



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

JENNIFER M. GRANHOLM  
GOVERNOR

ROBERT J. KLEINE  
STATE TREASURER

**BULLETIN NO 16 of 2009**  
**SENIOR CITIZEN & DISABLED**  
**FAMILY HOUSING EXEMPTION**  
**December 4, 2009**

**TO:** Assessors  
Equalization Directors

**FROM:** State Tax Commission

**SUBJECT: Senior Citizen and Disabled Family Housing Facility Exemption**

Section 211.7d of Public Act 206 of 1893 provides for the exemption from the collection of taxes for housing owned and operated by a nonprofit corporation or association, by a limited dividend housing corporation, or by this state, a political subdivision of this state, or an instrumentality of this state, for property occupied or used solely by elderly or disabled families. The purpose of this bulletin is to explain this exemption. There are three steps involved in claiming an exemption under Section 211.7d. Each step is described below.

**Step 1:** An owner of property may request an exemption from the assessor of the local unit of government where the property is located. The assessor will review the request based on the requirements identified under MCL 211.7d, and further explained within this Bulletin, and approve or disapprove the request. Subsection (2) requires the assessor to notify the owner in writing of the approval or disapproval. If approved, the exemption begins on December 31 of the year it is approved and continues until the property is no longer used for occupancy or use solely by elderly or disabled families.

**Step 2:** If an assessor of a local unit of government approves an exemption under Section 211.7d, the owner of the exempt property is required to submit a affidavit to the Michigan Department of Treasury's Finance and Accounting Division and to the assessor of the local tax collecting unit in which the property is located no later than May 1 of each year. The Affidavit is required to confirm eligibility under Section 211.7d. If the owner of the exempt property does not annually submit the required Affidavit, the exemption will be revoked for that year and the State of Michigan will not pay the tax liability for the year in which the Affidavit was not received.

**Step 3:** The treasurer of the local unit of government which has granted an exemption under Section 211.7d shall submit annually a statement for Payment In Lieu of Taxes to the Finance and Accounting Division of the Michigan Department of Treasury no later than December 1 of each year. The statement must include a description of the exempt property and the name and address of the corporation, association, or limited dividend housing corporation that owns the property exempt under Section 211.7d.

## **Additional Information:**

### **Calculation of the Base Valuation:**

The calculation of the base valuation for the Senior Citizen and Disabled Family Housing Exemption for property already exempt under this act prior to the January 20, 2009 effective date of amendatory Act 585, is the property's taxable value on the assessment roll in the 2008 tax year. The property remains on the ad valorem assessment roll.

For property not exempt under this act prior to the January 20, 2009 effective date of amendatory Act 585, the base value is the property's taxable value on the assessment roll in the year the claim for exemption is made, or for new construction it is the property's taxable value on the assessment roll in the year the construction is completed and a certificate of occupancy, or similar document is issued. As required by Section (4)(c)(ii), the property must meet the occupancy requirement by December 31 in order to qualify for the exemption. Once the base valuation is established for a new facility, it is placed on the ad valorem assessment roll. The base value is frozen for the duration of the exemption and the yearly inflation rate multiplier is not applied. The taxable value may only be adjusted by Order of the Commission, Judgment of the Michigan Tax Tribunal, or other court order. No board of review has the authority to adjust the taxable value for property under this exemption.

### **Calculation of Payment in Lieu of Taxes:**

The treasurer of the local unit of government will calculate the total payment by multiplying the property's base valuation by the number of mills levied for all taxing units in the local tax collecting unit except the school operating millage and the state education tax. Once the payment is calculated, the treasurer will complete a statement to be sent to the Department of Treasury as indicated in Step 3 above.

### **Processing of a Statement for Payment In Lieu of Taxes:**

When the Michigan Department of Treasury receives a statement for payment under this exemption from the treasurer of a local unit of government, the statement will be verified. Upon verification, payment shall be forwarded to the treasurer of the local tax collecting unit no later than 60 days after receipt of the statement. The state will only pay real and personal property taxes, not administrative fees, special assessments or penalty and interest fees. The local tax collecting unit is required to distribute the amount received in the same manner and in the same proportions as general ad valorem taxes collected under the General Property Tax Act.

### **Forfeiture, Foreclosure and Sale for Delinquent Taxes:**

Property that is used for occupancy or used solely by elderly or disabled families and is eligible for exemption under Section 211.7d is not subject to forfeiture, foreclosure, and delinquent taxes under the act for any year in which the property is exempt.

### **Exemptions Issued Prior to Effective Date of Amendatory Act:**

If the exemption was issued prior to the amendatory act that became effective on January 20, 2009, in order to continue to claim an exemption under Section 211.7d, an owner of exempt property must submit a claim for exemption and any required affidavits confirming eligibility under this section as described in Step 1 above.

**Revocations:**

Revocations of existing Senior Citizen and Disabled Housing Facility Exemptions are not allowed under MCL 211.7d. Once an exemption is approved, it remains exempt until the facility is not longer used solely by elderly or disabled families.

**Facilities Exempt Under Payment in Lieu of Tax Exemptions Other than Section 211.7d:**

Facilities that are currently exempt under a payment in lieu of tax exemption other than the exemption provided under Section 211.7d are required to meet all of the requirements set forth in Public Act 585 of 2008, Section (4)(c)(ii) in order to be eligible to receive a Senior Citizen and Disabled Housing Facility Exemption. These exemptions may not be automatically transferred by a local unit assessor.

