

Introduction

In 2008, PA 454-456 became law, allowing "supportive housing properties" to be exempt from the 18 mill school operating levy. Supportive Housing Properties were established by 2008 PA 216. Due to a technical problem in the legislation, these bills did not actually take effect until October 29, 2009 when PA 127 of 2009 was passed to fix the technical problem.

Definition

"Supportive housing property" is 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 by 1 or more persons each having incomes at or below 30 percent of the area median income and who each individually receive services for not less than one hour per month either directly from or contracted for by an organization identified in subparagraph (i), which services include, but are not limited to, mental health, substance abuse, counseling, and assistance with daily living; and
- (3) consists of not more than six individual living units.

Background

Until 2008, many multi-site nonprofit charitable housing groups qualified for local property tax exemptions under Michigan statute. However, a Michigan Supreme Court ruling in *Liberty Hill Housing v Livonia* (SC docket No. 131531) found that a charitable housing group must occupy the property it rents to qualify for a property tax exemption, applying a far narrower definition of the term "occupy" than was customarily in use.

What is the purpose of the Acts?

PA 454 of 2008 amends the General Property Tax Act by exempting supportive housing property (beginning December 31, 2008) from the tax levied by a local school district for school operating purposes if an owner of the housing claims an exemption.

PA 455 of 2008 amends the Revised School Code by exempting "supportive housing property" from the mills levied for school operating purposes (not more than 18).

PA 456 of 2008 amends the State Housing Development Authority Act by creating a certification process for "supportive housing property" by the Michigan State Housing Development Authority (MSHDA). Property is certified as supportive housing property on a first-come, first-served basis; however, not more than 25 percent of the number of living units that may be certified as supportive housing property for a year can be in a single county.

Procedure

An owner of supportive housing property begins the process for claiming an exemption by filing an affidavit on or before December 31 with the local tax collecting unit in which the housing is located. MCL 211.7nn (2), et seq. If the property is no longer supportive housing, the owner has up to 90 days to rescind the claim of exemption. If the local assessor believes that property is not supportive housing, then the applicant's claim could be denied, in writing. The denial would void the exemption for the current year, and for the three immediately preceding calendar years. A denial could be appealed to the State Tax Commission within 35 days. Further details are specified in the Act.