

**SUBSTITUTE FOR
HOUSE BILL NO. 4658**

A bill to amend 1966 PA 346, entitled
"State housing development authority act of 1966,"
by amending sections 22, 58, 58a, 58b, and 58c (MCL 125.1422,
125.1458, 125.1458a, 125.1458b, and 125.1458c), section 22 as
amended by 2002 PA 385 and sections 58, 58a, 58b, and 58c as added
by 2004 PA 480, and by adding sections 58e and 58f.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 22. The authority shall possess all powers necessary or
2 convenient to carry out this act, including the following powers in
3 addition to other powers granted by other provisions of this act:

4 (a) To sue and to be sued; to have a seal and to alter the
5 seal at pleasure; to have perpetual succession; to make and execute
6 contracts and other instruments necessary or convenient to the

1 exercise of the powers of the authority; and to make, amend, and
2 repeal bylaws and rules.

3 (b) To undertake and carry out studies and analyses of housing
4 needs within this state and ways of meeting those needs, including
5 data with respect to population and family groups, the distribution
6 of population and family groups according to income, and the amount
7 and quality of available housing and its distribution according to
8 rentals and sales prices, employment, wages, and other factors
9 affecting housing needs and the meeting of housing needs; to make
10 the results of those studies and analyses available to the public
11 and the housing and supply industries; and to engage in research
12 and disseminate information on housing.

13 (c) To agree and comply with conditions attached to federal
14 financial assistance.

15 (d) To survey and investigate housing conditions and needs,
16 both urban and rural, throughout this state and make
17 recommendations to the governor and the legislature regarding
18 legislation and other measures necessary or advisable to alleviate
19 any existing housing shortage in this state.

20 (e) To establish and collect fees and charges in connection
21 with the sale of the authority's publications and the authority's
22 loans, commitments, and servicing, including but not limited to,
23 the reimbursement of costs of financing by the authority, service
24 charges, and insurance premiums as the authority determines to be
25 reasonable and as approved by the authority. Fees and charges shall
26 be determined by the authority and shall not be considered to be
27 interest. The authority may use any accumulated fees and charges

1 and interest income for achieving any of the corporate purposes of
2 the authority, to the extent that the fees, charges, and interest
3 income are not pledged to the repayment of bonds and notes of the
4 authority or the interest on those bonds and notes.

5 (f) To encourage community organizations to assist in
6 initiating housing projects as provided in this act.

7 (g) To encourage the salvage of all possible usable housing
8 scheduled for demolition because of highway, school, urban renewal,
9 or other programs by seeking authority for the sponsors of the
10 programs to use funds provided for the demolition of the buildings,
11 to be allocated to those sponsors approved by the authority to
12 defray moving and rehabilitation costs of the buildings.

13 (h) To engage and encourage research in, and to formulate
14 demonstration projects to develop, new and better techniques and
15 methods for increasing the supply of housing for persons eligible
16 for assistance as provided in this act; and to provide technical
17 assistance in the development of housing projects and in the
18 development of programs to improve the quality of life for all the
19 people of this state.

20 (i) To make or purchase loans, including loans for condominium
21 units as defined in section 4 of the condominium act, 1978 PA 59,
22 MCL 559.104, and including loans to mortgage lenders, which are
23 unsecured or the repayments of which are secured by mortgages,
24 security interests, or other forms of security; to purchase and
25 enter into commitments for the purchase of securities, certificates
26 of deposits, time deposits, or mortgage loans from mortgage
27 lenders; to participate in the making or purchasing of unsecured or

1 secured loans and undertake commitments to make or purchase
2 unsecured or secured loans; to sell mortgages, security interests,
3 notes, and other instruments or obligations evidencing or securing
4 loans, including certificates evidencing interests in 1 or more
5 loans, at public or private sale; in connection with the sale of an
6 instrument or obligation evidencing or securing 1 or more loans, to
7 service, guarantee payment on, or repurchase the instrument or
8 obligation, whether or not it is in default; to modify or alter
9 mortgages and security interests; to foreclose on any mortgage,
10 security interest, or other form of security; to finance housing
11 units; to commence an action to protect or enforce a right
12 conferred upon the authority by law, mortgage, security agreement,
13 contract, or other agreement; to bid for and purchase property that
14 was the subject of the mortgage, security interest, or other form
15 of security, at a foreclosure or at any other sale, and to acquire
16 or take possession of the property. Upon acquiring or taking
17 possession of the property, the authority may complete, administer,
18 and pay the principal and interest of obligations incurred in
19 connection with the property, and may dispose of and otherwise deal
20 with the property in any manner necessary or desirable to protect
21 the interests of the authority in the property. If the authority or
22 an entity that provides mortgage insurance to the authority
23 acquires property upon the default of a borrower, the authority may
24 make a mortgage loan to a subsequent purchaser of that property
25 even if the purchaser does not meet otherwise applicable income
26 limitations and purchase price limits.

27 (j) To set standards for housing projects that receive loans

1 under this act and to provide for inspections to determine
2 compliance with those standards. The standards for construction and
3 rehabilitation of mobile homes, mobile home parks, and mobile home
4 condominium projects shall be established jointly by the authority
5 and the mobile home commission, created in the mobile home
6 commission act, 1987 PA 96, MCL 125.2301 to 125.2349. However,
7 financing standards shall be established solely by the authority.

8 (k) To accept gifts, grants, loans, appropriations, or other
9 aid from the federal, state, or local government, from a
10 subdivision, agency, or instrumentality of a federal, state, or
11 local government, or from a person, corporation, firm, or other
12 organization.

13 (l) To acquire or contract to acquire from a person, firm,
14 corporation, municipality, or federal or state agency, by grant,
15 purchase, or otherwise, leaseholds or real or personal property, or
16 any interest in a leasehold or real or personal property; to own,
17 hold, clear, improve, and rehabilitate and to sell, assign,
18 exchange, transfer, convey, lease, mortgage, or otherwise dispose
19 of or encumber any interest in a leasehold or real or personal
20 property. This act shall not impede the operation and effect of
21 local zoning, building, and housing ordinances, ordinances relating
22 to subdivision control, land development, or fire prevention, or
23 other ordinances having to do with housing or the development of
24 housing.

