

Subject:

Proposed State Legislation re Equity Investing in Housing

From: Richard Norton**Sent:** Friday, January 9, 2026 2:22 PM**To:** Donnell Wyche; Ellie Abrons; Daniel Adams; Sarah Mills; Disch, Lisa; Sara Hammerschmidt; Wonwoo Lee; Julie Weatherbee; Lenart, Brett <BLenart@a2gov.org>; Kelley, Hank <HKelley@a2gov.org>; Bennett, Michelle <MBennett@a2gov.org>**Subject:** Proposed State Legislation re Equity Investing in Housing

Hello Colleagues,

I'm still serving on the planning law committee of the Michigan Association of Planning. During a meeting this morning, one of my colleagues on that committee mentioned that legislation was proposed late in December in the Michigan House that would address the phenomenon of equity investors buying up homes in a way that affects the availability of affordable housing, among other things. That issue has come up in our deliberations on the CLUP, and it's one in particular that I've been noodling on. (Sorry...couldn't resist!)

I've not had a chance to review these materials closely, and I'm not endorsing or opposing them in any way, but I thought I would share them with you all in case you might be interested to know that this state-level initiative is happening.

Here is a summary of what the legislation involves: <https://housedems.com/morgan-introduces-stop-private-equity-act-to-protect-michigan-families-from-predatory-housing-practices/>

Here is the draft legislation itself: <https://legislature.mi.gov/documents/2025-2026/billintroduced/House/pdf/2025-HIB-5365.pdf>

Regards,
Dick

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Morgan Introduces STOP Private Equity Act to Protect Michigan Families from Predatory Housing Practices

LANSING, Mich., Dec. 16, 2025 — **State Rep. Jason Morgan** (D-Ann Arbor) introduced the **Shielding Tenants and Owners from Predatory (STOP) Private Equity Act (House Bills 5365-5367)**, a comprehensive legislative package aimed at stopping Wall Street-backed investors, private equity firms, and hedge funds from buying up Michigan homes and driving up costs for millions of regular people. The bills target the predatory business models that are fueling Michigan's housing affordability crisis and pushing everyday people out of the homeownership market.

"Families shouldn't have to fight Wall Street to find a place to call home, but that's exactly what's happening," **Morgan** said. "The dream of owning a home is slipping away from millions of Michiganders as giant investment firms are sweeping up the very houses people are trying to live in. People are tired of being outbid by private equity and treated like they don't matter while Wall Street firms have never set foot in our communities, turns neighborhoods into profit machines. A home



more than a commodity. It's stability, safety, and the foundation for the American dream. It's time we put people before profits."

Michigan and other states have seen a surge in private equity-driven housing activity: bulk home purchases that shrink the supply of affordable starter homes, and wholesaling schemes that prey on seniors and financially distressed owners. The **STOP Private Equity Act** tackles these problems by:

- **Discouraging corporate hoarding of single-family homes.** The package imposes a surtax on large investors that buy homes in bulk, making it more expensive for private equity firms and hedge funds to gobble up the limited housing supply that working families and first-time home buyers depend on. It also requires these investors to disclose who owns the properties, preventing shell companies from hiding large-scale activities. Additionally, entities that receive state and local tax credits and economic development incentives are required to record anti-flip covenants, are prohibited from making certain bulk sales and must sell a certain percentage of homes to individuals who will occupy the homes. An entity that violates those requirements must pay back the credits and are barred from receiving either of these benefits for 10 years.
- **Cracking down on predatory "We Buy Houses for Cash" middlemen.** Wholesalers will be regulated under the same terms of real estate professionals, required to disclose their profits, operate under existing licensing rules and provide homeowners with a five-day cooling-off period to walk away from bad deals — ensuring people are not tricked into signing away their homes for far less than they're worth.

In addition to these reforms, lawmakers in both the House and Senate are advancing separate efforts to strengthen protections for residents of manufactured housing communities. These initiatives aim to improve conditions, increase stability and fight to make these communities affordable for the people who rely on them, complementing the broader conversation on housing affordability across Michigan.

