

**SUBSTITUTE FOR  
HOUSE BILL NO. 4658**

A bill to amend 1966 PA 346, entitled "State housing development authority act of 1966," by amending sections 22, 58, 58a, 58b, and 58c (MCL 125.1422, 125.1458, 125.1458a, 125.1458b, and 125.1458c), section 22 as amended by 2002 PA 385 and sections 58, 58a, 58b, and 58c as added by 2004 PA 480, and by adding sections 58e and 58f.

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

1           Sec. 22. The authority shall possess all powers necessary or  
2 convenient to carry out this act, including the following powers in  
3 addition to other powers granted by other provisions of this act:

4           (a) To sue and to be sued; to have a seal and to alter the  
5 seal at pleasure; to have perpetual succession; to make and execute  
6 contracts and other instruments necessary or convenient to the

1 exercise of the powers of the authority; and to make, amend, and  
2 repeal bylaws and rules.

3 (b) To undertake and carry out studies and analyses of housing  
4 needs within this state and ways of meeting those needs, including  
5 data with respect to population and family groups, the distribution  
6 of population and family groups according to income, and the amount  
7 and quality of available housing and its distribution according to  
8 rentals and sales prices, employment, wages, and other factors  
9 affecting housing needs and the meeting of housing needs; to make  
10 the results of those studies and analyses available to the public  
11 and the housing and supply industries; and to engage in research  
12 and disseminate information on housing.

13 (c) To agree and comply with conditions attached to federal  
14 financial assistance.

15 (d) To survey and investigate housing conditions and needs,  
16 both urban and rural, throughout this state and make  
17 recommendations to the governor and the legislature regarding  
18 legislation and other measures necessary or advisable to alleviate  
19 any existing housing shortage in this state.

20 (e) To establish and collect fees and charges in connection  
21 with the sale of the authority's publications and the authority's  
22 loans, commitments, and servicing, including but not limited to,  
23 the reimbursement of costs of financing by the authority, service  
24 charges, and insurance premiums as the authority determines to be  
25 reasonable and as approved by the authority. Fees and charges shall  
26 be determined by the authority and shall not be considered to be  
27 interest. The authority may use any accumulated fees and charges

1 and interest income for achieving any of the corporate purposes of  
2 the authority, to the extent that the fees, charges, and interest  
3 income are not pledged to the repayment of bonds and notes of the  
4 authority or the interest on those bonds and notes.

5 (f) To encourage community organizations to assist in  
6 initiating housing projects as provided in this act.

7 (g) To encourage the salvage of all possible usable housing  
8 scheduled for demolition because of highway, school, urban renewal,  
9 or other programs by seeking authority for the sponsors of the  
10 programs to use funds provided for the demolition of the buildings,  
11 to be allocated to those sponsors approved by the authority to  
12 defray moving and rehabilitation costs of the buildings.

13 (h) To engage and encourage research in, and to formulate  
14 demonstration projects to develop, new and better techniques and  
15 methods for increasing the supply of housing for persons eligible  
16 for assistance as provided in this act; and to provide technical  
17 assistance in the development of housing projects and in the  
18 development of programs to improve the quality of life for all the  
19 people of this state.

20 (i) To make or purchase loans, including loans for condominium  
21 units as defined in section 4 of the condominium act, 1978 PA 59,  
22 MCL 559.104, and including loans to mortgage lenders, which are  
23 unsecured or the repayments of which are secured by mortgages,  
24 security interests, or other forms of security; to purchase and  
25 enter into commitments for the purchase of securities, certificates  
26 of deposits, time deposits, or mortgage loans from mortgage  
27 lenders; to participate in the making or purchasing of unsecured or

