

SENATE BILL No. 1243

March 27, 2008, Introduced by Senators JANSEN, HARDIMAN, BIRKHOLZ and KAHN and referred to the Committee on Economic Development and Regulatory Reform.

A bill to amend 1966 PA 346, entitled
"State housing development authority act of 1966,"
by amending the title and sections 2, 11, 58, 58a, 58b, and 58c
(MCL 125.1402, 125.1411, 125.1458, 125.1458a, 125.1458b, and
125.1458c), the title as amended and sections 58, 58a, 58b, and 58c
as added by 2004 PA 480 and section 11 as amended by 2004 PA 549,
and by adding section 58e; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

TITLE

An act to create a ~~state~~**COMMUNITY AND** housing development
authority; to define the powers and duties of the authority; to
establish a housing development revolving fund; to establish a land
acquisition and development fund; to establish a rehabilitation
fund; to establish a conversion condominium fund; to create certain

1 other funds and provide for the expenditure of certain funds; to
2 authorize the making and purchase of loans, deferred payment loans,
3 and grants to qualified developers, sponsors, individuals, mortgage
4 lenders, and municipalities; to establish and provide acceleration
5 and foreclosure procedures; to provide tax exemption; to authorize
6 payments instead of taxes by nonprofit housing corporations,
7 consumer housing cooperatives, limited dividend housing
8 corporations, mobile home park corporations, and mobile home park
9 associations; and to prescribe criminal penalties for violations of
10 this act.

11 Sec. 2. This act shall be known and may be cited as the "~~state~~
12 **COMMUNITY AND** housing development authority act of 1966".

13 Sec. 11. As used in this act:

14 (a) "Authority" means the Michigan ~~state~~**COMMUNITY AND** housing
15 development authority created in this act.

16 (b) "Development costs" means the costs that have been
17 approved by the authority as appropriate expenditures, and
18 includes:

19 (i) Payments for options to purchase properties on the proposed
20 housing project site, deposits on contracts of purchase, or, with
21 the prior approval of the authority, payments for the purchases of
22 those properties.

23 (ii) Legal, organizational, and marketing expenses, including
24 payment of attorneys' fees, project manager and clerical staff
25 salaries, office rent, and other incidental expenses.

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

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

2 (v) Necessary application and other fees to federal and other
3 government agencies.

4 (vi) Other expenses incurred by the nonprofit housing
5 corporation, consumer housing cooperative, limited dividend housing
6 corporation, mobile home park corporation, or mobile home park
7 association that the authority considers appropriate to effectuate
8 the purposes of this act.

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

10 (i) A below market interest rate mortgage insured, purchased,
11 or held by the secretary of the department of housing and urban
12 development.

13 (ii) A market interest rate mortgage insured by the secretary
14 of the department of housing and urban development and augmented by
15 a program of rent supplements.

16 (iii) A mortgage receiving interest reduction payments provided
17 by the secretary of the department of housing and urban
18 development.

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

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

24 (d) "Fund" means the housing development fund created by this
25 act.

26 (e) "Project cost" means the sum total of all reasonable or
27 necessary costs incurred by the nonprofit housing corporation,

1 consumer housing cooperative, limited dividend housing corporation,
2 mobile home park corporation, or mobile home park association for
3 carrying out all works and undertakings for the completion of a
4 housing project and approved by the authority. In addition to other
5 reasonable and necessary costs, "project costs" includes costs for
6 all of the following: studies and surveys; plans, specifications,
7 and architectural and engineering services; legal, organization,
8 marketing, or other special services; financing, acquisition,
9 demolition, construction, equipment, and site development of new
10 and rehabilitated buildings; movement of existing buildings to
11 other sites; rehabilitation, reconstruction, repair, or remodeling
12 of existing buildings; carrying charges during construction; the
13 cost of placement of tenants or occupants, and relocation services
14 in connection with a housing project; and, to the extent not
15 already included, all development costs.

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

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

19 (ii) A specific work or improvement either for rental or for
20 subsequent sale to an individual purchaser undertaken by a
21 nonprofit housing corporation, consumer housing cooperative,
22 limited dividend housing corporation, mobile home park corporation,
23 or mobile home park association pursuant to or receiving benefits
24 under this act to provide dwelling accommodations, including the
25 acquisition, construction, or rehabilitation of lands, buildings,
26 and improvements.

