

# HOUSE BILL No. 6181

June 12, 2018, Introduced by Reps. Chang, Peterson, LaGrand, Gay-Dagnogo, Wittenberg, Hoadley, Pagan, Geiss, Green, Elder, Garrett, Howrylak and Rabhi and referred to the Committee on Local Government.

A bill to amend 1966 PA 346, entitled "State housing development authority act of 1966," by amending sections 11 and 17 (MCL 125.1411 and 125.1417), section 11 as amended by 2004 PA 549 and section 17 as amended by 1993 PA 221.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

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 that have been  
5 approved by the authority as appropriate expenditures, and  
6 includes:

7           (i) Payments for options to purchase properties on the  
8 proposed housing project site, deposits on contracts of purchase,

1 or, with the prior approval of the authority, payments for the  
2 purchases of those properties.

3 (ii) Legal, organizational, and marketing expenses, including  
4 payment of attorneys' fees, project manager and clerical staff  
5 salaries, office rent, and other incidental expenses.

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

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

9 (v) Necessary application and other fees to federal and other  
10 government agencies.

11 (vi) Other expenses incurred by the nonprofit housing  
12 corporation, consumer housing cooperative, limited dividend housing  
13 corporation, mobile home park corporation, or mobile home park  
14 association that the authority considers appropriate to effectuate  
15 the purposes of this act.

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

17 (i) A below market interest rate mortgage insured, purchased,  
18 or held by the secretary of the department of housing and urban  
19 development.

20 (ii) A market interest rate mortgage insured by the secretary  
21 of the department of housing and urban development and augmented by  
22 a program of rent supplements.

23 (iii) A mortgage receiving interest reduction payments  
24 provided by the secretary of the department of housing and urban  
25 development.

26 (iv) A mortgage on a housing project to which the authority  
27 allocates low income housing tax credits under section 22b.

1 (v) A mortgage receiving special benefits under other federal  
2 law designated specifically to develop low and moderate income  
3 housing, consistent with this act.

4 (d) "Fund" means the housing development fund created by this  
5 act.

6 (e) "Project cost" means the sum total of all reasonable or  
7 necessary costs incurred by the nonprofit housing corporation,  
8 consumer housing cooperative, limited dividend housing corporation,  
9 mobile home park corporation, or mobile home park association for  
10 carrying out all works and undertakings for the completion of a  
11 housing project and approved by the authority. In addition to other  
12 reasonable and necessary costs, "project costs" includes costs for  
13 all of the following: studies and surveys; plans, specifications,  
14 and architectural and engineering services; legal, organization,  
15 marketing, or other special services; financing, acquisition,  
16 demolition, construction, equipment, and site development of new  
17 and rehabilitated buildings; movement of existing buildings to  
18 other sites; rehabilitation, reconstruction, repair, or remodeling  
19 of existing buildings; carrying charges during construction; the  
20 cost of placement of tenants or occupants, and relocation services  
21 in connection with a housing project; and, to the extent not  
22 already included, all development costs.

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

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

26 (ii) A specific work or improvement either for rental or for  
27 subsequent sale to an individual purchaser undertaken by a

1 nonprofit housing corporation, consumer housing cooperative,  
2 limited dividend housing corporation, mobile home park corporation,  
3 or mobile home park association ~~pursuant to~~ **UNDER** or receiving  
4 benefits under this act to provide dwelling accommodations,  
5 including the acquisition, construction, or rehabilitation of  
6 lands, buildings, and improvements.

7 (iii) Social, recreational, commercial, and communal  
8 facilities that the authority finds necessary to serve and improve  
9 a residential area in which housing described in subparagraph (i)  
10 or (ii) is located or is planned to be located, thereby enhancing  
11 the viability of the housing.

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

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

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

24 (j) "Governing body" means in the case of a city, the council  
25 or commission of the city; in the case of a village, the council,  
26 commission, or board of trustees of the village; in the case of a  
27 township, the township board; and in the case of a county, the

1 county board of commissioners.

2 (k) "Nonprofit housing corporation" means a nonprofit  
3 corporation incorporated under the corporation laws of this state  
4 and chapter 4.

5 (l) "Consumer housing cooperative" means a nonprofit  
6 corporation incorporated ~~pursuant to~~**UNDER** the corporation laws of  
7 this state and chapter 5.

8 (m) "Annual shelter rent" means the total collections during  
9 an agreed annual period from all occupants of a housing project  
10 representing rent or occupancy charges, exclusive of charges for  
11 gas, electricity, heat, or other utilities furnished to the  
12 occupants.

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

17 (o) "Elderly" means a single ~~person~~**INDIVIDUAL** who is 55 years  
18 of age or older or a household in which at least 1 member is 55  
19 years of age or older and all other members are 50 years of age or  
20 older.

