

# Legislative Analysis

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## EXEMPT SUPPORTIVE HOUSING PROPERTY FROM LOCAL SCHOOL OPERATING TAXES

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### House Bill 6492

Sponsor: Rep. Joe Hune

### House Bill 6493

Sponsor: Rep. John Stakoe

Committee: Intergovernmental, Urban, and Regional Affairs

Complete to 9-23-08

## A SUMMARY OF HOUSE BILLS 6492 AND 6493 AS INTRODUCED 9-23-08

House Bill 6492 would exempt "supportive housing property" from the 18-mill local school operating levy and House Bill 6493 would put in place a process for the designation of "supportive housing property" to be followed by the Michigan State Housing Development Authority. The bills are tie-barred to each other, and also to House Bill 5437, so that none of the bills could go into effect without the others also being enacted into law.

(House Bill 5437 would amend the General Property Tax Act by adding a section that provides a tax exemption for this kind of housing, which is *developed by a nonprofit organization for individuals of low and moderate income who are eligible recipients of the public mental health system.*)

House Bill 6492 would amend the Revised School Code (MCL 380.1211) to define "supportive housing property" to mean real property certified as supportive housing property under chapter 3b of the State Housing Development Authority Act of 1966, 1966 PA 346, MCL 125.1459 to 125.1459b. (That definition and certification process would be added to the MSHDA Act by House Bill 6493.)

The bill would then exempt "supportive housing property" from the 18 mills that elected school board officials levy for the purpose of operating their local public schools. A local school district could also exempt supportive housing property from any other operating mills it is authorized to levy ("hold harmless mills").

House Bill 6493 would amend the State Housing Development Authority Act (MCL 125.1401) to specify that not more than 90 days after an owner of property submitted an application (on a form provided by the authority), the authority would have to determine if the property was "supportive housing property." If the authority determined that it was, the property would be so certified. An owner or the local government where the property was denied could appeal the authority's determination to the circuit court of the county where the property was located.

In each year, the authority would be prohibited from certifying a parcel or property if all parcels previously certified in that year contained, in the aggregate, more than 250 individual living units.

Further, each year 50 percent of the parcels of property that the authority certified as "supportive housing property" would have to be *existing* projects, and 50 percent would have to be *new* projects. However, if the number of applications for certification for existing projects accounted for less than half of the number of parcels that could be certified, then the authority could certify new projects for the remaining number of parcels. Subject to those provisions, the bill requires the authority to certify property on a first-come, first-served basis.

House Bill 6493 would define "supportive housing property" to mean property that meets all of the following requirements: (1) is developed by an organization exempt under section 501(c)(3) of the Internal Revenue Code; (2) is occupied solely by persons with low and moderate incomes who are eligible recipients of the public mental health system; and (3) consists of not more than six individual living units.

The bill would define "low and moderate income" to mean household income of less than 80 percent of the area median gross income.

#### **FISCAL IMPACT:**

The fiscal impact of the bills depends on the number of parcels that would be designated as supportive housing property. The bills would reduce local school operating taxes to school districts. The fiscal impact mainly would be to the School Aid Fund, which would replace the lost local revenue in the payments made to most school districts. However, for an out-of-formula district whose local revenue per pupil exceeds its foundation allowance, the state would not replace the lost revenue.

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