

HOUSE BILL No. 5442

January 14, 1998, Introduced by Reps. Hanley, Schauer, Scott, Thomas, Stallworth, Wojno, Hale, Martinez, Price, DeHart, Prusi, Brewer, Vaughn, Kelly, LaForge, Brater, Leland, Profit, Bogardus, Parks, Mans, Gubow, Freeman, Jellema, Godchaux, Basham and Rison and referred to the Committee on Urban Policy and Economic Development.

A bill to amend 1966 PA 346, entitled
"State housing development authority act of 1966,"
(MCL 125.1401 to 125.1499c) by amending the title, as amended by
1984 PA 215, and by adding chapter 3a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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TITLE

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An act to create a state housing development authority; to

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define the powers and duties of the authority; to establish a

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housing development revolving fund; to establish a land acquisi-

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tion and development fund; to establish a rehabilitation fund; to

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establish a conversion condominium fund; TO ESTABLISH CERTAIN

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OTHER FUNDS AND PROVIDE FOR THE EXPENDITURE OF CERTAIN FUNDS; to

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authorize the making and purchase of loans, deferred payment

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loans, and grants to qualified developers, sponsors, individuals,

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mortgage lenders, and municipalities; to establish and provide

1 acceleration and foreclosure procedures; to provide tax
2 exemption; to authorize payments in lieu of taxes by nonprofit
3 housing corporations, consumer housing cooperatives, limited div-
4 idend housing corporations, mobile home park corporations, and
5 mobile home park associations; and to prescribe criminal penal-
6 ties for violations of this act.

7 CHAPTER 3A

8 SEC. 58. (1) THE DEFINITIONS IN SECTION 11 APPLY TO THIS
9 CHAPTER UNLESS OTHERWISE PROVIDED IN THIS CHAPTER.

10 (2) AS USED IN THIS CHAPTER:

11 (A) "ADJUSTED HOUSEHOLD INCOME" MEANS THAT TERM AS DEFINED
12 IN RULES OF THE AUTHORITY.

13 (B) "AFFORDABLE HOUSING" MEANS RESIDENTIAL HOUSING THAT IS
14 OCCUPIED BY VERY LOW INCOME OR EXTREMELY LOW INCOME HOUSEHOLDS,
15 AND REQUIRES PAYMENT OF MONTHLY HOUSING COSTS, INCLUDING UTILI-
16 TIES OTHER THAN TELEPHONE, EQUAL TO NO MORE THAN 30% OF ADJUSTED
17 HOUSEHOLD INCOME.

18 (C) "ELIGIBLE APPLICANT" MEANS A NOT-FOR-PROFIT CORPORATION
19 OR A PARTNERSHIP CONSISTING OF A NOT-FOR-PROFIT CORPORATION AND A
20 FOR-PROFIT CORPORATION ORGANIZED FOR THE PURPOSE OF DEVELOPING
21 HOUSING FOR VERY LOW INCOME OR EXTREMELY LOW INCOME HOUSEHOLDS,
22 WHICH HOUSING IS UNDER THE MANAGING CONTROL OF THE NOT-FOR-PROFIT
23 CORPORATION.

24 (D) "EXTREMELY LOW INCOME HOUSEHOLD" MEANS A PERSON, A
25 FAMILY, OR UNRELATED PERSONS LIVING TOGETHER WHOSE ADJUSTED
26 HOUSEHOLD INCOME IS NOT MORE THAN 25% OF THE MEDIAN INCOME, AS
27 DETERMINED BY THE AUTHORITY, FOR A SIMILAR SIZED HOUSEHOLD WITHIN

1 THE NONMETROPOLITAN COUNTY OR THE METROPOLITAN STATISTICAL AREA
2 IN WHICH THE LOW INCOME HOUSEHOLD RESIDES.

3 (E) "FUND" MEANS THE MICHIGAN AFFORDABLE HOUSING FUND CRE-
4 ATED IN SECTION 58A.

5 (F) "MULTIFAMILY HOUSING" MEANS A BUILDING OR BUILDINGS PRO-
6 VIDING HOUSING TO 2 OR MORE HOUSEHOLDS, NONE OF WHICH IS OWNER
7 OCCUPIED.

