

Act No. 257
Public Acts of 2000
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**STATE OF MICHIGAN
90TH LEGISLATURE
REGULAR SESSION OF 2000**

Introduced by Rep. DeWeese

Reps. Baird, Basham, Brater, Brewer, Cameron Brown, Callahan, DeRossett, DeVuyst, Hardman, Howell, Jacobs, Jamnick, Jelinek, Julian, Lemmons, Lockwood, Mans, Martinez, Mead, Middaugh, Minore, Neumann, O'Neil, Pestka, Richner, Stallworth, Tabor, Toy, Vander Roest, Vaughn and Woodward named co-sponsors

ENROLLED HOUSE BILL No. 5538

AN ACT to amend 1966 PA 346, entitled "An act to create a state housing development authority; to define the powers and duties of the authority; to establish a housing development revolving fund; to establish a land acquisition and development fund; to establish a rehabilitation fund; to establish a conversion condominium fund; to authorize the making and purchase of loans, deferred payment loans, and grants to qualified developers, sponsors, individuals, mortgage lenders, and municipalities; to establish and provide acceleration and foreclosure procedures; to provide tax exemption; to authorize payments in lieu of taxes by nonprofit housing corporations, consumer housing cooperatives, limited dividend housing corporations, mobile home park corporations, and mobile home park associations; and to prescribe criminal penalties for violations of this act," 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:

Sec. 21. (1) There is created a public body corporate and politic to be known as the "Michigan state housing development authority". The authority shall consist of 3 heads of principal departments of the executive branch of the state government and 4 persons appointed by the governor with the advice and consent of the senate. Excluding the 3 heads of principal departments of the executive branch of state government and the designated resident member described in subsection (2), not more than 2 of the persons appointed shall be members of the same political party. Upon completion of each term, a person shall be appointed for a term of 4 years, except that a vacancy shall be filled for the unexpired term. A member of the authority shall not receive compensation for services but is entitled to the necessary expenses, including traveling expenses, incurred in the discharge of the member's duties. Each member shall hold office until a successor has been appointed and has qualified. A certificate of appointment or reappointment of a member shall be filed with the authority and this certificate shall be conclusive evidence of the proper appointment of that member.

(2) If federal law requires designation of a resident member on the authority, the number of gubernatorially appointed members, in addition to the 3 heads of principal departments, increases from 4 to 5. One of the 5 gubernatorially appointed members shall be the designated resident member. The resident member shall meet both of the following requirements:

(a) The person is an individual directly assisted by a federal housing program administered through the authority. As used in this subdivision, "directly assisted" means residing in federally-supported public housing or receiving section

8 tenant-based assistance. Directly assisted does not include a state-financed housing assistance program, section 8 project-based assistance, or section 8 new construction assistance.

(b) The person is an eligible resident. As used in this subdivision, “eligible resident” means a person whose name appears on the lease of the assisted housing who is 18 years of age or older.

(3) A person who no longer meets either requirement of subsection (2)(a) or (b) is removed from the authority for cause upon the appointment of another person as the resident member position.

(4) The powers of the authority shall be vested in the members in office. A majority of the members of the authority constitutes a quorum for the purpose of conducting the authority’s business, for exercising the authority’s powers, and for other purposes, notwithstanding the existence of any vacancies. Action may be taken by the authority upon a vote of a majority of the members present, unless the bylaws of the authority require a larger number, except that to the extent required by federal law, the resident member shall only take part in, vote on, and exercise the powers of the authority concerning decisions related to the administration, operation, and management of federal public housing programs and section 8 tenant-based assistance programs. The resident member shall not take part in, vote on, or exercise the powers of the authority in a matter that uniquely applies to the resident member and is not generally applicable to all residents. In the absence of fraud, a determination of the authority with respect to findings of fact made by the authority acting within the scope of its powers is conclusive, except with respect to the approval of the municipal finance commission or its successor agency as required by law.

(5) Meetings of the members of the authority may be held anywhere in this state. The business that the authority may perform shall be conducted at a public meeting of the authority held in compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. Public notice of the time, date, and place of the meeting shall be given in the manner required by the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

(6) The authority shall elect a chairperson and vice-chairperson. The authority shall employ an executive director, legal and technical experts, and other officers, agents, and employees, permanent and temporary, as the authority requires, and shall determine their qualifications, duties, and compensation. The authority may delegate to 1 or more agents or employees those powers or duties as the authority considers proper.

