

Leelanau County Housing Action Committee (HAC) Meeting

Date: Monday, January 9, 2023 at 3:00 PM
Location: Leelanau County Government Center
8527 E. Government Center Dr.
Suttons Bay MI 49682

*(Proceedings of the meeting are being recorded and are not the official record of the meeting;
the formally approved/accepted written copy of the minutes will be the official record of the meeting.)*

(Please silence any unnecessary cellular/electronic devices)

Draft Agenda

Call to Order

Proposed Agenda

Organizational Items

1. Elect Chairman
2. Elect Vice-Chair
3. Approve 2023 Meeting Schedule *pgs 2*
4. Identify 2023 Goals (2022 goals attached) *pg 3*

Public Comments

Staff Comments

Consideration of December 12, 2022 Minutes *pgs 4-7*

Old Business

Discussion / Action

1. Update: Housing North - Presentations to townships & villages
2. Delivery of MAP Toolkit to local planning commissions (see attached list of meetings)
4. Update on projects: Marek Rd., Habitat for Humanity, Peninsula Housing, other *pgs 8-10*

Communication Items

Public Comments

Staff Comments

Member Comments/Chair Comments

Adjournment

2023 Members:

Lois Bahle
Frank Clements
Rick Foster
Phil Hallstedt
Melinda Lautner
Tony Lentych
Casey Noonan
John O'Neill
Sharon Oriel
Ty Wessell
Claire Wood
Steve Yoder

*Resource: Yarrow
Brown and Zach Hilyer,
Housing North*

**2023 Proposed MEETING SCHEDULE
for the
LEELANAU COUNTY HOUSING ACTION COMMITTEE
(HAC)**

2nd Monday of every other month at 3:00 PM

Day	Time
January 9	3:00 pm
March 13	3:00 pm
May 8	3:00 pm
July 10	3:00 pm
September 11	3:00 pm
November 13	3:00 pm
January 8, 2024	3:00 pm

Contact the Planning and Community Development office at 256-9812 for more information.

Meeting Location:

Leelanau County Government Center
8527 E. Government Center Dr.
Suttons Bay MI 49682

2023 Goals

Leelanau County Housing Action Committee (HAC)

1. Promote the preservation of existing affordable homes and rental units, and limitations on STRs.
2. Explore opportunities to work with the Land Bank Authority, non-profits, farmers and developers for land acquisition and to promote the development of new housing (seasonal, workforce, ag housing, etc.).
3. Prepare Public Forum pieces for publication in the Leelanau Enterprise.
4. Disseminate information to the community on agencies offering assistance with problems such as: foreclosure/eviction prevention, delinquent property taxes, housing repairs, etc.
5. Work with the health department and state on ways to improve the Part 41 process and timeframe for approvals.
6. Advocate for assistance to rural areas from state and local agencies.
7. Present Annual Update / Report to County Board.
8. Continue partnership with Housing North.

(Should there be Action Statements attached to the above to identify how these goals will be reached, who will do them, and when?)

A regular meeting of the Leelanau County Housing Action Committee (HAC) was held on Monday, December 12, 2022 at the Leelanau County Government Center.

CALL TO ORDER

Meeting was called to order at 3:00 pm by Chair Lois Bahle.

ROLL CALL

Members Present: L. Bahle, F. Clements, R. Foster, P. Hallstedt, T. Lentych, J. O'Neill, S. Oriel

Members Absent: T. Wessell, C. Noonan, S. Yoder, C. Wood, M. Lautner

Staff Present: T. Galla, G. Myer

Public Present: Z. Hillyer, W. Irvin

CONSIDERATION OF AGENDA

The agenda was accepted as presented by consensus.

PUBLIC COMMENTS – None.

STAFF COMMENTS – None.

CONSIDERATION OF OCTOBER 10, 2022 MINUTES

The minutes were accepted as presented, by consensus.

OLD BUSINESS – None

DISCUSSION/ACTION

Legislative Update: Zachary Hillyer, Housing North, Leelanau County Housing Ready Program Director

Hillyer reported that Housing Michigan Coalition along with Housing North are in support of four bill that would help to bring tools to communities to progress work force and affordable housing shortages. They just learned that the governor intends to sign them. The four bills include the following: payment in lieu of taxes, allowing communities to create table housing districts, temporary tax abatements and neighborhoods enterprise bill. Following the passing of this legislation, there will be groups to help communities better understand them and how to implement them.

Discussion ensued.

