

SENATE BILL No. 377

April 27, 1989, Introduced by Senators SHINKLE, DINGELL, FAUST, POSTHUMUS, V. SMITH, CARL, CRUCE and ARTHURHULTZ and referred to the Committee on Finance.

A bill to amend sections 11, 32, 32b, and 44 of Act No. 346 of the Public Acts of 1966, entitled as amended "State housing development authority act of 1966," sections 11 and 32 as amended by Act No. 180 of the Public Acts of 1987 and sections 32b and 44 as amended by Act No. 179 of the Public Acts of 1987, being sections 125.1411, 125.1432, 125.1432b, and 125.1444 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 11, 32, 32b, and 44 of Act No. 346 of
2 the Public Acts of 1966, sections 11 and 32 as amended by Act
3 No. 180 of the Public Acts of 1987 and sections 32b and 44 as
4 amended by Act No. 179 of the Public Acts of 1987, being sections
5 125.1411, 125.1432, 125.1432b, and 125.1444 of the Michigan
6 Compiled Laws, are amended to read as follows:

1 Sec. 11. As used in this act:

2 (a) "Authority" means the MICHIGAN state housing development
3 authority created in this act.

4 (b) "Development costs" means the costs ~~which~~ THAT have
5 been approved by the authority as appropriate expenditures, and
6 includes:

7 (i) Payments for options to purchase properties on the pro-
8 posed housing project site, deposits on contracts of purchase,
9 or, with the prior approval of the authority, payments for the
10 purchases of those properties.

11 (ii) Legal, organizational, and marketing expenses, includ-
12 ing payment of attorneys' fees, project manager and clerical
13 staff salaries, office rent, and other incidental expenses.

14 (iii) Payment of fees for preliminary feasibility studies,
15 advances for planning, engineering, and architectural work.

16 (iv) Expenses for surveys as to need, and market analyses.

17 (v) Necessary application and other fees to federal and
18 other government agencies.

19 (vi) Other expenses incurred by the nonprofit housing corpo-
20 ration, consumer housing cooperative, limited dividend housing
21 corporation, mobile home park corporation, or mobile home park
22 association ~~which~~ THAT the authority considers appropriate to
23 effectuate the purposes of this act.

24 (c) "Federally-aided mortgage" means any of the following:

25 (i) A below market interest rate mortgage insured, pur-
26 chased, or held by the secretary of the department of housing and
27 urban development.

1 (ii) A market interest rate mortgage insured by the
2 secretary OF THE DEPARTMENT of housing and urban development and
3 augmented by a program of rent supplements.

4 (iii) A mortgage receiving interest reduction payments pro-
5 vided by the secretary OF THE DEPARTMENT of housing and urban
6 development.

7 (iv) A mortgage receiving special benefits under other fed-
8 eral law designated specifically to develop low and moderate
9 income housing, consistent with this act.

10 (d) "Fund" means the housing development fund created by
11 this act.

12 (e) "Project cost" means the sum total of all reasonable or
13 necessary costs incurred by the nonprofit housing corporation,
14 consumer housing cooperative, limited dividend housing corpora-
15 tion, mobile home park corporation, or mobile home park associa-
16 tion for carrying out all works and undertakings for the comple-
17 tion of a housing project and approved by the authority. In
18 addition to other reasonable and necessary costs, "project costs"
19 includes costs for all of the following: studies and surveys;
20 plans, specifications, and architectural and engineering serv-
21 ices; legal, organization, marketing, or other special services;
22 financing, acquisition, demolition, construction, equipment, and
23 site development of new and rehabilitated buildings; movement of
24 existing buildings to other sites; rehabilitation, reconstruc-
25 tion, repair, or remodeling of existing buildings; carrying
26 charges during construction; the cost of placement of tenants or
27 occupants, and relocation services in connection with a housing

1 project; and, to the extent not already included, all development
2 costs.

3 (f) "Housing project" means any of the following:

4 (i) Residential real property developed or to be developed
5 or receiving benefits under this act.

6 (ii) A specific work or improvement either for rental or for
7 subsequent sale to an individual purchaser undertaken by a non-
8 profit housing corporation, consumer housing cooperative, limited
9 dividend housing corporation, mobile home park corporation, or
10 mobile home park association pursuant to or receiving benefits
11 under this act to provide dwelling accommodations, including the
12 acquisition, construction, or rehabilitation of lands, buildings,
13 and improvements.

14 (iii) Social, recreational, commercial, and communal facilities
15 as the authority finds necessary to serve and improve a residential
16 area in which housing pursuant to subparagraph (i) or
17 (ii) is located or is planned to be located, thereby enhancing
18 the viability of the housing.

19 (g) "Low income or moderate income persons" means families
20 and persons who cannot afford to pay the amounts at which private
21 enterprise, without federally-aided mortgages or loans from the
22 authority, is providing a substantial supply of decent, safe, and
23 sanitary housing and who fall within income limitations set in
24 this act or by the authority in its rules. Among low income or
25 moderate income persons, preference shall be given to the elderly
26 and those displaced by urban renewal, slum clearance, or other
27 governmental action.

