



# HOUSE BILL No. 5304

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

A bill to amend 1966 PA 346, entitled  
"State housing development authority act of 1966,"  
(MCL 125.1401 to 125.1499c) by amending the title, as amended by  
1984 PA 215, and by adding chapter 3A.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

### TITLE

1  
2 An act to create a state housing development authority; to  
3 define the powers and duties of the authority; to establish a  
4 housing development revolving fund; to establish a land acqui-  
5 sition and development fund; to establish a rehabilitation fund; to  
6 establish a conversion condominium fund; TO CREATE CERTAIN OTHER  
7 FUNDS AND PROVIDE FOR THE EXPENDITURE OF CERTAIN FUNDS; to autho-  
8 rize the making and purchase of loans, deferred payment loans,  
9 and grants to qualified developers, sponsors, individuals,  
10 mortgage lenders, and municipalities; to establish and provide

1 acceleration and foreclosure procedures; to provide tax  
2 exemption; to authorize payments in lieu of taxes by nonprofit  
3 housing corporations, consumer housing cooperatives, limited div-  
4 idend housing corporations, mobile home park corporations, and  
5 mobile home park associations; and to prescribe criminal penal-  
6 ties for violations of this act.

7 CHAPTER 3A

8 SEC. 58. (1) THE DEFINITIONS IN SECTION 11 APPLY TO THIS  
9 CHAPTER UNLESS OTHERWISE PROVIDED IN THIS CHAPTER.

10 (2) AS USED IN THIS CHAPTER:

11 (A) "ADJUSTED HOUSEHOLD INCOME" MEANS THAT TERM AS DEFINED  
12 IN RULES OF THE AUTHORITY.

13 (B) "AFFORDABLE HOUSING" MEANS RESIDENTIAL HOUSING THAT IS  
14 OCCUPIED BY LOW INCOME, VERY LOW INCOME, OR EXTREMELY LOW INCOME  
15 HOUSEHOLDS, AND RESULTS IN MONTHLY HOUSING COSTS EQUAL TO NO MORE  
16 THAN 30% OF THE ADJUSTED HOUSEHOLD INCOME OF THE OCCUPYING  
17 HOUSEHOLD.

18 (C) "ELIGIBLE APPLICANT" MEANS A NOT-FOR-PROFIT CORPORATION  
19 OR A PARTNERSHIP THAT INCLUDES A NOT-FOR-PROFIT CORPORATION ORGA-  
20 NIZED FOR THE PURPOSE OF DEVELOPING AND SUPPORTING AFFORDABLE  
21 HOUSING FOR LOW INCOME, VERY LOW INCOME, OR EXTREMELY LOW INCOME  
22 HOUSEHOLDS, WHICH HOUSING IS UNDER THE MANAGING CONTROL OF THE  
23 NOT-FOR-PROFIT CORPORATION.

24 (D) "EXTREMELY LOW INCOME HOUSEHOLD" MEANS A PERSON, A  
25 FAMILY, OR UNRELATED PERSONS LIVING TOGETHER WHOSE ADJUSTED  
26 HOUSEHOLD INCOME IS NOT MORE THAN 25% OF THE MEDIAN INCOME, AS  
27 DETERMINED BY THE AUTHORITY.

1 (E) "FUND" MEANS THE MICHIGAN AFFORDABLE HOUSING FUND  
2 CREATED IN SECTION 58A.

3 (F) "LOW INCOME HOUSEHOLD" MEANS A PERSON, A FAMILY, OR  
4 UNRELATED PERSONS LIVING TOGETHER WHOSE ADJUSTED HOUSEHOLD INCOME  
5 IS MORE THAN 50% BUT NOT MORE THAN 60% OF THE MEDIAN INCOME, AS  
6 DETERMINED BY THE AUTHORITY.

7 (G) "MULTIFAMILY HOUSING" MEANS A BUILDING OR BUILDINGS PRO-  
8 VIDING HOUSING TO 2 OR MORE HOUSEHOLDS, NONE OF WHICH IS OWNER  
9 OCCUPIED.

