

**A regular meeting of the Leelanau County Housing Action Committee (HAC) Meeting was held on Monday September 25 at the Leelanau County Government Center.**

**CALL TO ORDER**

Meeting was called to order at 9:00 am by Chair Lois Bahle.

**ROLL CALL**

**Members Present:** L. Bahle, G. Allgaier, F. Clements, R. Foster, T. Wessell, J. O’Neill (9:05 am)

Members Absent: None

Staff Present: T. Galla, Director

Public Present: L. Mawby, Y. Brown, W. Irvin

**CONSIDERATION OF AGENDA**

Agenda accepted by consensus with no changes.

**PUBLIC COMMENT** – None.

**STAFF COMMNETS**

Galla reminded member of the Housing Summit coming up and also mentioned the September HHW collection in Peshawbestown was quite successful, bringing in 405 cars.

**CONSIDERATION OF JULY 10, 2023 MINUTES**

*Motion by Wessell, seconded by Clements, to approve the July 10, 2023 minutes as presented. Carried 5-0*

**OLD BUSINESS-** None.

**DISCUSSION/ACTION ITEMS**

Housing North – One Year Report – Housing Ready Program (Yarrow Brown)

Brown stated she will send out a copy of her PowerPoint later, she referenced her slides through the presentation, without showing. Brown reminded members of housing numbers. We need 31,000 units in the 10 counties, including market rate. If you go 120% or less, then they will need about 22,000 units. Grand Traverse County has the highest numbers for needs. It definitely shows a more homeowner need and what people prefer to live in for their region. Leelanau County has the highest price for homes in the region. The gap for affordable for is about \$382,000.00. Most of the rental needs are for people making 50% Area Median Income (AMI) or less. They need housing and rentals across the board but the highest is about 212 units for 50% or more. 1,953 units are needed for sale and 25% for market rate. About 1,500 affordable units needed. Brown continued, saying that when you think of housing and the missing middle, it’s the 81%-120% AMI that is needed. Leelanau also has the highest AMI in the 10-county region. The median household income and area median income are different. AMI is what HUD comes up with. Median income is about \$20,000.00 less per year. Median income comes a lot from census study. They are focusing on AMI. Brown said Housing North has a spreadsheet on their website anyone can refer to.

Brown mentioned weakness in the area of limited rentals and “for sale” housing, a disproportionate number of year-round rentals, lack of senior housing and low-income housing. There are however, quite a few parcels that could be available for projects. There are about 4,000 commuters that come into the county that don’t live here. Can you attract them to stay? And keep the ones that are traveling out of the county?

Clements asked about rentals and the need. Grand Traverse County and Traverse City seem to be building a lot, are they catching up? Brow replied, no, they still have a great shortage. A lot of what you see being built is market rate.

Foster asked about data on renters and Brown said it is in Housing North's report. We have an extremely low vacancy rate in our region, .7%. A healthy market is between 4-7%. It's pretty dire. Having enough types of units and the ability to downsize is important.

Allgaier said that people mention they can commute, but if someone is low income and is spending a ton on gas and the car breaks down, then they are done. Brown stated they also studied how far people commute and the average is about 20 miles but they prefer to be within 5 miles of work. On average, people in the region pay over 50% of their income on housing and travel. Bahle said they should look if there are clusters of affordability in Traverse City with the means of transportation out to Leelanau County because you can improve transportation faster than the housing. O'Neill said that is a trend that has been here forever. He looked at a housing needs study 30 years ago. It was 'drive till you qualify' for housing. It is important to emphasize the need of community to everyone and we need people living here.

Brown said it is also important where the development is concentrated. Keep it less expensive with infrastructure and within existing communities. O'Neill reported on short term rentals and how some people don't talk about renting out Accessory Dwelling Units (ADUs) as they don't want people to know. Brown mentioned enforcement of rental rules is also important.

