

HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 1341

A bill to amend 1966 PA 346, entitled "State housing development authority act of 1966," by amending sections 32, 32a, 44c, and 44f (MCL 125.1432, 125.1432a, 125.1444c, and 125.1444f), sections 32 and 32a as amended by 2000 PA 257, section 44c as amended by 1996 PA 475, and section 44f as added by 1987 PA 180.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

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  
4 capital reserve fund money appropriated and made available by  
5 this state for the purposes of the fund, the proceeds of the sale  
6 of 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

1 purpose of a fund from any other source. In addition to, or in  
2 lieu of, depositing money in a capital reserve fund, the  
3 authority may obtain and pledge letters of credit and, effective  
4 retroactively as of June 1, 1993, insurance policies, surety  
5 bonds, guarantees, or other security arrangements if those other  
6 security arrangements are approved by the state treasurer, for  
7 the purposes of the capital reserve fund. The amount available  
8 under letters of credit, insurance policies, surety bonds,  
9 guarantees, or other security arrangements pledged to a capital  
10 reserve fund shall be credited toward the satisfaction of a  
11 capital reserve fund requirement. All money and proceeds under  
12 letters of credit, insurance policies, surety bonds, guarantees,  
13 or other security arrangements held in a capital reserve fund,  
14 except as specifically provided, shall be used as required solely  
15 for the payment of the principal of notes or bonds of the  
16 authority secured in whole or in part by the capital reserve  
17 fund, for the purchase or redemption of notes or bonds, for the  
18 payment of interest on the notes or bonds, or for the payment of  
19 a redemption premium required to be paid when the notes or bonds  
20 are redeemed prior to maturity. However, the authority shall not  
21 use the capital reserve fund for an optional purchase or optional  
22 redemption of notes or bonds if the use would reduce the total of  
23 the money on deposit in the capital reserve fund and amounts  
24 available under a letter of credit, insurance policy, surety  
25 bond, guarantee, or other security arrangement pledged to a  
26 capital reserve fund to less than the capital reserve fund  
27 requirement established for the fund. Income or interest earned

1 by, or increment to, a capital reserve fund due to the investment  
2 of the money in the capital reserve fund may be transferred by  
3 the authority to other funds or accounts of the authority to the  
4 extent that the transfer does not reduce the total of the amount  
5 of money in a capital reserve fund and amounts available under a  
6 letter of credit, insurance policy, surety bond, guarantee, or  
7 other security arrangement pledged to the capital reserve fund  
8 below the capital reserve fund requirement for a fund.

9       (2) The authority shall not at any time issue notes or bonds  
10 secured in whole or in part by a capital reserve fund if, upon  
11 the issuance of the notes or bonds, the amount in the capital  
12 reserve fund, including the amounts available under a letter of  
13 credit, insurance policy, surety bond, guarantee, or other  
14 security arrangement pledged to the capital reserve fund, would  
15 be less than the capital reserve fund requirement for the fund,  
16 unless the authority, at the time of issuance of the notes or  
17 bonds, deposits in the fund from the proceeds of the notes or  
18 bonds to be issued, or from other sources, an amount that,  
19 together with the amount then in the fund, is not less than the  
20 capital reserve fund requirement for the fund, or obtains a  
21 letter of credit, insurance policy, surety bond, guarantee, or  
22 other security arrangement in an amount that, together with the  
23 amount then in the fund, is not less than the capital reserve  
24 fund requirement for the fund. For the purposes of this section,  
25 "capital reserve fund requirement" means the requirement provided  
26 in the resolution of the authority authorizing the notes or bonds  
27 with respect to which the fund is established, which amount shall

1 not exceed the maximum amount of principal and interest maturing  
2 and becoming due in a succeeding calendar year on the notes or  
3 bonds of the authority secured in whole or part by the fund.

4 (3) The authority has, before January 9, 1977, in connection  
5 with its housing development bonds issued pursuant to a bond  
6 resolution dated June 10, 1971, established within the capital  
7 reserve fund relating to housing development bonds, a capital  
8 reserve account and a capital reserve capital account. This  
9 capital reserve account constitutes a capital reserve fund under  
10 this act. Money in this capital reserve account shall secure  
11 only housing development bonds issued pursuant to the June 10,  
12 1971 bond resolution. Unless otherwise provided by the  
13 authority, money in the capital reserve capital account shall  
14 secure all bonds and notes of the authority. In determining  
15 whether the capital reserve fund requirement established for a  
16 capital reserve fund has been met, the authority shall not  
17 include or take into account money in the capital reserve capital  
18 account.

