

STATE HOUSING DEVELOPMENT AUTHORITY ACT OF 1966 (EXCERPT)

Act 346 of 1966

CHAPTER 3A

125.1458 Definitions.

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

(2) As used in this chapter:

(a) "Adjacent neighborhood" means a residential area as determined by the authority immediately adjoining or near a downtown area within the same municipality.

(b) "Adjusted household income" means that term as defined in rules of the authority.

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

(d) "Eligible applicant" means a not-for-profit corporation, a for-profit corporation, a municipality, a land bank fast track authority organized under the land bank fast track act, 2003 PA 258, MCL 124.751 to 124.774, or a partnership that is approved by the authority and that is organized for the purpose of developing and supporting affordable housing for low income, very low income, or extremely low income households or projects located in a downtown area or adjacent neighborhood.

(e) "Extremely low income household" means a person, a family, or unrelated persons living together whose adjusted household income is not more than 30% of the area median income, as determined by the authority.

(f) "Fund" means the Michigan housing and community development fund created in section 58a.

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

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

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

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

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

(l) "Very low income household" means a person, a family, or unrelated persons living together whose adjusted household income is not more than 50% of the area median income, as determined by the authority.

History: Add. 2004, Act 480, Imd. Eff. Dec. 28, 2004;—Am. 2008, Act 216, Imd. Eff. July 16, 2008.

Compiler's note: For transfer of Michigan state housing development authority from Michigan strategic fund to department of talent and economic development, see E.R.O. No. 2014-6, compiled at MCL 125.1995.

125.1458a Michigan housing and community development fund; creation; administration; credit of amounts and earnings from investments; availability of money for disbursement; money in fund at end of fiscal year.

Sec. 58a. (1) The Michigan housing and community development fund is created as a separate fund in the authority.

(2) The fund shall be administered by the authority, and money in the fund shall be expended only as provided in this act.

(3) The authority shall credit to the fund all amounts appropriated to the fund or to the authority for the fund and any other money made available to the authority for the fund from any other source for the purposes under this act. The authority, on behalf of the fund, may solicit and accept gifts, grants, labor, loans, and other aid from any person, government, or entity. The authority may receive money or other assets from any source for deposit into the fund, including, but not limited to, federal funds, gifts, bequests, and donations.

(4) The authority shall invest the money and credit the earnings from the investments to the fund in accordance with section 22.

(5) Money appropriated to the fund or to the authority for the fund shall be available for disbursement by the authority upon appropriation.

(6) Money in the fund at the close of a fiscal year shall remain in the fund and shall not lapse to the general fund.

History: Add. 2004, Act 480, Imd. Eff. Dec. 28, 2004;—Am. 2008, Act 216, Imd. Eff. July 16, 2008.

125.1458b Michigan housing and community development program; creation and implementation; purpose; availability of financing to eligible applicants; biennial allocation plan; public hearings; annual report; rules.

Sec. 58b. (1) The authority shall create and implement the Michigan housing and community development program for the purpose of developing and coordinating public and private resources to meet the housing needs of low income, very low income, and extremely low income households and to finance projects located in a downtown area or adjacent neighborhood in this state.

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

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

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

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

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

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

(e) A rental housing project assisted by the fund must set aside at least 20% of the rental units included in the project for households earning no more than 60% of the area median income.

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

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

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

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

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

History: Add. 2004, Act 480, Imd. Eff. Dec. 28, 2004;—Am. 2008, Act 244, Imd. Eff. July 17, 2008.

Compiler's note: Subsection (5) should evidently be numbered (4), subsection (6) should evidently be numbered (5), and subsection (7) should evidently be numbered (6).

125.1458c Expenditures; purposes.

Sec. 58c. (1) The authority shall expend money in the fund to make grants, mortgage loans, or other loans to eligible applicants as provided in this section to enable eligible applicants to finance any of the following with respect to housing or home ownership for low income, very low income, and extremely low income households and with respect to projects located in a downtown area or adjacent neighborhood:

(a) Acquisition of land and buildings.

(b) Rehabilitation.

(c) New construction.

- (d) Development and predevelopment costs.
- (e) Preservation of existing housing.
- (f) Community development projects, including, but not limited to, infrastructure improvements, economic development projects, blight elimination, or community facilities.
- (g) Insurance.
- (h) Operating and replacement reserves.
- (i) Down payment assistance.
- (j) Security deposit assistance.
- (k) Foreclosure prevention and assistance.
- (l) Individual development accounts established under the individual or family development account program act, 2006 PA 513, MCL 206.701 to 206.711.
- (m) Activities related to ending homelessness.
- (n) Assistance to nonprofit organizations, municipalities, and land bank fast track authorities organized under the land bank fast track act, 2003 PA 258, MCL 124.751 to 124.774.
- (o) Predatory lending prevention or relief.
- (2) The authority shall expend a portion of the fund for housing for persons with physical or mental handicaps and persons living in eligible distressed areas.
- (3) The authority may make a loan to an eligible applicant from the fund at no interest or at below market interest rates, with or without security, and may make a loan for predevelopment financing.
- (4) The authority may provide assistance to eligible applicants for housing units for very low income or extremely low income households within multifamily housing that is occupied partly by very low income or extremely low income households and partly by households that do not qualify as very low income or extremely low income households, subject to the rules promulgated by the authority.
- (5) The authority may expend money in the fund for all other things necessary to achieve the objectives and purposes of the fund or this chapter.
- (6) When performing functions under this chapter, the authority shall consider advice provided by the committee created under section 58e.

