subject to the Sponsor's compliance with all Fair Housing laws and regulations.

### **SECTION 3.     Definitions.**

A.     Annual Shelter Rent means the total collections during an agreed annual period from or paid on behalf of all occupants of a housing project representing rent or occupancy charges, exclusive of Utilities.

B.     Authority means the Michigan state housing development authority developed under the Act.

C.     Contract Rents means the total Contract Rents (as defined by the U.S. Department of Housing and Urban Development in regulations promulgated pursuant to Section 8 of the U.S. Housing Act of 1937, as amended) received in connection with the operation of a housing project during an agreed annual period, exclusive of Utilities.

D.     FHLBI means the Federal Home Loan Bank of Indianapolis.

E.     Housing Project means the Vineyard View Apartments located at

525 North Marek Road Tax Parcel Nos. 45-11-011-020-004-13.

F. Mortgage Loan means a loan or grant made or to be made by the FHLBI to the Sponsor for the construction, rehabilitation, acquisition and/or permanent financing of the housing project and secured by a mortgage on the housing project.\_

G. Qualified Persons and Families means persons and families eligible to move into a housing project because of earnings equal to or less than the workforce income levels as compared to annual median income (or "AMI") published annually for Leelanau County by HUD.

H. Sponsor means Homestretch Nonprofit Housing Corporation and any entity that receives or assumes a Mortgage Loan.

I. Township means the Suttons Bay Township.\_

J. Utilities means charges for gas, electric, water, sanitary sewer and other utilities furnished to the occupants that are paid by the housing project.

#### **SECTION 4. Class of Housing Projects.**

It is determined that the class of housing project to which the tax exemption shall apply and for which a service charge shall be paid in lieu of such taxes shall be the housing project for qualified persons and families financed with a Mortgage Loan by the FHLBI identified as the Vineyard View Apartments.

#### **SECTION 5. Establishment of Annual Service Charge.**

The housing project identified as Vineyard View Apartments and the property on which they are or will be located shall be exempt from all *ad valorem* property taxes from and after the commencement of construction or rehabilitation. Suttons Bay Township acknowledges that the Sponsor and the FHLBI have established the economic feasibility of the housing project in reliance upon the enactment and continuing effect of this Ordinance, and the qualification of the housing project for exemption from all *ad valorem* property taxes and a payment in lieu of taxes as established in this Ordinance. Therefore, in consideration of the Sponsor's offer to construct and operate the housing project, the Township agrees to accept payment of an annual service charge for public services in lieu of all *ad valorem* property taxes. Subject to receipt of an AHP Mortgage Loan, the annual service charge shall be equal to 6 % of the Annual Shelter Rents/Contract Rents actually collected by the housing project during each operating year.

**SECTION 6.      Contractual Effect of Ordinance.**

Notwithstanding the provisions of section 15a(5) of the Act to the contrary, a contract between the Suttons Bay Township and the Sponsor with the FHLBI as third-party beneficiary under the contract, to provide tax exemption and accept payments in lieu of taxes, as previously described, is effectuated by enactment of this Ordinance.

**SECTION 7.      Limitation on the Payment of Annual Service Charge.**

Notwithstanding Section 5, the service charge to be paid each year in lieu of taxes for the part of the housing project that is tax exempt, but which is occupied by persons or families who are - not qualified persons and families under the terms of this Ordinance - shall be equal to the full amount of the taxes which would be paid on that portion of the housing project if the housing project were not tax exempt.

**SECTION 8.      Annual Shelter Rent Reports and Review**

The Sponsor shall report the annual shelter rent for the housing project to the Township within 45 days of the end of the prior calendar year. The Township shall have the right to inspect the Sponsor's records for the housing project and the right to audit and re-compute any amounts determined to be annual shelter rents.