(7) The authority shall be within the department of consumer and industry services and shall exercise the authority’s prescribed statutory powers, duties, and functions independently of the head of that department. However, the budgeting, procurement, and related functions of the authority shall be performed under the direction and supervision of the director of consumer and industry services.

(8) As used in this section, “section 8” means section 8 of the United States housing act of 1937, chapter 896, 88 Stat. 662, 42 U.S.C. 1437f.

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

(2) The state’s housing credit ceiling applicable for a calendar year shall be an amount equal to the sum of all of the following:

(a) One dollar and twenty-five cents multiplied by the state’s population, unless a different amount is authorized by section 42 of the internal revenue code of 1986. The state’s population shall be determined by the most recent census estimates of the state’s population published by the United States bureau of census before the beginning of the calendar year or by another method as authorized by the internal revenue code of 1986.

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

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

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

(3) An applicant for an allocation of low income housing tax credit shall be qualified to receive the credit pursuant to the requirements of the internal revenue code of 1986 and the regulations, guidelines, rulings, and interpretations issued by the United States treasury department or the internal revenue service, that controls in the event of conflict with a requirement of this section.

(4) The state’s low income housing tax credit is allocable pursuant to a qualified allocation plan prepared by the authority, submitted to the legislature, and approved by the governor after notice to the public and public hearing. The plan shall set forth criteria to be used to determine housing priorities of the state, and shall give the highest priority to those projects in which the highest percentage of the housing credit dollar amount is to be used for project costs other than the cost of intermediaries, unless granting such priority would impede the development of projects in hard-to-develop areas. In allocating low income housing tax credit dollar amounts among selected projects, the allocation plan shall give preference to projects serving the lowest income tenants and projects obligated to serve qualified tenants for the longest periods, and shall provide a procedure that the authority will follow in notifying the internal revenue service of noncompliance with the provisions of section 42 of the internal revenue code of 1986 of which the authority becomes

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

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

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

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

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

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

(6) Except for the amount for qualified nonprofit organizations, if the low income housing tax credit set aside under subsection (5) is not allocated before October 1 of the year in which that credit amount is authorized under subsection (2)(a), the authority may reapportion the unallocated credit amounts in a reasonable manner pursuant to the state's qualified allocation plan.

(7) All applications for low income housing tax credit shall be on the authority's prescribed forms and shall include information necessary pursuant to the qualified allocation plan and section 42 of the internal revenue code of 1986.

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

(9) For the purposes of this section, "rural housing projects" means proposed or existing housing projects that fall into 1 or more of the following categories:

(a) Located in an area other than a metropolitan county.

(b) Funded by a federal program for the development of rural housing.

(c) Financed by a loan guaranteed by rural housing services or a successor agency.

Sec. 22c. (1) The authority may incorporate 1 or more nonprofit housing corporations for 1 or more of the following purposes:

(a) Owning, holding, maintaining, improving, completing, receiving subsidy payments for, or transferring ownership of a housing project or housing unit either acquired through foreclosure or deed in lieu of foreclosure or over which the authority has, following a declaration of default, otherwise obtained control.

(b) Acquiring housing projects or an interest in the ownership of 1 or more housing projects and owning, holding, maintaining, or improving the housing projects, if regulatory or contractual restrictions assuring occupancy of some or all of the units in 1 or more of the housing projects by families and persons of low or moderate income are subject to termination within a 2-year period following the acquisition of the housing project. A nonprofit housing corporation incorporated under this subsection may acquire a housing project only if all of the following requirements are met:

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

(ii) The authority by resolution determines all of the following:

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

(B) No tenant organization that the authority determines to have the legal, financial, and managerial capabilities to acquire the housing project has developed and submitted to the housing project owners an acquisition proposal with respect to which negotiations are ongoing.

(C) No local or statewide nonprofit housing corporation that the authority determines to have the legal, financial, and managerial capabilities to acquire the project has submitted to the housing project owners an acquisition proposal with respect to which negotiations are ongoing.

(iii) The nonprofit housing corporation incorporated pursuant to this section contracts with a private firm for the management of the housing project.

(c) Carrying out programs and oversight responsibilities on behalf of or in conjunction with the United States department of housing and urban development with respect to federal housing programs.