25 (m) To procure insurance against any loss in connection with
26 the property and other assets of the authority.

27 (n) To invest, at the discretion of the authority, funds held

1 in reserve or sinking funds, or money not required for immediate
2 use or disbursement, in obligations of this state or of the United
3 States, in obligations the principal and interest of which are
4 guaranteed by this state or the United States, or in other
5 obligations as may be approved by the state treasurer.

6 (o) To promulgate rules necessary to carry out the purposes of
7 this act and to exercise the powers expressly granted in this act
8 in accordance with the administrative procedures act of 1969, 1969
9 PA 306, MCL 24.201 to 24.328.

10 (p) To enter into agreements with nonprofit housing
11 corporations, consumer housing cooperatives, limited dividend
12 housing corporations, mobile home park corporations, and mobile
13 home park associations that provide for regulation by the authority
14 of the planning, development, and management of any housing project
15 undertaken by nonprofit housing corporations, consumer housing
16 cooperatives, limited dividend housing corporations, mobile home
17 park corporations, and mobile home park associations and that
18 provide for the disposition of the property and franchises of those
19 corporations, cooperatives, and associations.

20 (q) To appoint to the board of directors of a nonprofit
21 housing corporation, consumer housing cooperative, limited dividend
22 housing corporation, mobile home park corporation, or mobile home
23 park association, a number of new directors sufficient to
24 constitute a majority of the board notwithstanding other provisions
25 of the articles of incorporation or other provisions of law.
26 Directors appointed under this subsection need not be stockholders
27 or members or meet other qualifications that may be described by

1 the certificate of incorporation or bylaws. In the absence of fraud
2 or bad faith, directors appointed under this subsection shall not
3 be personally liable for debts, obligations, or liabilities of the
4 corporation or association. The authority may appoint directors
5 under this subsection only if 1 or more of the following occur:

6 (i) The nonprofit housing corporation, consumer housing
7 cooperative, limited dividend housing corporation, mobile home park
8 corporation, or mobile home park association has received a loan or
9 advance, as provided for in this act, and the authority determines
10 that the loan or advance is in jeopardy of not being repaid.

11 (ii) The nonprofit housing corporation, consumer housing
12 cooperative, limited dividend housing corporation, mobile home park
13 corporation, or mobile home park association received a loan or
14 advance as provided for in this act and the authority determines
15 that the proposed housing project for which the loan or advance was
16 made is in jeopardy of not being constructed.

17 (iii) The authority determines that some part of the net income
18 or net earnings of the nonprofit housing corporation is inuring to
19 the benefit of a private individual, firm, corporation,
20 partnership, or association; the authority determines that an
21 unreasonable part of the net income or net earnings of the consumer
22 housing cooperative is inuring to the benefit of a private
23 individual, firm, corporation, partnership, or association; or the
24 authority determines that some part of the net income or net
25 earnings of the limited dividend housing corporation, in excess of
26 that permitted by other provisions of this act, is inuring to the
27 benefit of a private individual, firm, corporation, partnership, or

1 association.

2 (iv) The authority determines that the nonprofit corporation or
3 consumer housing cooperative is in some manner controlled by, under
4 the direction of, or acting in the substantial interest of a
5 private individual, firm, corporation, partnership, or association
6 seeking to derive benefit or gain from, or seeking to eliminate or
7 minimize losses in any dealings or transactions with, the nonprofit
8 corporation or consumer housing cooperative. However, this
9 subparagraph shall apply to individual cooperators in consumer
10 housing cooperatives only in circumstances defined by the authority
11 in its rules.

12 (v) The authority determines that the nonprofit housing
13 corporation, consumer housing cooperative, limited dividend housing
14 corporation, mobile home park corporation, or mobile home park
15 association is in violation of the rules promulgated under this
16 section.

17 (vi) The authority determines that the nonprofit housing
18 corporation, consumer housing cooperative, limited dividend housing
19 corporation, mobile home park corporation, or mobile home park
20 association is in violation of 1 or more agreements entered into
21 with the authority that provide for regulation by the authority of
22 the planning, development, and management of a housing project
23 undertaken by the nonprofit housing corporation, consumer housing
24 cooperative, limited dividend housing corporation, mobile home park
25 corporation, or mobile home park association or that provide for
26 the disposition of the property and franchises of the corporation,
27 or cooperative, or association.

1 (r) To give approval or consent to the articles of
2 incorporation submitted to the authority by a corporation seeking
3 approval as a nonprofit housing corporation, consumer housing
4 cooperative, limited dividend housing corporation, or mobile home
5 park corporation under chapter 4, 5, 6, or 8; to give approval or
6 consent to the partnership agreement, joint venture agreement,
7 trust agreement, or other document of basic organization of a
8 limited dividend housing association under chapter 7 or mobile home
9 park association under chapter 9.

10 (s) To engage the services of private consultants on a
11 contract basis for rendering professional and technical assistance
12 and advice.

13 (t) To lease real or personal property and to accept federal
14 funds for, and participate in, federal programs of housing
15 assistance.

16 (u) To review and approve rental charges for authority-
17 financed housing projects and require whatever changes the
18 authority determines to be necessary. The changes shall become
19 effective after not less than 30 days' written notice is given to
20 the residents of the affected authority-financed housing projects.