Brown stated highlights for the year: monitoring at least 10 housing projects, Habitat for Humanity had some success. There are four homes in Maple City with new owners. There are about 76 new units in progress in Leelanau County in some form but not done yet. They have also participated in meetings on proposed projects. At least five communities are working on changes to zoning for housing. They focused on the east side of the county this year and took out the MAP zoning reform toolkit and get them to engage. They are connected with developers and get emails all the time from developers wanting information. They have worked on getting data and information out to people. There are 16 finished units they tracked and thanks to Peninsula Housing there will be 3-4 year-round homes that were preserved. They are really seeing that communities updating their zoning reform and master plans, including for housing and density. It takes time, relationship building is important and they encourage collaboration. There is a link to a database that has information and what they are tracking which includes, housing trust funds, housing overlay, etc. They are working to provide direct support to 11 communities. Empire is working on their Master Plan and they are reviewing that now and offering help. Be supportive of non-profits and developers in our region.

O'Neill asked if there was a brief explanation of housing overlay? Brown said it is similar to a watershed overlay where you would include affordability and it is an overlay district over your zoning. Attainable housing district could be used to identify a district and offer incentives and encourage housing. Brown said compared to some of our other communities, Leelanau is open to zoning reform but you are not in a community where you will see same density as perhaps Traverse City. They need to get our communities comfortable with zoning changes and get the tools in place to make sure they stay affordable and not short-term rentals. Traverse City and Frankfort are leading in this area.

Allgaier said Cleveland is about to launch their STR ordinance. Suttons Bay and Elmwood have one. Wessell said Northport has a committee working on it. Brown is trying to track those in a spreadsheet. Galla said that the Cleveland Township ordinance is on the County Planning Commission agenda tomorrow night and they will send recommendation back to the township. O'Neill said Elmwood Township uses some type of program to identify who is doing STR, through Airbnb. Brown confirmed there are companies that can track those and she has heard that it is slowing down.

Clements said he is intrigued by the chart that shows the different trades and incomes, it makes people realize these workers don't have a place to go in our county. He encouraged Brown to get that out in the communities so they understand who they are trying to house in this county.

Brown said they needed a conduit for getting people to show up, and more involvement. They could pull in people from other communities as well, like Little Traverse Bay Housing. Bahle said to give a message at each public meeting under public comment on stories of locals trying to get housing.

Galla spoke on different options for HAC, possibly a different type of group.

Brown said other groups have a large committee with business leaders, developers, non-profits, government – it is a conduit for calls to action, and also to get behind a project or provide education. If it is a broader group, they can call on other agencies. Information coming from business owners can make it more personal and more effective.

Wessell asked out of the 10 counties, who is your model? Who should we be emulating? Brown said Emmet County but it is still controversial. They have county zoning and support from some of the townships that have taken a lead. Frankfort is moving the needle with the land trust and they just saw this was important to their community. Grand Traverse has a lot but those tools have to be more active. Chris Forsyth through land bank and brownfield has coordinated projects.

Wessell said eight years ago they went to the county having a group because it seemed like local government was an organization that housed everything. Frankfort has been successful because of local government, chamber and schools are working together. Sat at lot of county commissioner meetings where commissioners said it is not our problem, but it is our problem and we can do something. The six of us and who come to meetings can't do a lot. We need community engagement when we do the plan – give them the action steps and hold them to it. Bahle commented that would mean a separate group but connected.

Wessell asked if there is any county that has a county commission that is effective, besides Grand Traverse. Brown replied, no. More village and city, not county. Clements said Frankfort works because they built stakeholders with foundations, businesses, government, etc. and they bought into the plan. We have not built that with our group. Foster said the western half of Benzie focuses on Frankfort, but not the rest. We don't have a town in our county that people focus on – they focus on Traverse City for large grocery stores, medical, etc. Clements -planning for the county – need to get business communities and large profits to support it. We have to be careful it doesn't just go on the shelf.

Discussion ensued on what communities need, getting people involved in different types of housing solutions, workforce housing, etc.

Clements suggested categories they would touch base with: Government agencies, Village presidents, Zoning administrators, national park service, Chamber of commerce, cherry growers, vintners, conservancy, Michigan State University, Leelanau Christian neighbors, churches, business communities, construction companies, financial institutions, etc. business. They need to include them for a housing plan so they have support for the plan. Brown said they are committed to helping and November could be the time for community engagement. O'Neill said getting non-profits involved and churches are important to help neighbors. People that need the housing are too busy to come to meetings.

