

HOUSE BILL NO. 5032

September 20, 2023, Introduced by Reps. Snyder, Coffia, Rheingans, Brabec, Wilson, Morgan, Scott, Liberati, Brixie, O'Neal, Skaggs, Edwards, Young, Hope, Martus, Hill, Roth, Schmaltz and Aiyash and referred to the Committee on Economic Development and Small Business.

A bill to amend 1966 PA 346, entitled
"State housing development authority act of 1966,"
by amending section 44 (MCL 125.1444), as amended by 2017 PA 127.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 44. **(1)** ~~(1)(a)~~—The authority may make loans to a
2 nonprofit housing corporation, consumer housing cooperative,
3 limited dividend housing corporation, limited dividend housing
4 association, mobile home park corporation, ~~or~~ mobile home park
5 association, or ~~to a~~ public body or agency for the construction or
6 rehabilitation, and for the long-term financing, of **any of** the

1 following:

2 (a) ~~(i)~~—Housing for low income or moderate income persons.

3 (b) ~~(ii)~~—For the period beginning May 1, 1984, and ending
4 November 1, 1987, housing projects in which not less than 20% of
5 the dwelling units are allotted to individuals of low or moderate
6 income within the meaning of former section 103(b)(4)(A) of the
7 internal revenue code of 1954; not less than 60% of the dwelling
8 units are available to persons and families whose gross household
9 income does not exceed 125% of the higher of either the median
10 income for a family in this state or the median income for a family
11 within the nonmetropolitan county or metropolitan statistical area
12 in which the housing project is located, as determined by the
13 authority; and not more than 20% of the dwelling units are
14 available for occupancy without regard to income. The enactment of
15 this ~~subparagraph~~ **subdivision** or the expiration of the authority
16 granted by it does not affect rules in effect before July 10, 1984,
17 or promulgated after July 9, 1984, to define low or moderate income
18 persons.

19 (c) ~~(iii)~~—For the period of time beginning May 1, 1984, and
20 ending November 1, 1987, housing projects in eligible distressed
21 areas in which housing projects not less than 20% of the dwelling
22 units are allotted to individuals of low or moderate income within
23 the meaning of former section 103(b)(4)(A) of the internal revenue
24 code of 1954, not less than 60% of the dwelling units are available
25 to persons and families whose gross household income does not
26 exceed 150% of the higher of either the median income for a family
27 in this state or the median income for a family within the
28 nonmetropolitan county or metropolitan statistical area in which
29 the housing project is located, as determined by the authority, and

1 not more than 20% of the dwelling units are available for occupancy
2 without regard to income.

3 (d) ~~(iv)~~ Beginning November 1, 1987, multifamily housing
4 projects that meet the 20-50 or 40-60 test established in section
5 142 of the internal revenue code **of 1986**, 26 USC 142, and in which
6 the remaining dwelling units are available for occupancy without
7 regard to income.

8 (e) ~~(v)~~ Social, recreational, commercial, or communal
9 facilities necessary to serve and improve the residential area in
10 which an authority-financed housing project is located or is
11 planned to be located thereby enhancing the viability of the
12 housing.

13 (2) ~~(b)~~ Notwithstanding ~~the other provisions of this~~
14 ~~subsection,~~ **subsections (1), (3), (4), and (5)**, the authority may
15 establish by resolution higher income limits that it considers
16 necessary to achieve sustained occupancy of a housing project
17 financed under ~~subdivision (a)~~ **subsection (1)** if the authority
18 determines both of the following:

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

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

27 (3) ~~(c)~~ A loan under this subsection ~~shall~~ **and subsections**
28 **(1), (2), (4), and (5) must** not exceed 90% of the project cost as
29 approved by the authority. For purposes of this section, the term

"project cost" includes all items included in the definition of a project cost in section 11 and also includes a builder's fee equal to an amount up to 5% of the amount of the construction contract, a developer overhead allowance and fee of 5% of the amount of the project cost, the cost of furnishings, and a sponsor's risk allowance equal to 10% of the project cost. A loan ~~shall~~**must** not be made under this section unless a market analysis has been conducted that demonstrates a sufficient market exists for the housing project.

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

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

limits provided in those ~~subparagraphs~~ **subdivisions** or subsection
~~(1)(b) . (2) .~~

~~(f) For purposes of this subsection:~~

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

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

(6) ~~(2)(a)~~ The authority may make loans to a nonprofit housing
corporation, limited dividend housing corporation, mobile home park
corporation, or mobile home park association for the construction
or rehabilitation of housing units, including residential
condominium units ~~as condominium unit is defined in section 4 of
the condominium act, 1978 PA 59, MCL 559.104,~~ for sale to
individual purchasers of low or moderate income or to individual
purchasers without regard to income when the housing units are
located in an eligible distressed area. A loan under this
subsection ~~shall~~ **and subsections (7) and (8) must** not exceed 100%
of the project cost as approved by the authority in the case of a
nonprofit housing corporation or individual purchaser, and ~~shall~~
must not exceed 90% of the project cost as approved by the
authority in the case of a limited dividend housing corporation,
mobile home park corporation, or mobile home park association.

(7) ~~(b)~~ While a loan under this subsection **and subsections (6)
and (8)** is outstanding, a sale by a nonprofit housing corporation
or limited dividend housing corporation or a subsequent resale is
subject to approval by the authority. The authority may provide in
its rules concerning these sales and resales that the price of the

1 housing unit sold, the method of making payments after the sale,
 2 the security afforded, and the interest rate, fees, and charges to
 3 be paid ~~shall~~**must** at all times be sufficient to permit the
 4 authority to make the payments on its bonds and notes and to meet
 5 administrative or other costs of the authority in connection with
 6 the transactions. Housing units ~~shall~~**must** be sold under terms that
 7 provide for monthly payments including principal, interest, taxes,
 8 and insurance.

