



**AD HOC COMMITTEE ON RENTAL AND
LAND CONTRACT HOUSING CONDITIONS
Wednesday, December 7, 2016 @ 9:30 a.m.
Council Conference Room**

The meeting was called to order at 9:39 a.m.

Councilmember Kathie Dunbar, Chair
Councilmember Judi Brown Clarke, Member
Councilmember Tina Houghton, Member
Councilmember Carol Wood, Member.

Others Present:

Sherrie Boak, Council Office Manager
Jim Smiertka, City Attorney
Angie Bennett, Finance Director
Sharon Frischman, City Assessor
Elaine Womboldt
Kathy Miles

Public Comment

No public comment.

Minutes

MOTION BY COUNCIL MEMBER BROWN CLARKE TO APPROVE THE MINUTES FROM MARCH 24, 2016 AS PRESENTED. MOTION CARRIED 4-0.

MOTION BY COUNCIL MEMBER BROWN CLARKE TO APPROVE THE MINUTES FROM OCTOBER 28, 2016 AS PRESENTED. MOTION CARRIED 4-0.

MOTION BY COUNCIL MEMBER BROWN CLARKE TO APPROVE THE MINUTES FROM NOVEMBER 4, 2016 AS PRESENTED. MOTION CARRIED 4-0.

MOTION BY COUNCIL MEMBER BROWN CLARKE TO APPROVE THE MINUTES FROM NOVEMBER 28, 2016 AS PRESENTED. MOTION CARRIED 4-0.

DISCUSSION

Assessor Role in Requirements of Obtaining Land Contracts

Council Member Dunbar stated that she had asked City Attorney Smiertka to draft a resolution that would, once adopted, provide guidance to the Assessor office on how they handle and process land contracts. It was noted that an Ordinance would be a permanent guide, however currently there is no section in the Codified Ordinances that dictate procedures or policies of the Assessor. Council Member Wood asked Mr. Smiertka if a committee report could be adopted as the resolution. Mr. Smiertka referred to a copy of an Ingham County Resolution on the topic drafted by Clark Hill and provided by Ingham County Treasurer.

Ms. Frischman acknowledged the Assessing Department support of a resolution that does require all land contracts for ownership be recorded. Mr. Smiertka corrected an earlier stating an ordinance could be done, but the resolution will work for immediate assistance and direction. Council Member Dunbar concurred stating her support for an ordinance in the future that would provide more support in enforcement. Council Member Wood asked for any conflicts the resolution would cause against the State requirements, and if the City resolution would be enforceable, along with if an ordinance would be enforceable. Mr. Smiertka confirmed an ordinance could be in conflict. Ms. Frischman pointed out that based on her experience; they are proposing to do it for the buyer protection, because without recording the land contract the seller could sell multiple times. Council Member Dunbar added that this needs to be looked at in a public interest, so when recorded both parties need to be there, so buyer and seller are both acknowledged.

Council Member Brown Clarke asked Law what would happen after the resolution is adopted, if they don't comply with submitting the land contract, would the transfer of ownership becoming "pending". Ms. Frischman confirmed her office of the Assessor would not recognize it. The property transfer will not be granted if they don't.

Mr. Smiertka then referenced and read from the Ingham County Resolution, suggesting using some of their wording for the draft resolution.

The Ingham County Treasurer has determined that the filing of Principal Residence Exemption Affidavits by persons claiming homestead status through a land contract are frequently not supported by an executed contract between the applicant and the actual property owner. This fraudulent activity serves to divest tax revenue from local municipalities and school districts in the County and creates obstacles for the Treasurer during tax foreclosure proceedings. The County Board of Commissioners desires to protect the public from unclear, unfair or deceptive methods, acts or practices in the conduct of business or commerce. Therefore, the purpose of this ordinance is to require verification by persons claiming owner status by land contract.

Article II. General Requirement.

Persons claiming ownership status by land contract in conjunction with the filing of a Principal Residence Exemption Affidavit shall provide a copy of that land contract, which has been recorded with the County Register of Deeds, to the local assessors office at the time of submission.

Council Member Dunbar stated again her interest for an ordinance in the future, understanding it would need to be written to not conflict with State law. With the public interest in mind, a resolution can address the issue immediate and will not cloud the issue but offer protection of the title and any fraud. The parties can choose not to record it, but the Assessor can also choose not to accept. Council Member Brown Clarke pointed out that the resolution has

guiding principles for an internal policy, as the City Ordinance is City “law” that currently is not enforceable because it could be challenged.

Ms. Frischman noted that without recognizing the transfer as land contract, the buyer is not on the tax record. The Assessor’s office does not say that they can’t sell if it is a land contract, but if the contract is not recorded they will not put the buyer name on the record. If the parties bring in a Property Tax Exemption (PRE) with the contract and it is not adequate they can deny it, and then the party’s next recourse would appeal that to the Tax Tribunal Board.

Council Member Wood asked if in the resolution it could include a clause that states a Committee on Ways and Means, because it is financial, would meet in one year to review if the resolution on the policy was working.

Council Member Dunbar asked Mr. Smiertka to use the Ingham County language in his draft of the City proposed Resolution and have it also include language that states any land contract coming to the Assessor, and any proposed Property Transfer Affidavit (PTA) done on land contract, has to accompany a recorded land contract in the process. The recorded document should include the Register of Deeds “Liber and Page”.

Council Member Dunbar asked Ms. Frischman if she could start to include the recent Ingham County Brochure on Land Contracts with all her mailing she sends out on incomplete PTA.

There was a brief discussion on non-profit owned properties and 501c3 entities.

Mr. Smiertka concluded by stating that what the City is seeing is not unusual because Kalamazoo also has seen issues with it.

The Committee agreed to meet for the final time on the resolution, with the resolution being drafted by City Attorney Smiertka, on Monday, December 12, 2016 @ 5:00 p.m.

Public comment

Ms. Womboldt informed the Committee she had attended the Planning Board meeting on December 6th and provided the Board members with the housing brochures from Ingham County.

Council Member Dunbar acknowledged City Assessor Sharon Frischman for her assistance and support in recognizing these issues.

ADJOURN

Adjourn at 10:19 a.m.

Submitted by,

Sherrie Boak, Recording Secretary

Lansing City Council

Approved by the Committee on December 12, 2016