1 secured loans and undertake commitments to make or purchase  
2 unsecured or secured loans; to sell mortgages, security interests,  
3 notes, and other instruments or obligations evidencing or securing  
4 loans, including certificates evidencing interests in 1 or more  
5 loans, at public or private sale; in connection with the sale of an  
6 instrument or obligation evidencing or securing 1 or more loans, to  
7 service, guarantee payment on, or repurchase the instrument or  
8 obligation, whether or not it is in default; to modify or alter  
9 mortgages and security interests; to foreclose on any mortgage,  
10 security interest, or other form of security; to finance housing  
11 units; to commence an action to protect or enforce a right  
12 conferred upon the authority by law, mortgage, security agreement,  
13 contract, or other agreement; to bid for and purchase property that  
14 was the subject of the mortgage, security interest, or other form  
15 of security, at a foreclosure or at any other sale, and to acquire  
16 or take possession of the property. Upon acquiring or taking  
17 possession of the property, the authority may complete, administer,  
18 and pay the principal and interest of obligations incurred in  
19 connection with the property, and may dispose of and otherwise deal  
20 with the property in any manner necessary or desirable to protect  
21 the interests of the authority in the property. If the authority or  
22 an entity that provides mortgage insurance to the authority  
23 acquires property upon the default of a borrower, the authority may  
24 make a mortgage loan to a subsequent purchaser of that property  
25 even if the purchaser does not meet otherwise applicable income  
26 limitations and purchase price limits.

27 (j) To set standards for housing projects that receive loans

1 under this act and to provide for inspections to determine  
2 compliance with those standards. The standards for construction and  
3 rehabilitation of mobile homes, mobile home parks, and mobile home  
4 condominium projects shall be established jointly by the authority  
5 and the mobile home commission, created in the mobile home  
6 commission act, 1987 PA 96, MCL 125.2301 to 125.2349. However,  
7 financing standards shall be established solely by the authority.

8 (k) To accept gifts, grants, loans, appropriations, or other  
9 aid from the federal, state, or local government, from a  
10 subdivision, agency, or instrumentality of a federal, state, or  
11 local government, or from a person, corporation, firm, or other  
12 organization.

13 (l) To acquire or contract to acquire from a person, firm,  
14 corporation, municipality, or federal or state agency, by grant,  
15 purchase, or otherwise, leaseholds or real or personal property, or  
16 any interest in a leasehold or real or personal property; to own,  
17 hold, clear, improve, and rehabilitate and to sell, assign,  
18 exchange, transfer, convey, lease, mortgage, or otherwise dispose  
19 of or encumber any interest in a leasehold or real or personal  
20 property. This act shall not impede the operation and effect of  
21 local zoning, building, and housing ordinances, ordinances relating  
22 to subdivision control, land development, or fire prevention, or  
23 other ordinances having to do with housing or the development of  
24 housing.

25 (m) To procure insurance against any loss in connection with  
26 the property and other assets of the authority.

27 (n) To invest, at the discretion of the authority, funds held

1 in reserve or sinking funds, or money not required for immediate  
2 use or disbursement, in obligations of this state or of the United  
3 States, in obligations the principal and interest of which are  
4 guaranteed by this state or the United States, or in other  
5 obligations as may be approved by the state treasurer.

6 (o) To promulgate rules necessary to carry out the purposes of  
7 this act and to exercise the powers expressly granted in this act  
8 in accordance with the administrative procedures act of 1969, 1969  
9 PA 306, MCL 24.201 to 24.328.

10 (p) To enter into agreements with nonprofit housing  
11 corporations, consumer housing cooperatives, limited dividend  
12 housing corporations, mobile home park corporations, and mobile  
13 home park associations that provide for regulation by the authority  
14 of the planning, development, and management of any housing project  
15 undertaken by nonprofit housing corporations, consumer housing  
16 cooperatives, limited dividend housing corporations, mobile home  
17 park corporations, and mobile home park associations and that  
18 provide for the disposition of the property and franchises of those  
19 corporations, cooperatives, and associations.

20 (q) To appoint to the board of directors of a nonprofit  
21 housing corporation, consumer housing cooperative, limited dividend  
22 housing corporation, mobile home park corporation, or mobile home  
23 park association, a number of new directors sufficient to  
24 constitute a majority of the board notwithstanding other provisions  
25 of the articles of incorporation or other provisions of law.  
26 Directors appointed under this subsection need not be stockholders  
27 or members or meet other qualifications that may be described by

1 the certificate of incorporation or bylaws. In the absence of fraud  
2 or bad faith, directors appointed under this subsection shall not  
3 be personally liable for debts, obligations, or liabilities of the  
4 corporation or association. The authority may appoint directors  
5 under this subsection only if 1 or more of the following occur:

6 (i) The nonprofit housing corporation, consumer housing  
7 cooperative, limited dividend housing corporation, mobile home park  
8 corporation, or mobile home park association has received a loan or  
9 advance, as provided for in this act, and the authority determines  
10 that the loan or advance is in jeopardy of not being repaid.