21 (v) To set forth in the various loan documents of the
22 authority those restrictions on the sale, conveyance by land
23 contract, or transfer of residential real property, housing
24 projects, or housing units for which a note is held by the
25 authority and restrictions on the assumption by subsequent
26 purchasers of loans originated by and held by, or originated for
27 purchase by and held by, the authority as the authority determines

1 to be necessary in order to comply with requirements of federal
2 statutes, federal rules or regulations promulgated under sections
3 551 to 559 of title 5 of the United States Code, 5 ~~U.S.C.~~ **USC** 551
4 to 559, state statutes, or state rules promulgated under the
5 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
6 24.328, or to obtain and maintain the tax exempt status of
7 authority bonds and notes. However, the authority shall not use a
8 due on sale or acceleration clause solely for the purpose of
9 renegotiating the interest rate on a loan made with respect to an
10 owner-occupied single-family housing unit. Without limiting the
11 authority's power to establish other restrictions, as provided in
12 this section, on the sale, conveyance by land contract, or transfer
13 of residential real property, housing projects, or housing units
14 for which a note is held by the authority and the assumption by
15 subsequent purchasers of loans made or purchased by the authority,
16 the authority shall provide in its loan documents relating to a
17 single family loan that the single family loan may be assumed by a
18 new purchaser only when the new purchaser qualifies under the
19 authority income limitations rules except where such a restriction
20 diminishes or precludes the insurance or a guarantee by an agency
21 of the federal government with respect to the single family loan. A
22 loan made for a mobile home that the borrower does not intend to
23 permanently affix to real property shall become immediately due and
24 payable in the event the mobile home is moved out of the state. Any
25 restrictions on conveyance by sale, conveyance by land contract, or
26 transfer that are authorized in this section shall apply only to
27 loans originated by and held by, or originated for purchase by and

1 held by, the authority and may, at the option of the authority, be
2 enforced by accelerating and declaring immediately due and payable
3 all sums evidenced by the note held by the authority. An
4 acceleration and declaration of all sums to be due and payable on
5 conveyance by sale, land contract, or transfer is not an
6 unreasonable restraint on alienation. An acceleration and
7 declaration, unless otherwise prohibited in this subdivision, of
8 all sums to be due and payable under this subdivision is
9 enforceable in any court of competent jurisdiction. This
10 subdivision is applicable to secured and unsecured loans. This
11 subdivision is also applicable to loan documents utilized in
12 conjunction with an authority-operated program of residential
13 rehabilitation by an entity cooperating or participating with the
14 authority under section 22a(4), which loans are originated with the
15 intent to sell those loans to the authority.

16 (w) To set forth in the various loan documents of the
17 authority those remedies for the making of a false statement,
18 representation, or pretense or a material misstatement by a
19 borrower during the loan application process. Without limiting the
20 authority's power to pursue other remedies, the authority shall
21 provide in its loan documents that, if a borrower makes a false
22 statement, representation, or pretense or a material misstatement
23 during the loan application process, the authority, at its option,
24 may accelerate and declare immediately due and payable all sums
25 evidenced by the note held by the authority. An acceleration and
26 declaration of all sums to be due as authorized under this
27 subdivision and payable as provided in this subdivision is

1 enforceable in any court of competent jurisdiction. This
2 subdivision is applicable to secured and unsecured loans.

3 (x) To collect interest on a real estate loan, the primary
4 security for which is not a first lien on real estate, at the rate
5 of 15% or less per annum on the unpaid balance. This subdivision
6 does not impair the validity of a transaction or rate of interest
7 that is lawful without regard to this subdivision.

8 (y) To encourage and engage or participate in programs to
9 accomplish the preservation of housing in this state available for
10 occupancy by persons and families of low or moderate income.

11 (z) To verify for the state treasurer statements submitted by
12 a city, village, township, or county as to exempt properties under
13 section 7d of the general property tax act, 1893 PA 206, MCL
14 211.7d.

15 (aa) For the purpose of more effectively managing its debt
16 service, to enter into an interest rate exchange or swap, hedge, or
17 similar agreement with respect to its bonds or notes on the terms
18 and payable from the sources and with the security, if any, as
19 determined by a resolution of the authority.

20 (bb) To make working capital loans to contractors or
21 subcontractors on housing projects financed by the authority. The
22 authority shall submit an annual report to the legislature
23 containing the amount, recipient, duration, circumstance, and other
24 related statistics for each capital loan made to a contractor or
25 subcontractor under this subdivision. The authority shall include
26 in the report statistics related to the cost of improvements made
27 to adapt property for use by disabled individuals as provided in

1 section 32b(5) or (6) or section 44(2)(a).

2 (cc) Subject to rules of the civil service commission, to
3 adopt a code of ethics with respect to its employees that requires
4 disclosure of financial interests, defines and precludes conflicts
5 of interest, and establishes reasonable post-employment
6 restrictions for a period of up to 1 year after an employee
7 terminates employment with the authority.

8 (dd) To impose covenants running with the land in order to
9 satisfy requirements of applicable federal law with respect to
10 housing assisted or to be assisted through federal programs such as
11 the low income housing tax credit program or the home investment
12 partnerships program by executing and recording regulatory
13 agreements between the authority or such municipality or other
14 entity as may be designated by the authority and the person or
15 entity to be bound. These covenants shall run with the land and be
16 effective with respect to the parties making the covenants and
17 other intended beneficiaries of the covenants, even though there is
18 no privity of estate or privity of contract between the authority
19 and the persons or entities to be bound.

20 (ee) To impose covenants running with the land in order to
21 satisfy requirements of applicable state or federal law with
22 respect to housing financed by the authority by executing and
23 recording regulatory agreements between the authority and the
24 person or entity to be bound. These covenants shall run with the
25 land and be effective with respect to the parties making the
26 covenants and other intended beneficiaries of the covenants, even
27 though there is no privity of estate or privity of contract between

1 the authority and the persons or entities to be bound. With respect
2 to the application of any applicable environmental laws, this
3 subdivision shall not be construed to grant to the authority any
4 additional rights, privileges, or immunities not otherwise afforded
5 to a private lender that is not in the chain of title for the land.

6 (ff) To participate in programs designed to assist persons and
7 families whose incomes do not exceed 115% of the greater of
8 statewide median gross income or the area median gross income
9 become homeowners where loans are made by private lenders for
10 purchase by the government national mortgage association, federal
11 national mortgage association, federal home loan mortgage
12 corporation, or other federally chartered organizations.
13 Participation may include providing or funding homeownership
14 counseling and providing some or all of a reserve fund to be used
15 to pay for losses in excess of insurance coverage.

