

SENATE BILL No. 248

March 14, 1989, Introduced by Senators CARL, POSTHUMUS,
POLLACK, NICHOLS and O'BRIEN and referred to the
Committee on Finance.

A bill to amend the title of Act No. 346 of the Public Acts
of 1966, entitled as amended

"State housing development authority act of 1966,"

as amended, being sections 125.1401 to 125.1498f of the Michigan
Compiled Laws; and to add sections 24h, 24i, 24j, 24k, 24l, 24m,
24n, 24o, 24p, and 24q.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. The title of Act No. 346 of the Public Acts of
2 1966, as amended, being sections 125.1401 to 125.1498f of the
3 Michigan Compiled Laws, is amended and sections 24h, 24i, 24j,
4 24k, 24l, 24m, 24n, 24o, 24p, and 24q are added to read as
5 follows:

TITLE

An act to create a state housing development authority; to define the powers and duties of the authority AND CERTAIN STATE AGENCIES AND DEPARTMENTS; to establish a housing development revolving fund; to establish a land acquisition and development fund; to establish a rehabilitation fund; to establish a conversion condominium fund; TO ESTABLISH A HOMELESS SHELTER AND HOUSING REHABILITATION FUND, to authorize the making and purchase of loans, deferred payment loans, and grants to qualified developers, sponsors, individuals, mortgage lenders, and municipalities; to establish and provide acceleration and foreclosure procedures; to provide tax exemption; to authorize payments in lieu of taxes by nonprofit housing corporations, consumer housing cooperatives, limited dividend housing corporations, mobile home park corporations, and mobile home park associations; and to prescribe ~~criminal penalties. for violations of this act.~~

SEC. 24H. AS USED IN SECTIONS 24I TO 24Q:

(A) "SHELTER FUND" MEANS THE HOMELESS SHELTER AND HOUSING REHABILITATION FUND CREATED UNDER SECTION 24I.

(B) "HOMELESS PERSON" MEANS AN INDIVIDUAL WHO MEETS 1 OR MORE OF THE FOLLOWING:

(i) THE INDIVIDUAL HAS NO FIXED AND REGULAR DAY OR NIGHTTIME RESIDENCE.

(ii) THE INDIVIDUAL HAS NO FIXED MAILING ADDRESS.

(iii) THE INDIVIDUAL RESIDES IN A TEMPORARY ACCOMMODATION IN THE RESIDENCE OF ANOTHER OR IN A PLACE NOT DESIGNED OR ORDINARILY USED AS A REGULAR SLEEPING ACCOMMODATION FOR HUMANS.

1 (C) "HOMELESS SHELTER PROVIDER" MEANS A NONPROFIT ENTITY
2 THAT AT A MINIMUM FURNISHES, WITHOUT CHARGE, DAYTIME OR OVERNIGHT
3 LODGING ON A TEMPORARY BASIS FOR HOMELESS PERSONS.

4 (D) "NONPROFIT COMMUNITY HOUSING CORPORATION" MEANS AN ORGA-
5 NIZATION INCORPORATED UNDER THE NONPROFIT CORPORATION ACT, ACT
6 NO. 162 OF THE PUBLIC ACTS OF 1982, BEING SECTIONS 450.2101 TO
7 450.3192 OF THE MICHIGAN COMPILED LAWS, THAT, IN ADDITION TO
8 OTHER REQUIREMENTS OF LAW, PROVIDES FOR ALL OF THE FOLLOWING IN
9 ITS ARTICLES OF INCORPORATION:

10 (i) THAT THE CORPORATION IS ORGANIZED EXCLUSIVELY TO PROVIDE
11 HOUSING FACILITIES FOR INDIVIDUALS WHOSE INCOMES DO NOT EXCEED
12 LIMITS ESTABLISHED UNDER THIS ACT.

13 (ii) THAT ALL THE INCOME AND EARNINGS OF THE CORPORATION ARE
14 USED EXCLUSIVELY FOR CORPORATE PURPOSES AND THAT NO PART OF THE
15 NET INCOME OR NET EARNINGS OF THE CORPORATION INURES TO THE BENE-
16 FIT OR PROFIT OF A PRIVATE INDIVIDUAL, FIRM, CORPORATION, PART-
17 NERSHIP, OR ASSOCIATION.