27 (iii) Social, recreational, commercial, and communal facilities

1 that the authority finds necessary to serve and improve a
2 residential area in which housing described in subparagraph (i) or
3 (ii) is located or is planned to be located, thereby enhancing the
4 viability of the housing.

5 (g) "Low income or moderate income persons" means families and
6 persons who cannot afford to pay the amounts at which private
7 enterprise, without federally-aided mortgages or loans from the
8 authority, is providing a substantial supply of decent, safe, and
9 sanitary housing and who fall within income limitations set in this
10 act or by the authority in its rules. Among low income or moderate
11 income persons, preference shall be given to the elderly and those
12 displaced by urban renewal, slum clearance, or other governmental
13 action.

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

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

17 (j) "Governing body" means in the case of a city, the council
18 or commission of the city; in the case of a village, the council,
19 commission, or board of trustees of the village; in the case of a
20 township, the township board; and in the case of a county, the
21 county board of commissioners.

22 (k) "Nonprofit housing corporation" means a nonprofit
23 corporation incorporated under the corporation laws of this state
24 and chapter 4.

25 (l) "Consumer housing cooperative" means a nonprofit
26 corporation incorporated pursuant to the corporation laws of this
27 state and chapter 5.

1 (m) "Annual shelter rent" means the total collections during
2 an agreed annual period from all occupants of a housing project
3 representing rent or occupancy charges, exclusive of charges for
4 gas, electricity, heat, or other utilities furnished to the
5 occupants.

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

10 (o) "Elderly" means a single person who is 55 years of age or
11 older or a household in which at least 1 member is 55 years of age
12 or older and all other members are 50 years of age or older.

13 (p) "Housing development" means a development that contains a
14 significant element of housing for persons of low or moderate
15 income and elements of other housing and commercial, recreational,
16 industrial, communal, and educational facilities that the authority
17 determines improve the quality of the development as it relates to
18 housing for persons of low or moderate income.

19 (q) "Limited dividend housing corporation" means a corporation
20 incorporated or qualified pursuant to the corporation laws of this
21 state and chapter 6 and a limited dividend housing association
22 organized and qualified pursuant to chapter 7.

23 (r) "Residential real property" means real property located in
24 this state, used for residential purposes, and improved or to be
25 improved by a residential structure. Residential real property
26 includes a mobile home, a mobile home park, and a mobile home
27 condominium project. When the terms "rehabilitate" or

1 "rehabilitation" are used in conjunction with residential real
2 property, residential real property refers to property improved by
3 a residential structure.

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

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

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

11 (i) An area located in a city with a population of at least
12 10,000, which area is either designated as a "blighted area" by a
13 local legislative body pursuant to 1945 PA 344, MCL 125.71 to
14 125.84, or which area is determined by the authority to be blighted
15 or largely vacant by reason of clearance of blight, if, with
16 respect to the area, the authority determines all of the following:

17 (A) That private enterprise has failed to provide a supply of
18 adequate, safe, and sanitary dwellings sufficient to meet market
19 demand.

20 (B) That approval of elimination of income limits applicable
21 in connection with authority loans has been received from the city
22 in the form of either a resolution adopted by the highest
23 legislative body of the city or, if the city charter provides for
24 the mayor to be elected at large with that office specifically
25 designated on the ballot, provides that the office of mayor is a
26 full-time position, and provides that the mayor has the power to
27 veto legislative actions of the legislative body of that city, a

1 written communication from the mayor of that city.

2 (ii) A municipality that meets all of the following
3 requirements:

4 (A) The municipality shows a negative population change from
5 1970 to the date of the most recent federal decennial census.

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

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

12 (D) The municipality has had an unemployment rate higher than
13 the statewide average unemployment rate for 3 of the preceding 5
14 years.

15 (iii) An area located in a local unit of government certified by
16 the Michigan enterprise zone authority as meeting the criteria
17 prescribed in section 2(d) of the neighborhood enterprise zone act,
18 1992 PA 147, MCL 207.772.

