

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 5538

A bill to amend 1966 PA 346, entitled
"State housing development authority act of 1966,"
by amending sections 21, 22b, 22c, 32, 32a, 32b, 44, 44a, and 46
(MCL 125.1421, 125.1422b, 125.1422c, 125.1432, 125.1432a,
125.1432b, 125.1444, 125.1444a, and 125.1446), section 21 as
amended by 1983 PA 49, sections 22b, 22c, 32, 32a, and 44a as
amended by 1996 PA 475, sections 32b and 44 as amended by 1998
PA 33, and section 46 as amended by 1993 PA 220.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 21. (1) There is created a public body corporate and
2 politic to be known as the "Michigan state housing development
3 authority". The authority shall consist of ~~the director of~~
4 ~~social services, the director of commerce, the state treasurer,~~
5 ~~and~~ 3 HEADS OF PRINCIPAL DEPARTMENTS OF THE EXECUTIVE BRANCH OF
6 THE STATE GOVERNMENT AND 4 persons appointed by the governor with

HB 5538, As Passed Senate, May 31, 2000

House Bill No. 5538

2

1 the advice and consent of the senate. ~~Not~~ EXCLUDING THE 3
2 HEADS OF PRINCIPAL DEPARTMENTS OF THE EXECUTIVE BRANCH OF STATE
3 GOVERNMENT AND THE DESIGNATED RESIDENT MEMBER DESCRIBED IN SUB-
4 SECTION (2), NOT more than 2 of the persons appointed shall be
5 members of the same political party. ~~Of the members first~~
6 ~~appointed by the governor, 2 shall be designated to serve for a~~
7 ~~term of 3 years and 2 for a term of 4 years from the dates of~~
8 ~~their appointments.~~ Upon completion of each term, a person shall
9 be appointed for a term of 4 years, except that a vacancy shall
10 be filled for the unexpired term. A member of the authority
11 shall not receive compensation for services but ~~shall be~~ IS
12 entitled to the necessary expenses, including traveling expenses,
13 incurred in the discharge of the member's duties. Each member
14 shall hold office until a successor has been appointed and has
15 qualified. A certificate of appointment or reappointment of a
16 member shall be filed with the authority and this certificate
17 shall be conclusive evidence of the proper appointment of that
18 member.

19 (2) IF FEDERAL LAW REQUIRES DESIGNATION OF A RESIDENT MEMBER
20 ON THE AUTHORITY, THE NUMBER OF GUBERNATORIALLY APPOINTED MEM-
21 BERS, IN ADDITION TO THE 3 HEADS OF PRINCIPAL DEPARTMENTS,
22 INCREASES FROM 4 TO 5. ONE OF THE 5 GUBERNATORIALLY APPOINTED
23 MEMBERS SHALL BE THE DESIGNATED RESIDENT MEMBER. THE RESIDENT
24 MEMBER SHALL MEET BOTH OF THE FOLLOWING REQUIREMENTS:

25 (A) THE PERSON IS AN INDIVIDUAL DIRECTLY ASSISTED BY A FED-
26 ERAL HOUSING PROGRAM ADMINISTERED THROUGH THE AUTHORITY. AS USED
27 IN THIS SUBDIVISION, "DIRECTLY ASSISTED" MEANS RESIDING IN

HB 5538, As Passed Senate, May 31, 2000

House Bill No. 5538

3

1 FEDERALLY-SUPPORTED PUBLIC HOUSING OR RECEIVING SECTION 8
2 TENANT-BASED ASSISTANCE. DIRECTLY ASSISTED DOES NOT INCLUDE A
3 STATE-FINANCED HOUSING ASSISTANCE PROGRAM, SECTION 8
4 PROJECT-BASED ASSISTANCE, OR SECTION 8 NEW CONSTRUCTION
5 ASSISTANCE.

6 (B) THE PERSON IS AN ELIGIBLE RESIDENT. AS USED IN THIS
7 SUBDIVISION, "ELIGIBLE RESIDENT" MEANS A PERSON WHOSE NAME
8 APPEARS ON THE LEASE OF THE ASSISTED HOUSING WHO IS 18 YEARS OF
9 AGE OR OLDER.

10 (3) A PERSON WHO NO LONGER MEETS EITHER REQUIREMENT OF SUB-
11 SECTION (2)(A) OR (B) IS REMOVED FROM THE AUTHORITY FOR CAUSE
12 UPON THE APPOINTMENT OF ANOTHER PERSON AS THE RESIDENT MEMBER
13 POSITION.

14 (4) ~~-(2)-~~ The powers of the authority shall be vested in the
15 members in office. A majority of the members of the authority
16 constitutes a quorum for the purpose of conducting the
17 authority's business, for exercising the authority's powers, and
18 for other purposes, notwithstanding the existence of any
19 vacancies. Action may be taken by the authority upon a vote of a
20 majority of the members present, unless the bylaws of the author-
21 ity require a larger number, EXCEPT THAT TO THE EXTENT REQUIRED
22 BY FEDERAL LAW, THE RESIDENT MEMBER SHALL ONLY TAKE PART IN, VOTE
23 ON, AND EXERCISE THE POWERS OF THE AUTHORITY CONCERNING DECISIONS
24 RELATED TO THE ADMINISTRATION, OPERATION, AND MANAGEMENT OF FED-
25 ERAL PUBLIC HOUSING PROGRAMS AND SECTION 8 TENANT-BASED ASSIST-
26 ANCE PROGRAMS. THE RESIDENT MEMBER SHALL NOT TAKE PART IN, VOTE
27 ON, OR EXERCISE THE POWERS OF THE AUTHORITY IN A MATTER THAT

HB 5538, As Passed Senate, May 31, 2000

House Bill No. 5538

4

1 UNIQUELY APPLIES TO THE RESIDENT MEMBER AND IS NOT GENERALLY
2 APPLICABLE TO ALL RESIDENTS. In the absence of fraud, a determi-
3 nation of the authority with respect to findings of fact made by
4 the authority acting within the scope of its powers ~~shall be~~ IS
5 conclusive, except with respect to the approval of the municipal
6 finance commission or its successor agency as required by law.

7 (5) Meetings of the members of the authority may be held
8 anywhere in this state. The business ~~which~~ THAT the authority
9 may perform shall be conducted at a public meeting of the author-
10 ity held in compliance with ~~Act No. 267 of the Public Acts of~~
11 ~~1976, as amended, being sections 15.261 to 15.275 of the Michigan~~
12 ~~Compiled Laws~~ THE OPEN MEETINGS ACT, 1976 PA 267, MCL 15.261 TO
13 15.275. Public notice of the time, date, and place of the meet-
14 ing shall be given in the manner required by ~~Act No. 267 of the~~
15 ~~Public Acts of 1976, as amended~~ THE OPEN MEETINGS ACT, 1976
16 PA 267, MCL 15.261 TO 15.275.

17 (6) ~~-(3)-~~ The authority shall elect a chairperson and
18 vice-chairperson. The authority shall employ an executive direc-
19 tor, legal and technical experts, and other officers, agents, and
20 employees, permanent and temporary, as the authority requires,
21 and shall determine their qualifications, duties, and
22 compensation. The authority may delegate to 1 or more agents or
23 employees those powers or duties as the authority considers
24 proper.

25 (7) ~~-(4)-~~ The authority shall be within the department of
26 ~~commerce~~ CONSUMER AND INDUSTRY SERVICES and shall exercise the
27 authority's prescribed statutory powers, duties, and functions

1 independently of the head of that department. However, the
2 budgeting, procurement, and related functions of the authority
3 shall be performed under the direction and supervision of the
4 director of ~~commerce~~ CONSUMER AND INDUSTRY SERVICES.

5 (8) AS USED IN THIS SECTION, "SECTION 8" MEANS SECTION 8 OF
6 THE UNITED STATES HOUSING ACT OF 1937, CHAPTER 896, 88 STAT. 662,
7 42 U.S.C. 1437f.

