

HOUSE BILL No. 5871

May 19, 1998, Introduced by Reps. Schauer, Kelly, Hale, Cropsey, Lowe, Kilpatrick, Price, Wallace, Thomas and LaForge and referred to the Committee on Urban Policy and Economic Development.

A bill to provide for the sale of real and personal property for less than its market value by a local governmental unit to a nonprofit charitable organization under certain circumstances.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "homestead assistance act".

3 Sec. 2. As used in this act:

4 (a) "Local governmental unit" means a county, city, village,
5 township, school district, or other political subdivision of this
6 state.

7 (b) "Nonprofit organization" means an organization or corpo-
8 ration that satisfies both of the following conditions:

9 (i) Purchases real property for the purpose of constructing
10 a single- or multiple-family dwelling and resells the real

1 property to 1 or more families for use as a family residence on
2 terms prescribed in section 3.

3 (ii) Is exempt from taxation under section 501(c)(3) of the
4 internal revenue code of 1986.

5 (c) "Real property" means land and any structure, appurte-
6 nance, or personal property located on the land.

7 Sec. 3. (1) Subject to subsection (2), the legislative or
8 governing body of a local governmental unit may sell the interest
9 that it possesses in real property to a nonprofit organization at
10 less than market value.

11 (2) A sale of property conducted under subsection (1) shall
12 be subject to a sales agreement that includes the following terms
13 and conditions:

14 (a) Except for the value of the interest in the property
15 being sold, no cost of the sale shall be charged to the local
16 governmental unit.

17 (b) The nonprofit organization shall hold the local govern-
18 mental unit harmless from any liability arising from the condi-
19 tion of the property following the sale of the property.

20 (c) The nonprofit organization agrees to resell the property
21 at a price that is both of the following:

22 (i) Not more than 80% of the market value of the property as
23 market value is calculated by a lending institution or appraiser
24 licensed in this state.

25 (ii) Not more than \$55,000.00.

1 Sec. 4. This act is in addition to the powers already
2 granted to local governmental units by the laws of this state or
3 a charter adopted under state law.