1 (h) "Municipality" means a city, village, or township in
2 this state.

3 (i) "County" means a county within this state.

4 (j) "Governing body" means in the case of a city, the coun-
5 cil or commission of the city; in the case of a village, the
6 council, commission, or board of trustees of the village; in the
7 case of a township, the township board; and in the case of a
8 county, the county board of commissioners.

9 (k) "Nonprofit housing corporation" means a nonprofit corpo-
10 ration incorporated pursuant to the corporation laws of this
11 state and chapter 4.

12 (l) "Consumer housing cooperative" means a nonprofit corpo-
13 ration incorporated pursuant to the corporation laws of this
14 state and chapter 5.

15 (m) "Annual shelter rent" means the total collections during
16 an agreed annual period from all occupants of a housing project
17 representing rent or occupancy charges, exclusive of charges for
18 gas, electricity, heat, or other utilities furnished to the
19 occupants.

20 (n) "Taxing jurisdiction" means a municipality, county, or
21 district, including a school district or any special district
22 having the power to levy or collect taxes upon real property or
23 in whose behalf taxes may be levied or collected.

24 (o) "Elderly" means a family in which the head of the house-
25 hold is 62 years of age or older or a single person who is 62
26 years of age or older.

1 (p) "Housing development" means a development ~~which~~ THAT
2 contains a significant element of housing for persons of low or
3 moderate income and elements of other housing and commercial,
4 recreational, industrial, communal, and educational facilities
5 which the authority determines improve the quality of the devel-
6 opment as it relates to housing for persons of low or moderate
7 income.

8 (q) "Limited dividend housing corporation" means a corpora-
9 tion incorporated or qualified pursuant to the corporation laws
10 of this state and chapter 6 and a limited dividend housing asso-
11 ciation organized and qualified pursuant to chapter 7.

12 (r) "Residential real property" means real property located
13 in this state, used for residential purposes, and improved or to
14 be improved by a residential structure. Residential real prop-
15 erty includes a mobile home, a mobile home park, and a mobile
16 home condominium project. When the terms "rehabilitate" or
17 "rehabilitation" are used in conjunction with residential real
18 property, residential real property refers to property improved
19 by a residential structure.

20 (s) "Rehabilitation" means all or part of those repairs and
21 improvements necessary to make residential real property safe,
22 sanitary, or adequate.

23 (t) "Deferred payment loan" means a loan ~~which~~ THAT is
24 repayable or partially repayable upon the occurrence of a speci-
25 fied event as determined by the authority.

26 (u) "Eligible distressed area" means any of the following:

1 (i) An area located in a city with a population of at least
2 10,000 which area is either designated as a "blighted area" by a
3 local legislative body pursuant to Act No. 344 of the Public Acts
4 of 1945, as amended, being sections 125.71 to 125.84 of the
5 Michigan Compiled Laws, or which area is determined by the
6 authority to be blighted or largely vacant by reason of clearance
7 of blight, if, with respect to the area, the authority determines
8 all of the following:

9 (A) That private enterprise has failed to provide a supply
10 of adequate, safe, and sanitary dwellings sufficient to meet
11 market demand.

12 (B) That approval of elimination of income limits applicable
13 in connection with authority loans has been received from the
14 city in the form of either a resolution adopted by the highest
15 legislative body of the city or, if the city charter provides for
16 the mayor to be elected at large with that office specifically
17 designated on the ballot, provides that the office of mayor is a
18 full-time position, and provides that the mayor has the power to
19 veto legislative actions of the legislative body of that city, a
20 written communication from the mayor of that city.

21 (ii) A municipality which meets all of the following
22 requirements:

23 (A) The municipality shows a negative population change from
24 1970 to the date of the most recent federal decennial census.

25 (B) The municipality shows an overall increase in the state
26 equalized value of real and personal property of less than the
27 statewide average increase since 1972.

1 (C) The municipality has a poverty rate, as defined by the
2 most recent federal decennial census, greater than the statewide
3 average.

4 (D) The municipality is eligible for the federal urban
5 development action grant program pursuant to section 119 of the
6 housing and community development act of 1974, 42 U.S.C. 5318.

7 (E) The municipality has had an unemployment rate higher
8 than the statewide average unemployment rate for 3 of the preced-
9 ing 5 years.

10 (iii) An area in a city with a population of more than
11 20,000 which area is within the boundaries of a downtown develop-
12 ment authority established under Act No. 197 of the Public Acts
13 of 1975, being sections 125.1651 to ~~+25.1680~~ 125.1681 of the
14 Michigan Compiled Laws, as those boundaries were constituted on
15 May 1, 1984.

16 (v) "Mobile home" means a structure, transportable in 1 or
17 more sections, ~~which~~ THAT is built on a chassis and is designed
18 to be used as a dwelling with or without permanent foundation,
19 when connected to the required utilities, and includes the plumb-
20 ing, heating, air conditioning, and electrical systems contained
21 in the structure. Mobile home may, but need not, include the
22 real property to which the mobile home may be attached. Mobile
23 home does not include a recreational vehicle.