8 Sec. 22b. (1) The authority is designated as the housing
9 credit agency for the state for the purpose of allocating and
10 administering the low income housing credit established under
11 section 42 of the internal revenue code OF 1986.

12 (2) The state's housing credit ceiling applicable for a cal-
13 endar year shall be an amount equal to the sum of all of the
14 following:

15 (a) One dollar and twenty-five cents multiplied by the
16 state's population, unless a different amount is authorized by
17 section 42 of the internal revenue code OF 1986. The state's
18 population shall be determined by the most recent census esti-
19 mates of the state's population published by the United States
20 bureau of census before the beginning of the calendar year or by
21 another method as authorized by the internal revenue code OF
22 1986.

23 (b) The unused state housing credit ceiling, if any, of the
24 state for the preceding calendar year, for years subsequent to
25 1989.

26 (c) The amount of state housing credit ceiling returned in
27 the calendar year, for years subsequent to 1989.

1 (d) The amount, if any, allocated to the state under section
2 ~~42(h)(3)(d)~~ 42(h)(3)(D) of the internal revenue code OF 1986.

3 (3) An applicant for an allocation of low income housing tax
4 credit shall be qualified to receive the credit pursuant to the
5 requirements of the internal revenue code OF 1986 and the regula-
6 tions, guidelines, rulings, and interpretations issued by the
7 United States treasury department or the internal revenue serv-
8 ice, ~~which shall control~~ THAT CONTROLS in the event of conflict
9 with a requirement of this section.

10 (4) The state's low income housing tax credit is allocable
11 pursuant to a qualified allocation plan prepared by the authori-
12 ty, submitted to the legislature, and approved by the governor
13 after notice to the public and public hearing. The plan shall
14 set forth criteria to be used to determine housing priorities of
15 the state, and shall give the highest priority to those projects
16 in which the highest percentage of the housing credit dollar
17 amount is to be used for project costs other than the cost of
18 intermediaries, unless granting such priority would impede the
19 development of projects in hard-to-develop areas. In allocating
20 low income housing tax credit dollar amounts among selected
21 projects, the allocation plan shall give preference to projects
22 serving the lowest income tenants and projects obligated to serve
23 qualified tenants for the longest periods, and shall provide a
24 procedure that the authority will follow in notifying the inter-
25 nal revenue service of noncompliance with the provisions of sec-
26 tion 42 of the internal revenue code OF 1986 of which the
27 authority becomes aware. The plan shall set forth the process

1 for selecting eligible projects and may be amended from time to
2 time in accordance with its terms and the requirements of section
3 42 of the internal revenue code OF 1986. The selection criteria
4 in the qualified allocation plan shall include those set forth in
5 section 42 of the internal revenue code OF 1986.

6 (5) The state's low income housing tax credit authority
7 shall be distributed in accordance with the qualified allocation
8 plan. Amounts allocable under subsection (2) shall be set aside
9 as follows:

10 (a) Qualified nonprofit organizations as required by
11 section 42 of the internal revenue code OF 1986 - not less than
12 10%.

13 (b) Rural housing ~~service~~ projects - not less than 5%.

14 (c) Housing projects in eligible distressed areas - not less
15 than 30%.

16 (d) Housing projects for the elderly - not less than 10%.
17 Projects counted in 1 category shall not count in another cate-
18 gory towards meeting the minimum set-aside requirements.

19 (6) Except for the amount for qualified nonprofit organiza-
20 tions, if the low income housing tax credit set aside under sub-
21 section (5) is not allocated before October 1 of the year in
22 which that credit amount is authorized under subsection (2)(a),
23 the authority may reapportion the unallocated credit amounts in a
24 reasonable manner pursuant to the state's qualified allocation
25 plan.

26 (7) All applications for low income housing tax credit shall
27 be on the authority's prescribed forms and shall include

HB 5538, As Passed Senate, May 31, 2000

House Bill No. 5538

8

1 information necessary pursuant to the qualified allocation plan
2 and section 42 of the internal revenue code OF 1986.

3 (8) The authority may charge applicants reasonable fees
4 under the low income housing tax credit program.

5 (9) FOR THE PURPOSES OF THIS SECTION, "RURAL HOUSING
6 PROJECTS" MEANS PROPOSED OR EXISTING HOUSING PROJECTS THAT FALL
7 INTO 1 OR MORE OF THE FOLLOWING CATEGORIES:

8 (A) LOCATED IN AN AREA OTHER THAN A METROPOLITAN COUNTY.

9 (B) FUNDED BY A FEDERAL PROGRAM FOR THE DEVELOPMENT OF RURAL
10 HOUSING.

11 (C) FINANCED BY A LOAN GUARANTEED BY RURAL HOUSING SERVICES
12 OR A SUCCESSOR AGENCY.

13 Sec. 22c. (1) The authority may incorporate 1 or more non-
14 profit housing corporations for ~~the purposes of owning,~~ 1 OR
15 MORE OF THE FOLLOWING PURPOSES:

16 (A) OWNING, holding, maintaining, improving, completing,
17 receiving subsidy payments for, or transferring ownership of a
18 housing project or housing unit either acquired through foreclo-
19 sure or deed in lieu of foreclosure or over which the authority
20 has, following a declaration of default, otherwise obtained
21 control. ~~In order to preserve housing for low and moderate~~
22 ~~income persons, the authority may also incorporate or cause the~~
23 ~~incorporation of 1 or more nonprofit housing corporations for the~~
24 ~~purpose of acquiring~~

25 (B) ACQUIRING housing projects or an interest in the owner-
26 ship of 1 or more housing projects and owning, holding,
27 maintaining, or improving the housing projects, if regulatory or

1 contractual restrictions assuring occupancy of some or all of the
2 units in 1 or more of the housing projects by families and per-
3 sons of low or moderate income are subject to termination within
4 a 2-year period following the acquisition of the housing
5 project. A nonprofit housing corporation incorporated under this
6 subsection may acquire a housing project only if all of the fol-
7 lowing requirements are met:

8 (i) ~~-(a)-~~ At least 6 months have passed since the eighteenth
9 anniversary of the commencement of amortization of the project's
10 permanent mortgage loan on the housing project.

11 (ii) ~~-(b)-~~ The authority by resolution determines all of the
12 following:

13 (A) ~~-(i)-~~ The tenants residing in the housing project have
14 been notified of the opportunity to acquire the housing project
15 in accordance with the Cranston-Gonzalez national affordable
16 housing act, Public Law 101-625, 104 Stat. 4079.

17 (B) ~~-(ii)-~~ No tenant organization that the authority deter-
18 mines to have the legal, financial, and managerial capabilities
19 to acquire the housing project has developed and submitted to the
20 housing project owners an acquisition proposal with respect to
21 which negotiations are ongoing.

22 (C) ~~-(iii)-~~ No local or statewide nonprofit housing corpora-
23 tion that the authority determines to have the legal, financial,
24 and managerial capabilities to acquire the project has submitted
25 to the housing project owners an acquisition proposal with
26 respect to which negotiations are ongoing.

1 (iii) ~~—(c)—~~ The nonprofit housing corporation incorporated
2 pursuant to this section contracts with a private firm for the
3 management of the housing project.

4 (C) CARRYING OUT PROGRAMS AND OVERSIGHT RESPONSIBILITIES ON
5 BEHALF OF OR IN CONJUNCTION WITH THE UNITED STATES DEPARTMENT OF
6 HOUSING AND URBAN DEVELOPMENT WITH RESPECT TO FEDERAL HOUSING
7 PROGRAMS.

8 (2) A subsidiary nonprofit housing corporation may sue and
9 be sued in its own name, and the circuit court of Ingham county
10 has exclusive jurisdiction over all actions brought against a
11 subsidiary nonprofit housing corporation, except if jurisdiction
12 over the action is in the supreme court, the court of appeals, or
13 the court of claims.