18 (iii) THAT THE CORPORATION IS NOT CONTROLLED BY, UNDER THE
19 DIRECTION OF, OR ACTING IN THE SUBSTANTIAL INTEREST OF A PRIVATE
20 INDIVIDUAL, FIRM, PARTNERSHIP, OR ASSOCIATION SEEKING TO DERIVE
21 PROFIT OR GAIN FROM THE CORPORATION OR SEEKING TO ELIMINATE OR
22 MINIMIZE LOSSES IN ANY DEALING OR TRANSACTIONS WITH THE
23 CORPORATION.

24 (E) "OWNER" MEANS AN INDIVIDUAL FOR WHOM 1 OR MORE OF THE
25 FOLLOWING IS TRUE:

26 (i) THE INDIVIDUAL OWNS OR IS PURCHASING A HOMESTEAD UNDER A
27 MORTGAGE OR LAND CONTRACT.

1 (ii) THE INDIVIDUAL OWNS OR IS PURCHASING A DWELLING
2 SITUATED ON THE LEASED LANDS OF ANOTHER.

3 (iii) THE INDIVIDUAL IS A TENANT-STOCKHOLDER OF A COOPERA-
4 TIVE HOUSING CORPORATION.

5 (F) "REHABILITATION" MEANS ALL OR PART OF THOSE REPAIRS AND
6 IMPROVEMENTS NECESSARY TO MAKE REAL PROPERTY SAFE, SANITARY, AND
7 IN COMPLIANCE WITH APPLICABLE BUILDING AND SAFETY CODES.

8 SEC. 24I. (1) THE HOMELESS SHELTER AND HOUSING REHABILITA-
9 TION FUND IS CREATED WITHIN THE STATE TREASURY TO BE ADMINISTERED
10 BY THE AUTHORITY.

11 (2) THE STATE TREASURER SHALL CREDIT THE SHELTER FUND WITH
12 DEPOSITS OF PROCEEDS FROM THE INCOME TAX DESIGNATIONS MADE FOR
13 THAT PURPOSE UNDER THE INCOME TAX ACT OF 1967, ACT NO. 281 OF THE
14 PUBLIC ACTS OF 1967, BEING SECTIONS 206.1 TO 206.532 OF THE
15 MICHIGAN COMPILED LAWS.

16 (3) THE SHELTER FUND IS A REVOLVING FUND. DEPOSITS BY THE
17 STATE TREASURER, INTEREST EARNED BY THE SHELTER FUND, APPROPRIA-
18 TIONS, REPAYMENTS FROM LOAN RECIPIENTS, AND OTHER MONEY THAT IS
19 AVAILABLE TO THE AUTHORITY FOR THE PURPOSE OF THE SHELTER FUND
20 SHALL BE USED FOR REHABILITATION AND OPERATING GRANTS TO HOMELESS
21 SHELTER PROVIDERS, GRANTS TO NONPROFIT COMMUNITY HOUSING CORPORA-
22 TIONS, AND FOR REHABILITATION LOANS TO OWNERS OF HOUSING UNITS
23 LOCATED IN AN ELIGIBLE DISTRESSED AREA.

24 SEC. 24J. (1) THE AUTHORITY MAY AWARD A GRANT FROM THE
25 SHELTER FUND TO A HOMELESS SHELTER PROVIDER OR AN ENTITY DESIRING
26 TO OPERATE AS A HOMELESS SHELTER PROVIDER THAT FILES AN
27 APPLICATION UNDER SECTION 24o AND MEETS THE ELIGIBILITY

1 REQUIREMENTS DESCRIBED IN SECTION 24K. THE STATE TREASURER SHALL
2 PAY THE AMOUNT OF A GRANT AS DIRECTED BY THE AUTHORITY.

3 (2) THE TOTAL AMOUNT OF GRANTS AWARDED UNDER THIS SECTION
4 SHALL NOT EXCEED 25% OF THE TOTAL AMOUNT OF THE SHELTER FUND
5 AVAILABLE FOR GRANTS AND LOANS UNDER THIS ACT AS DETERMINED BY
6 THE AUTHORITY AS OF DECEMBER 31 OF THE YEAR FOR WHICH THE STATE
7 INCOME TAX DESIGNATIONS DESCRIBED IN SECTION 24I WERE MADE.

8 (3) THE GRANTS UNDER THIS SECTION ARE FOR THE PURPOSE OF
9 REHABILITATION OR OPERATION OF A HOMELESS SHELTER BY A HOMELESS
10 SHELTER PROVIDER OR ENTITY DESIRING TO OPERATE AS A HOMELESS
11 SHELTER PROVIDER.