24 (w) "Mobile home condominium project" means a condominium
25 project in which mobile homes are intended to be located upon
26 separate sites which constitute individual condominium units and
27 which complies with the condominium act, Act No. 59 of the Public

1 Acts of 1978, as amended, being sections 559.101 to 559.275 of
2 the Michigan Compiled Laws.

3 (x) "Mobile home park" means a parcel or tract of land under
4 the control of a person or entity upon which 3 or more mobile
5 homes are located on a continual, nonrecreational, residential
6 basis and which is offered to the public for general public use
7 for continual, nonrecreational, residential purposes regardless
8 of whether a charge is made therefor, together with any social,
9 recreational, commercial, and communal facilities used or
10 intended for use incident to the occupancy of a mobile home.
11 Mobile home park does not include trailer parks and courts for
12 use on a transient basis.

13 (y) "Mobile home park association" means a mobile home park
14 association organized and qualified pursuant to chapter 9.

15 (z) "Mobile home park corporation" means a corporation
16 incorporated pursuant to the corporation laws of this state and
17 qualified pursuant to chapter 8.

18 (aa) "Housing unit" means living accommodations ~~which~~ THAT
19 are intended for occupancy by a single family and ~~which~~ THAT
20 are owned by the occupant. A housing unit may be site con-
21 structed or may be a mobile home or other form of manufactured
22 housing.

23 (bb) "Moderate cost residential rental property" means
24 dwelling units for which the rental payment is equal to or less
25 than that established from time to time as the fair market rents
26 for existing housing pursuant to 1 of the following:

1 (i) The section 8 leased housing program established under
2 section 8 of the United States housing act of 1937,
3 42 U.S.C. 1437f, and the regulations promulgated under that act,
4 or a substantially equivalent successor federal program.

5 (ii) A determination made by the authority of the average
6 fair market rent for existing rental property.

7 (cc) "Area of chronic economic distress" means an area
8 ~~which~~ THAT qualifies as a "qualified census tract" or an "area
9 of chronic economic distress" as defined in former section
10 103A(k) of the internal revenue code, or an eligible distressed
11 area.

12 (dd) "Mortgage lender" means a state or national bank, state
13 or federal savings and loan association, mortgage company, insur-
14 ance company, any state pension fund, or any other financial
15 institution, intermediary, or entity authorized to make mortgage-
16 loans in this state.

17 (ee) "Authority-aided mortgage" means a mortgage made, held,
18 purchased, or assisted by the authority.

19 (ff) "Subsidiary nonprofit housing corporation" means an
20 entity created under section 22c.

21 (GG) "FAMILY INCOME" MEANS ALL INCOME THAT IS INCLUDED IN A
22 DETERMINATION OF FAMILY INCOME UNDER SECTION 143(F) OF THE INTER-
23 NAL REVENUE CODE.

24 (HH) "STATEWIDE MEDIAN GROSS INCOME" MEANS THE STATEWIDE
25 MEDIAN GROSS INCOME AS DETERMINED UNDER SECTION 143(F) OF THE
26 INTERNAL REVENUE CODE.

1 Sec. 32. (1) The authority may create and establish 1 or
2 more special funds CALLED CAPITAL RESERVE FUNDS, to secure notes
3 and bonds of the authority. ~~, referred to in this act as capi-~~
4 ~~tal reserve funds.~~ The authority shall pay into a capital
5 reserve fund money appropriated and made available by this state
6 for the purposes of the fund, the proceeds of the sale of notes
7 or bonds to the extent provided in the resolution of the author-
8 ity authorizing the issuance of the notes or bonds, and other
9 money ~~which~~ THAT is made available to the authority for the
10 purpose of a fund from any other source. IN ADDITION TO, OR IN
11 LIEU OF, DEPOSITING MONEY IN A CAPITAL RESERVE FUND, THE AUTHOR-
12 ITY MAY OBTAIN AND PLEDGE LETTERS OF CREDIT THAT MAY BE DRAWN
13 UPON FOR THE PURPOSES OF THE CAPITAL RESERVE FUND, AND THE AMOUNT
14 AVAILABLE TO BE DRAWN UNDER LETTERS OF CREDIT PLEDGED TO A CAPI-
15 TAL RESERVE FUND SHALL BE CREDITED TOWARD THE SATISFACTION OF A
16 CAPITAL RESERVE FUND REQUIREMENT. All money AND PROCEEDS OF DRAWS
17 UNDER LETTERS OF CREDIT held in any capital reserve fund, except
18 as specifically provided, shall be used as required solely for
19 the payment of the principal of notes or bonds of the authority
20 secured in whole or in part by the capital reserve fund, for the
21 purchase or redemption of notes or bonds, for the payment of
22 interest on the notes or bonds, or for the payment of any redemp-
23 tion premium required to be paid when the notes or bonds are
24 redeemed prior to maturity. However, the authority shall not use
25 the ~~money~~ CAPITAL RESERVE FUND for any optional purchase or
26 optional redemption of notes or bonds if the use would reduce the
27 ~~amount~~ TOTAL of THE money on deposit in ~~a~~ THE capital reserve

