

**FY 2011-12 SUPPLEMENTAL APPROPRIATIONS**  
**Summary: House Committee Substitute**  
**House Bill 5015 (H-1) Draft 1**



HFA Director: Mary Ann Cleary  
 Bill Coordinator: Ben Gielczyk

	Executive*		House		Senate	
Budget Area	Gross	GF/GP	Gross	GF/GP	Gross	GF/GP
Attorney General	\$6,000,000	\$0	\$10,000,000	\$0		
Education	22,500,000	0	0	0		
Military and Veterans Affairs	5,000,000	0	0	0		
Treasury	63,709,500	0	87,209,500	0		
<b>TOTAL</b>	<b>\$97,209,500</b>	<b>\$0</b>	<b>\$97,209,500</b>	<b>\$0</b>		

\*Reflects State Budget Office supplemental request 2012-5.

**OVERVIEW**

In a letter dated May 21, 2012, the State Budget Office (SBO) submitted FY 2011-12 supplemental requests totaling \$97.2 million Gross. Included in this supplemental are one-time funding requests from funds awarded to the state of Michigan under the joint state-federal foreclosure settlement entered into by state Attorneys General and five national mortgage servicers. The \$25 billion settlement provides \$2.5 billion to state attorneys general to provide foreclosure relief and housing programs.

The following programs are recommended by the Attorney General and Governor: foreclosure counseling for homeowners, restitution for victims of foreclosure rescue scams, creation of a home protection unit within the Attorney General's office, support for the Michigan Housing and Community Development Fund, assistance for school children displaced by foreclosure, assistance for military service members, support of the Education Achievement Authority, and blight elimination programs. House Bill 5015 (H-1) Draft 1 contains some of those items but allocates a portion of the funding for other proposed foreclosure-related programs.

**FY 2011-12 Appropriation Items:**

**ATTORNEY GENERAL**

**1. Home Protection Unit**

Includes funding for investigation and prosecution of additional foreclosure-related criminal activities, and for consumer support. A Home Protection Unit would be created within the Corporate Oversight Division of the department to house the additional staff. House does not include this item.

FTEs	9.0	--	
<b>Gross</b>	<b>\$6,000,000</b>	--	
Restricted	6,000,000	--	

**2. Restitution to Victims of Foreclosure Scams**

House provides \$10.0 million for assistance grants and payments to victims of foreclosure-related crimes as approved by the Attorney General.

<b>Gross</b>	--	<b>\$10,000,000</b>	
Restricted	--	10,000,000	

**FY 2011-12 Appropriation Items:****Executive****House****Senate****EDUCATION****3. Education Achievement Authority**

Provides \$10.0 million funding to the Education Achievement Authority, established through an interlocal agreement between the Detroit Public Schools and Eastern Michigan University, to assume control over the lowest performing schools in the state. For the 2012-13 school year, the EAA is to assume control of 15 school buildings within Detroit. Generally speaking, per the FY 2012-13 School Aid Budget [HB 5732 (H-1) CR-1\*], the EAA would receive the same foundation allowance per full-time equated (FTE) pupil as the school district in which the achievement school is located. For Detroit that is \$7,190 per pupil. The funds appropriated here for the EAA would be used for technology improvements and renovating and equipping EAA school facilities. House does not include this item.

<b>Gross</b>	<b>\$10,000,000</b>	--
Restricted	10,000,000	--

**4. Assistance for Displaced Students**

Provides \$12.5 million for additional services to homeless students, through the department's Education for Homeless Children and Youth (EHCY) program, supplementing federal McKinney-Vento grant funds. House does not include this item.

<b>Gross</b>	<b>\$12,500,000</b>	--
Restricted	12,500,000	--

**MILITARY AND VETERANS AFFAIRS****5. Assistance for Service Members**

Includes funding for the department to provide assistance to military service members who have been affected by the foreclosure crisis. Eligible service members include active and veteran members of the United States armed forces and active and veteran members of the United States National Guard and Reserve. House does not include this item.

<b>Gross</b>	<b>\$5,000,000</b>	--
Restricted	5,000,000	--

**TREASURY****6. Foreclosure Rescue Scam Victim Restitution**

Provides \$10.0 million for assistance grants and payments to victims of foreclosure-related crimes as approved by the Attorney General. House does not include this item.