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

(3) A subsidiary nonprofit housing corporation is a separate legal entity. The authority is not liable for the debts or obligations or for any actions or inactions of the subsidiary nonprofit housing corporation unless it expressly agrees otherwise. A member, officer, or employee of a subsidiary nonprofit housing corporation is not individually liable for

actions undertaken or failure to act on behalf of the subsidiary nonprofit housing corporation so long as the individual is acting or reasonably believes he or she is acting within the scope of his or her authority as a member, officer, or employee of the subsidiary nonprofit housing corporation.

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

Sec. 32. (1) The authority may create and establish 1 or more special funds called capital reserve funds to secure notes and bonds of the authority. The authority shall pay into a capital reserve fund money appropriated and made available by this state for the purposes of the fund, the proceeds of the sale of notes or bonds to the extent provided in the resolution of the authority authorizing the issuance of the notes or bonds, and other money that is made available to the authority for the purpose of a fund from any other source. In addition to, or in lieu of, depositing money in a capital reserve fund, the authority may obtain and pledge letters of credit and, effective retroactively as of June 1, 1993, insurance policies, surety bonds, guarantees, or other security arrangements if those other security arrangements are approved by the state treasurer, for the purposes of the capital reserve fund. The amount available under letters of credit, insurance policies, surety bonds, guarantees, or other security arrangements pledged to a capital reserve fund shall be credited toward the satisfaction of a capital reserve fund requirement. All money and proceeds under letters of credit, insurance policies, surety bonds, guarantees, or other security arrangements held in a capital reserve fund, except as specifically provided, shall be used as required solely for the payment of the principal of notes or bonds of the authority secured in whole or in part by the capital reserve fund, for the purchase or redemption of notes or bonds, for the payment of interest on the notes or bonds, or for the payment of a redemption premium required to be paid when the notes or bonds are redeemed prior to maturity. However, the authority shall not use the capital reserve fund for an optional purchase or optional redemption of notes or bonds if the use would reduce the total of the money on deposit in the capital reserve fund and amounts available under a letter of credit, insurance policy, surety bond, guarantee, or other security arrangement pledged to a capital reserve fund to less than the capital reserve fund requirement established for the fund. Income or interest earned by, or increment to, a capital reserve fund due to the investment of the money in the capital reserve fund may be transferred by the authority to other funds or accounts of the authority to the extent that the transfer does not reduce the total of the amount of money in a capital reserve fund and amounts available under a letter of credit, insurance policy, surety bond, guarantee, or other security arrangement pledged to the capital reserve fund below the capital reserve fund requirement for a fund.

(2) The authority shall not at any time issue notes or bonds secured in whole or in part by a capital reserve fund if, upon the issuance of the notes or bonds, the amount in the capital reserve fund, including the amounts available under a letter of credit, insurance policy, surety bond, guarantee, or other security arrangement pledged to the capital reserve fund, would be less than the capital reserve fund requirement for the fund, unless the authority, at the time of issuance of the notes or bonds, deposits in the fund from the proceeds of the notes or bonds to be issued, or from other sources, an amount that, together with the amount then in the fund, is not less than the capital reserve fund requirement for the fund, or obtains a letter of credit, insurance policy, surety bond, guarantee, or other security arrangement in an amount that, together with the amount then in the fund, is not less than the capital reserve fund requirement for the fund. For the purposes of this section, "capital reserve fund requirement" means the requirement provided in the resolution of the authority authorizing the notes or bonds with respect to which the fund is established, which amount shall not exceed the maximum amount of principal and interest maturing and becoming due in a succeeding calendar year on the notes or bonds of the authority secured in whole or part by the fund.

(3) The authority has, before January 9, 1977, in connection with its housing development bonds issued pursuant to a bond resolution dated June 10, 1971, established within the capital reserve fund relating to housing development bonds, a capital reserve account and a capital reserve capital account. This capital reserve account constitutes a capital reserve fund under this act. Money in this capital reserve account shall secure only housing development bonds issued pursuant to the June 10, 1971 bond resolution. Unless otherwise provided by the authority, money in the capital reserve capital account shall secure all bonds and notes of the authority. In determining whether the capital reserve fund requirement established for a capital reserve fund has been met, the authority shall not include or take into account money in the capital reserve capital account.