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December 16, 2025

Anderson House Office Building
124 N Capitol Ave
Lansing, MI 48933

Mailing Address:
Michigan House of
Representatives



1/13/26, 9:47 AM

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P.O. Box 30014

Lansing, MI 48909-7514

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HOUSE BILL NO. 5365

December 16, 2025, Introduced by Reps. Morgan, Myers-Phillips, Tsernoglou, Dievendorf, Wilson, Wegela, Byrnes, Arbit, Miller, Hoskins, Mentzer, Rheingans, Conlin and Coffia and referred to Committee on Government Operations.

A bill to address the economic and other impacts of the acquisition and ownership of single-family residential dwellings by certain persons on this state and political subdivisions of this state; to impose certain surtaxes on certain acquisitions, sales, and holdings of single-family residential dwellings; to provide for the levy, collection, and administration of the surtaxes; to provide for certain exemptions and refunds; to provide for the disposition of the proceeds of the surtaxes; to impose certain requirements on persons that receive state and local benefits in connection with certain projects involving 1 or more single-family residential dwellings; to provide for certification of certain

entities that agree to affordability covenants; to impose certain reporting requirements; to provide for the powers and duties of certain state and local governmental officers and entities; to provide for certain remedies, sanctions, and penalties; and to allow for the promulgation of rules.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 ARTICLE 1. GENERAL PROVISIONS

2 Sec. 1. This act may be cited as the "SFR tax and economics
3 act".

4 Sec. 3. As used in this act:

5 (a) "Affiliate" means an entity that, directly or indirectly,
6 through 1 or more intermediaries, controls, is controlled by, or is
7 under common control with another entity. For purposes of this
8 subdivision, an entity is controlled by another entity if the
9 controlling entity holds, directly or indirectly, the majority
10 voting or ownership interest in the controlled entity or has
11 control over the day-to-day operations of the controlled entity by
12 contract or law.

13 (b) "Affordability covenant" means a covenant, condition, or
14 restriction contained in a deed, contract, or other legal
15 instrument that affects the transfer, sale, or any other interest
16 in a covered SFR that does both of the following:

17 (i) Establishes a period of not less than 15 years during which
18 the covenant, condition, or restriction applies.

19 (ii) During the period described in subparagraph (i), limits the
20 price at which the covered SFR may be rented or sold to an amount
21 that is affordable. For purposes of this subparagraph, an amount is
22 considered affordable if it does not result in an annual rent or
23 mortgage cost that exceeds 30% to 80% of the median family income

1 for the area in which the covered SFR is located, as determined by
2 MSHDA. As used in this subparagraph, "median family income" means
3 the median income for the area as determined under section 8 of the
4 United States housing act of 1937, 42 USC 1437f, for a family of 4.

5 (c) "Beneficial owner" means an individual who, directly or
6 indirectly, through 1 or more intermediaries, controls an entity.
7 For purposes of this subdivision, both of the following provisions
8 apply:

9 (i) Except as otherwise provided in subparagraph (ii), an entity
10 is controlled by an individual if the individual holds, directly or
11 indirectly, a 25% or more voting or ownership interest in the
12 entity or exercises substantial control over the day-to-day
13 operations of the entity by contract or law.

14 (ii) An individual is not considered to control an entity
15 solely by virtue of holding, directly or indirectly, an ownership
16 interest in the entity if all of the following requirements are
17 met:

18 (A) The individual is not an officer, director, or manager of
19 the entity and does not hold any other leadership position with the
20 entity.

21 (B) The individual does not have the authority to direct the
22 sale, refinancing, or day-to-day operations of the entity or its
23 assets.

24 (C) The individual owns less than 50% of the entity and does
25 not own a plurality of the entity.

26 (d) "Community land trust" means a nonprofit organization that
27 is exempt from taxation under section 501(c)(3) of the internal
28 revenue code of 1986, 26 USC 501, and has as a primary purpose the
29 development and preservation of affordable housing.

