

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 1243

A bill to amend 1966 PA 346, entitled
"State housing development authority act of 1966,"
by amending section 58b (MCL 125.1458b), as added by 2004 PA 480,
and by adding sections 58e and 58f; and to repeal acts and parts of
acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 58b. (1) The authority shall create and implement the
2 Michigan housing and community development program for the purpose
3 of developing and coordinating public and private resources to meet
4 the ~~affordable~~ housing needs of low income, very low income, and
5 extremely low income households **AND TO FINANCE PROJECTS LOCATED IN**
6 **A DOWNTOWN AREA OR ADJACENT NEIGHBORHOOD** in this state.

7 (2) The authority shall identify, select, and make financing
8 available to eligible applicants from money in the fund or from

1 money secured by the fund for ~~affordable~~ housing for low income,
 2 very low income, and extremely low income households **AND FOR**
 3 **PROJECTS LOCATED IN A DOWNTOWN AREA OR ADJACENT NEIGHBORHOOD.** This
 4 subsection does not preclude the authority from using other
 5 resources in conjunction with the fund for a purpose authorized
 6 under this chapter.

7 ~~— (3) The authority shall promulgate rules according to the~~
 8 ~~administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to~~
 9 ~~24.328, providing for the terms and conditions under which~~
 10 ~~assistance made under this chapter shall be recaptured.~~

11 (3) ~~(4)~~ The authority shall develop ~~an annual~~ **A BIENNIAL**
 12 **ALLOCATION** plan providing for the allocation of money from the
 13 fund, according to all of the following:

14 (a) The allocation plan shall contain a formula for
 15 distributing money throughout the state based on the number of
 16 persons experiencing poverty, **ECONOMIC**, and housing distress in
 17 various regions of the state.

18 (b) The allocation plan shall ~~identify eligible applicants,~~
 19 **INCLUDE A** preference for special population groups described in
 20 section 58c(2). ~~, and preference for geographic targeting in~~
 21 ~~designated revitalization areas including, but not limited to,~~
 22 ~~neighborhood preservation areas, state renaissance zones, core~~
 23 ~~communities, and federally designated enterprise community or~~
 24 ~~homeownership zones.~~

25 (c) Not less than 25% of the fund shall be earmarked for
 26 rental housing projects that do not qualify under preferences for
 27 special population groups ~~, geographic preferences, or other~~

1 preferences contained in the allocation plan.

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

5 ~~—— (i) Developing~~ **DEVELOPING** housing for the homeless, **SUPPORTIVE**
6 **HOUSING**, transitional housing, and permanent housing.

7 ~~—— (ii) Providing security deposits, supportive services, and~~
8 ~~technical assistance to eligible applicants.~~

9 (e) A rental housing project assisted by the fund must ~~provide~~
10 ~~affordable housing for households earning no more than 60% of the~~
11 ~~median income~~ **SET ASIDE AT LEAST 20% OF THE RENTAL UNITS INCLUDED**
12 **IN THE PROJECT FOR HOUSEHOLDS EARNING NO MORE THAN 60% OF THE AREA**
13 **MEDIAN INCOME.**

14 (f) A home ownership project assisted by the fund must ~~provide~~
15 ~~affordable housing for households earning no more than 60% of the~~
16 ~~median income~~ **SET ASIDE AT LEAST 20% OF THE HOUSING UNITS IN THE**
17 **PROJECT FOR HOUSEHOLDS EARNING NO MORE THAN 60% OF THE AREA MEDIAN**
18 **INCOME.**

19 (g) Money that has not been committed at the end of a fiscal
20 year shall not be carried over in the category to which the money
21 had been allocated during that fiscal year, but shall be
22 reallocated for the next fiscal year according to the next fiscal
23 year's allocation plan.