14 (3) A subsidiary nonprofit housing corporation is a separate
15 legal entity. The authority is not liable for the debts or obli-
16 gations or for any actions or inactions of the subsidiary non-
17 profit housing corporation unless it expressly agrees otherwise.
18 A member, officer, or employee of a subsidiary nonprofit housing
19 corporation is not individually liable for actions undertaken or
20 failure to act on behalf of the subsidiary nonprofit housing cor-
21 poration so long as the individual is acting or reasonably
22 believes he or she is acting within the scope of his or her
23 authority as a member, officer, or employee of the subsidiary
24 nonprofit housing corporation.

25 (4) The authority may make loans or grants to a subsidiary
26 nonprofit housing corporation to enable the subsidiary nonprofit
27 housing corporation to carry out any of its purposes.

1 Sec. 32. (1) The authority may create and establish 1 or
2 more special funds called capital reserve funds to secure notes
3 and bonds of the authority. The authority shall pay into a capi-
4 tal reserve fund money appropriated and made available by this
5 state for the purposes of the fund, the proceeds of the sale of
6 notes or bonds to the extent provided in the resolution of the
7 authority authorizing the issuance of the notes or bonds, and
8 other money that is made available to the authority for the pur-
9 pose of a fund from any other source. In addition to, or in lieu
10 of, depositing money in a capital reserve fund, the authority may
11 obtain and pledge letters of credit and, effective retroactively
12 as of June 1, 1993, insurance policies, surety bonds, guarantees,
13 or other security arrangements if those other security arrange-
14 ments are approved by the state treasurer, for the purposes of
15 the capital reserve fund. The amount available under letters of
16 credit, insurance policies, surety bonds, guarantees, or other
17 security arrangements pledged to a capital reserve fund shall be
18 credited toward the satisfaction of a capital reserve fund
19 requirement. All money and proceeds under letters of credit,
20 insurance policies, surety bonds, guarantees, or other security
21 arrangements held in ~~any~~ A capital reserve fund, except as spe-
22 cifically provided, shall be used as required solely for the pay-
23 ment of the principal of notes or bonds of the authority secured
24 in whole or in part by the capital reserve fund, for the purchase
25 or redemption of notes or bonds, for the payment of interest on
26 the notes or bonds, or for the payment of ~~any~~ A redemption
27 premium required to be paid when the notes or bonds are redeemed

1 prior to maturity. However, the authority shall not use the
2 capital reserve fund for ~~any~~ AN optional purchase or optional
3 redemption of notes or bonds if the use would reduce the total of
4 the money on deposit in the capital reserve fund and amounts
5 available under ~~any~~ A letter of credit, insurance policy,
6 surety bond, guarantee, or other security arrangement pledged to
7 a capital reserve fund to less than the capital reserve fund
8 requirement established for the fund. ~~Any income~~ INCOME or
9 interest earned by, or increment to, a capital reserve fund due
10 to the investment of the money in the capital reserve fund may be
11 transferred by the authority to other funds or accounts of the
12 authority to the extent that the transfer does not reduce the
13 total of the amount of money in a capital reserve fund and
14 amounts available under ~~any~~ A letter of credit, insurance
15 policy, surety bond, guarantee, or other security arrangement
16 pledged to the capital reserve fund below the capital reserve
17 fund requirement for a fund.

18 (2) The authority shall not at any time issue notes or bonds
19 secured in whole or in part by a capital reserve fund if, upon
20 the issuance of the notes or bonds, the amount in the capital
21 reserve fund, including the amounts available under ~~any~~ A
22 letter of credit, insurance policy, surety bond, guarantee, or
23 other security arrangement pledged to ~~a~~ THE capital reserve
24 fund, would be less than the capital reserve fund requirement for
25 the fund, unless the authority, at the time of issuance of the
26 notes or bonds, deposits in the fund from the proceeds of the
27 notes or bonds to be issued, or from other sources, an amount

1 that, together with the amount then in the fund, is not less than
2 the capital reserve fund requirement for the fund, or obtains a
3 letter of credit, insurance policy, surety bond, guarantee, or
4 other security arrangement in an amount that, together with the
5 amount then in the fund, is not less than the capital reserve
6 fund requirement for the fund. For THE purposes of this section,
7 "capital reserve fund requirement" means the requirement provided
8 in the resolution of the authority authorizing the notes or bonds
9 with respect to which the fund is established, which amount shall
10 not exceed the maximum amount of principal and interest maturing
11 and becoming due in ~~any~~ A succeeding calendar year on the notes
12 or bonds of the authority secured in whole or part by the fund.

13 (3) The authority has, before January 9, 1977, in connection
14 with its housing development bonds issued pursuant to a bond res-
15 olution dated June 10, 1971, established within the capital
16 reserve fund relating to housing development bonds, a capital
17 reserve account and a capital reserve capital account. This cap-
18 ital reserve account constitutes a capital reserve fund under
19 this act. Money in this capital reserve account shall secure
20 only housing development bonds issued pursuant to the June 10,
21 1971 bond resolution. Unless otherwise provided by the authori-
22 ty, money in the capital reserve capital account shall secure all
23 bonds and notes of the authority. In determining whether the
24 capital reserve fund requirement established for ~~any~~ A capital
25 reserve fund has been met, the authority shall not include or
26 take into account money in the capital reserve capital account.

1 (4) The authority has, before January 9, 1977, in connection
2 with its insured mortgage revenue bonds issued pursuant to a bond
3 resolution dated May 11, 1976, established a bond reserve fund.
4 This bond reserve fund constitutes a capital reserve fund under
5 this act.

6 (5) The authority may issue notes and bonds subject to the
7 following limitations:

8 (a) The authority shall not have outstanding at any time
9 bonds and notes for any of its corporate purposes in an aggregate
10 principal amount exceeding \$4,200,000,000.00, excluding all of
11 the following:

12 (i) The principal amount of bonds and notes issued TO refund
13 outstanding bonds and notes.

14 (ii) The principal amount of bonds and notes that appreciate
15 in principal amount, except to the extent of the principal amount
16 of these bonds and notes payable at such time.

17 (iii) The principal amount of notes and bonds representing
18 original issue discount, if any.

19 (b) After November 1, ~~1999~~ 2002, the limitation on the
20 aggregate principal amount of notes and bonds provided in subdi-
21 vision (a) is reduced to \$3,000,000,000.00.

22 (6) Subject to the limitation in subsection (5), that por-
23 tion of the state ceiling to be used for qualified mortgage
24 bonds, mortgage credit certificates, or bonds to finance quali-
25 fied residential rental projects shall be allocated to the
26 authority unless the authority elects by resolution to allow
27 another issuer to issue qualified mortgage bonds, mortgage credit

1 certificates, or bonds to finance qualified residential rental
2 projects. As used in this subsection:

3 (a) "State ceiling" means the aggregate amount of certain
4 private activity bonds, including qualified mortgage bonds, that
5 may be issued in any calendar year in this state pursuant to sec-
6 tion 146 of the internal revenue code OF 1986.

7 (b) "Qualified mortgage bond", "mortgage credit
8 certificate", and "qualified residential rental project" mean
9 those terms as defined in the internal revenue code OF 1986.

10 (7) To assure the continued operation and solvency of the
11 authority for the carrying out of the public purposes of this
12 act, the authority shall accumulate in each capital reserve fund
13 an amount equal to the capital reserve fund requirement for that
14 fund. If at any time the capital reserve fund requirement for a
15 capital reserve fund exceeds the amount of the capital reserve
16 fund, the authority shall transfer to this fund from the capital
17 reserve capital account established by the authority's June 10,
18 1971 bond resolution the amount necessary to restore the capital
19 reserve fund to an amount equal to the capital reserve fund
20 requirement. If a deficiency exists in more than 1 capital
21 reserve fund and the amount in the capital reserve capital
22 account is not sufficient to fully restore the capital reserve
23 funds, the money in the capital reserve capital account shall be
24 allocated between the deficient capital reserve funds pro rata
25 according to the amounts of the deficiencies. If at any time the
26 capital reserve capital account has been exhausted and the
27 capital reserve fund requirement for a capital reserve fund

1 exceeds the amount of the capital reserve fund, the chairperson
2 of the authority on or before September 1 shall certify to the
3 governor and budget director the amount, if any, necessary to
4 restore a capital reserve fund to an amount equal to the capital
5 reserve fund requirement. The governor and the budget director
6 shall include in the annual budget the amount certified by the
7 chairperson of the authority.