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

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

26 (a) The authority shall not have outstanding at any time  
27 bonds and notes for any of its corporate purposes in an aggregate

1 principal amount exceeding \$4,200,000,000.00, excluding all of  
2 the following:

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

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

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

10 (b) After November 1, ~~2002~~ **2007**, the limitation on the  
11 aggregate principal amount of notes and bonds provided in  
12 subdivision (a) is ~~reduced to~~ \$3,000,000,000.00, **excluding all**  
13 **of the following:**

14 (i) **The exclusions provided in subparagraphs (i), (ii), and**  
15 **(iii) of subdivision (a).**

16 (ii) **The aggregate principal amount of bonds and notes issued**  
17 **on or before November 1, 2007, that is outstanding on November 1,**  
18 **2007, and that exceeds \$3,000,000,000.00.**

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

27 (a) "State ceiling" means the aggregate amount of certain

1 private activity bonds, including qualified mortgage bonds, that  
2 may be issued in any calendar year in this state pursuant to  
3 section 146 of the internal revenue code, ~~of 1986~~ 26 USC 146.

4 (b) "Qualified mortgage bond", "mortgage credit certificate",  
5 and "qualified residential rental project" mean those terms as  
6 defined in the internal revenue code, ~~of 1986~~ 26 USC 146.

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

1 restore a capital reserve fund to an amount equal to the capital  
2 reserve fund requirement. The governor and the budget director  
3 shall include in the annual budget the amount certified by the  
4 chairperson of the authority.

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

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

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

24 (11) The authority shall implement a program of loans for  
25 mobile homes as soon as is reasonably feasible. The authority  
26 shall develop a program for financing the construction or  
27 rehabilitation of mobile home parks and mobile home condominium

1 projects within 24 months after December 31, 1982, subject to a  
2 determination of feasibility by the authority and the authority's  
3 ability to sell bonds.

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

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

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

26 (15) Within 6 months after the legislature enacts or the  
27 authority adopts a new program, the authority shall submit an

1 interim report to the same persons to whom an annual report is  
2 submitted. If both the legislature and the authority establish a  
3 program, the authority shall submit the interim report within 6  
4 months after the effective date of the act establishing the  
5 program. The authority shall include in an interim report all of  
6 the information required in an annual report that is specific to  
7 that program.

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

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

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

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

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

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

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

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

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

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

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

22 (k) A report on the status of federal programs that provide  
23 assistance to low income tenants displaced as the result of  
24 prepayments of federally and authority assisted loans. If the  
25 authority determines that federal programs are inadequate for  
26 tenants of authority-financed housing projects, the authority  
27 will provide recommendations to the legislature as to how to

1 address this problem on or before May 1, 1989.

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

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

14 (17) The authority shall conduct an annual review of all  
15 loans, financial instruments that require repayment, or lines of  
16 credit with the Michigan broad band development authority. The  
17 review shall contain an analysis of the Michigan broadband  
18 development authority's ability to repay all loans, financial  
19 instruments that require repayment, and lines of credit with the  
20 authority and the amount and payment schedule of all current  
21 loans, financial instruments that require payment, and lines of  
22 credit with the authority. The review shall also contain an  
23 analysis of the number of authority-assisted or -financed  
24 developments and homes purchasing high-speed internet connections  
25 at substantially reduced rates as a direct result of loans from  
26 the Michigan broadband development authority, as specified in the  
27 memorandum of understanding between the authority and the

1 **Michigan broadband development authority.**

2       (18) ~~—(17)—~~ The authority shall insure that the income  
3 characteristics of individuals served by an authority program are  
4 provided in a manner that insures each individual's  
5 confidentiality. The authority shall also insure that  
6 proprietary information in its reports under this section  
7 concerning an individual, corporation, cooperative, or  
8 association is not released without the permission of that  
9 individual, corporation, cooperative, or association.