10 (H) "VERY LOW INCOME HOUSEHOLD" MEANS A PERSON, A FAMILY, OR  
11 UNRELATED PERSONS LIVING TOGETHER WHOSE ADJUSTED HOUSEHOLD INCOME  
12 IS MORE THAN 25% BUT NOT MORE THAN 50% OF THE MEDIAN INCOME, AS  
13 DETERMINED BY THE AUTHORITY.

14 SEC. 58A. (1) THE MICHIGAN AFFORDABLE HOUSING FUND IS CRE-  
15 ATED IN THE DEPARTMENT OF TREASURY. THE FUND SHALL BE ADMINIS-  
16 TERED BY THE AUTHORITY AND SHALL BE EXPENDED ONLY AS PROVIDED IN  
17 THIS CHAPTER.

18 (2) THE STATE TREASURER SHALL CREDIT TO THE FUND ALL OF THE  
19 FOLLOWING:

20 (A) ALL RECEIPTS, INCLUDING, BUT NOT LIMITED TO, DIVIDENDS  
21 AND INTEREST ON THE INVESTMENT OF MONEY IN THE FUND AND PRINCIPAL  
22 AND INTEREST PAYMENTS FROM LOANS OR AGREEMENTS MADE FROM THE  
23 FUND.

24 (B) ALL PROCEEDS OF ASSETS RECEIVED BY THE AUTHORITY AS A  
25 RESULT OF THE DEFAULT OF LOANS OR AGREEMENTS MADE UNDER THIS  
26 CHAPTER.

1 (C) ALL APPROPRIATIONS, GRANTS, OR GIFTS OF MONEY OR  
2 PROPERTY MADE TO THE FUND.

3 (D) ALL FEES OR CHARGES COLLECTED BY THE AUTHORITY PURSUANT  
4 TO ACTIVITIES AUTHORIZED UNDER THIS CHAPTER.

5 (E) OTHER REVENUE AS PROVIDED BY LAW.

6 (3) ALL BALANCES IN THE FUND AT THE END OF A FISCAL YEAR  
7 SHALL BE CARRIED OVER AS A PART OF THE FUND AND SHALL NOT REVERT  
8 TO THE GENERAL FUND OF THE STATE.

9 SEC. 58B. (1) THE AUTHORITY SHALL CREATE AND IMPLEMENT THE  
10 MICHIGAN AFFORDABLE HOUSING PROGRAM FOR THE PURPOSE OF DEVELOPING  
11 AND COORDINATING PUBLIC AND PRIVATE RESOURCES TO MEET THE AFFORD-  
12 ABLE HOUSING NEEDS OF LOW INCOME, VERY LOW INCOME, AND EXTREMELY  
13 LOW INCOME HOUSEHOLDS IN THIS STATE.

14 (2) THE AUTHORITY SHALL IDENTIFY, SELECT, AND MAKE FINANCING  
15 AVAILABLE TO ELIGIBLE APPLICANTS FROM MONEY IN THE FUND OR FROM  
16 MONEY SECURED BY THE FUND FOR AFFORDABLE HOUSING FOR LOW INCOME,  
17 VERY LOW INCOME, AND EXTREMELY LOW INCOME HOUSEHOLDS. THIS SUB-  
18 SECTION DOES NOT PRECLUDE THE AUTHORITY FROM USING OTHER  
19 RESOURCES IN CONJUNCTION WITH THE FUND FOR PURPOSES AUTHORIZED  
20 UNDER THIS CHAPTER.

21 (3) THE AUTHORITY SHALL PROMULGATE RULES PURSUANT TO THE  
22 ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO  
23 24.328, PROVIDING FOR THE TERMS AND CONDITIONS UNDER WHICH  
24 ASSISTANCE MADE UNDER THIS CHAPTER SHALL BE RECAPTURED.

25 (4) THE AUTHORITY SHALL DEVELOP AN ANNUAL PLAN PROVIDING FOR  
26 THE ALLOCATION OF MONEY FROM THE FUND, IN ACCORDANCE WITH ALL OF  
27 THE FOLLOWING:

1 (A) THE ALLOCATION PLAN SHALL CONTAIN A FORMULA FOR  
2 DISTRIBUTING MONEY THROUGHOUT THE STATE BASED ON THE NUMBER OF  
3 PERSONS EXPERIENCING POVERTY AND HOUSING DISTRESS IN VARIOUS  
4 REGIONS OF THE STATE.