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

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

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

(i) The principal amount of bonds and notes issued to refund outstanding bonds and notes.

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

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

(b) After November 1, 2002, the limitation on the aggregate principal amount of notes and bonds provided in subdivision (a) is reduced to \$3,000,000,000.00.

(6) Subject to the limitation in subsection (5), that portion of the state ceiling to be used for qualified mortgage bonds, mortgage credit certificates, or bonds to finance qualified residential rental projects shall be allocated to the authority unless the authority elects by resolution to allow another issuer to issue qualified mortgage bonds, mortgage credit certificates, or bonds to finance qualified residential rental projects. As used in this subsection:

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

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

(7) To assure the continued operation and solvency of the authority for the carrying out of the public purposes of this act, the authority shall accumulate in each capital reserve fund an amount equal to the capital reserve fund requirement for that fund. If at any time the capital reserve fund requirement for a capital reserve fund exceeds the amount of the capital reserve fund, the authority shall transfer to this fund from the capital reserve capital account established by the authority's June 10, 1971 bond resolution the amount necessary to restore the capital reserve fund to an amount equal to the capital reserve fund requirement. If a deficiency exists in more than 1 capital reserve fund and the amount in the capital reserve capital account is not sufficient to fully restore the capital reserve funds, the money in the capital reserve capital account shall be allocated between the deficient capital reserve funds pro rata according to the amounts of the deficiencies. If at any time the capital reserve capital account has been exhausted and the capital reserve fund requirement for a capital reserve fund exceeds the amount of the capital reserve fund, the chairperson of the authority on or before September 1 shall certify to the governor and budget director the amount, if any, necessary to restore a capital reserve fund to an amount equal to the capital reserve fund requirement. The governor and the budget director shall include in the annual budget the amount certified by the chairperson of the authority.

(8) In computing the amount of a capital reserve fund for the purposes of this section, securities in which all or a portion of the fund is invested shall be valued at par. If the securities are purchased at other than par, the securities may be valued at their cost to the authority, as adjusted by amortization of the discount or premium paid upon purchase of the securities on a pro rata basis to the maturity date of the securities.

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

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

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

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

(13) In addition to the powers granted the authority in this act to promulgate rules in accordance with the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, the authority shall furnish to each member of the legislature a copy of notice of a public hearing or proposed rule change at least 10 days before the public hearing and at least 20 days before the adoption of the rule.

(14) Before October 1 of each year, the authority shall identify housing production goals for housing projects financed with bonds and notes issued under the limitations provided in section 32a. The authority shall identify a goal for the authority as a whole and a specific goal for each program. The authority shall submit those goals in an annual report to the governor and to the house committee on urban affairs and the senate committee on finance, or their successor committees.

(15) Within 6 months after the legislature enacts or the authority adopts a new program, the authority shall submit an interim report to the same persons to whom an annual report is submitted. If both the legislature and the authority establish a program, the authority shall submit the interim report within 6 months after the effective date of the act establishing the program. The authority shall include in an interim report all of the information required in an annual report that is specific to that program.

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

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

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

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

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

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

(f) The estimated extent of additional reinvestment activities by private lenders attributable to the authority's financing of these housing projects.

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

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

(i) The progress in developing mobile home parks and mobile home condominium projects, in financing the construction or rehabilitation of consumer housing cooperative projects, and in financing the construction or rehabilitation of nonprofit housing corporation projects.

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

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

(l) A report on the low income housing tax credit program under section 22b, that shall include information regarding the amount of tax credits allocated to the state under each of the subdivisions of section 22b(2); the projects that have received tax credits; and the reasons why projects have been denied tax credits under the program; a geographical description of the distribution of those tax credits; and a description of amendments to the allocation plan made during that year.

(m) A report on education and training opportunities provided by the authority under section 17 that will indicate the types of education and training opportunities made available and the amount of funding committed to these activities.

(17) The authority shall insure that the income characteristics of individuals served by an authority program are provided in a manner that insures each individual's confidentiality. The authority shall also insure that proprietary information in its reports under this section concerning an individual, corporation, cooperative, or association is not released without the permission of that individual, corporation, cooperative, or association.

