

**SUBSTITUTE FOR
SENATE BILL NO. 362**

A bill to provide for the establishment of attainable housing districts in certain local governmental units; to provide for the exemption from certain taxes; to levy and collect a specific tax upon the owners of certain qualified facilities; to provide for the disposition of the tax; to provide for the obtaining and transferring of an exemption certificate and to prescribe the contents of those certificates; to prescribe the powers and duties of certain state and local governmental officials; and to provide penalties.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1** Sec. 1. This act shall be known and may be cited as the
2 "attainable housing and rehabilitation act".
3 Sec. 2. As used in this act:

1 (a) "Attainable housing district" or "district" means an area
2 in a qualified local governmental unit established as provided in
3 section 3 in which attainable housing property is or will be
4 located.

5 (b) "Attainable housing exemption certificate" or
6 "certificate" means the certificate issued under section 6.

7 (c) "Attainable housing property" means that portion of real
8 property not occupied by an owner of that real property of not more
9 than 4 units that is classified as residential real property under
10 section 34c of the general property tax act, 1893 PA 206, MCL
11 211.34c, used for residential purposes, that is rented or leased to
12 an income-qualified household at no more than 30% of the
13 household's combined gross annual income as determined by the
14 qualified local governmental unit. Attainable housing property also
15 includes a building or group of contiguous buildings previously
16 used for industrial or commercial purposes that will be converted
17 to a multiple-unit dwelling or dwelling unit in a multiple-purpose
18 structure, used for residential purposes, that is rented or leased
19 to an income-qualified household at no more than 30% of the
20 household's combined gross annual income as determined by the
21 qualified local governmental unit. Attainable housing property does
22 not include any of the following:

23 (i) Land.

24 (ii) Property of a public utility.

25 (d) "Attainable housing rehabilitation tax" or "specific tax"
26 means the specific tax levied under this act.

27 (e) "Commission" means the state tax commission created by
28 1927 PA 360, MCL 209.101 to 209.107.

29 (f) "Department" means the department of treasury.

1 (g) "Income-qualified household" means an individual, couple,
2 or group of adults earning a combined annual income of 120% or less
3 of the county-wide area median income as determined by the Michigan
4 state housing development authority.

5 (h) "New facility" means attainable housing property newly
6 constructed on or after the effective date of this act.

7 (i) "Qualified local governmental unit" means a city, village,
8 or township.

9 (j) "Qualified facility" means a new facility or a
10 rehabilitated facility.

11 (k) "Rehabilitated facility" means existing attainable housing
12 property that has been renovated, with an investment of not less
13 than \$5,000 in value as determined by the qualified local
14 governmental unit, on or after the effective date of this act, to
15 bring the property into conformance with minimum local building
16 code standards for occupancy, as determined by the qualified local
17 governmental unit.

18 (l) "Taxable value" means the value determined under section
19 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

20 Sec. 3. (1) A qualified local governmental unit, by resolution
21 of its legislative body, may establish 1 or more attainable housing
22 districts within the qualified local governmental unit.

23 (2) The legislative body of a qualified local governmental
24 unit may establish an attainable housing district on its own
25 initiative or upon a written request filed by the owner or owners
26 of property comprising at least 50% of all taxable value of the
27 property located within a proposed district. The written request
28 must be filed with the clerk of the qualified local governmental
29 unit.

1 (3) Before adopting a resolution establishing a district, the
2 legislative body shall give written notice by certified mail to the
3 county in which the proposed district is to be located and the
4 owners of all real property within the proposed district and shall
5 afford an opportunity for a hearing on the establishment of the
6 district at which any of those owners and any other resident or
7 taxpayer of the qualified local governmental unit may appear and be
8 heard. The legislative body shall give public notice of the hearing
9 not less than 10 days or more than 30 days before the date of the
10 hearing.

11 (4) The legislative body of the qualified local governmental
12 unit, in its resolution establishing a district, shall set forth a
13 finding and determination that there is a need for attainable
14 housing within the district and shall provide a copy of the
15 resolution by certified mail to the county in which the district is
16 located.

17 (5) Within 28 days after receiving a copy of the resolution
18 establishing a district, the county may reject the establishment of
19 the district by 1 of the following methods:

20 (a) If the county has an elected county executive, by written
21 notification to the qualified local governmental unit.

22 (b) If the county does not have an elected county executive,
23 by a resolution of the county board of commissioners provided to
24 the qualified local governmental unit.