10       Sec. 32a. With respect to bonds, other than refunding  
11 bonds, issued to finance single family homes after November 1,  
12 1989, for the first ~~—120—~~ 60 days following the announcement of a  
13 program funded by the proceeds of those bonds, 50% of the  
14 proceeds of those bonds available to make loans, as determined by  
15 the preliminary information obtained by originating lenders at  
16 the time a reservation is submitted, shall be reserved for  
17 applicants with gross annual incomes at or below 60% of the  
18 statewide median gross income. The authority may, by resolution,  
19 waive this requirement. The authority shall advise the house of  
20 representatives and senate standing committees with jurisdiction  
21 over housing issues 5 days prior to adopting a resolution waiving  
22 this requirement. With respect to bonds, other than refunding  
23 bonds, issued to finance single family homes after November 1,  
24 1989, not more than 50% of the proceeds of those bonds may be  
25 used to finance single family homes for homebuyers who previously  
26 have had an ownership interest in a residence. For purposes of  
27 this section, a previous ownership interest in a mobile home

1 shall not be considered to be an ownership interest in a  
2 residence. The authority may rely on the applicant's affidavit  
3 to determine whether or not the applicant has had a prior  
4 ownership interest in a residence. The authority shall publicize  
5 the programs funded under this section by using all reasonable  
6 means available, including, but not limited to, public interest  
7 announcements in the media, and announcements to lending  
8 institutions, community groups, and real estate organizations.  
9 The authority shall submit a report annually to the legislature  
10 containing all statistics necessary to indicate its compliance  
11 with this section.

12       Sec. 44c. (1) If the resolution authorizing the issuance of  
13 notes or bonds provides that the notes or bonds are limited and  
14 not general obligations of the authority, are not secured by the  
15 capital reserve capital account, and are secured solely by  
16 revenues and property derived from or obtained in connection with  
17 the housing project, the authority shall use the proceeds of  
18 those notes or bonds to make loans directly, or indirectly by a  
19 loan through a mortgage lender, to a nonprofit housing  
20 corporation, consumer housing cooperative, limited dividend  
21 housing corporation, limited dividend housing association, mobile  
22 home park corporation, mobile home park association, or public  
23 body or agency for the construction, rehabilitation, long-term  
24 financing or any combination of construction, rehabilitation, or  
25 long-term financing of any of the following:

26       (a) Multifamily housing projects for **students or** low income  
27 or moderate income persons.

1 ~~(b) Beginning May 1, 1984, multifamily housing projects in~~  
2 ~~which not less than 20% of the dwelling units are allotted to~~  
3 ~~individuals of low or moderate income within the meaning of~~  
4 ~~former section 103(b)(4)(A) of the internal revenue code; not~~  
5 ~~less than 15% of the dwelling units are allotted to persons and~~  
6 ~~families whose gross household income does not exceed 125% of the~~  
7 ~~higher of either the median income for a family in this state or~~  
8 ~~the median income for a family within the nonmetropolitan county~~  
9 ~~or metropolitan statistical area in which the housing project is~~  
10 ~~located, as determined by the authority, or to the elderly; not~~  
11 ~~less than 15% of the dwelling units are allotted to persons and~~  
12 ~~families whose gross household income does not exceed 150% of the~~  
13 ~~median income for a family in this state or the median income for~~  
14 ~~a family within the nonmetropolitan county or metropolitan~~  
15 ~~statistical area in which the housing project is located, as~~  
16 ~~determined by the authority, or to the elderly; and not more than~~  
17 ~~50% of the dwelling units are available for occupancy without~~  
18 ~~regard to income.~~

19 **(b)** ~~—(e)—~~ Beginning May 1, 1984, multifamily housing projects  
20 in eligible distressed areas in which not less than 20% of the  
21 dwelling units are allotted to individuals of low or moderate  
22 income within the meaning of former section 103(b)(4)(A) of the  
23 internal revenue code **of 1954** and in which not more than 80% of  
24 the dwelling units are available for occupancy without regard to  
25 income.

26 **(c)** ~~—(d)—~~ Social, recreational, commercial, or communal  
27 facilities to serve and improve the residential area in which an

1 authority-financed multifamily housing project is located or is  
2 planned to be located, thereby enhancing the viability of such  
3 housing.

