

SENATE BILL NO. 715

November 03, 2021, Introduced by Senators BULLOCK, IRWIN, ALEXANDER, CHANG, BAYER, GEISS, WOJNO and SANTANA 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.

1 (b) "Development costs" means the costs that have been
 2 approved by the authority as appropriate expenditures. ~~and~~
 3 **Development costs** includes **all of the following**:

4 (i) Payments for options to purchase properties on the proposed
 5 housing project site, deposits on contracts of purchase, or, with
 6 the prior approval of the authority, payments for the purchases of
 7 those properties.

8 (ii) Legal, organizational, and marketing expenses, including
 9 payment of ~~attorneys'~~**attorney** fees, project manager and clerical
 10 staff salaries, office rent, and other incidental expenses.

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

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

14 (v) Necessary application and other fees to federal and other
 15 government agencies.

16 (vi) Other expenses incurred by the nonprofit housing
 17 corporation, consumer housing cooperative, limited dividend housing
 18 corporation, mobile home park corporation, or mobile home park
 19 association that the authority considers appropriate to effectuate
 20 the purposes of this act.

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

22 (i) A below market interest rate mortgage insured, purchased,
 23 or held by the secretary of the ~~department of housing and urban~~
 24 ~~development.~~**United States Department of Housing and Urban**
 25 **Development.**

26 (ii) A market interest rate mortgage insured by the secretary
 27 of the ~~department of housing and urban development~~**United States**
 28 **Department of Housing and Urban Development** and augmented by a
 29 program of rent supplements.

1 (iii) A mortgage receiving interest reduction payments provided
 2 by the secretary of the ~~department of housing and urban~~
 3 ~~development.~~ **United States Department of Housing and Urban**
 4 **Development.**

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

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

10 (d) "Fund" means the housing development fund created by this
 11 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 corporation,
 15 mobile home park corporation, or mobile home park association for
 16 carrying out all works and undertakings for the completion of a
 17 housing project and approved by the authority. In addition to other
 18 reasonable and necessary costs, ~~"project costs"~~ **project cost**
 19 includes costs for all of the following: ~~studies~~

20 (i) **Studies** and surveys. ~~; plans,~~

21 (ii) **Plans**, specifications, and architectural and engineering
 22 services. ~~; legal,~~

23 (iii) **Legal** organization, marketing, or other special services.
 24 ~~; financing,~~

25 (iv) **Financing** acquisition, demolition, construction,
 26 equipment, and site development of new and rehabilitated buildings.
 27 ~~; movement~~

28 (v) **Movement** of existing buildings to other sites. ~~;~~
 29 ~~rehabilitation,~~

1 **(vi) Rehabilitation** reconstruction, repair, or remodeling of
 2 existing buildings. ~~;~~ ~~carrying~~

3 **(vii) Carrying** charges during construction. ~~;~~ ~~the~~

4 **(viii) The** cost of placement of tenants or occupants, and
 5 relocation services in connection with a housing project. ~~;~~ ~~and,~~ ~~to~~

6 **(ix) To** the extent not already included, all development costs.

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

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

10 (ii) A specific work or improvement either for rental or for
 11 subsequent sale to an individual purchaser undertaken by a
 12 nonprofit housing corporation, consumer housing cooperative,
 13 limited dividend housing corporation, mobile home park corporation,
 14 or mobile home park association ~~pursuant to~~ **under** or receiving
 15 benefits under this act to provide dwelling accommodations,
 16 including the acquisition, construction, or rehabilitation of
 17 lands, buildings, and improvements.

18 (iii) Social, recreational, commercial, and communal facilities
 19 that the authority finds necessary to serve and improve a
 20 residential area in which housing described in subparagraph (i) or
 21 (ii) is located or is planned to be located, thereby enhancing the
 22 viability of the housing.

23 (g) "Low income or moderate income persons" means families and
 24 persons who cannot afford to pay the amounts at which private
 25 enterprise, without federally-aided mortgages or loans from the
 26 authority, is providing a substantial supply of decent, safe, and
 27 sanitary housing and who fall within income limitations set in this
 28 act or by the authority in its rules. Among low income or moderate
 29 income persons, preference ~~shall~~ **must** be given to the elderly and

1 those displaced by urban renewal, slum clearance, or other
2 governmental action.

