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BILL ANALYSIS

Senate Fiscal Agency

Lansing, Michigan 48909

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Senate Bill 906

Sponsor: Senator Fred Dillingham

Committee: Human Resources and Senior Citizens

SEP 12 1988

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Date Completed: 8-2-88

SUMMARY OF SENATE BILL 906 as introduced 5-26-88:

The bill would create the Housing Commission Act to establish the Office of Housing within the Department of Commerce and a Housing Commission within the Executive Office of the Governor to coordinate all State activities related to housing and to review and make recommendations on the State's housing policies.

Office of Housing

The Office of Housing, created within the Department of Commerce, would exercise its powers and functions, including budgeting, procurement and management-related functions, as an autonomous entity, independent of the Director of the Department. The Office would be required to do all of the following:

- Be primarily responsible for coordinating all State activities related to housing.
- Cooperate with State and Federal agencies and receive funds for any housing-related purpose.
- Serve as a clearinghouse for the collection and distribution of information on housing.
- Make necessary contracts incidental to the performance of its duties and execution of its policies.
- Evaluate the effect of State and Federal statutes on housing and recommend to the Governor and the Legislature appropriate changes.
- Make recommendations to the Governor and the Legislature on budget and grant requests for housing programs.
- Establish an appeals procedure, subject to approval by the Commission, which would not be limited to denials of funding.
- Provide technical assistance to State and local agencies in planning, program development, administration and evaluation, and encourage, promote, and aid in the creation of safe, affordable quality housing.
- Evaluate, in cooperation with appropriate State departments and agencies, the effectiveness of public and private policies which affect housing in Michigan and are funded by Federal, State, local and private resources.
- Establish an educational and public information program to foster public understanding of housing problems; provide information on housing programs available to assist persons in this State; and encourage the development of private and public community programs to improve the quality of housing in Michigan.
- Establish demonstration housing programs in selected communities in the State. The programs would be established to demonstrate and test the effectiveness of the programs, stimulate continued support for the programs, and create new housing services using Federal, State, local or private funds and resources.

- Develop a comprehensive annual State housing plan with yearly updates regarding the housing priority needs of Michigan as well as recommendations for future action, and serve as the single State agency responsible for supervising and administering the plan. The Office would be required to submit an annual report to the Governor and the Legislature by January 31, detailing the progress of the Office and the Commission in implementing the plan.
- Pursue and receive on behalf of the State any grant or gift made for the purpose of improving housing in Michigan, and accept any grant or gift so that title would pass to the State. All grants and gifts would be deposited with the State Treasurer and used for the purposes set forth in the grant or the gift if those purposes were within the powers that would be conferred on the Office and the use were approved by the Legislature. If the use were not approved, the grant or gift would revert to the donor or the donor's administrator or "assigns".

The Office, in consultation with the Housing Commission, could promulgate rules to implement the bill according to the Administrative Procedures Act.

The Governor, with the advice and consent of the Senate, would appoint a director of the Office who would serve as a special assistant to the Governor on the problems of housing in the State. The Director would be exempt from the State classified civil service and would receive compensation as provided by the Legislature. The Director or his or her designee would serve as Office liaison to the Housing Commission.

Housing Commission: Powers and Responsibilities

The Housing Commission would be required to do all of the following:

- Advise the Governor, the Legislature and the Office of Housing concerning the coordination and administration of State housing programs.
- Make recommendations to the Governor and the Legislature regarding changes in Federal and State housing programs, statutes, and policies.
- Participate in preparing, approving and reviewing the State housing plan.
- Review and approve grants to be made from State, Federal, or other funds administered by the Office.
- Review and advise the Governor and the Legislature on the State's policies concerning housing.
- Participate in the development of and approve the statements and reports required in connection with the development of the annual State housing plan.
- Convene public meetings or hearings to identify and discuss issues or concerns relating to housing.

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- Establish additional specialized advisory committees as needed.
- Establish policies pertaining to implementation of Federal and State statutes involving funds administered by the Office.
- Provide adequate and effective opportunities for interested persons and advocates to express their views on housing policy development and housing program implementation.