8 (8) In computing the amount of a capital reserve fund for
9 the purposes of this section, securities in which all or a por-
10 tion of the fund is invested shall be valued at par. If the
11 securities are purchased at other than par, the securities may be
12 valued at their cost to the authority, as adjusted by amortiza-
13 tion of the discount or premium paid upon purchase of the securi-
14 ties on a pro rata basis to the maturity date of the securities.

15 (9) To the extent possible and consistent with sound fiscal
16 management and good housing development planning, the authority
17 shall make full use of available federal housing subsidy
18 programs. The authority shall recommend programs and legislation
19 to better maintain and improve existing housing stock.

20 (10) The authority shall require that not less than 15% of
21 the multifamily dwelling units financed by mortgage loans from
22 the authority in ~~any~~ A calendar year under federal government
23 subsidy programs, subject to applicable federal regulations, be
24 offered on a priority basis to low income families and persons
25 receiving their primary incomes from social security programs or
26 state and federal public assistance programs.

1 (11) The authority shall implement a program of loans for
2 mobile homes as soon as is reasonably feasible. The authority
3 shall develop a program for financing the construction or reha-
4 bilitation of mobile home parks and mobile home condominium
5 projects within 24 months after December 31, 1982, subject to a
6 determination of feasibility by the authority and the authority's
7 ability to sell bonds.

8 (12) The authority shall implement a program of loans for
9 consumer housing cooperatives as soon as is reasonably feasible.
10 The authority shall develop a program for financing the construc-
11 tion or rehabilitation of consumer housing cooperative projects
12 within 12 months after July 10, 1984, subject to a determination
13 of feasibility by the authority and the authority's ability to
14 sell bonds.

15 (13) In addition to the powers granted the authority in this
16 act to promulgate rules in accordance with the administrative
17 procedures act of 1969, ~~Act No. 306 of the Public Acts of 1969,~~
18 ~~being sections 24.201 to 24.328 of the Michigan Compiled Laws~~
19 1969 PA 306, MCL 24.201 TO 24.328, the authority shall furnish to
20 each member of the legislature a copy of notice of a public hear-
21 ing or proposed rule change at least 10 days before the public
22 hearing and at least 20 days before the adoption of the rule.

23 (14) Before October 1 of each year, the authority shall
24 identify housing production goals for housing projects financed
25 with bonds and notes issued under the limitations provided in
26 section 32a. The authority shall identify a goal for the
27 authority as a whole and a specific goal for each program. The

1 authority shall submit those goals in an annual report to the
2 governor and to the house committee on urban affairs and the
3 senate committee on finance, or their successor committees.

4 (15) Within 6 months after the legislature enacts or the
5 authority adopts a new program, the authority shall submit an
6 interim report to the same persons to ~~which~~ WHOM an annual
7 report is submitted. If both the legislature and the authority
8 establish a program, the authority shall submit the interim
9 report within 6 months after the effective date of the act estab-
10 lishing the program. The authority shall include in an interim
11 report all of the information required in an annual report that
12 is specific to that program.

13 (16) After the initial or an interim report, the authority
14 shall include in an annual report all of the following for each
15 program:

16 (a) Whether the production goals for the previous 12-month
17 period have been met. If those production goals have not been
18 met, the authority shall explain in the report the reasons why
19 those production goals have not been met.

20 (b) Any significant obstacles to the development of housing
21 for low and moderate income persons that have been encountered by
22 the authority.

23 (c) The estimated economic and social benefits of these
24 housing projects to the immediate neighborhoods in which the
25 housing projects have been constructed.

1 (d) The estimated economic and social benefits of these
2 housing projects to the municipalities in which the housing
3 projects have been constructed.

4 (e) The extent of displacement, direct and indirect, of
5 lower income persons caused by these housing projects, and steps
6 taken by the authority and other governmental and private parties
7 to ameliorate the displacement, and the results of those
8 efforts.

9 (f) The estimated extent of additional reinvestment activi-
10 ties by private lenders attributable to the authority's financing
11 of these housing projects.

12 (g) The age, race, family size, median income, and average
13 income of the tenants of these housing projects.

14 (h) The estimated economic impact of these housing projects,
15 including the number of construction jobs created, wages paid,
16 and taxes and payments in lieu of taxes paid.

17 (i) The progress in developing mobile home parks and mobile
18 home condominium projects, in financing the construction or reha-
19 bilitation of consumer housing cooperative projects, and in
20 financing the construction or rehabilitation of nonprofit housing
21 corporation projects.

22 (j) A report on the neighborhood preservation program under
23 section 44f shall include information about the progress in
24 developing the program, the neighborhoods identified as being
25 eligible for the program, the neighborhoods or municipalities
26 that have applied for the program, the neighborhoods that have
27 received funds from the program, and the reasons that

1 neighborhoods or municipalities have been denied funds from the
2 program.

3 (k) A report on the status of federal programs that provide
4 assistance to low income tenants displaced as the result of pre-
5 payments of federally and authority assisted loans. If the
6 authority determines that federal programs are inadequate for
7 tenants of authority-financed housing projects, the authority
8 will provide recommendations to the legislature as to how to
9 address this problem on or before May 1, 1989.

10 (l) A report on the low income housing tax credit program
11 under section 22b, ~~which~~ THAT shall include information regard-
12 ing the amount of tax credits allocated to the state under each
13 of the subdivisions of section 22b(2); the projects that have
14 received tax credits; and the reasons why projects have been
15 denied tax credits under the program; a geographical description
16 of the distribution of those tax credits; and a description of
17 ~~any~~ amendments to the allocation plan made during that year.

18 (m) A report on education and training opportunities pro-
19 vided by the authority under section 17 ~~which~~ THAT will indi-
20 cate the types of education and training opportunities made
21 available and the amount of funding committed to these
22 activities.

23 (17) The authority shall insure that the income characteris-
24 tics of individuals served by an authority program are provided
25 in a manner that insures each individual's confidentiality. The
26 authority shall also insure that proprietary information in its
27 reports under this section concerning an individual, corporation,

1 cooperative, or association is not released without the
2 permission of that individual, corporation, cooperative, or
3 association.

4 Sec. 32a. With respect to bonds, other than refunding
5 bonds, issued to finance single family homes after November 1,
6 1989, for the first 120 days following the announcement of a pro-
7 gram funded by the proceeds of those bonds, 50% of the proceeds
8 of those bonds available to make loans, as determined by the pre-
9 liminary information obtained by originating lenders at the time
10 a reservation is submitted, shall be reserved for applicants with
11 gross annual incomes at or below ~~55%~~ 60% of the statewide
12 median gross income. THE AUTHORITY MAY, BY RESOLUTION, WAIVE
13 THIS REQUIREMENT. THE AUTHORITY SHALL ADVISE THE HOUSE OF REPRESENTATIVES AND SENATE STANDING COMMITTEES WITH JURISDICTION OVER
14 HOUSING ISSUES 5 DAYS PRIOR TO ADOPTING A RESOLUTION WAIVING THIS
15 REQUIREMENT. With respect to bonds, other than refunding bonds,
16 issued to finance single family homes after November 1, 1989, not
17 more than 50% of the proceeds of those bonds may be used to
18 finance single family homes for homebuyers who previously have
19 had an ownership interest in a residence. For purposes of this
20 section, a previous ownership interest in a mobile home shall not
21 be considered to be an ownership interest in a residence. The
22 authority may rely on the applicant's affidavit to determine
23 whether or not the applicant has had a prior ownership interest
24 in a residence. The authority shall publicize the programs
25 funded under this section by using all reasonable means
26 available, including, but not limited to, public interest

1 announcements in the media, and announcements to lending
2 institutions, community groups, and real estate organizations.
3 The authority shall submit a report annually to the legislature
4 containing all statistics necessary to indicate its compliance
5 with this section.