19 (v) "Mobile home" means a structure, transportable in 1 or
20 more sections, that is built on a chassis and is designed to be
21 used as a dwelling with or without permanent foundation, when
22 connected to the required utilities, and includes the plumbing,
23 heating, air conditioning, and electrical systems contained in the
24 structure. Mobile home may, but need not, include the real property
25 to which the mobile home may be attached. Mobile home does not
26 include a recreational vehicle.

27 (w) "Mobile home condominium project" means a condominium

1 project in which mobile homes are intended to be located upon
2 separate sites that constitute individual condominium units and
3 that complies with the condominium act, 1978 PA 59, MCL 559.101 to
4 559.276.

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

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

17 (z) "Mobile home park corporation" means a corporation
18 incorporated pursuant to the corporation laws of this state and
19 qualified in accordance with chapter 8.

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

25 (i) The owner of the housing occupies at least 1 of the
26 dwelling units.

27 (ii) A cooperative shareholder or member has a proprietary

1 lease of the housing unit.

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

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

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

12 (cc) "Area of chronic economic distress" means an area that
13 qualifies as a "qualified census tract" or an "area of chronic
14 economic distress" as defined in former section 103A(k) of the
15 internal revenue code, or an eligible distressed area.

16 (dd) "Mortgage lender" means a state or national bank, state
17 or federal savings and loan association, mortgage company,
18 insurance company, state pension fund, or any other financial
19 institution, intermediary, or entity authorized to make mortgage
20 loans in this state.

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

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

25 (gg) "Family income" means all income that is included in a
26 determination of family income under section 143(f) of the internal
27 revenue code, 26 USC 143(f), together with the income of all adults

1 who will reside in the residence, which income might otherwise be
 2 excluded from consideration because the individual was not expected
 3 to both live in the residence and be primarily or secondarily
 4 liable on the mortgage note.

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

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

10 (jj) "Internal revenue code" means the United States internal
 11 revenue code of 1986.

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

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

17 (2) As used in this chapter:

18 (A) **"ADJACENT NEIGHBORHOOD" MEANS A RESIDENTIAL AREA**
 19 **IMMEDIATELY ADJOINING OR NEAR A DOWNTOWN AREA.**

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

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

27 (C) **"DOWNTOWN AREA" MEANS AN AREA WHERE 20 OR MORE CONTIGUOUS**

1 PROPERTIES HAVE BEEN PLANNED, ZONED, OR USED FOR COMMERCIAL
 2 PURPOSES FOR 50 OR MORE YEARS AND WHERE THE BUILDINGS ARE BUILT
 3 ADJACENT TO EACH OTHER AND UP TO THE PUBLIC RIGHT-OF-WAY. IN ORDER
 4 TO BE A DOWNTOWN AREA, THE AREA MUST CONTAIN A SIGNIFICANT NUMBER
 5 OF MULTILEVEL, MIXED USE BUILDINGS AND MUST BE OWNED BY NO FEWER
 6 THAN 3 PRIVATE OWNERS.

7 (D) ~~(e)~~—"Eligible applicant" means a not-for-profit
 8 corporation, a for-profit corporation, **A MUNICIPALITY, A LAND BANK**
 9 **ESTABLISHED UNDER THE LAND BANK FAST TRACK ACT, 2003 PA 258, MCL**
 10 **124.751 TO 124.774**, or a partnership that is approved by the
 11 authority and that is organized for the purpose of developing and
 12 supporting affordable housing for low income, very low income, ~~or~~
 13 extremely low income, **OR IMPOVERISHED households OR PROJECTS**
 14 **LOCATED IN A DOWNTOWN AREA OR ADJACENT NEIGHBORHOOD.**

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

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

21 (G) **"IMPOVERISHED HOUSEHOLD" MEANS A PERSON, A FAMILY, OR**
 22 **UNRELATED PERSONS LIVING TOGETHER WHO HAVE ADJUSTED HOUSEHOLD**
 23 **INCOME THAT IS NOT GREATER THAN 15% OF THE AREA MEDIAN INCOME AS**
 24 **DETERMINED BY THE AUTHORITY.**

25 (H) ~~(f)~~—"Low income household" means a person, a family, or
 26 unrelated persons living together whose adjusted household income
 27 is more than 50% but not more than 60% of the median income, as

1 determined by the authority.

