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**SFA**



**BILL ANALYSIS**

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Senate Bill 1327 (Substitute S-1)  
Senate Bill 1328 (Substitute S-1)  
Sponsor: Senator John J.H. Schwarz, M.D. (S.B. 1327)  
Senator Philip E. Hoffman (S.B. 1328)  
Committee: Economic Development, International Trade and Regulatory Affairs

Date Completed: 12-2-98

## **CONTENT**

**Senate Bill 1327 (S-1)** would create the “Housing Opportunity Zone Act” to allow a city with a population of at least 25,000 persons to establish a housing opportunity zone within that city. **Senate Bill 1328 (S-1)** would amend the State Construction Code Act to specify that the Act and the Code would not apply to residential housing constructed in a housing opportunity zone, if the Department of Consumer and Industry Services had approved a building code for the housing opportunity zone as provided under the proposed Act.

A more detailed description of Senate Bill 1327 (S-1) follows.

### **Zone Criteria**

After notice and a public hearing pursuant to the Open Meetings Act, the legislative body of a city could, by resolution, designate an area within that city as a proposed housing opportunity zone if all of the following criteria were satisfied: the resolution provided that the city was creating the zone to address the problem of urban blight, facilitate the redevelopment of vacant land and unoccupied structures, and provide affordable housing for middle and lower income families; the zone was a contiguous area of at least one acre; the zone consisted of either vacant land or unoccupied residential, commercial, or industrial structures; the city offered to sell certain city-owned designated property located within the zone for the property's market value; and the zone was within one or more census tracts in which the median income of the residents was less than or equal to the median income of the residents of the city. If there were no residents within census tract in which the zone was proposed, the zone would be adjacent to one or more census tracts in which the median income of the residents was less than or equal to the median income of the residents of the city.

### **Zone Establishment**

If the legislative body of a city designated a proposed housing opportunity zone, the city would have to submit the resolution and any necessary documentation to the State Treasurer for approval. A housing opportunity zone would be established when the State Treasurer determined that all of the required procedures set forth in the bill had been complied with, and approved the proposed designation in writing to the legislative body of the city. If a zone were established, the city in which it was located could continue to sell certain designated property owned by the city located within the zone for the property's market value.

### **Building Code**

The city in which a zone was established could propose to establish a building code for the zone to permit decent, safe, and sanitary residential housing to be built at a cost that made the housing

affordable to families with an income below the median family income of the city. A building code would have to comply with all State and Federal requirements regarding environmental protection and historic preservation. The city would have to submit the proposed code to the Department of Consumer and Industry Services for approval. The Department would have to determine if the proposed building code would permit decent, safe, and sanitary residential housing to be built at a cost that would make the housing affordable to families with income below the median income of the city, and would have to determine if all State and Federal requirements regarding environmental protection and historic preservation were satisfied. A building code for a zone would be effective when the Department approved the proposed code in writing to the legislative body of the city.

If the Department approved a building code for a zone under the proposed Act, the State Construction Code would not apply to the construction of residential housing within the zone after that building code was approved.

Proposed MCL 125.1508a (S.B. 1328)

Legislative Analyst: N. Nagata

### **FISCAL IMPACT**

These bills would have a fiscal impact on the Department of Consumer and Industry Services due to an increase in the administrative responsibilities for the Department; however, the additional costs associated with these duties would be covered with existing resources.

These bills would allow cities that met the population requirements to establish housing opportunity zones. Cities that participated in the housing opportunity zones would incur administrative costs.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.