

# HOUSE BILL NO. 4951

June 01, 2021, Introduced by Reps. Manoogian and Farrington and referred to the Committee on Financial Services.

A bill to amend 1966 PA 346, entitled  
"State housing development authority act of 1966,"  
by amending section 44 (MCL 125.1444), as amended by 2017 PA 127.

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

1           Sec. 44. **(1)** ~~(1)(a)~~—The authority may make loans to a  
2 nonprofit housing corporation, consumer housing cooperative,  
3 limited dividend housing corporation, limited dividend housing  
4 association, mobile home park corporation, ~~or~~ mobile home park  
5 association, or ~~to a~~ public body or agency for the construction or

1 rehabilitation, and for the long-term financing, of **any of** the  
2 following:

3 (a) ~~(i)~~—Housing for low income or moderate income persons.

4 (b) ~~(ii)~~—For the period beginning May 1, 1984, and ending  
5 November 1, 1987, housing projects in which not less than 20% of  
6 the dwelling units are allotted to individuals of low or moderate  
7 income within the meaning of former section 103(b)(4)(A) of the  
8 internal revenue code of 1954; not less than 60% of the dwelling  
9 units are available to persons and families whose gross household  
10 income does not exceed 125% of the higher of either the median  
11 income for a family in this state or the median income for a family  
12 within the nonmetropolitan county or metropolitan statistical area  
13 in which the housing project is located, as determined by the  
14 authority; and not more than 20% of the dwelling units are  
15 available for occupancy without regard to income. The enactment of  
16 this ~~subparagraph~~ **subdivision** or the expiration of the authority  
17 granted by it does not affect rules in effect before July 10, 1984,  
18 or promulgated after July 9, 1984, to define low or moderate income  
19 persons.

20 (c) ~~(iii)~~—For the period of time beginning May 1, 1984, and  
21 ending November 1, 1987, housing projects in eligible distressed  
22 areas in which housing projects not less than 20% of the dwelling  
23 units are allotted to individuals of low or moderate income within  
24 the meaning of former section 103(b)(4)(A) of the internal revenue  
25 code of 1954, not less than 60% of the dwelling units are available  
26 to persons and families whose gross household income does not  
27 exceed 150% of the higher of either the median income for a family  
28 in this state or the median income for a family within the  
29 nonmetropolitan county or metropolitan statistical area in which

1 the housing project is located, as determined by the authority, and  
 2 not more than 20% of the dwelling units are available for occupancy  
 3 without regard to income.

4 **(d)** ~~(iv)~~ Beginning November 1, 1987, multifamily housing  
 5 projects that meet the 20-50 or 40-60 test established in section  
 6 142 of the internal revenue code **of 1986**, 26 USC 142, and in which  
 7 the remaining dwelling units are available for occupancy without  
 8 regard to income.

9 **(e)** ~~(v)~~ Social, recreational, commercial, or communal  
 10 facilities necessary to serve and improve the residential area in  
 11 which an authority-financed housing project is located or is  
 12 planned to be located thereby enhancing the viability of the  
 13 housing.

14 **(2)** ~~(b)~~ Notwithstanding ~~the other provisions of this~~  
 15 ~~subsection,~~ **subsections (1), (3), (4), and (5)**, the authority may  
 16 establish by resolution higher income limits that it considers  
 17 necessary to achieve sustained occupancy of a housing project  
 18 financed under ~~subdivision (a)~~ **subsection (1)** if the authority  
 19 determines both of the following:

20 **(a)** ~~(i)~~ The owner of the housing project exercised reasonable  
 21 efforts to rent the dwelling units to persons and families whose  
 22 incomes did not exceed the income limitations originally  
 23 applicable.

24 **(b)** ~~(ii)~~ For an annual period after the first tenant has  
 25 occupied the housing project, the owner of the housing project has  
 26 been unable to attain and sustain at least a 95% occupancy level at  
 27 the housing project.

28 **(3)** ~~(e)~~ A loan under this subsection ~~shall~~ **and subsections**  
 29 **(1), (2), (4), and (5) must** not exceed 90% of the project cost as

1 approved by the authority. For purposes of this section, the term  
2 "project cost" includes all items included in the definition of a  
3 project cost in section 11 and also includes a builder's fee equal  
4 to an amount up to 5% of the amount of the construction contract, a  
5 developer overhead allowance and fee of 5% of the amount of the  
6 project cost, the cost of furnishings, and a sponsor's risk  
7 allowance equal to 10% of the project cost. A loan ~~shall~~**must** not  
8 be made under this section unless a market analysis has been  
9 conducted that demonstrates a sufficient market exists for the  
10 housing project.

