

**REPRINT**

**HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 344**

(As passed the House, June 1, 1999)

A bill to create an urban homestead program for single-family public housing; to provide that certain local governmental units, public housing entities, nonprofit community organizations, and certain state entities create and administer urban homestead programs for single-family public housing; to prescribe the powers and duties of certain state and local governmental units, public housing entities, and nonprofit community organizations; and to provide for the disposition of personal and real property.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 1. This act shall be known and may be cited as the  
2 "urban homesteading in single-family public housing act".

3       Sec. 2. As used in this act:

4       (a) "Administrator" means a local governmental unit or a  
5 nonprofit community organization under contract with a local

1 governmental unit to administer a homestead program under this  
2 act.

3       (b) "Applicant" means an individual and the spouse of that  
4 individual if that spouse intends to occupy the property with the  
5 individual.

6       (c) "Homestead agreement" means a written contract between a  
7 housing commission and a qualified buyer that contains the terms  
8 under which the qualified buyer may acquire the single-family  
9 public housing property.

10       (d) "Housing commission" means a housing commission or hous-  
11 ing authority as defined under section 3 of the housing coopera-  
12 tion law, 1937 PA 293, MCL 125.603.

13       (e) "Housing project" means that term as defined under  
14 section 3 of the housing cooperation law, 1937 PA 293,  
15 MCL 125.603.

16       (f) "Local governmental unit" means a county, city, village,  
17 or township.

18       (g) "Michigan state housing development authority" means the  
19 Michigan state housing development authority created under sec-  
20 tion 21 of the state housing development authority act of 1966,  
21 1966 PA 346, MCL 125.1421.

22       (h) "Nonprofit community organization" means an organization  
23 exempt from taxation under section 501(c)(3) of the internal rev-  
24 enue code of 1986 with experience in housing issues and that con-  
25 tracts with a housing commission to administer an urban home-  
26 steading program for single-family public housing under this  
27 act.

1 (i) "Qualified buyer" means an applicant who meets the  
2 criteria in section 4.

3 (j) "Qualified loan rate" means an interest rate not to  
4 exceed the adjusted prime rate determined in section 23 of 1941  
5 PA 122, MCL 205.23, minus 1 percentage point as determined by the  
6 department of treasury.

7 (k) "Single-family housing" means housing accommodations  
8 designed as a residence for not more than 1 family.

9 Sec. 3. By resolution, and subject to federal and state  
10 law, a local governmental unit may authorize a housing commission  
11 within that local governmental unit or a nonprofit community  
12 organization under contract with the housing commission to oper-  
13 ate an urban homestead program in single-family public housing to  
14 administer a homesteading program that makes single-family public  
15 housing properties available to eligible buyers to purchase under  
16 this act. In the resolution, the local governmental unit shall  
17 designate whether the housing commission or the nonprofit commu-  
18 nity organization shall be the administrator under this act. In  
19 the resolution, the local governmental unit shall also provide an  
20 appeals process to applicants and qualified buyers who are  
21 adversely affected by a decision of the administrator.

22 Sec. 4. (1) An applicant who meets all the following cri-  
23 teria is eligible to enter into a homestead agreement to acquire  
24 single-family public housing property as a qualified buyer under  
25 this act:

26 (a) The applicant is employed and has been employed for the  
27 immediately preceding 1-year period or is otherwise able to meet

1 the financial commitments under this act as determined by the  
2 administrator.

3 (b) The applicant does not meet any of the following  
4 criteria:

5 (i) The applicant has been sentenced or imprisoned within  
6 the immediately preceding 1-year period for a felony conviction.

7 (ii) The applicant is currently on probation or parole for a  
8 felony conviction.

9 (iii) The applicant has been sentenced, imprisoned, on pro-  
10 bation, or on parole in the immediately preceding 5-year period  
11 for a felony violation of section 7401, 7401a, 7402, 7410, or  
12 7410a of the public health code, 1978 PA 368, MCL 333.7401,  
13 333.7401a, 333.7402, 333.7410, and 333.7410a.

14 (iv) The applicant has been convicted of a violation or  
15 attempted violation of section 520b, 520c, 520d, or 520g of the  
16 Michigan penal code, 1931 PA 328, MCL 750.520b, 750.520c,  
17 750.520d, and 750.520g.

18 (c) All school age children of the applicant who will reside  
19 in the single-family public housing property attend school  
20 regularly. A child who has more than 10 unexcused absences per  
21 semester as determined by the local school or appropriate govern-  
22 ing body is not considered to be attending school regularly.