21 (p) "Housing development" means a development that contains a  
22 significant element of housing for persons of low or moderate  
23 income and elements of other housing and commercial, recreational,  
24 industrial, communal, and educational facilities that the authority  
25 determines improve the quality of the development as it relates to  
26 housing for persons of low or moderate income.

27 (q) "Limited dividend housing corporation" means a corporation

1 incorporated or qualified ~~pursuant to~~ **UNDER** the corporation laws of  
2 this state and chapter 6 and a limited dividend housing association  
3 organized and qualified ~~pursuant to~~ **UNDER** chapter 7.

4 (r) "Residential real property" means real property located in  
5 this state, used for residential purposes, and improved or to be  
6 improved by a residential structure. Residential real property  
7 includes a mobile home, a mobile home park, and a mobile home  
8 condominium project. When the terms "rehabilitate" or  
9 "rehabilitation" are used in conjunction with residential real  
10 property, residential real property refers to property improved by  
11 a residential structure.

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

15 (t) "Deferred payment loan" means a loan that is repayable or  
16 partially repayable upon the occurrence of a specified event as  
17 determined by the authority.

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

19 (i) An area located in a city with a population of at least  
20 10,000 ~~, which area~~ **THAT** is either designated as a "blighted area"  
21 by a local legislative body ~~pursuant to~~ **UNDER** 1945 PA 344, MCL  
22 125.71 to 125.84, or ~~which area~~ **THAT** is determined by the authority  
23 to be blighted or largely vacant by reason of clearance of blight,  
24 if, with respect to the area, the authority determines all of the  
25 following:

26 (A) ~~That private~~ **PRIVATE** enterprise has failed to provide a  
27 supply of adequate, safe, and sanitary dwellings sufficient to meet

1 market demand.

2 (B) ~~That approval~~ **APPROVAL** of elimination of income limits  
3 applicable in connection with authority loans has been received  
4 from the city in the form of either a resolution adopted by the  
5 highest legislative body of the city or, if the city charter  
6 provides for the mayor to be elected at large with that office  
7 specifically designated on the ballot, provides that the office of  
8 mayor is a full-time position, and provides that the mayor has the  
9 power to veto legislative actions of the legislative body of that  
10 city, a written communication from the mayor of that city.

11 (ii) A municipality that meets all of the following  
12 requirements:

13 (A) The municipality shows a negative population change from  
14 1970 to the date of the most recent federal decennial census.

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

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

21 (D) The municipality has had an unemployment rate higher than  
22 the statewide average unemployment rate for 3 of the preceding 5  
23 years.

24 (iii) An area located in a local unit of government certified  
25 by the Michigan enterprise zone authority as meeting the criteria  
26 prescribed in section 2(d) of the neighborhood enterprise zone act,  
27 1992 PA 147, MCL 207.772.

1 (v) "Mobile home" means a structure, transportable in 1 or  
2 more sections, that is built on a chassis and is designed to be  
3 used as a dwelling with or without permanent foundation, when  
4 connected to the required utilities, and includes the plumbing,  
5 heating, air conditioning, and electrical systems contained in the  
6 structure. Mobile home may, but need not, include the real property  
7 to which the mobile home may be attached. Mobile home does not  
8 include a recreational vehicle.

9 (w) "Mobile home condominium project" means a condominium  
10 project in which mobile homes are intended to be located upon  
11 separate sites that constitute individual condominium units and  
12 that complies with the condominium act, 1978 PA 59, MCL 559.101 to  
13 559.276.

14 (x) "Mobile home park" means a parcel or tract of land under  
15 the control of a person or entity upon which 3 or more mobile homes  
16 are located on a continual, nonrecreational, residential basis and  
17 that is offered to the public for general public use for continual,  
18 nonrecreational, residential purposes regardless of whether a  
19 charge is made for that use, together with any social,  
20 recreational, commercial, and communal facilities used or intended  
21 for use incident to the occupancy of a mobile home. Mobile home  
22 park does not include trailer parks and courts for use on a  
23 transient basis.

24 (y) "Mobile home park association" means a mobile home park  
25 association organized and qualified in accordance with chapter 9.

26 (z) "Mobile home park corporation" means a corporation  
27 incorporated ~~pursuant to~~ **UNDER** the corporation laws of this state



1 and qualified in accordance with chapter 8.

2 (aa) "Housing unit" means living accommodations that are  
3 intended for occupancy by up to 4 families, with a separate  
4 dwelling unit for each family, that may be site constructed or may  
5 be a mobile home or other form of manufactured housing, and with  
6 respect to which either of the following applies:

7 (i) The owner of the housing occupies at least 1 of the  
8 dwelling units.

9 (ii) A cooperative shareholder or member has a proprietary  
10 lease of the housing unit.

11 (bb) "Moderate cost residential rental property" means  
12 dwelling units for which the rental payments are equal to or less  
13 than that established from time to time as the fair market rents  
14 for existing housing in accordance with 1 of the following:

15 (i) The section 8 leased housing program established under  
16 section 8 of the United States housing act of 1937, 42 USC 1437f,  
17 and the regulations promulgated under that act, or a substantially  
18 equivalent successor federal program.

