

*"Menominee – Where the best of Michigan Begins"*

## MENOMINEE COUNTY BOARD OF COMMISSIONERS

*Menominee County Courthouse  
839 10<sup>th</sup> Avenue  
Menominee, MI 49858  
www.menomineecounty.com*

*Jason Carviou – County Administrator  
Sherry DuPont – Administrative Assistant  
Telephone: (906) 863-7779  
Fax: (906) 863-8839*

### **Economic Development Committee**

*Thursday, March 12, 2020 – 9:00 AM*

*Menominee County Courthouse – Department of Administration  
839 10<sup>th</sup> Avenue Menominee, MI 49858  
(906) 863-7779*

*(A Quorum of the Menominee County Board of Commissioners will be Present)*

- A. Call to Order
- B. Pledge of Allegiance
- C. Roll Call (Commissioner Gromala, Commissioner Phelps, Commissioner Hafeman, County Administrator, County Treasurer, MBDC Executive Director)
- D. Approval of the Agenda
- E. Approval of the Previous Minutes (December 3, 2019)
- F. Public Comment *(Statements, not debate, limited to 5 minutes on agenda items only)*
- G. Business
  - Presentation - inVenture North (Marketing & Tourism)
  - MBDC – Executive Director Report
  - Land Bank/Brownfield Authority – County Treasurer
  - Open Discussion
- H. Public Comment *(Limited to 5 Minutes)*
- I. Commissioner Comment
- J. Adjourn

# MENOMINEE COUNTY ECONOMIC DEVELOPMENT COMMITTEE

Minutes of Meeting

December 3, 2019

**\*\*DRAFT\*\***

The Menominee County Economic Development Committee met on December 3, 2019 at 10:00 AM at the Menominee County Courthouse in Menominee, Michigan.

## **I. Call to Order**

The meeting was called to order by Chair Gromala at 10:00 AM.

## **II. Pledge of Allegiance**

The Pledge of Allegiance was recited by those in attendance.

## **III. Roll Call**

Present: Chair Gromala, Commissioner Phelps, Administrator Carviou, County Treasurer Barb Parrett & MBDC Executive Director – Nancy Douglas.

Excused – Commissioner Hafeman.

## **IV. Approval of the Agenda**

Motion made by Commissioner Phelps, seconded by Executive Director Douglas to approve. Vote taken. **MOTION CARRIED UNANIMOUSLY.**

## **V. Approval of Previous Minutes**

Motion made by Commissioner Phelps, seconded by County Treasurer Parrett to approve minutes from the October 22, 2019 meeting. Vote taken. **MOTION CARRIED UNANIMOUSLY.**

## **VI. Public Comment**

None

## **VII. Business**

*A. Menominee Business Development Corporation - Report*

MBDC Executive Director Nancy Douglas provided the committee with the following:

- The Governor is reviewing all the economic development programs in the State, and that we should expect some changes.
- There are currently some significant cuts proposed to the Michigan Economic Development Corporation.
- Executive Douglas and other economic development professionals in the U.P. are lobbying on our behalf to keep funding for economic development programs in the U.P.
- The Governor is working on creating a cabinet level position for rural economic development. The County may eventually be asked to pass a resolution supporting the creation of this position.
- All the sculptures from the Art Place Grant have been installed. Commissioner Gromala commented that he donated solar lights for the statue at the Courthouse, but they were stolen within the first day or two. Executive Director Douglas and the County will look at donations/funding to install new lighting next summer.

#### *B. Menominee County Logo/Seal*

The committee discussed creating a new logo for Menominee County. Administrator Carviou provided examples from other counties and municipalities. Administrator Carviou stated that the committee should consider a design that is simple, identifies Menominee County, and is versatile in a way that it could be used on letterhead, a website, or on a vehicle. The Committee discussed what the theme of the logo should be and the consensus was that the new logo should focus on our natural resources/outdoor recreation/our connection to the outdoors in some way.

