

**SUBSTITUTE FOR
HOUSE BILL NO. 4491**

A bill to create an urban homestead program for certain vacant land; to empower certain local governmental units to create and administer urban homestead programs for vacant land; to prescribe the powers and duties of certain state and local governmental units; 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 on vacant land act".

3 Sec. 2. As used in this act:

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

7 (b) "Local governmental unit" means a county, city, village,
8 or township.

1 (c) "Program" means the urban homesteading program for
2 vacant land described in this act.

3 (d) "Vacant property" means surplus vacant residential prop-
4 erty owned by the local governmental unit.

5 Sec. 3. By resolution, a local governmental unit may oper-
6 ate an urban homesteading program for vacant land that makes par-
7 cels of vacant property available to individuals to purchase
8 under this act. In the resolution, the local governmental unit
9 shall provide an appeals process to applicants, purchasers, and
10 lessees who are adversely affected by a decision of the local
11 governmental unit.

12 Sec. 4. (1) An applicant who meets all the following cri-
13 teria is eligible to purchase vacant property under this act:

14 (a) The applicant intends to occupy the vacant property by
15 constructing a home on the premises.

16 (b) The applicant is employed and has been employed for the
17 immediately preceding 1-year period or is otherwise able to meet
18 the financial commitments under this act as determined by the
19 local governmental unit.

20 (c) The applicant does not meet any of the following
21 criteria:

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

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

26 (iii) The applicant has been sentenced, imprisoned, on
27 probation, or on parole in the immediately preceding 5-year

1 period for a felony violation of section 7401, 7401a, 7402, 7410,
2 or 7410a of the public health code, 1978 PA 368, MCL 333.7401,
3 333.7401a, 333.7402, 333.7410, and 333.7410a.

4 (iv) The applicant has been convicted of a violation or
5 attempted violation of section 520b, 520c, 520d, or 520g of the
6 Michigan penal code, 1931 PA 328, MCL 750.520b, 750.520c,
7 750.520d, and 750.520g.

8 (2) The local governmental unit may require substance abuse
9 testing of an applicant as a condition of purchasing the
10 property. 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 local governmental unit. The local
13 governmental unit may contract with and seek assistance from this
14 state, the department of community health, or any other entity to
15 implement this subsection.

16 Sec. 5. (1) If the applicant substantially meets the cri-
17 teria in section 4 and receives a commitment to finance construc-
18 tion on the property, the local governmental unit shall deed that
19 property to the applicant for \$1.00.

20 (2) As a condition of receiving ownership of the property
21 under this section, the applicant shall do both of the
22 following:

23 (a) Except as otherwise provided in a mortgage agreement
24 with an entity that takes a mortgage on the property, maintain
25 and regularly fund an escrow account with the local governmental
26 unit for the payment of property taxes and insurance on the
27 property.

1 (b) Agree to deed the property back to the local
2 governmental unit if the home is not constructed or not in the
3 process of being constructed within 1 year from the date of the
4 transfer. The local governmental unit may enforce this provision
5 with the use of a deed restriction or other restriction in the
6 chain of title.

7 Sec. 6. Before placing vacant property into the program,
8 the local governmental unit shall first offer the vacant property
9 to owners of adjacent and contiguous property who occupy the
10 adjacent and contiguous property. If adjacent and contiguous
11 landowners do not purchase the property, the local governmental
12 unit shall offer the vacant property to neighborhood resident
13 organizations, other community groups, and the general public.
14 The local governmental unit shall determine the sale price for
15 any sale under this section.

16 Sec. 7. The powers of a local governmental unit prescribed
17 in this act are in addition to any other powers provided by law
18 or charter.

19 Sec. 8. Not less than every 2 years, the local governmental
20 unit shall hire an independent auditor to audit the books and
21 accounts of the urban homestead program operated by the local
22 governmental unit. Upon completion, the audit report shall be
23 made available to the public.