

JACKSON COUNTY LAND BANK AUTHORITY

MEETING MINUTES

DECEMBER 16, 2010

PRESENT: COFFMAN, JESTER, KRUSE, MARTIN, BUTLER, DUCKHAM, CUNNINGHAM,
TAYLOR, WILLIAMS, MAHONEY

VISITORS: Carl Rice.

ABSENT: FROUNFELKER.

Meeting called to order by Coffman at 7:38 a.m.

Public Comment: None.

Land Bank Communications Training – December 9th

- Coffman reported that she attended the training and sent out the power point presentation for the boards review.
- Coffman reported that there were many interesting people that attended not just land banks but other nonprofit boards as well.
- Coffman highlighted the 15 second elevator speech for the land bank and our talking points.

Property Sub Committee Updates

- Nov 19th – Sent revised Draft of Bid for limited services – real estate agent
- Nov 22nd - Subcommittee (Taylor, Kruse and Coffman) met to view 402 Douglas; requested budget from Walker
- Nov 23 - Dec 2nd – organized files, coordinate paperwork, revised property inventory listings
- Dec 3rd – posted 26 properties (Coffman and Kruse)
- Dec 6th – received budget from Walker for 402 Douglas; forwarded to subcommittee
- Dec 7th – posted 35 properties (Coffman); sent pictures of 1033 S Jackson from Nov 22nd
- Dec 8th – emailed listing of 2010 FRC parcels for land bank consideration
- Dec 3rd – now – phone calls and emails with questions about properties
- Dec 8th, 9th and 10th – Kruse met with interested parties to show eight houses
- Dec 9th – Coffman attended LB communications training
- Dec 10th – Kruse, Taylor and Coffman met with Walker on land contract for 402 Douglas

Property Sub Committee Recommendations

- Letter from Habitat for Humanity – 1033 S Jackson – to accept or not
 - Coffman reminded the board about the letter from Habitat for the house and referenced the pictures that the subcommittee took at the visit.
 - Recommendation is not to take the property at this time.
 - A letter will be crafted to Habitat for Humanity.
 - Martin inquired if they wanted for us to bank it for future use.
 - Discussion about the specific request.
 - Coffman read the letter from the Executive Director.
 - The intent is to be an outright donation.

Motion by Kruse, to write a letter to Habitat for Humanity declining the transfer of the property into the land bank, **support by Mahoney. PASSED.**

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- Coffman reported that she did a search under owner for Habitat for Humanity and they currently own 13 parcels. Several of their properties are near our land bank owned properties.
- Review of the 24 properties from 2010 FRC cycle that did not sell at either of the foreclosure auctions.
 - Coffman ran down the list of properties. Most are vacant lots but there are a few houses.
 - Coffman explained that the properties will belong to the County of Jackson unless the land bank wishes to transfer them. There was not enough time to research whether or not the land bank should acquire these properties and present the request to acquire through the County's standing committee structure during the month of December.
 - Recommendation from the subcommittee is to wait to acquire these properties until such time that the subcommittee has ample time to review and assess the properties and make a recommendation to the full land bank board. If there are properties that the land bank wishes to acquire, then proper notification to the County standing committee can be provided for the County Board of Commissioners.
 - Coffman reported that next year's cycle we should be able to assess these foreclosed properties earlier in the year, send the required notices to the local units per statute, have the land bank subcommittee review and assess those properties (if applicable) and go through the process for transfer before year end so that the next years taxes are not assessed.

Motion by Kruse, to have the subcommittee review and assess the properties, determine if the land bank will wish to acquire any said properties and go through the process to transfer the properties, if recommended by the land bank board in 2011, **support by Butler. PASSED.**

- Land Contract with Jeremy Walker, resident at 402 Douglas
 - Coffman updated that the house was structurally sound, in decent shape, and that Jeremy was busy cleaning the house as the subcommittee came by for a walkthrough
 - Coffman stated that during our visit, we requested a written budget of his finances and his girlfriend Lamia who will also be residing in the house.
 - Taylor reported on the terms that we discussed with Jeremy for the land contract sale of the house.
 - The terms: asking price of \$20,000 for the house, 8% interest, we talked about either 15 years or 20 years for the contract, we were trying to get to a monthly payment of approximately \$250 to \$300; we also estimated the taxes and talked about escrowing the taxes, he is employed, the girlfriend is also employed part time.
 - Coffman handed out the budget that Jeremy had prepared during this discussion.
 - Taylor described the current situation with the girlfriend and her lease and section 8 status.
 - Kruse stated that we also asked for \$2,000. down for closing costs.
 - Discussion about how the land contract and the terms will work.
 - Coffman stated that this was a very open conversation with Jeremy Walker.
 - Coffman stated that these terms are up for discussion and can change if the board wishes to do so.
 - Butler recommended that American Title has a boiler plate land contract form.
 - Martin inquired if we want to set up home buyer education as a condition of the land contract sale.