The Committee went around and each member identified which logos from the examples they liked best, and why. Administrator Carviou he will take this information and see if he can find someone to help design a logo based on that feedback, and gather some possible designs for a future meeting.

#### *C. Land Available for Economic Development*

Administrator Carviou provided examples of websites and a promotional video from other counties/cities that have a database of available commercial lands. He suggested that the County should try to compile a list, even if it is just a simple list maintained in Excel for now, that could organize all of the available land for commercial development in Menominee County. This will make it easier to identify potential building sites for interested businesses looking to locate in Menominee County. It was discussed that businesses are usually looking for shovel ready sites, with proper zoning, when they are interested in an area.

*E. Open Discussion*

The Committee discussed the County's role as the "salesperson" of Menominee County, and to help connect possible business interests with the right individuals to help with acquiring property, zoning, state programs, etc. The County can help support economic development projects throughout the County, and assist some of the smaller municipalities that don't may not have the experience with some of the different economic development programs and strategies.

**IX. Public Comment**

None

**X. Commissioner Comment**

None

**XI. Adjournment**

Motion made by Commissioner Phelps, seconded by Executive Director Douglas to adjourn.  
Vote taken. **MOTION CARRIED UNANIMOUSLY.**

## Executive Summary

Land banks in Michigan own and manage (i.e. upkeep, demolition, rehabilitation, new construction, vacant lot improvements, etc.) the most distressed residential, commercial and industrial properties in the state. Various studies provide measurable and objective and evidence that these properties have negative impacts on the neighborhoods they are in. These studies also provide strong evidence that property intervention activity disrupts and alleviates the negative impact that distressed properties have on their neighborhoods. While true, the size of the distressed property problem in Michigan remains larger than the resources currently allocated to address it.