4 (2) To qualify as rehabilitation under this section, the  
5 rehabilitation expenditures with respect to the project must  
6 equal or exceed 30% of the portion of the cost of acquiring the  
7 building and equipment financed with the proceeds of the notes or  
8 bonds issued to acquire and rehabilitate the project. For a  
9 project located in an eligible distressed area, the amount of  
10 rehabilitation may be less than the 30% requirement if the  
11 authority determines and expresses by resolution that the likely  
12 benefit to the community or the proposed residents of the project  
13 merits the use of this financing source. This subsection does  
14 not apply to a project for which the authority has authorized a  
15 loan commitment under this section before December 18, 1985. The  
16 authority shall not provide long-term financing for a project  
17 under this section unless the project is constructed or  
18 rehabilitated in anticipation of authority financing, the  
19 construction or rehabilitation is undertaken with authority  
20 financing, ~~or~~ long-term financing is being provided with  
21 respect to a housing project for which regulatory or contractual  
22 restrictions assuring occupancy of some or all of the units by  
23 families or persons of low or moderate income are subject to  
24 termination within a 2-year period following the acquisition of  
25 the housing project, **or a housing project which is to be owned**  
26 **and operated by a nonprofit housing corporation which is**  
27 **qualified under section 501(c)(3) of the internal revenue code,**

1 26 USC 501(c)(3).

2 (3) Notwithstanding the provisions of this section, the  
3 authority shall establish by resolution higher income limits for  
4 a housing project financed under either subsection (1)(a) or (b)  
5 equal to the income limits of subsection (1)(c) if the authority  
6 determines all of the following:

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

11 (b) For any annual period after the first tenant has occupied  
12 the housing project, the owner of the housing project has been  
13 unable to attain and sustain at least a 95% occupancy level at  
14 the housing project.

15 (4) Notwithstanding the expiration of lending authority under  
16 this section, multifamily housing projects financed under this  
17 section may continue to remain eligible for occupancy by persons  
18 and families whose incomes do not exceed the limits provided in  
19 subsection (1) or (3).

20 (5) A borrower seeking to qualify for a loan under this  
21 section shall file an application with the authority which  
22 includes the following:

23 (a) A description of the proposed credit enhancement. The  
24 proposed credit enhancement may be in the form of a letter of  
25 credit, bonding, guarantee, mortgage insurance, or other  
26 appropriate security in an amount sufficient to assure the  
27 authority that repayment of notes or bonds issued by the

1 authority is reasonably secure.

2 (b) An undertaking to pay all costs of issuing the notes or  
3 bonds and to provide compensation for, as considered appropriate  
4 by the borrower and at no cost to the authority, any  
5 underwriters, trustees, counsel, and other professionals as are  
6 necessary to complete the financing.

7 (c) An application fee equal to the greater of \$4,000.00 or  
8 0.0005 multiplied by the principal amount of notes or bonds for  
9 which issuance is requested. For a project located in an  
10 eligible distressed area, the fee required by this subdivision  
11 shall be refundable if the notes or bonds are not delivered or  
12 may be waived by the authority in the event the owner of the  
13 housing project is or will be a nonprofit housing corporation  
14 qualified under section 501(c)(3) of the internal revenue code,  
15 **26 USC 501(c)(3), or a limited dividend housing association**  
16 **wholly owned and controlled by 1 or more nonprofit corporations**  
17 **qualified under section 501(c)(3) of the internal revenue code,**  
18 **26 USC 501(c)(3).** In all other cases, the fee is nonrefundable.

19 (6) So long as there is uncommitted bonding capability under  
20 the limitations of section 32, the authority shall issue a  
21 6-month commitment to loan funds, subject to sale by the  
22 authority of its notes and bonds in compliance with applicable  
23 law and pursuant to terms and conditions which permit the funding  
24 of such loan, either directly or indirectly by a loan through a  
25 mortgage lender, to the borrower in the amount of the total  
26 development cost of the proposed multifamily housing project or  
27 \$25,000,000.00, whichever is less, or if the proposed multifamily

1 housing project is located in an eligible distressed area, in the  
2 amount of the total development cost of the proposed project or  
3 \$50,000,000.00, whichever is less, upon the determination by the  
4 authority of all of the following:

5 (a) The housing project is eligible for financing under this  
6 section.

7 (b) The borrower is an eligible borrower under this act.

8 (c) The requirements of subsection (5) have been met.

