

SENATE BILL NO. 278

May 01, 2025, Introduced by Senators SHINK, GEISS and CHANG and referred to Committee on Housing and Human Services.

A bill to amend 1966 PA 346, entitled
"State housing development authority act of 1966,"
by amending sections 58, 58b, and 58c (MCL 125.1458, 125.1458b, and
125.1458c), sections 58 and 58c as amended by 2008 PA 216 and
section 58b as amended by 2008 PA 244.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

3 (2) As used in this chapter:

4 ~~(a) "Adjacent neighborhood" means a residential area as~~
5 ~~determined by the authority immediately adjoining or near a~~

1 ~~downtown area within the same municipality.~~

2 (a) ~~(b)~~ "Adjusted household income" means that term as defined
3 in rules of the authority.

4 (b) ~~(c)~~ "Downtown area" means an area where 20 or more
5 contiguous properties have been planned, zoned, or used for
6 commercial purposes for 50 or more years and where a majority of
7 the buildings are built adjacent to each other as determined by the
8 authority and up to the public right-of-way. In order to be a
9 downtown area, the area ~~shall~~**must** contain a significant number of
10 multilevel, mixed use buildings, and property in the downtown area
11 must be owned by more than 3 private owners.

12 (c) ~~(d)~~ "Eligible applicant" means a not-for-profit
13 corporation, a for-profit corporation, a municipality, a land bank
14 fast track authority organized under the land bank fast track act,
15 2003 PA 258, MCL 124.751 to 124.774, or a partnership that is
16 approved by the authority and ~~that~~ is organized for the purpose of
17 developing and supporting affordable housing for low income, very
18 low income, ~~or~~ extremely low income, **or middle income** households or
19 projects located in a ~~downtown area or adjacent neighborhood.~~**this**
20 **state.**

21 (d) ~~(e)~~ "Extremely low income household" means ~~a person, an~~
22 **individual**, a family, or unrelated ~~persons~~**individuals** living
23 together whose adjusted household income is not more than 30% of
24 the area median income, as determined by the authority.

25 (e) ~~(f)~~ "Fund" means the Michigan housing and community
26 development fund created in section 58a.

27 (f) ~~(g)~~ "Low income household" means ~~a person, an individual,~~
28 a family, or unrelated ~~persons~~**individuals** living together whose
29 adjusted household income is more than 50% but not more than 60% of

1 the area median income, as determined by the authority.

2 (g) "Middle income household" means an individual, a family,
3 or unrelated individuals living together whose adjusted household
4 income is not more than 120% of the area median income, as
5 determined by the authority.

6 (h) "Mixed use buildings" means buildings that can be used for
7 more than 1 purpose, and in any combination, including, but not
8 limited to, residential housing combined with either commercial or
9 retail space.

10 (i) "Multifamily housing" means a building or buildings
11 providing housing to 2 or more households, none of which is owner
12 occupied.

13 (j) "Project" means those activities defined under section
14 58c.

15 (k) "Supportive housing" means a rental housing project in
16 which some or all of the units are targeted to people with
17 household incomes at or below 30% of area median income and that
18 provide services, either directly or contracted for, to those
19 people that include, but are not limited to, mental health,
20 substance abuse services, counseling services, and daily living
21 services.

22 (l) "Very low income household" means ~~a person,~~ **an individual,**
23 a family, or unrelated ~~persons~~ **individuals** living together whose
24 adjusted household income is not more than 50% of the area median
25 income, as determined by the authority.

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

1 income, **or middle income** households and to finance projects located
 2 ~~in a downtown area or adjacent neighborhood~~ in this state.

3 (2) The authority shall identify, select, and make financing
 4 available to eligible applicants from money in the fund or from
 5 money secured by the fund for housing for low income, very low
 6 income, ~~and extremely low income~~, **or middle income** households and
 7 for projects located in ~~a downtown area or adjacent neighborhood~~.
 8 **this state**. This subsection does not preclude the authority from
 9 using other resources in conjunction with the fund for a purpose
 10 authorized under this chapter.

11 (3) The authority shall develop a biennial allocation plan
 12 providing for the allocation of money from the fund, according to
 13 all of the following:

14 (a) The allocation plan ~~shall~~ **must** contain a formula for
 15 distributing money throughout ~~the~~ **this** state based on the number of
 16 persons experiencing poverty, economic, and housing distress, **the**
 17 **number of people with disabilities, and the number of accessible**
 18 **housing units** in various regions of ~~the~~ **this** state.

