

**SUBSTITUTE FOR
SENATE BILL NO. 293**

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

7 **(a)** ~~(b)~~—"Adjusted household income" means that term as defined

1 in rules of the authority.

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

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

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

23 **(e)** ~~(f)~~—"Fund" means the Michigan housing and community
 24 development fund created in section 58a.

25 **(f)** ~~(g)~~—"Low income household" means ~~a person,~~**an individual**,
 26 a family, or unrelated ~~persons~~**individuals** living together whose
 27 adjusted household income is more than 50% but not more than 60% of
 28 the area median income, as determined by the authority.

29 **(g)** **"Middle income household" means an individual, a family,**

1 **or unrelated individuals living together whose adjusted household**
2 **income is not more than 120% of the area median income, as**
3 **determined by the authority.**

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

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

11 (j) "Project" means those activities defined under section
12 58c.

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

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

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 housing needs of low income, very low income, ~~and~~ extremely low
28 income, **or middle income** households and to finance projects ~~located~~
29 ~~in 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 housing for low income, very low
4 income, ~~and extremely low income,~~ **or middle income** households and
5 for projects located in ~~a downtown area or adjacent neighborhood.~~
6 **this state.** This subsection does not preclude the authority from
7 using other resources in conjunction with the fund for a purpose
8 authorized under this chapter.

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

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

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

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

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

27 ~~(e) A rental housing project assisted by the fund must set~~
28 ~~aside at least 20% of the rental units included in the project for~~
29 ~~households earning no more than 60% of the area median income.~~

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

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

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

13 **(4) ~~(5) Prior to~~ **Before** developing the biennial allocation**
 14 **plan, the authority shall hold public hearings in at least 3**
 15 **separate locations in this state regarding the content of the**
 16 **biennial allocation plan. The authority must provide an option for**
 17 **virtual participation by members of the public in all public**
 18 **meetings and employ additional methods to gather public comment.**
 19 **The alternative methods must focus on engagement with people with**
 20 **disabilities, people with limited English proficiency, and people**
 21 **from low income, very low income, and extremely low income**
 22 **households. The authority may make modifications to the allocation**
 23 **plan necessary to facilitate the administration of the Michigan**
 24 **housing and community development program or to address unforeseen**
 25 **circumstances.**

26 **(5) ~~(6)~~ The authority shall issue an annual report to the**
 27 **governor and the legislature summarizing the expenditures of the**
 28 **fund for the prior fiscal year including at a minimum a description**
 29 **of the eligible applicants that received funding, the number of**

1 housing units that were produced, the income levels of the
 2 households that were served, **and** the number of homeless persons
 3 served. ~~, and the number of downtown areas and adjacent~~
 4 ~~neighborhoods that receive financing.~~ **The authority shall make the**
 5 **annual report required under this subsection available to the**
 6 **public on the authority's internet website.**

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

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

- 17 (a) Acquisition of land and buildings.
- 18 (b) Rehabilitation.
- 19 (c) New construction.
- 20 (d) Development and predevelopment costs.
- 21 (e) Preservation of existing housing.
- 22 (f) Community development projects, including, but not limited
 23 to, infrastructure improvements, economic development projects,
 24 blight elimination, or community facilities.
- 25 (g) Insurance.
- 26 (h) Operating and replacement reserves.
- 27 (i) Down payment assistance.
- 28 (j) Security deposit assistance.
- 29 (k) Foreclosure prevention and assistance.

1 (l) Individual development accounts established under the
2 individual or family development account program act, 2006 PA 513,
3 MCL ~~206.701 to 206.711~~.**206.901 to 206.911.**

4 (m) Activities related to ending homelessness.

5 (n) Assistance, **including, but not limited to, support of**
6 **capacity building, local and regional planning, and housing**
7 **studies**, to nonprofit organizations, **community development**
8 **financial institutions**, municipalities, and land bank fast track
9 authorities organized under the land bank fast track act, 2003 PA
10 258, MCL 124.751 to 124.774.

11 (o) Predatory lending prevention or relief.

12 (2) The authority ~~shall~~**may** expend a portion of the fund for
13 housing for ~~persons with physical or mental handicaps~~**people with**
14 **disabilities** and persons living in eligible distressed areas.

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

19 (4) The authority may provide assistance to eligible
20 applicants for housing units for very low income, ~~or~~ extremely low
21 income, **or middle income** households within multifamily housing that
22 is occupied partly by very low income, ~~or~~ extremely low income, **or**
23 **middle income** households and partly by households that do not
24 qualify as very low income, ~~or~~ extremely low income, **or middle**
25 **income** households, subject to the rules promulgated by the
26 authority.

27 (5) The authority may expend money in the fund for all other
28 things necessary to achieve the objectives and purposes of the fund
29 or this chapter.

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