SECRETARY OF SENATE
2023 FEB 6 AM 11:40

GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

GARLIN GILCHRIST II
LT. GOVERNOR

EXECUTIVE ORDER

No. 2023-1

Michigan Strategic Fund
Michigan State Housing Development Authority
Department of Labor and Economic Opportunity
Department of Health and Human Services

Executive Reorganization

Housing is the cornerstone to thriving communities. A successful housing ecosystem provides safe, healthy, affordable, accessible, and attainable housing for all in a community of their choice. Yet, in Michigan, too many families are unable to find affordable housing. According to Michigan's Statewide Housing Needs Assessment, Michigan faces a shortage of owner and renter occupied housing. The most recent Asset Limited, Income Constrained, Employed (ALICE) Report found that 48% of Michigan renters and 18% of homeowners paid too much for housing (over 30% of their income). This constraint on housing supply, which was decades in the making, is a primary driver of the current affordability crisis.

Michigan struggled with a lack of affordable housing before COVID-19. The pandemic amplified the challenge and highlighted the need to increase safety, address issues of quality, and tackle racial disparities. When combined with the ongoing affordability issue, these core challenges further illustrated the need for a statewide housing plan. It is vital to develop strategies that strengthen neighborhoods and communities grappling with a lack of affordable housing.

That's why in 2022 the State of Michigan released its first Statewide Housing Plan, which outlined strategies to tackle the state's affordable housing crisis. Michigan's Statewide Housing Plan includes ambitious goals for the state, including the target of building or rehabilitating over 75,000 housing units statewide in the next five years. The Michigan State Housing Development Authority is well-positioned to begin implementing the Statewide Housing Plan. However, achieving the goals of the Statewide Housing Plan will

also require the coordination of state departments and agencies and the focus of state and federal resources around the primary goal of housing access.

Section 1 of article 5 of the Michigan Constitution of 1963 vests the executive power of the State of Michigan in the governor.

Section 2 of article 5 of the Michigan Constitution of 1963 empowers the governor to make changes in the organization of the executive branch of state government or in the assignment of functions among its units that the governor considers necessary for efficient administration.

Acting under the Michigan Constitution of 1963 and Michigan law, I order the following:

1. Transfer of Program Administration

a) The administration of the Department of Housing and Urban Development's (HUD) Community Development Block Grant (CDBG) program funded by the annual CDBG program allocation, effective with the 2023 CDBG annual program allocation, and all future CDBG annual program allocations is transferred to the Michigan State Housing Development Authority (Authority) from the Michigan Strategic Fund. The transfer includes the Michigan Strategic Fund civil service personnel and/or vacancies to assist with the administration of the CDBG Program and includes the program's records, property, and allocations or other funds, if any, related to the 2023 CDBG annual program allocation and all future CDBG annual program allocations.

b) Except as transferred by this section, the Michigan Strategic Fund shall retain all of its unexpended balances of appropriations. The Michigan Strategic Fund shall retain the portion of the administration of the CDBG Program related to the 2022 CDBG annual program allocation and all prior year allocations. The Michigan Strategic Fund shall retain the administration of the CDBG Program Disaster Recovery (DR) program and the Community Development Block Grant Coronavirus Aid, Relief, and Economic Security (CARES) Act program. The Michigan Strategic Fund shall retain the records, property and allocations or other funds, if any, related to the 2022 CDBG annual program allocation and all prior year CDBG program allocations. All statutory authority, powers, duties, functions, responsibilities, records, personnel, and property related to housing programs funded with any CDBG annual program allocation are transferred from the Michigan Strategic Fund to the Authority. The Michigan Strategic Fund and the Authority may enter into separate agreements related to the 2022 CDBG program allocation and prior year allocations.

c) This order does not affect the status of money of the Authority. Money of the Authority is not money of this state and will continue to be non-state funds. State money appropriated to the Authority will continue to lose its status as state money upon payment to the Authority and become public money of the Authority under the

control of the Authority. Funds established by or within the Authority will continue to be public trust funds administered by the Authority.

d) This order does not impair the obligation of any bond or note issued by or on behalf of the Authority. Bonds and notes issued by or on behalf of the Authority are obligations of the Authority and not obligations of the state.

e) The Authority shall continue to coordinate activities relating to investments of the Authority with the Department of Treasury when responsibilities relating to investments are vested in the state treasurer or the Department of Treasury under the State Housing Development Authority Act of 1966, 1966 PA 346, as amended MCL 125.1401 to 125.1499c.

