

# SENATE BILL NO. 293

April 25, 2023, Introduced by Senators MCDONALD RIVET, SANTANA, CAVANAGH, MCCANN, MCMORROW, WOJNO and BAYER and referred to the Committee on Economic and Community Development.

A bill to amend 1966 PA 346, entitled "State housing development authority act of 1966," by amending sections 58, 58b, and 58c (MCL 125.1458, 125.1458b, and 125.1458c), sections 58 and 58c as amended by 2008 PA 216 and section 58b as amended by 2008 PA 244.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

3           (2) As used in this chapter:

4           ~~(a) "Adjacent neighborhood" means a residential area as~~  
5 ~~determined by the authority immediately adjoining or near a~~

1 ~~downtown area within the same municipality.~~

2       **(a)** ~~(b)~~—"Adjusted household income" means that term as defined  
3 in rules of the authority.

4       **(b)** ~~(c)~~—"Downtown area" means an area where 20 or more  
5 contiguous properties have been planned, zoned, or used for  
6 commercial purposes for 50 or more years and where a majority of  
7 the buildings are built adjacent to each other as determined by the  
8 authority and up to the public right-of-way. In order to be a  
9 downtown area, the area ~~shall~~**must** contain a significant number of  
10 multilevel, mixed use buildings, and property in the downtown area  
11 must be owned by more than 3 private owners.

12       **(c)** ~~(d)~~—"Eligible applicant" means a not-for-profit  
13 corporation, a for-profit corporation, a municipality, a land bank  
14 fast track authority organized under the land bank fast track act,  
15 2003 PA 258, MCL 124.751 to 124.774, or a partnership that is  
16 approved by the authority and ~~that~~ is organized for the purpose of  
17 developing and supporting affordable housing for low income, very  
18 low income, ~~or~~ extremely low income, **or middle income** households or  
19 projects located in a ~~downtown area or adjacent neighborhood.~~**this**  
20 **state.**

21       **(d)** ~~(e)~~—"Extremely low income household" means ~~a person,~~**an**  
22 **individual**, a family, or unrelated ~~persons~~**individuals** living  
23 together whose adjusted household income is not more than 30% of  
24 the area median income, as determined by the authority.

25       **(e)** ~~(f)~~—"Fund" means the Michigan housing and community  
26 development fund created in section 58a.

27       **(f)** ~~(g)~~—"Low income household" means ~~a person,~~**an individual**,  
28 a family, or unrelated ~~persons~~**individuals** living together whose  
29 adjusted household income is more than 50% but not more than 60% of

1 the area median income, as determined by the authority.

2 (g) "Middle income household" means an individual, a family,  
3 or unrelated individuals living together whose adjusted household  
4 income is not more than 120% of the area median income, as  
5 determined by the authority.

6 (h) "Mixed use buildings" means buildings that can be used for  
7 more than 1 purpose, and in any combination, including, but not  
8 limited to, residential housing combined with either commercial or  
9 retail space.

10 (i) "Multifamily housing" means a building or buildings  
11 providing housing to 2 or more households, none of which is owner  
12 occupied.

13 (j) "Project" means those activities defined under section  
14 58c.

15 (k) "Supportive housing" means a rental housing project in  
16 which some or all of the units are targeted to people with  
17 household incomes at or below 30% of area median income and that  
18 provide services, either directly or contracted for, to those  
19 people that include, but are not limited to, mental health,  
20 substance abuse services, counseling services, and daily living  
21 services.

22 (l) "Very low income household" means ~~a person,~~ **an individual,**  
23 a family, or unrelated ~~persons~~ **individuals** living together whose  
24 adjusted household income is not more than 50% of the area median  
25 income, as determined by the authority.

26 Sec. 58b. (1) The authority shall create and implement the  
27 Michigan housing and community development program for the purpose  
28 of developing and coordinating public and private resources to meet  
29 the housing needs of low income, very low income, ~~and~~ extremely low

1 income, **or middle income** households and to finance projects located  
2 ~~in a downtown area or adjacent neighborhood~~ in this state.

3 (2) The authority shall identify, select, and make financing  
4 available to eligible applicants from money in the fund or from  
5 money secured by the fund for housing for low income, very low  
6 income, ~~and extremely low income~~, **or middle income** households and  
7 for projects located in a ~~downtown area or adjacent neighborhood~~.  
8 **this state**. This subsection does not preclude the authority from  
9 using other resources in conjunction with the fund for a purpose  
10 authorized under this chapter.