24 (5) ~~Each year, the authority shall hold public hearings in at~~
25 ~~least 3 separate locations throughout this state on the priorities~~
26 ~~and draft allocation plan for the upcoming year. After the public~~
27 ~~hearings, the authority may make minor modifications to the~~

1 ~~allocation plan necessary to facilitate the administration of the~~
 2 ~~Michigan housing and community development program or to address~~
 3 ~~unforeseen circumstances.~~ **PRIOR TO DEVELOPING THE BIENNIAL**
 4 **ALLOCATION PLAN, THE AUTHORITY SHALL HOLD PUBLIC HEARINGS IN AT**
 5 **LEAST 3 SEPARATE LOCATIONS IN THIS STATE REGARDING THE CONTENT OF**
 6 **THE BIENNIAL ALLOCATION PLAN. THE AUTHORITY MAY MAKE MODIFICATIONS**
 7 **TO THE ALLOCATION PLAN NECESSARY TO FACILITATE THE ADMINISTRATION**
 8 **OF THE MICHIGAN HOUSING AND COMMUNITY DEVELOPMENT PROGRAM OR TO**
 9 **ADDRESS UNFORESEEN CIRCUMSTANCES.**

10 (6) The authority shall issue an annual report to the governor
 11 and the legislature summarizing the expenditures of the fund for
 12 the prior fiscal year including at a minimum a description of the
 13 eligible applicants that received funding, the number of housing
 14 units that were produced, ~~and~~ the income levels of the households
 15 that were served, **THE NUMBER OF HOMELESS PERSONS SERVED, AND THE**
 16 **NUMBER OF DOWNTOWN AREAS AND ADJACENT NEIGHBORHOODS THAT RECEIVE**
 17 **FINANCING.**

18 ~~(7) In addition to the rules promulgated under subsection (3),~~
 19 ~~the authority shall promulgate rules according to~~ **THE AUTHORITY MAY**
 20 **PROMULGATE RULES UNDER** the administrative procedures act of 1969,
 21 1969 PA 306, MCL 24.201 to 24.328, to implement this chapter.

22 **SEC. 58E. (1) THE MICHIGAN HOUSING AND COMMUNITY DEVELOPMENT**
 23 **FUND ADVISORY COMMITTEE IS CREATED IN THE AUTHORITY. THE COMMITTEE**
 24 **SHALL HAVE 10 MEMBERS. MEMBERS OF THE COMMITTEE SHALL INCLUDE THE**
 25 **EXECUTIVE DIRECTOR OF THE AUTHORITY, WHO SHALL SERVE AS A NONVOTING**
 26 **EX OFFICIO MEMBER, AND THE FOLLOWING 9 MEMBERS APPOINTED BY THE**
 27 **GOVERNOR WITH THE ADVICE AND CONSENT OF THE SENATE:**

1 (A) AN INDIVIDUAL REPRESENTING HOUSING LENDERS, DEVELOPERS, OR
2 BUILDERS APPOINTED BY THE GOVERNOR FROM A LIST OF 3 OR MORE
3 INDIVIDUALS NOMINATED BY THE SPEAKER OF THE HOUSE OF
4 REPRESENTATIVES.

5 (B) AN INDIVIDUAL REPRESENTING HOUSING LENDERS, DEVELOPERS, OR
6 BUILDERS APPOINTED BY THE GOVERNOR FROM A LIST OF 3 OR MORE
7 INDIVIDUALS NOMINATED BY THE MAJORITY LEADER OF THE SENATE.

8 (C) AN INDIVIDUAL REPRESENTING CITIES, VILLAGES, OR TOWNSHIPS.

9 (D) AN INDIVIDUAL REPRESENTING LOCAL HOUSING ORGANIZATIONS.

10 (E) AN INDIVIDUAL REPRESENTING NONPROFIT ORGANIZATIONS.

11 (F) AN INDIVIDUAL REPRESENTING A LOCAL ECONOMIC DEVELOPMENT
12 CORPORATION, A DOWNTOWN DEVELOPMENT AUTHORITY, A CORRIDOR
13 IMPROVEMENT AUTHORITY, A BUSINESS IMPROVEMENT DISTRICT, OR A
14 PRINCIPAL SHOPPING DISTRICT.

15 (G) AN INDIVIDUAL REPRESENTING A LOCAL NEIGHBORHOOD
16 ASSOCIATION OR NEIGHBORHOOD IMPROVEMENT AUTHORITY.

17 (H) TWO OTHER RESIDENTS OF THIS STATE.