11 (4) ~~(d)~~After November 1, 1987, the authority may continue to  
12 finance multifamily housing projects for families or persons whose  
13 incomes do not exceed the limits provided in subsection ~~(1)(a)(ii)~~  
14 **(1)(b)** or ~~(iii)~~**(c)** or ~~(1)(b)~~, **subsection (2)**, until funds derived  
15 from the proceeds of bonds or notes issued before November 2, 1987,  
16 for that purpose, including the proceeds of prepayments or recovery  
17 payments with respect to these multifamily housing projects, have  
18 been expended. Multifamily housing projects or single family  
19 housing units in an eligible distressed area that are financed by  
20 proceeds of notes or bonds issued before June 30, 1984, and that  
21 the authority has designated for occupancy by persons and families  
22 without regard to income pursuant to this act ~~shall~~**must** remain  
23 eligible for occupancy by families and persons without regard to  
24 income until the authority's mortgage loan issued with respect to  
25 these multifamily housing projects is fully repaid.

26 (5) ~~(e)~~Notwithstanding the expiration of lending authority  
27 under subsection ~~(1)(a)(ii), (iii), (iv), or (v), (1)(b), (c), (d), or~~  
28 **(e)**, multifamily housing projects financed under those  
29 ~~subparagraphs~~**subdivisions** may continue to remain eligible for

1 occupancy by persons and families whose incomes do not exceed the  
 2 limits provided in those ~~subparagraphs~~ **subdivisions** or subsection  
 3 ~~(1)(b)~~. **(2)** .

4 ~~(f) For purposes of this subsection:~~

5 ~~(i) "Gross household income" means gross income of a household~~  
 6 ~~as those terms are defined in rules of the authority.~~

7 ~~(ii) "Median income for a family in this state" and "median~~  
 8 ~~income for a family within the nonmetropolitan county or~~  
 9 ~~metropolitan statistical area" mean those income levels as~~  
 10 ~~determined by the authority.~~

11 **(6)** ~~(2)(a)~~—The authority may make loans to a nonprofit housing  
 12 corporation, limited dividend housing corporation, mobile home park  
 13 corporation, or mobile home park association for the construction  
 14 or rehabilitation of housing units, including residential  
 15 condominium units ~~as condominium unit is defined in section 4 of~~  
 16 ~~the condominium act, 1978 PA 59, MCL 559.104,~~ for sale to  
 17 individual purchasers of low or moderate income or to individual  
 18 purchasers without regard to income when the housing units are  
 19 located in an eligible distressed area. A loan under this  
 20 subsection ~~shall~~ **and subsections (7) and (8) must** not exceed 100%  
 21 of the project cost as approved by the authority in the case of a  
 22 nonprofit housing corporation or individual purchaser, and ~~shall~~  
 23 **must** not exceed 90% of the project cost as approved by the  
 24 authority in the case of a limited dividend housing corporation,  
 25 mobile home park corporation, or mobile home park association.

26 **(7)** ~~(b)~~—While a loan under this subsection **and subsections (6)**  
 27 **and (8)** is outstanding, a sale by a nonprofit housing corporation  
 28 or limited dividend housing corporation or a subsequent resale is  
 29 subject to approval by the authority. The authority may provide in

1 its rules concerning these sales and resales that the price of the  
2 housing unit sold, the method of making payments after the sale,  
3 the security afforded, and the interest rate, fees, and charges to  
4 be paid ~~shall~~**must** at all times be sufficient to permit the  
5 authority to make the payments on its bonds and notes and to meet  
6 administrative or other costs of the authority in connection with  
7 the transactions. Housing units ~~shall~~**must** be sold under terms that  
8 provide for monthly payments including principal, interest, taxes,  
9 and insurance.

10 (8) ~~(e)~~ While a loan under this subsection **and subsections (6)**  
11 **and (7)** is outstanding, the authority, before the approval of sale  
12 by a nonprofit housing corporation, limited dividend housing  
13 corporation, mobile home park corporation, or mobile home park  
14 association, shall determine that the sale is to persons of low or  
15 moderate income if the housing unit is not located in an eligible  
16 distressed area, or to persons without regard to income if the  
17 housing unit is located in an eligible distressed area.

18 (9) ~~(3)~~ The authority may make, purchase, or participate in  
19 loans made to individual purchasers for acquisition and long-term  
20 financing or refinancing of newly rehabilitated, newly constructed,  
21 or existing 1- to 4-unit housing units, including a residential  
22 condominium unit. ~~as condominium unit is defined in section 4 of~~  
23 ~~the condominium act, 1978 PA 59, MCL 559.104.~~ All of the following  
24 apply to making, purchasing, or participating in a loan under this  
25 subsection:

26 (a) The borrower's family income ~~shall~~**must** not exceed the  
27 income requirements established in section 143 of the internal  
28 revenue code **of 1986**, 26 USC 143. If those income requirements are  
29 repealed, the borrower's family income ~~shall~~**must** not exceed the

1 income requirements that were in effect immediately before the  
2 repeal.