11 (ii) The nonprofit housing corporation, consumer housing  
12 cooperative, limited dividend housing corporation, mobile home park  
13 corporation, or mobile home park association received a loan or  
14 advance as provided for in this act and the authority determines  
15 that the proposed housing project for which the loan or advance was  
16 made is in jeopardy of not being constructed.

17 (iii) The authority determines that some part of the net income  
18 or net earnings of the nonprofit housing corporation is inuring to  
19 the benefit of a private individual, firm, corporation,  
20 partnership, or association; the authority determines that an  
21 unreasonable part of the net income or net earnings of the consumer  
22 housing cooperative is inuring to the benefit of a private  
23 individual, firm, corporation, partnership, or association; or the  
24 authority determines that some part of the net income or net  
25 earnings of the limited dividend housing corporation, in excess of  
26 that permitted by other provisions of this act, is inuring to the  
27 benefit of a private individual, firm, corporation, partnership, or

1 association.

2 (iv) The authority determines that the nonprofit corporation or  
3 consumer housing cooperative is in some manner controlled by, under  
4 the direction of, or acting in the substantial interest of a  
5 private individual, firm, corporation, partnership, or association  
6 seeking to derive benefit or gain from, or seeking to eliminate or  
7 minimize losses in any dealings or transactions with, the nonprofit  
8 corporation or consumer housing cooperative. However, this  
9 subparagraph shall apply to individual cooperators in consumer  
10 housing cooperatives only in circumstances defined by the authority  
11 in its rules.

12 (v) The authority determines that the nonprofit housing  
13 corporation, consumer housing cooperative, limited dividend housing  
14 corporation, mobile home park corporation, or mobile home park  
15 association is in violation of the rules promulgated under this  
16 section.

17 (vi) The authority determines that the nonprofit housing  
18 corporation, consumer housing cooperative, limited dividend housing  
19 corporation, mobile home park corporation, or mobile home park  
20 association is in violation of 1 or more agreements entered into  
21 with the authority that provide for regulation by the authority of  
22 the planning, development, and management of a housing project  
23 undertaken by the nonprofit housing corporation, consumer housing  
24 cooperative, limited dividend housing corporation, mobile home park  
25 corporation, or mobile home park association or that provide for  
26 the disposition of the property and franchises of the corporation,  
27 or cooperative, or association.

1           (r) To give approval or consent to the articles of  
2 incorporation submitted to the authority by a corporation seeking  
3 approval as a nonprofit housing corporation, consumer housing  
4 cooperative, limited dividend housing corporation, or mobile home  
5 park corporation under chapter 4, 5, 6, or 8; to give approval or  
6 consent to the partnership agreement, joint venture agreement,  
7 trust agreement, or other document of basic organization of a  
8 limited dividend housing association under chapter 7 or mobile home  
9 park association under chapter 9.

10           (s) To engage the services of private consultants on a  
11 contract basis for rendering professional and technical assistance  
12 and advice.

13           (t) To lease real or personal property and to accept federal  
14 funds for, and participate in, federal programs of housing  
15 assistance.

16           (u) To review and approve rental charges for authority-  
17 financed housing projects and require whatever changes the  
18 authority determines to be necessary. The changes shall become  
19 effective after not less than 30 days' written notice is given to  
20 the residents of the affected authority-financed housing projects.

21           (v) To set forth in the various loan documents of the  
22 authority those restrictions on the sale, conveyance by land  
23 contract, or transfer of residential real property, housing  
24 projects, or housing units for which a note is held by the  
25 authority and restrictions on the assumption by subsequent  
26 purchasers of loans originated by and held by, or originated for  
27 purchase by and held by, the authority as the authority determines