18 (2) EXCEPT AS PROVIDED IN SUBSECTION (3), THE TERM OF A MEMBER
19 OF THE COMMITTEE APPOINTED BY THE GOVERNOR UNDER SUBSECTION (1)
20 SHALL BE 4 YEARS.

21 (3) OF THE MEMBERS INITIALLY APPOINTED BY THE GOVERNOR UNDER
22 SUBSECTION (1), 2 MEMBERS SHALL BE APPOINTED FOR A TERM EXPIRING ON
23 NOVEMBER 30, 2008, 2 MEMBERS SHALL BE APPOINTED FOR A TERM EXPIRING
24 ON NOVEMBER 30, 2009, 3 MEMBERS SHALL BE APPOINTED FOR A TERM
25 EXPIRING ON NOVEMBER 30, 2010, AND 2 MEMBERS SHALL BE APPOINTED FOR
26 A TERM EXPIRING ON NOVEMBER 30, 2011.

27 (4) A VACANCY ON THE COMMITTEE ARISING FOR A REASON OTHER THAN

1 THE EXPIRATION OF A TERM SHALL BE FILLED IN THE SAME MANNER AS THE
2 ORIGINAL APPOINTMENT FOR THE REMAINDER OF THE UNEXPIRED TERM.

3 (5) MEMBERS OF THE COMMITTEE SHALL SERVE WITHOUT COMPENSATION
4 BUT, SUBJECT TO AVAILABLE FUNDING, MAY RECEIVE REIMBURSEMENT FOR
5 THEIR ACTUAL AND NECESSARY EXPENSES WHILE ATTENDING MEETINGS OR
6 PERFORMING OTHER AUTHORIZED OFFICIAL BUSINESS OF THE COMMITTEE.

7 (6) THE GOVERNOR SHALL DESIGNATE 1 MEMBER OF THE COMMITTEE TO
8 SERVE AS CHAIRPERSON OF THE COMMITTEE AT THE PLEASURE OF THE
9 GOVERNOR. THE MEMBERS OF THE COMMITTEE MAY ELECT A MEMBER OF THE
10 COMMITTEE TO SERVE AS VICE-CHAIRPERSON OF THE COMMITTEE AND MAY
11 ELECT OTHER MEMBERS OF THE COMMITTEE AS OFFICERS OF THE COMMITTEE
12 AS THE COMMITTEE CONSIDERS APPROPRIATE.

13 (7) THE COMMITTEE MAY ADVISE THE AUTHORITY ON ALL OF THE
14 FOLLOWING:

15 (A) RECOMMENDATIONS FOR THE BIENNIAL ALLOCATION PLAN REQUIRED
16 UNDER SECTION 58B.

17 (B) EXPENDITURES FROM THE FUND UNDER THIS CHAPTER, INCLUDING
18 ALL OF THE FOLLOWING:

19 (i) WHETHER EXPENDITURES ARE DISTRIBUTED FAIRLY AND EQUITABLY.

20 (ii) WHETHER EXPENDITURES SATISFY HOUSING NEEDS AND PRIORITIES
21 IN THIS STATE.

22 (iii) WHETHER EXPENDITURES SATISFY THE ECONOMIC NEEDS AND
23 PRIORITIES OF COMMUNITIES BENEFITING FROM THE EXPENDITURES.

24 (8) THE COMMITTEE MAY MEET WITH REPRESENTATIVES OF THE
25 AUTHORITY, INCLUDING AUTHORITY EMPLOYEES AND MEMBERS OF THE BOARD
26 OF DIRECTORS OF THE AUTHORITY, TO DISCUSS AND PROVIDE ADVICE ON
27 MATTERS RELATING TO THE FUND.

1 (9) THE AUTHORITY MAY PROVIDE THE COMMITTEE WITH MEETING
2 SPACE, SUPPLIES, AND STAFF TO SUPPORT THE FUNCTIONS OF THE
3 COMMITTEE UNDER THIS SECTION.