2 (I) "MIXED USE BUILDING" MEANS A BUILDING THAT CAN BE USED FOR
3 MORE THAN 1 PURPOSE AND IN ANY COMBINATION, INCLUDING, BUT NOT
4 LIMITED TO, RESIDENTIAL HOUSING COMBINED WITH EITHER COMMERCIAL OR
5 RETAIL SPACE.

6 (J) ~~(g)~~—"Multifamily housing" means a building or buildings
7 providing housing to 2 or more households, none of which is owner
8 occupied.

9 (K) "PROJECT" MEANS ACTIVITIES IDENTIFIED IN SECTION 58C.

10 (L) "SMALL TOWN" MEANS A CITY OR VILLAGE WITH A POPULATION OF
11 LESS THAN 20,000.

12 (M) ~~(h)~~—"Very low income household" means a person, a family,
13 or unrelated persons living together whose adjusted household
14 income is ~~more than 25% but not~~ more than 50% of the median income,
15 as determined by the authority.

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

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

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

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

~~1 (c) All appropriations, grants, or gifts of money or property~~
~~2 made to the fund.~~

~~3 (d) All fees or charges collected by the authority pursuant to~~
~~4 activities authorized under this chapter.~~

~~5 (e) Other revenue as provided by law.~~

~~6 (3) All balances in the fund at the end of a fiscal year shall~~
~~7 be carried over as a part of the fund and shall not revert to the~~
~~8 general fund of the state.~~

9 (1) THE MICHIGAN COMMUNITY AND HOUSING DEVELOPMENT FUND IS
10 CREATED AS A SEPARATE FUND IN THE AUTHORITY.

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

13 (3) THE AUTHORITY SHALL CREDIT TO THE FUND ALL AMOUNTS
14 APPROPRIATED AND ANY OTHER MONEY MADE AVAILABLE TO THE AUTHORITY
15 FOR THE FUND FROM ANY OTHER SOURCE FOR THE PURPOSES UNDER THIS ACT.

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

19 (5) MONEY APPROPRIATED UNDER THIS SECTION TO THE FUND SHALL BE
20 AVAILABLE FOR DISBURSEMENT UPON APPROPRIATION.

21 (6) ALL BALANCES IN THE FUND AT THE END OF THE FISCAL YEAR
22 SHALL BE CARRIED OVER AS PART OF THE FUND AND SHALL NOT REVERT TO
23 THE GENERAL FUND.

24 Sec. 58b. (1) The authority shall create and implement the
25 Michigan housing and community development program for the purpose
26 of developing and coordinating public and private resources to meet
27 the affordable housing needs of low income, very low income, and

1 extremely low income, **OR IMPOVERISHED** households **AND TO FINANCE**
 2 **PROJECTS LOCATED IN A DOWNTOWN AREA OR ADJACENT NEIGHBORHOOD** in
 3 this state.

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

12 ~~—— (3) The authority shall promulgate rules according to the~~
 13 ~~administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to~~
 14 ~~24.328, providing for the terms and conditions under which~~
 15 ~~assistance made under this chapter shall be recaptured.~~

16 (3) ~~(4)~~ The authority shall develop ~~an annual~~ **A BIENNIAL**
 17 **ALLOCATION** plan providing for the allocation of money from the
 18 fund, according to all of the following:

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

23 (b) The allocation plan shall identify ~~eligible applicants,~~
 24 preference for special population groups described in section
 25 58c(2). ~~, and preference for geographic targeting in designated~~
 26 ~~revitalization areas including, but not limited to, neighborhood~~
 27 ~~preservation areas, state renaissance zones, core communities, and~~

~~federally designated enterprise community or homeownership zones.~~

(c) Not less than 25% of the fund shall be earmarked for rental housing projects that do not qualify under preferences for special population groups, geographic preferences, or other preferences contained in the allocation plan.

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

(i) Developing housing for the homeless, transitional housing, and permanent housing.

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

(e) A rental housing project assisted by the fund must provide affordable housing for households earning no more than 60% of the median income.