**Property Tax Credit for Residence:** Since the State of Michigan is making payments in lieu of taxes on the facility, its residents are not eligible for a Property Tax Credit when filing their state income tax return.

**Section 211.7d(10) Definitions are described below:**

(a) **Disabled person** is defined as a person with disabilities.

(b) **Elderly or disabled families** is defined as families consisting of 2 or more persons if the head of the household, or his or her spouse, is 62 years of age or over or is a disabled person, and includes a single person who is 62 years of age or over or is a disabled person.

(c) **Elderly person** is defined in section 202 of title II of the Housing Act of 1959, Public Law 86-372, 12 USC 1701q, specifically “a household composed of one or more person at least one of whom is 62 years of age or more at the time of initial occupancy.”

(d) **Housing** is defined as new or rehabilitated (see definition below) structures with 8 or more residential units in 1 or more of the structures for occupancy and use by elderly or disabled persons, including essential contiguous land and related facilities as well as all personal property of the corporation, association, or limited dividend housing corporation used in connection with the facilities.

(e) **Limited dividend housing corporation** is defined as a corporation incorporated or qualified under the laws of this state and chapter 6 of the State Housing Development Authority Act of 1966, 1966 PA 346, MCL 125.1481 to 125.1486 (see attached excerpt), or a limited dividend housing association organized and qualified under chapter 7 of the State Housing Development Authority Act of 1966, 1966 PA 346, MCL 125.1491 to 125.1496 (see attached excerpt), that will rehabilitate and own a housing facility or project previously qualified, built, or financed under Section 202 of Title II of the Housing Act of 1959, Public Law 86-372, 12 USC 1701q, Section 236 of Title II of the National Housing Act, Chapter 847, 82 Stat. 498, 12 USC 1715z-1, or Section 811 of Subtitle B of Title VIII of the Cranston-Gonzalez National Affordable Housing Act, Public Law 101-625, 42 USC 8013.

(f) **New construction means** that term as defined in MCL 211.34d(b)(iii) which states: "new construction" means property not in existence on the immediately preceding tax day and not replacement construction. New construction includes the physical addition of equipment or furnishings, subject to the provisions set forth in Section 27(2)(a) to (o) [commonly known as residential non-consideration]. For purposes of determining the taxable value of property under Section 27a, the value of new construction is the true cash value of the new construction multiplied by 0.50.

(g) **Nonprofit corporation or association** is defined as a nonprofit corporation or association incorporated under the laws of this state not otherwise exempt from the collection of taxes under this act, operating a housing facility or project qualified, built, or financed under Section 236 of Title II of the National Housing Act, Chapter 847, 82 Stat. 498, 12 USC 1715z-1, or Section 811 of Subtitle B of Title VIII of the Cranston-Gonzalez National Affordable Housing Act, Public Law 101-625, 42 USC 8013.

(h) **Persons with disabilities** is defined in Section 811 of Subtitle B of Title VIII of the Cranston-Gonzalez National Affordable Housing Act, Public Law 101-625, 42 USC 8013.

(i) **Residential units** includes 1-bedroom units licensed under the Adult Foster Care Facility Licensing Act, 1979 PA 218, MCL 400.701 to 400.737, for persons who share dining, living, and bathroom facilities and who have a mental illness, developmental disability, or a physical disability, as those terms are defined in the Adult Foster Care Facility Licensing Act, 1979 PA 218, MCL 400.701 to 400.737, or individual self-contained dwellings and 1-bedroom units must be financed either under Section 202 of Title II of the Housing Act of 1959, Public Law 86-372, 12 USC 1701q, or under Section 811 of Subtitle B of Title VIII of the Cranston-Gonzalez National Affordable Housing Act, Public Law 101-625, 42 USC 8013.

### **Rehabilitation Definition:**

**Rehabilitation** is defined under the Obsolete Property Rehabilitation Act, 2000 PA 146, MCL 125.2782, as “changes to property other than replacement that are required to restore or modify the property, together with all appurtenances, to an economically efficient condition. Rehabilitation includes major renovation and modification including, but not necessarily limited to, the improvement of floor loads, correction of deficient or excessive height, new or improved fixed building equipment, including heating, ventilation, and lighting, reducing multistory facilities to 1 or 2 stories, adding additional stories to a facility or adding additional space on the same floor level not to exceed 100% of the existing floor space on that floor level, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, and other physical changes required to restore or change the property to an economically efficient condition.”

### **Basic Requirements for Claim of Senior Citizen and Disabled Housing Facility Exemption:**

- The housing must be owned and operated by a non-profit corporation or association, by a limited dividend housing corporation, not otherwise tax-exempt;
- The housing must be occupied solely (with the exception of a caretaker) by the elderly 62 years of age, as defined in Section 202 of the title II of the housing act of 1959, or the disabled, as defined in Section 811 of subtitle B of title VIII of the Cranston-Gonzalez national affordable housing act;
- The housing must consist of 8 or more residential units in 1 or more structures;
- The housing must have been qualified, built or financed under Section 202, 236 or 811 of the National Housing Act.

- "Housing" means new or rehabilitated structures with 8 or more residential units in 1 or more structures.

**Additional information, including Department of Treasury Forms, related to State Payment of Property Taxes for Senior Citizen and Disabled Housing Facilities can be located on the Department of Treasury's Website at [www.michigan.gov/taxes](http://www.michigan.gov/taxes).**