8 (G) "NONMETROPOLITAN COUNTY OR METROPOLITAN STATISTICAL
9 AREA" MEANS THOSE TERMS AS DEFINED BY THE UNITED STATES DEPART-
10 MENT OF MANAGEMENT AND BUDGET.

11 (H) "PROGRAM" MEANS THE MICHIGAN AFFORDABLE HOUSING PROGRAM
12 DESCRIBED IN SECTION 58B.

13 (I) "VERY LOW INCOME HOUSEHOLD" MEANS A PERSON, A FAMILY, OR
14 UNRELATED PERSONS LIVING TOGETHER WHOSE ADJUSTED HOUSEHOLD INCOME
15 IS MORE THAN 25% BUT NOT MORE THAN 50% OF THE MEDIAN INCOME, AS
16 DETERMINED BY THE AUTHORITY, OF A SIMILAR SIZED HOUSEHOLD WITHIN
17 THE NONMETROPOLITAN COUNTY OR THE METROPOLITAN STATISTICAL AREA
18 IN WHICH THE VERY LOW INCOME HOUSEHOLD RESIDES.

19 SEC. 58A. (1) THE MICHIGAN AFFORDABLE HOUSING FUND IS CRE-
20 ATED IN THE DEPARTMENT OF TREASURY. THE FUND SHALL BE ADMINIS-
21 TERED BY THE AUTHORITY AND SHALL BE EXPENDED ONLY AS PROVIDED IN
22 THIS CHAPTER.

23 (2) THE STATE TREASURER SHALL CREDIT TO THE FUND ALL OF THE
24 FOLLOWING:

25 (A) ALL RECEIPTS, INCLUDING, BUT NOT LIMITED TO, DIVIDENDS
26 AND INTEREST ON THE INVESTMENT OF MONEY IN THE FUND AND PRINCIPAL

1 AND INTEREST PAYMENTS FROM LOANS OR AGREEMENTS MADE FROM THE
2 FUND.

3 (B) ALL PROCEEDS OF ASSETS RECEIVED BY THE AUTHORITY AS A
4 RESULT OF THE DEFAULT OF LOANS OR AGREEMENTS MADE UNDER THIS
5 CHAPTER.

6 (C) ALL APPROPRIATIONS, GRANTS, OR GIFTS OF MONEY OR PROP-
7 ERTY MADE TO THE FUND.

8 (D) ALL FEES OR CHARGES COLLECTED BY THE AUTHORITY PURSUANT
9 TO ACTIVITIES AUTHORIZED UNDER THIS CHAPTER.

10 (E) OTHER REVENUE AS PROVIDED BY LAW.

11 (3) ALL BALANCES IN THE FUND AT THE END OF A FISCAL YEAR
12 SHALL BE CARRIED OVER AS A PART OF THE FUND AND SHALL NOT REVERT
13 TO THE GENERAL FUND OF THE STATE.

14 SEC. 58B. (1) THE AUTHORITY SHALL CREATE AND IMPLEMENT THE
15 MICHIGAN AFFORDABLE HOUSING PROGRAM FOR THE PURPOSE OF DEVELOPING
16 AND COORDINATING PUBLIC AND PRIVATE RESOURCES TO MEET THE AFFORD-
17 ABLE HOUSING NEEDS OF VERY LOW INCOME AND EXTREMELY LOW INCOME
18 HOUSEHOLDS IN THIS STATE.

19 (2) THE AUTHORITY SHALL IDENTIFY, SELECT, AND MAKE FINANCING
20 AVAILABLE TO ELIGIBLE APPLICANTS FROM MONEY IN THE FUND OR FROM
21 MONEY SECURED BY THE FUND FOR AFFORDABLE HOUSING FOR VERY LOW
22 INCOME AND EXTREMELY LOW INCOME HOUSEHOLDS. THIS SUBSECTION DOES
23 NOT PRECLUDE THE AUTHORITY FROM USING OTHER RESOURCES IN CONJUNC-
24 TION WITH THE FUND FOR PURPOSES AUTHORIZED UNDER THIS CHAPTER.