O'Neil asked about the short-term rental bill. Hillyer said that there hasn't been any activity on that. Galla asked if there has been any movement for a similar type of hotel tax on short term rentals (STR's)? Hillyer said that the current proposal would create a state wide registry for STR's and an excise tax which would be collected at the state level and then distributed to qualifying municipalities. This bill hasn't moved forward officially.

Bahle said the Village of Suttons Bay capped STR's at 45, although they have 66 right now. Those would just continue to exist and they will reduce the number by attrition over time. A short-term rental license does not transfer with a property sale. Bahle continued, saying they were concerned about accessory dwelling units (ADU's) being built and used as short-term rentals. Bahle said she provided them with a fact sheet to help clear up any confusion between the two.

Financing Affordable Workforce Housing

Clements said he recently had a new awareness of the gaps being faced by Homestretch and Habitat for Humanity by working with Homestretch on a project in Empire to do twelve affordable units and possible twelve market rate units. Clements then reviewed the magnitude of the problem with a presentation to members.

Discussion ensued on how many units/homes have been completed over the last several years.

O'Neil said they are actually losing modest homes to STR's and other investments. Clements mentioned the unintended consequences of people coming up here and retiring. People are building big homes and the land costs have gone up. Clements mentioned self-assessment and said the county needs to look at all kinds of ideas to help close the gap. Clements continued, mentioning Leelanau Cherry Growers Association, who in 2017 raised 1.8 million dollars to promote and research for their industry. Leelanau Vintners do the same kind of thing to promote their industry. The Homestead utilizes Public Act 263 to access a room tax, used to promote their local businesses. Clements also mentioned Public Act 395 and raised the question of why they can't come up with their own public act for housing needs to overcome the gap.

Bahle said a STR assessment doesn't seem direct because the money goes back to the state before it gets divided and some communities always seem to get more back. Bahle mentioned that a transfer tax on real estate has been brought up a lot. Lentych said a transfer tax can't be done in this state. Oriel said they need to determine what can be done locally, or what is done in the state. Lentych said a good case could be made for a STR tax because we have 25% of STR's in the state here. We should get more than one share of it because of the number of STR's we have here. O'Neil asked about a mileage in the county. Galla explained the recycling fee which is included on the winter tax bill and how that came about.

Galla continued, saying MSDHA funds were available when they did some units in the county and they got a construction loan from a local bank. MSDHA has gotten away from doing this. Lentych said that it is what needs to be brought back. Galla commented that through Sara Lucas's new position, maybe they could push for that again. Lentych said it needs to be in a broad generic sense, leaving STR's out of it. He would much rather go back to advocacy for housing. They need better marketing of the issues, then work on the specifics.

Consensus by members to move forward, using Hillyer as a resource, to see what can be done locally.

Update/Comments on 8th Annual Housing Summit

Hillyer stated that he has a link he can send to members who were unable to attend the Summit.

Bahle said she attended and all of the “things” are coming, but not soon enough. She thinks the Housing Reform Tool Kit is a wonderful document.

Galla also attended and said she thought there were too many presenters for one session. It made it hard to get a whole lot of information before time ran out. There was good discussion from a tribal member on housing issues. Galla said she thought getting people from different communities together to discuss what is working for them would be helpful. She attended a brownfield conference what had 10-minute sessions, which worked great. The speaker had everyone’s attention, then a quick question and answer.

O’Neil commented that the most valuable thing was the opportunity to network. Bahle talked about the step-down affect. People moving here who can’t find the caliber of home they want, so they buy a step down, and then tear it down to rebuild what they want. That home is then lost, which puts even more stress on the lower priced homes in the market.

Oriel asked about the \$200,000.00 blight grant from the state. Galla briefed members on grant, saying the application is due by the end of January. The application has to include a lot of information of projected development. What assessment work have they done, what are they going to do on the site, how much money are they going to spend, etc. The county has \$200,000.00 allocated to it in the first round, but the county has to submit a project. The best way to submit a property is if the Land Bank owns it or a local unit of government so that they have access right away. If it’s privately owned, there has to be a lien put on the property. Galla said there are three that are interested, but she is not sure if two of them will be ready because they are privately owned. Galla concluded by saying \$200,000.00 is good, but one project can eat that up in no time and there are some limitations of what the funding can be used for.

2023 Goals

Members reviewed the 2022 Goals and made comments.

Members agreed to continue with goal #5 which is to explore opportunities to work with the Land Bank Authority, non-profits, farmers and developers for land acquisition and to promote the development of new housing (seasonal, workforce, ag housing, etc.)