1 to be necessary in order to comply with requirements of federal  
2 statutes, federal rules or regulations promulgated under sections  
3 551 to 559 of title 5 of the United States Code, 5 ~~U.S.C.~~ **USC** 551  
4 to 559, state statutes, or state rules promulgated under the  
5 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to  
6 24.328, or to obtain and maintain the tax exempt status of  
7 authority bonds and notes. However, the authority shall not use a  
8 due on sale or acceleration clause solely for the purpose of  
9 renegotiating the interest rate on a loan made with respect to an  
10 owner-occupied single-family housing unit. Without limiting the  
11 authority's power to establish other restrictions, as provided in  
12 this section, on the sale, conveyance by land contract, or transfer  
13 of residential real property, housing projects, or housing units  
14 for which a note is held by the authority and the assumption by  
15 subsequent purchasers of loans made or purchased by the authority,  
16 the authority shall provide in its loan documents relating to a  
17 single family loan that the single family loan may be assumed by a  
18 new purchaser only when the new purchaser qualifies under the  
19 authority income limitations rules except where such a restriction  
20 diminishes or precludes the insurance or a guarantee by an agency  
21 of the federal government with respect to the single family loan. A  
22 loan made for a mobile home that the borrower does not intend to  
23 permanently affix to real property shall become immediately due and  
24 payable in the event the mobile home is moved out of the state. Any  
25 restrictions on conveyance by sale, conveyance by land contract, or  
26 transfer that are authorized in this section shall apply only to  
27 loans originated by and held by, or originated for purchase by and

1 held by, the authority and may, at the option of the authority, be  
2 enforced by accelerating and declaring immediately due and payable  
3 all sums evidenced by the note held by the authority. An  
4 acceleration and declaration of all sums to be due and payable on  
5 conveyance by sale, land contract, or transfer is not an  
6 unreasonable restraint on alienation. An acceleration and  
7 declaration, unless otherwise prohibited in this subdivision, of  
8 all sums to be due and payable under this subdivision is  
9 enforceable in any court of competent jurisdiction. This  
10 subdivision is applicable to secured and unsecured loans. This  
11 subdivision is also applicable to loan documents utilized in  
12 conjunction with an authority-operated program of residential  
13 rehabilitation by an entity cooperating or participating with the  
14 authority under section 22a(4), which loans are originated with the  
15 intent to sell those loans to the authority.

16 (w) To set forth in the various loan documents of the  
17 authority those remedies for the making of a false statement,  
18 representation, or pretense or a material misstatement by a  
19 borrower during the loan application process. Without limiting the  
20 authority's power to pursue other remedies, the authority shall  
21 provide in its loan documents that, if a borrower makes a false  
22 statement, representation, or pretense or a material misstatement  
23 during the loan application process, the authority, at its option,  
24 may accelerate and declare immediately due and payable all sums  
25 evidenced by the note held by the authority. An acceleration and  
26 declaration of all sums to be due as authorized under this  
27 subdivision and payable as provided in this subdivision is

1 enforceable in any court of competent jurisdiction. This  
2 subdivision is applicable to secured and unsecured loans.

3 (x) To collect interest on a real estate loan, the primary  
4 security for which is not a first lien on real estate, at the rate  
5 of 15% or less per annum on the unpaid balance. This subdivision  
6 does not impair the validity of a transaction or rate of interest  
7 that is lawful without regard to this subdivision.

8 (y) To encourage and engage or participate in programs to  
9 accomplish the preservation of housing in this state available for  
10 occupancy by persons and families of low or moderate income.

11 (z) To verify for the state treasurer statements submitted by  
12 a city, village, township, or county as to exempt properties under  
13 section 7d of the general property tax act, 1893 PA 206, MCL  
14 211.7d.

15 (aa) For the purpose of more effectively managing its debt  
16 service, to enter into an interest rate exchange or swap, hedge, or  
17 similar agreement with respect to its bonds or notes on the terms  
18 and payable from the sources and with the security, if any, as  
19 determined by a resolution of the authority.

20 (bb) To make working capital loans to contractors or  
21 subcontractors on housing projects financed by the authority. The  
22 authority shall submit an annual report to the legislature  
23 containing the amount, recipient, duration, circumstance, and other  
24 related statistics for each capital loan made to a contractor or  
25 subcontractor under this subdivision. The authority shall include  
26 in the report statistics related to the cost of improvements made  
27 to adapt property for use by disabled individuals as provided in

1 section 32b(5) or (6) or section 44(2)(a).

2 (cc) Subject to rules of the civil service commission, to  
3 adopt a code of ethics with respect to its employees that requires  
4 disclosure of financial interests, defines and precludes conflicts  
5 of interest, and establishes reasonable post-employment  
6 restrictions for a period of up to 1 year after an employee  
7 terminates employment with the authority.