<b>Gross</b>	<b>\$10,000,000</b>	--
Restricted	10,000,000	--

**7. Assistance for Displaced Students**

Provides \$12.5 million for efforts to assist elementary and secondary education students and families of the students that have been impacted by the foreclosure crisis. Funds will be used to coordinate with other state agencies and non-government organizations to provide educational and other services under a plan approved by the Attorney General. House does not include this item.

<b>Gross</b>	<b>\$12,500,000</b>	--
Restricted	12,500,000	--

**MICHIGAN STRATEGIC FUND - MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY****8. Foreclosure Counseling for Homeowners**

Provides \$20.0 million to the Michigan State Housing Development Authority (MSHDA) to provide for legal aid and counseling services to persons impacted by the foreclosure crisis or facing foreclosure using MSHDA's statewide network of homeowner counseling agencies.

<b>Gross</b>	<b>\$20,000,000</b>	<b>\$20,000,000</b>
Restricted	20,000,000	20,000,000

**9. Blight Elimination**

Provides \$11.5 million to MSHDA to facilitate blight elimination in Michigan communities impacted by blighted properties due to the foreclosure crisis. Funding will support demolition, planning, property redevelopment, title clearing, and prosecution. House includes \$17.2 million to support blight elimination and demolition on residential, single-family homes considered blighted. Funds would support county based programs in blight elimination and restoration.

<b>Gross</b>	<b>\$11,509,500</b>	<b>\$17,209,500</b>
Restricted	11,509,500	17,209,500

**FY 2011-12 Appropriation Items:****10. Michigan Housing and Community Development Fund**

Provides \$9.7 million to the Michigan Housing and Community Development Fund. The fund supports developing and coordinating public and private resources to meet the housing needs of low income, very low income, and extremely low income households and to finance projects located in a downtown area or adjacent neighborhood in this state. See MCL 125.1458a through 125.1458d. House does not include this item.

	<b><u>Executive</u></b>	<b><u>House</u></b>	<b><u>Senate</u></b>
<b>Gross</b>	<b>\$9,700,000</b>	--	
Restricted	9,700,000	--	

**11. Home Affordable Refinance Program (HARP) Grants**

House provides \$10.0 million to MSHDA to support HARP program grants. Requires that grants are directed to support residential, single-family homes. Grants would support reimbursement of closing costs, with grants being capped at \$500.

<b>Gross</b>	--	<b>\$10,000,000</b>	
Restricted	--	10,000,000	

**12. Assistance to Homebuyers**

House provides \$20.0 million to MSHDA to support assistance programs to homebuyers that have not purchased a home in the last three years, including both non-service members and service members. Non-service members would be eligible for grants totaling 25% of the purchase price of a home or \$3,000, whichever is less and service members would be eligible for 25% of the purchase price of a home or \$5,000, whichever is less.

<b>Gross</b>	--	<b>\$20,000,000</b>	
Restricted	--	20,000,000	

**13. Renovation Assistance to Buyers of Foreclosed Homes**

House provides \$20.0 million to MSHDA to support grants not exceeding \$5,000 for non-service member foreclosed homebuyers and \$8,000 for service member foreclosed homebuyers. The grants would support renovation necessary for the home to meet minimum health and safety standards.

<b>Gross</b>	--	<b>\$20,000,000</b>	
Restricted	--	20,000,000	

**FY 2011-12 Boilerplate Items:****GENERAL SECTIONS****1. Administration**

Allows MSHDA to use not more than five percent of the funds appropriated in part 1 for the administration of the funds.

<b><u>Executive</u></b>	<b><u>House</u></b>	<b><u>Senate</u></b>
--	Sec. 203	

**2. Report to Legislature**

Requires MSHDA and the Attorney General to report on the expenditures from each program funded in part 1, including the number of purchasers, served by the program.

--	Sec. 204	
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**3. Work Project Appropriations**

House designates unexpended, unencumbered, or unallotted appropriations as work project appropriations, and authorizes funding to be carried forward. Requires work project to be completed by July 31, 2013. (Executive included work project appropriations in each department section.)

