



# HOUSE BILL No. 5303

February 8, 2000, Introduced by Reps. Byl, Birkholz, Vear, Rick Johnson, Jellema, Scranton, Ehardt, Martinez, Lockwood, Bovin, Clarke, Hart, Schauer, Pestka, Prusi, Scott, Hager, Van Woerkom, DeRossett, DeWeese, Minore, Hanley, Price, Thomas, Mortimer, Mead, Bradstreet, Richardville, Jansen, Mans, DeVuyst, Green, Pumford, Geiger, Tesanovich, Richner, Godchaux, Julian, Quarles, LaForge, Reeves and Lemmons and referred to the Committee on Local Government and Urban Policy.

A bill to establish the Michigan affordable housing fund in the department of treasury; to provide for the administration of the fund; to provide for the deposit of certain money in that fund; to provide for the distribution of the money in that fund and to limit the use of the money in that fund; and to prescribe the powers and duties of certain state officials.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 1. This act shall be known and may be cited as the  
2 "Michigan affordable housing fund act".

3       Sec. 2. As used in this act:

4       (a) "Department" means the department of treasury.

5       (b) "Eligible applicant" means that term as defined in  
6 section 58 of the Michigan state housing development authority  
7 act of 1966, 1966 PA 346, MCL 125.1458.

1 (c) "MSHDA" means the Michigan state housing development  
2 authority.

3 (d) "Michigan affordable housing fund" or "fund" means the  
4 Michigan affordable housing fund created in section 3.

5 Sec. 3. (1) The Michigan affordable housing fund is created  
6 as a separate fund in the department.

7 (2) The fund shall be administered by MSHDA and money in the  
8 fund shall be expended only as provided in this act.

9 (3) The department shall credit to the fund all amounts  
10 appropriated for the purposes under this act and any money  
11 received as contributions.

12 (4) The state treasurer shall invest the money in the fund  
13 and the earnings from those investments shall be credited to the  
14 fund.

15 (5) Money appropriated or money received as contributions to  
16 the fund shall be available for disbursement upon appropriation.

17 Sec. 4. Notwithstanding any other allocations and disburse-  
18 ments, an amount equal to the cumulative contributions made to  
19 the fund, less any amount appropriated to the department for the  
20 purpose of implementing this act, shall be deposited in the fund  
21 and shall be appropriated annually solely for the purposes of the  
22 fund.

23 Sec. 5. (1) Money in the fund shall be allocated to organi-  
24 zations exempt from taxation under section 501(c)(3) or (4) of  
25 the internal revenue code of 1986 for housing projects if the  
26 organization has conducted a market study or review to ensure

1 that there is a demand and need for the housing project  
2 proposed.

3 (2) Housing developed with money from the fund shall be con-  
4 sistent in nature with housing already provided in the area to be  
5 developed.

6 (3) MSHDA shall encourage housing projects that are part of  
7 a planned community revitalization strategy.

8 Sec. 6. (1) Money from the fund shall be used to provide  
9 grants, mortgage loans, and other loans including, but not  
10 limited to, construction loans, bridge loans, and predevelopment  
11 loans to provide housing for low income, very low income, and  
12 extremely low income households.

13 (2) Money from the fund may be used to provide single-family  
14 or multifamily housing.

15 (3) A portion of the allocations each year, as determined by  
16 MSHDA, shall be used to provide housing for all of the  
17 following:

18 (a) Homeless persons.

19 (b) Persons with physical and mental disabilities.

20 (c) Persons living in distressed or rural areas.

21 (4) Money in the fund may be used for all of the following:

22 (a) Acquisition of land and buildings.

23 (b) New construction or rehabilitation of existing  
24 buildings.

25 (c) Predevelopment and development costs.

26 (d) Costs to preserve existing housing units.

1 (e) Infrastructure and community facilities that directly  
2 support housing development.

3 (f) Insurance premiums.

4 (g) Operating and replacement reserves.

5 (h) Down payment and security deposit assistance.

6 (i) Supportive services.

7 Sec. 7. (1) MSHDA shall develop annual priorities based on  
8 the allowable purposes under section 7 and allocate the money in  
9 the fund based upon those priorities.

10 (2) Each year, prior to the allocation of money from the  
11 fund, MSHDA shall hold public hearings in at least 3 separate  
12 locations throughout this state on the priorities and proposed  
13 allocations for the upcoming year.

14 Sec. 8. (1) MSHDA shall develop an allocation plan each  
15 year based on the annual priorities developed under section 8  
16 that includes but is not limited to how MSHDA will identify,  
17 select, and make financing available to applicants to develop  
18 fundable projects. The plan shall include how MSHDA will allo-  
19 cate money to provide technical assistance to eligible  
20 applicants.

21 (2) The allocation plan shall include all of the following:

22 (a) A list of the organizations and types of organizations  
23 eligible to receive money from the fund.

24 (b) Any preferences for identified special population  
25 groups.

26 (c) Any geographic targeting in designated revitalization  
27 areas including, but not limited to, MSHDA's neighborhood

1 preservation program areas, renaissance zones, federally  
2 designated empowerment and enterprise zones, and community or  
3 homeownership zones.

4 (d) The allocation funding formula as prescribed in subsec-  
5 tion (3).

6 (3) MSHDA shall determine a formula for allocating money  
7 throughout the state using all of the following factors:

8 (a) The number of persons in poverty in a geographic area.

9 (b) The level of housing distress in a geographic area.

10 (c) Any other factor that supports the need for affordable  
11 housing as determined by MSHDA and included in the allocation  
12 plan.

13 Sec. 9. Any balance remaining in the fund at the end of any  
14 fiscal year shall not revert to the general fund but shall remain  
15 in the fund and continue to be available for the purposes autho-  
16 rized in this act.

17 Enacting section 1. This act does not take effect unless  
18 Senate Bill No. \_\_\_\_\_ or House Bill No. 5304 (request  
19 no. 04558'99 b \*) of the 90th Legislature is enacted into law.