8 (dd) To impose covenants running with the land in order to  
9 satisfy requirements of applicable federal law with respect to  
10 housing assisted or to be assisted through federal programs such as  
11 the low income housing tax credit program or the home investment  
12 partnerships program by executing and recording regulatory  
13 agreements between the authority or such municipality or other  
14 entity as may be designated by the authority and the person or  
15 entity to be bound. These covenants shall run with the land and be  
16 effective with respect to the parties making the covenants and  
17 other intended beneficiaries of the covenants, even though there is  
18 no privity of estate or privity of contract between the authority  
19 and the persons or entities to be bound.

20 (ee) To impose covenants running with the land in order to  
21 satisfy requirements of applicable state or federal law with  
22 respect to housing financed by the authority by executing and  
23 recording regulatory agreements between the authority and the  
24 person or entity to be bound. These covenants shall run with the  
25 land and be effective with respect to the parties making the  
26 covenants and other intended beneficiaries of the covenants, even  
27 though there is no privity of estate or privity of contract between

1 the authority and the persons or entities to be bound. With respect  
2 to the application of any applicable environmental laws, this  
3 subdivision shall not be construed to grant to the authority any  
4 additional rights, privileges, or immunities not otherwise afforded  
5 to a private lender that is not in the chain of title for the land.

6 (ff) To participate in programs designed to assist persons and  
7 families whose incomes do not exceed 115% of the greater of  
8 statewide median gross income or the area median gross income  
9 become homeowners where loans are made by private lenders for  
10 purchase by the government national mortgage association, federal  
11 national mortgage association, federal home loan mortgage  
12 corporation, or other federally chartered organizations.  
13 Participation may include providing or funding homeownership  
14 counseling and providing some or all of a reserve fund to be used  
15 to pay for losses in excess of insurance coverage.

16 (gg) To invest up to 20% of funds held by or for the authority  
17 in escrow accounts for the benefit of the authority or mortgagors  
18 of authority-financed housing in loans originated or purchased by  
19 the authority, under the conditions prescribed in this subdivision  
20 and without the consent of the escrow depositors. In connection  
21 with loans described in this subdivision, the authority may charge  
22 and retain fees in amounts similar to those charged with respect to  
23 similar loans for which the source of funding does not come from  
24 escrow funds. The investment authorized by this subdivision shall  
25 not be made unless both of the following requirements are met:

26 (i) The return on the loan is approximately equivalent to that  
27 which could be obtained from investments of substantially similar

1 credit quality and maturity, as determined by the authority.

2 (ii) The authority agrees to repurchase from its own funds and  
3 at the same prices at which the loans were sold to the escrow  
4 funds, as adjusted for the accretion of discount or amortization of  
5 premium, plus accrued interest, any loans that become delinquent in  
6 excess of 30 days. This subdivision does not obligate the authority  
7 to purchase a delinquent loan so long as with respect to that loan  
8 the authority advances money from its own funds in the amount of  
9 the delinquent payments. The authority's election to advance  
10 payments does not in any manner abate or cure the delinquency of  
11 the loan and the authority may resort to any remedies that would  
12 exist in the absence of that payment.

13 (hh) To acquire, develop, rehabilitate, own, operate, and  
14 enter into contracts with respect to the management and operation  
15 of real and personal property to use as office facilities by the  
16 authority and to enter into leases with respect to facilities not  
17 immediately necessary for the activities of the authority.

18 (ii) To make loans to certain qualified buyers and resident  
19 organizations and to make grants to resident organizations as  
20 provided in the following:

21 (i) The urban homestead act, 1999 PA 127, MCL 125.2701 to  
22 125.2709.

23 (ii) The urban homesteading on vacant land act, 1999 PA 129,  
24 MCL 125.2741 to 125.2748.

25 (iii) The urban homesteading in single-family public housing  
26 act, 1999 PA 128, MCL 125.2761 to 125.2770.

27 (iv) The urban homesteading in multifamily public housing act,

1 1999 PA 84, MCL 125.2721 to 125.2734.

2 (JJ) TO IMPLEMENT AND ADMINISTER A HOUSING AND COMMUNITY  
3 DEVELOPMENT PROGRAM AS DESCRIBED IN THIS ACT.

4 Sec. 58. (1) The definitions in section 11 apply to this  
5 chapter unless otherwise provided in this chapter.

6 (2) As used in this chapter:

7 (A) "ADJACENT NEIGHBORHOOD" MEANS A RESIDENTIAL AREA AS  
8 DETERMINED BY THE AUTHORITY IMMEDIATELY ADJOINING OR NEAR A  
9 DOWNTOWN AREA WITHIN THE SAME MUNICIPALITY.