1 fund AND AMOUNTS AVAILABLE TO BE DRAWN ON ANY LETTER OF CREDIT
2 PLEDGED TO A CAPITAL RESERVE FUND to less than the capital
3 reserve fund requirement established for the fund. Any income or
4 interest earned by, or increment to, a capital reserve fund due
5 to the investment of the money in the capital reserve fund may be
6 transferred by the authority to other funds or accounts of the
7 authority to the extent that the transfer does not reduce the
8 TOTAL OF THE amount of MONEY IN a capital reserve fund AND
9 AMOUNTS AVAILABLE TO BE DRAWN ON ANY LETTER OF CREDIT PLEDGED TO
10 THE CAPITAL RESERVE FUND below the capital reserve fund require-
11 ment for a fund.

12 (2) The authority shall not at any time issue notes or bonds
13 secured in whole or in part by a capital reserve fund if, upon
14 the issuance of the notes or bonds, the amount in the capital
15 reserve fund, INCLUDING THE AMOUNTS AVAILABLE TO BE DRAWN ON ANY
16 LETTER OF CREDIT PLEDGED TO A CAPITAL RESERVE FUND, would be less
17 than the capital reserve fund requirement for the fund, unless
18 the authority, at the time of issuance of the notes or bonds,
19 deposits in the fund from the proceeds of the notes or bonds to
20 be issued, or from other sources, an amount ~~which~~ THAT,
21 together with the amount then in the fund, is not less than the
22 capital reserve fund requirement for the fund, OR OBTAINS A
23 LETTER OF CREDIT IN AN AMOUNT THAT, TOGETHER WITH THE AMOUNT THEN
24 IN THE FUND, IS NOT LESS THAN THE CAPITAL RESERVE FUND REQUIRE-
25 MENT FOR THE FUND. For purposes of this section, "capital
26 reserve fund requirement" means the requirement provided in the
27 resolution of the authority authorizing the notes or bonds with

1 respect to which the fund is established, which amount shall not
2 exceed the maximum amount of principal and interest maturing and
3 becoming due in any succeeding calendar year on the notes or
4 bonds of the authority secured in whole or part by the fund.

5 (3) The authority has, before January 9, 1977, in connection
6 with its housing development bonds issued pursuant to a bond res-
7 olution dated June 10, 1971, established within the capital
8 reserve fund relating to housing development bonds, a capital
9 reserve account and a capital reserve capital account. THIS CAP-
10 ITAL RESERVE ACCOUNT CONSTITUTES A CAPITAL RESERVE FUND UNDER
11 THIS ACT. Money in this capital reserve account shall secure only
12 housing development bonds issued pursuant to the June 10, 1971
13 bond resolution. Unless otherwise provided by the authority,
14 money in the capital reserve capital account shall secure all
15 bonds and notes of the authority. In determining whether the
16 capital reserve fund requirement established for any capital
17 reserve fund has been met, the authority shall not include or
18 take into account money in the capital reserve capital account.

19 (4) The authority has, before January 9, 1977, in connection
20 with its insured mortgage revenue bonds issued pursuant to a bond
21 resolution dated May 11, 1976, established a bond reserve fund.
22 This bond reserve fund shall constitute a capital reserve fund
23 under this act.

24 (5) The authority may issue notes and bonds subject to the
25 following limitations:

26 (a) The authority shall not have outstanding at any time
27 bonds and notes for any of its corporate purposes in an aggregate

1 principal amount exceeding \$3,000,000,000.00, excluding all of
2 the following:

3 (i) The principal amount of bonds and notes issued to refund
4 outstanding bonds and notes.

5 (ii) The principal amount of bonds and notes which appreci-
6 ate in principal amount, except to the extent of the principal
7 amount of these bonds and notes payable at such time.

8 (iii) The principal amount of notes and bonds representing
9 original issue discount, if any.

10 (b) After November 1, ~~1989~~ 1991, the limitation on the
11 aggregate principal amount of notes and bonds provided in subdi-
12 vision (a) is reduced to \$1,800,000,000.00, but, in addition to
13 the exclusions provided in subdivision (a), the aggregate princi-
14 pal amount of bonds and notes issued before November 2, ~~1989~~
15 1991, subject to the limitations of section 32a shall be excluded
16 from this reduced limitation.

17 (6) Subject to the limitation in subsection (5), the entire
18 state ceiling is allocated to the authority unless the authority
19 elects by resolution to allow another issuer to issue qualified
20 mortgage bonds. As used in this subsection:

21 (a) "State ceiling" means the aggregate amount of certain
22 private activity bonds, including qualified mortgage bonds, which
23 may be issued in any calendar year in this state pursuant to sec-
24 tion 146 of the internal revenue code.

25 (b) "Qualified mortgage bond" ~~shall have the same meaning~~
26 ~~ascribed to~~ MEANS that term AS DEFINED in section 143 of the
27 internal revenue code.