16 (gg) To invest up to 20% of funds held by or for the authority
17 in escrow accounts for the benefit of the authority or mortgagors
18 of authority-financed housing in loans originated or purchased by
19 the authority, under the conditions prescribed in this subdivision
20 and without the consent of the escrow depositors. In connection
21 with loans described in this subdivision, the authority may charge
22 and retain fees in amounts similar to those charged with respect to
23 similar loans for which the source of funding does not come from
24 escrow funds. The investment authorized by this subdivision shall
25 not be made unless both of the following requirements are met:

26 (i) The return on the loan is approximately equivalent to that
27 which could be obtained from investments of substantially similar

1 credit quality and maturity, as determined by the authority.

2 (ii) The authority agrees to repurchase from its own funds and
3 at the same prices at which the loans were sold to the escrow
4 funds, as adjusted for the accretion of discount or amortization of
5 premium, plus accrued interest, any loans that become delinquent in
6 excess of 30 days. This subdivision does not obligate the authority
7 to purchase a delinquent loan so long as with respect to that loan
8 the authority advances money from its own funds in the amount of
9 the delinquent payments. The authority's election to advance
10 payments does not in any manner abate or cure the delinquency of
11 the loan and the authority may resort to any remedies that would
12 exist in the absence of that payment.

13 (hh) To acquire, develop, rehabilitate, own, operate, and
14 enter into contracts with respect to the management and operation
15 of real and personal property to use as office facilities by the
16 authority and to enter into leases with respect to facilities not
17 immediately necessary for the activities of the authority.

18 (ii) To make loans to certain qualified buyers and resident
19 organizations and to make grants to resident organizations as
20 provided in the following:

21 (i) The urban homestead act, 1999 PA 127, MCL 125.2701 to
22 125.2709.

23 (ii) The urban homesteading on vacant land act, 1999 PA 129,
24 MCL 125.2741 to 125.2748.

25 (iii) The urban homesteading in single-family public housing
26 act, 1999 PA 128, MCL 125.2761 to 125.2770.

27 (iv) The urban homesteading in multifamily public housing act,

1 1999 PA 84, MCL 125.2721 to 125.2734.

2 (JJ) TO IMPLEMENT AND ADMINISTER A HOUSING AND COMMUNITY
3 DEVELOPMENT PROGRAM AS DESCRIBED IN THIS ACT.

4 Sec. 58. (1) The definitions in section 11 apply to this
5 chapter unless otherwise provided in this chapter.

6 (2) As used in this chapter:

7 (A) "ADJACENT NEIGHBORHOOD" MEANS A RESIDENTIAL AREA AS
8 DETERMINED BY THE AUTHORITY IMMEDIATELY ADJOINING OR NEAR A
9 DOWNTOWN AREA WITHIN THE SAME MUNICIPALITY.

10 (B) ~~(a)~~ "Adjusted household income" means that term as defined
11 in rules of the authority.

12 ~~—— (b) "Affordable housing" means residential housing that is~~
13 ~~occupied by low income, very low income, or extremely low income~~
14 ~~households, and results in monthly housing costs equal to no more~~
15 ~~than approximately 1/3 of the adjusted household income of the~~
16 ~~occupying household.~~

17 (C) "DOWNTOWN AREA" MEANS AN AREA WHERE 20 OR MORE CONTIGUOUS
18 PROPERTIES HAVE BEEN PLANNED, ZONED, OR USED FOR COMMERCIAL
19 PURPOSES FOR 50 OR MORE YEARS AND WHERE A MAJORITY OF THE BUILDINGS
20 ARE BUILT ADJACENT TO EACH OTHER AS DETERMINED BY THE AUTHORITY AND
21 UP TO THE PUBLIC RIGHT-OF-WAY. IN ORDER TO BE A DOWNTOWN AREA, THE
22 AREA SHALL CONTAIN A SIGNIFICANT NUMBER OF MULTILEVEL, MIXED USE
23 BUILDINGS AND PROPERTY IN THE DOWNTOWN AREA MUST BE OWNED BY MORE
24 THAN 3 PRIVATE OWNERS.

25 (D) ~~(e)~~ "Eligible applicant" means a not-for-profit
26 corporation, a for-profit corporation, A MUNICIPALITY, A LAND BANK
27 FAST TRACK AUTHORITY ORGANIZED UNDER THE LAND BANK FAST TRACK ACT,

1 2003 PA 258, MCL 124.751 TO 124.774, or a partnership that is
2 approved by the authority and that is organized for the purpose of
3 developing and supporting affordable housing for low income, very
4 low income, or extremely low income households **OR PROJECTS LOCATED**
5 **IN A DOWNTOWN AREA OR ADJACENT NEIGHBORHOOD.**

6 (E) ~~(d)~~—"Extremely low income household" means a person, a
7 family, or unrelated persons living together whose adjusted
8 household income is not more than ~~25%~~ **30%** of the **AREA** median
9 income, as determined by the authority.

10 (F) ~~(e)~~—"Fund" means the Michigan housing and community
11 development fund created in section 58a.

12 (G) ~~(f)~~—"Low income household" means a person, a family, or
13 unrelated persons living together whose adjusted household income
14 is more than 50% but not more than 60% of the **AREA** median income,
15 as determined by the authority.

16 (H) **"MIXED USE BUILDINGS" MEANS BUILDINGS THAT CAN BE USED FOR**
17 **MORE THAN 1 PURPOSE, AND IN ANY COMBINATION, INCLUDING, BUT NOT**
18 **LIMITED TO, RESIDENTIAL HOUSING COMBINED WITH EITHER COMMERCIAL OR**
19 **RETAIL SPACE.**

20 (I) ~~(g)~~—"Multifamily housing" means a building or buildings
21 providing housing to 2 or more households, none of which is owner
22 occupied.

