

SENATE BILL No. 522

May 28, 2003, Introduced by Senators STAMAS, BRATER, BERNERO, GOSCHKA, HARDIMAN and ALLEN and referred to the Committee on Local, Urban and State Affairs.

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

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

TITLE

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 create**
certain other funds and provide for the expenditure of certain
funds; to authorize the making and purchase of loans, deferred
payment loans, and grants to qualified developers, sponsors,
individuals, mortgage lenders, and municipalities; to establish

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

7 **CHAPTER 3A**

8 **Sec. 58. (1) The definitions in section 11 apply to this**
9 **chapter unless otherwise provided in this chapter.**

10 **(2) As used in this chapter:**

11 **(a) "Adjusted household income" means that term as defined in**
12 **rules of the authority.**

13 **(b) "Affordable housing" means residential housing that is**
14 **occupied by low income, very low income, or extremely low income**
15 **households, and results in monthly housing costs equal to no more**
16 **than approximately 1/3 of the adjusted household income of the**
17 **occupying household.**

18 **(c) "Eligible applicant" means a not-for-profit corporation,**
19 **a for-profit corporation, or a partnership that is approved by**
20 **the authority and that is organized for the purpose of developing**
21 **and supporting affordable housing for low income, very low**
22 **income, or extremely low income households.**

23 **(d) "Extremely low income household" means a person, a**
24 **family, or unrelated persons living together whose adjusted**
25 **household income is not more than 25% of the median income, as**
26 **determined by the authority.**

27 **(e) "Fund" means the Michigan housing and community**

1 development fund created in section 58a.

2 (f) "Low income household" means a person, a family, or
3 unrelated persons living together whose adjusted household income
4 is more than 50% but not more than 60% of the median income, as
5 determined by the authority.

6 (g) "Multifamily housing" means a building or buildings
7 providing housing to 2 or more households, none of which is owner
8 occupied.

9 (h) "Very low income household" means a person, a family, or
10 unrelated persons living together whose adjusted household income
11 is more than 25% but not more than 50% of the median income, as
12 determined by the authority.

13 Sec. 58a. (1) The Michigan housing and community
14 development fund is created in the department of treasury. The
15 fund shall be administered by the authority and shall be expended
16 only as provided in this chapter.

17 (2) The state treasurer shall credit to the fund all of the
18 following:

19 (a) All receipts, including, but not limited to, dividends
20 and interest on the investment of money in the fund and principal
21 and interest payments from loans or agreements made from the
22 fund.

23 (b) All proceeds of assets received by the authority as a
24 result of the default of loans or agreements made under this
25 chapter.

26 (c) All appropriations, grants, or gifts of money or property
27 made to the fund.

1 (d) All fees or charges collected by the authority pursuant
2 to activities authorized under this chapter.

3 (e) Other revenue as provided by law.

4 (3) All balances in the fund at the end of a fiscal year
5 shall be carried over as a part of the fund and shall not revert
6 to the general fund of the state.

7 Sec. 58b. (1) The authority shall create and implement the
8 Michigan housing and community development program for the
9 purpose of developing and coordinating public and private
10 resources to meet the affordable housing needs of low income,
11 very low income, and extremely low income households in this
12 state.

13 (2) The authority shall identify, select, and make financing
14 available to eligible applicants from money in the fund or from
15 money secured by the fund for affordable housing for low income,
16 very low income, and extremely low income households. This
17 subsection does not preclude the authority from using other
18 resources in conjunction with the fund for a purpose authorized
19 under this chapter.

20 (3) The authority shall promulgate rules according to the
21 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
22 24.328, providing for the terms and conditions under which
23 assistance made under this chapter shall be recaptured.

24 (4) The authority shall develop an annual plan providing for
25 the allocation of money from the fund, according to all of the
26 following:

27 (a) The allocation plan shall contain a formula for

1 distributing money throughout the state based on the number of
2 persons experiencing poverty and housing distress in various
3 regions of the state.