12 (4) APPLICATIONS FOR GRANTS UNDER THIS SECTION SHALL BE PRO-
13 CESSSED IN THE ORDER IN WHICH THEY ARE RECEIVED. A GRANT SHALL BE
14 AWARDED NO EARLIER THAN JANUARY 1 AFTER THE YEAR FOR WHICH THE
15 STATE INCOME TAX DESIGNATIONS DESCRIBED IN SECTION 24I WERE MADE.

16 (5) THE AUTHORITY SHALL NOT AWARD TO A HOMELESS SHELTER PRO-
17 VIDER OR AN ENTITY DESIRING TO OPERATE AS A HOMELESS SHELTER PRO-
18 VIDER GRANTS THAT TOTAL MORE THAN \$100,000.00 DURING A FISCAL
19 YEAR OF THE AUTHORITY.

20 SEC. 24K. A HOMELESS SHELTER PROVIDER OR ENTITY DESIRING TO
21 OPERATE AS A HOMELESS SHELTER PROVIDER IS ELIGIBLE TO RECEIVE A
22 GRANT UNDER SECTION 24J IF ALL OF THE FOLLOWING REQUIREMENTS ARE
23 MET:

24 (A) IT AGREES TO OPERATE AND MAINTAIN ITSELF AS A HOMELESS
25 SHELTER PROVIDER FOR NOT LESS THAN THE FOLLOWING APPLICABLE TIME
26 PERIOD:

1 (i) THREE YEARS IF IT RECEIVES A GRANT FOR LESS THAN
2 \$20,000.00.

3 (ii) FIVE YEARS IF IT RECEIVES A GRANT FOR \$20,000.00 OR
4 MORE.

5 (B) IT DEMONSTRATES EITHER OR BOTH OF THE FOLLOWING:

6 (i) THAT THE SHELTER IS IN NEED OF REHABILITATION AND THE
7 PROPOSED REHABILITATION WILL MEET THE STANDARDS OF THE APPLICABLE
8 BUILDING AND SAFETY CODES.

9 (ii) THAT IT CAN PROVIDE ADDITIONAL BEDS IF AWARDED AN OPER-
10 ATING GRANT.

11 (C) OTHER REQUIREMENTS AS SET FORTH IN RULES PROMULGATED BY
12 THE AUTHORITY.

13 SEC. 244. (1) THE AUTHORITY MAY AWARD A GRANT FROM THE
14 SHELTER FUND TO OR ON BEHALF OF A NONPROFIT COMMUNITY HOUSING
15 CORPORATION THAT FILES AN APPLICATION UNDER SECTION 240 AND
16 DEMONSTRATES TO THE SATISFACTION OF THE AUTHORITY THAT THE PUR-
17 POSE OF THE GRANT IS CONSISTENT WITH THE PURPOSE OF THE NONPROFIT
18 COMMUNITY HOUSING CORPORATION. THE STATE TREASURER SHALL PAY THE
19 AMOUNT OF A GRANT AS DIRECTED BY THE AUTHORITY.

20 (2) THE TOTAL AMOUNT OF GRANTS AWARDED UNDER THIS SECTION
21 SHALL NOT EXCEED 25% OF THE AMOUNT OF THE SHELTER FUND AVAILABLE
22 FOR GRANTS AND LOANS AS DETERMINED BY THE AUTHORITY AS OF
23 DECEMBER 31 OF THE YEAR FOR WHICH THE STATE INCOME TAX DESIGNA-
24 TIONS DESCRIBED IN SECTION 241 WERE MADE.

25 (3) APPLICATIONS FOR GRANTS UNDER THIS SECTION SHALL BE PRO-
26 CESSSED IN THE ORDER IN WHICH THEY ARE RECEIVED. A GRANT SHALL BE

1 AWARDED NO EARLIER THAN JANUARY 1 AFTER THE YEAR FOR WHICH THE
2 STATE INCOME TAX DESIGNATIONS DESCRIBED IN SECTION 24I WERE MADE.

3 SEC. 24M. (1) THE AUTHORITY MAY LOAN MONEY FROM THE SHELTER
4 FUND FOR THE PURPOSE OF REHABILITATING A HOUSING UNIT TO AN OWNER
5 WHO FILES AN APPLICATION UNDER SECTION 24O AND WHO MEETS THE ELI-
6 GIBILITY REQUIREMENTS DESCRIBED IN SECTION 24N. THE STATE TREA-
7 SURER SHALL PAY THE AMOUNT OF A LOAN AS DIRECTED BY THE
8 AUTHORITY.