1 (7) To assure the continued operation and solvency of the
2 authority for the carrying out of the public purposes of this
3 act, the authority shall accumulate in each capital reserve fund
4 an amount equal to the capital reserve fund requirement for that
5 fund. If at any time the capital reserve fund requirement for a
6 capital reserve fund exceeds the amount of the capital reserve
7 fund, the authority shall transfer to this fund from the capital
8 reserve capital account established by the authority's June 10,
9 1971 bond resolution the amount necessary to restore the capital
10 reserve fund to an amount equal to the capital reserve fund
11 requirement. If a deficiency exists in more than 1 capital
12 reserve fund and the amount in the capital reserve capital
13 account is not sufficient to fully restore the capital reserve
14 funds, the money in the capital reserve capital account shall be
15 allocated between the deficient capital reserve funds pro rata
16 according to the amounts of the deficiencies. If at any time the
17 capital reserve capital account has been exhausted and the capi-
18 tal reserve fund requirement for a capital reserve fund exceeds
19 the amount of the capital reserve fund, the chairperson of the
20 authority on or before September 1 shall certify to the governor
21 and budget director the amount, if any, necessary to restore a
22 capital reserve fund to an amount equal to the capital reserve
23 fund requirement. The governor and the budget director shall
24 include in the annual budget the amount certified by the chair-
25 person of the authority.

26 (8) In computing the amount of a capital reserve fund for
27 the purposes of this section, securities in which all or a

1 portion of the fund is invested shall be valued at par. If the
2 securities are purchased at other than par, the securities may be
3 valued at their cost to the authority, as adjusted by amortiza-
4 tion of the discount or premium paid upon purchase of the securi-
5 ties on a pro rata basis to the maturity date of the securities.

6 (9) To the extent possible and consistent with sound fiscal
7 management and good housing development planning, the authority
8 shall make full use of available federal housing subsidy
9 programs. The authority shall recommend programs and legislation
10 to better maintain and improve existing housing stock.

11 (10) The authority shall require that not less than 15% of
12 the multifamily dwelling units financed by mortgage loans from
13 the authority in any calendar year under federal government sub-
14 sidy programs, subject to applicable federal regulations, be
15 offered on a priority basis to low income families and persons
16 receiving their primary incomes from social security programs or
17 state and federal public assistance programs.

18 (11) The authority shall implement a program of loans for
19 mobile homes as soon as is reasonably feasible. The authority
20 shall develop a program for financing the construction or reha-
21 bilitation of mobile home parks and mobile home condominium
22 projects within 24 months after December 31, 1982, subject to a
23 determination of feasibility by the authority and the authority's
24 ability to sell bonds.

25 (12) The authority shall implement a program of loans for
26 consumer housing cooperatives as soon as is reasonably feasible.
27 The authority shall develop a program for financing the

1 construction or rehabilitation of consumer housing cooperative
2 projects within 12 months after July 10, 1984, subject to a
3 determination of feasibility by the authority and the authority's
4 ability to sell bonds.

5 (13) In addition to the powers granted the state housing
6 development authority in this act to promulgate rules pursuant to
7 the administrative procedures act of 1969, Act No. 306 of the
8 Public Acts of 1969, being sections 24.201 to 24.328 of the
9 Michigan Compiled Laws, the authority shall furnish to each
10 member of the legislature a copy of notice of a public hearing or
11 proposed rule change at least 10 days before the public hearing
12 and at least 20 days before the adoption of the rule.

13 (14) Before October 1 of each year, the authority shall
14 identify housing production goals for housing projects financed
15 with bonds and notes issued under the limitations provided in
16 section 32a. The authority shall identify a goal for the author-
17 ity as a whole and a specific goal for each program. The author-
18 ity shall submit those goals in an annual report to the governor
19 and to the house committee on urban affairs and the senate com-
20 mittee on finance, or their successor committees.

21 (15) Within 6 months after the legislature enacts or the
22 authority adopts a new program, the authority shall submit an
23 interim report to the same persons to which an annual report is
24 submitted. If both the legislature and the authority establish a
25 program, the authority shall submit the interim report within 6
26 months after the effective date of the act establishing the
27 program. The authority shall include in an interim report all of

1 the information required in an annual report that is specific to
2 that program.

3 (16) After the initial or an interim report, the authority
4 shall include in an annual report all of the following for each
5 program:

6 (a) Whether the production goals for the previous 12-month
7 period have been met. If those production goals have not been
8 met, the authority shall explain in the report the reasons why
9 those production goals have not been met.

10 (b) The estimated economic and social benefits of these
11 housing projects to the immediate neighborhoods in which the
12 housing projects have been constructed.

13 (c) The estimated economic and social benefits of these
14 housing projects to the municipalities in which the housing
15 projects have been constructed.

16 (d) The extent of displacement, direct and indirect, of
17 lower income persons caused by these housing projects, and steps
18 taken by the authority and other governmental and private parties
19 to ameliorate the displacement, and the results of those
20 efforts.

21 (e) The estimated extent of additional reinvestment activi-
22 ties by private lenders attributable to the authority's financing
23 of these housing projects.

24 (f) The age, race, family size, median income, and average
25 income of the tenants of these housing projects.

