



HOUSE BILL No. 6138

September 25, 1996, Introduced by Rep. Varga and referred to the Committee on Local Government.

A bill to amend Act No. 279 of the Public Acts of 1909, entitled as amended
"The home rule city act,"
as amended, being sections 117.1 to 117.38 of the Michigan Compiled Laws, by adding section 5j.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Act No. 279 of the Public Acts of 1909, as
2 amended, being sections 117.1 to 117.38 of the Michigan Compiled
3 Laws, is amended by adding section 5j to read as follows:

4 SEC. 5J. (1) WHETHER OR NOT AUTHORIZED BY ITS CHARTER, A
5 CITY MAY PROVIDE BY ORDINANCE FOR A PROCEDURE TO SELL ELIGIBLE
6 PROPERTY DESCRIBED IN SUBSECTION (5) TO A COMMUNITY-BASED ORGANI-
7 ZATION FOR 1 OR MORE OF THE FOLLOWING USES:

8 (A) THE CONSTRUCTION OF NEW HOUSING FOR SALE OR RENT TO LOW
9 AND MODERATE INCOME PERSONS.

1 (B) THE REHABILITATION OF EXISTING HOUSING FOR SALE OR RENT
2 TO LOW AND MODERATE INCOME PERSONS.

3 (C) THE CONSTRUCTION OR REHABILITATION, FOR SALE OR LEASE,
4 OF PROPERTY TO BE USED AS COMMERCIAL RETAIL SPACE IN CENSUS
5 TRACTS OR UCS SUBCOMMUNITIES WITH AN AVERAGE HOUSEHOLD INCOME
6 THAT IS LESS THAN 60% OF THE AREA MEDIAN INCOME.

7 (D) THE PROVISION OF PARKLAND, GREENSPACE, OR PLAYGROUNDS IN
8 TARGET AREAS.

9 (E) THE CONSTRUCTION OR REHABILITATION OR REMODELING OF
10 PROPERTY TO BE SOLD, LEASED, OR OPERATED BY THE COMMUNITY BUILD-
11 ING ORGANIZATION FOR USE AS A CENTER FOR CHILD CARE, THE COMMUNI-
12 TY, SENIOR CITIZENS, YOUTH, OR SOCIAL OR PUBLIC HEALTH SERVICES,
13 OR A COMBINATION OF THESE, FOR 1 OR BOTH OF THE FOLLOWING:

14 (i) PERSONS OF LOW AND MODERATE INCOME.

15 (ii) A TARGET AREA.

16 (2) AN ORDINANCE ADOPTED UNDER SUBSECTION (1) SHALL PROVIDE
17 THAT IF THE CITY SELLS ELIGIBLE PROPERTY TO A COMMUNITY-BASED
18 ORGANIZATION, THEN THE COMMUNITY-BASED ORGANIZATION SHALL DO ALL
19 OF THE FOLLOWING AS CONSIDERATION FOR THE SALE OF EACH ELIGIBLE
20 PROPERTY:

21 (A) PAY TO THE CITY THE COST OF RECORDING THE DEED.

22 (B) AGREE IN WRITING TO DO ALL OF THE FOLLOWING:

23 (i) BRING THE PROPERTY UP TO CODE WITHIN 6 MONTHS FOR EXIST-
24 ING STRUCTURES AND WITHIN 12 MONTHS FOR VACANT LAND AND FOR
25 STRUCTURES THAT ARE TO BE DEMOLISHED AND REPLACED WITH NEW
26 IMPROVEMENTS.

1 (ii) TAKE THE PROPERTY "AS IS" AND INDEMNIFY AND HOLD THE
2 CITY HARMLESS FOR ANY DAMAGES AWARDED THAT ARISE FROM ACTIONS
3 CONNECTED TO THE PROPERTY OR ITS TRANSFER.

4 (iii) PAY ALL PROPERTY TAXES ON THE PROPERTY THAT COME DUE
5 AFTER THE SALE UNTIL IT IS RESOLD.

6 (iv) MAINTAIN THE PROPERTY IN ACCORDANCE WITH ALL CITY
7 ORDINANCES.

8 (3) AN ORDINANCE ADOPTED UNDER SUBSECTION (1) SHALL PROVIDE
9 THAT THE DEED CONVEYING THE PROPERTY FROM THE CITY TO THE
10 COMMUNITY-BASED ORGANIZATION SHALL INCLUDE A REVERSIONARY INTER-
11 EST IN THE CITY THAT ALLOWS THE CITY TO EXERCISE A RIGHT OF REEN-
12 TRY FOR 5 YEARS FROM THE DATE OF SALE FOR THE MATERIAL AND
13 UNCURED BREACH OF 1 OR MORE OF THE CONDITIONS LISTED IN SUBSEC-
14 TION (2).

15 (4) THIS SECTION APPLIES ONLY TO CITIES WITH A POPULATION OF
16 900,000 AS DETERMINED BY THE MOST RECENT OFFICIAL UNITED STATES
17 DECENNIAL CENSUS.

18 (5) FOR PURPOSES OF THIS SECTION:

19 (A) "COMMUNITY-BASED ORGANIZATION" MEANS EITHER OF THE
20 FOLLOWING:

21 (i) AN ORGANIZATION THAT THE CITY DESIGNATES AS A COMMUNITY
22 HOUSING DEVELOPMENT ORGANIZATION UNDER THE HOME LOAN PROGRAM.

23 (ii) AN ORGANIZATION THAT THE MUNICIPALITY CERTIFIES MEETS
24 ALL OF THE CRITERIA TO BE A COMMUNITY HOUSING DEVELOPMENT
25 ORGANIZATION.

1 (B) "ELIGIBLE PROPERTY" MEANS PROPERTY THAT AT THE TIME OF
2 SALE BY THE CITY TO A COMMUNITY-BASED ORGANIZATION IS ALL OF THE
3 FOLLOWING:

4 (i) TITLED TO THE CITY BY OPERATION OF A CONTRACT FOR PUR-
5 CHASE, MUNICIPAL TAX REVERSION, TAX DEED FROM THE STATE, GIFT, OR
6 DRUG SEIZURE.

7 (ii) LOCATED IN A RESIDENTIAL OR COMMERCIAL ZONE.

8 (iii) NOT LOCATED IN AN AREA THAT IS PART OF AN ONGOING OR
9 PLANNED DEVELOPMENT.

10 (iv) NOT OCCUPIED.

11 (v) DILAPIDATED, AS EVIDENCED BY 3 OR MORE BUILDING OR HOUS-
12 ING CODE VIOLATIONS.