10 (B) ~~(a)~~—"Adjusted household income" means that term as defined  
11 in rules of the authority.

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

17 (C) "DOWNTOWN AREA" MEANS AN AREA WHERE 20 OR MORE CONTIGUOUS  
18 PROPERTIES HAVE BEEN PLANNED, ZONED, OR USED FOR COMMERCIAL  
19 PURPOSES FOR 50 OR MORE YEARS AND WHERE A MAJORITY OF THE BUILDINGS  
20 ARE BUILT ADJACENT TO EACH OTHER AS DETERMINED BY THE AUTHORITY AND  
21 UP TO THE PUBLIC RIGHT-OF-WAY. IN ORDER TO BE A DOWNTOWN AREA, THE  
22 AREA SHALL CONTAIN A SIGNIFICANT NUMBER OF MULTILEVEL, MIXED USE  
23 BUILDINGS AND PROPERTY IN THE DOWNTOWN AREA MUST BE OWNED BY MORE  
24 THAN 3 PRIVATE OWNERS.

25 (D) ~~(e)~~—"Eligible applicant" means a not-for-profit  
26 corporation, a for-profit corporation, A MUNICIPALITY, A LAND BANK  
27 FAST TRACK AUTHORITY ORGANIZED UNDER THE LAND BANK FAST TRACK ACT,

1 2003 PA 258, MCL 124.751 TO 124.774, or a partnership that is  
2 approved by the authority and that is organized for the purpose of  
3 developing and supporting affordable housing for low income, very  
4 low income, or extremely low income households **OR PROJECTS LOCATED**  
5 **IN A DOWNTOWN AREA OR ADJACENT NEIGHBORHOOD.**

6 (E) ~~(d)~~—"Extremely low income household" means a person, a  
7 family, or unrelated persons living together whose adjusted  
8 household income is not more than ~~25%~~**30%** of the **AREA** median  
9 income, as determined by the authority.

10 (F) ~~(e)~~—"Fund" means the Michigan housing and community  
11 development fund created in section 58a.

12 (G) ~~(f)~~—"Low income household" means a person, a family, or  
13 unrelated persons living together whose adjusted household income  
14 is more than 50% but not more than 60% of the **AREA** median income,  
15 as determined by the authority.

16 (H) **"MIXED USE BUILDINGS" MEANS BUILDINGS THAT CAN BE USED FOR**  
17 **MORE THAN 1 PURPOSE, AND IN ANY COMBINATION, INCLUDING, BUT NOT**  
18 **LIMITED TO, RESIDENTIAL HOUSING COMBINED WITH EITHER COMMERCIAL OR**  
19 **RETAIL SPACE.**

20 (I) ~~(g)~~—"Multifamily housing" means a building or buildings  
21 providing housing to 2 or more households, none of which is owner  
22 occupied.

23 (J) **"PROJECT" MEANS THOSE ACTIVITIES DEFINED UNDER SECTION**  
24 **58C.**

25 (K) **"SUPPORTIVE HOUSING" MEANS A RENTAL HOUSING PROJECT IN**  
26 **WHICH SOME OR ALL OF THE UNITS ARE TARGETED TO PEOPLE WITH**  
27 **HOUSEHOLD INCOMES AT OR BELOW 30% OF AREA MEDIAN INCOME AND THAT**

1 PROVIDE SERVICES, EITHER DIRECTLY OR CONTRACTED FOR, TO THOSE  
 2 PEOPLE THAT INCLUDE, BUT ARE NOT LIMITED TO, MENTAL HEALTH,  
 3 SUBSTANCE ABUSE SERVICES, COUNSELING SERVICES, AND DAILY LIVING  
 4 SERVICES.

5 (I) ~~(h)~~—"Very low income household" means a person, a family,  
 6 or unrelated persons living together whose adjusted household  
 7 income is **NOT** more than 25% ~~but not more than 50%~~ of the **AREA**  
 8 median income, as determined by the authority.