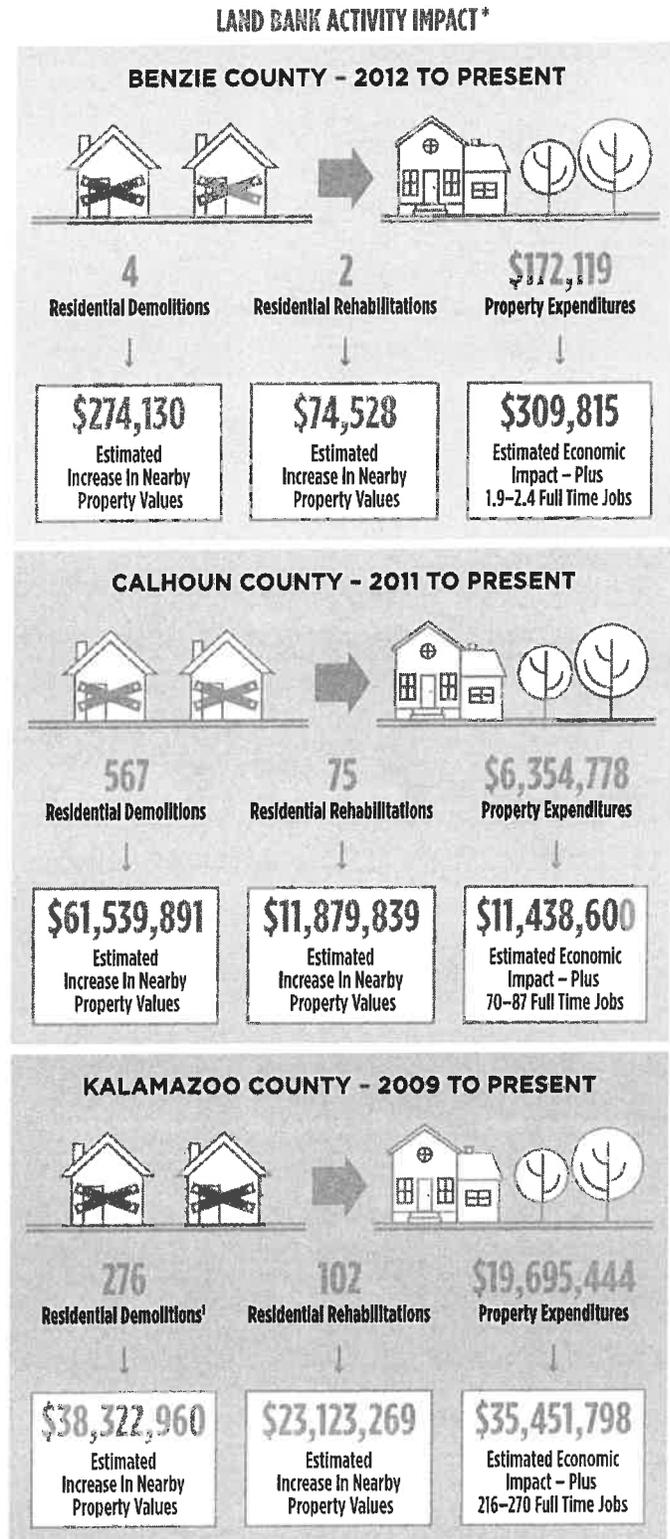
### KEY FINDINGS FROM REVIEW OF QUANTITATIVE STUDIES

- Land bank activity has positive impacts on home values and is shown to reduce mortgage foreclosure and crime rates.
- The property value protection and appreciation benefit that is experienced from residential demolition and residential rehabilitation far outweighs the cost of these activities.
- The impact of distressed property interventions varies greatly based on the attributes of the neighborhoods they are performed in.
- If land banks are provided with sufficient resources to identify and study neighborhood attributes and intervention outcomes, it will enable them to increase the positive impacts from each dollar spent.

### KEY FINDINGS OF QUANTITATIVE ASSESSMENT

The positive impacts of land bank property intervention and expenditure activities were estimated for three county-level land bank authorities in Michigan: Benzie, Calhoun and Kalamazoo, see right.

*\* Study findings do not quantify property value impacts from the following: commercial or industrial activities, residential new construction or vacant lot improvements.*



## Executive Summary

### KEY FINDINGS OF QUALITATIVE ASSESSMENT

Qualitative research collected direct land bank and stakeholder input about the impacts of land banks in Michigan. A state-level survey of Michigan's land banks, focus groups and key informant interviews were performed.

New and specific insight about the impact, benefit and challenges that land banks in Michigan face were identified. Overall, qualitative results strongly corroborate the results of the quantitative research.

Qualitative findings suggest that land banks provide numerous benefits to their surrounding communities: they reduce crime, increase property values, and revitalize neighborhoods. Stakeholders felt land banks positively impacted their community and furthered economic development goals in the following ways:

- Removing blight, resulting in improved safety, increased neighborhood pride, and beautification of former eyesores;
- Motivating other community members to purchase or adopt adjacent lots and improve their own property maintenance efforts;
- Increasing economic development;
- Getting properties back on the community tax roll;
- Holding property for future development initiatives;

Focus group participants thought, however, that land banks did not do enough to promote their work to the broader community and felt that many of their fellow residents held misconceptions about what the land bank's purpose was. Even among informed participants, there was significant confusion over:

- The role of the land bank;
- How the land bank acquires properties;
- Where the land bank is and how it is active in the community.

According to participants, other challenges facing land banks include:

- Community displeasure with the length of time some properties are held;
- Political turnover, which can lead to change in levels of support; and,
- Insufficient and unreliable funding to support staff and programs

### LOOKING FORWARD

Land bank tools were designed and have been implemented in the wake of economic decline, and have thus allowed acquisition by default of large volumes of distressed and unproductive land. These properties have significant value in the long-term assuming eventual economic growth. As the economy grows and becomes stronger these currently unproductive properties will regain value and become strategic assets that the land bank holds ownership of.

Future research would be wise to consider land banks in this light—as a strategic public institution with significant assets that can be leveraged for revitalization and growth. This result is already beginning to show itself through legitimate economic development and growth in Kalamazoo County. When economies begin to improve and the dial shifts from activity focused on addressing decline to activity leveraging valuable land assets to improve the tax base, a new conversation emerges that puts land banks at the center of a critical economic revitalization movement.