Brown mentioned a regional housing partnership plan – finishing public review. Includes specific roles for our region – 3 priorities: housing stock, housing ecosystem, preventing and ending homelessness. Three working groups and steering committee to help with those. Communications, education and justice, and rentals/homes. The Plan was submitted Friday. Meeting quarterly to inform what we have done on that plan – steering committee to help guide it and review it annually. 5 top goals to MSHDA: we did 4 goals so far (in slide). Brown said this is not a Housing North work plan; this is a regional plan. You will get this – it is a working plan. They have 22,000 units needed and may try to hit 10% a year. She mentioned a deed restriction program they have for year-round housing if communities are interested. She also mentioned MSHDA Tax Increment Financing (TIF)– in packet – need to see if communities will be supportive of these efforts. They will have to come up with their own education plan around this tool. It is hard to wrap your arms around it – need it, particularly in Leelanau County. Right now, they are out of missing middle funding for projects. She communicated with MSHDA and they want to hear about

projects and significant gaps. She can talk to them if there is a funding gap that needs to be filled. If you get project in the queue, at least you will be considered at some point. At the housing summit, there will be a two-hour work session on MSHDA and funding that will be coming. They have a 'grants to watch' link on their Housing North website.

#### Discussion on Funding Options for Housing

O'Neill said Home Sweet Home is applying to foundations for support. They are not looking for government funding as there are plenty of others that will be applying. They are relying on community support.

Updates on other projects: Homestretch, Habitat for Humanity, Peninsula Housing, Home Sweet Home, other

Galla gave an update on Marek Rd. from Homestretch and the four lots the Land Bank has for sale. Irvin said there are two units left to build in Maple City. Hopefully they will be finished by the end of the year with new owners in it. All are invited to the October 10 ground breaking for New Waves project at 3:00 pm in the afternoon. Members applauded Yarrow Brown and her work.

Wessell asked about the New Wave development and what the status of it is. Irvin said six properties transferred to Habitat for Humanity. They are going to start two homes this fall. New Waves is seeking another organization. It has been very difficult and they need more funding.

Clements asked if it was a brownfield site? Irvin said with church ownership, they are limited to the type of funding they can go after. Irvin continued, the only problem between us and serving about 50 families in the region right now is the funding. In Frankfort they have a team and lots of people applying for the funding. They appreciate all you are doing and hope we can find next steps. Irvin said any creative financing they can find is needed. Wessell said they've done a really good job identifying the problem. They've supported these non-profit groups but tried to solve the problem with building houses. He hopes at some point they can get really creative with new solutions. They need different models-whole different models. (Trudy-check other counties – what do they do?)

Allgaier questioned, you can start two houses but need funding? Irvin replied, they are starting on two homes for two families that they brought into their program two years ago. They are raising funds for those two and a church has enough money for a third house. Right now, it looks like three will get started. Irvin spent an evening with them about a week ago, the comradery there and excitement is great.

O'Neill said he walked through those houses under construction in Maple City yesterday and they have walk out basements. He commented on people contributing once the building starts – people get involved and help pay for it. Irvin-TIF – hope the next opportunity is successful as we should be using it. She hopes TIF is supported all across this county. Brown said they need unit of government alongside them with all of these projects. Resistance is not going to work – these are investments in your community. Need to have all communities in the county supporting this. Wessell said Galla, the Land Bank and Brownfield have been a shining star for our county and what has been done here.

Mawby mentioned a project just outside of Suttons Bay and said fifteen families have started the process for just this one house. He hopes they can sell the house before the end of the year. With the help of a loan from Housing North, they acquired a duplex in lake Leelanau that was a rental. The landlord was retiring and needed market value. He knew if he sold it to a landlord then the rents would go up or it would be STR. He approached us some time ago and we worked out ability to acquire property, keep tenants in and keep rents low. Homestretch is our rental management.

