

The Leelanau County Land Bank Authority (LC-LBA) held a regular meeting on Tuesday June 20th, 2023 at 9:00 am at the Leelanau County Government Center.

CALL TO ORDER

Meeting was called to order at 9:00 am by Chairman Gallagher who led the Pledge of Allegiance.

ROLL CALL

Members Present: J. Gallagher, T. Galla, D. Heinz, G. Allgaier, R. Isphording, R. Foster, D. Allen

Members Absent: None.
(Prior Notice)

Public Present: L. Mawby, Peninsula Housing, T. Searles, Fishbeck

APPROVAL OF AGENDA

Gallagher added "letter of support to the Board for Leelanau County EDC", under Item #3.

Motion by Foster, seconded by Allgaier, to approve the agenda as amended. Motion carried 7-0.

APPROVAL OF MINUTES May 23, 2023

Heinz would like 'park' added to the top of page 3 after 'community'. He also asked about the motion on page 6 that is missing. The roll call vote is listed. Galla will review the recording and make the change.

Motion by Isphording, seconded by Allen, to approve the minutes as amended. Motion carried 7-0.

PUBLIC COMMENT- None.

UNFINISHED BUSINESS- None.

DISCUSSION/ ACTION ITEMS

1. Review Land Bank Vacant Parcel 008-360-134-00

Gallagher noted this is the parcel listed with RE/MAX. They received an offer, countered and they accepted. They went through a due diligence period and time expired for the due diligence. They ran into an issue with the Health Department being able to perform a perk test on the site. After three attempts, they suggested the LBA may need to get it surveyed in order to get a perk test done. The buyer withdrew the offer. They now are bringing it back to the board for consideration for pursuing a survey of the site.

Galla asked Gallagher for clarity of the perk test request. Gallagher said they couldn't establish where the boundaries were when they tried to do a perk test. Galla asked if there was a charge for that and Gallagher said no. Foster asked if the survey puts in posts? Gallagher, correct but we have not done that yet. Allen suggested the Director make a call and find out what next steps are and cost and bring that back.

Gallagher was going to ask if they can discuss the possibility of engaging with a surveyor not to exceed a certain cost to keep things moving forward. With the county's remonumentation program and current contract, perhaps we could engage someone.

Motion by Allgaier, seconded by Heinz, for Gallagher to use a surveyor to survey the Cherry Home property, with a cost not to exceed one thousand dollars (\$1,000.00).

Foster asked what the setbacks were. Galla asked if Gallagher knew of any other lots in the area that did not have a perk test? Gallagher replied, no and that either side is okay. Heinz asked if the real estate agent would relist and Gallagher replied that it was up to this board. They need a survey and answer

before tying up someone in escrow. The buyer is still interested.

Motion carried 7-0.

2. Land Bank owned properties

Gallagher wanted to bring back the request for proposals (RFP) which starts on page three of the supplemental handout provided. It was tabled last month and he is bringing it back this month to find out the LBA intent. Galla asked what they could do with the third rounds of funds. Gallagher said they can do rehab and acquisition for individuals under 80% area median income (AMI). Acquisition is up to ½ million dollars. Gallagher asked if they want to pursue this opportunity? Galla clarified that the funds must be used for rehabilitation on existing structures or acquiring property. Gallagher is working closely with Benzie County as they have same issues with regard to how they can use these funds in the next round. Benzie County has just hired a professional to help them. Gallagher has reached out to them to find out who that is and will bring it back next month.

Discussion ensued on timeline for rounds of funds. Allgaier asked if Fishbeck could help and Searles said yes.

Gallagher said what they have are vacant properties that are not on the tax rolls and their intent is to put it back to taxes and hopefully, affordable housing. This RFP would allow developers to have an opportunity to send them an offer on what they would do on the lots. This would be a tool to solicit interest and come back in 60 days with proposals or projects that they could have a discussion about. Allen asked if this document has been reviewed by legal counsel. Gallagher will follow up with legal counsel.

Motion by Allen, seconded by Heinz, to utilize the RFP single family residential new construction at Leelanau County as a document move forward pending approval and legal review.

Heinz said this looks like it would be a good document no matter how they approach getting rid of their properties or perhaps for acquiring more funds. Heinz noted discussion from last month that Homestretch and Habitat for Humanity had shown interest in these properties they have left. Gallagher is waiting on an official request. He talked with them informally and said they are working on this and asked if would there be any interest moving forward, in which both confirmed that they are interested. Heinz said they have Cherry Home in inventory now and perhaps they have an offer that will come back. That leaves Sugar Loaf and Timberlee areas and there is a minimum square footage requirement which might kick it out of affordable housing but might be missing middle. That would require charitable contributions to make the numbers work, therefore, those are the two best entities that he is aware of that can move those properties forward. Tatch Rd. has its own unique issues and some interest to maybe work with Grand Traverse Band of Ottawa and Chippewa Indians. That will be a tough one to get rid of and they should have a proposal no matter if they have a non-profit interested. Gallagher said in the past they did an engagement and purchase of develop agreement and signed off by counsel. They didn't have a proposal section; they went right to contract. Gallagher concluded they move this forward and bring to corporate counsel for solicitation, and limit it to Habitat for Humanity and Homestretch.

Galla suggested to remove wording of 'lowest' from the second statement of the cover page. Gallagher confirmed that legal counsel moves forward with the proposed change.

Isphording asked if there was any interest in opening this up beyond those non-profits. Gallagher said in all fairness, to post it on the website for transparency. Allgaier questioned on the grant that was discussed. Gallagher said the grant is not relevant to this today. Allen called the question.

