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SFA**BILL ANALYSIS**

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Senate Bill 344 (Substitute S-3 as reported)
Sponsor: Senator Ken Sikkema
Committee: Economic Development, International Trade and Regulatory Affairs

CONTENT

The bill would create the "Urban Homesteading in Single-Family Public Housing Act" to permit local governmental units to authorize a housing commission or a nonprofit community organization to operate an urban homestead program that would make single-family public housing available to qualified buyers. After five years, a qualified buyer could be eligible to acquire the property for \$1 or the amount of Federal bonded indebtedness on the property.

The administrator (the housing commission or nonprofit organization) would have to determine the terms and conditions of a homestead agreement, except that an agreement would terminate automatically within 60 days after an applicant was convicted of a felony during the term of the agreement. The Michigan State Housing Development Authority could make loans to qualified buyers who had to pay bonded debt on the housing. Every two years, the housing commission or the nonprofit community organization would have to hire an independent auditor to audit the books and accounts of the program.

An applicant (an individual and his or her spouse if the spouse intended to occupy the property with the individual) would be eligible to enter into a homestead agreement as a qualified buyer if he or she were employed and had been for the immediately preceding year or were otherwise able to meet the financial commitments, had not been sentenced or imprisoned within the past year for a felony, were not on probation or parole for a felony, had not been sentenced, imprisoned, or placed on probation or parole within the preceding three years for criminal sexual conduct or a controlled substance offense, were drug-free as determined by the administrator (who could require substance abuse testing), and had income below the median for the State; and if all school-age children of the applicant who would reside in the property attended school regularly.

As a condition of ownership, a qualified buyer would have to maintain and regularly fund an escrow account with the administrator for the payment of property taxes and insurance on the property.

Legislative Analyst: N. Nagata

FISCAL IMPACT

Local units that participated in an urban homesteading program would incur administrative costs and would receive rent.

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Fiscal Analyst: M. Tyszkiewicz
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Analysis available @ <http://www.michiganlegislature.org>

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