Sec. 32a. With respect to bonds, other than refunding bonds, issued to finance single family homes after November 1, 1989, for the first 120 days following the announcement of a program funded by the proceeds of those bonds, 50% of the proceeds of those bonds available to make loans, as determined by the preliminary information obtained by originating lenders at the time a reservation is submitted, shall be reserved for applicants with gross annual incomes at or below 60% of the statewide median gross income. The authority may, by resolution, waive this requirement. The authority shall advise the house of representatives and senate standing committees with jurisdiction over housing issues 5 days prior to adopting a resolution waiving this requirement. With respect to bonds, other than refunding bonds, issued to finance single family homes after November 1, 1989, not more than 50% of the proceeds of those bonds may be used to finance single family homes for homebuyers who previously have had an ownership interest in a residence. For purposes of this section, a previous ownership interest in a mobile home shall not be considered to be an ownership interest in a residence. The authority may rely on the applicant's affidavit to determine whether or not the applicant has had a prior ownership interest in a residence. The authority shall publicize the programs funded under this section by using all reasonable means available, including, but not limited to, public interest announcements in the media, and announcements to lending institutions, community groups, and real estate organizations. The authority shall submit a report annually to the legislature containing all statistics necessary to indicate its compliance with this section.

Sec. 32b. (1) The authority is designated as the administrator of the mortgage credit certificate program for this state permitted under section 25 of the internal revenue code of 1986. The authority shall elect under section 25 of the internal revenue code of 1986 to convert at least \$59,000,000.00 of 1985 federal mortgage revenue bond authority into mortgage credit certificate authority.

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

(3) To qualify for receipt of a mortgage credit certificate with respect to the acquisition of an existing housing unit, including a residential condominium or mobile home, both of the following apply:

(a) The purchase price with respect to the unit shall not exceed the following:

(i) \$99,000.00 until November 1, 2001.

(ii) \$102,000.00 until November 1, 2002.

(iii) On and after November 1, 2002, \$105,000.00.

(b) The borrower's family income does not exceed either of the following:

(i) If the housing unit is located in a metropolitan area, \$52,900.00 on or before November 1, 2001, \$54,750.00 from November 2, 2001 until November 1, 2002, and \$56,650.00 on and after November 1, 2002.

(ii) If the housing unit is located in a nonmetropolitan area, \$43,575.00 on or before November 1, 2002. After November 1, 2002, the family income limit increases to the lesser of the HUD nonmetropolitan median income or \$44,000.00.

(4) To qualify for receipt of a mortgage credit certificate with respect to the acquisition of a new housing unit, including a residential condominium or mobile home, both of the following apply:

(a) The purchase price with respect to the unit shall not exceed the following:

(i) \$120,000.00 until November 1, 2001.

(ii) \$124,000.00 until November 1, 2002.

(iii) On and after November 1, 2002, \$128,000.00.

(b) The borrower's family income does not exceed either of the following:

(i) If the housing unit is located in a metropolitan area, \$52,900.00 on or before November 1, 2001, \$54,750.00 from November 2, 2001 until November 1, 2002, and \$56,650.00 on and after November 1, 2002.

(ii) If the housing unit is located in a nonmetropolitan area, \$43,575.00 on or before November 1, 2002.

(iii) After November 1, 2002, the family income limit increases to the lesser of the HUD nonmetropolitan median income or \$44,000.00.

(5) The authority may increase the purchase price limit in subsection (3) to cover the cost of improvements to adapt the property for use by disabled individuals or unexpected cost increases during construction. The amount of the increase shall be the amount of the costs described in this subsection or the sum of \$3,500.00, whichever is less.

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

(a) For a unit located in a metropolitan county, \$52,900.00 on or before November 1, 2001, \$54,750.00 from November 2, 2001 until November 1, 2002, and \$56,650.00 on and after November 1, 2002.

(b) For a unit located in a nonmetropolitan county, \$43,575.00 on or before November 1, 2002. After November 1, 2002, the family income limit increases to the lesser of the HUD nonmetropolitan median income or \$44,000.00.

(7) If an income or purchase price limit prescribed by subsection (3), (4), (5), or (6) exceeds an applicable limit prescribed by the internal revenue code of 1986, the internal revenue code of 1986 limit applies. Except with respect to newly constructed housing units, the authority may at any time by resolution establish, for a length of time it considers appropriate, maximum borrower income or purchase price limits more restrictive than those maximum limitations set forth in this section. The authority shall advise the appropriate house and senate standing committees 5 days prior to the adoption of a resolution establishing more restrictive income or purchase price limits.