## Revitalizing Blighted Communities with Land Banks

by Jessica de Wit

### *What is a land bank?*

A land bank is a public authority created to efficiently hold, manage and develop tax-foreclosed property. (1) Land banks act as a legal and financial mechanism to transform vacant, abandoned and tax-foreclosed property back to productive use. Generally, land banks are funded by local governments' budgets or the management and disposition of tax-foreclosed property. (2) In addition, a land bank is a powerful locational incentive, which encourages redevelopment in older communities that generally have little available land and neighborhoods that have been blighted by an out-migration of residents and businesses. (3) While a land bank provides short-term fiscal benefits, it can also act as a tool for planning long-term community development. Successful land bank programs revitalize blighted neighborhoods and direct reinvestment back into these neighborhoods to support their long-term community vision.

### *Why have a land bank?*

Land is one of the most important factors in local economic development today and must be managed well to improve existing land use practices, enhance livability of communities, and support local community development. (4) In recent surveys, the Brookings Institute found that on average 15% of the land in major American cities is vacant. (5) Vacant and abandoned land does not produce sufficient property tax revenue for cities, which generally is their main revenue source. This lack of funds impedes a city's ability to sustain its operations, programs, and services. In addition, vacant and abandoned land discourages property ownership, depresses property values, attracts crime and creates health hazards.

To understand why it is important to have a land bank, it is necessary to assess the costly impact of vacant and abandoned land in communities. When there are vacant and abandoned properties in communities, neighboring property owners and the municipalities incur significant costs. The U.S. Fire Administration reports that over 12,000 vacant structure fires are reported each year in the U.S., which results in \$73 million in property damage annually. (6) In addition, abandoned properties tend to attract crime. A 1993 study of 59 abandoned properties in Austin, Texas, found that 34 percent were used for illegal activities and of the 41 percent that were unsecured, 83 percent were used for illegal activities. (7) This crime drains police department resources and leaves residents feeling unsafe in their own neighborhoods.

When property owners neglect and abandon their properties, the local municipality must use its own resources to clean and maintain the properties as part of their nuisance abatement responsibilities to protect the public health, safety and welfare of its community. For example, from 1999 to 2004, St. Louis spent \$15.5 million, which equates to nearly \$100 per household, to demolish vacant buildings. (8) Detroit spends roughly \$800,000 per year to clean vacant lots. (9) Abandoned and vacant properties drive down the surrounding property values, which lowers the property taxes that most municipalities rely on as a primary source of revenue.

Property abandonment can destabilize a neighborhood by causing an out-migration of property owners, who are worried about losing value on their properties due to surrounding vacant and abandoned land. A Temple University study suggests that, all things being equal, the presence of an abandoned house on a block reduces the value of all the other property by an average of \$6,720. (10) According to Emory University Professor Frank Alexander's research, "failure of cities to collect even 2 to 4 percent of property taxes because of delinquencies and abandonment translates into \$3 billion to \$6 billion in lost revenues to local governments and school districts annually." (11) While it is difficult to quantify all of the costs associated with vacant and abandoned properties, it is clear that they place a tremendous cost burden on communities.

### *Land Bank Benefits*

While abandoned and vacant properties depress property values, discourage property ownership, and attract criminal activities in the surrounding area, a land bank provides tools to quickly turn these tax-reverted properties back into usable parcels that reinvest in the community's long-term vision for its neighborhoods. Land bank programs act as an economic and community development tool to revitalize blighted neighborhoods and business districts. Land banks can benefit urban schools, improve tax revenues, expand housing opportunities, remove public nuisances, assist in crime prevention and promote economic development. (12)



Source: 2004 Kirwan Institute for Study of Race & Ethnicity, Ohio State University.

