



**AD HOC COMMITTEE ON RENTAL AND
LAND CONTRACT HOUSING CONDITIONS
Thursday, February 11, 2016 @ 8:15 a.m.**

Council Member Dunbar called the meeting to order at 8:22 a.m.

Councilmember Kathie Dunbar, Chair
Councilmember Judi Brown Clarke, Member – left at 8:45 a.m.
Councilmember Tina Houghton, Member
Councilmember Carol Wood, Member – left at 9:07 a.m.

Others Present:

Sherrie Boak, Council Office Manager
Scott Sanford, Code Compliance
Yolanda Bennett, Assistant City Attorney
Teresa Bowers, Assessing
Angie Bennett, Finance Director
Richard Williams

Ms. Bowers and Ms. Bennett begin the discussion outlining the current steps the City Assessing office does. This includes recording the land contract at the Register of Deeds first, making a copy at City Hall, then file the transfer affidavit with the City. Council Member Brown Clarke asked what the “script” was that is used when a resident comes to the City Assessing counter. The residents are instructed to record the land contract with the Register of Deeds because it is their best interest, and once it is recorded the County does notify the City. This is done in a bi-weekly download done by the City Assessing Department. Council Member Wood asked why some properties do not show a change when they become owner occupied, it still says 0% Homestead exemption. Ms. Bowers noted that the new owner has to fill out the paperwork, and if they do not and Assessing recognizes it they will mail out the paperwork to them. When Assessing inputs ownership into their system it is noted that the buyer of the land contract is the owner, and the land contract seller is the tax payer. The paperwork is not set to both parties because the State requires it be completed by the owner that lives at the property in order to receive the exemption.

Council Member Dunbar noted to the members that the Committee was informed by the County that some land contract sellers record the land contract at the Register of Deeds and do not give copies to the new owners.

Mr. Williams informed the Committee of practices where the seller pays the taxes, insurance and utilities. Most land contracts are written that principal interest include taxes, utilities, etc. Council Member Dunbar asked Mr. Williams why if they can’t afford to make tax or utility

payment why put them on land contract. Mr. Williams clarified that some of their credit scores won't let them get a mortgage. Council Member Brown Clarke noted that this process that was given as an example allows the seller to protect the house from going into the rear on the expenses. This way the risk is on the buyer and if they can't meet the terms then the seller gets the house back. Mr. Williams said that if the land contract is recorded, and the buyer does not pay on the land contract for 30-60 days, it is harder to get the house back. It is the same as a mortgage, and he is paying the taxes. The land contract allows the buyer "ownership" and if the homestead is in place their taxes are lower, the only difference is the seller is making the payments out of the monthly land contract payment, instead of the owners paying their own bills.

Council Member Dunbar asked Mr. Williams in his scenario whose name was on the utility bill. Mr. Williams agreed it was in the occupant name, but he has the bills mailed to him. Council Member Dunbar reiterated that if a buyer cannot afford or remember to pay utilities the seller shouldn't be in land contract with them. The protection afforded to the new owners is no longer there if it is not recorded, which is what the seller wants because if they do not make payment it does not go to court for the seller to receive back. At this time the residences should be a rental not a land contract. When asked why someone chose land contract over a rental, same conditions, and no rental inspection. Mr. Williams noted for the Committee he likes having his rentals because that allows him into his property with the inspector, anything he sells on land contract he cannot have access to.

Council Member Brown Clarke reminded the group that the task at hand is for the Committee to find where there are gaps and how Council can protect their residents. What can Council do in their City process so that there are not vulnerable individuals?

Council Member Wood gave an example of times she researched assessing on line that are land contracts however the BSA program does not show it as such, and under the tax payer it will be the persons the occupant has entered into land contract with. These properties also show 0% Homestead and it should be reflected 100%. If this is the information that Assessing is working off, and only sending homestead application to the taxpayer then the occupants, which are the new owners, do not know they have the ability to get homestead exemption. Ms. Bowers and Ms. Bennett reviewed the example on Council Member Wood tablet and reviewed a copy of a recorded land contract that Mr. Sanford provided, double checking land contract dates, Count received dates and the recorded dates. Ms. Bowers noted that when her office downloads information from the County bi-weekly, they choose the dates based on the last download. There could be an issue where the information they are downloading is not the recorded date, but the County is using the deed date, therefore causing a lapse in the information.

Council Member Dunbar asked the Assessing Department to create a report by flagging all the "LC" (Land Contract) sales from their data base in the "Instrument" tab. Ms. Bowers stated she would research the option.

Council Member Wood reminded the Committee that under the Ordinance all rental properties with a land contract either have to record with the County or complete the forms with Assessing. Ms. Bowers clarified that the reason the City now downloads the information from the County bi-weekly is that when they used to receive date from the County it could take up to four (4) months. Council Member Dunbar asked Ms. Bowers to confirm that the downloads are occurring and are current so there are no loop holes.

Council Member Houghton encouraged the Committee to start working on an educational piece. Mr. Williams asked that it note a title search should be required since a title search will show if there are interests on the property and the mortgage will need to be paid off before someone can sell to someone else on a land contract. Council Member Houghton asked Mr. Sanford for an update on the brochures he has mentioned in the past he was working on. Mr. Sanford stated he has many brochures however none finalized.

Mr. Williams asked that the Realtors Association and the Landlord Association be asked for their input on the educational piece.

Mr. Williams asked for direction on an issue with a medical marihuana grower in a residence where the order is evident outside the residence, therefore leading to a turnover in renters in the abutting properties. Mr. Sanford provided him with phones numbers and ordinances to contact regarding the nuisance.

Ms. Bennett assured the Committee Assessing will be working on the issue with downloading from the County and any discrepancies.

The next meeting was set for Thursday, March 24, 2016 at 8:30 a.m.

Minutes

Moved to the next meeting

ADJOURN

Adjourn at 9:13 a.m.

Submitted by,

Sherrie Boak, Recording Secretary

Lansing City Council

Approved by the Committee on March 24, 2016