25 Sec. 4. (1) If a district is established under section 3, the
26 owner of a qualified facility may file an application for an
27 attainable housing exemption certificate with the clerk of the
28 qualified local governmental unit that established the district.
29 The application must be filed in the manner and form prescribed by

1 the commission. The application must contain or be accompanied by a
2 general description of the qualified facility, a general
3 description of the proposed use of the qualified facility, the
4 general nature and extent of the new construction or rehabilitation
5 to be undertaken, a time schedule for undertaking and completing
6 the qualified facility, and information relating to the
7 requirements in section 8.

8 (2) Upon receipt of an application for a certificate, the
9 clerk of the qualified local governmental unit shall notify in
10 writing the assessor of the local tax collecting unit in which the
11 qualified facility is located, and the legislative body of each
12 taxing unit that levies ad valorem property taxes in the qualified
13 local governmental unit in which the qualified facility is located.
14 Before acting upon the application, the legislative body of the
15 qualified local governmental unit shall hold a public hearing on
16 the application and give public notice to the applicant, the
17 assessor, a representative of the affected taxing units, and the
18 general public. The hearing on each application must be held
19 separately from the hearing on the establishment of the district.

20 Sec. 5. The legislative body of the qualified local
21 governmental unit, not more than 60 days after receipt of the
22 application by the clerk, shall by resolution either approve or
23 disapprove the application for a certificate in accordance with
24 section 8 and the other provisions of this act. The clerk shall
25 retain the original of the application and resolution. If approved,
26 the clerk shall forward a copy of the application and resolution to
27 the commission. If disapproved, the reasons must be set forth in
28 writing in the resolution, and the clerk shall send, by certified
29 mail, a copy of the resolution to the applicant and to the

1 assessor. A resolution is not effective unless approved by the
2 commission as provided in section 6.

3 Sec. 6. (1) Not more than 60 days after receipt of a copy of
4 the application and resolution adopted under section 5, the
5 commission shall approve or disapprove the resolution.

6 (2) Following approval of the application by the legislative
7 body of the qualified local governmental unit and the commission,
8 the commission shall issue to the applicant a certificate in the
9 form the commission determines, which must contain all of the
10 following:

11 (a) The address of the real property on which the qualified
12 facility is located.

13 (b) A statement that unless revoked as provided in this act
14 the certificate must remain in force for the period stated in the
15 certificate.

16 (c) A statement of the taxable value of the qualified
17 facility, separately stated for real and personal property, for the
18 tax year immediately preceding the effective date of the
19 certificate after deducting the taxable value of the land and
20 personal property other than personal property assessed pursuant to
21 sections 8(d) and 14(6) of the general property tax act, 1893 PA
22 206, MCL 211.8 and 211.14.

23 (d) A statement of the period of time authorized by the
24 legislative body of the qualified local governmental unit within
25 which the rehabilitation or construction must be completed.

26 (e) If the period of time authorized by the legislative body
27 of the qualified local governmental unit pursuant to subdivision
28 (b) is less than 12 years, the certificate must contain the
29 factors, criteria, and objectives, as determined by the resolution

1 of the qualified local governmental unit, necessary for extending
2 the period of time, if any.

3 (3) The effective date of the certificate is the December 31
4 immediately following the date of issuance of the certificate.

5 (4) The commission shall file with the clerk of the qualified
6 local governmental unit a copy of the certificate, and the
7 commission shall maintain a record of all certificates filed. The
8 commission shall also send, by certified mail, a copy of the
9 certificate to the applicant and the assessor of the local tax
10 collecting unit in which the qualified facility is located.

11 Sec. 7. (1) A qualified facility for which a certificate is in
12 effect, but not the land on which the qualified facility is
13 located, or personal property other than personal property assessed
14 pursuant to sections 8(d) and 14(6) of the general property tax
15 act, 1893 PA 206, MCL 211.8 and 211.14, for the period on and after
16 the effective date of the certificate and continuing so long as the
17 certificate is in force, is exempt from ad valorem property taxes
18 collected under the general property tax act, 1893 PA 206, MCL
19 211.1 to 211.155.

20 (2) Unless earlier revoked as provided in section 12, a
21 certificate must remain in force and effect for a period to be
22 determined by the legislative body of the qualified local
23 governmental unit. The certificate may be issued for a period of at
24 least 1 year, but not to exceed 12 years. If the number of years
25 determined is less than 7, the certificate may be subject to review
26 by the legislative body of the qualified local governmental unit
27 and the certificate may be extended. The total amount of time
28 determined for the certificate including any extensions must not
29 exceed 15 years after the completion of the qualified facility. The

1 certificate must commence with its effective date and end on the
2 December 30 immediately following the last day of the number of
3 years determined. The date of issuance of a certificate of
4 occupancy, if required by appropriate authority, must be the date
5 of completion of the qualified facility.

