

**House Bill 6045 as introduced  
First Analysis (9-22-98)**

**Sponsor: Rep. Harold J. Voorhees  
Committee: Tax Policy**

***THE APPARENT PROBLEM:***

The General Property Tax Act provides an exemption for certain housing owned and operated by a nonprofit organization or a public entity for occupancy or use solely by elderly or handicapped (now known as disabled) families. The act requires the state to pay the amount of taxes exempted to the local tax collecting unit. To be eligible, the housing must meet the definitions in the act, which require among other things, that they be financed at the time of construction or rehabilitation under Section 202 of Title II of the federal Housing Act of 1959. According to specialists in the field, Section 202 used to apply to housing for both the elderly and the disabled but since 1992 has applied only to housing for the elderly. Housing for disabled persons is now covered under Section 811 of Subtitle B of Title VIII of the Cranston-Gonzalez National Affordable Housing Act. However, the state law has not been changed to reflect that.

Representatives of Hope Network, a Christian rehabilitation organization based in Grand Rapids, say the organization has sponsored several HUD 811 developments in communities in the state, including in Grand Rapids, Kalamazoo, Three Rivers, Big Rapids, Pontiac, and Battle Creek. HUD 811 housing is described as affordable housing for people with disabilities. According to a representative of Hope Network, under this program, "the nonprofit sponsor agency coordinates the development and management of the apartment buildings and the Family Independence Agency and the Department of Community Health provide funding for the independent living skills services which are essential to these individuals." The program, say advocates, allows people to move out of more dependent, costly settings into independent living situations. They seek an amendment to the property tax law to make the tax exemption cover the HUD 811 housing for disabled persons, as they believe was the original intent of the law before changes in federal programs. Otherwise,

the ability of nonprofit agencies to continue sponsoring, developing, and managing HUD 811 developments will be adversely affected.

***THE CONTENT OF THE BILL:***

The bill would provide a new set of definitions of terms for use in interpreting the current exemption in the General Property Tax Act for housing owned and operated by a nonprofit corporation or association, by the state, or by an instrumentality of the state, for occupancy or use solely by elderly or handicapped families. The term "handicapped" would be replaced in the bill by the term "disabled." The principal difference in terms appears to be that the eligible residential units in the bill would be those financed at the time of construction or rehabilitation under either Section 202 of the National Housing Act of 1959 or Section 811 of Subtitle B of Title VIII of the Cranston-Gonzalez National Affordable Housing Act. Currently, only Section 202 is referred to in the state statute.

MCL 211.7d

***FISCAL IMPLICATIONS:***

According to the House Fiscal Agency, the bill has no fiscal implications. (9-21-98)

***ARGUMENTS:***

***For:***

The bill would adjust the state's property tax act to take account of changes in federal housing laws. Otherwise, housing for disabled persons sponsored by nonprofit agencies will not be eligible for a special tax exemption (for which the state reimburses local governments). Only housing for elderly persons will qualify. Housing specialists say the bill restores the original intent of the tax exemption statute.

***POSITIONS:***

Hope Network, a Christian rehabilitation organization based in Grand Rapids, supports the bill. (9-16-98)

The Department of Treasury is reviewing the bill. (9-16-98)

Analyst: C. Couch

---

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.