1 (g) The estimated economic impact of these housing projects,
2 including the number of construction jobs created, wages paid,
3 and taxes and payments in lieu of taxes paid.

4 (h) The progress in developing mobile home parks and mobile
5 home condominium projects, in financing the construction or reha-
6 bilitation of consumer housing cooperative projects, and in
7 financing the construction or rehabilitation of nonprofit housing
8 corporation projects.

9 (i) A report on the neighborhood preservation program under
10 section 44f shall include information about the progress in
11 developing the program, the neighborhoods identified as being
12 eligible for the program, the neighborhoods or municipalities
13 that have applied for the program, the neighborhoods that have
14 received funds from the program, and the reasons that neighbor-
15 hoods or municipalities have been denied funds from the program.

16 (j) A report on the status of federal programs which provide
17 assistance to low income tenants displaced as the result of pre-
18 payments of federally and authority assisted loans. If the
19 authority determines that federal programs are inadequate for
20 tenants of authority financed housing projects, the authority
21 will provide recommendations to the legislature as to how to
22 address this problem on or before May 1, 1989.

23 (17) The authority shall insure that the income characteris-
24 tics of individuals served by an authority program ~~is~~ ARE pro-
25 vided in a manner that insures each individual's
26 confidentiality. The authority shall also insure that
27 proprietary information in its reports under this section

1 concerning an individual, corporation, cooperative, or
2 association is not released without the permission of that indi-
3 vidual, corporation, cooperative, or association.

4 Sec. 32b. (1) The authority is designated as the adminis-
5 trator of the mortgage credit certificate program for this state
6 permitted under section 25 of the internal revenue code. The
7 authority shall elect under section 25 of the internal revenue
8 code to convert at least \$59,000,000.00 of 1985 federal mortgage
9 revenue bond authority into mortgage credit certificate
10 authority.

11 (2) The authority shall prepare guidelines which would allow
12 for the implementation of a mortgage credit certificate program
13 through mortgage lenders.

14 (3) To qualify for receipt of a mortgage credit certificate
15 with respect to THE ACQUISITION OF an existing housing unit,
16 including a residential condominium or mobile home, the
17 borrower's gross income as defined in rules of the authority
18 shall not exceed \$28,000.00, and the purchase price with respect
19 to the unit shall not exceed \$60,000.00. To qualify for receipt
20 of a mortgage credit certificate with respect to THE ACQUISITION
21 OF a new housing unit, including a residential condominium or
22 mobile home, the borrower's gross income as defined in rules of
23 the authority shall not exceed \$30,000.00, and the purchase price
24 with respect to the unit shall not exceed \$73,500.00. If an
25 income or purchase price limit prescribed by this subsection
26 exceeds a limit prescribed by the internal revenue code, the
27 internal revenue code limit applies.

1 (4) TO QUALIFY FOR RECEIPT OF A MORTGAGE CREDIT CERTIFICATE
2 WITH RESPECT TO THE IMPROVEMENT OR REHABILITATION OF AN EXISTING
3 HOUSING UNIT, INCLUDING A RESIDENTIAL CONDOMINIUM OR MOBILE HOME,
4 THE BORROWER'S FAMILY INCOME SHALL NOT EXCEED, FOR A FAMILY OF 1
5 OR 2 PERSONS, 100% OF THE STATEWIDE MEDIAN GROSS INCOME OR, FOR A
6 FAMILY OF 3 OR MORE PERSONS, 115% OF THE STATEWIDE MEDIAN GROSS
7 INCOME.

8 Sec. 44. (1) (a) The authority may make loans to any non-
9 profit housing corporation, consumer housing cooperative, limited
10 dividend housing corporation, limited dividend housing associa-
11 tion, mobile home park corporation, OR mobile home park associa-
12 tion, or to any public body or agency, for the construction or
13 rehabilitation, and for the long-term financing, of the
14 following:

15 (i) Housing for low income or moderate income persons.

16 (ii) For the period of time beginning May 1, 1984, and
17 ending November 1, 1987, housing projects in which not less than
18 20% of the dwelling units are allotted to individuals of low or
19 moderate income within the meaning of former section 103(b)(4)(A)
20 of the internal revenue code; not less than 60% of the dwelling
21 units are available to persons and families whose gross household
22 income does not exceed 125% of the higher of either the median
23 income for a family in this state or the median income for a
24 family within the nonmetropolitan county or metropolitan statis-
25 tical area in which the housing project is located, as determined
26 by the authority; and not more than 20% of the dwelling units are
27 available for occupancy without regard to income. The enactment

1 of this subparagraph or the expiration of the authority granted
2 by it shall not affect rules in effect before July 10, 1984, or
3 promulgated after July 9, 1984, to define low or moderate income
4 persons.

5 (iii) For the period of time beginning May 1, 1984, and
6 ending November 1, 1987, housing projects in eligible distressed
7 areas in which housing projects not less than 20% of the dwelling
8 units are allotted to individuals of low or moderate income
9 within the meaning of former section 103(b)(4)(A) of the internal
10 revenue code; not less than 60% of the dwelling units are avail-
11 able to persons and families whose gross household income does
12 not exceed 150% of the higher of either the median income for a
13 family in this state or the median income for a family within the
14 nonmetropolitan county or metropolitan statistical area in which
15 the housing project is located, as determined by the authority,
16 and not more than 20% of the dwelling units may be made available
17 for occupancy without regard to income.