The Commission could make and enter into contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers, subject to the following limitations:

- A Commission member could not participate in the selection, award, administration, or approval of a contract or grant if, to his or her knowledge, any of the following persons or organizations had a financial interest in the contract: a Commission member or the member's partner, a member of the Commission member's immediate family, an organization in which any of the persons previously mentioned was an officer, director or employee; or a person or organization with whom any of the persons previously mentioned was negotiating or had any arrangement concerning prospective employment.
- Commission members would be required to make known a potential conflict of interest before a vote regarding a contract or approval of a grant by the Office of Housing.
- A Commission member would be required to abstain from discussing a relevant motion, making a recommendation, or voting in regard to a contract, grant or policy if his or her personal or business interest were involved.

Commission Membership

The seven members of the Housing Commission would be appointed by the Governor with the advice and consent of the Senate. Three of the members would have to be appointed from a list of candidates provided by the Senate Majority Leader and two members would have to be appointed from a list provided by the Speaker of the House of Representatives. Members of the Commission would serve staggered three-year terms and any vacancy on the Commission would be filled in the same manner as the original appointment. A chairperson would be elected annually from among the membership. Members of the Commission could be removed from office by the Governor in accordance with Section 10 of Article V of the State Constitution, which provides for the removal or suspension of public officers. Commissioners would be entitled to per diem compensation as established annually by the Legislature and to actual and necessary traveling and other expenses incurred in the performance of official duties in accordance with the standard travel regulations of the Department of Management and Budget.

The Commission would be required to hold regularly scheduled meetings. Special meetings could be held at the call of the chairperson or four members of the Commission. Written notice of special meetings would have to be mailed to each Commissioner at least 10 days before the date of the special meeting. Four members of the Commission would constitute a quorum for the transaction of business.

The Commission would be subject to the Open Meetings Act and the Freedom of Information Act.

Legislative Analyst: L. Burghardt

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on State and local government. By making some assumptions, an estimate of the fiscal impact on the State can be developed. To summarize, the range of average annual costs to the State, based on the assumptions discussed below, would be approximately \$742,524-\$1,950,732, and one-time start-up costs would be an additional \$150,000-\$400,000.

The bill would establish a seven-member Housing Commission. Assuming the seven members of the Housing Commission were paid on a per diem basis consistent with Department of Licensing and Regulation board per diem payments (\$50/day + \$80/day average travel and miscellaneous expenses), and assuming the Commission met once a month, the cost to the State of the seven-member Commission is estimated as \$10,920.

$$\begin{aligned} (7 \text{ members} \times \$50 \text{ per diem} \times 12 \text{ days}) &= \$ 4,200 \\ \text{plus } (7 \text{ members} \times \$80/\text{day travel and} \\ \text{miscellaneous} \times 12 \text{ days}) &= \underline{6,720} \\ &= \$10,920 \end{aligned}$$

The bill also would establish an Office of Housing within the Department of Commerce to perform several functions described under "CONTENT", above. The bill would establish the position of Director for the Office of Housing. Assuming the Director would be paid the same salary as the Director of MSHDA, the annual cost to the State would be \$85,000 (\$65,000 salary and \$20,000 benefits).

It cannot be determined at this time whether any additional staff would be required for the Office of Housing or whether any staff would instead be transferred from existing programs. Assuming a staffing level of 10-30 additional FTEs for the Office of Housing, detailed as follows, the fiscal impact to the State would be \$402,736-\$1,208,208.

	Annual Salary	Annual Benefits @ 30% of Salary	
<u>10 Additional FTEs</u>	27,374	8,212	
Executive Secretary VI	49,235	14,771	
2x General Clerk IV			
3x Departmental Technician IVB	78,300	23,490	
Executive Office Rep. VIII	39,401	11,820	
2x Property Specialist VII	72,036	21,611	
Departmental Administrator IX	<u>43,451</u> 309,797	<u>13,035</u> 92,939	= \$402,736

30 Additional FTEs

$$\$402,736 \text{ cost for 10 FTEs} \times 3 = \$1,208,208.$$

If supplies, printing, mailing, data processing, and accounting expenses are estimated at 50% of the salaries and benefits costs of the Office of Housing staff, the total cost of these office functions would be an additional \$243,868-\$646,604 annually.

One-time start-up costs to the State, estimated at 20% of the total annual Office of Housing costs, would be an additional \$150,000-\$400,000.

Fiscal Analyst: J. Schultz

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.