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AFFORDABLE HOUSING PROGRAM

House Bill 5073 Sponsor: Rep. Lynn H. Jondahl

Committee: Housing & Urban Affairs

Complete to 9-10-91

A SUMMARY OF HOUSE BILL 5073 AS INTRODUCED 8-1-91

House Bill 5073 would amend the State Housing Development Authority Act to establish the Michigan Affordable Housing Program, which would develop and coordinate public and private resources to meet the housing needs of very low and extremely low income households. The following are the provisions of the bill.

Michigan Affordable Housing Fund. The fund would be created in the Department of Treasury, and administered by the Michigan State Housing Development Authority (MSHDA). All money credited to the fund would be expended by the authority to make financing available to eligible applicants for very low and extremely low income housing. The authority would also be required to promulgate rules under the Administrative Procedures Act for a plan that would allocate money from the fund, according to the following provisions:

- -- The plan would provide for the following percentages of spending: 40 percent of the money in the fund would be allocated each fiscal year for affordable housing in counties with a population of 650,000 or more; 35 percent in counties with populations between 100,00 to 650,000; and 25 percent in counties with populations of less than 100,000.
- -- The plan would provide that, for each fiscal year, the percentage of funds in each category allocated to affordable housing in eligible distressed areas was not less than the percentage of eligible distressed areas in that category, although MSHDA could allocate additional funds to eligible distressed areas.
- -- Money that had not been committed at the end of a fiscal year could not be carried over in the category to which it had been allocated during that fiscal year, but would be reallocated for the next fiscal year according to the allocation plan.
- -- The authority, with the approval of the commission, could make minor modifications to the plan that were necessary to facilitate the administration of the program or to address unforeseen circumstances.

The authority could not use the fund to supplant existing resources.

The Affordable Housing Fund Advisory Commission. Under the bill, the commission would be created within MSHDA, and would consist of ten members: five appointed by the Speaker of the House, five by the Majority Leader of the Senate, and four by the governor. The commission would work with the Michigan Housing Coordinating Council -- created by

Executive Order 1990-2 to assess Michigan's housing needs -- to advise MSHDA in its implementation of the Michigan Affordable Housing Program, monitor and evaluate the allocation of money from the fund, and approve minor modifications made to the program's allocation plan.

MSHDA's Duties and Responsibilities. MSHDA would be required to make grants and loans to eligible applicants from the fund to encourage investment in affordable housing for very low or extremely low income households, and to reduce the costs of the development of such housing. After consultation with the council and the commission, the authority would be required to promulgate rules to implement the bill. In addition, the authority could issue notes and bonds, which, under the bill, could be issued without regard to current limitations on aggregate principal amounts. The notes and bonds would not be limited, nor general obligations of the authority, and would not be secured by the capital reserve capital account. Instead, the notes and bonds would be secured solely by revenues and property that were derived from or obtained in connection with the program, including money in the fund, and that were allocated by the authority to the program. Each bond would describe, on its face, the limited nature of the state's obligation.

In addition, MSHDA could use the deposits in the fund to secure the repayment of its notes or bonds. Under the bill, MSHDA could expend money in the fund for the following:

- -- Grants, mortgage loans, or other loans to eligible applicants to enable them to construct, rehabilitate, develop, operate, insure, acquire for rehabilitation, or retain affordable single family and multifamily housing for very low and extremely low income households.
- -- Housing for special needs populations, including, but not limited to, the homeless, single parent families, the elderly, or persons with physical or mental handicaps.
- -- Grants for rental, security deposit, and mortgage foreclosure assistance for very low and extremely low income households. Grants could not be made to for-profit entities.
- -- Interest free, or below market interest rates on loans, with or without security, including loans for predevelopment financing.
- -- Assistance for very low or extremely low income multifamily housing units that were occupied partly by households that did not qualify as very low or extremely low income households.

Under the bill, MSHDA could not provide assistance unless all of the following circumstances existed:

Type of Housing

Agreement

Multifamily

Owner/manager agrees in writing not to refuse to accept a tenant solely because the tenant receives governmental assistance.

Multifamily

Owner/manager agrees in writing not to evict tenants without just cause, as defined in the Housing Facilities Act.

Sold or rented

A deed restriction, agreement, or other legal document that provides for the recapture of some or all of the assistance upon terms and conditions specified in MSHDA rules.

Multifamily, constructed or rehabilitated with assistance from the fund

At least 50 percent of the occupancy is composed of very low income and extremely low income households; and at least 25 percent of the occupancy is composed of extremely low income households.

In addition, the housing would have to comply with the Housing Law of Michigan or any applicable local law, and the State Construction Code, or a building code adopted under the Construction Code.

MCL 125.1401 et al.