9 (2) THE TOTAL AMOUNT OF LOANS MADE UNDER THIS SECTION SHALL
10 NOT EXCEED 40% OF THE AMOUNT OF THE SHELTER FUND AVAILABLE FOR
11 GRANTS AND LOANS AS DETERMINED BY THE AUTHORITY AS OF DECEMBER 31
12 OF THE YEAR FOR WHICH THE STATE INCOME TAX DESIGNATIONS DESCRIBED
13 IN SECTION 24I WERE MADE.

14 (3) APPLICATIONS FOR LOANS UNDER THIS SECTION SHALL BE PRO-
15 CESSSED IN THE ORDER IN WHICH THEY ARE RECEIVED. A LOAN SHALL BE
16 MADE NO EARLIER THAN JANUARY 1 AFTER THE YEAR FOR WHICH THE STATE
17 INCOME TAX DESIGNATIONS DESCRIBED IN SECTION 24I WERE MADE.

18 (4) THE AMOUNT OF A LOAN MADE UNDER THIS SECTION SHALL NOT
19 EXCEED 70% OF THE STATE EQUALIZED VALUE OF THE HOUSING UNIT OR
20 \$20,000.00, WHICHEVER IS LESS.

21 (5) THE AUTHORITY SHALL RETAIN A LIEN ON THE PROPERTY REHA-
22 BILITATED BY THE OWNER. A LIEN ON THE PROPERTY RETAINED BY THE
23 AUTHORITY UNDER THIS SUBSECTION DOES NOT IMPAIR THE RIGHTS OF A
24 FIRST MORTGAGE LENDER, IF ANY.

25 (6) THE PRINCIPAL AMOUNT OF THE LOAN AND THE ACCRUED INTER-
26 EST ON THE LOAN SHALL BECOME DUE AND PAYABLE 7 YEARS FROM THE
27 DATE THE LOAN IS MADE. FOR THOSE 7 YEARS, THE AUTHORITY SHALL

1 CHARGE INTEREST ON THE LOAN AT A RATE OF 3% PER ANNUM. AFTER
2 THOSE 7 YEARS, THE AUTHORITY SHALL CHARGE INTEREST ON THE REMAIN-
3 ING UNPAID PRINCIPAL OF THE LOAN AT A RATE DETERMINED BY THE
4 STATE TREASURER TO BE EQUAL TO 1% OVER THE PRIME INTEREST RATE AS
5 REPORTED IN THE WALL STREET JOURNAL ON THE FIRST MONDAY FOLLOWING
6 THE EXPIRATION OF THE 7-YEAR PERIOD, AND ADJUSTED ANNUALLY ON THE
7 ANNIVERSARY OF THE EXPIRATION OF THE 7-YEAR PERIOD.

8 (7) A LOAN DOCUMENT SHALL BE EXECUTED BY THE AUTHORITY AND
9 THE OWNER THAT INCLUDES ALL OF THE FOLLOWING:

10 (A) A LEGAL DESCRIPTION AND STREET ADDRESS OF THE PROPERTY
11 BEING REHABILITATED BY THE OWNER.

12 (B) PROVISIONS FOR REPAYMENT OF THE LOAN, AS AGREED UPON BY
13 THE AUTHORITY AND THE OWNER, THAT ARE CONSISTENT WITH THE
14 REQUIREMENTS OF THIS SECTION AND SECTION 24N. THE AUTHORITY AND
15 THE OWNER MAY AGREE THAT THE OWNER SHALL MAKE MINIMUM PAYMENTS OF
16 PRINCIPAL, IF ANY, SHALL PAY THE INTEREST AT REGULAR INTERVALS,
17 AND SHALL MAKE THE FINAL PAYMENT OF INTEREST AND PRINCIPAL 7
18 YEARS FROM THE DATE THE LOAN IS MADE.

19 (C) OTHER PROVISIONS THE AUTHORITY CONSIDERS NECESSARY.

20 SEC. 24N. AN OWNER OF A HOUSING UNIT IS ELIGIBLE TO RECEIVE
21 A LOAN UNDER SECTION 24M IF ALL OF THE FOLLOWING REQUIREMENTS ARE
22 MET:

23 (A) THE HOUSING UNIT IS LOCATED IN AN ELIGIBLE DISTRESSED
24 AREA.

25 (B) THE HOUSING UNIT IS IN NEED OF REHABILITATION.