2. Definitions

As used in this Order:

a) "Community Development Block Grant" or "CDBG Program" means the Michigan Strategic Fund Program created under Title 1 of the Housing and Community Development Act of 1974, 42 U.S.C. 5301 et seq., 24 C.F.R. § 570. The "Community Development Block Grant Disaster Recovery" or "CDBG-DR" and the "Community Development Block Grant Coronavirus Aid, Relief, and Economic Security Act" allocation or "CDBG – CARES" are not included in the definition of Community Development Block Grant Program.

b) "2023 CDBG annual program allocation" means any allocation from the CDBG program in connection with the 2023 federal fiscal year from the Department of Housing and Urban Development.

c) "Community Development Block Grant Disaster Recovery" or "CDBG – DR" means the Michigan Strategic Fund Program created pursuant to the Disaster Relief Supplemental Appropriations Act, Pub. L. No. 117-43, 135 Stat. 345 (2021), in accordance with Allocations for Community Development Block Grant Disaster Recovery, 87 Fed. Reg. 23, 6364 (February 3, 2022) as further modified by 87 Fed. Reg. 100, 31636.

d) "Community Development Block Grant Coronavirus Aid, Relief, and Economic Security Act" or "CDBG – CARES" means the funds allocated pursuant to the CARES Act, Pub. L. No. 116-136, 134 Stat. 281 (2020).

e) "Michigan Strategic Fund" means the public body corporate and politic created within the Department of Treasury under Section 5 of 1984 PA 270, as amended, MCL 125.2005, and transferred to the Department of Labor and Economic Opportunity by Executive Reorganization Order 2019-3, MCL 125.1998.

f) "Michigan State Housing Development Authority" or "Authority" means the public body corporate and politic created under Section 21 of the State Housing Development Authority Act of 1966, 1966 PA 346, as amended, MCL 125.1401 to

MCL 125.1499, as amended under Executive Reorganization Order 2019-3, MCL 125.1998.

3. **Implementation**

a) The executive director of the Authority and the president of the Michigan Strategic Fund shall provide executive direction and supervision for the implementation of transfers under Sections 1-3 of this order.

b) The executive director of the Authority and the president of the Michigan Strategic Fund shall immediately initiate coordination to facilitate the transfers and develop memoranda of record identifying any pending settlements, issues, or compliance with applicable federal and state laws and regulations, or other obligations to be resolved related to the authority to be transferred.

c) State departments, agencies, and state officers shall cooperate with and assist the executive director of the Authority and president of the Michigan Strategic Fund with implementation of the functions or responsibilities under this order.

d) The State Budget Director shall determine and authorize the most efficient manner possible for handling financial transactions and records in this state's financial management system necessary to implement this order.

e) A rule, regulation, order, contract, or agreement relating to a function or responsibility transferred under this order lawfully adopted before the effective date of this order will continue to be effective until revised, amended, repealed, or rescinded.

f) This order is not intended to abate a proceeding commenced by, against, or before an officer or entity affected by this order. A proceeding may be maintained by, against, or before the successor of any officer or entity affected by this order.

g) If any portion of this order is found to be unenforceable, the unenforceable provision should be disregarded, and the rest of the order should remain in effect as issued.

h) Consistent with section 2 of article 5 of the Michigan Constitution of 1963, this order is effective April 8, 2023, at 12:00 a.m.

4. **Renaming the Michigan Children's Services Agency**

a) The Michigan Children's Services Agency, created by Executive Order 2015-4, MCL 400.227, is renamed the Children's Services Administration.

b) After the effective date of this order, a reference to the Michigan Children's Services Agency will be deemed to be a reference to the Children's Services Administration.

(Continued on next page)

Given under my hand and the Great Seal of the State of Michigan.

Date: February 06, 2023

Time: 10:30 a.m.

GRETCHEN WHITMER
GOVERNOR

By the Governor:

SECRETARY OF STATE

FILED WITH SECRETARY OF STATE
ON 2-6-23 AT 11:22 AM