23 (J) **"PROJECT" MEANS THOSE ACTIVITIES DEFINED UNDER SECTION**
24 **58C.**

25 (K) **"SUPPORTIVE HOUSING" MEANS A RENTAL HOUSING PROJECT IN**
26 **WHICH SOME OR ALL OF THE UNITS ARE TARGETED TO PEOPLE WITH**
27 **HOUSEHOLD INCOMES AT OR BELOW 30% OF AREA MEDIAN INCOME AND THAT**

1 PROVIDE SERVICES, EITHER DIRECTLY OR CONTRACTED FOR, TO THOSE
 2 PEOPLE THAT INCLUDE, BUT ARE NOT LIMITED TO, MENTAL HEALTH,
 3 SUBSTANCE ABUSE SERVICES, COUNSELING SERVICES, AND DAILY LIVING
 4 SERVICES.

5 (I) ~~(h)~~ "Very low income household" means a person, a family,
 6 or unrelated persons living together whose adjusted household
 7 income is **NOT** more than 25% ~~but not more than 50%~~ of the **AREA**
 8 median income, as determined by the authority.

9 Sec. 58a. ~~(1) The Michigan housing and community development~~
 10 ~~fund is created in the department of treasury. The fund shall be~~
 11 ~~administered by the authority and shall be expended only as~~
 12 ~~provided in this chapter.~~

13 ~~—— (2) The state treasurer shall credit to the fund all of the~~
 14 ~~following:~~

15 ~~—— (a) All receipts, including, but not limited to, dividends and~~
 16 ~~interest on the investment of money in the fund and principal and~~
 17 ~~interest payments from loans or agreements made from the fund.~~

18 ~~—— (b) All proceeds of assets received by the authority as a~~
 19 ~~result of the default of loans or agreements made under this~~
 20 ~~chapter.~~

21 ~~—— (c) All appropriations, grants, or gifts of money or property~~
 22 ~~made to the fund.~~

23 ~~—— (d) All fees or charges collected by the authority pursuant to~~
 24 ~~activities authorized under this chapter.~~

25 ~~—— (e) Other revenue as provided by law.~~

26 ~~—— (3) All balances in the fund at the end of a fiscal year shall~~
 27 ~~be carried over as a part of the fund and shall not revert to the~~

1 ~~general fund of the state.~~ (1) THE MICHIGAN HOUSING AND COMMUNITY
2 DEVELOPMENT FUND IS CREATED AS A SEPARATE FUND IN THE AUTHORITY.

3 (2) THE FUND SHALL BE ADMINISTERED BY THE AUTHORITY, AND MONEY
4 IN THE FUND SHALL BE EXPENDED ONLY AS PROVIDED IN THIS ACT.

5 (3) THE AUTHORITY SHALL CREDIT TO THE FUND ALL AMOUNTS
6 APPROPRIATED TO THE FUND OR TO THE AUTHORITY FOR THE FUND AND ANY
7 OTHER MONEY MADE AVAILABLE TO THE AUTHORITY FOR THE FUND FROM ANY
8 OTHER SOURCE FOR THE PURPOSES UNDER THIS ACT. THE AUTHORITY, ON
9 BEHALF OF THE FUND, MAY SOLICIT AND ACCEPT GIFTS, GRANTS, LABOR,
10 LOANS, AND OTHER AID FROM ANY PERSON, GOVERNMENT, OR ENTITY. THE
11 AUTHORITY MAY RECEIVE MONEY OR OTHER ASSETS FROM ANY SOURCE FOR
12 DEPOSIT INTO THE FUND, INCLUDING, BUT NOT LIMITED TO, FEDERAL
13 FUNDS, GIFTS, BEQUESTS, AND DONATIONS.

14 (4) THE AUTHORITY SHALL INVEST THE MONEY AND CREDIT THE
15 EARNINGS FROM THE INVESTMENTS TO THE FUND IN ACCORDANCE WITH
16 SECTION 22.

17 (5) MONEY APPROPRIATED TO THE FUND OR TO THE AUTHORITY FOR THE
18 FUND SHALL BE AVAILABLE FOR DISBURSEMENT BY THE AUTHORITY UPON
19 APPROPRIATION.

20 (6) MONEY IN THE FUND AT THE CLOSE OF A FISCAL YEAR SHALL
21 REMAIN IN THE FUND AND SHALL NOT LAPSE TO THE GENERAL FUND.

22 Sec. 58b. (1) The authority shall create and implement the
23 Michigan housing and community development program for the purpose
24 of developing and coordinating public and private resources to meet
25 the ~~affordable~~ housing needs of low income, very low income, and
26 extremely low income households **AND TO FINANCE PROJECTS LOCATED IN**
27 **A DOWNTOWN AREA OR ADJACENT NEIGHBORHOOD** in this state.

1 (2) The authority shall identify, select, and make financing
2 available to eligible applicants from money in the fund or from
3 money secured by the fund for ~~affordable~~ housing for low income,
4 very low income, and extremely low income households **AND FOR**
5 **PROJECTS LOCATED IN A DOWNTOWN AREA OR ADJACENT NEIGHBORHOOD.** This
6 subsection does not preclude the authority from using other
7 resources in conjunction with the fund for a purpose authorized
8 under this chapter.

9 ~~—— (3) The authority shall promulgate rules according to the~~
10 ~~administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to~~
11 ~~24.328, providing for the terms and conditions under which~~
12 ~~assistance made under this chapter shall be recaptured.~~

13 (3) ~~(4)~~ The authority shall develop an ~~annual~~ **A BIENNIAL**
14 **ALLOCATION** plan providing for the allocation of money from the
15 fund, according to all of the following:

16 (a) The allocation plan shall contain a formula for
17 distributing money throughout the state based on the number of
18 persons experiencing poverty, **ECONOMIC**, and housing distress in
19 various regions of the state.