5 (B) THE ALLOCATION PLAN SHALL IDENTIFY ELIGIBLE APPLICANTS,  
6 PREFERENCE FOR SPECIAL POPULATION GROUPS DESCRIBED IN SECTION  
7 58C(2), AND PREFERENCE FOR GEOGRAPHIC TARGETING IN DESIGNATED  
8 REVITALIZATION AREAS INCLUDING, BUT NOT LIMITED TO, NEIGHBORHOOD  
9 PRESERVATION AREAS, STATE RENAISSANCE ZONES, AND  
10 FEDERALLY-DESIGNATED ENTERPRISE COMMUNITY OR HOMEOWNERSHIP  
11 ZONES.

12 (C) NOT LESS THAN 30% OF THE FUND SHALL BE EARMARKED FOR  
13 PROJECTS THAT TARGET EXTREMELY LOW INCOME HOUSEHOLDS AND INCLUDE  
14 AT A MINIMUM BOTH OF THE FOLLOWING ACTIVITIES:

15 (i) DEVELOPING HOUSING FOR THE HOMELESS, TRANSITIONAL HOUS-  
16 ING, AND PERMANENT HOUSING.

17 (ii) PROVIDING SECURITY DEPOSITS, SUPPORTIVE SERVICES, AND  
18 TECHNICAL ASSISTANCE TO ELIGIBLE APPLICANTS.

19 (D) A RENTAL HOUSING PROJECT ASSISTED BY THE FUND MUST PRO-  
20 VIDE AFFORDABLE HOUSING FOR HOUSEHOLDS EARNING NO MORE THAN 50%  
21 OF THE MEDIAN INCOME.

22 (E) A HOME OWNERSHIP PROJECT ASSISTED BY THE FUND MUST PRO-  
23 VIDE AFFORDABLE HOUSING FOR HOUSEHOLDS EARNING NO MORE THAN 60%  
24 OF THE MEDIAN INCOME.

25 (F) MONEY THAT HAS NOT BEEN COMMITTED AT THE END OF A FISCAL  
26 YEAR SHALL NOT BE CARRIED OVER IN THE CATEGORY TO WHICH IT HAD  
27 BEEN ALLOCATED DURING THAT FISCAL YEAR, BUT SHALL BE REALLOCATED

1 FOR THE NEXT FISCAL YEAR IN ACCORDANCE WITH THE NEXT FISCAL  
2 YEAR'S ALLOCATION PLAN.

3 (5) THE AUTHORITY SHALL HOLD PUBLIC HEARINGS ON THE ANNUAL  
4 ALLOCATION PLAN BEFORE EXPENDING MONEY FROM THE FUND. AFTER THE  
5 PUBLIC HEARINGS, THE AUTHORITY MAY MAKE MINOR MODIFICATIONS TO  
6 THE ALLOCATION PLAN AS NECESSARY TO FACILITATE THE ADMINISTRATION  
7 OF THE MICHIGAN AFFORDABLE HOUSING PROGRAM OR TO ADDRESS UNFORE-  
8 SEEN CIRCUMSTANCES.

9 (6) THE AUTHORITY SHALL ISSUE AN ANNUAL REPORT TO THE GOVER-  
10 NOR AND THE LEGISLATURE SUMMARIZING THE EXPENDITURES OF THE FUND  
11 FOR THE PRIOR FISCAL YEAR INCLUDING AT A MINIMUM A DESCRIPTION OF  
12 THE ELIGIBLE APPLICANTS THAT RECEIVED FUNDING, THE NUMBER OF  
13 HOUSING UNITS THAT WERE PRODUCED, AND THE INCOME LEVELS OF THE  
14 HOUSEHOLDS THAT WERE SERVED.

15 (7) IN ADDITION TO THE RULES PROMULGATED UNDER SUBSECTION  
16 (3), THE AUTHORITY SHALL PROMULGATE RULES IN ACCORDANCE WITH THE  
17 ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO  
18 24.328, TO IMPLEMENT THIS CHAPTER.