1 (e) "Condominium unit" means that term as defined in section 4
2 of the condominium act, 1978 PA 59, MCL 559.104.

3 (f) "Conforming loan limit" means that term as defined in 15
4 USC 9058d.

5 (g) "Covered SFR" means a single-family residential dwelling
6 with a fair market value that does not exceed the conforming loan
7 limit for the county in which the single-family residential
8 dwelling is located. For purposes of this subdivision, in
9 determining fair market value, both of the following apply:

10 (i) Unless the purchase transaction is not an arm's length
11 transaction, the purchase price is considered to be the fair market
12 value at the time of purchase.

13 (ii) Unless subparagraph (i) applies, the true cash value as
14 defined in section 27 of the general property tax act, 1893 PA 206,
15 MCL 211.27, is considered to be the fair market value.

16 (h) "Department" means the department of treasury.

17 (i) "Entity" means a person other than an individual,
18 including a corporation, partnership, limited liability company,
19 trust, real estate investment trust, or other legal entity.

20 (j) "Large investor" means an entity that directly or
21 indirectly owns 50 or more covered SFRs.

22 Sec. 5. As used in this act:

23 (a) "Mission buyer" means any of the following:

24 (i) A community land trust.

25 (ii) A public housing agency.

26 (iii) An MSHDA-approved entity.

27 (b) "MSHDA" means the Michigan state housing development
28 authority created in section 21 of the state housing development
29 authority act of 1966, 1966 PA 346, MCL 125.1421.

1 (c) "MSHDA-approved entity" means an entity certified by MSHDA
2 under section 9.

3 (d) "Person" means an individual or entity.

4 (e) "Public housing agency" means an agency described in
5 section 3(b) (6) of the United States housing act of 1937, 42 USC
6 1437a.

7 (f) "Real estate investment trust" means that term as defined
8 in section 856 of the internal revenue code of 1986, 26 USC 856.

9 (g) "Related group" means an entity and all of its affiliates
10 and beneficial owners.

11 (h) "Single-family residential dwelling" or "SFR" means either
12 of the following located in this state:

13 (i) A residential structure that consists of not more than 2
14 dwelling units.

15 (ii) A condominium unit that is intended for residential use.

16 Sec. 7. For purposes of this act, all of the following apply:

17 (a) A person is considered to acquire a single-family
18 residential dwelling if the person directly or indirectly acquires
19 a majority ownership interest in the single-family residential
20 dwelling, regardless of the percentage of that ownership interest.

21 (b) A person is considered to own a single-family residential
22 dwelling if the person directly or indirectly owns a majority
23 ownership interest in the single-family residential dwelling,
24 regardless of the percentage of that ownership interest.

25 (c) For purposes of determining whether an acquisition or
26 ownership threshold under this act is met, all single-family
27 residential dwellings acquired or owned by a related group must be
28 aggregated.

29 Sec. 9. (1) MSHDA shall create and administer the MSHDA-

1 approved entity program to certify qualified entities that agree to
2 affordability covenants as provided in this section as MSHDA-
3 approved entities.

4 (2) MSHDA shall develop a detailed application, approval, and
5 compliance process for the program that is published and available
6 on MSHDA's website. The detailed application, approval, and
7 compliance process must include all of the following:

8 (a) A qualified entity may apply to MSHDA for certification as
9 an MSHDA-approved entity.

10 (b) The application must include an attestation that the
11 qualified entity will operate under affordability covenants with
12 respect to covered SFRs acquired or owned by the qualified entity.

13 (c) MSHDA must impose, and the qualified entity must agree to,
14 reporting requirements to ensure implementation of and compliance
15 with the affordability covenants.

16 (d) On approval of an application, MSHDA must issue a
17 certificate to the qualified entity that designates the qualified
18 entity as an MSHDA-approved entity.

19 (3) MSHDA may revoke a certificate if the MSHDA-approved
20 entity does not implement or comply with the affordability
21 covenants or does not comply with reporting or other requirements
22 under the program.