19 ~~(b) The allocation plan shall include a preference for special~~
 20 ~~population groups described in section 58c(2).~~

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

25 ~~(d) Not less than 30% of the fund shall be earmarked for~~
 26 ~~projects that target extremely low income households and include at~~
 27 ~~a minimum developing housing for the homeless, supportive housing,~~
 28 ~~transitional housing, and permanent housing.~~

29 ~~(e) A rental housing project assisted by the fund must set~~

1 ~~aside at least 20% of the rental units included in the project for~~
2 ~~households earning no more than 60% of the area median income.~~

3 ~~(f) A home ownership project assisted by the fund must set~~
4 ~~aside at least 20% of the housing units in the project for~~
5 ~~households earning no more than 60% of the area median income.~~

6 **(b) The allocation plan must consider the availability and**
7 **adequacy of funds from other sources to address the housing needs**
8 **of people with disabilities and low income households, very low**
9 **income households, and extremely low income households.**

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

15 **(4)** ~~(5) Prior to~~**Before** developing the biennial allocation
16 plan, the authority shall hold public hearings in at least 3
17 separate locations in this state regarding the content of the
18 biennial allocation plan. **The authority must provide an option for**
19 **virtual participation by members of the public in all public**
20 **meetings and employ additional methods to gather public comment.**
21 **The alternative methods must focus on engagement with people with**
22 **disabilities, people with limited English proficiency, and people**
23 **from low income, very low income, and extremely low income**
24 **households.** The authority may make modifications to the allocation
25 plan necessary to facilitate the administration of the Michigan
26 housing and community development program or to address unforeseen
27 circumstances.

28 **(5)** ~~(6)~~ The authority shall issue an annual report to the
29 governor and the legislature summarizing the expenditures of the

1 fund for the prior fiscal year including at a minimum a description
 2 of the eligible applicants that received funding, the number of
 3 housing units that were produced, the income levels of the
 4 households that were served, **and** the number of homeless persons
 5 served. ~~, and the number of downtown areas and adjacent~~
 6 ~~neighborhoods that receive financing.~~ **The authority shall make the**
 7 **annual report required under this subsection available to the**
 8 **public on the authority's internet website.**

9 (6) ~~(7)~~ The authority may promulgate rules under the
 10 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
 11 24.328, to implement this chapter.

12 Sec. 58c. (1) The authority shall expend money in the fund to
 13 make grants, mortgage loans, or other loans to eligible applicants
 14 as provided in this section to enable eligible applicants to
 15 finance any of the following with respect to housing ~~or home~~
 16 ~~ownership~~ for low income, very low income, ~~and~~ extremely low
 17 income, **or middle income** households: ~~and with respect to projects~~
 18 ~~located in a downtown area or adjacent neighborhood:~~

19 (a) Acquisition of land and buildings.

20 (b) Rehabilitation.

21 (c) New construction.

22 (d) Development and predevelopment costs.

23 (e) Preservation of existing housing.

24 (f) Community development projects, including, but not limited
 25 to, infrastructure improvements, economic development projects,
 26 blight elimination, or community facilities.

27 (g) Insurance.

28 (h) Operating and replacement reserves.

29 (i) Down payment assistance.

(j) Security deposit assistance.

(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~~. **206.901 to 206.911.**

(m) Activities related to ending homelessness.

(n) Assistance, **including, but not limited to, support of capacity building, local and regional planning, and housing studies,** to nonprofit organizations, **community development financial institutions,** 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~~**may** expend a portion of the fund for housing for ~~persons with physical or mental handicaps~~**people with disabilities** and persons living in 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 income, **or middle income** households within multifamily housing that is occupied partly by very low income, ~~or~~ extremely low income, **or middle income** households and partly by households that do not qualify as very low income, ~~or~~ extremely low income, **or middle income** households, subject to the rules promulgated by the authority.

(5) The authority may expend money in the fund for all other

1 things necessary to achieve the objectives and purposes of the fund
2 or this chapter.

3 (6) When performing functions under this chapter, the
4 authority shall consider advice provided by the ~~committee~~**statewide**
5 **housing partnership council** created ~~under section 58e.~~ **by Executive**
6 **Order No. 2022-10. In the event the statewide housing partnership**
7 **council is dissolved, the authority must create an advisory council**
8 **with members assigned by the director, representing the same**
9 **interests as the statewide housing partnership created under**
10 **Executive Order No. 2022-10.**