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Senate Fiscal Agency  
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**SFA****BILL ANALYSIS**

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House Bill 4509 (Substitute H-5 as passed by the House)  
Sponsor: Representative Ruth Ann Jamnick  
House Committee: Local Government and Urban Policy

### **CONTENT**

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

A resident organization could contract with a housing commission to manage a housing project, and could apply to the Michigan State Housing Development Authority (MSHDA) for grant funds for management training and counseling. The Authority also could make mortgage loans to resident organizations and qualified buyers, and could request the Federal government to provide housing vouchers for residents who did not become owners. At least every two years, the housing commission would have to hire an independent auditor to audit the books and accounts of a resident organization.

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 five years for a controlled substance felony offense; had not been convicted for criminal sexual conduct; were drug-free as determined by the resident organization; and had income below the median for the State; if all school-age children of the applicant who would reside in the property attended school regularly; and if the applicant agreed to file an affidavit each year certifying that he or she met the bill's criteria. (The housing commission could require substance abuse testing.) As a condition of ownership, a qualified buyer would have to maintain an escrow account with the resident organization 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.

Date Completed: 6-2-99

Fiscal Analyst: R. Ross