23 (4) MSHDA shall remain a list of qualified entities that are
24 certified as MSHDA-approved entities on its website.

25 (5) MSHDA may promulgate rules to implement this section
26 pursuant to the administrative procedures act of 1969, 1969 PA 306,
27 MCL 24.201 to 24.328.

28 (6) As used in this section:

29 (a) "Program" means the MSHDA-approved entity program created

1 under subsection (1).

2 (b) "Qualified entity" means an entity engaged in the business
3 of developing, investing in, or otherwise acquiring and renting or
4 selling covered SFRs.

5 ARTICLE 2. STATE BULK-BUYER TRANSFER SURTAX

6 Sec. 11. As used in this article:

7 (a) "Acquired SFR" means the covered SFR acquired in a
8 qualified acquisition.

9 (b) "Acquirer" means the person that acquires a covered SFR in
10 a qualified acquisition.

11 (c) "Bulk-buyer transfer surtax" means the tax imposed under
12 section 13.

13 (d) "Qualified acquisition" means the acquisition by a person
14 of a covered SFR if either of the following applies:

15 (i) Within the 30-day period immediately preceding the date of
16 acquisition, the person has already acquired, directly or
17 indirectly, 2 or more covered SFRs.

18 (ii) Within the 12-month period immediately preceding the date
19 of acquisition, the person has already acquired, directly or
20 indirectly, 10 or more covered SFRs.

21 Sec. 13. (1) Beginning on January 1, 2027, in addition to all
22 other taxes, a bulk-buyer transfer surtax is imposed on each
23 qualified acquisition.

24 (2) The bulk-buyer transfer surtax is due at 1 of the
25 following times, whichever is sooner:

26 (a) When the instrument effecting the conveyance of the
27 acquired SFR is submitted for recording.

28 (b) 15 days after the delivery of the instrument effecting the
29 conveyance by the seller or grantor to the acquirer. For purposes

1 of this subdivision, the date of the instrument effecting the
2 transfer is presumed to be the date of delivery of the instrument.

3 (3) The acquirer is solely liable for the bulk-buyer transfer
4 surtax.

5 (4) The acquirer shall pay the bulk-buyer transfer surtax to
6 the treasurer of the county where the acquired SFR is located.

7 (5) After the bulk-buyer transfer surtax is paid, if the
8 person that paid the bulk-buyer transfer surtax believes that the
9 bulk-buyer transfer surtax was paid improperly, the person may
10 request a refund from the department in a form and manner
11 determined by the department. The department shall pay the refund
12 if it determines that the bulk-buyer transfer surtax was paid
13 improperly.

14 Sec. 15. (1) The bulk-buyer transfer surtax imposed under
15 section 13 is levied at the rate of 4% of the fair market value of
16 the acquired SFR.

17 (2) To ensure compliance with this article, a written
18 instrument effecting a conveyance of a single-family residential
19 dwelling must state on its face the total fair market value of the
20 single-family residential dwelling being transferred unless an
21 affidavit is attached to the written instrument declaring the total
22 fair market value of the single-family residential dwelling being
23 transferred.

24 Sec. 17. (1) Except as otherwise provided in section 19, the
25 payment of the bulk-buyer transfer surtax must be evidenced by the
26 affixing of 1 or more documentary stamps to each written instrument
27 effecting a conveyance subject to the bulk-buyer transfer surtax by
28 the person making, executing, issuing, or delivering the written
29 instrument. The stamp required by this subsection may also serve as

1 the stamp required under 1966 PA 134, MCL 207.501 to 207.513, and
2 the state real estate transfer tax act, 1993 PA 330, MCL 207.521 to
3 207.537. Stamps required by this subsection may be purchased only
4 in the county in which the acquired SFR is located.

5 (2) The individual using or affixing stamps shall do both of
6 the following:

7 (a) Affix the stamps so that removal requires the continued
8 application of steam or water.

9 (b) Write on the stamps the individual's initials and the date
10 on which the stamps are affixed or used so that the stamps cannot
11 be reused.