4 (10) A MEETING OF THE COMMITTEE SHALL BE CONDUCTED AS A PUBLIC
5 MEETING HELD IN COMPLIANCE WITH THE OPEN MEETINGS ACT, 1976 PA 267,
6 MCL 15.261 TO 15.275. NOTICE OF THE DATE, TIME, AND PLACE OF A
7 PUBLIC MEETING OF THE COMMITTEE SHALL BE GIVEN AS PRESCRIBED IN THE
8 OPEN MEETINGS ACT, 1976 PA 267, MCL 15.261 TO 15.275. A MAJORITY OF
9 THE MEMBERS OF THE COMMITTEE SERVING CONSTITUTE A QUORUM FOR THE
10 TRANSACTION OF THE COMMITTEE'S BUSINESS. THE COMMITTEE SHALL ACT BY
11 A MAJORITY VOTE OF ITS SERVING MEMBERS.

12 (11) A MEMBER OF THE COMMITTEE SHALL NOT USE FOR PERSONAL GAIN
13 INFORMATION OBTAINED BY THE MEMBER WHILE PERFORMING BUSINESS OF THE
14 COMMITTEE, NOR SHALL A MEMBER OF THE COMMITTEE DISCLOSE
15 CONFIDENTIAL INFORMATION OBTAINED BY THE MEMBER WHILE CONDUCTING
16 COMMITTEE BUSINESS, EXCEPT AS NECESSARY TO PERFORM COMMITTEE
17 BUSINESS. THE COMMITTEE SHALL ADOPT A CODE OF ETHICS FOR ITS
18 MEMBERS AND ESTABLISH POLICIES AND PROCEDURES REQUIRING THE
19 DISCLOSURE OF RELATIONSHIPS THAT MAY GIVE RISE TO A CONFLICT OF
20 INTEREST. THE COMMITTEE SHALL REQUIRE THAT ANY MEMBER OF THE
21 COMMITTEE WITH A DIRECT OR INDIRECT INTEREST IN ANY MATTER BEFORE
22 THE COMMITTEE DISCLOSE THE MEMBER'S INTEREST TO THE COMMITTEE
23 BEFORE THE COMMITTEE TAKES ANY ACTION ON THE MATTER.

24 SEC. 58F. (1) WHEN PERFORMING DUTIES UNDER THIS CHAPTER, THE
25 AUTHORITY AND THE COMMITTEE CREATED UNDER SECTION 58E SHALL REMAIN
26 COGNIZANT OF THE RIGHTS OF THE HOLDERS OF AUTHORITY BONDS OR NOTES
27 AND THE EXTENT TO WHICH CERTAIN AUTHORITY BOND AND NOTE CONTRACTS

1 MAY REQUIRE THE AUTHORITY TO EITHER MAINTAIN SUFFICIENT PERSONNEL
2 OR CONTRACT FOR SERVICES TO PLAN AUTHORITY PROGRAMS AND TO
3 SUPERVISE ENFORCEMENT AND, WHERE NECESSARY, FORECLOSURE OF
4 AUTHORITY MORTGAGE AGREEMENTS.

5 (2) NOTHING IN THIS CHAPTER SHALL BE CONSTRUED TO AFFECT THE
6 STATUS OF MONEY OF THE AUTHORITY CONTROLLED BY THE AUTHORITY AS
7 STATE FUNDS APPROPRIATED TO THE AUTHORITY LOSE THEIR IDENTITY AS
8 STATE FUNDS UPON PAYMENT TO THE AUTHORITY AND BECOME PUBLIC FUNDS
9 OF THE AUTHORITY SOLELY UNDER THE CONTROL OF THE AUTHORITY AND
10 FUNDS ESTABLISHED BY OR WITHIN THE AUTHORITY AND ARE PUBLIC TRUST
11 FUNDS ADMINISTERED BY THE AUTHORITY. NOTHING IN THIS CHAPTER SHALL
12 BE CONSTRUED TO IMPAIR THE OBLIGATION OF ANY BOND OR NOTE ISSUED BY
13 THE AUTHORITY. BONDS AND NOTES ISSUED BY THE AUTHORITY ARE
14 OBLIGATIONS OF THE AUTHORITY AND NOT OBLIGATIONS OF THIS STATE.

15 Enacting section 1. The Michigan housing and community
16 development fund act, 2004 PA 479, MCL 125.2821 to 125.2829, is
17 repealed.