**SECTION 9.      Payment of Service Charge.**

The annual service charge in lieu of taxes as determined under this Ordinance shall be payable in the same manner as general property taxes are payable to the Township and distributed to the several units levying the general property tax in the same proportion as prevailed with the general property tax in the previous calendar year. The annual payment for each operating year shall be paid on or before April 1<sup>st</sup> of each year. Collection procedures shall be in accordance with the provisions of the General Property Tax Act (1893 PA 206, as amended; MCL 211.1, *et seq*).

**SECTION 10.    Annual Audit Review**

Annually the Sponsor shall provide the Township Assessor with a copy of any independent audit furnished to the Authority that covers the prior year's operation of the housing project within 30 days of the Sponsor's receipt of the Audit. If the audit

discloses that the service charge paid in the prior year for the portion of the housing development occupied by qualified persons and families was greater or less than the percent of annual shelter rent to be paid under this Ordinance, the Sponsor shall pay any shortfall or receive a credit against the current years' service charge as appropriate.

#### **SECTION 11. Compliance and Collection**

Notwithstanding anything contained herein to the contrary, should the Sponsor fail to pay the final adjusted service charge in lieu of taxes granted hereunder, or fail to provide the verification of the calculations used to make a payment, the Township may determine that the Sponsor has violated the Ordinance and may then follow the collection procedures pursuant to the provisions of the General Property Tax Act (1893 PA 206, as amended; MCL 211.1, et seq) in order to collect the service charge.

#### **SECTION 12. Assignment**

In the event the Sponsor sells the housing project to a new owner, that new owner shall agree to abide by the terms of this Ordinance. Otherwise, the tax-exempt status of the housing project under the Act shall terminate.

#### **SECTION 13. Duration.**

This Ordinance shall remain in effect for 15 years and shall not terminate so long as the AHP Grant from the FHLBI remains outstanding and unpaid.

#### **SECTION 14. Severability.**

The various sections and provisions of this Ordinance shall be deemed to be severable and should any section or provision of this Ordinance be declared by any court of competent jurisdiction to be unconstitutional or invalid the same shall not affect the validity of this Ordinance as a whole or any section or provision of this Ordinance, other than the section or provision so declared to be unconstitutional or invalid.

#### **SECTION 15. Inconsistent Ordinances.**

All ordinances or parts of ordinances inconsistent or in conflict with the provisions of this Ordinance are repealed to the extent of such inconsistency or conflict.

**SECTION 16: Publication And Effective Date**

Within 30 days of the passage of this Ordinance, it shall be published and/or posted in accordance with the Michigan Townships Act, and this Ordinance shall take effect 30 days after its publication.

Date Approved: \_\_\_\_\_

Those Voting in Favor: \_\_\_\_\_

Those Voting Against: \_\_\_\_\_

Those Absent or Abstaining: \_\_\_\_\_

**CERTIFICATION**

I, \_\_\_\_\_, Clerk of the Suttons Bay Township, Leelanau County, Michigan, do hereby certify that the above is a true and correct copy of the Suttons Bay Township PILOT Tax Exemption Ordinance - Vineyard View Apartments” as adopted by the Suttons Bay Township Township Board at a meeting held on the \_\_\_\_\_ day of \_\_\_\_\_, 2020, at which a quorum was present.

Date: \_\_\_\_\_

\_\_\_\_\_, Clerk  
Suttons Bay Township

Published: \_\_\_\_\_

Filed with the County Clerk: \_\_\_\_\_

**Vineyard View Apartments**  
**PILOT TERM AND 6% PERCENTAGE CALCULATION**

Year	PILOT Amount
2020	\$ 4,160.00
2021	\$ 4,198.00
2022	\$ 4,236.00
2023	\$ 4,274.00
2024	\$ 4,312.00
2025	\$ 4,396.00
2026	\$ 4,482.00
2027	\$ 4,569.00
2028	\$ 4,658.00
2029	\$ 4,749.00
2030	\$ 4,842.00
2031	\$ 4,936.00
2032	\$ 5,032.00
2033	\$ 5,130.00
2034	\$ 5,229.00
TOTAL	\$ 69,203.00

Based on projected Shelter Rent and inflation factor of 2% annually