9 (8) ~~(e)~~ While a loan under this subsection **and subsections (6)**
 10 **and (7)** is outstanding, the authority, before the approval of sale
 11 by a nonprofit housing corporation, limited dividend housing
 12 corporation, mobile home park corporation, or mobile home park
 13 association, shall determine that the sale is to persons of low or
 14 moderate income if the housing unit is not located in an eligible
 15 distressed area, or to persons without regard to income if the
 16 housing unit is located in an eligible distressed area.

17 (9) ~~(3)~~ The authority may make, purchase, or participate in
 18 loans made to individual purchasers for acquisition and long-term
 19 financing or refinancing of newly rehabilitated, newly constructed,
 20 or existing 1- to 4-unit housing units, including a residential
 21 condominium unit. ~~as condominium unit is defined in section 4 of~~
 22 ~~the condominium act, 1978 PA 59, MCL 559.104.~~ All of the following
 23 apply to making, purchasing, or participating in a loan under this
 24 subsection:

25 (a) The borrower's family income ~~shall~~**must** not exceed the
 26 income requirements established in section 143 of the internal
 27 revenue code **of 1986**, 26 USC 143. If those income requirements are
 28 repealed, the borrower's family income ~~shall~~**must** not exceed the
 29 income requirements that were in effect immediately before the

1 repeal.

2 (b) The purchase price or, in the case of a refinancing, the
3 appraised value ~~shall must~~ not exceed the following:

4 ~~(i) With respect to a 1- or 2-family unit, \$224,500.00.~~

5 ~~(ii) With respect to a 3-family unit, \$261,625.00.~~

6 ~~(iii) With respect to a 4-family unit, \$299,000.00.~~ **90% of the**
7 **average area purchase price applicable to the housing unit. For**
8 **purposes of this subdivision, the average area purchase price must**
9 **be determined in accordance with section 143(e) of the internal**
10 **revenue code of 1986, 26 USC 143, or any regulations promulgated**
11 **pursuant to section 143(e) of the internal revenue code of 1986, 26**
12 **USC 143.**

13 (c) For unexpected cost increases during construction or
14 improvements to adapt new or existing property for use by disabled
15 individuals, the authority may increase the purchase price limit by
16 an amount sufficient to cover these cost increases, but not to
17 exceed ~~\$3,500.00.~~ **\$10,000.00.**

18 (d) If a purchase price limit prescribed by this subsection
19 exceeds an applicable limit prescribed by the internal revenue code
20 **of 1986**, the internal revenue code **of 1986** limit applies if the
21 loan will be financed with the proceeds of a tax-exempt bond.

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

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

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

(h) If the loan is for refinancing a 1- to 4-unit housing unit, including a residential condominium unit, ~~as a condominium unit is defined in section 4 of the condominium act, 1978 PA 59, MCL 559.104,~~ the authority shall determine that 1 of the units is occupied by the borrower.

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

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

(12) ~~(6)~~ ~~(a)~~ The authority may make, purchase, or participate in a loan for acquisition and long-term financing or refinancing of newly rehabilitated, newly constructed, or existing 1- to 4-unit housing units, including a residential condominium unit ~~as a condominium unit is defined in section 4 of the condominium act, 1978 PA 59, MCL 559.104,~~ if all of the following requirements are met:

(a) ~~(i)~~ The loan is made to an individual purchaser or purchasers, whose income does not exceed the income requirements established in section 143 of the internal revenue code **of 1986**, 26

1 USC 143. If those income requirements are repealed, the borrower's
 2 family income ~~shall~~**must** not exceed the income requirements that
 3 were in effect immediately before the repeal.

4 **(b)** ~~(ii)~~—The purchase price of the housing unit does not exceed
 5 the greatest of purchase price limits established for similar
 6 housing units by Fannie Mae, Freddie Mac, and Ginnie Mae.

7 **(c)** ~~(iii)~~—At least 1 of the dwelling units is owned and occupied
 8 by the individual purchaser or purchasers to whom the loan is made.

9 **(d)** ~~(iv)~~—Authority staff determine that the individual
 10 purchaser or purchasers receiving the loan have the ability to
 11 repay the loan.

12 **(13)** ~~(b)~~—If the authority makes, purchases, or participates in
 13 a loan under this subsection **or subsection (12)**, the loan may be
 14 securitized by the authority and may either be sold to investors or
 15 held by the authority.

16 ~~(c) For purposes of this subsection:~~

17 **(14) As used in this section:**

18 **(a) "Condominium unit" means that term as defined in section 4**
 19 **of the condominium act, 1978 PA 59, MCL 559.104.**

20 **(b)** ~~(i)~~—"Fannie Mae" means the Federal National Mortgage
 21 Association established under authority of the federal national
 22 mortgage association charter act, 12 USC 1716 to 1749aaa-5.

23 **(c)** ~~(ii)~~—"Freddie Mac" means the Federal Home Loan Mortgage
 24 Corporation established under authority of the federal home loan
 25 mortgage corporation act, title III of Public Law 91-351.

26 **(d)** ~~(iii)~~—"Ginnie Mae" means the Government National Mortgage
 27 Association established under authority of the federal national
 28 mortgage association charter act, 12 USC 1716 to 1749aaa-5.

29 **(e) "Gross household income" means gross income of a household**

1 as that term is defined in rules of the authority.

2 (f) "Median income for a family in this state" and "median
3 income for a family within the nonmetropolitan county or
4 metropolitan statistical area" mean those income levels as
5 determined by the authority.