19 SEC. 58C. (1) THE AUTHORITY SHALL EXPEND MONEY IN THE FUND  
20 TO MAKE GRANTS, MORTGAGE LOANS, OR OTHER LOANS TO ELIGIBLE APPLI-  
21 CANTS AS PROVIDED IN THIS SECTION TO ENABLE ELIGIBLE APPLICANTS  
22 TO FINANCE ANY OF THE FOLLOWING WITH RESPECT TO HOUSING FOR LOW  
23 INCOME, VERY LOW INCOME, AND EXTREMELY LOW INCOME HOUSEHOLDS:

24 (A) ACQUISITION OF LAND AND BUILDINGS.

25 (B) REHABILITATION.

26 (C) NEW CONSTRUCTION.

(D) DEVELOPMENT AND PREDEVELOPMENT COSTS.

(E) PRESERVATION OF EXISTING HOUSING.

(F) INFRASTRUCTURE AND COMMUNITY FACILITIES THAT DIRECTLY  
SUPPORT HOUSING DEVELOPMENT.

(G) INSURANCE.

(H) OPERATING AND REPLACEMENT RESERVES.

(I) DOWN PAYMENT ASSISTANCE.

(J) SECURITY DEPOSIT ASSISTANCE.

(K) SUPPORTIVE SERVICES.

(2) THE AUTHORITY SHALL EXPEND A PORTION OF THE FUND FOR  
HOUSING FOR SPECIAL NEEDS POPULATIONS INCLUDING, BUT NOT LIMITED  
TO, THE HOMELESS, PERSONS WITH PHYSICAL OR MENTAL HANDICAPS, AND  
PERSONS LIVING IN RURAL OR DISTRESSED AREAS.

(3) THE AUTHORITY MAY MAKE A LOAN TO AN ELIGIBLE APPLICANT  
FROM THE FUND AT NO INTEREST OR AT BELOW MARKET INTEREST RATES,  
WITH OR WITHOUT SECURITY, AND MAY MAKE A LOAN FOR PREDEVELOPMENT  
FINANCING.

(4) THE AUTHORITY MAY PROVIDE ASSISTANCE FOR HOUSING UNITS  
FOR VERY LOW INCOME OR EXTREMELY LOW INCOME HOUSEHOLDS WITHIN  
MULTIFAMILY HOUSING THAT IS OCCUPIED PARTLY BY VERY LOW INCOME OR  
EXTREMELY LOW INCOME HOUSEHOLDS AND PARTLY BY HOUSEHOLDS THAT DO  
NOT QUALIFY AS VERY LOW INCOME OR EXTREMELY LOW INCOME HOUSE-  
HOLDS, SUBJECT TO THE RULES PROMULGATED BY THE AUTHORITY.

(5) THE AUTHORITY SHALL PROVIDE FUNDING FOR PROJECTS WITH 50  
UNITS OR LESS AND PROVIDE INCENTIVES TO ENCOURAGE ECONOMICALLY  
DIVERSE HOUSING DEVELOPMENTS THAT RESPOND TO COMMUNITY  
PRIORITIES. THE AUTHORITY MAY PROVIDE FUNDING FOR PROJECTS WITH

1 MORE THAN 50 UNITS IN CERTAIN CIRCUMSTANCES THAT THE AUTHORITY  
2 DETERMINES.

3 SEC. 58D. THE AUTHORITY SHALL NOT PROVIDE ASSISTANCE FOR  
4 HOUSING UNDER THIS CHAPTER UNLESS BOTH OF THE FOLLOWING CIRCUM-  
5 STANCES EXIST:

6 (A) IF THE HOUSING IS MULTIFAMILY HOUSING, THE OWNER OR MAN-  
7 AGER AGREES IN WRITING NOT TO EVICT TENANTS WITHOUT JUST CAUSE,  
8 AS DEFINED IN SECTION 44A OF 1933 (EX SESS) PA 18, MCL 125.694A.

9 (B) THE HOUSING IS SOLD OR RENTED WITH A DEED RESTRICTION,  
10 AGREEMENT, OR OTHER LEGAL DOCUMENT THAT PROVIDES FOR THE RECAP-  
11 TURE OF SOME OR ALL OF THE ASSISTANCE PROVIDED UNDER THIS CHAPTER  
12 UPON TERMS AND CONDITIONS SPECIFIED IN RULES OF THE AUTHORITY  
13 PROMULGATED UNDER SECTION 58B(3).