25 (3) THE AUTHORITY SHALL PROMULGATE RULES PURSUANT TO THE
26 ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO

1 24.328, PROVIDING FOR THE TERMS AND CONDITIONS UNDER WHICH
2 ASSISTANCE MADE UNDER THIS CHAPTER SHALL BE RECAPTURED.

3 (4) THE AUTHORITY SHALL DEVELOP AN ANNUAL PLAN PROVIDING FOR
4 THE ALLOCATION OF MONEY FROM THE FUND, IN ACCORDANCE WITH ALL OF
5 THE FOLLOWING:

6 (A) THE ALLOCATION PLAN SHALL CONTAIN A FORMULA FOR DISTRIB-
7 UTING FUNDS THROUGHOUT THE STATE BASED ON THE NUMBER OF PERSONS
8 EXPERIENCING POVERTY AND HOUSING DISTRESS IN VARIOUS REGIONS OF
9 THE STATE.

10 (B) THE ALLOCATION PLAN SHALL IDENTIFY ELIGIBLE APPLICANTS,
11 PREFERENCE FOR SPECIAL POPULATION GROUPS DESCRIBED IN SECTION
12 58C(2), AND PREFERENCE FOR GEOGRAPHIC TARGETING IN DESIGNATED
13 REVITALIZATION AREAS INCLUDING, BUT NOT LIMITED TO, NEIGHBORHOOD
14 PRESERVATION AREAS, STATE RENAISSANCE ZONES, AND
15 FEDERALLY-DESIGNATED ENTERPRISE COMMUNITY OR HOMEOWNERSHIP
16 ZONES.

17 (C) NOT MORE THAN 3% OF THE FUNDS SHALL BE ALLOCATED TO PRO-
18 VIDE SECURITY DEPOSIT ASSISTANCE.

19 (D) NOT MORE THAN 10% OF THE FUNDS SHALL BE ALLOCATED TO
20 PROVIDE SUPPORTIVE SERVICES.

21 (E) MONEY THAT HAS NOT BEEN COMMITTED AT THE END OF A FISCAL
22 YEAR SHALL NOT BE CARRIED OVER IN THE CATEGORY TO WHICH IT HAD
23 BEEN ALLOCATED DURING THAT FISCAL YEAR, BUT SHALL BE REALLOCATED
24 FOR THE NEXT FISCAL YEAR IN ACCORDANCE WITH THE NEXT FISCAL
25 YEAR'S ALLOCATION PLAN.

26 (5) THE AUTHORITY SHALL HOLD PUBLIC HEARINGS ON THE ANNUAL
27 ALLOCATION PLAN BEFORE EXPENDING MONEY FROM THE FUND. AFTER THE

1 PUBLIC HEARINGS, THE AUTHORITY MAY MAKE MINOR MODIFICATIONS TO
2 THE ALLOCATION PLAN AS NECESSARY TO FACILITATE THE ADMINISTRATION
3 OF THE PROGRAM OR TO ADDRESS UNFORESEEN CIRCUMSTANCES.

4 (6) THE AUTHORITY SHALL ISSUE AN ANNUAL REPORT TO THE GOVER-
5 NOR AND THE LEGISLATURE SUMMARIZING THE EXPENDITURES OF THE FUND
6 FOR THE PRIOR FISCAL YEAR INCLUDING AT A MINIMUM A DESCRIPTION OF
7 THE ELIGIBLE APPLICANTS THAT RECEIVED FUNDING, THE NUMBER OF
8 HOUSING UNITS THAT WERE PRODUCED, AND THE INCOME LEVELS THAT WERE
9 SERVED.

10 (7) IN ADDITION TO THE RULES PROMULGATED UNDER SUBSECTION
11 (3), THE AUTHORITY SHALL PROMULGATE RULES IN ACCORDANCE WITH THE
12 ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO
13 24.328, TO IMPLEMENT THIS CHAPTER.

14 SEC. 58C. (1) THE AUTHORITY SHALL EXPEND MONEY IN THE FUND
15 TO MAKE GRANTS, MORTGAGE LOANS, OR OTHER LOANS TO ELIGIBLE APPLI-
16 CANTS AS PROVIDED IN THIS SECTION TO ENABLE ELIGIBLE APPLICANTS
17 TO FINANCE ALL OF THE FOLLOWING WITH RESPECT TO HOUSING FOR VERY
18 LOW INCOME AND EXTREMELY LOW INCOME HOUSEHOLDS:

19 (A) ACQUISITION OF LAND AND BUILDINGS.