(f) A home ownership project assisted by the fund must provide affordable housing for households earning no more than 60% of the median income.

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

(5) ~~Each~~ **EVERY OTHER** year, the authority shall hold public hearings in at least 3 separate locations ~~throughout~~ **IN** this state ~~on the priorities and draft~~ **PREPARE A BIENNIAL** allocation plan. ~~for the upcoming year. After the public hearings, the~~ **THE** authority may

1 make ~~minor~~ modifications to the allocation plan necessary to
 2 facilitate the administration of the Michigan housing and community
 3 development program or to address unforeseen circumstances.

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

12 ~~(7) In addition to the rules promulgated under subsection (3),~~
 13 ~~the~~ **THE** authority ~~shall~~ **MAY** promulgate rules according to the
 14 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
 15 24.328, to implement this chapter.

16 Sec. 58c. (1) The authority shall expend money in the fund to
 17 make grants, mortgage loans, or other loans to eligible applicants
 18 as provided in this section to enable eligible applicants to
 19 finance any of the following with respect to housing or home
 20 ownership for low income, very low income, ~~and~~ extremely low
 21 income, **AND IMPOVERISHED households AND WITH RESPECT TO PROJECTS**
 22 **LOCATED IN A DOWNTOWN AREA OR ADJACENT NEIGHBORHOODS:**

23 (a) Acquisition of land and buildings.

24 (b) Rehabilitation.

25 (c) New construction.

26 (d) Development and predevelopment costs.

27 (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.~~

(K) 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) TECHNICAL ASSISTANCE TO NONPROFIT ORGANIZATIONS,
MUNICIPALITIES, AND LAND BANKS.

(O) PREDATORY LENDING.

(2) The authority shall expend a portion of the fund for
 housing for special needs populations including, but not limited
 to, the homeless, persons with physical or mental handicaps, and
 persons living in rural or **ELIGIBLE** distressed areas.

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

(4) The authority may provide assistance **TO ELIGIBLE**
APPLICANTS for housing units for very low income, ~~or~~ extremely low

1 income, **OR IMPOVERISHED** households within multifamily housing that
 2 is occupied partly by very low income, ~~or~~ extremely low income, **OR**
 3 **IMPOVERISHED** households and partly by households that do not
 4 qualify as very low income, ~~or~~ extremely low income, **OR**
 5 **IMPOVERISHED** households, subject to the rules promulgated by the
 6 authority.

7 (5) The authority may provide funding for projects with 50
 8 units or less and provide incentives to encourage project
 9 feasibility and mixed income housing projects that respond to
 10 community priorities.

11 **SEC. 58E. (1) THE MICHIGAN COMMUNITY AND HOUSING DEVELOPMENT**
 12 **FUND ADVISORY COMMITTEE IS CREATED. THE COMMITTEE SHALL HAVE 9**
 13 **MEMBERS. TWO MEMBERS SHALL BE APPOINTED BY THE SENATE MAJORITY**
 14 **LEADER, 2 MEMBERS SHALL BE APPOINTED BY THE SPEAKER OF THE HOUSE OF**
 15 **REPRESENTATIVES, AND 5 MEMBERS SHALL BE APPOINTED BY THE GOVERNOR.**

16 (2) THE COMMITTEE SHALL BE COMPOSED OF A BROAD REPRESENTATION
 17 OF COMMUNITY INTEREST. THERE SHALL BE AT LEAST 1 REPRESENTATIVE OF
 18 EACH OF THE FOLLOWING SECTORS:

19 (A) HOUSING LENDERS.

20 (B) HOUSING DEVELOPERS.

21 (C) HOUSING CONSTRUCTION.

22 (D) LOCAL GOVERNMENT.

23 (E) LOCAL HOUSING ORGANIZATIONS.

24 (F) NONPROFIT ORGANIZATIONS.

