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SFA**BILL ANALYSIS**

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Senate Bill 346 (Substitute S-3 as reported)
Sponsor: Senator Virgil C. Smith, Jr.
Committee: Economic Development, International Trade and Regulatory Affairs

CONTENT

The bill would create the "Urban Homesteading on Vacant Land Act" to authorize a local unit of government to operate an urban homesteading program that would make vacant land available to qualified individuals. If an applicant substantially met the criteria for a qualified buyer and received a commitment to finance construction on property, the local unit would have to deed the property to the applicant for \$1.

Before placing vacant property into the program, the local unit first would have to offer the property to owners who occupied adjacent and contiguous property, and if they did not purchase it, to neighborhood resident organizations, other community groups, or the public. The local unit would have to determine the sale price for any sale under this provision. Every two years, the local unit would have to hire an independent auditor to audit the books and accounts of the program.

An applicant (an individual and his or her spouse if the spouse intended to occupy the property with the individual) would be eligible to purchase vacant property if he or she intended to occupy it by constructing a home on the premises, were employed and had been for the immediately preceding year or were otherwise able to meet the financial commitments, had not been sentenced or imprisoned within the past year for a felony, were not on probation or parole for a felony, had not been sentenced, imprisoned, or placed on probation or parole within the preceding three years for criminal sexual conduct or a controlled substance offense, were drug-free as determined by the local unit (which could require substance abuse testing), and had income below the median for the State; and if all school-age children of the applicant who would reside in the property attended school regularly.

As a condition of ownership, an applicant would have to maintain and regularly fund an escrow account with the local unit for the payment of property taxes and insurance on the property; and agree to deed the property back to the local unit if a home were not constructed or not in the process of construction within one year from the date of the transfer.

Legislative Analyst: N. Nagata

FISCAL IMPACT

Local units that participated in an urban homesteading program for vacant land would incur administrative costs and would receive rent.

Date Completed: 3-18-99

Fiscal Analyst: R. Ross

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Analysis available @ <http://www.michiganlegislature.org>

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