

Act No. 128
Public Acts of 1999
Approved by the Governor
July 22, 1999
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STATE OF MICHIGAN
90TH LEGISLATURE
REGULAR SESSION OF 1999

**Introduced by Senators Sikkema, Schuette, Steil, Shugars, Hammerstrom, Emerson, Goschka, Peters,
Gougeon, Bennett, Dunaskiss, McCotter, DeBeaussaert, A. Smith, Byrum and McManus**

ENROLLED SENATE BILL No. 344

AN ACT 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:

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

Sec. 2. As used in this act:

(a) “Administrator” means a local governmental unit or a nonprofit community organization under contract with a local governmental unit to administer a homestead program under this act.

(b) “Applicant” means an individual and the spouse of that individual if that spouse intends to occupy the property with the individual.

(c) “Homestead agreement” means a written contract between a housing commission and a qualified buyer that contains the terms under which the qualified buyer may acquire the single-family public housing property.

(d) “Housing commission” means a housing commission or housing authority as defined under section 3 of the housing cooperation law, 1937 PA 293, MCL 125.603.

(e) “Housing project” means that term as defined under section 3 of the housing cooperation law, 1937 PA 293, MCL 125.603.

(f) “Local governmental unit” means a county, city, village, or township.

(g) “Michigan state housing development authority” means the Michigan state housing development authority created under section 21 of the state housing development authority act of 1966, 1966 PA 346, MCL 125.1421.

(h) “Nonprofit community organization” means an organization exempt from taxation under section 501(c)(3) of the internal revenue code of 1986 with experience in housing issues and that contracts with a housing commission to administer an urban homesteading program for single-family public housing under this act.

(i) “Qualified buyer” means an applicant who meets the criteria in section 4.

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

(k) “Single-family housing” means housing accommodations designed as a residence for not more than 1 family.

Sec. 3. By resolution, and subject to federal and state law, a local governmental unit may authorize a housing commission within that local governmental unit or a nonprofit community organization under contract with the housing commission to operate an urban homestead program in single-family public housing to administer a homesteading program that makes single-family public housing properties available to eligible buyers to purchase under this act. In the resolution, the local governmental unit shall designate whether the housing commission or the nonprofit community organization shall be the administrator under this act. In the resolution, the local governmental unit shall also provide an appeals process to applicants and qualified buyers who are adversely affected by a decision of the administrator.

Sec. 4. (1) An applicant who meets all the following criteria is eligible to enter into a homestead agreement to acquire single-family public housing property as a qualified buyer under this act:

(a) The applicant is employed and has been employed for the immediately preceding 1-year period or is otherwise able to meet the financial commitments under this act as determined by the administrator.

(b) The applicant does not meet any of the following criteria:

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

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

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

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

(c) All school age children of the applicant who will reside in the single-family public housing property attend school regularly. A child who has more than 10 unexcused absences per semester as determined by the local school or appropriate governing body is not considered to be attending school regularly.

(d) The applicant has income below the median for the state of Michigan as determined by the United States department of housing and urban development, for families with the same number of family members of the applicant.

(e) The applicant is drug free as determined by the administrator.

(f) The applicant agrees to file an affidavit each year certifying that they meet the criteria described in this act, excluding subdivision (d).

(g) The applicant meets all other criteria as determined by the housing commission operating the program.

(2) The administrator may require substance abuse testing of an applicant as a condition of entering into a homestead agreement. If the applicant tests positive for substance abuse, then that individual shall enter into a substance abuse treatment program, as determined by the administrator. The continuing substance abuse treatment and successful completion shall be part of the homestead agreement. The administrator may contract with and seek assistance from the local governmental unit, this state, the department of community health, or any other entity to implement this subsection.

(3) An applicant who has 1 or more school age children described in subsection (1)(c), shall provide verification of school attendance each semester.

Sec. 5. (1) A qualified buyer may apply to the administrator to acquire the single-family public housing property. The application shall be in a form and in a manner provided by the administrator. If the application is approved, the qualified buyer and the administrator shall enter into a homestead agreement for the single-family public housing property. Except as provided in subsection (2), the administrator shall determine the terms and conditions to the homestead agreement.

(2) The homestead agreement shall provide that if the qualified buyer is convicted of a felony during the term of the homestead agreement, then the homestead agreement is automatically terminated 60 days after the conviction.

(3) If the qualified buyer is in substantial compliance with the terms of the homestead agreement for not less than 5 years or if the qualified buyer has resided in the single-family public housing property before the administrator adopts the urban homesteading program under this act, resides in that property for not less than 5 years, meets the criteria in the homestead agreement, continues to meet the criteria in section 4(1)(a), (b), (c), (e), (f), and (g), and has otherwise substantially met his or her financial obligations with the housing commission, the administrator shall transfer legal ownership of that single-family public housing property to the qualified buyer for \$1.00. However, if the housing commission received federal funds for which bonds or notes were issued and those bonds or notes are outstanding for that housing project, the housing commission shall transfer legal ownership to the qualified buyer within 60 days of payment of the pro rata share of the bonded debt on that specific property by the qualified buyer. The housing commission shall obtain the appropriate releases from the holders of the bonds or notes.

(4) As a condition of receiving ownership of the property under this section, the qualified buyer shall maintain and regularly fund an escrow account with the administrator for the payment of property taxes and insurance on the property.

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

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

Sec. 8. The powers of a local governmental unit prescribed in this act are in addition to any other powers provided by law or charter.

Sec. 9. Not less than every 2 years, the housing commission or the nonprofit community organization appointed by the housing commission shall hire an independent auditor to audit the books and accounts of the urban homesteading program for single-family public housing operated by the housing commission or nonprofit community organization. Upon completion, the audit report shall be made available to the public.

Sec. 10. A qualified buyer eligible for and participating in the urban homestead program shall be allowed the opportunity to make up any late or delinquent rent due. The administrator shall notify the individual of the arrearage and determine a payment schedule to make up past due rent.

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate.

Sam E. Randall

Clerk of the House of Representatives.

Approved _____

Governor.