(8) The changes made by 1995 PA 186 to purchase price limits in the subsections that at the time were designated subsections (3) and (4) were retroactive, effective as of October 29, 1993.

Sec. 44. (1) (a) The authority may make loans to a nonprofit housing corporation, consumer housing cooperative, limited dividend housing corporation, limited dividend housing association, mobile home park corporation, or mobile home park association or to a public body or agency for the construction or rehabilitation, and for the long-term financing, of the following:

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

(ii) For the period of time beginning May 1, 1984, and ending November 1, 1987, housing projects in which not less than 20% of the dwelling units are allotted to individuals of low or moderate income within the meaning of former section 103(b)(4)(A) of the internal revenue code of 1986; not less than 60% of the dwelling units are available to persons and families whose gross household income does not exceed 125% of the higher of either the median income for a family in this state or the median income for a family within the nonmetropolitan county or metropolitan statistical area in which the housing project is located, as determined by the authority; and not more than 20% of the dwelling units are available for occupancy without regard to income. The enactment of this subparagraph or the expiration of the authority granted by it does not affect rules in effect before July 10, 1984, or promulgated after July 9, 1984, to define low or moderate income persons.

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

(iv) Beginning November 1, 1987, multifamily housing projects that meet the 20-50 or 40-60 test established in section 142 of the internal revenue code of 1986 and, in addition, in which not less than 15% of the dwelling units are allotted to persons and families whose gross household income does not exceed 125% of the higher of either the median income for a family in this state or the median income for a family within the nonmetropolitan county or metropolitan statistical area in which the housing project is located, as determined by the authority, or to the elderly; not less than 15% of the dwelling units are allotted to persons and families whose gross household income does not exceed 150% of the median income for a family in this state or the median income for a family within the nonmetropolitan county or metropolitan statistical area in which the housing project is located, as determined by the authority, or to the elderly; and not more than 50% of the dwelling units are available for occupancy without regard to income.

(v) Beginning November 1, 1987, multifamily housing projects in eligible distressed areas that meet the 20-50 or 40-60 test established in section 142 of the internal revenue code of 1986 and, in addition, in which the remaining dwelling units are available for occupancy without regard to income.

(vi) Social, recreational, commercial, or communal facilities necessary to serve and improve the residential area in which an authority-financed housing project is located or is planned to be located thereby enhancing the viability of the housing.

(b) Notwithstanding the provisions of this section, the authority may establish by resolution higher income limits that it considers necessary to achieve sustained occupancy of a housing project financed under subsection (1)(a)(i), (ii), (iii), (iv), or (v) if the authority determines both of the following:

(i) The owner of the housing project exercised reasonable efforts to rent the dwelling units to persons and families whose incomes did not exceed the income limitations originally applicable.

(ii) For an annual period after the first tenant has occupied the housing project, the owner of the housing project has been unable to attain and sustain at least a 95% occupancy level at the housing project.

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

(d) After November 1, 1987, the authority may continue to finance multifamily housing projects for families or persons whose incomes do not exceed the limits provided in subsection (1)(a)(ii) or (iii) or (1)(b), until funds derived from the proceeds of bonds or notes issued before November 2, 1987, for that purpose, including the proceeds of prepayments or recovery payments with respect to these multifamily housing projects, have been expended. Multifamily housing projects or single family housing units in an eligible distressed area that are financed by proceeds of notes or bonds issued before June 30, 1984, and that the authority has designated for occupancy by persons and families without regard to income pursuant to this act shall remain eligible for occupancy by families and persons without regard to income until the authority's mortgage loan issued with respect to these multifamily housing projects is fully repaid.

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

(f) For purposes of this subsection:

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

(ii) “Median income for a family in this state” and “median income for a family within the nonmetropolitan county or metropolitan statistical area” mean those income levels as determined by the authority.

(2) (a) The authority may make loans to a nonprofit housing corporation, limited dividend housing corporation, mobile home park corporation, or mobile home park association for the construction or rehabilitation of housing units, including residential condominium units as defined in section 4 of the condominium act, 1978 PA 59, MCL 559.104, for sale to individual purchasers of low or moderate income or to individual purchasers without regard to income when the housing units are located in an eligible distressed area. A loan under this section may be in an amount not to exceed 100% of the project cost as approved by the authority in the case of a nonprofit housing corporation or individual purchaser, and in an amount not to exceed 90% of the project cost as approved by the authority in the case of a limited dividend housing corporation, mobile home park corporation, or mobile home park association.