9 Sec. 58a. ~~(1) The Michigan housing and community development~~  
 10 ~~fund is created in the department of treasury. The fund shall be~~  
 11 ~~administered by the authority and shall be expended only as~~  
 12 ~~provided in this chapter.~~

13 ~~—— (2) The state treasurer shall credit to the fund all of the~~  
 14 ~~following:~~

15 ~~—— (a) All receipts, including, but not limited to, dividends and~~  
 16 ~~interest on the investment of money in the fund and principal and~~  
 17 ~~interest payments from loans or agreements made from the fund.~~

18 ~~—— (b) All proceeds of assets received by the authority as a~~  
 19 ~~result of the default of loans or agreements made under this~~  
 20 ~~chapter.~~

21 ~~—— (c) All appropriations, grants, or gifts of money or property~~  
 22 ~~made to the fund.~~

23 ~~—— (d) All fees or charges collected by the authority pursuant to~~  
 24 ~~activities authorized under this chapter.~~

25 ~~—— (e) Other revenue as provided by law.~~

26 ~~—— (3) All balances in the fund at the end of a fiscal year shall~~  
 27 ~~be carried over as a part of the fund and shall not revert to the~~

1 ~~general fund of the state.~~ (1) THE MICHIGAN HOUSING AND COMMUNITY  
2 DEVELOPMENT FUND IS CREATED AS A SEPARATE FUND IN THE AUTHORITY.

3 (2) THE FUND SHALL BE ADMINISTERED BY THE AUTHORITY, AND MONEY  
4 IN THE FUND SHALL BE EXPENDED ONLY AS PROVIDED IN THIS ACT.

5 (3) THE AUTHORITY SHALL CREDIT TO THE FUND ALL AMOUNTS  
6 APPROPRIATED TO THE FUND OR TO THE AUTHORITY FOR THE FUND AND ANY  
7 OTHER MONEY MADE AVAILABLE TO THE AUTHORITY FOR THE FUND FROM ANY  
8 OTHER SOURCE FOR THE PURPOSES UNDER THIS ACT. THE AUTHORITY, ON  
9 BEHALF OF THE FUND, MAY SOLICIT AND ACCEPT GIFTS, GRANTS, LABOR,  
10 LOANS, AND OTHER AID FROM ANY PERSON, GOVERNMENT, OR ENTITY. THE  
11 AUTHORITY MAY RECEIVE MONEY OR OTHER ASSETS FROM ANY SOURCE FOR  
12 DEPOSIT INTO THE FUND, INCLUDING, BUT NOT LIMITED TO, FEDERAL  
13 FUNDS, GIFTS, BEQUESTS, AND DONATIONS.

14 (4) THE AUTHORITY SHALL INVEST THE MONEY AND CREDIT THE  
15 EARNINGS FROM THE INVESTMENTS TO THE FUND IN ACCORDANCE WITH  
16 SECTION 22.

17 (5) MONEY APPROPRIATED TO THE FUND OR TO THE AUTHORITY FOR THE  
18 FUND SHALL BE AVAILABLE FOR DISBURSEMENT BY THE AUTHORITY UPON  
19 APPROPRIATION.

20 (6) MONEY IN THE FUND AT THE CLOSE OF A FISCAL YEAR SHALL  
21 REMAIN IN THE FUND AND SHALL NOT LAPSE TO THE GENERAL FUND.

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

1           (2) The authority shall identify, select, and make financing  
 2 available to eligible applicants from money in the fund or from  
 3 money secured by the fund for ~~affordable~~ housing for low income,  
 4 very low income, and extremely low income households **AND FOR**  
 5 **PROJECTS LOCATED IN A DOWNTOWN AREA OR ADJACENT NEIGHBORHOOD.** This  
 6 subsection does not preclude the authority from using other  
 7 resources in conjunction with the fund for a purpose authorized  
 8 under this chapter.

9 ~~— (3) The authority shall promulgate rules according to the~~  
 10 ~~administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to~~  
 11 ~~24.328, providing for the terms and conditions under which~~  
 12 ~~assistance made under this chapter shall be recaptured.~~

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

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

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

27           (c) Not less than 25% of the fund shall be earmarked for

1 rental housing projects that do not qualify under preferences for  
2 special population groups ~~, geographic preferences,~~ or other  
3 preferences contained in the allocation plan.