20 (B) REHABILITATION.

21 (C) NEW CONSTRUCTION.

22 (D) DEVELOPMENT AND PREDEVELOPMENT COSTS FOR OTHER THAN NEW
23 CONSTRUCTION OR REHABILITATION.

24 (E) PRESERVATION OF EXISTING HOUSING.

25 (F) INFRASTRUCTURE THAT DIRECTLY SUPPORTS HOUSING
26 DEVELOPMENT.

1 (G) INSURANCE.

2 (H) OPERATING AND REPLACEMENT RESERVES.

3 (I) DOWN PAYMENT ASSISTANCE.

4 (J) SECURITY DEPOSIT ASSISTANCE.

5 (K) SUPPORTIVE SERVICES.

6 (2) THE AUTHORITY SHALL EXPEND A PORTION OF THE FUND FOR
7 HOUSING FOR SPECIAL NEEDS POPULATIONS INCLUDING, BUT NOT LIMITED
8 TO, THE HOMELESS, PERSONS WITH PHYSICAL OR MENTAL HANDICAPS, AND
9 PERSONS LIVING IN RURAL OR DISTRESSED AREAS.

10 (3) THE AUTHORITY MAY MAKE LOANS TO ELIGIBLE APPLICANTS FROM
11 THE FUND AT NO INTEREST OR AT BELOW MARKET INTEREST RATES, WITH
12 OR WITHOUT SECURITY, AND MAY INCLUDE LOANS FOR PREDEVELOPMENT
13 FINANCING.

14 (4) THE AUTHORITY MAY PROVIDE ASSISTANCE FOR HOUSING UNITS
15 FOR VERY LOW INCOME OR EXTREMELY LOW INCOME HOUSEHOLDS WITHIN
16 MULTIFAMILY HOUSING THAT IS OCCUPIED PARTLY BY VERY LOW INCOME OR
17 EXTREMELY LOW INCOME HOUSEHOLDS AND PARTLY BY HOUSEHOLDS THAT DO
18 NOT QUALIFY AS VERY LOW INCOME OR EXTREMELY LOW INCOME HOUSE-
19 HOLDS, SUBJECT TO SECTION 58D(C) AND RULES PROMULGATED BY THE
20 AUTHORITY.

21 SEC. 58D. THE AUTHORITY SHALL NOT PROVIDE ASSISTANCE FOR
22 HOUSING UNDER THIS CHAPTER UNLESS ALL OF THE FOLLOWING CIRCUM-
23 STANCES EXIST:

24 (A) IF THE HOUSING IS MULTIFAMILY HOUSING, THE OWNER OR MAN-
25 AGER AGREES IN WRITING NOT TO EVICT TENANTS WITHOUT JUST CAUSE,
26 AS DEFINED IN SECTION 44A OF 1933 (EX SESS) PA 18, MCL 125.694A.

1 (B) THE HOUSING IS SOLD OR RENTED WITH A DEED RESTRICTION,
2 AGREEMENT, OR OTHER LEGAL DOCUMENT THAT PROVIDES FOR THE
3 RECAPTURE OF SOME OR ALL OF THE ASSISTANCE PROVIDED UNDER THIS
4 CHAPTER UPON TERMS AND CONDITIONS SPECIFIED IN RULES OF THE
5 AUTHORITY PROMULGATED UNDER SECTION 58B(3).

6 (C) IF THE HOUSING IS MULTIFAMILY HOUSING CONSTRUCTED OR
7 REHABILITATED WITH ASSISTANCE FROM THE FUND, NOT LESS THAN 50% OF
8 THE OCCUPANCY OF THE HOUSING IS COMPOSED OF VERY LOW INCOME AND
9 EXTREMELY LOW INCOME HOUSEHOLDS AND NOT LESS THAN 25% OF THE
10 OCCUPANCY IS COMPOSED OF EXTREMELY LOW INCOME HOUSEHOLDS.