4 (b) The allocation plan shall identify eligible applicants,
5 preference for special population groups described in section
6 58c(2), and preference for geographic targeting in designated
7 revitalization areas including, but not limited to, neighborhood
8 preservation areas, state renaissance zones, core communities,
9 and federally-designated enterprise community or homeownership
10 zones.

11 (c) Not less than 25% of the fund shall be earmarked for
12 rental housing projects that do not qualify under preferences for
13 special population groups, geographic preferences, or other
14 preferences contained in the allocation plan.

15 (d) Not less than 30% of the fund shall be earmarked for
16 projects that target extremely low income households and include
17 at a minimum both of the following activities:

18 (i) Developing housing for the homeless, transitional
19 housing, and permanent housing.

20 (ii) Providing security deposits, supportive services, and
21 technical assistance to eligible applicants.

22 (e) A rental housing project assisted by the fund must
23 provide affordable housing for households earning no more than
24 60% of the median income.

25 (f) A home ownership project assisted by the fund must
26 provide affordable housing for households earning no more than
27 60% of the median income.

1 (g) Money that has not been committed at the end of a fiscal
2 year shall not be carried over in the category to which the money
3 had been allocated during that fiscal year, but shall be
4 reallocated for the next fiscal year according to the next fiscal
5 year's allocation plan.

6 (5) Each year, the authority shall hold public hearings in at
7 least 3 separate locations throughout this state on the
8 priorities and draft allocation plan for the upcoming year.
9 After the public hearings, the authority may make minor
10 modifications to the allocation plan necessary to facilitate the
11 administration of the Michigan housing and community development
12 program or to address unforeseen circumstances.

13 (6) The authority shall issue an annual report to the
14 governor and the legislature summarizing the expenditures of the
15 fund for the prior fiscal year including at a minimum a
16 description of the eligible applicants that received funding, the
17 number of housing units that were produced, and the income levels
18 of the households that were served.

19 (7) In addition to the rules promulgated under subsection
20 (3), the authority shall promulgate rules according to the
21 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
22 24.328, to implement this chapter.

23 Sec. 58c. (1) The authority shall expend money in the fund
24 to make grants, mortgage loans, or other loans to eligible
25 applicants as provided in this section to enable eligible
26 applicants to finance any of the following with respect to
27 housing or home ownership for low income, very low income, and

1 extremely low income households:

2 (a) Acquisition of land and buildings.

3 (b) Rehabilitation.

4 (c) New construction.

5 (d) Development and predevelopment costs.

6 (e) Preservation of existing housing.

7 (f) Infrastructure improvements, economic development
8 projects, or community facilities that support housing
9 development.

10 (g) Insurance.

11 (h) Operating and replacement reserves.

12 (i) Down payment assistance.

13 (j) Security deposit assistance.

14 (k) Supportive services.

15 (2) The authority shall expend a portion of the fund for
16 housing for special needs populations including, but not limited
17 to, the homeless, persons with physical or mental handicaps, and
18 persons living in rural or distressed areas.

19 (3) The authority may make a loan to an eligible applicant
20 from the fund at no interest or at below market interest rates,
21 with or without security, and may make a loan for predevelopment
22 financing.

23 (4) The authority may provide assistance for housing units
24 for very low income or extremely low income households within
25 multifamily housing that is occupied partly by very low income or
26 extremely low income households and partly by households that do
27 not qualify as very low income or extremely low income

1 households, subject to the rules promulgated by the authority.

2 (5) The authority may provide funding for projects with 50
3 units or less and provide incentives to encourage project
4 feasibility and mixed income housing projects that respond to
5 community priorities.

6 Sec. 58d. The authority shall not provide assistance for
7 housing under this chapter unless both of the following
8 circumstances exist:

9 (a) If the housing is multifamily housing, the owner or
10 manager agrees in writing not to evict a tenant without just
11 cause, as defined in section 44a of 1933 (Ex Sess) PA 18,
12 MCL 125.694a.

13 (b) The housing is sold or rented with a deed restriction,
14 agreement, or other legal document that provides for the
15 recapture of some or all of the assistance provided under this
16 chapter upon terms and conditions specified in rules of the
17 authority promulgated under section 58b(3).