12 (3) The state treasurer may prescribe another method of
13 cancellation as the state treasurer considers appropriate. If the
14 county treasurer is required to use a tax meter machine under
15 section 7 of 1966 PA 134, MCL 207.507, the tax meter machine must
16 be used to evidence the payment of the bulk-buyer transfer surtax.

17 Sec. 19. (1) The state treasurer shall prescribe, and prepare
18 for use by a county treasurer, adhesive stamps of the denominations
19 and quantities that are necessary for the payment of the bulk-buyer
20 transfer surtax. A county treasurer shall requisition the stamps as
21 required.

22 (2) The state treasurer shall prescribe conditions under which
23 a county treasurer may utilize a tax meter machine to evidence the
24 payment of the bulk-buyer transfer surtax. The state treasurer
25 shall provide for the use of a tax meter machine or for the sale of
26 the stamps in such places as the state treasurer considers
27 necessary.

28 (3) The state treasurer may prescribe alternate means for the
29 county treasurer to evidence the payment of the bulk-buyer transfer

1 surtax. The state treasurer shall provide the alternative means to
2 the county treasurer if alternative means are used to evidence the
3 payment of the bulk-buyer transfer surtax.

4 Sec. 21. (1) The county treasurer shall collect the bulk-buyer
5 transfer surtax and deposit it with the state treasurer as provided
6 in this section.

7 (2) Not later than the fifteenth day of each month, the county
8 treasurer shall, on a form prescribed by the state treasurer,
9 itemize the bulk-buyer transfer surtaxes collected during the
10 preceding month and transmit the form and the bulk-buyer transfer
11 surtaxes collected to the state treasurer.

12 (3) The county treasurer may retain the interest earned on the
13 money collected under this article while held by the county
14 treasurer, as reimbursement for the costs incurred by the county in
15 collecting and transmitting the bulk-buyer transfer surtax. The
16 money retained by the county treasurer under this section must be
17 deposited in the treasury of the county where the bulk-buyer
18 transfer surtax is collected to the credit of the general fund.

19 Sec. 23. The state treasurer shall deposit the proceeds of the
20 bulk-buyer transfer surtax collected by county treasurers under
21 this article in the state treasury to the credit of the state
22 general fund.

23 Sec. 25. (1) A written instrument effecting a qualified
24 acquisition that is subject to the bulk-buyer transfer surtax must
25 not be recorded in the office of the register of deeds of any
26 county of this state unless documentary stamps as required by this
27 article have been purchased at the time of presentation by the
28 acquirer. The stamps must be affixed to the face of the instrument
29 before recording unless the acquirer specifically requests that the

instrument be recorded before the stamps are affixed. If requested, the stamps may be affixed to the reverse side of the written instrument. However, if it is necessary to record the reverse side of the written instrument, the stamps must be affixed after recording by the register of deeds. If the written instrument is not subject to the bulk-buyer transfer surtax, the written instrument must state on its face the reason for the exemption. A written instrument accepted for recording that does not comply with this act does not affect the validity of the recording as to notice.

(2) An affidavit attached to a written instrument under section 15 must not be recorded and must be detached from the written instrument before recording. The affidavit must be used for auditing purposes only and must not be disclosed to any other person.

Sec. 27. (1) A person shall not do any of the following:

(a) Fraudulently cut, tear, or remove a documentary stamp from a written instrument.

(b) Fraudulently affix to a written instrument effecting a qualified acquisition on which the bulk-buyer transfer surtax is imposed any of the following:

(i) A documentary stamp that has been cut, torn, or removed from another written instrument.

(ii) A documentary stamp of insufficient value.

(iii) A forged or counterfeited stamp.

(iv) An impression of a forged or counterfeited stamp, die, plate, or other article.

(c) Willfully remove or alter the cancellation marks of a documentary stamp, restore a documentary stamp with the intent to

1 use or cause the same to be used after it has already been used,
2 knowingly buy, sell, offer for sale, or give away an altered or
3 restored stamp to a person for use, or knowingly use an altered or
4 restored stamp.