9 (d) The borrower has provided evidence of a commitment to  
10 issue a credit enhancement in the form of a letter of credit,  
11 bonding, guarantee, mortgage insurance, or other appropriate  
12 security in a form and amount sufficient to assure the authority  
13 that the repayment of notes or bonds issued by the authority for  
14 purposes of making a loan to the borrower is reasonably secure.  
15 If the authority determines that repayment of the notes or bonds  
16 will be reasonably secure, the authority's review of the credit  
17 enhancement shall take the place of the authority's normal  
18 underwriting and feasibility review.

19 (e) If the loan is made indirectly by a loan through a  
20 mortgage lender, the requirements of section 44b have been met.

21 (7) Unless a borrower is **either** a nonprofit housing  
22 corporation qualified under section 501(c)(3) of the internal  
23 revenue code, **26 USC 501(c)(3), or a limited dividend housing**  
24 **association that is wholly owned and controlled by 1 or more**  
25 **nonprofit corporations qualified under section 501(c)(3) of the**  
26 **internal revenue code, 26 USC 501(c)(3), and may borrow money**  
27 **from the authority without an allocation of the state volume**

1 **limitation**, a borrower and any person who is a related person to  
2 the borrower as defined in section 144(a)(3) of the internal  
3 revenue code, **26 USC 144(a)(3)**, shall not have outstanding loan  
4 commitments under this section which total more than the greater  
5 of \$25,000,000.00 or the amount of financing approved for a  
6 single project under subsection (6). Once a loan has been made  
7 under this section, the commitment made with respect to the loan  
8 shall no longer be considered to be outstanding.

9 (8) Simultaneously with the issuance of the loan commitment  
10 by the authority, the borrower shall pay a commitment fee  
11 **established by the authority** in the amount of not more than 0.1%  
12 of the principal amount of notes or bonds to be issued. The  
13 authority shall credit the amount paid by the borrower as an  
14 application fee under subsection (5) against this commitment  
15 fee. The authority shall extend a 6-month loan commitment issued  
16 under subsection (6) for an additional 6 months upon payment by  
17 the borrower of a nonrefundable extension fee of \$5,000.00 which  
18 fee shall not be credited against any other fee or payment to the  
19 authority.

20 (9) Within the period during which the commitment is  
21 effective, the authority, upon a determination that the terms and  
22 conditions of the commitment have been satisfied, shall make its  
23 loan directly, or indirectly through a loan to a mortgage lender,  
24 to the borrower.

25 (10) Except as otherwise provided in this subsection, upon  
26 issuance of any notes or bonds to finance a housing project under  
27 this section, the borrower shall pay at the time the notes or

1 bonds are issued, in addition to any commitment or extension fee  
2 paid under subsection (8), a fee **established by the authority** of  
3 either not more than 0.9% of the principal amount of the notes or  
4 bonds for a loan made for a project located in an eligible  
5 distressed area or not more than 1.9% of the principal amount of  
6 the notes or bonds for a loan made for a project located in other  
7 than an eligible distressed area. If notes or bonds have been  
8 issued under this section for a project owned by the borrower  
9 located in an eligible distressed area within 180 days before the  
10 issuance of notes or bonds for the next project financed by that  
11 borrower, which next project is located in other than an eligible  
12 distressed area, the fee under this subsection shall be not more  
13 than 0.9% of the principal amount of the notes or bonds. If  
14 notes or bonds have been issued under this section for a project  
15 located in other than an eligible distressed area and the  
16 borrower has paid the 1.9% fee, the authority shall not charge a  
17 fee under this subsection for the next project financed by that  
18 borrower if that next project is located in an eligible  
19 distressed area and if the notes or bonds are issued within 180  
20 days after the notes or bonds were issued for the project located  
21 in other than an eligible distressed area. **In addition to the**  
22 **fee to be paid to the authority at the time notes or bonds are**  
23 **issued under this section, the authority may, at its sole**  
24 **discretion, establish an annual fee, or other administrative**  
25 **fees, to be paid by the borrower during the term of the loan.**  
26 **All or any portion of the fees due to the authority under this**  
27 **subsection shall be paid by the borrower to the authority in**

1 **annual or semiannual installments, as the authority shall**  
2 **determine, after the date on which notes or bonds are issued to**  
3 **finance the related housing project.**