20 (b) The allocation plan shall ~~identify eligible applicants,~~
21 **INCLUDE A** preference for special population groups described in
22 section 58c(2). ~~, and preference for geographic targeting in~~
23 ~~designated revitalization areas including, but not limited to,~~
24 ~~neighborhood preservation areas, state renaissance zones, core~~
25 ~~communities, and federally designated enterprise community or~~
26 ~~homeownership zones.~~

27 (c) Not less than 25% of the fund shall be earmarked for

1 rental housing projects that do not qualify under preferences for
 2 special population groups ~~, geographic preferences, or other~~
 3 preferences contained in the allocation plan.

4 (d) Not less than 30% of the fund shall be earmarked for
 5 projects that target extremely low income households and include at
 6 a minimum ~~both of the following activities:~~

7 ~~—— (i) Developing~~ **DEVELOPING** housing for the homeless, **SUPPORTIVE**
 8 **HOUSING**, transitional housing, and permanent housing.

9 ~~—— (ii) Providing security deposits, supportive services, and~~
 10 ~~technical assistance to eligible applicants.~~

11 (e) A rental housing project assisted by the fund must ~~provide~~
 12 ~~affordable housing for households earning no more than 60% of the~~
 13 ~~median income~~ **SET ASIDE AT LEAST 20% OF THE RENTAL UNITS INCLUDED**
 14 **IN THE PROJECT FOR HOUSEHOLDS EARNING NO MORE THAN 60% OF THE AREA**
 15 **MEDIAN INCOME.**

16 (f) A home ownership project assisted by the fund must ~~provide~~
 17 ~~affordable housing for households earning no more than 60% of the~~
 18 ~~median income~~ **SET ASIDE AT LEAST 20% OF THE HOUSING UNITS IN THE**
 19 **PROJECT FOR HOUSEHOLDS EARNING NO MORE THAN 60% OF THE AREA MEDIAN**
 20 **INCOME.**

21 (g) Money that has not been committed at the end of a fiscal
 22 year shall not be carried over in the category to which the money
 23 had been allocated during that fiscal year, but shall be
 24 reallocated for the next fiscal year according to the next fiscal
 25 year's allocation plan.

26 (5) ~~Each year, the authority shall hold public hearings in at~~
 27 ~~least 3 separate locations throughout this state on the priorities~~

~~1 and draft allocation plan for the upcoming year. After the public~~
~~2 hearings, the authority may make minor modifications to the~~
~~3 allocation plan necessary to facilitate the administration of the~~
~~4 Michigan housing and community development program or to address~~
~~5 unforeseen circumstances. PRIOR TO DEVELOPING THE BIENNIAL~~
~~6 ALLOCATION PLAN, THE AUTHORITY SHALL HOLD PUBLIC HEARINGS IN AT~~
~~7 LEAST 3 SEPARATE LOCATIONS IN THIS STATE REGARDING THE CONTENT OF~~
~~8 THE BIENNIAL ALLOCATION PLAN. THE AUTHORITY MAY MAKE MODIFICATIONS~~
~~9 TO THE ALLOCATION PLAN NECESSARY TO FACILITATE THE ADMINISTRATION~~
~~10 OF THE MICHIGAN HOUSING AND COMMUNITY DEVELOPMENT PROGRAM OR TO~~
~~11 ADDRESS UNFORESEEN CIRCUMSTANCES.~~

(6) The authority shall issue an annual report to the governor
 and the legislature summarizing the expenditures of the fund for
 the prior fiscal year including at a minimum a description of the
 eligible applicants that received funding, the number of housing
 units that were produced, ~~and the income levels of the households~~
 that were served, **THE NUMBER OF HOMELESS PERSONS SERVED, AND THE**
NUMBER OF DOWNTOWN AREAS AND ADJACENT NEIGHBORHOODS THAT RECEIVE
FINANCING.

~~(7) In addition to the rules promulgated under subsection (3),~~
~~the authority shall promulgate rules according to~~ **THE AUTHORITY MAY**
PROMULGATE RULES UNDER the administrative procedures act of 1969,
 1969 PA 306, MCL 24.201 to 24.328, to implement this chapter.

Sec. 58c. (1) The authority shall expend money in the fund to
 make grants, mortgage loans, or other loans to eligible applicants
 as provided in this section to enable eligible applicants to
 finance any of the following with respect to housing or home

ownership for low income, very low income, and extremely low income households **AND WITH RESPECT TO PROJECTS LOCATED IN A DOWNTOWN AREA OR ADJACENT NEIGHBORHOOD:**

(a) Acquisition of land and buildings.

(b) Rehabilitation.

(c) New construction.

(d) Development and predevelopment costs.

(e) Preservation of existing housing.

(f) ~~Infrastructure~~ **COMMUNITY DEVELOPMENT PROJECTS, INCLUDING, BUT NOT LIMITED TO, INFRASTRUCTURE** improvements, economic development projects, **BLIGHT ELIMINATION**, or community facilities. ~~that support housing development.~~

(g) Insurance.

(h) Operating and replacement reserves.

(i) Down payment assistance.

(j) Security deposit assistance.

(k) ~~Supportive services~~ **FORECLOSURE PREVENTION AND ASSISTANCE.**

(l) **INDIVIDUAL DEVELOPMENT ACCOUNTS ESTABLISHED UNDER THE INDIVIDUAL OR FAMILY DEVELOPMENT ACCOUNT PROGRAM ACT, 2006 PA 513, MCL 206.701 TO 206.711.**

(m) **ACTIVITIES RELATED TO ENDING HOMELESSNESS.**

(n) **ASSISTANCE TO NONPROFIT ORGANIZATIONS, MUNICIPALITIES, AND LAND BANK FAST TRACK AUTHORITIES ORGANIZED UNDER THE LAND BANK FAST TRACK ACT, 2003 PA 258, MCL 124.751 TO 124.774.**

(o) **PREDATORY LENDING PREVENTION OR RELIEF.**

(2) The authority shall expend a portion of the fund for housing for ~~special needs populations including, but not limited~~

1 ~~to, the homeless,~~ persons with physical or mental handicaps ~~and~~
 2 persons living in ~~rural or~~ **ELIGIBLE** distressed areas.