(b) While a loan under this subsection is outstanding, a sale by a nonprofit housing corporation or limited dividend housing corporation or a subsequent resale is subject to approval by the authority. The authority shall provide in its rules concerning these sales and resales that the price of the housing unit sold, the method of making payments after the sale, the security afforded, and the interest rate, fees, and charges to be paid shall at all times be sufficient to permit the authority to make the payments on its bonds and notes and to meet administrative or other costs of the authority in connection with the transactions. Housing units shall be sold under terms that provide for monthly payments including principal, interest, taxes, and insurance.

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

(d) Upon the sale by a nonprofit housing corporation, limited dividend housing corporation, mobile home park corporation, or mobile home park association of a housing unit to an individual purchaser of low or moderate income or to an individual purchaser without regard to income if the unit is located in an eligible distressed area under this subsection to whom a loan is being made by the authority, the housing unit shall be released from the mortgage running from the nonprofit housing corporation, limited dividend housing corporation, mobile home park corporation, or mobile home park association to the authority, and the mortgage shall be replaced as to the housing unit by a mortgage running from the individual purchaser to the authority.

(e) The authority shall encourage nonprofit housing corporations and limited dividend housing corporations engaged in construction or rehabilitation under this subsection to utilize the labor of prospective individual purchasers of low or moderate income in the construction or rehabilitation of the housing units involved. The value of the labor of the prospective purchasers so utilized shall be used to reduce the project costs of the housing units involved.

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

(3) The authority may make or purchase loans made to an individual purchaser for long-term financing of a newly rehabilitated, newly constructed, or existing housing unit, including a residential condominium unit as defined in section 4 of the condominium act, 1978 PA 59, MCL 559.104. To qualify, all of the following apply:

(a) The borrower’s family income shall not exceed either of the following:

(i) If the housing unit is located in a metropolitan area, \$52,900.00 on or before November 1, 2001, \$54,750.00 from November 2, 2001 until November 1, 2002, and \$56,650.00 on and after November 1, 2002.

(ii) If the housing unit is located in a nonmetropolitan area, \$43,575.00 on or before November 1, 2002. After November 1, 2002, the family income limit increases to the lesser of the HUD nonmetropolitan median income or \$44,000.00.

(b) The purchase price with respect to the unit does not exceed the following:

(i) For an existing housing unit, \$99,000.00 on or before November 1, 2001, \$102,000.00 from November 2, 2001 until November 1, 2002, and \$105,000.00 on and after November 1, 2002.

(ii) For a newly rehabilitated or a newly constructed housing unit, \$120,000.00 on or before November 1, 2001, \$124,000.00 from November 2, 2001 until November 1, 2002, and \$128,000.00 on and after November 1, 2002.

(c) For unexpected cost increases during construction or improvements to adapt new or existing property for use by disabled individuals, the authority may increase the purchase price limit by an amount sufficient to cover these cost increases, but not to exceed \$3,500.00.

(d) If an income or purchase price limit prescribed by this subsection exceeds an application limit prescribed by the internal revenue code of 1986, the internal revenue code of 1986 limit applies.

(e) Except with respect to newly constructed housing units, the authority may by resolution establish, for a length of time the authority considers appropriate, maximum borrower income or purchase price limits more restrictive than those maximum limitations set forth in this section. The authority shall advise the appropriate house and senate standing committees 5 days prior to adopting a resolution establishing more restrictive maximum borrower income or purchase price limits.

(f) Before making a loan under this section, authority staff shall determine that the borrower has the ability to repay the loan.

(g) A loan made or purchased to finance the acquisition of an existing housing unit may include funds for rehabilitation.

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

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

Sec. 44a. (1) The authority may make, purchase, or participate in loans, grants, or deferred payment loans to persons and families of low and moderate income to finance the rehabilitation of residential real property designed for occupancy by not more than 11 families that is owned or is being purchased by 1 or more persons or families of low and moderate income and that is for occupancy by persons or families of low and moderate income.