4 (11) Subject to any rights of the holders of any notes or  
5 bonds issued to finance a multifamily housing project under this  
6 section, if the owner of a multifamily housing project financed  
7 under this section provides evidence satisfactory to the  
8 authority that the new owner of the multifamily housing project  
9 is an eligible borrower under this act and the exemption from  
10 federal income taxation of interest on the notes or bonds issued  
11 to finance the multifamily housing project will not be impaired  
12 as a result of a sale, refinancing, or resyndication, the  
13 borrower may sell, refinance from a source other than the  
14 authority, or resyndicate that housing project at any time.  
15 There shall not be a prepayment penalty or fee required for the  
16 sale, refinancing, or resyndication in addition to any prepayment  
17 penalty or fee owing to the holders of notes or bonds issued to  
18 finance a housing project under this section **except that the**  
19 **owner shall pay all fees of the authority described in subsection**  
20 **(10) before or concurrent with the sale, refinancing, or**  
21 **resyndication. For student housing, a transfer of ownership**  
22 **shall be approved by a resolution of the college or university**  
23 **board of trustees for the college or university that approved the**  
24 **initial financing under this section.**

25 (12) A borrower is allowed distributions equal to a 12%  
26 return on the borrower's investment in a multifamily housing  
27 project financed under this section for the first 12 months of

1 operation of the housing project following substantial  
2 completion. The allowable return shall be increased by 1% for  
3 each 12-month period after the first 12 months. The maximum  
4 allowable return for a housing project located in other than an  
5 eligible distressed area is 25%. Any return less than the  
6 allowable rate in any preceding period may be received in any  
7 subsequent period on a cumulative basis.

8 (13) Before September 1 of each year after 1984, the owner of  
9 a housing project financed under this section shall report to the  
10 authority all of the following which the authority shall include  
11 in the report required by section 32(14):

12 (a) The incomes of the tenants residing in that housing  
13 project in a manner that preserves the anonymity of those  
14 tenants.

15 (b) The estimated economic and social benefits of that  
16 housing project to the immediate neighborhoods in which it has  
17 been constructed.

18 (c) The estimated economic and social benefits of that  
19 housing project to the city in which it has been constructed.

20 (d) Information requested by the authority about that housing  
21 project that is needed so that the authority can report the  
22 extent of displacement, direct and indirect, of lower income  
23 persons caused by housing projects financed under this section,  
24 the steps taken by governmental and private parties to ameliorate  
25 the displacement, and the results of those efforts.

26 (e) Information requested by the authority about that housing  
27 project that is needed so that the authority can report the

1 estimated extent of additional reinvestment activities by private  
2 lenders attributable to the authority's financing of housing  
3 projects financed under this section.

4 (f) ~~The~~ **Except for housing for students, the** age, race,  
5 family size, and average income of the tenants of these housing  
6 projects.

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

10 (14) Mortgages securing loans made under this section are  
11 authority-aided mortgages.

12 (15) The authority may inspect and audit projects and records  
13 of projects financed under this section in order to monitor  
14 compliance with the requirements of this section. If there is  
15 noncompliance, the authority, pursuant to the provisions of the  
16 financing and organizational documents applicable to the  
17 transaction, may pursue the remedies that the authority considers  
18 appropriate. Except as is required to assure compliance with  
19 this section or section 46 or otherwise required by purchasers  
20 of, or a third party credit enhancement provider with respect to,  
21 notes or bonds issued to finance a multifamily housing project  
22 under this section, the authority shall not regulate, in any  
23 manner, a multifamily housing project financed under this  
24 section. This section does not preclude the authority from  
25 regulating a multifamily housing project in consideration for  
26 other types of program benefits, incentives, or concessions  
27 provided by the authority over and above the financing made

1 available under this section.

2 (16) Notwithstanding any other provision of this section,  
3 there shall not be any liability on the part of the authority or  
4 its members, officers, employees, or agents, and the assets of  
5 the authority shall not be subject to any liability, as a result  
6 of any act or failure to act under this section on the part of  
7 the authority or its members, officers, employees, or agents.