3 (3) The authority may make a loan to an eligible applicant
 4 from the fund at no interest or at below market interest rates,
 5 with or without security, and may make a loan for predevelopment
 6 financing.

7 (4) The authority may provide assistance **TO ELIGIBLE**
 8 **APPLICANTS** for housing units for very low income or extremely low
 9 income households within multifamily housing that is occupied
 10 partly by very low income or extremely low income households and
 11 partly by households that do not qualify as very low income or
 12 extremely low income households, subject to the rules promulgated
 13 by the authority.

14 (5) The authority may ~~provide funding for projects with 50~~
 15 ~~units or less and provide incentives to encourage project~~
 16 ~~feasibility and mixed income housing projects that respond to~~
 17 ~~community priorities~~ **EXPEND MONEY IN THE FUND FOR ALL OTHER THINGS**
 18 **NECESSARY TO ACHIEVE THE OBJECTIVES AND PURPOSES OF THE FUND OR**
 19 **THIS CHAPTER.**

20 (6) **WHEN PERFORMING FUNCTIONS UNDER THIS CHAPTER, THE**
 21 **AUTHORITY SHALL CONSIDER ADVICE PROVIDED BY THE COMMITTEE CREATED**
 22 **UNDER SECTION 58E.**

23 **SEC 58E. (1) THE MICHIGAN HOUSING AND COMMUNITY DEVELOPMENT**
 24 **FUND ADVISORY COMMITTEE IS CREATED IN THE AUTHORITY. THE COMMITTEE**
 25 **SHALL HAVE 10 MEMBERS. MEMBERS OF THE COMMITTEE SHALL INCLUDE THE**
 26 **EXECUTIVE DIRECTOR OF THE AUTHORITY, WHO SHALL SERVE AS A NONVOTING**
 27 **EX OFFICIO MEMBER, AND THE FOLLOWING 9 MEMBERS APPOINTED BY THE**

1 GOVERNOR:

2 (A) AN INDIVIDUAL REPRESENTING HOUSING LENDERS, DEVELOPERS, OR
3 BUILDERS APPOINTED BY THE GOVERNOR FROM A LIST OF 3 OR MORE
4 INDIVIDUALS NOMINATED BY THE SPEAKER OF THE HOUSE OF
5 REPRESENTATIVES.

6 (B) AN INDIVIDUAL REPRESENTING HOUSING LENDERS, DEVELOPERS, OR
7 BUILDERS APPOINTED BY THE GOVERNOR FROM A LIST OF 3 OR MORE
8 INDIVIDUALS NOMINATED BY THE MAJORITY LEADER OF THE SENATE.

9 (C) AN INDIVIDUAL REPRESENTING CITIES, VILLAGES, OR TOWNSHIPS.

10 (D) AN INDIVIDUAL REPRESENTING LOCAL HOUSING ORGANIZATIONS.

11 (E) AN INDIVIDUAL REPRESENTING NONPROFIT ORGANIZATIONS.

12 (F) AN INDIVIDUAL REPRESENTING A LOCAL ECONOMIC DEVELOPMENT
13 CORPORATION, A DOWNTOWN DEVELOPMENT AUTHORITY, A CORRIDOR
14 IMPROVEMENT AUTHORITY, A BUSINESS IMPROVEMENT DISTRICT, OR A
15 PRINCIPAL SHOPPING DISTRICT.

16 (G) AN INDIVIDUAL REPRESENTING A LOCAL NEIGHBORHOOD
17 ASSOCIATION OR NEIGHBORHOOD IMPROVEMENT AUTHORITY.

18 (H) TWO OTHER RESIDENTS OF THIS STATE.

19 (2) EXCEPT AS PROVIDED IN SUBSECTION (3), THE TERM OF A MEMBER
20 OF THE COMMITTEE APPOINTED BY THE GOVERNOR UNDER SUBSECTION (1)
21 SHALL BE 4 YEARS.

22 (3) OF THE MEMBERS INITIALLY APPOINTED BY THE GOVERNOR UNDER
23 SUBSECTION (1), 2 MEMBERS SHALL BE APPOINTED FOR A TERM EXPIRING ON
24 NOVEMBER 30, 2008, 2 MEMBERS SHALL BE APPOINTED FOR A TERM EXPIRING
25 ON NOVEMBER 30, 2009, 3 MEMBERS SHALL BE APPOINTED FOR A TERM
26 EXPIRING ON NOVEMBER 30, 2010, AND 2 MEMBERS SHALL BE APPOINTED FOR
27 A TERM EXPIRING ON NOVEMBER 30, 2011.

1 (4) A VACANCY ON THE COMMITTEE ARISING FOR A REASON OTHER THAN
2 THE EXPIRATION OF A TERM SHALL BE FILLED IN THE SAME MANNER AS THE
3 ORIGINAL APPOINTMENT FOR THE REMAINDER OF THE UNEXPIRED TERM.

4 (5) MEMBERS OF THE COMMITTEE SHALL SERVE WITHOUT COMPENSATION
5 BUT, SUBJECT TO AVAILABLE FUNDING, MAY RECEIVE REIMBURSEMENT FOR
6 THEIR ACTUAL AND NECESSARY EXPENSES WHILE ATTENDING MEETINGS OR
7 PERFORMING OTHER AUTHORIZED OFFICIAL BUSINESS OF THE COMMITTEE.

8 (6) THE GOVERNOR SHALL DESIGNATE 1 MEMBER OF THE COMMITTEE TO
9 SERVE AS CHAIRPERSON OF THE COMMITTEE AT THE PLEASURE OF THE
10 GOVERNOR. THE MEMBERS OF THE COMMITTEE MAY ELECT A MEMBER OF THE
11 COMMITTEE TO SERVE AS VICE-CHAIRPERSON OF THE COMMITTEE AND MAY
12 ELECT OTHER MEMBERS OF THE COMMITTEE AS OFFICERS OF THE COMMITTEE
13 AS THE COMMITTEE CONSIDERS APPROPRIATE.