25 (3) OF THE MEMBERS INITIALLY APPOINTED, 3 MEMBERS SHALL BE
 26 APPOINTED FOR A TERM OF 3 YEARS, 3 MEMBERS SHALL BE APPOINTED FOR A
 27 TERM OF 2 YEARS, AND 3 MEMBERS SHALL BE APPOINTED FOR A TERM OF 1

1 YEAR. AFTER THE INITIAL APPOINTMENTS ARE MADE, APPOINTED MEMBERS
2 SHALL SERVE 3-YEAR TERMS. COMMITTEE MEMBERS MAY BE APPOINTED FOR 2
3 SUCCESSIVE TERMS BUT SHALL NOT SERVE MORE THAN 2 SUCCESSIVE TERMS.
4 FORMER COMMITTEE MEMBERS MAY BE REAPPOINTED IF IT HAS BEEN AT LEAST
5 3 YEARS SINCE THEY LAST SERVED ON THE COMMITTEE.

6 (4) A COMMITTEE MEMBER MAY BE REMOVED FOR MISFEASANCE,
7 MALFEASANCE, OR WILLFUL NEGLECT OF DUTY. A COMMITTEE MEMBER MAY
8 RESIGN AT ANY TIME BY SENDING A WRITTEN NOTICE OF RESIGNATION TO
9 THE AUTHORITY. VACANCIES SHALL BE FILLED IN THE SAME MANNER AS THE
10 ORIGINAL APPOINTMENT. A PERSON FILLING A VACANCY SHALL SERVE THE
11 REMAINING TERM OF THE PERSON HE OR SHE REPLACED.

12 (5) COMMITTEE MEMBERS SHALL BE REIMBURSED BY THE AUTHORITY FOR
13 NECESSARY AND REASONABLE EXPENSES FOR PERFORMANCE OF COMMITTEE
14 DUTIES BUT SHALL OTHERWISE SERVE WITHOUT COMPENSATION.

15 (6) THE COMMITTEE SHALL SELECT A CHAIRPERSON TO SERVE A 1-YEAR
16 TERM BY VOTE OR CONSENSUS. A CHAIRPERSON MAY BE RESELECTED FOR EACH
17 TERM OR A NEW CHAIRPERSON MAY BE SELECTED. THE CHAIRPERSON SHALL
18 CALL FOR COMMITTEE MEETINGS AND SHALL RUN EACH MEETING OF THE
19 COMMITTEE.

20 (7) THE COMMITTEE SHALL HAVE THE FOLLOWING DUTIES AND POWERS:

21 (A) THE COMMITTEE SHALL DEVELOP AND MAKE RECOMMENDATIONS FOR
22 THE IMPLEMENTATION OF A BIENNIAL ALLOCATION PLAN FOR THE FUND.

23 (B) MONITOR THE PROCESS OF AWARDS GRANTED BY THE AUTHORITY
24 BOARD AND PROVIDE INPUT TO THE AUTHORITY BOARD ABOUT ALL OF THE
25 FOLLOWING:

26 (i) FAIR AND EQUITABLE AWARD ALLOCATION.

27 (ii) WHETHER THE PROPOSED AWARDS MEET THE HOUSING NEEDS AND

1 PRIORITIES OF THIS STATE.

2 (iii) WHETHER THE PROPOSED AWARDS MEET THE ECONOMIC DEVELOPMENT
3 NEEDS AND PRIORITIES OF THE COMMUNITY TO WHICH THE PROPOSED AWARD
4 IS DIRECTED.

5 (C) MEET WITH REPRESENTATIVES OF THE AUTHORITY, INCLUDING
6 STAFF AND MEMBERS OF THE AUTHORITY BOARD, ON A REGULAR BASIS TO
7 DISCUSS AND ADVISE ON THE NEEDS OF THE INDUSTRY.

8 (8) THE AUTHORITY SHALL PROVIDE THE COMMITTEE WITH A MEETING
9 PLACE, SUPPLIES, AND WHATEVER STAFF ASSISTANCE THAT THE COMMITTEE
10 REQUESTS. THE AUTHORITY BOARD SHALL WEIGH HEAVILY THE
11 RECOMMENDATIONS OF THE COMMITTEE CONCERNING AWARDS FROM THE FUND.
12 THE AUTHORITY BOARD SHALL MAKE THE FINAL DECISION ON AWARDS FROM
13 THE FUND.

14 Enacting section 1. The Michigan housing and community
15 development fund act, 2004 PA 479, MCL 125.2821 to 125.2829, is
16 repealed.