11 (3) The authority shall develop a biennial allocation plan  
12 providing for the allocation of money from the fund, according to  
13 ~~all~~ **both** of the following:

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

18 ~~(b) The allocation plan shall include a preference for special~~  
19 ~~population groups described in section 58c(2).~~

20 ~~(c) Not less than 25% of the fund shall be earmarked for~~  
21 ~~rental housing projects that do not qualify under preferences for~~  
22 ~~special population groups or other preferences contained in the~~  
23 ~~allocation plan.~~

24 ~~(d) Not less than 30% of the fund shall be earmarked for~~  
25 ~~projects that target extremely low income households and include at~~  
26 ~~a minimum developing housing for the homeless, supportive housing,~~  
27 ~~transitional housing, and permanent housing.~~

28 ~~(e) A rental housing project assisted by the fund must set~~  
29 ~~aside at least 20% of the rental units included in the project for~~

1 ~~households earning no more than 60% of the area median income.~~

2 ~~(f) A home ownership project assisted by the fund must set~~  
 3 ~~aside at least 20% of the housing units in the project for~~  
 4 ~~households earning no more than 60% of the area median income.~~

5 ~~(b) (g)~~ Money that has not been committed at the end of a  
 6 fiscal year ~~shall~~**must** not be carried over in the category to which  
 7 the money had been allocated during that fiscal year, but ~~shall~~  
 8 **must** be reallocated for the next fiscal year according to the next  
 9 fiscal year's allocation plan.

10 ~~(4) (5)~~ Prior to developing the biennial allocation plan, the  
 11 authority shall hold public hearings in at least 3 separate  
 12 locations in this state regarding the content of the biennial  
 13 allocation plan. The authority may make modifications to the  
 14 allocation plan necessary to facilitate the administration of the  
 15 Michigan housing and community development program or to address  
 16 unforeseen circumstances.

17 ~~(5) (6)~~ The authority shall issue an annual report to the  
 18 governor and the legislature summarizing the expenditures of the  
 19 fund for the prior fiscal year including at a minimum a description  
 20 of the eligible applicants that received funding, the number of  
 21 housing units that were produced, the income levels of the  
 22 households that were served, **and** the number of homeless persons  
 23 served. ~~, and the number of downtown areas and adjacent~~  
 24 ~~neighborhoods that receive financing.~~

25 ~~(6) (7)~~ The authority may promulgate rules under the  
 26 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to  
 27 24.328, to implement this chapter.

28 Sec. 58c. (1) The authority shall expend money in the fund to  
 29 make grants, mortgage loans, or other loans to eligible applicants

1 as provided in this section to enable eligible applicants to  
 2 finance any of the following with respect to housing ~~or home~~  
 3 ~~ownership~~ for low income, very low income, ~~and~~ extremely low  
 4 income, **or middle income** households: ~~and with respect to projects~~  
 5 ~~located in a downtown area or adjacent neighborhood:~~

6 (a) Acquisition of land and buildings.

7 (b) Rehabilitation.

8 (c) New construction.

9 (d) Development and predevelopment costs.

10 (e) Preservation of existing housing.

11 (f) Community development projects, including, but not limited  
 12 to, infrastructure improvements, economic development projects,  
 13 blight elimination, or community facilities.

14 (g) Insurance.

15 (h) Operating and replacement reserves.

16 (i) Down payment assistance.

17 (j) Security deposit assistance.

18 (k) Foreclosure prevention and assistance.

19 (l) Individual development accounts established under the  
 20 individual or family development account program act, 2006 PA 513,  
 21 MCL ~~206.701 to 206.711.~~ **206.901 to 206.911.**

22 (m) Activities related to ending homelessness.

23 (n) Assistance, **including, but not limited to, support of**  
 24 **capacity building, local and regional planning, and housing**  
 25 **studies**, to nonprofit organizations, municipalities, and land bank  
 26 fast track authorities organized under the land bank fast track  
 27 act, 2003 PA 258, MCL 124.751 to 124.774.

28 (o) Predatory lending prevention or relief.

29 (2) The authority ~~shall~~ **may** expend a portion of the fund for

1 housing for persons with physical or mental handicaps and persons  
2 living in 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, **or middle income** households within multifamily housing that  
10 is occupied partly by very low income, ~~or~~ extremely low income, **or**  
11 **middle income** households and partly by households that do not  
12 qualify as very low income, ~~or~~ extremely low income, **or middle**  
13 **income** households, subject to the rules promulgated by the  
14 authority.

15 (5) The authority may expend money in the fund for all other  
16 things necessary to achieve the objectives and purposes of the fund  
17 or this chapter.

18 (6) When performing functions under this chapter, the  
19 authority shall consider advice provided by the committee created  
20 under section 58e.