Legislative Analysis

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MICHIGAN HOUSING DEVELOPMENT AUTHORITY: LIVING UNIT DEFINITION & CAP

House Bill 6098
Sponsor: Rep. Marie Donigan
Committee: Intergovernmental and Regional Affairs

Complete to 5-10-10

A SUMMARY OF HOUSE BILL 6098 AS INTRODUCED 4-29-10

House Bill 6098 would amend the State Housing Development Authority Act to define "individual living unit" under the Supportive Housing Program, and to cap the number of units that MSHDA may certify each year at 250 living units.

The law defines "supportive housing property" to mean property that meets all of the following requirements:

(1) Is owned by an organization exempt under Section 501(c)(3) of the Internal Revenue Code, 26 USC 501.
(2) All living units are occupied by one or more persons each having incomes at or below 30 percent of the area median income and who each individually receive services for not less than one hour per month either directly from or contracted for by an 501(c)(3) organization, which services include mental health, substance abuse, counseling, and assistance with daily living.
(3) Consists of not more than six *individual living units*.

House Bill 6098 would revise this definition so that (1) above would read: "is owned by an organization exempt under Section 501(c)(3) of the Internal Revenue Code, 26 USC 501, ***or by a nonprofit housing corporation organized under Chapter 4***.

In addition, House Bill 6098 would define the term *"individual living unit"* to mean an accommodation containing a living area, a sleeping area, bathing and sanitation facilities, and cooking facilities equipped with a cooking range, refrigerator, and sink, all of which are separate and distinct from any other accommodations. An individual living unit may be served by heating or cooling facilities that also serve additional units.

Currently, MSHDA certifies property as supportive housing property on a first-come, first-served basis, and the law specifies that not more than 25 percent of the living units certified as supportive housing property each year can be in a single county. House Bill 6098 would cap the number of living units at 250 each year, and specify that not more than 62 units (25 percent) could be in a single county.

Finally, House Bill 6098 would eliminate the provision of the law that specifies that an owner of property for which certification (as supportive housing) is denied, or a local unit of government in which the denied property is located, can appeal MSHDA's determination to the circuit court in the county where the property is located.

MCL 125.1459 and 125.1459a

FISCAL IMPACT:

House Bill 6098 would have no material fiscal impact on the Michigan State Housing Development Authority (MSHDA), which certifies supportive housing projects as being eligible for the exemption from the 18-mill property tax levied for school operating purposes. Expanding the type of entities (nonprofit housing corporations) that may own supportive housing that is eligible for the tax exemption would increase the workload of MSHDA staff, although any resulting increase could be carried out within existing staffing and budgetary resources.

To date, MSHDA has certified 99 eligible supportive housing properties, encompassing 323 individual living units as being eligible for the tax exemption. These properties are located in six counties, as shown in the chart below.

	Properties		Individual Units	
	Number	Percent	Number	Percent
Ingham	1	1.0%	6	1.9%
Kalamazoo	3	3.0%	5	1.5%
Macomb	10	10.1%	21	6.5%
Oakland	25	25.3%	113	35.0%
Ottawa	2	2.0%	4	1.2%
Wayne	58	58.6%	174	53.9%
Total	**99**	**100.0%**	**323**	**100.0%**

Source: MSHDA

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