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

21 (cc) "Area of chronic economic distress" means an area that  
22 qualifies as a "qualified census tract" or an "area of chronic  
23 economic distress" as **THOSE TERMS ARE** defined in former section  
24 103A(k) of the internal revenue code, or an eligible distressed  
25 area.

26 (dd) "Mortgage lender" means a state or national bank, state  
27 or federal savings and loan association, mortgage company,

1 insurance company, state pension fund, or any other financial  
2 institution, intermediary, or entity authorized to make mortgage  
3 loans in this state.

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

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

8 (gg) "Family income" means all income that is included in a  
9 determination of family income under section 143(f) of the internal  
10 revenue code, 26 USC 143(f), together with the income of all adults  
11 who will reside in the residence ~~, which income~~ **THAT** might  
12 otherwise be excluded from consideration because the individual was  
13 not expected to both live in the residence and be primarily or  
14 secondarily liable on the mortgage note.

15 (hh) "Statewide median gross income" means the statewide  
16 median gross income as determined under section 143(f) of the  
17 internal revenue code, 26 USC 143(f).

18 (ii) "Mutual housing association" means a corporation  
19 organized in accordance with chapter 10.

20 (jj) "Internal revenue code" means the United States internal  
21 revenue code of 1986.

22 (kk) "Internal revenue code of 1954" means the United States  
23 internal revenue code of 1954 as in effect on the day immediately  
24 before the effective date of the internal revenue code of 1986.

25 **(ll) "RESIDENTIAL REVITALIZATION AND CONVERSION PROJECT" MEANS**  
26 **A PROJECT OTHER THAN A PROJECT RECEIVING BENEFITS UNDER THIS ACT**  
27 **THAT IMPROVES RESIDENTIAL REAL PROPERTY AND RESULTS IN THE**

1 **CONVERSION OF LOW-RENT HOUSING INTO HOUSING THAT IS LEASED AT RATES**  
2 **EQUAL TO OR GREATER THAN THE AVERAGE FAIR MARKET RENT FOR EXISTING**  
3 **RENTAL PROPERTY AS DETERMINED BY THE AUTHORITY.**

4       Sec. 17. (1) The authority may provide to any organization or  
5 person participating or intending to participate in the  
6 development, design, or management of authority-assisted housing or  
7 in the contracting or subcontracting of the construction or  
8 rehabilitation of authority-assisted housing, such advisory,  
9 consultative, technical, training, and educational services as will  
10 assist them to more effectively provide authority-assisted housing.  
11 Advisory and educational services may include but are not  
12 necessarily limited to technical and professional planning  
13 assistance, the preparation and promulgation of organizational  
14 planning and development outlines and guides, consultation  
15 services, training courses, seminars and lectures, the preparation  
16 and dissemination of newsletters and other printed materials, and  
17 the services of field representatives.

18       (2) **THE AUTHORITY SHALL DEVELOP AND DISTRIBUTE TO THE**  
19 **MUNICIPALITIES OF THIS STATE BEST PRACTICE GUIDELINES FOR ASSESSING**  
20 **THE NEEDS OF OLDER ADULTS WHO ARE DISPLACED FROM THEIR HOMES DUE TO**  
21 **A RISE IN THE COST OF HOUSING THAT IS THE RESULT OF A RESIDENTIAL**  
22 **REVITALIZATION AND CONVERSION PROJECT IN THE MUNICIPALITY. THE**  
23 **AUTHORITY SHALL PROVIDE TECHNICAL ASSISTANCE TO THE MUNICIPALITY IN**  
24 **DEVELOPING AND IMPLEMENTING THE NEEDS ASSESSMENT DESCRIBED IN THIS**  
25 **SUBSECTION. THE BEST PRACTICE GUIDELINES SHALL INCLUDE, BUT ARE NOT**  
26 **LIMITED TO, GUIDELINES FOR ASSESSING THE FOLLOWING AREAS AS THEY**  
27 **RELATE TO THE IMPACT OF DISPLACEMENT ON AN OLDER ADULT:**

1 (A) THE OLDER ADULT'S CONTRIBUTIONS TO HIS OR HER COMMUNITY.

2 (B) THE OLDER ADULT'S EXISTING SUPPORT NETWORK.

3 (C) THE OLDER ADULT'S PHYSICAL AND MENTAL HEALTH NEEDS.

4 (D) THE OLDER ADULT'S FINANCIAL AND LOGISTICAL NEEDS.

5 (E) THE OLDER ADULT'S EMOTIONAL AND SPIRITUAL NEEDS.

6 (3) AS USED IN THIS SECTION, "OLDER ADULT" MEANS AN ADULT WHO  
7 IS 55 YEARS OR OLDER.

8 Enacting section 1. This amendatory act takes effect 90 days  
9 after the date it is enacted into law.