5 (d) Knowingly or willfully prepare, keep, sell, offer for
6 sale, or have in the person's possession a forged or counterfeited
7 documentary stamp.

8 (e) Knowingly or willfully issue a false or fraudulent
9 affidavit described in section 15.

10 (2) A person that violates this section is guilty of a
11 misdemeanor, punishable by imprisonment for not more than 1 year, a
12 fine of not more than \$500.00, or both.

13 Sec. 29. The bulk-buyer transfer surtax imposed under this
14 article is in addition to, and may be collected with, the taxes
15 imposed under 1966 PA 134, MCL 207.501 to 207.513, and the state
16 real estate transfer tax act, 1993 PA 330, MCL 207.521 to 207.537.

17 Sec. 31. (1) The department shall administer the bulk-buyer
18 transfer surtax pursuant to 1941 PA 122, MCL 205.1 to 205.31, and
19 this article. If 1941 PA 122, MCL 205.1 and 205.31, and this
20 article conflict, this article applies.

21 (2) The department may promulgate rules to implement this
22 article pursuant to the administrative procedures act of 1969, 1969
23 PA 306, MCL 24.201 to 24.328.

24 Sec. 33. The bulk-buyer transfer surtax does not apply to any
25 of the following:

26 (a) A qualified acquisition by a mission buyer.

27 (b) A qualified acquisition that includes an affordability
28 covenant.

29 (c) A qualified acquisition of a covered SFR that is

1 uninhabitable, cited for blight, or subject to a condemnation
 2 order, if the acquirer records a covenant or enters into a
 3 development agreement with the local unit of government in which
 4 the covered SFR is located to do any of the following within 36
 5 months after the date of acquisition:

6 (i) Rehabilitate the dwelling for sale to an owner-occupant.

7 (ii) Redevelop the property into a commercial, mixed-use, or
 8 multifamily residential project of more than 2 dwelling units.

9 (iii) Demolish the structure for conversion to public open
 10 space, stormwater management, or other civic use.

11 ARTICLE 3. STATE SCALE-BASED SURTAX

12 Sec. 41. As used in this article:

13 (a) "Scale-based surtax" means the tax imposed under section
 14 43.

15 (b) "Tax year" means that term as defined in, and must be the
 16 same as the tax year used for purposes of, the income tax act of
 17 1967, 1967 PA 281, MCL 206.1 to 206.847.

18 Sec. 43. (1) Beginning on January 1, 2027, in addition to all
 19 other taxes, a scale-based surtax is imposed on each large
 20 investor.

21 (2) The rate of the scale-based surtax is equal to 25% of the
 22 sum of the depreciation and interest expenses claimed with respect
 23 to held SFRs on the large investor's income tax return filed under
 24 the income tax act of 1967, 1967 PA 281, MCL 206.1 to 206.847, for
 25 the tax year at issue.

26 (3) As used in this section, "held SFR" means a covered SFR
 27 that the large investor owns on the last day of the tax year.

28 Sec. 45. The scale-based surtax does not apply to any of the
 29 following:

1 (a) A large investor that is a mission buyer.

2 (b) A covered SFR that is subject to an affordability
3 covenant.

4 (c) A covered SFR to which the large investor has made more
5 than \$30,000.00 in capital improvements per dwelling unit in the 24
6 months immediately preceding the last day of the tax year.

7 (d) A covered SFR that is newly constructed and has been
8 issued a certificate of occupancy within the preceding 24 months,
9 if the covered SFR has not been leased to a tenant.

10 (e) A covered SFR that is uninhabitable, cited for blight, or
11 subject to a condemnation order, if the large investor records a
12 covenant or enters into a development agreement with the local unit
13 of government in which the covered SFR is located to do any of the
14 following within 36 months after the date of acquisition:

15 (i) Rehabilitate the dwelling for sale to an owner-occupant.

16 (ii) Redevelop the property into a commercial, mixed-use, or
17 multifamily residential project of more than 2 dwelling units.