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

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

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

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

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

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

26 (5) ~~Each year, the authority shall hold public hearings in at~~  
27 ~~least 3 separate locations throughout this state on the priorities~~

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

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

20 (7) ~~In addition to the rules promulgated under subsection (3),~~  
21 ~~the authority shall promulgate rules according to~~ **THE AUTHORITY MAY**  
22 **PROMULGATE RULES UNDER** the administrative procedures act of 1969,  
23 1969 PA 306, MCL 24.201 to 24.328, to implement this chapter.

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

1 ownership for low income, very low income, and extremely low income  
 2 households **AND WITH RESPECT TO PROJECTS LOCATED IN A DOWNTOWN AREA**  
 3 **OR ADJACENT NEIGHBORHOOD:**

4 (a) Acquisition of land and buildings.

5 (b) Rehabilitation.

6 (c) New construction.

7 (d) Development and predevelopment costs.

8 (e) Preservation of existing housing.

9 (f) ~~Infrastructure~~ **COMMUNITY DEVELOPMENT PROJECTS, INCLUDING,**  
 10 **BUT NOT LIMITED TO, INFRASTRUCTURE** improvements, economic  
 11 development projects, **BLIGHT ELIMINATION**, or community facilities.  
 12 ~~that support housing development.~~

13 (g) Insurance.

14 (h) Operating and replacement reserves.

15 (i) Down payment assistance.

16 (j) Security deposit assistance.

17 (k) ~~Supportive services~~ **FORECLOSURE PREVENTION AND ASSISTANCE.**

18 **(l) INDIVIDUAL DEVELOPMENT ACCOUNTS ESTABLISHED UNDER THE**  
 19 **INDIVIDUAL OR FAMILY DEVELOPMENT ACCOUNT PROGRAM ACT, 2006 PA 513,**  
 20 **MCL 206.701 TO 206.711.**

21 **(M) ACTIVITIES RELATED TO ENDING HOMELESSNESS.**

22 **(N) ASSISTANCE TO NONPROFIT ORGANIZATIONS, MUNICIPALITIES, AND**  
 23 **LAND BANK FAST TRACK AUTHORITIES ORGANIZED UNDER THE LAND BANK FAST**  
 24 **TRACK ACT, 2003 PA 258, MCL 124.751 TO 124.774.**

25 **(O) PREDATORY LENDING PREVENTION OR RELIEF.**

26 (2) The authority shall expend a portion of the fund for  
 27 housing for ~~special needs populations including, but not limited~~

1 ~~to, the homeless,~~ persons with physical or mental handicaps ~~and~~  
2 persons living in ~~rural or~~ **ELIGIBLE** distressed areas.

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

7 (4) The authority may provide assistance **TO ELIGIBLE**  
8 **APPLICANTS** for housing units for very low income or extremely low  
9 income households within multifamily housing that is occupied  
10 partly by very low income or extremely low income households and  
11 partly by households that do not qualify as very low income or  
12 extremely low income households, subject to the rules promulgated  
13 by the authority.

14 (5) The authority may ~~provide funding for projects with 50~~  
15 ~~units or less and provide incentives to encourage project~~  
16 ~~feasibility and mixed income housing projects that respond to~~  
17 ~~community priorities~~ **EXPEND MONEY IN THE FUND FOR ALL OTHER THINGS**  
18 **NECESSARY TO ACHIEVE THE OBJECTIVES AND PURPOSES OF THE FUND OR**  
19 **THIS CHAPTER.**

20 (6) **WHEN PERFORMING FUNCTIONS UNDER THIS CHAPTER, THE**  
21 **AUTHORITY SHALL CONSIDER ADVICE PROVIDED BY THE COMMITTEE CREATED**  
22 **UNDER SECTION 58E.**

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

1 GOVERNOR:

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

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

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

10 (D) AN INDIVIDUAL REPRESENTING LOCAL HOUSING ORGANIZATIONS.

11 (E) AN INDIVIDUAL REPRESENTING NONPROFIT ORGANIZATIONS.

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

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

18 (H) TWO OTHER RESIDENTS OF THIS STATE.

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

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

1 (4) A VACANCY ON THE COMMITTEE ARISING FOR A REASON OTHER THAN  
2 THE EXPIRATION OF A TERM SHALL BE FILLED IN THE SAME MANNER AS THE  
3 ORIGINAL APPOINTMENT FOR THE REMAINDER OF THE UNEXPIRED TERM.

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

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

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

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

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

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

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

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

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

1 MATTERS RELATING TO THE FUND.

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

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

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

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

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

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