Motion Carried 7-0.

Foster would like to add a preference given to responsible affordable housing authorities in the publication. Gallagher said they have to restrict it to serving affordable housing because most for profit developers don't have the tools or the understanding to get funding for the gap to be able to sell or rent at that level. These housing organizations have the ability to do that.

Gallagher continued into the second part of the discussion on foreclosed properties. They have no access proceeds claim to date so this parcel is slated to go to auction. The proposed true cash value is estimated at \$25,800.00. Without action by this body, this property will automatically go to auction. The LBA will have the right to acquire it at fair market value. Anything below that subjects this body and the Treasurer's Office to litigation and excess claims proceeds. Gallagher would like approval to acquire it and have corporate counsel review the transaction. This is prime real estate next to the condos in Timberlee. It is at the base of hill of 1.2 acres, hilly, which will make it a challenge to develop but it has potential for affordable housing. This would be acquisition and subject to future use, perhaps part of next grant round? The auction would be in August if they take no action. Gallagher said if it is not developable then the LBA will pass.

Gallagher explained the process for auction and right of refusal.

Allen would recommend forego bidding on this parcel and let it go to auction. Gallagher will bring up for discussion in July on what they can do on the parcel.

3. Letter of Support – EDC

Gallagher reviewed a draft letter for support of reestablishment of Leelanau County Economic Development Corporation (LCEDC), and for bond funding for organizations to use for their projects. Allen said this was a suggestion that came to herself as County Administrator, looking at tax exempt opportunities for development. This is currently being used in Grand Traverse County. She had the opportunity with Gallagher and finance director to meet with TC Connect on how they are utilizing this option. They had recommended for county to reestablish the EDC, because there were past funding opportunities that are specific to economic development entities.

Heinz said this is an alternative way to get financing at zero interest rate or lower financing. It is not a grant. Gallagher said the county has no obligation, they are not administering funds, and they are not pledging credit. They are condoning the use of the funds that a developer would have to pay. It makes the developer more marketable for the banking industry or portfolio asset. Isphording asked where the money comes from. Gallagher said it can go through a commercial bank. Isphording asked if they are in competition with a commercial bank, then? Gallagher would suspect, but has not dealt with these types of bonds before. Isphording asked where they got the money, from depositors? Gallagher said the county acts as an endorser. Funding would come as tax exempt bond, through a local bank. That is extent of this instrument.

Mawby said Peninsula Housing has been working with Allen and others from Grand Traverse County to encourage Leelanau County to follow the example of Grand Traverse County. Peninsula Housing is interested in this. The state issues tax exempt bonds for affordable housing projects. MSHDA is an agency that does that and they charge 150 basis points. Whatever bonds they sell for, the state adds in a fee. Grand Traverse County does the same thing for a smaller percent. They are interested in saving financing costs for affordable housing they do. That is genesis for looking at this as a financing mechanism for affordable housing in Leelanau County. Bonds are exempt from federal and state taxes so they are attractive to some developers because of tax exempt status. Individual investors can buy them if

they wish. The minimum amount to do to make sense is a couple million dollars, so small projects don't work. We at Peninsula Housing are encouraging this because if we are able to do what we want to do in Suttons Bay, it is about 20 million dollars. We need to find some financing and this is one of the potential tools. Other entities that have worked on affordable housing have not done projects big enough to make this make sense. Mawby believes they can combine a couple smaller parcels to make this work. He is advocating for the county to look at this to help with the problem of affordability of housing in the county.

Allgaier suggested instead of working out of the Traverse City model, they could create their own. Allen said one of the steps is a managing agent and they take care of all the coordination. They have to establish the EDC at the county level as the entity as a pass through. Gallagher said the proposal is that a letter goes to the Board of Commissioners. Galla suggested to change the first line to offer support of reestablishment of the LCEDC.

Motion by Allgaier, second by Foster, to approve a letter and have Gallagher sign and send to Board Chair. Motion carried 6-1, Isphording opposed.

4. Any Other Business

Allgaier brought up the grant that they talked about that Fishbeck could manage for them. Gallagher said internally they need to have discussion for an advocate and resource for the LBA. Allen is looking for a grant writer and perhaps a facilities administrator. Gallagher will bring back this topic in July. Gallagher said they will have to shoulder this to get this off the ground with the next application.

Gallagher said Peninsula Housing has requested a letter of support for a grant application. Please review and it will be on the agenda next month.

CLAIMS & ACCOUNTS- None.

POST AUDIT- None.

CORRESPONDENCE/COMMUNICATION ITEMS- None.

PUBLIC COMMENT

Mawby said the document that Gallagher gave members is one he generated. They will be back with a draft of a letter of support. The situation is they applied for a letter of intent to apply and they found out last Thursday that they can apply for the grant. They are hoping to get a planning grant to help on this project in Suttons Bay and they are seeking letters of support from various agencies. They really want to show the department of agriculture that there is a broad interest in Leelanau County. He hopes their planning process could be used by other entities in the county and in other counties. They have 10 acres and are happy to make that available to the LBA. They would like to do TIF on that project and need the LBA to make that work. If the LBA can acquire it with grant funds, they would love to work together. Mawby encouraged the LBA to apply for the grant fund.

MEMBER COMMENTS- None.

CHAIRPERSON COMMENTS- None.

ADJOURN

Motion by Foster, seconded by Allen to adjourn. Meeting adjourned at 10:01 am.