By transferring vacant and abandoned properties to responsible land owners through a land bank program, local governments benefit because they avoid the significant cost burden of property maintenance, like mowing and snow removal, as part of their nuisance abatement responsibilities. In addition, local governments benefit from increased revenue because the new property owners pay taxes on the property. Also, the local schools benefit because they receive more funding when there is an increase in property owners in their school districts. Land bank programs can increase the variety of mixed-income housing offered and provide more opportunities for affordable housing. Also, land bank properties, which become owner-occupied, discourage criminal activity thereby benefiting public safety and decreasing the cost burden on the local police and fire departments. Finally, the more residents and businesses that occupy property in a neighborhood, the more services and amenities will be needed, which boosts local economic activity.

Many cities, like Atlanta, GA; St. Louis, MO; Genesee County, MI; and Cleveland, OH; have established land bank programs to redevelop vacant and abandoned land as a productive use for their communities. These communities are using land banks as a tool to reuse their urban land and stimulate economic development and neighborhood revitalization.

#### *Land Bank Challenges*

While there are many benefits to establishing land banks in communities, there are also many challenges in operating and maintaining them. Several U.S. municipalities have had challenges with running their land banks. Atlanta's land bank has a lack of sufficient acquisition funds for both Community Development Corporations (CDC) and the land bank authority (LBA).<sup>(13)</sup> In addition, they have a need for ongoing improvement coordination among community development departments of local governments, the LBA and the Tax Commissioner.<sup>(14)</sup>

Cleveland's land bank challenges are the capitalization of projects, the CDC's limited capacity to take and rehab land acquired from the land bank and the time consuming administrative procedures, including the legislative process and aldermanic approvals.<sup>(15)</sup> CDCs want the City to go beyond supporting primarily tax-

delinquent vacant properties and take the lead on tax-delinquent properties that have existing structures and the possibility of environmental contamination.(16)

Genesee County's land bank challenges are whether urban tax-reverted properties have enough value to be purchased, even with the latest Land Bank Fast Track legislation.(17) In addition, there are concerns whether there will be enough revenue generated by the sale of these properties to pay the costs associated with administering a Redevelopment Fast Track Authority.(18)

#### *Case Study: Michigan's Land Banking Enabling Legislation*

To better understand how land bank programs work, it is helpful to review a case study. Following is a case study of Michigan's Land Bank Enabling Legislation and Michigan's Genesee County land bank program. It is important to first review a State's particular Land Bank Enabling Legislation because these laws provide land bank programs with the legal and financial tools needed to operate and maintain a land bank.

Prior to January 2004, Michigan's tax foreclosure laws on abandoned properties were ineffective because local governments did not have the authority to effectively manage tax-reverted land and prevent blight. Now, Michigan has one of the most progressive land banking laws in the nation.(19)

In January 2004, Governor Granholm signed into law the Land Bank Fast Track Legislation, Public Act (PA) 258, to provide communities with better legal and financial tools to put vacant and abandoned properties back into productive use.(20) This law establishes a state land bank authority while also enabling the establishment of city and county land bank authorities.(21) In addition, the law permits these authorities to expedite quiet title on properties, which it possesses, and make them available at nominal prices for productive reuse in the community.(22) The quiet title process is a legal action that eliminates all liens and past claims on a property and clears the title so a new owner may purchase the property without worrying about any unresolved claims.

In conjunction with PA 258, the Governor also signed into law four other related Public Acts:

PA 259 amends the Michigan Brownfield Redevelopment Act to allow any land bank authority owned property to be defined as "blighted property", which enables a tax increment financing board to provide assistance to a land bank authority with clearing or quieting a title, and disposing of property owned or held by a land bank authority.(23)

PA 261 creates the Property Tax Exemption Act, which exempts property, with titles held by land bank authority, from taxes and exempts property sold by a land bank authority from general property taxes for five years.(24)

PA 260 creates the Tax Reverted Clean Title Act to impose a specific tax, which would have the same rate of general property taxes for five years, on property sold by a land bank fast track authority. While one half of the revenue from this specific tax funds an authority's title clearance and land disposition costs, the remaining half is earmarked for local and state collecting units on a pro-rata basis.(25)

PA 263 amends the General Property Tax Act to permit a foreclosing governmental unit to request a title product other than an unreliable title search to identify the owners of tax delinquent properties at the time of foreclosure and describe a reasonable process for identifying these owners and providing public notice to them.(26)

#### *Michigan's Genesee County Land Bank*

In Michigan, Genesee County has been a leader in creating a successful land banking program. Under the Genesee County Land Bank Authority, tax foreclosed properties are held for a period of time before being returned to the market. This allows for the grouping of parcels together to provide a more attractive resale opportunity and the assessment of potential property owners to ensure that they will contribute to the long-term vision of the community.