3 (b) The purchase price or, in the case of a refinancing, the  
4 appraised value shall ~~must~~ not exceed the following:

5 ~~(i) With respect to a 1- or 2-family unit, \$224,500.00.~~

6 ~~(ii) With respect to a 3-family unit, \$261,625.00.~~

7 ~~(iii) With respect to a 4-family unit, \$299,000.00.~~ **90% of the**  
8 **average area purchase price applicable to the housing unit. For**  
9 **purposes of this subdivision, the average area purchase price must**  
10 **be determined in accordance with section 143(e) of the internal**  
11 **revenue code of 1986, 26 USC 143, or any regulations promulgated**  
12 **pursuant to section 143(e) of the internal revenue code of 1986, 26**  
13 **USC 143.**

14 (c) For unexpected cost increases during construction or  
15 improvements to adapt new or existing property for use by disabled  
16 individuals, the authority may increase the purchase price limit by  
17 an amount sufficient to cover these cost increases, but not to  
18 exceed ~~\$3,500.00.~~ **\$10,000.00.**

19 (d) If a purchase price limit prescribed by this subsection  
20 exceeds an applicable limit prescribed by the internal revenue code  
21 **of 1986**, the internal revenue code **of 1986** limit applies if the  
22 loan will be financed with the proceeds of a tax-exempt bond.

23 (e) Except with respect to newly constructed housing units,  
24 the authority may by resolution establish, for a length of time the  
25 authority considers appropriate, maximum borrower income or  
26 purchase price limits more restrictive than those maximum  
27 limitations set forth in this subsection. The authority shall  
28 advise the appropriate house and senate standing committees 5 days  
29 prior to adopting a resolution establishing more restrictive

1 maximum borrower income or purchase price limits.

2 (f) Before the authority makes a loan under this section,  
3 authority staff shall determine that the borrower has the ability  
4 to repay the loan.

5 (g) A loan made or purchased to finance the acquisition of an  
6 existing housing unit may include funds for rehabilitation.

7 (h) If the loan is for refinancing a 1- to 4-unit housing  
8 unit, including a residential condominium unit, ~~as condominium unit~~  
9 ~~is defined in section 4 of the condominium act, 1978 PA 59, MCL~~  
10 ~~559.104,~~ the authority shall determine that 1 of the units is  
11 occupied by the borrower.

12 (10) ~~(4)~~ A loan under this section ~~shall~~ **must** be secured in a  
13 manner and be repaid in a period, not exceeding 50 years, as may be  
14 determined by the authority. A loan ~~shall~~ **must** bear interest at a  
15 rate determined by the authority.

16 (11) ~~(5) A person~~ **An individual** who, for purposes of securing  
17 a loan under this act, misrepresents his or her income, including  
18 taking a leave of absence from his or her employment for purposes  
19 of diminishing his or her income, is not eligible for a loan under  
20 this act.

21 (12) ~~(6) (a)~~ The authority may make, purchase, or participate  
22 in a loan for acquisition and long-term financing or refinancing of  
23 newly rehabilitated, newly constructed, or existing 1- to 4-unit  
24 housing units, including a residential condominium unit ~~as~~  
25 ~~condominium unit is defined in section 4 of the condominium act,~~  
26 ~~1978 PA 59, MCL 559.104,~~ if all of the following requirements are  
27 met:

28 (a) ~~(i)~~ The loan is made to an individual purchaser or  
29 purchasers, whose income does not exceed the income requirements



1 established in section 143 of the internal revenue code **of 1986**, 26  
 2 USC 143. If those income requirements are repealed, the borrower's  
 3 family income ~~shall~~**must** not exceed the income requirements that  
 4 were in effect immediately before the repeal.

5 (b) ~~(ii)~~—The purchase price of the housing unit does not exceed  
 6 the greatest of purchase price limits established for similar  
 7 housing units by Fannie Mae, Freddie Mac, and Ginnie Mae.

8 (c) ~~(iii)~~—At least 1 of the dwelling units is owned and occupied  
 9 by the individual purchaser or purchasers to whom the loan is made.

10 (d) ~~(iv)~~—Authority staff determine that the individual  
 11 purchaser or purchasers receiving the loan have the ability to  
 12 repay the loan.

13 (13) ~~(b)~~—If the authority makes, purchases, or participates in  
 14 a loan under this subsection **or subsection (12)**, the loan may be  
 15 securitized by the authority and may either be sold to investors or  
 16 held by the authority.

17 ~~(c) For purposes of this subsection:~~

18 (14) **As used in this section:**

19 (a) **"Condominium unit" means that term as defined in section 4**  
 20 **of the condominium act, 1978 PA 59, MCL 559.104.**

21 (b) ~~(i)~~—"Fannie Mae" means the Federal National Mortgage  
 22 Association established under authority of the federal national  
 23 mortgage association charter act, 12 USC 1716 to 1749aaa-5.

24 (c) ~~(ii)~~—"Freddie Mac" means the Federal Home Loan Mortgage  
 25 Corporation established under authority of the federal home loan  
 26 mortgage corporation act, title III of Public Law 91-351.

27 (d) ~~(iii)~~—"Ginnie Mae" means the Government National Mortgage  
 28 Association established under authority of the federal national  
 29 mortgage association charter act, 12 USC 1716 to 1749aaa-5.

1           (e) "Gross household income" means gross income of a household  
2 as that term is defined in rules of the authority.

3           (f) "Median income for a family in this state" and "median  
4 income for a family within the nonmetropolitan county or  
5 metropolitan statistical area" mean those income levels as  
6 determined by the authority.