They will support the Leelanau Enterprise on public forum pieces for publication and highlight Hillyer in their annual update to the County Board.

Foster said they need to push throughout the county to limit the number of STR’s because they are a huge drain on potential workforce housing. Bahle commented that they could send information to each municipality.

Discussion ensued on which townships regulate STR’s.

Hillyer said he could provide current ordinances to members.

Clements commented on Environment, Great Lakes, and Energy (EGLE), Licensing and Regulatory Affairs (LARA) permitting issues and Part 41 Wastewater Construction Permits, which take a long time. He said they should focus on this next year.

Lentych said they can't forget to go back to the basics of advocacy because the democrats took over and rural communities are going to be overlooked. The need to talk about the value of this region to the state and how rural Michigan really matters. They have to start fighting for attention.

Other

O'Neil said he is moving ahead with the plan to provide gap financing for people who are approved for a mortgage, but can't find anything that is adequate for them in the market. He is confident they can help an individual or family secure a house with an approved mortgage and their help of around 20% of the purchase price. The buyer will put in a limited amount of sweat equity and the gap financing will be structured as an interest free loan that doesn't interfere with the mortgage. The payments will be modest to begin with and as the homeowner's income rises the payments will accelerate. In conclusion, O'Neil said they have two new board members and they are planning to procreate before the end of the year.

Bahle commented that she saw some action at Marek Rd. Galla said they did pull permits and requested addresses from the County Planning Department.

COMMUNICATION ITEMS – MEDC-Affordable Housing Myths

PUBLIC COMMENT

Irvin said she is delighted that the HAC is on the path to help fund the gap.

STAFF COMMENT

Galla said she and Hillyer have talked about going out into the community to talk about housing and promoting changes in zoning ordinances and master plans. Also, they have the EPA Assessment Grant that the county has received and the Brownfield Authority administrates, so that could be introduced to the communities. They have decided to hit the communities that show support for housing first. Galla concluded by saying that The Housing Reform Toolkit received an award from the American Planning Association. Lentych said they should find out how much it would cost to mail a copy to each Planning Commission in the county.

Bahle mentioned different types of housing such as dormitories mentioned in a zoning ordinance, but not studio apartments. Many are stuck in the idea that those are too small to be comfortable as a house or they are substandard. Galla stated that many communities don't have ADU's in their zoning ordinances; what they have is accessory uses, such as an accessory use to the house like a garage, or shed. They don't have accessory dwelling 'units'.

MEMBER COMMENTS/CHAIR COMMENTS

O'Neil questioned how Hillyer determines what his job is and who is his first priority? Lentych said Galla can ask him for help and resources because that is the partnership that was set up.

ADJOURNMENT

Meeting adjourned by consensus at 4:41 p.m.

Home Sweet Home

For IMMEDIATE RELEASE

January 5, 2023

For Additional Information, contact John O'Neill,
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johnoneillbackup@gmail.com

New Nonprofit Home Sweet Home to Offer Zero Interest Gap Financing to Modest Earners

"In this housing market too many people approved for mortgages can find nothing in their price range," said Jason Potes whose job duties include helping first time home hunters become mortgage ready. "They live in temporary seasonal rentals but around May 1 these will become Short Term Rentals. Rents will skyrocket. These householders have good credit and decent earnings but will scramble for lodging. Last summer we knew of ten credit-worthy families who were forced to camp out. This will happen again in 2023. The need grows more dire every year. Parents will continue to work, to meet their children's needs, but instead of becoming homeowners, they will become homeless."

"The hitch is the gap between their mortgage and the price of a house. For example a family is approved for a \$250,000 mortgage but the house costs \$300,000; that missing \$50,000 spells the difference between owning a simple, decent home and being homeless. That's not right," Potes said.

"During the October NW Michigan Housing Summit I asked a Michigan State Housing Development Authority representative if MSHDA had any programs for this dilemma," said John O'Neill. "She acknowledged the problem but said MSHDA had no such program."

Many primary residences are purchased by second home buyers or investors who convert them into short term rentals or flip them with a hefty price hike. "Studies verify that this increases the scarcity of homes and drives up local rents," O'Neill said. "Until now there has been no remedy for this conundrum." During last year O'Neill and Potes met over lunch every Wednesday at Oryana West to devise a solution. "We see too many responsible people excluded from homeownership because their approved mortgage falls just shy of the price of the house they need," O'Neill said. "The obvious solution is to lend them what they're missing, an amount that they can't carry if the loan accrues interest," he said.

