

**SUBSTITUTE FOR
SENATE BILL NO. 346**

A bill to create an urban homestead program for certain vacant land; to empower certain local governmental units to create and administer urban homestead programs for vacant land; to prescribe the powers and duties of certain state and local governmental units; 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 on vacant land act".

3 Sec. 2. As used in this act:

4 (a) "Applicant" means an individual and the spouse of that
5 individual if that spouse intends to occupy the property with the
6 individual.

7 (b) "Local governmental unit" means a county, city, village,
8 or township.

1 (c) "Program" means the urban homesteading program for
2 vacant land described in this act.

3 (d) "Vacant property" means surplus vacant residential prop-
4 erty owned by the local governmental unit.

5 Sec. 3. By resolution, a local governmental unit may oper-
6 ate an urban homesteading program for vacant land that makes par-
7 cels of vacant property available to individuals to purchase
8 under this act. In the resolution, the local governmental unit
9 shall provide an appeals process to applicants, purchasers, and
10 lessees who are adversely affected by a decision of the local
11 governmental unit.

12 Sec. 4. (1) An applicant who meets all the following cri-
13 teria is eligible to purchase vacant property under this act:

14 (a) The applicant intends to occupy the vacant property by
15 constructing a home on the premises.

16 (b) The applicant is employed and has been employed for the
17 immediately preceding 1-year period or is otherwise able to meet
18 the financial commitments under this act as determined by the
19 local governmental unit.

20 (c) The applicant does not meet any of the following
21 criteria:

22 (i) The applicant has been sentenced or imprisoned within
23 the immediately preceding 1-year period for a felony conviction.

24 (ii) The applicant is currently on probation or parole for a
25 felony conviction.

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1 (iii) The applicant has been sentenced, imprisoned, on
2 probation, or on parole in the immediately preceding 5-year
3 period for a felony violation of section 7401, 7401a, 7402, 7410,
4 or 7410a of the public health code, 1978 PA 368, MCL 333.7401,
5 333.7401a, 333.7402, 333.7410, and 333.7410a.

6 (iv) The applicant has been convicted of a violation or
7 attempted violation of section 520c, 520d, or 520g of the Michigan
8 penal code, 1931 PA 328, MCL 750.520b, 750.520c, 750.520d, and
9 750.520g.

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23 (2) The local governmental unit may require substance abuse
24 testing of an applicant as a condition of purchasing the
25 property. If the applicant tests positive for substance abuse,
26 then that individual shall enter into a substance abuse treatment
27 program, as determined by the local governmental unit. The local

1 governmental unit may contract with and seek assistance from this
2 state, the department of community health, or any other entity to
3 implement this subsection.

It is the intent of the legislature that substance abuse testing
pursuant to this subsection be instituted no later than April 1,
2003.

4 Sec. 5. (1) If the applicant substantially meets the cri-
5 teria in section 4 and receives a commitment to finance construc-
6 tion on the property, the local governmental unit shall deed that
7 property to the applicant for \$1.00.

8 (2) As a condition of receiving ownership of the property
9 under this section, the applicant shall do both of the
10 following:

11 (a) Except as otherwise provided in a mortgage agreement
12 with an entity that takes a mortgage on the property, maintain
13 and regularly fund an escrow account with the local governmental
14 unit for the payment of property taxes and insurance on the
15 property.

16 (b) Agree to deed the property back to the local governmen-
17 tal unit if the home is not constructed or not in the process of
18 being constructed within 1 year from the date of the transfer.
19 The local governmental unit may enforce this provision with the
20 use of a deed restriction or other restriction in the chain of
21 title.

22 Sec. 6. Before placing vacant property into the program,
23 the local governmental unit shall first offer the vacant property
24 to owners of adjacent and contiguous property who occupy the
25 adjacent and contiguous property. If adjacent and contiguous
26 landowners do not purchase the property, the local governmental
27 unit shall offer the vacant property to neighborhood resident

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1 organizations, other community groups, and the general public.

2 The local governmental unit shall determine the sale price for

3 any sale under this section.

4 Sec. 7. The powers of a local governmental unit prescribed

5 in this act are in addition to any other powers provided by law

6 or charter.

7 Sec. 8. Every 2 years, the local governmental unit shall

8 hire an independent auditor to audit the books and accounts of

9 the urban homestead program operated by the local governmental

10 unit. Upon completion, the audit report shall be made available

11 to the public.

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