18 (iii) Demolish the structure for conversion to public open
19 space, stormwater management, or other civic use.

20 Sec. 47. (1) The scale-based surtax shall be collected at the
21 same time and in the same manner as the tax imposed under the
22 income tax act of 1967, 1967 PA 281, MCL 206.1 to 206.847.

23 (2) The department shall administer the scale-based surtax
24 pursuant to 1941 PA 122, MCL 205.1 to 205.31, and this article. If
25 1941 PA 122, MCL 205.1 and 205.31, and this article conflict, this
26 article applies.

27 (3) Not later than 180 days after the effective date of this
28 act, the department shall prescribe and publish on its website a
29 form to be used for calculating the amount of the scale-based

1 surtax owed under this article. The department may prescribe any
2 other forms necessary for the administration of this article.

3 (4) The department may promulgate rules to implement this
4 article pursuant to the administrative procedures act of 1969, 1969
5 PA 306, MCL 24.201 to 24.328.

6 Sec. 49. All scale-based surtaxes, penalties, and costs paid
7 to the department under this article must be paid into the state
8 treasury and credited to the state general fund.

9 ARTICLE 4. SFR STATE OR LOCAL BENEFITS

10 Sec. 51. As used in this article:

11 (a) "Antiflip covenant" means a covenant, condition, or
12 restriction contained in a deed, contract, or other legal
13 instrument that affects the transfer, sale, or any other interest
14 in a covered SFR that does both of the following:

15 (i) Establishes a period of not less than 5 years during which
16 the covenant, condition, or restriction applies.

17 (ii) During the period described in subparagraph (i), prohibits
18 the covered SFR from being sold to a corporate landlord.

19 (b) "Bulk sale" means the sale or transfer of 10 or more
20 covered SFRs by a person or related group within a rolling 12-month
21 period.

22 (c) "Corporate landlord" means a large investor, a real estate
23 investment trust, or another institutional investor.

24 (d) "Economic development incentive" means that term as
25 defined in section 3 of the economic development incentive
26 evaluation act, 2018 PA 540, MCL 18.1753.

27 (e) "Entry-level SFR" means a covered SFR with a fair market
28 value that does not exceed 50% of the conforming loan limit for the
29 county in which the single-family residential dwelling is located.

1 For purposes of this subdivision, in determining fair market value,
2 both of the following apply:

3 (i) Unless the purchase transaction is not an arm's length
4 transaction, the purchase price is considered to be the fair market
5 value at the time of purchase.

6 (ii) Unless subparagraph (i) applies, the true cash value as
7 defined in section 27 of the general property tax act, 1893 PA 206,
8 MCL 211.27, is considered to be the fair market value.

9 (f) "SFR project" means a project described in subdivision
10 (g).

11 (g) "SFR state or local benefit" or "SFR benefit" means a
12 state or local benefit provided for or related to a project
13 involving 1 or more covered SFRs.

14 (h) "State or local benefit" means a grant, loan, tax capture
15 or abatement, or other economic assistance or benefit provided by
16 this state or a political subdivision of this state. State or local
17 benefit includes, but is not limited to, an economic development
18 incentive.

19 Sec. 53. (1) A person that receives an SFR state or local
20 benefit after the effective date of this act must comply with all
21 of the following requirements:

22 (a) The person must sell not less than 30% of entry-level SFRs
23 in an SFR project to owners that will occupy the entry-level SFR as
24 a principal residence as that term is defined in section 7dd of the
25 general property tax act, 1893 PA 206, MCL 211.7dd.

26 (b) The person shall not make a bulk sale of covered SFRs in
27 an SFR project to an entity or related group.

28 (c) The person must record an antiflip covenant for each
29 covered SFR in an SFR project.