26 (C) THE HOUSING UNIT IS THE PRINCIPAL RESIDENCE OF THE
27 OWNER.

1 (D) THE OWNER MEETS THE INCOME ELIGIBILITY STANDARD SET
2 FORTH IN SECTION 44(2)(A) FOR A LOAN TO AN INDIVIDUAL PURCHASER
3 OF A NEWLY REHABILITATED HOUSING UNIT.

4 (E) THE AUTHORITY IS SATISFIED THAT EXISTING LIENS ON THE
5 PROPERTY DO NOT UNREASONABLY DIMINISH THE SECURITY OF THE LOAN.

6 (F) OTHER REQUIREMENTS SET FORTH IN RULES PROMULGATED BY THE
7 AUTHORITY.

8 SEC. 240. (1) AN INDIVIDUAL OR OTHER LEGAL ENTITY REQUEST-
9 ING A GRANT OR LOAN FROM THE SHELTER FUND SHALL FILE AN APPLICA-
10 TION WITH THE AUTHORITY. THE AUTHORITY MAY REQUIRE THE APPLICANT
11 TO PAY AN APPLICATION FEE AS ESTABLISHED IN RULES PROMULGATED BY
12 THE AUTHORITY.

13 (2) FOR AN OWNER OF A HOUSING UNIT APPLYING FOR A LOAN UNDER
14 SECTION 24M, THE APPLICATION SHALL INCLUDE ALL OF THE FOLLOWING:

15 (A) THE NAMES OF ALL MEMBERS OF THE OWNER'S HOUSEHOLD AND
16 THE AMOUNT OF INCOME RECEIVED BY EACH HOUSEHOLD MEMBER.

17 (B) THE LEGAL DESCRIPTION AND STREET ADDRESS OF THE HOUSING
18 UNIT BEING REHABILITATED.

19 (C) PROOF THAT THE REQUIREMENTS UNDER SECTION 24N ARE MET.

20 (D) OTHER INFORMATION THE AUTHORITY CONSIDERS NECESSARY TO
21 EVALUATE THE LOAN APPLICATION.

22 (3) FOR A HOMELESS SHELTER PROVIDER, AN ENTITY DESIRING TO
23 OPERATE AS A HOMELESS SHELTER PROVIDER, OR A NONPROFIT COMMUNITY
24 HOUSING CORPORATION, THE AUTHORITY SHALL FURNISH A FORM REQUEST-
25 ING THE INFORMATION IT CONSIDERS RELEVANT TO THE ELIGIBILITY FOR
26 A GRANT.

1 (4) THE AUTHORITY SHALL DEVELOP GUIDELINES FOR PROCESSING
2 APPLICATIONS FOR GRANTS UNDER SECTIONS 24J AND 24L.

3 SEC. 24P. (1) THE AUTHORITY SHALL SUBMIT AN ANNUAL REPORT
4 TO THE DEPARTMENT OF TREASURY THAT SHALL INCLUDE THOSE ITEMS
5 REQUIRED BY THE DEPARTMENT OF TREASURY.

6 (2) THE STATE TREASURER SHALL SUBMIT AN ANNUAL REPORT TO THE
7 LEGISLATURE ON THE USE OF THE SHELTER FUND. THE REPORT SHALL
8 INCLUDE AT LEAST ALL OF THE FOLLOWING:

9 (A) A LIST AND DESCRIPTION OF APPROVED GRANTS AND LOANS.

10 (B) OTHER ACCOMPLISHMENTS OF THE SHELTER FUND.

11 (C) RECOMMENDATIONS ON THE CONTINUATION OR CESSATION OF THE
12 SHELTER FUND AS WELL AS OTHER RECOMMENDATIONS FOR CHANGES IN THE
13 SHELTER FUND.

14 SEC. 24Q. THE AUTHORITY SHALL PROMULGATE THE RULES NECES-
15 SARY TO ADMINISTER THE SHELTER FUND AND THE GRANT AND LOAN
16 PROGRAMS. THE RULES SHALL BE PROMULGATED UNDER THE ADMINISTRA-
17 TIVE PROCEDURES ACT OF 1969, ACT NO. 306 OF THE PUBLIC ACTS OF
18 1969, BEING SECTIONS 24.201 TO 24.328 OF THE MICHIGAN COMPILED
19 LAWS.

20 Section 2. This amendatory act shall not take effect unless
21 Senate Bill No. 249

22 of the 85th Legislature is enacted into law.