14 (7) THE COMMITTEE MAY ADVISE THE AUTHORITY ON ALL OF THE
15 FOLLOWING:

16 (A) RECOMMENDATIONS FOR THE BIENNIAL ALLOCATION PLAN REQUIRED
17 UNDER SECTION 58B.

18 (B) EXPENDITURES FROM THE FUND UNDER THIS CHAPTER, INCLUDING
19 ALL OF THE FOLLOWING:

20 (i) WHETHER EXPENDITURES ARE DISTRIBUTED FAIRLY AND EQUITABLY.

21 (ii) WHETHER EXPENDITURES SATISFY HOUSING NEEDS AND PRIORITIES
22 IN THIS STATE.

23 (iii) WHETHER EXPENDITURES SATISFY THE ECONOMIC NEEDS AND
24 PRIORITIES OF COMMUNITIES BENEFITING FROM THE EXPENDITURES.

25 (8) THE COMMITTEE MAY MEET WITH REPRESENTATIVES OF THE
26 AUTHORITY, INCLUDING AUTHORITY EMPLOYEES AND MEMBERS OF THE BOARD
27 OF DIRECTORS OF THE AUTHORITY, TO DISCUSS AND PROVIDE ADVICE ON

1 MATTERS RELATING TO THE FUND.

2 (9) THE AUTHORITY MAY PROVIDE THE COMMITTEE WITH MEETING
3 SPACE, SUPPLIES, AND STAFF TO SUPPORT THE FUNCTIONS OF THE
4 COMMITTEE UNDER THIS SECTION.

5 (10) A MEETING OF THE COMMITTEE SHALL BE CONDUCTED AS A PUBLIC
6 MEETING HELD IN COMPLIANCE WITH THE OPEN MEETINGS ACT, 1976 PA 267,
7 MCL 15.261 TO 15.275. NOTICE OF THE DATE, TIME, AND PLACE OF A
8 PUBLIC MEETING OF THE COMMITTEE SHALL BE GIVEN AS PRESCRIBED IN THE
9 OPEN MEETINGS ACT, 1976 PA 267, MCL 15.261 TO 15.275. A MAJORITY OF
10 THE MEMBERS OF THE COMMITTEE SERVING CONSTITUTE A QUORUM FOR THE
11 TRANSACTION OF THE COMMITTEE'S BUSINESS. THE COMMITTEE SHALL ACT BY
12 A MAJORITY VOTE OF ITS SERVING MEMBERS.

13 (11) A MEMBER OF THE COMMITTEE SHALL NOT USE FOR PERSONAL GAIN
14 INFORMATION OBTAINED BY THE MEMBER WHILE PERFORMING BUSINESS OF THE
15 COMMITTEE, NOR SHALL A MEMBER OF THE COMMITTEE DISCLOSE
16 CONFIDENTIAL INFORMATION OBTAINED BY THE MEMBER WHILE CONDUCTING
17 COMMITTEE BUSINESS, EXCEPT AS NECESSARY TO PERFORM COMMITTEE
18 BUSINESS. THE COMMITTEE SHALL ADOPT A CODE OF ETHICS FOR ITS
19 MEMBERS AND ESTABLISH POLICIES AND PROCEDURES REQUIRING THE
20 DISCLOSURE OF RELATIONSHIPS THAT MAY GIVE RISE TO A CONFLICT OF
21 INTEREST. THE COMMITTEE SHALL REQUIRE THAT ANY MEMBER OF THE
22 COMMITTEE WITH A DIRECT OR INDIRECT INTEREST IN ANY MATTER BEFORE
23 THE COMMITTEE DISCLOSE THE MEMBER'S INTEREST TO THE COMMITTEE
24 BEFORE THE COMMITTEE TAKES ANY ACTION ON THE MATTER.

25 SEC. 58F. (1) WHEN PERFORMING DUTIES UNDER THIS CHAPTER, THE
26 AUTHORITY AND THE COMMITTEE CREATED UNDER SECTION 58E SHALL REMAIN
27 COGNIZANT OF THE RIGHTS OF THE HOLDERS OF AUTHORITY BONDS OR NOTES

1 AND THE EXTENT TO WHICH CERTAIN AUTHORITY BOND AND NOTE CONTRACTS
2 MAY REQUIRE THE AUTHORITY TO EITHER MAINTAIN SUFFICIENT PERSONNEL
3 OR CONTRACT FOR SERVICES TO PLAN AUTHORITY PROGRAMS AND TO
4 SUPERVISE ENFORCEMENT AND, WHERE NECESSARY, FORECLOSURE OF
5 AUTHORITY MORTGAGE AGREEMENTS.

6 (2) NOTHING IN THIS CHAPTER SHALL BE CONSTRUED TO AFFECT THE
7 STATUS OF MONEY OF THE AUTHORITY CONTROLLED BY THE AUTHORITY AS
8 STATE FUNDS APPROPRIATED TO THE AUTHORITY LOSE THEIR IDENTITY AS
9 STATE FUNDS UPON PAYMENT TO THE AUTHORITY AND BECOME PUBLIC FUNDS
10 OF THE AUTHORITY SOLELY UNDER THE CONTROL OF THE AUTHORITY AND
11 FUNDS ESTABLISHED BY OR WITHIN THE AUTHORITY AND ARE PUBLIC TRUST
12 FUNDS ADMINISTERED BY THE AUTHORITY. NOTHING IN THIS CHAPTER SHALL
13 BE CONSTRUED TO IMPAIR THE OBLIGATION OF ANY BOND OR NOTE ISSUED BY
14 THE AUTHORITY. BONDS AND NOTES ISSUED BY THE AUTHORITY ARE
15 OBLIGATIONS OF THE AUTHORITY AND NOT OBLIGATIONS OF THIS STATE.