Mawby continued, that they also acquired a 10-acre property on edge of Suttons Bay in the township. The township is working on amendments to the zoning ordinance. The ordinance now has property in a multifamily

housing district that would allow 80 units. They are looking at amendments that might make it easier for them to do a development. They are in the final stages of acquiring home in the village of Northport. Their intention is to sell it for less than what they paid for it, that's been their business model. Mawby hopes by next year they can say they preserved two affordable houses and two affordable rentals. Their 10-acre parcel, they will know by the end of this week if they get a planning grant. Getting that grant would make it easier to work with the community and make a plan for the acreage that fits the needs of the community and is endorsed by the community.

Mawby in anticipation of potentially building housing units, said they don't have the money. One way they are hoping to be able to finance it, is with tax free bond sales. While MSHDA can do that, they charge a lot. They like the model Grand Traverse County has – their EDC does it at substantially lower price and they are advocating that Leelanau County do it through an EDC or land bank. The county gets that authority established for another means of financing affordable housing developments. The cost for 80 units is 16–20-million-dollar projects. With tax advantage financing, you can't do it for less than a 2 million loan. It's clear that Leelanau County has the need for investing in housing to that scale –even a number of smaller geographical sites around the county, could be bundled into one bond sale. You don't have to build a lot of large developments; you can do smaller ones.

Leelanau county is unlike all the other counites in this area of Housing North...unlike any county in the state. By most methods, wealthiest county in the state but 46% of households in Asset Limited Income, Constrained, Employed (ALICE), or below. Probably the highest income disparity in the state. Also, a county without a city. A lot of the ability to provide affordable housing resides in the power of cities. They have the opportunity to skip 20<sup>th</sup> century model and create a new model of rural diversified housing that they provide housing to people that live and work here and want stay here after they retire from here. This county has capacity to figure this out.

O'Neill said Home Sweet Home loves to see that whole public setting filled with people at the meetings. Home Swet Home will be doing large gap financing, \$10,000.00-\$50,000.00 per house to allow people to qualify for first time home mortgage. There were ten families last year that qualified and were living in tents. That's an injustice and needs to be remedied. The work here has laid a firm foundation for communities to understand the need. Down payment assistance is deferrable and bears no interest so it doesn't hurt loan to income ratio. They sign deed restriction to sell to another income eligible buyer. The plan is to stabilize existing neighborhoods. We need to raise significant amounts of money – one of best ways is from volunteers. Another need is helping people who currently have homes, to stay in their homes. We do repairs that are \$5,000.00 or less on a home and have volunteers helping. By preserving existing homes as affordable is key to all our efforts – if we don't do that, we are building on quicksand. We can't outbuild the demand for housing. Doing project in Benzie, GT and Leelanau. Partnership model – we emphasize that the homeowner is giving all of us an opportunity to help out with our tools, talent and time. Once people are engaged and do that, they will continue to participate. Bahle heard from Max Strickland a while ago and he was involved in New Neighborhood and the depot project. He is building Evergreen project – 126 units south of Leelanau County. Using sludge hammer system for septic.

(Wessell left 10:32 am)

Discussion on sludge hammer process – 2-hour presentation on it at Housing North conference. Clements said the county now allows alternative treatment systems which is a positive.

#### Other Business

Clements asked questions about the four land bank parcels, bidding them, restrictions etc. Comments on them being in subdivisions, limitations, etc.

#### **COMMUNICATION** – MSHDA Housing TIF Training, October 9

Galla gave a quick update on TIF, training, and brownfield plans that need approval by local units.

**PUBLIC COMMENT** – None.

**STAFF COMMENTS** – None.

**MEMBER COMMENTS/CHAIR COMMENTS**

O'Neill said that Wessell talked about the need for creative programs. With every economic downturn, there are opportunities. He mentioned bidding on available properties with a plan to have individual players work on individual lots. This could be a goal for Housing North– rapid response fund. We are not a developer but could possibly step in with funds to help acquire property quickly or preserve year-round rentals that go on the market. But it will require county and others to put in funds. They would need a way to secure those development sites first, which is a goal they are striving for. Brown commented on getting those land bank properties to the local community first for housing development, as well. O'Neill question if anyone anywhere has been successful in purchasing a trailer park and converting it for other housing? Brown said there is limited funding for it and the rules for financing. Irvin stated that they were interested in something like that in the past but did not have the financing or resources.

**ADJOURNMENT**

**Meeting adjourned at 10:46 am.**