23 (d) The applicant has income below the median for the state  
24 of Michigan as determined by the United States department of  
25 housing and urban development, for families with the same number  
26 of family members of the applicant.

1       (e) The applicant is drug free as determined by the  
2 administrator.

3       (f) The applicant agrees to file an affidavit each year cer-  
4 tifying that they meet the criteria described in this act,  
5 excluding subdivision (d).

6       (g) The applicant meets all other criteria as determined by  
7 the housing commission operating the program.

8       (2) The administrator may require substance abuse testing of  
9 an applicant as a condition of entering into a homestead  
10 agreement. If the applicant tests positive for substance abuse,  
11 then that individual shall enter into a substance abuse treatment  
12 program, as determined by the administrator. The continuing sub-  
13 stance abuse treatment and successful completion shall be part of  
14 the homestead agreement. The administrator may contract with and  
15 seek assistance from the local governmental unit, this state, the  
16 department of community health, or any other entity to implement  
17 this subsection.

18       (3) An applicant who has 1 or more school age children  
19 described in subsection (1)(c), shall provide verification of  
20 school attendance each semester.

21       Sec. 5. (1) A qualified buyer may apply to the administra-  
22 tor to acquire the single-family public housing property. The  
23 application shall be in a form and in a manner provided by the  
24 administrator. If the application is approved, the qualified  
25 buyer and the administrator shall enter into a homestead agree-  
26 ment for the single-family public housing property. Except as

1 provided in subsection (2), the administrator shall determine the  
2 terms and conditions to the homestead agreement.

3       (2) The homestead agreement shall provide that if the quali-  
4 fied buyer is convicted of a felony during the term of the home-  
5 stead agreement, then the homestead agreement is automatically  
6 terminated 60 days after the conviction.

7       (3) If the qualified buyer is in substantial compliance with  
8 the terms of the homestead agreement for not less than 5 years or  
9 if the qualified buyer has resided in the single-family public  
10 housing property before the administrator adopts the urban home-  
11 steading program under this act, resides in that property for not  
12 less than 5 years, meets the criteria in the homestead agreement,  
13 continues to meet the criteria in section 4(1)(a), (b), (c), (e),  
14 (f), and (g), and has otherwise substantially met his or her  
15 financial obligations with the housing commission, the adminis-  
16 trator shall transfer legal ownership of that single-family  
17 public housing property to the qualified buyer for \$1.00.  
18 However, if the housing commission received federal funds for  
19 which bonds or notes were issued and those bonds or notes are  
20 outstanding for that housing project, the housing commission  
21 shall transfer legal ownership to the qualified buyer within 60  
22 days of payment of the pro rata share of the bonded debt on that  
23 specific property by the qualified buyer. The housing commission  
24 shall obtain the appropriate releases from the holders of the  
25 bonds or notes.

26       (4) As a condition of receiving ownership of the property  
27 under this section, the qualified buyer shall maintain and

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1 regularly fund an escrow account with the administrator for the  
2 payment of property taxes and insurance on the property.

3       Sec. 6. The Michigan state housing development authority  
4 may provide loans to qualified buyers who are required to pay the  
5 pro rata portion of the bonded debt on the single-family public  
6 housing. Loans provided under this section shall be made at a  
7 rate of interest not to exceed the qualified rate. The Michigan  
8 state housing development authority shall determine the terms and  
9 conditions of the loan agreement. Loans made by the Michigan  
10 state housing development authority may be prepaid or paid off at  
11 any time without penalty.

12       Sec. 7. If a waiver of federal law, rule, or policy is  
13 needed to implement this act, the housing commission and the  
14 Michigan state housing development authority may work together to  
15 obtain the appropriate waivers from the appropriate federal  
16 authorities.

17       Sec. 8. The powers of a local governmental unit prescribed  
18 in this act are in addition to any other powers provided by law  
19 or charter.

20       Sec. 9. Not less than every 2 years, the housing commission  
21 or the nonprofit community organization appointed by the housing  
22 commission shall hire an independent auditor to audit the books  
23 and accounts of the urban homesteading program for single-family  
24 public housing operated by the housing commission or nonprofit  
25 community organization. Upon completion, the audit report shall  
26 be made available to the public.

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1       Sec. 10. A qualified buyer eligible for and participating  
2 in the urban homestead program shall be allowed the opportunity  
3 to make up any late or delinquent rent due. The administrator  
4 shall notify the individual of the arrearage and determine a pay-  
5 ment schedule to make up past due rent.