6 Sec. 32b. (1) The authority is designated as the adminis-
7 trator of the mortgage credit certificate program for this state
8 permitted under section 25 of the internal revenue code OF 1986.
9 The authority shall elect under section 25 of the internal reve-
10 nue code OF 1986 to convert at least \$59,000,000.00 of 1985 fed-
11 eral mortgage revenue bond authority into mortgage credit certif-
12 icate authority.

13 (2) The authority shall prepare guidelines that would allow
14 for the implementation of a mortgage credit certificate program
15 through mortgage lenders.

16 (3) To qualify for receipt of a mortgage credit certificate
17 with respect to the acquisition of an existing housing unit,
18 including a residential condominium or mobile home, ~~the purchase~~
19 ~~price with respect to the unit shall not exceed \$80,000.00 and~~
20 ~~the borrower's family income shall not exceed~~ BOTH OF the fol-
21 lowing APPLY:

22 ~~(a) If the housing unit is located in an eligible dis-~~
23 ~~tressed area, \$47,900.00 on or before May 1, 1995, and \$50,055.00~~
24 ~~after that date.~~

25 ~~(b) If the housing unit is located in an area other than an~~
26 ~~eligible distressed area, \$41,700.00 on or before May 1, 1995,~~
27 ~~and \$43,575.00 after that date.~~

HB 5538, As Passed Senate, May 31, 2000

House Bill No. 5538

23

1 (A) THE PURCHASE PRICE WITH RESPECT TO THE UNIT SHALL NOT
2 EXCEED THE FOLLOWING:

3 (i) \$99,000.00 UNTIL NOVEMBER 1, 2001.

4 (ii) \$102,000.00 UNTIL NOVEMBER 1, 2002.

5 (iii) ON AND AFTER NOVEMBER 1, 2002, \$105,000.00.

6 (B) THE BORROWER'S FAMILY INCOME DOES NOT EXCEED EITHER OF
7 THE FOLLOWING:

8 (i) IF THE HOUSING UNIT IS LOCATED IN A METROPOLITAN AREA,
9 \$52,900.00 ON OR BEFORE NOVEMBER 1, 2001, \$54,750.00 FROM
10 NOVEMBER 2, 2001 UNTIL NOVEMBER 1, 2002, AND \$56,650.00 ON AND
11 AFTER NOVEMBER 1, 2002.

12 (ii) IF THE HOUSING UNIT IS LOCATED IN A NONMETROPOLITAN
13 AREA, \$43,575.00 ON OR BEFORE NOVEMBER 1, 2002. AFTER NOVEMBER
14 1, 2002, THE FAMILY INCOME LIMIT INCREASES TO THE LESSER OF THE
15 HUD NONMETROPOLITAN MEDIAN INCOME OR \$44,000.00.

16 (4) To qualify for receipt of a mortgage credit certificate
17 with respect to the acquisition of a new housing unit, including
18 a residential condominium or mobile home, ~~the purchase price~~
19 ~~with respect to the unit shall not exceed \$99,000.00 and the~~
20 ~~borrower's family income shall not exceed~~ BOTH OF the following
21 APPLY:

22 ~~(a) If the housing unit is located in an eligible dis-~~
23 ~~tressed area, \$47,900.00 on or before May 1, 1995, and \$50,055.00~~
24 ~~after that date.~~

25 ~~(b) If the housing unit is located in an area other than an~~
26 ~~eligible distressed area, \$41,700.00 on or before May 1, 1995,~~
27 ~~and \$43,575.00 after that date.~~

HB 5538, As Passed Senate, May 31, 2000

House Bill No. 5538

24

1 (A) THE PURCHASE PRICE WITH RESPECT TO THE UNIT SHALL NOT
2 EXCEED THE FOLLOWING:

3 (i) \$120,000.00 UNTIL NOVEMBER 1, 2001.

4 (ii) \$124,000.00 UNTIL NOVEMBER 1, 2002.

5 (iii) ON AND AFTER NOVEMBER 1, 2002, \$128,000.00.

6 (B) THE BORROWER'S FAMILY INCOME DOES NOT EXCEED EITHER OF
7 THE FOLLOWING:

8 (i) IF THE HOUSING UNIT IS LOCATED IN A METROPOLITAN AREA,
9 \$52,900.00 ON OR BEFORE NOVEMBER 1, 2001, \$54,750.00 FROM
10 NOVEMBER 2, 2001 UNTIL NOVEMBER 1, 2002, AND \$56,650.00 ON AND
11 AFTER NOVEMBER 1, 2002.

12 (ii) IF THE HOUSING UNIT IS LOCATED IN A NONMETROPOLITAN
13 AREA, \$43,575.00 ON OR BEFORE NOVEMBER 1, 2002.

14 (iii) AFTER NOVEMBER 1, 2002, THE FAMILY INCOME LIMIT
15 INCREASES TO THE LESSER OF THE HUD NONMETROPOLITAN MEDIAN INCOME
16 OR \$44,000.00.

17 (5) The authority may increase the purchase price limit in
18 subsection (3) to cover the cost of improvements to adapt the
19 property for use by disabled individuals OR UNEXPECTED COST
20 INCREASES DURING CONSTRUCTION. The amount of the increase shall
21 be the amount of the costs described in this subsection or the
22 sum of \$3,500.00, whichever is less.

23 ~~-(6) The authority may increase the purchase price limit in~~
24 ~~subsection (4) to cover unexpected cost increases during con=~~
25 ~~struction or the cost of improvements to adapt the property for~~
26 ~~use by disabled individuals. The amount of the increase shall be~~

1 ~~the amount of the costs described in this subsection or the sum~~
2 ~~of \$3,500.00, whichever is less.~~

3 (6) ~~-(7)-~~ To qualify for receipt of a mortgage credit cer-
4 tificate with respect to the improvement or rehabilitation of an
5 existing housing unit, including a residential condominium or
6 mobile home, the borrower's family income shall not exceed the
7 following:

8 (a) ~~If the housing unit is located in an eligible dis-~~
9 ~~tressed area, \$47,900.00 on or before May 1, 1995, and \$50,055.00~~
10 ~~after that date.~~ FOR A UNIT LOCATED IN A METROPOLITAN COUNTY,
11 \$52,900.00 ON OR BEFORE NOVEMBER 1, 2001, \$54,750.00 FROM
12 NOVEMBER 2, 2001 UNTIL NOVEMBER 1, 2002, AND \$56,650.00 ON AND
13 AFTER NOVEMBER 1, 2002.

14 (b) ~~If the housing unit is located in an area other than an~~
15 ~~eligible distressed area, \$41,700.00 on or before May 1, 1995,~~
16 ~~and \$43,575.00 after that date.~~ FOR A UNIT LOCATED IN A NONMET-
17 ROPOLITAN COUNTY, \$43,575.00 ON OR BEFORE NOVEMBER 1, 2002.
18 AFTER NOVEMBER 1, 2002, THE FAMILY INCOME LIMIT INCREASES TO THE
19 LESSER OF THE HUD NONMETROPOLITAN MEDIAN INCOME OR \$44,000.00.

20 (7) ~~-(8)-~~ If an income or purchase price limit prescribed by
21 subsection (3), (4), (5), OR (6) ~~, or (7)~~ exceeds an applicable
22 limit prescribed by the internal revenue code OF 1986, the inter-
23 nal revenue code OF 1986 limit applies. Except with respect to
24 newly constructed housing units, the authority may at any time by
25 resolution establish, for ~~any~~ A length of time it ~~deems~~
26 CONSIDERS appropriate, maximum borrower income or purchase price
27 limits more restrictive than those maximum limitations set forth

1 in this section. The authority shall advise the appropriate
2 house and senate standing committees 5 days prior to the adoption
3 of a resolution establishing more restrictive income or purchase
4 price limits.

5 (8) ~~-(9)-~~ The changes made BY 1995 PA 186 to purchase price
6 limits in THE SUBSECTIONS THAT AT THE TIME WERE DESIGNATED
7 subsections (3) and (4) ~~by 1995 PA 186 are~~ WERE retroactive,
8 effective as of October 29, 1993.