6 (3) If the number of years determined by the legislative body
7 of the qualified local governmental unit for the period a
8 certificate remains in force is less than 7 years, the review of
9 the certificate for the purpose of determining an extension must be
10 based upon factors, criteria, and objectives that must be placed in
11 writing, determined and approved at the time the certificate is
12 approved by resolution of the legislative body of the qualified
13 local governmental unit and sent, by certified mail, to the
14 applicant, the assessor of the local tax collecting unit in which
15 the qualified facility is located, and the commission.

16 Sec. 8. (1) If the taxable value of the property proposed to
17 be exempt pursuant to an application under consideration,
18 considered together with the aggregate taxable value of property
19 exempt under certificates previously granted and currently in force
20 under this act or under 1974 PA 198, MCL 207.551 to 207.572,
21 exceeds 5% of the taxable value of the qualified local governmental
22 unit, the legislative body of the qualified local governmental unit
23 shall make a separate finding and shall include a statement in its
24 resolution approving the application that exceeding that amount
25 must not have the effect of substantially impeding the operation of
26 the qualified local governmental unit or impairing the financial
27 soundness of an affected taxing unit.

28 (2) The legislative body of the qualified local governmental
29 unit shall not approve an application for a certificate unless the

1 applicant complies with all of the following requirements:

2 (a) That the applicant provides a site plan and building floor
3 plan approved by the local planning commission or local zoning
4 administrator, whichever is applicable under the local zoning
5 ordinance, that includes the total number of residential units to
6 be available for lease or rent on the property.

7 (b) That the applicant provides a statement describing the
8 number of residential units that will be reserved for income-
9 qualified residents at any given time throughout each calendar year
10 in which the specific tax is in effect.

11 (c) That the applicant agrees to conduct an income
12 certification for each resident residing within each residential
13 unit designated as attainable housing property and for each year in
14 which the resident remains a resident of that property.

15 (3) The total number of units to be reserved for income-
16 qualified households may be negotiated by the qualified local
17 governmental unit but must not be less than 30% of the total number
18 of residential units on the property or 1 residential unit,
19 whichever is greater.

20 (4) If an income-qualified household has an increase in gross
21 annual income between the time an income certification is conducted
22 and the next income certification in the following year, that
23 household may continue to reside on-premises as occupants for the
24 remainder of their lease agreement. However, the next available
25 residential unit within the qualified facility shall be reserved
26 for an income-qualified household. Under no circumstances shall all
27 residential units within a qualified facility be occupied by
28 households earning more than 120% of gross annual income for
29 greater than 12 consecutive months.

1 Sec. 9. The assessor of each qualified local governmental unit
2 in which there is a qualified facility with respect to which 1 or
3 more certificates have been issued and are in force shall determine
4 annually as of December 31 the value and taxable value, both for
5 real and personal property, of each qualified facility separately,
6 having the benefit of a certificate and upon receipt of notice of
7 the filing of an application for the issuance of a certificate,
8 shall determine and furnish to the local legislative body the value
9 and the taxable value of the property to which the application
10 pertains.

11 Sec. 10. (1) The attainable housing rehabilitation tax is
12 levied upon every owner of a qualified facility to which a
13 certificate is issued under this act.

14 (2) The amount of the attainable housing rehabilitation tax,
15 in each year, must be determined by multiplying 1/2 of the total
16 mills levied as ad valorem taxes for that year by all taxing units
17 within which the qualified facility is located by the current
18 taxable value of the real and personal property of the qualified
19 facility after deducting the taxable value of the land and of
20 personal property other than personal property assessed pursuant to
21 sections 8(d) and 14(6) of the general property tax act, 1893 PA
22 206, MCL 211.8 and 211.14.

23 (3) The attainable housing rehabilitation tax is an annual
24 tax, payable at the same times, in the same installments, and to
25 the same officer or officers as taxes imposed under the general
26 property tax act, 1893 PA 206, MCL 211.1 to 211.155, are payable.
27 Except as otherwise provided in this section, the officer or
28 officers shall disburse the specific tax payments received by the
29 officer or officers each year to and among this state, cities,

1 school districts, counties, and authorities, at the same times and
2 in the same proportions as required by law for the disbursement of
3 taxes collected under the general property tax act, 1893 PA 206,
4 MCL 211.1 to 211.155.

