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BILL ANALYSIS



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Senate Bill 1147 (as introduced 2-23-10)
Sponsor: Senator Mark C. Jansen
Committee: Finance

Date Completed: 6-9-10

CONTENT

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

- **Include property owned by a nonprofit housing corporation in the definition of "supportive housing property".**
- **Add a definition of "individual living unit".**
- **Limit the number of housing units that may be certified as supportive housing property to 250 each year.**
- **Delete a provision allowing certification or the denial of certification as supportive housing property to be appealed to the circuit court.**

Under the General Property Tax Act, supportive housing property is exempt from the tax levied by a local school district for school operating purposes, to the extent provided under the Revised School Code, if the property owner claims an exemption by filing an affidavit with the local tax collecting unit. The State Housing Development Authority Act requires the owner first to submit the affidavit to the Michigan State Housing Development Authority (MSHDA) for certification.

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% of the median income and who individually receive services for at least one hour per month from an organization identified above.

Under the bill, the property would have to be owned either by an organization exempt from taxation under Section 501(c)(3) of the IRC, or by a nonprofit housing corporation organized under Chapter 4 of the Act.

The bill also would define "individual living unit" as an accommodation containing a living area, a sleeping area, 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.

Currently, not more than 25% 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 in counties that received 25% of the living units for the year.

The bill, instead, would prohibit MSHDA from certifying more than 250 units of supportive housing in each year. Not more than 62 units certified for a year could be from a single county. If by October 1 of a year the total number of living units for that year were fewer than the 250 authorized, MSHDA could certify living units in counties that received 62 of the units for that year.

As currently provided, property would have to be certified on a first-come, first-served basis.

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

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

To the extent that the legislation led to a higher level of investment in supportive housing unit facilities and dwellings than otherwise would have occurred, the additional activity would represent a potential loss of school operating taxes within the affected jurisdictions. The State also would potentially incur increased expenditures due to the need to replace lost school operating property taxes.

Fiscal Analyst: Eric Scorsone

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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.