Volunteers have formed Home Sweet Home, a new nonprofit to make bridge loans. O'Neill noted that, "The gap in local housing programs was until now the lack of manageable bridge financing. Home Sweet Home will close that gap."

"Gap financing will be designed to harmonize with the mortgage which could be reduced or withdrawn if our loan carried interest or high monthly payments. The gap could actually

increase," O'Neill explained. "If need be, we'll defer payments until the borrower's income increases or the main mortgage is repaid."

"The benefit for first-time buyers is purchasing a house with gap financing," O'Neill said. "A second is that our loan is interest-free. In exchange, we expect borrowers to sign a deed restriction; when they decide to sell the house it must be sold to another income eligible buyer. This protects the community's existing modest homes and preserves home ownership opportunities for those earning local wages." O'Neill added, "This third benefit will be good for the entire region, especially after we close on a significant number of homes."

"Until now the gap frustrated many first-time homebuyers. As simple, year-round residences become investment properties or vacation homes, house prices and rents rise and the housing crisis worsens. Unless we preserve existing homes we cannot build our way out of the housing crisis," O'Neill said.

Hasn't the housing market cooled recently? While properties remain on the market longer prices remain high. Even if home prices fall, those with cash who can close immediately will continue to frustrate first time buyers.

"The most vulnerable people are house hunters approved for Rural Development Direct mortgages, low-interest financing for modest income first time buyers. RD often requires various repairs before approving the sale; another buyer willing to purchase the home as-is often becomes the new homeowner instead," Potes said.

What to do? Experienced housing volunteers have formed Home Sweet Home, a new nonprofit that will extend bridge financing to credit-worthy applicants. Rural Development usually requires house repairs. If the seller is impatient the new organization may decide to add to the good faith deposit to hold the house while repairs are completed. It may also invest in materials and labor required to complete repairs. Homebuyers and volunteers will contribute labor. The value of the good faith deposit, cost of materials, and any hired labor will be credited at closing and added to the zero interest gap loan.

Home Sweet Home is a Christian group dedicated to demonstrating the love of neighbor through action and without discrimination. The new nonprofit articles of incorporation were effective on Christmas Day.

The Home Sweet Home team has extensive experience. Treasurer Colleen Gallagher served for 28 years as loan officer and manager of the Traverse Catholic Credit Union, Lake Leelanau branch. She is now assistant to the Elmwood Township Assessor.

Secretary Jason Potes earned an MSU Construction Management degree. He worked for Homestretch and the Benzie Housing Council. Jason also served on the Benzonia Village Board and on the board of Agape, a non-profit micro lender.

Board Member Cathy Sanders coordinated the Foreclosure Prevention Program of the Benzie Housing Program, leading a team of local bankers and realtors to secure loan modifications for some 55 distressed homeowners during the Great Recession.

Home Sweet Home Board President John O'Neill directed Lake County Habitat for Humanity when it was one of only three Habitat affiliates in Michigan. He was the founding executive director of Habitat Grand Traverse Region and later worked as an innkeeper and grant writer for the Goodwill Inn. O'Neill served as the Benzie Housing Council Executive Director for seven years. He has served on the Leelanau County Housing Action Committee since its inception.

"We've been asked, 'Why not build new?'" O'Neill said. "We're not interested in duplication. But until now no one offered bridge loans. We must preserve the availability of existing modest homes for people earning local wages--without this preservation we cannot make progress with new construction alone." He added, "People are looking for a decent home--whether it's new or not is immaterial so long as it's in good condition."

"Our plan is the soul of efficiency. With gap financing Home Sweet Home will be able to help five times as many families secure homeownership than building new," Potes noted. He also pointed out that market forces in our area will continue to put homes out of reach for many buyers, so that the deed restriction is needed. "When a homeowner decides to sell these homes will be available to future buyers earning local wages."

Home Sweet Home will begin serving homebuyers in and around Grand Traverse, Leelanau, and Benzie Counties. A new Michigan non-profit corporation, Home Sweet Home's top priority is to secure a 501(c.) 3 federal tax exemption. "We'll soon begin accepting preliminary applications so that we can let potential donors see that this crisis has a human face. We may also accept interest-free loans from benefactors for gap financing." O'Neill also expressed the hope that some sellers will offer price reductions to eligible buyers.

"Without our no-interest bridge loan many local workers will face homelessness," O'Neill said. "This is why we're so excited about Home Sweet Home--it fills the gap!"

For info or to help, contact John O'Neill at 231 228-6603 or johnoneillbackup@gmail.com