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- Taylor suggested that we put them on a lease for a year and have 10% of the lease money going towards the down payment. We can be creative with this and we can see if he can afford to make payments
- Martin stated that we are in the property management business.
- Mahoney expressed that we should be very creative and expressed concern about the existing roof of the house.
- Williams is concerned about the amount of the interest rate.
- Jester indicated that by law you have to charge an interest rate on the land contract purchase.
- Coffman reminded the board that as part of our policies and procedures in the disposition of the properties we set the interest rate at 10%.
- Duckham suggested that we use the County legal department to review the land contract document.
- Kruse stated concern that the girlfriend does need to get out of her current lease because she is considered as providing income for this land contract.
- Butler suggested that we need to send this back to the subcommittee for further review and for time to answer some of the questions that have arisen through the discussion.
- Coffman inquired of Martin if we could get some assistance with Community Action Agency and the foreclosure counselors for this process.
- Martin stated that they have budget counselors and foreclosure counselors that would be an excellent resource.
- Martin stated that if we wanted to be creative we might want to look into the Individualized Development Account (IDA) program at Community Action Agency. They may qualify for this program. Martin explained that it is a match savings account to buy either a home or repay the down payment for a home. For example, you would save up to \$1,000 dollars and through this program your money is matched 3 dollars to one. So you would have up to \$4,000 at the end of the program. If you are in this program, you must save for at least 6 months before you can qualify (you can save up to two years).
- Martin explained about the MAC saving program to build the money for the down payment, if they were renting, if we were interested in being a landlord.
- Taylor expressed a desire to begin collection of rent of some kind.

Motion by Taylor, to request \$250 a month rent from Jeremy Walker for the house at 402 Douglas, \$125 of that monthly payment would go toward the down payment, and the other \$125 would go to rent, effective January 15th, 2011, with a 30 day notice by either party to break the agreement, **support by Duckham.**
PASSED.

- Martin stated that this is why the budgeting class is important.
- Martin believes that we do need to get income verification from Jeremy.
- Coffman stated that this will go back to the subcommittee for review and tightening up the language.
- Jester stated that this creative type of thinking could become part of our business plan going forward.

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- Offer for 707 Edgewood and 1610 Leroy
 - Coffman reported that we have received two offers from Brian Rockwell for 707 Edgewood for \$12,500 and for 1610 Leroy for \$12,000 as a result of the showing of these houses.
 - Butler inquired about waiving the lead base paint inspection.
 - Jester stated that it is not required.
 - Mahoney inquired as to why we are willing to sell these properties to a land lord. Our goal is to have properties that are owner occupied. Coffman stated that Frounfelker had expressed the same concern in an email about who the land bank is selling these houses to.
 - Duckham stated that the landscape of the housing market and the foreclosures and goals of the land bank has changed.
 - Martin stated that the new working philosophy is changing from pushing for home ownership to pushing and working to stabilize neighborhoods. Stable was the key word.
 - Coffman stated that the sole purpose and intent for some of the recently acquired properties was to generate income for the land bank.
 - Martin inquired as to what the land bank has invested in these properties.
 - Coffman stated that for 707 Edgewood, the land bank paid \$6,200, set the list price at \$14,900. Mr. Rockwell offered \$12,500.
 - Coffman stated that for 1610 Leroy, the land bank paid \$10,500, set the list price at \$14,900. Mr. Rockwell offered \$12,000.
 - Kruse stated that he was originally considering a lower price for the property on Leroy.
 - Jester stated that we are saving about \$1,500 on each property in realtor costs.
 - Kruse wanted to state on the record that we have been transparent in the process of offering these properties. The properties have been posted with signs and have been on the website.

Motion by Jester, to approve and accept the two offers to purchase 707 Edgewood for \$12,500 and 1610 Leroy for \$12,000, as presented in writing by Brian Rockwell, **support by Cunningham. PASSED.**

- Martin inquired as to the conditions for the properties will work.
- Taylor explained that per the conditions, we will allow access to the properties so that he can winterize them while awaiting the quiet title completion. Taylor stated that the taxes will be exempt for 2011 as they have been transferred to the land bank.
- Discussion about the final details.

Properties sold and transferred

○ Vacant on Henrietta (Summit) 420-13-01-203-013-00	\$200
○ Vacant land on Brown (Springport) 000-01-11-401-001-02	\$200
○ Vacant land on 526 Quarry (City) 7-0578	\$200
○ Vacant lot on 704 Page (City) 6-0723	\$200
○ Vacant lot on 609 Burr (City) 7-0247	\$200
○ Vacant lot on 112 Rockwell (City)	\$200

- Coffman provided a new updated listing of land bank inventory of properties.

Other Business

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- Martin inquired as to how the process is going with the side lot transfers.
- Kruse inquired about the intern.
- Coffman stated that we are moving forward to meet with Spring Arbor University for 2011.

Adjournment

Adjourned by call of the chair at 8:47 a.m.

Next meeting is scheduled for Thursday, January 20, 2011 @ 7:30 am, room 101 Jackson County Tower Building.