

**SENATE BILL NO. 344**

February 23, 1999, Introduced by Senators SIKKEMA, SCHUETTE, STEIL, SHUGARS, HAMMERSTROM, EMERSON and GOSCHKA 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 the housing coopera-  
5 tion law, 1937 PA 293, MCL 125.603.

6 (c) "Housing project" means that term as defined under  
7 section 3 of the housing cooperation law, 1937 PA 293, MCL  
8 125.603.

9 (d) "Michigan state housing development authority" means the  
10 Michigan state housing development authority created under sec-  
11 tion 21 of the state housing development authority act of 1966,  
12 1966 PA 346, MCL 125.1421.

13 (e) "Nonprofit community organization" means an organization  
14 exempt from taxation under section 501(c)(3) of the internal rev-  
15 enue code of 1986 with experience in housing issues and that con-  
16 tracts with a housing commission to administer an urban home-  
17 steading program for single-family public housing under this  
18 act.

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

21 (g) "Qualified loan rate" means an interest rate not to  
22 exceed the adjusted prime rate determined in section 23 of 1941  
23 PA 122, MCL 205.23, minus 1 percentage point as determined by the  
24 department of treasury.

25 (h) "Single-family housing" means housing accommodations  
26 designed as a residence for not more than 1 family.

1        Sec. 3. By resolution, and subject to federal and state  
2 law, a housing commission or a nonprofit community organization  
3 appointed by the housing commission may operate an urban home-  
4 stead program in single-family public housing to administer a  
5 homesteading program that makes single-family public housing  
6 properties available to eligible buyers to purchase under this  
7 act.

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

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

14        (b) The applicant or his or her spouse has not been con-  
15 victed of a felony within the immediately preceding 3-year period  
16 as determined by the housing commission or nonprofit community  
17 organization appointed by the housing commission.

18        (c) All school age children of the applicant or his or her  
19 spouse who will reside in the single-family public housing prop-  
20 erty attend school regularly as determined by the housing commis-  
21 sion or nonprofit community organization appointed by the housing  
22 commission.

23        (d) The applicant and his or her spouse have income below  
24 the median for the state of Michigan as determined by the United  
25 States department of housing and urban development, for families  
26 with the same number of family members of the applicant and his  
27 or her spouse.

1 (e) The applicant and his or her spouse are drug free as  
2 determined by the housing commission.

3 Sec. 5. (1) A qualified buyer may apply to the housing com-  
4 mission or nonprofit community organization appointed by the  
5 housing commission to acquire the single-family public housing  
6 property. The application shall be in a form and in a manner  
7 provided by the housing commission or nonprofit community organi-  
8 zation appointed by the housing commission. If the application  
9 is approved, the qualified buyer and housing commission or non-  
10 profit community organization appointed by the housing commission  
11 shall enter into a homestead agreement for the single-family  
12 public housing property. The housing commission or nonprofit  
13 community organization appointed by the housing commission shall  
14 determine the terms and conditions to the homestead agreement.

15 (2) If the qualified buyer is in substantial compliance with  
16 the terms of the homestead agreement for not less than 5 years or  
17 if the qualified buyer has resided in the single-family public  
18 housing property before the housing commission or nonprofit com-  
19 munity organization appointed by the housing commission adopts  
20 the urban homesteading program under this act, resides in that  
21 property for not less than 5 years, meets the criteria in the  
22 homestead agreement, continues to meet the criteria in section 4,  
23 and has otherwise substantially met his or her financial obliga-  
24 tions with the housing commission, the housing commission or non-  
25 profit community organization appointed by the housing commission  
26 shall transfer legal ownership of that single-family public  
27 housing property to the qualified buyer for \$1.00. However, if

1 the housing commission received federal funds for which bonds or  
2 notes were issued and those bonds or notes are outstanding for  
3 that housing project, the housing commission shall transfer legal  
4 ownership to the qualified buyer only upon payment of the pro  
5 rata share of the bonded debt on that specific property by the  
6 qualified buyer. The housing commission shall obtain the appro-  
7 priate releases from the holders of the bonds or notes.

8       Sec. 6. The Michigan state housing development authority  
9 may provide loans to qualified buyers who are required to pay the  
10 pro rata portion of the bonded debt on the single-family public  
11 housing. Loans provided under this section shall be made at a  
12 rate of interest not to exceed the qualified rate. The Michigan  
13 state housing development authority shall determine the terms and  
14 conditions of the loan agreement. Loans made by the Michigan  
15 state housing development authority may be prepaid or paid off at  
16 any time without penalty.

17       Sec. 7. If a waiver of federal law, rule, or policy is  
18 needed to implement this act, the housing commission and the  
19 Michigan state housing development authority shall work together  
20 to obtain the appropriate waivers from the appropriate federal  
21 authorities.

22       Sec. 8. Every 2 years, the housing commission or the non-  
23 profit community organization appointed by the housing commission  
24 shall hire an independent auditor to audit the books and accounts  
25 of the urban homesteading program for single-family public hous-  
26 ing operated by the housing commission or nonprofit community

1 organization. Upon completion, the audit report shall be made  
2 available to the public.