9 Sec. 44. (1) (a) The authority may make loans to ~~any~~ A
10 nonprofit housing corporation, consumer housing cooperative,
11 limited dividend housing corporation, limited dividend housing
12 association, mobile home park corporation, or mobile home park
13 association or to ~~any~~ A public body or agency for the construc-
14 tion or rehabilitation, and for the long-term financing, of the
15 following:

16 (i) Housing for low income or moderate income persons.

17 (ii) For the period of time beginning May 1, 1984, and
18 ending November 1, 1987, housing projects in which not less than
19 20% of the dwelling units are allotted to individuals of low or
20 moderate income within the meaning of former section 103(b)(4)(A)
21 of the internal revenue code OF 1986; not less than 60% of the
22 dwelling units are available to persons and families whose gross
23 household income does not exceed 125% of the higher of either the
24 median income for a family in this state or the median income for
25 a family within the nonmetropolitan county or metropolitan sta-
26 tistical area in which the housing project is located, as
27 determined by the authority; and not more than 20% of the

1 dwelling units are available for occupancy without regard to
2 income. The enactment of this subparagraph or the expiration of
3 the authority granted by it ~~shall~~ DOES not affect rules in
4 effect before July 10, 1984, or promulgated after July 9, 1984,
5 to define low or moderate income persons.

6 (iii) For the period of time beginning May 1, 1984, and
7 ending November 1, 1987, housing projects in eligible distressed
8 areas in which housing projects not less than 20% of the dwelling
9 units are allotted to individuals of low or moderate income
10 within the meaning of former section 103(b)(4)(A) of the internal
11 revenue code OF 1986; not less than 60% of the dwelling units are
12 available to persons and families whose gross household income
13 does not exceed 150% of the higher of either the median income
14 for a family in this state or the median income for a family
15 within the nonmetropolitan county or metropolitan statistical
16 area in which the housing project is located, as determined by
17 the authority, and not more than 20% of the dwelling units are
18 available for occupancy without regard to income.

19 (iv) Beginning November 1, 1987, multifamily housing
20 projects that meet the 20-50 OR 40-60 test established in section
21 142 of the internal revenue code OF 1986 and, in addition, in
22 which not less than 15% of the dwelling units are allotted to
23 persons and families whose gross household income does not exceed
24 125% of the higher of either the median income for a family in
25 this state or the median income for a family within the nonmetro-
26 politan county or metropolitan statistical area in which the
27 housing project is located, as determined by the authority, or to

1 the elderly; not less than 15% of the dwelling units are allotted
2 to persons and families whose gross household income does not
3 exceed 150% of the median income for a family in this state or
4 the median income for a family within the nonmetropolitan county
5 or metropolitan statistical area in which the housing project is
6 located, as determined by the authority, or to the elderly; and
7 not more than 50% of the dwelling units are available for occu-
8 pancy without regard to income.

9 (v) Beginning November 1, 1987, multifamily housing projects
10 in eligible distressed areas that meet the 20-50 OR 40-60 test
11 established in section 142 of the internal revenue code OF 1986
12 and, in addition, in which ~~not more than 80% of~~ the REMAINING
13 dwelling units are available for occupancy without regard to
14 income.

15 (vi) Social, recreational, commercial, or communal facili-
16 ties necessary to serve and improve the residential area in which
17 an authority-financed housing project is located or is planned to
18 be located thereby enhancing the viability of ~~such~~ THE
19 housing.

20 (b) Notwithstanding the provisions of this section, the
21 authority may establish by resolution ~~such~~ higher income limits
22 ~~as~~ THAT it considers necessary to achieve sustained occupancy
23 of a housing project financed under subsection (1)(a)(i), (ii),
24 (iii), (iv), or (v) if the authority determines ~~all~~ BOTH of the
25 following:

26 (i) The owner of the housing project exercised reasonable
27 efforts to rent the dwelling units to persons and families whose

1 incomes did not exceed the income limitations originally
2 applicable.

3 (ii) For ~~any~~ AN annual period after the first tenant has
4 occupied the housing project, the owner of the housing project
5 has been unable to attain and sustain at least a 95% occupancy
6 level at the housing project.

7 (c) A loan under this section may be in an amount not to
8 exceed 90% of the project cost as approved by the authority. For
9 purposes of this section, the term "project cost" includes all
10 items included in the definition of a project cost in section 11
11 and also includes a builder's fee equal to an amount up to 5% of
12 the amount of the construction contract, developer overhead
13 allowance and fee of 5% of the amount of the project cost, the
14 cost of furnishings, and a sponsor's risk allowance equal to 10%
15 of the project cost. A loan shall not be made under this section
16 unless a market analysis has been conducted that demonstrates a
17 sufficient market exists for the housing project.

18 (d) After November 1, 1987, the authority may continue to
19 finance multifamily housing projects for families or persons
20 whose incomes do not exceed the limits provided in subsection
21 (1)(a)(ii) or (iii) or (1)(b), until funds derived from the pro-
22 ceeds of bonds or notes issued before November 2, 1987, for that
23 purpose, including the proceeds of prepayments or recovery pay-
24 ments with respect to these multifamily housing projects, have
25 been expended. Multifamily housing projects or single family
26 housing units in an eligible distressed area ~~which~~ THAT are
27 financed by proceeds of notes or bonds issued before June 30,

1 1984, and ~~which~~ THAT the authority has designated for occupancy
2 by persons and families without regard to income pursuant to this
3 act shall remain eligible for occupancy by families and persons
4 without regard to income until the authority's mortgage loan
5 issued with respect to these multifamily housing projects is
6 fully repaid.

7 (e) Notwithstanding the expiration of lending authority
8 under subsection (1)(a)(ii), (iii), (iv), or (v), multifamily
9 housing projects financed under those subparagraphs may continue
10 to remain eligible for occupancy by persons and families whose
11 incomes do not exceed the limits provided in those subparagraphs
12 or subsection (1)(b).

13 (f) For purposes of this subsection:

14 (i) "Gross household income" means gross income of a house-
15 hold as those terms are defined in rules of the authority.

16 (ii) "Median income for a family in this state" and "median
17 income for a family within the nonmetropolitan county or metro-
18 politan statistical area" mean those income levels as determined
19 by the authority.

20 (2) (a) The authority may make loans to ~~any~~ A nonprofit
21 housing corporation, limited dividend housing corporation, mobile
22 home park corporation, or mobile home park association for the
23 construction or rehabilitation of housing units, including resi-
24 dential condominium units as defined in section 4 of the condo-
25 minium act, 1978 PA 59, MCL 559.104, for sale to individual pur-
26 chasers of low or moderate income or to individual purchasers
27 without regard to income when the housing units are located in an

1 eligible distressed area. ~~The authority may make or purchase~~
2 ~~loans to individual purchasers for the long-term financing of a~~
3 ~~newly rehabilitated, newly constructed, or existing housing unit,~~
4 ~~including a residential condominium unit as defined in section 4~~
5 ~~of the condominium act, 1978 PA 59, MCL 559.104. For a loan for~~
6 ~~a newly rehabilitated or newly constructed housing unit, includ=~~
7 ~~ing a residential condominium unit, the borrower's family income~~
8 ~~shall not exceed \$41,700.00 on or before May 1, 1995, and~~
9 ~~\$43,575.00 after that date and the purchase price of the housing~~
10 ~~unit shall not exceed \$99,000.00. For unexpected cost increases~~
11 ~~during construction or improvements to adapt the property for use~~
12 ~~by disabled individuals, the authority may increase the purchase~~
13 ~~price limit by an amount sufficient to cover those cost~~
14 ~~increases, but not to exceed \$3,500.00. For a loan for an exist=~~
15 ~~ing housing unit, including a residential condominium unit, the~~
16 ~~borrower's family income shall not exceed \$41,700.00 on or before~~
17 ~~May 1, 1995, and \$43,575.00 after that date and the purchase~~
18 ~~price of the housing unit shall not exceed \$80,000.00. For costs~~
19 ~~for improvements to adapt an existing housing unit for use by~~
20 ~~disabled individuals, the authority may increase the purchase~~
21 ~~price limit by an amount sufficient to cover those cost~~
22 ~~increases, but not to exceed \$3,500.00. If an income or purchase~~
23 ~~price limit prescribed by this subsection exceeds an applicable~~
24 ~~limit prescribed by the internal revenue code, the internal reve=~~
25 ~~nue code limit applies. Except with respect to newly constructed~~
26 ~~housing units, the authority may at any time by resolution~~
27 ~~establish, for any length of time it considers appropriate,~~