8 (17) If notes or bonds have been issued under this section  
9 for a project located in an eligible distressed area within 180  
10 days before the submission, by the same borrower or a borrower  
11 having the same general partners, of a commitment for credit  
12 enhancement, that borrower's application shall be given priority  
13 over the other applications submitted under this section to  
14 finance projects located in other than eligible distressed areas,  
15 except for projects for which the authority has authorized loan  
16 commitments. The principal amount of notes or bonds issued to  
17 finance a project given priority under this subsection shall not  
18 exceed 10 times the principal amount of the notes or bonds issued  
19 to finance the distressed area project that qualifies the  
20 borrower for priority consideration.

21 (18) Except for housing projects for which the authority has  
22 adopted an inducement resolution on or before April 1, 1991,  
23 loans shall not be made under this section unless the authority  
24 determines that use of the state's unified volume cap for a  
25 project will not impair the ability of the authority to carry out  
26 programs or finance housing developments or housing units which  
27 are targeted to lower income persons.

1           (19) Beginning on the effective date of the amendatory act  
2 that added this subsection, a person or entity who proposes a  
3 student housing project shall cooperate with the college or  
4 university from which the majority of tenants are proposed to be  
5 drawn by using its best efforts to communicate with the college  
6 or university regarding the location of and the need for the  
7 project. If, in the judgment of the authority, the person or  
8 entity proposing the project does not communicate with the  
9 college or university and the unit of local government where the  
10 project is located regarding the location of and need for the  
11 project, the authority may deny financing for the project. The  
12 authority shall not make a financing commitment for a housing  
13 project unless the board of trustees of the college or university  
14 from which a majority of students are anticipated to be residents  
15 of the housing project adopts a resolution in support of the  
16 proposed development.

17           Sec. 44f. (1) The authority may make a loan to any person  
18 or entity, whether for profit or not for profit, **for**  
19 **predevelopment costs, or** for the construction or rehabilitation,  
20 and for the long-term financing, of a ~~4 to 30~~ **2 to 49** unit  
21 housing project located in an effectively treatable area, which  
22 project meets the 20-50 **or 40-60** test established in section 142  
23 of the internal revenue code, 26 USC 142. **For rehabilitation of**  
24 **a housing project in an effectively treatable area by more than 1**  
25 **owner, the 20-50 or 40-60 test may be met on an aggregate basis.**

26           (2) For purposes of this section, an effectively treatable  
27 area is an area **that includes or is in close proximity to a**

1 **downtown or traditional commercial center and** for which the  
2 authority has received a plan, to be known as a neighborhood  
3 partnership plan, from a municipality or neighborhood  
4 organization, or both. ~~—, which—~~ **The plan—establishes— shall**  
5 **establish** as a goal that at least 75% of the property in the area  
6 will be brought to a safe and sanitary condition and ~~—enables~~  
7 **shall enable** the authority to determine that available private,  
8 public, and authority resources will be combined in such a manner  
9 as to assure that a majority of the housing in the area will be  
10 brought to a safe and sanitary condition. To qualify as an  
11 effectively treatable area, the area shall be in a ~~—city or~~  
12 ~~township with a population of not less than 10,000—~~ **qualified**  
13 **local governmental unit as defined in section 2 of the obsolete**  
14 **properties rehabilitation act, 2000 PA 146, MCL 125.2782, or a**  
15 **county seat** and either be within a census tract having a serious  
16 housing need or in an area that meets all of the following  
17 criteria:

18 (a) The increase in the state equalized value of real and  
19 personal property in the area is less than the increase in the  
20 municipality-wide or statewide average, whichever is the lesser  
21 increase.

22 (b) The poverty rate in the area is greater than the  
23 statewide average as determined by the most recent federal  
24 decennial census.

25 (c) The average income of the area is less than 80% of the  
26 statewide or area median, whichever is greater, as determined  
27 using the most recent federal decennial census.

1 (d) The percentage of overcrowded or underutilized housing  
2 units in the area is greater than the municipality-wide average.

3 (3) The authority shall provide technical assistance to help  
4 develop neighborhood partnership plans. The municipality or  
5 neighborhood organization that submits the plan shall demonstrate  
6 that community support exists and that the provision of a loan  
7 under this section will contribute to the larger effort to  
8 revitalize the area.

9 (4) The return on investment to the owner of a project  
10 financed under this section is not restricted as long as the  
11 housing remains in compliance with all applicable state and local  
12 codes and ordinances.

13 Enacting section 1. This amendatory act does not take  
14 effect unless House Bill No. 6077 of the 92nd Legislature is enacted  
15 into law.