

**SENATE BILL NO. 1324**

September 23, 1998, Introduced by Senators SCHUETTE, BULLARD, SHUGARS and SCHWARZ and referred to the Committee on Economic Development, International Trade and Regulatory Affairs.

A bill to create an urban homestead program for single-family public housing; to provide that certain local governmental units, public housing entities, nonprofit community organizations, and certain state entities create and administer urban homestead programs for single-family public housing; to prescribe the powers and duties of certain state and local governmental units, public housing entities, and nonprofit community organizations; and to provide for the disposition of personal and real property.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 1. This act shall be known and may be cited as the  
2 "urban homesteading in single-family public housing act".

3       Sec. 2. As used in this act:

4       (a) "Homestead agreement" means a written contract between a  
5 housing commission and a qualified buyer that contains the terms

1 under which the qualified buyer may acquire the single-family  
2 public housing property.

3 (b) "Housing commission" means a housing commission or hous-  
4 ing authority as defined under section 3 of 1937 PA 293, MCL  
5 125.603.

6 (c) "Housing project" means that term as defined under  
7 section 3 of 1937 PA 293, MCL 125.603.

8 (d) "Michigan state housing development authority" means the  
9 Michigan state housing development authority created under sec-  
10 tion 21 of the state housing development authority act of 1966,  
11 1966 PA 346, MCL 125.1421.

12 (e) "Nonprofit community organization" means an organization  
13 exempt from taxation under section 501(c)(3) of the internal rev-  
14 enue code of 1986 that contracts with a housing commission to  
15 administer an urban homesteading program for single-family public  
16 housing under this act.

17 (f) "Qualified buyer" means a person who meets the criteria  
18 in section 4.

19 (g) "Qualified loan rate" means an interest rate not to  
20 exceed the interest rate charged for home improvement loans by  
21 the federal housing administration under title I of the national  
22 housing act, chapter 847, 48 Stat. 1246, 12 U.S.C. 1702, 1703,  
23 1705, and 1706b to 1706d.

24 Sec. 3. By resolution, and subject to federal and state  
25 law, a housing commission or a nonprofit community organization  
26 appointed by the housing commission may operate an urban  
27 homestead program for single-family public housing to administer

1 a homesteading program that makes single-family public housing  
2 properties available to eligible buyers to purchase under this  
3 act.

4       Sec. 4. An applicant who meets all the following criteria  
5 is eligible to enter into a homestead agreement to acquire  
6 single-family public housing property as a qualified buyer under  
7 this act:

8       (a) The applicant or his or her spouse is employed and has  
9 been employed for the immediately preceding 12 months.

10       (b) The applicant or his or her spouse has not been con-  
11 victed of a drug related felony with the immediately preceding  
12 3-year period.

13       (c) All school age children of the applicant or his or her  
14 spouse who will reside in the single-family public housing prop-  
15 erty attend school regularly.

16       (d) The applicant and his or her spouse have income below  
17 the median for the state of Michigan as determined by the United  
18 States department of housing and urban development, for families  
19 with the same number of family members of the applicant and his  
20 or her spouse.

21       Sec. 5. (1) A qualified buyer may apply to the housing com-  
22 mission or nonprofit community organization appointed by the  
23 housing commission to acquire the single-family public housing  
24 property. The application shall be in a form and in a manner  
25 provided by the housing commission or nonprofit community organi-  
26 zation appointed by the housing commission. If the application  
27 is approved, the qualified buyer and housing commission or

1 nonprofit community organization appointed by the housing  
2 commission shall enter into a homestead agreement for the  
3 single-family public housing property. The housing commission or  
4 nonprofit community organization appointed by the housing commis-  
5 sion may add additional terms and conditions to the homestead  
6 agreement.

7       (2) If the qualified buyer is in compliance with the terms  
8 of the homestead agreement for not less than 5 years or if the  
9 qualified buyer has resided in the single-family public housing  
10 property before the housing commission or nonprofit community  
11 organization appointed by the housing commission adopts the urban  
12 homesteading program under this act, resides in that property for  
13 not less than 5 years, meets the criteria in the homestead agree-  
14 ment, and has otherwise promptly met its financial obligations  
15 with the housing commission, the housing commission or nonprofit  
16 community organization appointed by the housing commission shall  
17 deed or cause to be deeded that single-family public housing  
18 property to the qualified buyer for \$1.00. However, if the hous-  
19 ing commission received federal funds for which bonds or notes  
20 were issued and those bonds or notes are outstanding for that  
21 housing project, the housing commission shall deed or cause the  
22 property to be deeded to the qualified buyer only upon payment of  
23 the pro rata share of the bonded debt on that specific property  
24 by the qualified buyer. The housing commission shall obtain the  
25 appropriate releases from the holders of the bonds or notes.

26       Sec. 6. The Michigan state housing development authority  
27 shall provide loans to qualified buyers who are required to pay

1 the pro rata portion of the bonded debt on the single-family  
2 public housing. Loans provided under this section shall be made  
3 at a rate of interest not to exceed the qualified rate. The loan  
4 agreement may contain additional terms and conditions as deter-  
5 mined by the Michigan state housing development authority.