18 (iv) For the period of time beginning November 1, 1987, and
19 ending November 1, ~~1989~~ 1991, multifamily housing projects that
20 meet the 20-50 test established in section 142 of the internal
21 revenue code and, in addition, in which not less than 15% of the
22 dwelling units are allotted to persons and families whose gross
23 household income does not exceed 125% of the higher of either the
24 median income for a family in this state or the median income for
25 a family within the nonmetropolitan county or metropolitan sta-
26 tistical area in which the housing project is located, as
27 determined by the authority, or to the elderly; not less than 15%

1 of the dwelling units are allotted to persons and families whose
2 gross household income does not exceed 150% of the median income
3 for a family in this state or the median income for a family
4 within the nonmetropolitan county or metropolitan statistical
5 area in which the housing project is located, as determined by
6 the authority, or to the elderly; and not more than 50% of the
7 dwelling units are available for occupancy without regard to
8 income.

9 (v) For the period of time beginning November 1, 1987, and
10 ending November 1, ~~1989~~ 1991, multifamily housing projects in
11 eligible distressed areas that meet the 20-50 test established in
12 section 142 of the internal revenue code and, in addition, in
13 which not more than 80% of the dwelling units are available for
14 occupancy without regard to income.

15 (vi) Social, recreational, commercial, or communal facili-
16 ties necessary to serve and improve the residential area in which
17 an authority-financed housing project is located or is planned to
18 be located thereby enhancing the viability of such housing.

19 (b) Notwithstanding the provisions of this section, the
20 authority may establish by resolution such higher income limits
21 as it considers necessary to achieve sustained occupancy of a
22 housing project financed under subsection (1)(a)(i), (ii), (iii),
23 (iv), or (v) if the authority determines all of the following:

24 (i) The owner of the housing project exercised reasonable
25 efforts to rent the dwelling units to persons and families whose
26 incomes did not exceed the income limitations originally
27 applicable.

1 (ii) For any annual period after the first tenant has
2 occupied the housing project, the owner of the housing project
3 has been unable to attain and sustain at least a 95% occupancy
4 level at the housing project.

5 (c) A loan under this section may be in an amount not to
6 exceed 90% of the project cost as approved by the authority. For
7 purposes of this section, the term "project cost" includes all
8 items included in the definition of a project cost in section 11
9 and also includes a builder's fee equal to an amount up to 5% of
10 the amount of the construction contract, developer overhead of 2%
11 of the amount of the project cost, the cost of furnishings, and a
12 sponsor's risk allowance equal to 10% of the project cost. A
13 loan shall not be made under this section unless a market analy-
14 sis has been conducted which demonstrates a sufficient market
15 exists for the housing project.

16 (d) After November 1, 1987, the authority may continue to
17 finance multifamily housing projects for families or persons
18 whose incomes do not exceed the limits provided in subsection
19 (1)(a)(ii) or (iii), or (1)(b), until funds derived from the pro-
20 ceeds of bonds or notes issued before November 2, 1987, for that
21 purpose, including the proceeds of prepayments or recovery pay-
22 ments with respect to these multifamily housing projects, have
23 been expended. Multifamily housing projects or single family
24 housing units in an eligible distressed area which are financed
25 by proceeds of notes or bonds issued before June 30, 1984, and
26 which the authority has designated for occupancy by persons and
27 families without regard to income pursuant to this act shall

1 remain eligible for occupancy by families and persons without
2 regard to income until the authority's mortgage loan issued with
3 respect to these multifamily housing projects is fully repaid.

4 (e) After November 1, ~~+1989-~~ 1991, the authority may con-
5 tinue to finance multifamily housing projects for families or
6 persons whose incomes do not exceed the limits provided in sub-
7 section (1)(a)(iv) or (v), or (1)(b), until funds derived from
8 the proceeds of bonds or notes issued before November 2, ~~+1989-~~
9 1991 for that purpose, including the proceeds of refunding notes
10 or bonds or prepayments or recovery payments with respect to
11 these multifamily housing projects, have been expended.

12 (f) Notwithstanding the expiration of lending authority
13 under subsection (1)(a)(ii), (iii), (iv), or (v), multifamily
14 housing projects financed under those subparagraphs may continue
15 to remain eligible for occupancy by persons and families whose
16 incomes do not exceed the limits provided in those subparagraphs
17 or subsection (1)(b).