History: Add. 2004, Act 480, Imd. Eff. Dec. 28, 2004;—Am. 2008, Act 216, Imd. Eff. July 16, 2008.

Compiler's note: To avoid a conflict with MCL 206.701 to 206.713 as added by Act 38 of 2011, MCL 206.701 to 206.711 of Act 513 of 2006 were renumbered as 206.901 to 206.911.

125.1458d Housing assistance; conditions.

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

- (a) If the housing is multifamily housing, the owner or manager agrees in writing not to evict a tenant without just cause, as defined in section 44a of 1933 (Ex Sess) PA 18, MCL 125.694a.
- (b) The housing is sold or rented with a deed restriction, agreement, or other legal document that provides for the recapture of some or all of the assistance provided under this chapter upon terms and conditions specified in rules of the authority promulgated under section 58b(3).

History: Add. 2004, Act 480, Imd. Eff. Dec. 28, 2004.

125.1458e Michigan housing and community development fund advisory committee; creation; membership; terms; vacancy; compensation; expenses; chairperson; vice-chairperson; scope of advice; space, supplies, and staff; public meetings; quorum; majority vote; information used for personal gain prohibited; adoption of code of ethics.

Sec. 58e. (1) The Michigan housing and community development fund advisory committee is created in the authority. The committee shall have 10 members. Members of the committee shall include the executive director of the authority, who shall serve as a nonvoting ex officio member, and the following 9 members appointed by the governor with the advice and consent of the senate:

- (a) An individual representing housing lenders, developers, or builders appointed by the governor from a list of 3 or more individuals nominated by the speaker of the house of representatives.
- (b) An individual representing housing lenders, developers, or builders appointed by the governor from a list of 3 or more individuals nominated by the majority leader of the senate.
- (c) An individual representing cities, villages, or townships.
- (d) An individual representing local housing organizations.
- (e) An individual representing nonprofit organizations.
- (f) An individual representing a local economic development corporation, a downtown development authority, a corridor improvement authority, a business improvement district, or a principal shopping district.

- (g) An individual representing a local neighborhood association or neighborhood improvement authority.
- (h) Two other residents of this state.
- (2) Except as provided in subsection (3), the term of a member of the committee appointed by the governor under subsection (1) shall be 4 years.
- (3) Of the members initially appointed by the governor under subsection (1), 2 members shall be appointed for a term expiring on November 30, 2008, 2 members shall be appointed for a term expiring on November 30, 2009, 3 members shall be appointed for a term expiring on November 30, 2010, and 2 members shall be appointed for a term expiring on November 30, 2011.
- (4) A vacancy on the committee arising for a reason other than the expiration of a term shall be filled in the same manner as the original appointment for the remainder of the unexpired term.
- (5) Members of the committee shall serve without compensation but, subject to available funding, may receive reimbursement for their actual and necessary expenses while attending meetings or performing other authorized official business of the committee.
- (6) The governor shall designate 1 member of the committee to serve as chairperson of the committee at the pleasure of the governor. The members of the committee may elect a member of the committee to serve as vice-chairperson of the committee and may elect other members of the committee as officers of the committee as the committee considers appropriate.
- (7) The committee may advise the authority on all of the following:
 - (a) Recommendations for the biennial allocation plan required under section 58b.
 - (b) Expenditures from the fund under this chapter, including all of the following:
 - (i) Whether expenditures are distributed fairly and equitably.
 - (ii) Whether expenditures satisfy housing needs and priorities in this state.
 - (iii) Whether expenditures satisfy the economic needs and priorities of communities benefiting from the expenditures.
- (8) The committee may meet with representatives of the authority, including authority employees and members of the board of directors of the authority, to discuss and provide advice on matters relating to the fund.
- (9) The authority may provide the committee with meeting space, supplies, and staff to support the functions of the committee under this section.
- (10) A meeting of the committee shall be conducted as a public meeting held in compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. Notice of the date, time, and place of a public meeting of the committee shall be given as prescribed in the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. A majority of the members of the committee serving constitute a quorum for the transaction of the committee's business. The committee shall act by a majority vote of its serving members.
- (11) A member of the committee shall not use for personal gain information obtained by the member while performing business of the committee, nor shall a member of the committee disclose confidential information obtained by the member while conducting committee business, except as necessary to perform committee business. The committee shall adopt a code of ethics for its members and establish policies and procedures requiring the disclosure of relationships that may give rise to a conflict of interest. The committee shall require that any member of the committee with a direct or indirect interest in any matter before the committee disclose the member's interest to the committee before the committee takes any action on the matter.

History: Add. 2008, Act 244, Imd. Eff. July 17, 2008.

125.1458f Rights of holders of authority bonds or notes; construction of chapter as to status of money controlled by authority.

Sec. 58f. (1) When performing duties under this chapter, the authority and the committee created under section 58e shall remain cognizant of the rights of the holders of authority bonds or notes and the extent to which certain authority bond and note contracts may require the authority to either maintain sufficient personnel or contract for services to plan authority programs and to supervise enforcement and, where necessary, foreclosure of authority mortgage agreements.

(2) Nothing in this chapter shall be construed to affect the status of money of the authority controlled by the authority as state funds appropriated to the authority lose their identity as state funds upon payment to the authority and become public funds of the authority solely under the control of the authority and funds established by or within the authority and are public trust funds administered by the authority. Nothing in this chapter shall be construed to impair the obligation of any bond or note issued by the authority. Bonds and notes issued by the authority are obligations of the authority and not obligations of this state.

History: Add. 2008, Act 244, Imd. Eff. July 17, 2008.