



**House
Legislative
Analysis
Section**

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HOUSING COMMISSIONS

House Bill 4973

Sponsor: Rep. Lyn Banks

Committee: Urban Policy

Complete to 9-18-95

A SUMMARY OF HOUSE BILL 4973 AS INTRODUCED 6-16-95

The bill would amend Public Act 18 of the Extra Session of 1933, which allows local units of government to create housing commissions to "purchase, acquire, construct, maintain, operate, improve, extend, or repair housing facilities and eliminate housing conditions which are detrimental to the public peace, health, safety, morals or welfare." The amendments include the following.

-- A housing commission could be a borrower under the act if so empowered by ordinance of the local governing body that created the commission. This would mean the commission could issue revenue bonds. Currently, the term "borrower" only applies to a city, village, township, or county operating under the act. Deeds, mortgages, contracts, leases, purchases, or other agreements regarding real property could be executed in the name of a commission or its incorporating unit, as specified by ordinance or resolution of the governing body. If a commission did act as a borrower, it could loan any amount of the borrowed money to the incorporating unit, which could execute any deed, mortgage, lease, contract, or other agreement with respect to property for which the bonds or notes were issued. If the commission made a loan to a local unit, the unit would have all the powers granted a borrower for securing payment of the loan. The bill also would allow a governing body to transfer property taken under its power of eminent domain to the commission. The transfer would be considered necessary for public purposes and for the benefit of the public.

-- Several provisions from the Municipal Finance Act (MCL 131.1 et al.) regarding the nature of bonds or notes that can be issued and the powers of borrowers would be incorporated into Public Act 18.

-- A housing commission would be specifically authorized to form or incorporate non-profit corporations for any purpose not inconsistent with the purposes for which the commission was formed. The commission could serve as a shareholder or member of a qualified non-profit corporation. The bill also specifically provides that a housing commission is "a public body corporate" and (except as otherwise provided) can sue or be sued in any court of the state.

-- The bill specifically permits a commission to solicit, accept, and enter into agreements relating to, grants from any public or private source, including the state or federal government or any of their agencies, and permits a commission to carry out any federal or state program related to commission purposes. The bill also would expand the list in the act of persons a commission can hire to include attorneys, accountants, and other

House Bill 4973 (9-18-95)

professional consultants and would permit an authority to fix the compensation of officers and employees without the approval of the appointing authority.

-- The property, income, and operations of housing commissions and qualified non-profit entities would be exempt from all taxation by the state or any of its political subdivisions. However, the governing body of a local unit could adopt an ordinance requiring a commission to pay an annual service fee in lieu of all taxes with respect to projects or facilities of the commission or qualified non-profit entities. The fee could not exceed ten percent of the annual shelter rent obtained from the projects or facilities. (The act currently contains a provision specifying how rents should be determined; rents must cover certain specified costs, including payments in lieu of taxes.) For the purposes of this provision, a non-profit corporation (or a limited partnership having a non-profit corporation as its sole general partner) would be a qualified non-profit entity if the housing commission owned the non-profit corporation or was its sole member, or if a majority of the non-profit's board were elected and removable by the commission.

-- The bill would permit a member of the housing commission to be removed before the expiration of his or her term for misfeasance, malfeasance, or nonfeasance of duty, following notice and an opportunity to be heard. Currently, the act says "members of the commission may be removed from office by the appointing authority." The bill also would specify that a member of the governing board of an incorporating unit could not be appointed to the commission; the two offices would be considered incompatible. The appointing authority could, however, appoint one member of the governing body to serve as a nonvoting ex officio member of the commission.

MCL 125.561 et al.