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

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

6 (j) "Governing body" means ~~in any~~ of the following:

7 (i) **In the** case of a city, the council or commission of the
8 city. ~~in~~

9 (ii) **In the** case of a village, the council, commission, or
10 board of trustees of the village. ~~in~~

11 (iii) **In the** case of a township, the township board. ~~and in~~

12 (iv) **In the** case of a county, the county board of
13 commissioners.

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

17 (l) "Consumer housing cooperative" means a nonprofit
18 corporation incorporated ~~pursuant to~~ **under** the corporation laws of
19 this state and chapter 5.

20 (m) "Annual shelter rent" means the total collections during
21 an agreed annual period from all occupants of a housing project
22 representing rent or occupancy charges, exclusive of charges for
23 gas, electricity, heat, or other utilities furnished to the
24 occupants.

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

29 (o) "Elderly" means a single ~~person~~ **individual** who is 55 years

1 of age or older or a household in which at least 1 member is 55
2 years of age or older and all other members are 50 years of age or
3 older.

4 (p) "Housing development" means a development that contains a
5 significant element of housing for persons of low or moderate
6 income and elements of other housing and commercial, recreational,
7 industrial, communal, and educational facilities that the authority
8 determines improve the quality of the development as it relates to
9 housing for persons of low or moderate income.

10 (q) "Limited dividend housing corporation" means a corporation
11 incorporated or qualified ~~pursuant to~~ **under** the corporation laws of
12 this state and chapter 6 and a limited dividend housing association
13 organized and qualified ~~pursuant to~~ **under** chapter 7.

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

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

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

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

29 (i) An area located in a city with a population of at least

1 10,000 ~~, which area that~~ is either designated as a "blighted area"
2 by a local legislative body ~~pursuant to~~ **under** 1945 PA 344, MCL
3 125.71 to 125.84, or ~~which area that~~ is determined by the authority
4 to be blighted or largely vacant by reason of clearance of blight,
5 if, with respect to the area, the authority determines all of the
6 following:

7 (A) ~~That private~~ **Private** enterprise has failed to provide a
8 supply of adequate, safe, and sanitary dwellings sufficient to meet
9 market demand.

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

19 (ii) A municipality that meets all of the following
20 requirements:

21 (A) The municipality shows a negative population change from
22 1970 to the date of the most recent federal decennial census.

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

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

29 (D) The municipality has had an unemployment rate higher than

1 the statewide average unemployment rate for 3 of the preceding 5
2 years.

3 (iii) An area located in a local unit of government certified by
4 the Michigan enterprise zone authority as meeting the criteria
5 prescribed in section ~~2(d)~~**2(f)** of the neighborhood enterprise zone
6 act, 1992 PA 147, MCL 207.772.

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

15 (w) "Mobile home condominium project" means a condominium
16 project in which mobile homes are intended to be located ~~upon~~**on**
17 separate sites that constitute individual condominium units and
18 that complies with the condominium act, 1978 PA 59, MCL 559.101 to
19 559.276.

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

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

3 (z) "Mobile home park corporation" means a corporation
4 incorporated ~~pursuant to~~**under** the corporation laws of this state
5 and qualified in accordance with chapter 8.

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

11 (i) The owner of the housing occupies at least 1 of the
12 dwelling units.

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

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

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

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

25 (cc) "Area of chronic economic distress" means an area that
26 qualifies as a "qualified census tract" or an "area of chronic
27 economic distress" as **those terms are** defined in former section
28 103A(k) of the internal revenue code, or an eligible distressed
29 area.

1 (dd) "Mortgage lender" means a state or national bank, state
2 or federal savings and loan association, mortgage company,
3 insurance company, state pension fund, or any other financial
4 institution, intermediary, or entity authorized to make mortgage
5 loans in this state.

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

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

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

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

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

22 (jj) "Internal revenue code" means the United States internal
23 revenue code of 1986.

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

27 **(ll) "Residential revitalization and conversion project" means**
28 **a project other than a project receiving benefits under this act**
29 **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 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:

28 (a) The older adult's contributions to his or her community.

29 (b) The older adult's existing support network.

- 1 (c) The older adult's physical and mental health needs.
- 2 (d) The older adult's financial and logistical needs.
- 3 (e) The older adult's emotional and spiritual needs.
- 4 (3) As used in this section, "older adult" means an adult who
- 5 is 55 years of age or older.

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