Included	Sec. 205	
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**ATTORNEY GENERAL****4. Restitution to Victims of Foreclosure Scams**

House provides that the Attorney General will use funds appropriated in part 1 to assist victims of foreclosure-related crimes that have been adjudicated. (Executive provided similar language in Department of Treasury.)

--	Sec. 401	
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**EDUCATION****5. Education Achievement Authority (EAA)**

Provides that funds appropriated in part 1 to support the EAA are to be used for technology improvements and for renovating, rehabilitating, and equipping buildings and facilities where instruction overseen by the EAA occurs. House does not include this item.

Included	--	
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**6. Assistance for Displaced Students**

Provides that funds appropriated in part 1 for displaced students are to support children and families impacted by the foreclosure crisis. The section permits MDE to work with other state agencies and private organizations to be provide educational and other support services. House does not include this item.

Included	--	
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**FY 2011-12 Boilerplate Items:****MILITARY AND VETERANS AFFAIRS****7. *Eligible Service Members***

Requires the department to assist military service members who have been affected by the foreclosure crisis; defines eligible service members to include active and veteran members of the United States armed forces and active and veteran members of the United States National Guard and Reserve. House does not include this item.

**TREASURY****8. *Foreclosure Rescue Scam Victim Restitution***

Requires the Department of Treasury to assist victims of foreclosure-related crimes as approved by the Attorney General. House does not include this item.

**9. *Assistance to Displaced Students***

Requires the Department of Treasury to assistance students displaced due to the foreclosure crisis. Allows the department to coordinate with other agencies and non-governmental organizations. House does not include this item.

**10. *Michigan Housing and Community Development Fund***

Requires funds appropriated in part 1 to be used for the purposes outlined in sections 58a through 58d of the State Housing and Development Authority Act of 1966. This includes supporting developing and coordinating public and private resources to meet the housing needs of low income, very low income, and extremely low income households and to finance projects located in a downtown area or adjacent neighborhood in this state. House does not include this item.

**11. *Blight Elimination***

Requires funds appropriated in part 1 to be used to support the stabilization of Michigan communities impacted by the foreclosure crisis through blight elimination activities including demolition, planning, property redevelopment, title clearing, and prosecution. House does not include this item.

**12. *Foreclosure Counseling for Homeowners***

Requires MSHDA to use funds appropriated in part 1 to support foreclosure counseling and legal aid services under a plan approved by the Attorney General. House does not include this item.

**13. *Homeowner Protection Fund***

Creates the Homeowner Protection Fund in the Department of Treasury. The fund shall receive revenue from the Michigan-designated portion of the joint state-federal foreclosure settlement entered into by the Michigan Attorney General. House does not include this item.

**MICHIGAN STRATEGIC FUND - MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY****14. *Home Affordable Refinance Program Grants***

House provides criteria for Home Affordable Refinance Program (HARP) grant application and administrative processing. Provides that up to \$500 shall be granted to offset closing costs.

**15. *Assistance to Homebuyers Program***

House provides criteria and program guidance for application and distribution of funds associated with the Assistance to Homebuyers Program. Specifies maximum amounts for non-service members and service members. Defines homebuyer as a person that has not purchased or financed a principal residence in the previous three years.

**16. *Renovation Assistance to Buyers of Foreclosed Homes***

House provides criteria and program guidance for application and distribution of funds associated with grants for renovation of foreclosed homes. Specifies maximum amounts for non-service members and service members. Indicates that renovation costs shall be limited to those necessary for the home to meet minimum health and safety standards.

**17. *Blight Elimination***

House provides that funds for blight elimination support county-based blight elimination programs. Specifies that priority shall be given to demolition of residential, single-family homes that are considered blighted. Requires funding awards to be spread equitably throughout the state.

**Executive****House****Senate**

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Sec. 501

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Sec. 502

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Sec. 503

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Sec. 504

**FY 2011-12 Boilerplate Items:**

**Executive**

**House**

**Senate**

***18. Foreclosure Counseling for Homeowners***

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Sec. 505

House requires MSHDA to develop a foreclosure assistance and counseling program. Specifies that funding may support counselor training, hiring of new counselors and legal aid attorneys, and a statewide central call center for foreclosure assistance.