

MSHDA SUPPORTIVE HOUSING PROGRAM

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Senate Bill 1147 (Substitute S-1)

Sponsor: Sen. Mark C. Jansen

House Committee: Intergovernmental and Regional Affairs

Senate Committee: Finance

Complete to 6-28-10

A SUMMARY OF SENATE BILL 1147 (S-1) AS PASSED BY THE SENATE 6-23-10

The bill would amend the State Housing Development Authority Act to do the following in regard to supportive housing property:

- Limit the number of individual living units that the Michigan State Housing Development Authority may certify to 250 each year.
- Limit the number of living units certified in a county to 62, and provide for the certification of additional units among counties that had reached that cap, subject to the 250 maximum.
- Set a deadline for an affidavit form to be submitted to MSHDA for certification, and revise the deadline for an affidavit to be submitted to the local assessing officer.
- Define "individual living unit," and include property owned by a nonprofit housing corporation in the definition of "supportive housing property."
- Delete a provision allowing certification or the denial of certification to be appealed to the circuit court.

The act defines "supportive housing property" as property that meets the following criteria:

- It is owned by an organization exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC).
- It consists of not more than six individual living units.
- All living units are occupied by one or more people whose individual income is at or below 30 percent of the median income and who individually receive services for at least one hour per month from an organization identified above.

The bill would define "individual living unit" as an accommodation containing a living area, one to four sleeping areas, bathing and sanitation facilities, and cooking facilities equipped with a cooking range, refrigerator, and sink, all of which are separate and distinct from any other accommodations. An individual living unit could be served by heating or cooling facilities that also serve additional units. An individual living unit could not provide housing for more than six individuals.

In addition, the bill would modify the definition of "supportive housing property" so that the term would mean property that was owned either by an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, *or by a nonprofit housing corporation organized under Chapter 4* of the act.

The act requires the owner of supportive housing property to submit a completed affidavit form to MSHDA for certification that the property is supportive housing property. The owner then must file the certified affidavit with the local assessing officer before November 1 of the year before the tax year in which the exemption is to begin.

Under the bill, the completed affidavit form would have to be submitted to MSHDA before November 1 of the year before the tax year in which the exemption would begin, and the certified affidavit would have to be filed with the local assessing officer before December 1 of the tax year in which the exemption would begin. The authority could not accept any affidavit filed with it for certification on or after November 1 of any year.

Currently, not more than 25 percent of the number of living units certified as supportive housing property for a year may be in a single county. If by October 1 of a year the total number of living units for that year is fewer than the 250 living units authorized, MSHDA may certify living units on a first-come, first-served basis in counties that received 25 percent of the living units for the year.

The bill, instead, would prohibit MSHDA from certifying more than 250 individual living units in each year. Not more than 62 units certified for a year could be from a single county. If by November 1 of a year the total number of living units certified for that year were fewer than 250, MSHDA could certify additional living units in a county that had previously reached the 62-unit limit, subject to the statewide limit of 250 living units. This certification would have to be on a first-come, first-served basis, based on affidavits filed with MSHDA before November 1 of that year, but after the county involved reached the 62-unit limit.

If MSHDA could not certify all of the affidavits without reaching the 250-unit limit, and the date and time of the filing of those affidavits did not establish which were filed earliest, MSHDA could select and certify affidavits within that group randomly, keeping a balance of certified units among counties that had more than 62 certified units.

Under the act, an owner of property for which certification is denied, or a local unit of government in which certified property is located, may appeal MSHDA's determination to the circuit court of the county where the property is located. The bill would delete this provision.

MCL 125.1459 & 125.1459a

[**Note:** Senate Bill 1147 is identical to House Bill 6098 which was reported out of the Intergovernmental and Regional Affairs Committee on May 11, 2010, and then passed

the House of Representatives by a vote of 103 to 4 on May 19, 2010. That bill currently awaits action in the Senate Finance Committee.]

FISCAL IMPACT:

The bill would have no material fiscal impact on the Michigan State Housing Development Authority (MSHDA), which certifies supportive housing projects as being eligible for the exemption from the 18-mill property tax levied for school operating purposes. Expanding the type of entities (nonprofit housing corporations) that may own supportive housing that is eligible for the tax exemption would increase the workload of MSHDA staff, although any resulting increase could be carried out within existing staffing and budgetary resources.

To date, MSHDA has certified 99 eligible supportive housing properties, encompassing 323 individual living units as being eligible for the tax exemption. These properties are located in six counties, as shown in the chart below.

	Properties		Individual Units	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Ingham	1	1.0%	6	1.9%
Kalamazoo	3	3.0%	5	1.5%
Macomb	10	10.1%	21	6.5%
Oakland	25	25.3%	113	35.0%
Ottawa	2	2.0%	4	1.2%
Wayne	58	58.6%	174	53.9%
Total	99	100.0%	323	100.0%

Source: MSHDA

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.