1 (2) Beginning on the effective date of this act, a state
2 department or agency or a political subdivision of this state shall
3 not provide an SFR state or local benefit to a person unless that
4 person, in writing, agrees to comply with subsection (1) and
5 acknowledges that failure to comply with subsection (1) will result
6 in the sanctions and remedies described in section 55. In addition,
7 a political subdivision of this state shall not provide an SFR
8 benefit to a person unless the political subdivision adopts an
9 ordinance that requires a person that receives an SFR benefit to
10 comply with subsection (1) and imposes the sanctions and remedies
11 described in section 55, in accordance with section 55, for
12 noncompliance.

13 Sec. 55. (1) If the state department or agency or political
14 subdivision of this state that provided the SFR state or local
15 benefit believes that a person violated section 53, the state
16 department or agency or political subdivision of this state that
17 provided the SFR state or local benefit shall send a notice of
18 noncompliance to the person and provide an opportunity for a
19 hearing.

20 (2) If, after notice and an opportunity for a hearing under
21 subsection (1), the state department or agency or political
22 subdivision of this state that provided the SFR state or local
23 benefit determines that the person violated section 53, the state
24 department or agency or political subdivision of this state shall
25 send a final determination of noncompliance to the person.

26 (3) A person that receives a final determination of
27 noncompliance is subject to all of the following:

28 (a) Except as otherwise provided in this subdivision, the
29 person must repay to this state or the political subdivision of

1 this state an amount equal to 100% of the total financial value of
2 the SFR state or local benefit. If the SFR state or local benefit
3 is a tax credit, the person is not eligible to claim the tax
4 credit. If the person has already claimed the tax credit, the
5 person shall repay to this state or the local unit of government an
6 amount equal to 100% of the total financial value of the tax
7 credit.

8 (b) The person and its related group are barred from applying
9 for or receiving any SFR state or local benefit, including, but not
10 limited to, a tax credit or economic development incentive, for a
11 period of 10 years after the date of notice of noncompliance.

12 (c) The person is subject to a civil fine equal to 10% of the
13 total financial value of the SFR state or local benefit received.

14 (4) If a person does not pay an amount due under subsection
15 (3), the prosecutor of the county in which the violation occurred
16 or the attorney general may bring an action to collect that amount.

17 (5) Money collected under this section that is attributable to
18 an SFR benefit provided by this state must be deposited in the
19 general fund of this state.

20 (6) Money collected under this section that is attributable to
21 an SFR benefit provided by a political subdivision of this state is
22 not state money and must be deposited in the general fund of the
23 political subdivision of this state that provided the SFR benefit.

24 Sec. 57. This article does not alter a written agreement with
25 or other contractual obligation of this state or a political
26 subdivision of this state that is in effect on or before the
27 effective date of this act.

28 ARTICLE 5. REPORTING REQUIREMENTS

29 Sec. 61. (1) An entity that owns, directly or indirectly, 10

1 or more single-family residential dwellings in this state during a
2 tax year shall file an information return with the department, in
3 the form and manner prescribed by the department, by the last day
4 of the fourth month after the end of the entity's tax year.

5 (2) The information return must include all of the following
6 information:

7 (a) The address of each single-family residential dwelling
8 owned.

9 (b) The identity of all beneficial owners of the entity.

10 (c) A list of all of the entity's affiliates.

11 (3) An entity that fails to file an information return as
12 required under subsection (1) is liable to the department for a
13 penalty of \$5,000.00 per month until the information return is
14 filed.

15 (4) The department may use the information in the information
16 return only to determine compliance with articles 2 and 3 of this
17 act.

18 (5) As used in this section:

19 (a) "Information return" means the information return required
20 to be filed under subsection (1).

21 (b) "Tax year" means that term as defined in, and must be the
22 same as the tax year used for purposes of, the income tax act of
23 1967, 1967 PA 281, MCL 206.1 to 206.847.

24 Sec. 63. The department may promulgate rules to implement this
25 article pursuant to the administrative procedures act of 1969, 1969
26 PA 306, MCL 24.201 to 24.328.

27 Enacting section 1. This act does not take effect unless
28 Senate Bill No. ____ (request no. S05600'25) or House Bill No. 5367
29 (request no. H05600'25) of the 103rd Legislature is enacted into

1 law.