

SENATE BILL NO. 1128

September 22, 2020, Introduced by Senators BULLOCK, CHANG, ALEXANDER, IRWIN, POLEHANKI, WOJNO and ANANICH 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

1 authority created in this act.

2 (b) "Development costs" means the costs that have been
3 approved by the authority as appropriate expenditures, and
4 includes:

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

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

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

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

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

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

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

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

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

1 program of rent supplements.

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

5 **Development.**

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

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

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

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

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

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

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

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

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

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

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

29 (j) "Governing body" means in the case of a city, the council

1 or commission of the city; in the case of a village, the council,
2 commission, or board of trustees of the village; in the case of a
3 township, the township board; and in the case of a county, the
4 county board of commissioners.

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

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

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

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

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

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

1 (q) "Limited dividend housing corporation" means a corporation
2 incorporated or qualified ~~pursuant to~~**under** the corporation laws of
3 this state and chapter 6 and a limited dividend housing association
4 organized and qualified ~~pursuant to~~**under** chapter 7.

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (v) "Mobile home" means a structure, transportable in 1 or
28 more sections, that is built on a chassis and is designed to be
29 used as a dwelling with or without permanent foundation, when

1 connected to the required utilities, and includes the plumbing,
2 heating, air conditioning, and electrical systems contained in the
3 structure. Mobile home may, but need not, include the real property
4 to which the mobile home may be attached. Mobile home does not
5 include a recreational vehicle.

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

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

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

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

26 (aa) "Housing unit" means living accommodations that are
27 intended for occupancy by up to 4 families, with a separate
28 dwelling unit for each family, that may be site constructed or may
29 be a mobile home or other form of manufactured housing, and with

1 respect to which either of the following applies:

2 (i) The owner of the housing occupies at least 1 of the
3 dwelling units.

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

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

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

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

16 (cc) "Area of chronic economic distress" means an area that
17 qualifies as a "qualified census tract" or an "area of chronic
18 economic distress" as **those terms are** defined in former section
19 103A(k) of the internal revenue code, or an eligible distressed
20 area.

21 (dd) "Mortgage lender" means a state or national bank, state
22 or federal savings and loan association, mortgage company,
23 insurance company, state pension fund, or any other financial
24 institution, intermediary, or entity authorized to make mortgage
25 loans in this state.

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

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

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

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

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

13 (jj) "Internal revenue code" means the United States internal
14 revenue code of 1986.

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

18 **(ll) "Residential revitalization and conversion project" means**
19 **a project other than a project receiving benefits under this act**
20 **that improves residential real property and results in the**
21 **conversion of low-rent housing into housing that is leased at rates**
22 **equal to or greater than the average fair market rent for existing**
23 **rental property as determined by the authority.**

24 Sec. 17. **(1)** The authority may provide to any organization or
25 person participating or intending to participate in the
26 development, design, or management of authority-assisted housing or
27 in the contracting or subcontracting of the construction or
28 rehabilitation of authority-assisted housing, such advisory,
29 consultative, technical, training, and educational services as will

1 assist them to more effectively provide authority-assisted housing.
2 Advisory and educational services may include but are not
3 necessarily limited to technical and professional planning
4 assistance, the preparation and promulgation of organizational
5 planning and development outlines and guides, consultation
6 services, training courses, seminars and lectures, the preparation
7 and dissemination of newsletters and other printed materials, and
8 the services of field representatives.

9 **(2) The authority shall develop and distribute to the**
10 **municipalities of this state best practice guidelines for assessing**
11 **the needs of older adults who are displaced from their homes due to**
12 **a rise in the cost of housing that is the result of a residential**
13 **revitalization and conversion project in the municipality. The**
14 **authority shall provide technical assistance to the municipality in**
15 **developing and implementing the needs assessment described in this**
16 **subsection. The best practice guidelines shall include, but are not**
17 **limited to, guidelines for assessing the following areas as they**
18 **relate to the impact of displacement on an older adult:**

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

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

21 **(c) The older adult's physical and mental health needs.**

22 **(d) The older adult's financial and logistical needs.**

23 **(e) The older adult's emotional and spiritual needs.**

24 **(3) As used in this section, "older adult" means an adult who**
25 **is 55 years of age or older.**

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