(2) The authority, without regard to the income of the owners or occupants of residential rental property, may make, purchase, or participate in loans, grants, or deferred payment loans for the rehabilitation of residential rental property to persons or entities owning residential rental property located in areas of chronic economic distress and moderate cost residential rental property located elsewhere in this state.

(3) A loan under this section may be secured or unsecured as determined by the authority. If the loan is unsecured, it shall be accepted for insurance under title 1 of the national housing act, chapter 847, 48 Stat. 1246, 12 U.S.C. 1702, 1703, 1705, and 1706b to 1706d, or another federal or private insurance program providing coverage at least equal to that provided by that title, or the authority shall establish a reserve for losses on uninsured loans made under this section and shall deposit into that reserve an amount equal to 5% of the principal amount of each such uninsured loan on or before the making of the loan. Money may be withdrawn by the authority from this reserve for application as loan repayments in connection with loans that are delinquent. In addition, upon repayment of a loan made, purchased, or participated in under this section, the authority may withdraw the amount deposited in the reserve in connection with that loan, reduced by amounts withdrawn as loan repayments in connection with the loan, and may apply the amounts to any of the authority's programs and purposes. Income or interest earned by or increment to the reserve due to the investment of the money in the reserve may, at the times determined by the authority, be transferred by the authority to other funds or accounts of the authority and applied to any of the corporate purposes of the authority. A loan under this section shall bear interest at a rate and be repaid in the period, not exceeding 20 years, as determined by the authority and under additional terms and conditions as determined by the authority.

(4) A deferred payment loan or grant may be secured or unsecured as determined by the authority, and shall be made under additional terms and conditions determined by the authority.

(5) In recognition of the need for rehabilitation loans, grants, and deferred payment loans in all geographic areas of the state, the authority shall promulgate rules that provide for the availability of loans, grants, and deferred payment loans on an equitable basis to qualified applicants in all geographic areas of this state. With respect to loans, grants, and deferred payment loans made pursuant to this section that are not based on residency in a neighborhood selected under section 22a(5), eligibility for loans, grants, or deferred payment loans shall not be based upon the number of qualified applicants in the geographic area in which the individual resides.

(6) For purposes of this section, persons and families of low and moderate income means persons and families whose family income does not exceed either of the following:

(a) If the housing unit is located in a metropolitan area, \$52,900.00 on or before November 1, 2001, \$54,750.00 from November 2, 2001 until November 1, 2002, and \$56,650.00 on and after November 1, 2002.

(b) If the housing unit is located in a nonmetropolitan area, \$43,575.00 on or before November 1, 2002. After November 1, 2002, the family income limit increases to the lesser of the HUD nonmetropolitan median income or \$44,000.00. The authority may by resolution establish, for a length of time it considers appropriate, maximum family income limits more restrictive than those maximum limitations set forth in this section. The authority shall advise the appropriate house and senate standing committees 5 days prior to the adoption of a resolution establishing more restrictive maximum family income limits.

(7) The maximum principal loan amounts for home improvement loans, exclusive of finance charges, are as follows:

(a) \$25,000.00 for a residential structure containing 1 dwelling unit, unless the loan is made in conjunction with additional money provided by a municipality or nonprofit community-based organization, in which case a loan for a residential structure containing 1 dwelling unit is \$35,000.00.

(b) \$15,000.00 per dwelling unit for a residential structure containing 2 to 11 dwelling units.

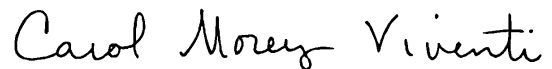
(8) A structure is not required to be of a minimum age to be eligible for rehabilitation under this section.

Sec. 46. The authority shall require that occupancy of housing projects and residential real property assisted under this act shall be open to all regardless of sex, race, religion, color, national origin, age, marital status, familial status, or disability and that contractors and subcontractors engaged in the construction of housing projects and lending institutions engaged in making residential mortgages, shall take affirmative action to assure an equal opportunity for employment and borrowing. This section does not apply, with respect to the age and familial status provisions only, to the sale, rental, or lease of housing accommodations meeting the requirements of federal, state, or local housing programs for senior citizens, or housing accommodations otherwise intended, advertised, designed, or operated, bona fide, for the purpose of providing housing accommodations for persons 55 years of age or older.

This act is ordered to take immediate effect.



Clerk of the House of Representatives.



Secretary of the Senate.

Approved _____

Governor.