18 (2) (a) The authority may make loans to any nonprofit hous-
19 ing corporation, limited dividend housing corporation, mobile
20 home park corporation, or mobile home park association for the
21 construction or rehabilitation of housing units, including resi-
22 dential condominium units as defined in section 4 of THE CONDO-
23 MINIMUM ACT, Act No. 59 of the Public Acts of 1978, being section
24 559.104 of the Michigan Compiled Laws, for sale to individual
25 purchasers of low or moderate income or to individual purchasers
26 without regard to income when the housing units are located in an
27 eligible distressed area. The authority may make or purchase

1 loans to individual purchasers for the long-term financing of a
2 newly rehabilitated, newly constructed, or existing housing unit,
3 including a residential condominium unit as defined in section 4
4 of Act No. 59 of the Public Acts of 1978. For a loan for a newly
5 rehabilitated or newly constructed housing unit, including a res-
6 idential condominium unit, the borrower's gross income as defined
7 in rules of the authority may not exceed \$30,000.00 and the pur-
8 chase price of the housing unit may not exceed \$70,000.00, except
9 that, for unexpected cost increases during construction or
10 improvements to adapt the property for use by handicapped indi-
11 viduals, the authority may increase the purchase price limit by
12 an amount sufficient to cover those cost increases, but not to
13 exceed \$3,500.00. For a loan for an existing housing unit,
14 including a residential condominium unit, located other than in
15 an eligible distressed area as defined in section 11(u)(i) or
16 (ii), the borrower's gross income as defined in rules of the
17 authority may not exceed \$24,600.00 and the purchase price of the
18 housing unit may not exceed \$40,000.00. For an existing housing
19 unit, including a residential condominium unit, located in an
20 eligible distressed area as defined in section 11(u)(i) or (ii),
21 the borrower's gross income as defined in rules of the authority
22 may not exceed \$26,300.00 and the purchase price of the housing
23 unit may not exceed \$50,000.00. If an income or purchase price
24 limit prescribed by this subsection exceeds a limit prescribed by
25 the internal revenue code, the internal revenue code limit
26 applies. Before making any loan under this section, authority
27 staff shall determine that the borrower has the ability to repay

1 the loan. A loan made or purchased to finance the acquisition of
2 an existing housing unit may include funds for rehabilitation. A
3 loan under this section may be in an amount not to exceed 100% of
4 the project cost as approved by the authority in the case of a
5 nonprofit housing corporation or individual purchaser, and in an
6 amount not to exceed 90% of the project cost as approved by the
7 authority in the case of a limited dividend housing corporation,
8 mobile home park corporation, or mobile home park association.

9 (b) While a loan under this subsection is outstanding, any
10 sale by a nonprofit housing corporation or limited dividend hous-
11 ing corporation or any subsequent resale shall be subject to
12 approval by the authority. The authority shall provide in its
13 rules concerning these sales and resales that the price of the
14 housing unit sold, the method of making payments after the sale,
15 the security afforded, and the interest rate, fees, and charges
16 to be paid shall at all times be sufficient to permit the author-
17 ity to make the payments on its bonds and notes and to meet
18 administrative or other costs of the authority in connection with
19 the transactions. Housing units shall be sold under terms that
20 provide for monthly payments including principal, interest,
21 taxes, and insurance.

22 (c) While a loan under this subsection is outstanding, the
23 authority, before the approval of sale by a nonprofit housing
24 corporation, limited dividend housing corporation, mobile home
25 park corporation, or mobile home park association, shall satisfy
26 itself that the sale is to persons of low or moderate income if
27 the housing unit is not located in an eligible distressed area,

1 or to persons without regard to income if the housing unit is
2 located in an eligible distressed area.

3 (d) Upon the sale by a nonprofit housing corporation,
4 limited dividend housing corporation, mobile home park corpora-
5 tion, or mobile home park association of any housing unit to an
6 individual purchaser of low or moderate income or to an individ-
7 ual purchaser without regard to income if the unit is located in
8 an eligible distressed area under this subsection to whom a loan
9 is being made by the authority, the housing unit shall be
10 released from the mortgage running from the nonprofit housing
11 corporation, limited dividend housing corporation, mobile home
12 park corporation, or mobile home park association to the authori-
13 ty, and the mortgage shall be replaced as to the housing unit by
14 a mortgage running from the individual purchaser to the
15 authority.

16 (e) The authority shall encourage nonprofit housing corpora-
17 tions and limited dividend housing corporations engaged in con-
18 struction or rehabilitation under this subsection to utilize the
19 labor of prospective individual purchasers of low or moderate
20 income in the construction or rehabilitation of the housing units
21 involved. The value of the labor of the prospective purchasers
22 so utilized shall be used to reduce the project costs of the
23 housing units involved.

24 (f) In the construction of housing units to be sold to the
25 individual purchasers of low or moderate income at a price not to
26 exceed \$12,000.00, the individual purchasers may be required to
27 perform, in a manner and under conditions to be specified by the

1 authority in its rules, a minimum number of hours of labor. The
2 value of the labor shall be credited to the purchase price.

3 (3) A loan shall be secured in a manner and be repaid in a
4 period, not exceeding 50 years, as may be determined by the
5 authority. A loan shall bear interest at a rate determined by
6 the authority.

7 (4) A person who, for purposes of securing a loan under this
8 act, misrepresents his or her income, including taking a leave of
9 absence from his or her employment for purposes of diminishing
10 his or her income, shall not be eligible for a loan under this
11 act.