The Genesee County Land Bank Authority has acquired title to more than 3400 land parcels, including nearly 6% in the City of Flint in the first three years of the program.(27) They have successfully transferred 130 foreclosed tenant occupied properties to non-profit housing agencies, whose goal is to stabilize neighborhoods and encourage home ownership.(28) In addition, the LBA has redeveloped a 30,000 sq. ft. mixed use building in downtown Flint, which has been empty since 1980, and they have assembled hundreds of empty lots for city development projects and local non-profit and community organization projects.(29)

#### *Land Banks as a Smart Growth Planning Tool*

While other cities' land bank programs, like St. Louis, have been used primarily as a fiscal tool to stimulate growth in their communities, Genesee County's land bank program has been used as a planning tool to align with their communities' long-term redevelopment plans that provide the greatest benefit. When Michigan's Governor Granholm signed the latest land bank legislation in 2004, she said, "Together these new laws will

help local planning officials to look at an entire area or region when developing land use plans."(30) In addition, the Governor said, "To make headway against urban sprawl, we must think regionally and use new tools."(31) Land bank programs are one of these smart growth tools that counter sprawl and revitalize the inner core of Michigan's cities. Based on Governor Granholm's state-wide smart growth goals, it is imperative that Michigan communities focus on city and region-wide planning instead of just fiscal objectives when implementing land bank programs.

#### *References and related links*

- 1) 2005. Smart Growth Tactics. Michigan Society of Planning, January.
- 2) Brooks, Amy; Collins, Demetria; Eichmuller, Barbara; Tintocalis, Melissa; van Leeuwen, Simon. 2004. Harnessing Community Assets: A Detroit Land Bank Authority. Taubman College of Architecture & Urban Planning, University of Michigan, April.
- 3) Blakely, Edward and Bradshaw, Ted. 2002. Planning Local Economic Development. California: Sage Publications.
- 4) Ibid.
- 5) Pagano, M. & Bowman, A. 2000. Vacant Land in Cities: An Urban Resource, Survey Series. The Brookings Institute.
- 6) 2004. Vacant Properties and Smart Growth: Creating Opportunity from Abandonment. Funder's Network For Smart Growth and Livable Communities, September.
- 7) Ibid.
- 8) Ibid.
- 9) Ibid.
- 10) Ibid.
- 11) Ibid.
- 12) 2004. The Multiple Benefits of Land Banking and Comprehensive Land Bank Planning for Detroit. Kirwin Institute for the Study of Race & Ethnicity, Ohio State University, April.
- 13) Local Initiatives Support Corporation. 2005. Atlanta Case Study: Model Practices in Tax Foreclosure and Property Disposition. Retrieved from [http://www.lisc.org/resources/vacant\\_abandoned.shtml?Affordable+Housing](http://www.lisc.org/resources/vacant_abandoned.shtml?Affordable+Housing).
- 14) Ibid.
- 15) Local Initiatives Support Corporation. 2005. Cleveland Case Study: Model Practices in Tax Foreclosure and Property Disposition. Retrieved from [http://www.lisc.org/resources/vacant\\_abandoned.shtml?Affordable+Housing](http://www.lisc.org/resources/vacant_abandoned.shtml?Affordable+Housing).
- 16) Ibid.
- 17) Wyckoff, Mark. 2003. All Communities to Benefit from New Land Use Legislation. Planning & Zoning News, December.
- 18) Ibid.
- 19) 2005. Smart Growth Tactics. Michigan Society of Planning, January.
- 20) Brooks, Amy; Collins, Demetria; Eichmuller, Barbara; Tintocalis, Melissa; van Leeuwen, Simon. 2004. Harnessing Community Assets: A Detroit Land Bank Authority. Taubman College of Architecture & Urban Planning, University of Michigan, April.
- 21) Ibid.
- 22) Ibid.
- 23) 2005. Smart Growth Tactics. Michigan Society of Planning, January.
- 24) Brooks, Amy; Collins, Demetria; Eichmuller, Barbara; Tintocalis, Melissa; van Leeuwen, Simon. 2004. Harnessing Community Assets: A Detroit Land Bank Authority. Taubman College of Architecture & Urban Planning, University of Michigan, April.