1 ~~maximum borrower income or purchase price limits more restrictive~~
2 ~~than those maximum limitations set forth in this section. The~~
3 ~~authority shall advise the appropriate house and senate standing~~
4 ~~committees 5 days prior to the adoption of a resolution estab-~~
5 ~~lishing more restrictive maximum borrower income or purchase~~
6 ~~price limits. Before making any loan under this section, author-~~
7 ~~ity staff shall determine that the borrower has the ability to~~
8 ~~repay the loan. A loan made or purchased to finance the acquisi-~~
9 ~~tion of an existing housing unit may include funds for~~
10 ~~rehabilitation.~~ A loan under this section may be in an amount
11 not to exceed 100% of the project cost as approved by the author-
12 ity in the case of a nonprofit housing corporation or individual
13 purchaser, and in an amount not to exceed 90% of the project cost
14 as approved by the authority in the case of a limited dividend
15 housing corporation, mobile home park corporation, or mobile home
16 park association. ~~The limits on purchase price prescribed by~~
17 ~~this subsection are effective retroactively as of October 29,~~
18 ~~1993.~~

19 (b) While a loan under this subsection is outstanding, ~~any~~
20 A sale by a nonprofit housing corporation or limited dividend
21 housing corporation or ~~any~~ A subsequent resale is subject to
22 approval by the authority. The authority shall provide in its
23 rules concerning these sales and resales that the price of the
24 housing unit sold, the method of making payments after the sale,
25 the security afforded, and the interest rate, fees, and charges
26 to be paid shall at all times be sufficient to permit the
27 authority to make the payments on its bonds and notes and to meet

1 administrative or other costs of the authority in connection with
2 the transactions. Housing units shall be sold under terms that
3 provide for monthly payments including principal, interest,
4 taxes, and insurance.

5 (c) While a loan under this subsection is outstanding, the
6 authority, before the approval of sale by a nonprofit housing
7 corporation, limited dividend housing corporation, mobile home
8 park corporation, or mobile home park association, shall satisfy
9 itself that the sale is to persons of low or moderate income if
10 the housing unit is not located in an eligible distressed area,
11 or to persons without regard to income if the housing unit is
12 located in an eligible distressed area.

13 (d) Upon the sale by a nonprofit housing corporation,
14 limited dividend housing corporation, mobile home park corpora-
15 tion, or mobile home park association of ~~any~~ A housing unit to
16 an individual purchaser of low or moderate income or to an indi-
17 vidual purchaser without regard to income if the unit is located
18 in an eligible distressed area under this subsection to whom a
19 loan is being made by the authority, the housing unit shall be
20 released from the mortgage running from the nonprofit housing
21 corporation, limited dividend housing corporation, mobile home
22 park corporation, or mobile home park association to the authori-
23 ty, and the mortgage shall be replaced as to the housing unit by
24 a mortgage running from the individual purchaser to the
25 authority.

26 (e) The authority shall encourage nonprofit housing
27 corporations and limited dividend housing corporations engaged in

1 construction or rehabilitation under this subsection to utilize
2 the labor of prospective individual purchasers of low or moderate
3 income in the construction or rehabilitation of the housing units
4 involved. The value of the labor of the prospective purchasers
5 so utilized shall be used to reduce the project costs of the
6 housing units involved.

7 (f) In the construction of housing units to be sold to the
8 individual purchasers of low or moderate income at a price not to
9 exceed \$12,000.00, the individual purchasers may be required to
10 perform, in a manner and under conditions to be specified by the
11 authority in its rules, a minimum number of hours of labor. The
12 value of the labor shall be credited to the purchase price.

13 (3) THE AUTHORITY MAY MAKE OR PURCHASE LOANS MADE TO AN
14 INDIVIDUAL PURCHASER FOR LONG-TERM FINANCING OF A NEWLY REHABILI-
15 TATED, NEWLY CONSTRUCTED, OR EXISTING HOUSING UNIT, INCLUDING A
16 RESIDENTIAL CONDOMINIUM UNIT AS DEFINED IN SECTION 4 OF THE CON-
17 DOMINIUM ACT, 1978 PA 59, MCL 559.104. TO QUALIFY, ALL OF THE
18 FOLLOWING APPLY:

19 (A) THE BORROWER'S FAMILY INCOME SHALL NOT EXCEED EITHER OF
20 THE FOLLOWING:

21 (i) IF THE HOUSING UNIT IS LOCATED IN A METROPOLITAN AREA,
22 \$52,900.00 ON OR BEFORE NOVEMBER 1, 2001, \$54,750.00 FROM
23 NOVEMBER 2, 2001 UNTIL NOVEMBER 1, 2002, AND \$56,650.00 ON AND
24 AFTER NOVEMBER 1, 2002.

25 (ii) IF THE HOUSING UNIT IS LOCATED IN A NONMETROPOLITAN
26 AREA, \$43,575.00 ON OR BEFORE NOVEMBER 1, 2002. AFTER NOVEMBER

HB 5538, As Passed Senate, May 31, 2000

House Bill No. 5538

35

1 1, 2002, THE FAMILY INCOME LIMIT INCREASES TO THE LESSER OF THE
2 HUD NONMETROPOLITAN MEDIAN INCOME OR \$44,000.00.

3 (B) THE PURCHASE PRICE WITH RESPECT TO THE UNIT DOES NOT
4 EXCEED THE FOLLOWING:

5 (i) FOR AN EXISTING HOUSING UNIT, \$99,000.00 ON OR BEFORE
6 NOVEMBER 1, 2001, \$102,000.00 FROM NOVEMBER 2, 2001 UNTIL
7 NOVEMBER 1, 2002, AND \$105,000.00 ON AND AFTER NOVEMBER 1, 2002.

8 (ii) FOR A NEWLY REHABILITATED OR A NEWLY CONSTRUCTED HOUS-
9 ING UNIT, \$120,000.00 ON OR BEFORE NOVEMBER 1, 2001, \$124,000.00
10 FROM NOVEMBER 2, 2001 UNTIL NOVEMBER 1, 2002, AND \$128,000.00 ON
11 AND AFTER NOVEMBER 1, 2002.

12 (C) FOR UNEXPECTED COST INCREASES DURING CONSTRUCTION OR
13 IMPROVEMENTS TO ADAPT NEW OR EXISTING PROPERTY FOR USE BY DIS-
14 ABLED INDIVIDUALS, THE AUTHORITY MAY INCREASE THE PURCHASE PRICE
15 LIMIT BY AN AMOUNT SUFFICIENT TO COVER THESE COST INCREASES, BUT
16 NOT TO EXCEED \$3,500.00.

17 (D) IF AN INCOME OR PURCHASE PRICE LIMIT PRESCRIBED BY THIS
18 SUBSECTION EXCEEDS AN APPLICATION LIMIT PRESCRIBED BY THE INTER-
19 NAL REVENUE CODE OF 1986, THE INTERNAL REVENUE CODE OF 1986 LIMIT
20 APPLIES.