5 (4) For intermediate school districts receiving state aid
6 under sections 56, 62, and 81 of the state school aid act of 1979,
7 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, of the amount of
8 the specific tax that would otherwise be disbursed to an
9 intermediate school district, all or a portion, to be determined on
10 the basis of the tax rates being utilized to compute the amount of
11 state aid, must be paid to the state treasury to the credit of the
12 state school aid fund established by section 11 of article IX of
13 the state constitution of 1963.

14 (5) The amount of specific tax described in subsection (2)
15 that would otherwise be disbursed to a local school district for
16 school operating purposes must be paid instead to the state
17 treasury and credited to the state school aid fund established by
18 section 11 of article IX of the state constitution of 1963.

19 (6) The officer or officers shall send a copy of the amount of
20 disbursement made to each unit under this section to the department
21 on a form provided by the department.

22 (7) A qualified facility located in a renaissance zone under
23 the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to
24 125.2696, is exempt from the specific tax levied under this act to
25 the extent and for the duration provided pursuant to the Michigan
26 renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, except
27 for that portion of the specific tax attributable to a special
28 assessment or a tax described in section 7ff(2) of the general
29 property tax act, 1893 PA 206, MCL 211.7ff. The specific tax

1 calculated under this subsection must be disbursed proportionately
2 to the taxing unit or units that levied the special assessment or
3 the tax described in section 7ff(2) of the general property tax
4 act, 1893 PA 206, MCL 211.7ff.

5 Sec. 11. The amount of the tax applicable to real property,
6 until paid, is a lien upon the real property to which the
7 certificate is applicable. Proceedings upon the lien as provided by
8 law for the foreclosure in the circuit court of mortgage liens upon
9 real property may commence only upon the filing by the appropriate
10 collecting officer of a certificate of nonpayment of the specific
11 tax applicable to real property, together with an affidavit of
12 proof of service of the certificate of nonpayment upon the owner of
13 the qualified facility by certified mail, with the register of
14 deeds of the county in which the qualified facility is situated.

15 Sec. 12. (1) The legislative body of the qualified local
16 governmental unit may, by resolution, revoke the certificate of a
17 qualified facility if it finds that the completion of the qualified
18 facility has not occurred within the time authorized by the
19 legislative body in the certificate or a duly authorized extension
20 of that time, or that the holder of the certificate has not
21 proceeded in good faith with the operation of the qualified
22 facility in a manner consistent with the purposes of this act and
23 in the absence of circumstances that are beyond the control of the
24 holder of the certificate.

25 (2) Upon receipt of a request by certified mail to the
26 legislative body of the qualified local governmental unit by the
27 holder of a certificate requesting revocation of the certificate,
28 the legislative body of the qualified local governmental unit may,
29 by resolution, revoke the certificate.

1 (3) Upon the written request of the holder of a revoked
2 certificate to the legislative body of the qualified local
3 governmental unit and the commission or upon the application of a
4 subsequent owner to the legislative body of the qualified local
5 governmental unit to transfer the revoked certificate to a
6 subsequent owner, and the submission to the commission of a
7 resolution of concurrence by the legislative body of the qualified
8 local governmental unit in which the qualified facility is located,
9 and if the qualified facility continues to qualify under this act,
10 the commission may reinstate a revoked certificate for the holder
11 or a subsequent owner that has applied for the transfer.

12 Sec. 13. A certificate may be transferred and assigned by the
13 holder of the certificate to a new owner of the qualified facility
14 if the qualified local governmental unit approves the transfer
15 after application by the new owner.

16 Sec. 14. Not later than June 15 each year, each qualified
17 local governmental unit granting a certificate shall report to the
18 commission on the status of each exemption. The report must include
19 the current value of the property to which the exemption pertains,
20 the value on which the specific tax is based.

21 Sec. 15. (1) The department annually shall prepare and submit
22 to the committees of the house of representatives and senate
23 responsible for tax policy and economic development issues a report
24 on the utilization of districts, based on the information filed
25 with the commission.

26 (2) After this act has been in effect for 3 years, the
27 department shall prepare and submit to the committees of the house
28 of representatives and senate responsible for tax policy and
29 economic development issues an economic analysis of the costs and

1 benefits of this act in the 3 qualified local governmental units in
2 which it has been most heavily utilized.

3 Sec. 16. A new exemption must not be granted under this act
4 after December 31, 2031, but an exemption then in effect must
5 continue until the expiration of the certificate.