25) Wyckoff, Mark. 2003. All Communities to Benefit from New Land Use Legislation. Planning & Zoning News, December.

26) Ibid.

27) 2005. Smart Growth Tactics. Michigan Society of Planning, January.

28) Ibid.

29) Ibid.

30) Crowell, Charlene. 2004. In Lansing, A Legislative Breakthrough. Michigan Land Use Institute. Retrieved from <http://www.mlui.org/growthmanagement/fullarticle.asp?fileid=16609>.

31) Ibid.

## BROWNFIELD REDEVELOPMENT AUTHORITY

Under the Brownfield Redevelopment Act PA 381 of 1996, as amended, a municipality may create a brownfield Redevelopment Authority (BRA) to develop and implement brownfield projects. A BRA is a resource that may use Tax Increment Financing (TIF) as a tool for property redevelopment.

### WHO IS ELIGIBLE TO HAVE AN AUTHORITY?

Any city, village, township or county may create a BRA. A county BRA may be involved with eligible property throughout the county, but may not include a project in their brownfield plan unless the affected municipality concurs that the site in their community may be included in the county's plan.

### HOW DOES IT WORK?

Once created, a BRA reviews proposals for the redevelopment of eligible property and determines what financial incentives are necessary to assist the redevelopment. The authority prepares a plan that identifies the brownfield projects. Each project section of the plan includes the description of the eligible property, the eligible activities, the TIF approach to be taken and other issues related to the subject parcels. The authority then recommends to the governing body of the municipality (city or village council, township board or county commission) that the decision-making body holds a public hearing regarding the plan and subsequently acts to approve with modifications or deny the plan. The authority would recommend revisions to the plan as new projects are submitted or revisions are requested on existing plan projects.

### WHAT IS THE PROCESS?

The municipality may hold informational meetings to explain the purpose, powers and benefits of a BRA. In order to create an authority, the municipality must do the following:

1. The governing body of the municipality may adopt a resolution of intent to create an authority that includes a date for holding a public hearing on the adoption of a proposed resolution creating an authority.

2. The notice of the public hearing to create a BRA must include a date, time and place of the hearing.
3. The governing body holds a public hearing.
4. Not more than 30 days after the hearing the governing body adopts a resolution creating the BRA. A copy of the resolution must be filed with the Michigan Secretary of State promptly after its adoption.
5. The governing body designates the members of the authority. The authority members may be chosen from an existing downtown development authority (DDA), local development financing authority (LDFA), tax increment financing authority (TIFA), economic development corporation (EDC) or appointed at-large by the chief executive officer of the municipality.

Subsequently, the authority can hold meetings in order to elect officers of the board, to adopt by-laws of the authority and to adopt governing rules.

### WHY WOULD A COMMUNITY WANT TO CREATE THIS AUTHORITY?

The creation of a BRA allows local decision-making in the various aspects of brownfield redevelopment. Through redevelopment, a municipality can:

- Focus development in existing service areas.
  - Enhance tax base through private development.
  - Receive multiple taxing jurisdiction participation in redevelopment financing.
  - Provide reimbursement for eligible brownfield activities.
- A BRA provides a municipality with the opportunity to create a local brownfield financing resource, enhance local economic development capacities and market difficult sites based on the private investment incentives.

### SUPPORTING STATUTE

*Public Act 381 of 1996*