21 (E) EXCEPT WITH RESPECT TO NEWLY CONSTRUCTED HOUSING UNITS,
22 THE AUTHORITY MAY BY RESOLUTION ESTABLISH, FOR A LENGTH OF TIME
23 THE AUTHORITY CONSIDERS APPROPRIATE, MAXIMUM BORROWER INCOME OR
24 PURCHASE PRICE LIMITS MORE RESTRICTIVE THAN THOSE MAXIMUM LIMITA-
25 TIONS SET FORTH IN THIS SECTION. THE AUTHORITY SHALL ADVISE THE
26 APPROPRIATE HOUSE AND SENATE STANDING COMMITTEES 5 DAYS PRIOR TO

1 ADOPTING A RESOLUTION ESTABLISHING MORE RESTRICTIVE MAXIMUM
2 BORROWER INCOME OR PURCHASE PRICE LIMITS.

3 (F) BEFORE MAKING A LOAN UNDER THIS SECTION, AUTHORITY STAFF
4 SHALL DETERMINE THAT THE BORROWER HAS THE ABILITY TO REPAY THE
5 LOAN.

6 (G) A LOAN MADE OR PURCHASED TO FINANCE THE ACQUISITION OF
7 AN EXISTING HOUSING UNIT MAY INCLUDE FUNDS FOR REHABILITATION.

8 (4) ~~-(3)-~~ A loan shall be secured in a manner and be repaid
9 in a period, not exceeding 50 years, as may be determined by the
10 authority. A loan shall bear interest at a rate determined by
11 the authority.

12 (5) ~~-(4)-~~ A person who, for purposes of securing a loan
13 under this act, misrepresents his or her income, including taking
14 a leave of absence from his or her employment for purposes of
15 diminishing his or her income, is not to be eligible for a loan
16 under this act.

17 Sec. 44a. (1) The authority may make, purchase, or partici-
18 pate in loans, grants, or deferred payment loans to persons and
19 families of low and moderate income to finance the rehabilitation
20 of residential real property designed for occupancy by not more
21 than ~~4~~ 11 families ~~which~~ THAT is owned or is being purchased
22 by 1 or more persons or families of low and moderate income and
23 ~~which~~ THAT is for occupancy by persons or families of low and
24 moderate income.

25 (2) The authority, without regard to the income of the
26 owners or occupants of residential rental property, may make,
27 purchase, or participate in loans, grants, or deferred payment

1 loans for the rehabilitation of residential rental property to
2 persons or entities owning residential rental property located in
3 areas of chronic economic distress and moderate cost residential
4 rental property located elsewhere in this state.

5 (3) A loan under this section may be secured or unsecured as
6 determined by the authority. If the loan is unsecured, it shall
7 be accepted for insurance under title 1 of the national housing
8 act, CHAPTER 847, 48 STAT. 1246, 12 U.S.C. 1702, 1703, 1705, and
9 1706b to 1706d, or another federal or private insurance program
10 providing coverage at least equal to that provided by that title,
11 or the authority shall establish a reserve for losses on unin-
12 sured loans made under this section and shall deposit into that
13 reserve an amount equal to 5% of the principal amount of each
14 such uninsured loan on or before the making of the loan. Money
15 may be withdrawn by the authority from this reserve for applica-
16 tion as loan repayments in connection with loans that are
17 delinquent. In addition, upon repayment of a loan made, pur-
18 chased, or participated in under this section, the authority may
19 withdraw the amount deposited in the reserve in connection with
20 that loan, reduced by ~~any~~ amounts withdrawn as loan repayments
21 in connection with the loan, and may apply the amounts to any of
22 the authority's programs and purposes. ~~Any income~~ INCOME or
23 interest earned by or increment to the reserve due to the invest-
24 ment of the money in the reserve may, at ~~such~~ THE times ~~as~~
25 DETERMINED BY the authority, ~~shall determine,~~ be transferred by
26 the authority to other funds or accounts of the authority and
27 applied to any of the corporate purposes of the authority. A

1 loan under this section shall bear interest at a rate and be
2 repaid in the period, not exceeding 20 years, as ~~may be~~ deter-
3 mined by the authority and under additional terms and conditions
4 as ~~may be~~ determined by the authority.

5 (4) A deferred payment loan or grant may be secured or unse-
6 cured as determined by the authority, and shall be made under
7 additional terms and conditions determined by the authority.

8 (5) In recognition of the need for rehabilitation loans,
9 grants, and deferred payment loans in all geographic areas of the
10 state, the authority shall promulgate rules that provide for the
11 availability of loans, grants, and deferred payment loans on an
12 equitable basis to qualified applicants in all geographic areas
13 of this state. With respect to loans, grants, and deferred pay-
14 ment loans made pursuant to this section that are not based on
15 residency in a neighborhood selected under section 22a(5), eligi-
16 bility for loans, grants, or deferred payment loans shall not be
17 based upon the number of qualified applicants in the geographic
18 area in which the individual resides.

19 (6) For purposes of this section, persons and families of
20 low and moderate income means persons and families whose family
21 income does not exceed ~~\$41,700.00 on or before May 1, 1995, and~~
22 ~~\$43,575.00 after that date.~~ EITHER OF THE FOLLOWING:

23 (A) IF THE HOUSING UNIT IS LOCATED IN A METROPOLITAN AREA,
24 \$52,900.00 ON OR BEFORE NOVEMBER 1, 2001, \$54,750.00 FROM
25 NOVEMBER 2, 2001 UNTIL NOVEMBER 1, 2002, AND \$56,650.00 ON AND
26 AFTER NOVEMBER 1, 2002.

1 (B) IF THE HOUSING UNIT IS LOCATED IN A NONMETROPOLITAN
2 AREA, \$43,575.00 ON OR BEFORE NOVEMBER 1, 2002. AFTER NOVEMBER
3 1, 2002, THE FAMILY INCOME LIMIT INCREASES TO THE LESSER OF THE
4 HUD NONMETROPOLITAN MEDIAN INCOME OR \$44,000.00. The authority
5 may ~~at any time~~ by resolution establish, for ~~any~~ A length of
6 time it considers appropriate, maximum family income limits more
7 restrictive than those maximum limitations set forth in this
8 section. The authority shall advise the appropriate house and
9 senate standing committees 5 days prior to the adoption of a res-
10 olution establishing more restrictive maximum family income
11 limits.

12 (7) ~~For home improvement loans insured under title I of the~~
13 ~~national housing act, the~~ THE maximum principal loan amounts FOR
14 HOME IMPROVEMENT LOANS, exclusive of finance charges, are as
15 follows:

16 (a) \$25,000.00 for A residential ~~structures~~ STRUCTURE con-
17 taining 1 dwelling unit, UNLESS THE LOAN IS MADE IN CONJUNCTION
18 WITH ADDITIONAL MONEY PROVIDED BY A MUNICIPALITY OR NONPROFIT
19 COMMUNITY-BASED ORGANIZATION, IN WHICH CASE A LOAN FOR A RESIDEN-
20 TIAL STRUCTURE CONTAINING 1 DWELLING UNIT IS \$35,000.00.

21 (b) ~~\$12,000.00~~ \$15,000.00 per dwelling unit for A residen-
22 tial ~~structures~~ STRUCTURE containing 2 to ~~4~~ 11 dwelling
23 units.

24 (8) A STRUCTURE IS NOT REQUIRED TO BE OF A MINIMUM AGE TO BE
25 ELIGIBLE FOR REHABILITATION UNDER THIS SECTION.

26 Sec. 46. The authority shall require that occupancy of
27 housing projects and residential real property assisted under

HB 5538, As Passed Senate, May 31, 2000

House Bill No. 5538

40

1 this act shall be open to all regardless of sex, race, religion,
2 color, national origin, age, ~~or~~ marital status, FAMILIAL
3 STATUS, OR DISABILITY and that contractors and subcontractors
4 engaged in the construction of housing projects and lending
5 institutions engaged in making residential mortgages, shall take
6 affirmative action to assure an equal opportunity for employment
7 and borrowing. This section does not apply, with respect to the
8 age ~~provision~~ AND FAMILIAL STATUS PROVISIONS only, to the sale,
9 rental, or lease of housing accommodations meeting the require-
10 ments of federal, state, or local housing programs for senior
11 citizens, or HOUSING accommodations otherwise intended, adver-
12 tised, designed, or operated, bona fide, for the purpose of pro-
13 viding housing accommodations for persons 55 years of age or
14 older.