

**SUBSTITUTE FOR
HOUSE BILL NO. 6077**

A bill to amend 1966 PA 346, entitled "State housing development authority act of 1966," by amending sections 11, 32b, 44, and 44a (MCL 125.1411, 125.1432b, 125.1444, and 125.1444a), section 11 as amended by 1996 PA 475 and sections 32b, 44, and 44a as amended by 2000 PA 257.

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
3 authority created in this act.

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

7 (i) Payments for options to purchase properties on the
8 proposed housing project site, deposits on contracts of purchase,

1 or, with the prior approval of the authority, payments for the
2 purchases of those properties.

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

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

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

9 (v) Necessary application and other fees to federal and other
10 government agencies.

11 (vi) Other expenses incurred by the nonprofit housing
12 corporation, consumer housing cooperative, limited dividend
13 housing corporation, mobile home park corporation, or mobile home
14 park association that the authority considers appropriate to
15 effectuate the purposes of this act.

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

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

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

23 (iii) A mortgage receiving interest reduction payments
24 provided by the secretary of the department of housing and urban
25 development.

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

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

4 (d) "Fund" means the housing development fund created by this
5 act.

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

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

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

27 (ii) A specific work or improvement either for rental or for

1 subsequent sale to an individual purchaser undertaken by a
2 nonprofit housing corporation, consumer housing cooperative,
3 limited dividend housing corporation, mobile home park
4 corporation, or mobile home park association pursuant to or
5 receiving benefits under this act to provide dwelling
6 accommodations, including the acquisition, construction, or
7 rehabilitation of lands, buildings, and improvements.

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

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

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

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

25 (j) "Governing body" means in the case of a city, the council
26 or commission of the city; in the case of a village, the council,
27 commission, or board of trustees of the village; in the case of a

1 township, the township board; and in the case of a county, the
2 county board of commissioners.

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

6 (l) "Consumer housing cooperative" means a nonprofit
7 corporation incorporated pursuant to the corporation laws of this
8 state and chapter 5.

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

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

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

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

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

5 (r) "Residential real property" means real property located
6 in this state, used for residential purposes, and improved or to
7 be improved by a residential structure. Residential real
8 property includes a mobile home, a mobile home park, and a mobile
9 home 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
12 by 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 is either designated as a "blighted area" by a
22 local legislative body pursuant to ~~Act No. 344 of the Public~~
23 ~~Acts of 1945, being sections 125.71 to 125.84 of the Michigan~~
24 ~~Compiled Laws 1945 PA 344, MCL 125.71 to 125.84~~, or which area
25 is determined by the authority to be blighted or largely vacant
26 by reason of clearance of blight, if, with respect to the area,
27 the authority determines all of the following:

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

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

13 (ii) A municipality that meets all of the following
14 requirements:

15 (A) The municipality shows a negative population change from
16 1970 to the date of the most recent federal decennial census.

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

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

23 (D) The municipality has had an unemployment rate higher than
24 the statewide average unemployment rate for 3 of the preceding 5
25 years.

26 (iii) An area located in a local unit of government certified
27 by the Michigan enterprise zone authority as meeting the criteria

1 prescribed in section 2(d) of the neighborhood enterprise zone
2 act, ~~Act No. 147 of the Public Acts of 1992, being section~~
3 ~~207.772 of the Michigan Compiled Laws~~ **1992 PA 147, MCL 207.772.**

4 (v) "Mobile home" means a structure, transportable in 1 or
5 more sections, that is built on a chassis and is designed to be
6 used as a dwelling with or without permanent foundation, when
7 connected to the required utilities, and includes the plumbing,
8 heating, air conditioning, and electrical systems contained in
9 the structure. Mobile home may, but need not, include the real
10 property to which the mobile home may be attached. Mobile home
11 does not include a recreational vehicle.

12 (w) "Mobile home condominium project" means a condominium
13 project in which mobile homes are intended to be located upon
14 separate sites that constitute individual condominium units and
15 that complies with the condominium act, ~~Act No. 59 of the Public~~
16 ~~Acts of 1978, being sections 559.101 to 559.275 of the Michigan~~
17 ~~Compiled Laws~~ **1978 PA 59, MCL 559.101 to 559.276.**

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

1 (y) "Mobile home park association" means a mobile home park
2 association organized and qualified in accordance with chapter
3 9.

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

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

12 (i) The owner of the housing occupies at least 1 of the
13 dwelling units.

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

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

20 (i) The section 8 leased housing program established under
21 section 8 of the United States housing act of 1937, 42 ~~U.S.C.~~
22 **USC** 1437f, and the regulations promulgated under that act, or a
23 substantially equivalent successor federal program.

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

26 (cc) "Area of chronic economic distress" means an area that
27 qualifies as a "qualified census tract" or an "area of chronic

1 economic distress" as defined in former section 103A(k) of the
2 internal revenue code, or an eligible distressed area.

3 (dd) "Mortgage lender" means a state or national bank, state
4 or federal savings and loan association, mortgage company,
5 insurance company, state pension fund, or any other financial
6 institution, intermediary, or entity authorized to make mortgage
7 loans in this state.

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

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

12 (gg) "Family income" means all income that is included in a
13 determination of family income under section 143(f) of the
14 internal revenue code, **26 USC 143(f)**, together with the income of
15 all adults who will reside in the residence, which income might
16 otherwise be excluded from consideration because the individual
17 was not expected to both live in the residence and be primarily
18 or secondarily liable on the mortgage note.

19 (hh) "Statewide median gross income" means the statewide
20 median gross income as determined under section 143(f) of the
21 internal revenue code, **26 USC 143(f)**.

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

24 (jj) "**Internal revenue code**" means the **United States internal**
25 **revenue code of 1986**.

26 (kk) "**Internal revenue code of 1954**" means the **United States**
27 **internal revenue code of 1954 as in effect on the day immediately**

1 before the effective date of the internal revenue code of 1986.

2 Sec. 32b. (1) The authority is designated as the
3 administrator of the mortgage credit certificate program for this
4 state permitted under section 25 of the internal revenue code,
5 ~~of 1986~~ **26 USC 25**. ~~The authority shall elect under section 25~~
6 ~~of the internal revenue code of 1986 to convert at least~~
7 ~~\$59,000,000.00 of 1985 federal mortgage revenue bond authority~~
8 ~~into mortgage credit certificate authority.~~

9 (2) The authority shall prepare guidelines that would allow
10 for the implementation of a mortgage credit certificate program
11 through mortgage lenders.

12 (3) To qualify for receipt of a mortgage credit certificate
13 with respect to the acquisition of ~~an~~ **a new or** existing housing
14 unit, including a residential condominium or mobile home, both of
15 the following apply:

16 ~~(a) The purchase price with respect to the unit shall not~~
17 ~~exceed the following:~~

18 ~~—— (i) \$99,000.00 until November 1, 2001.~~

19 ~~—— (ii) \$102,000.00 until November 1, 2002.~~

20 ~~—— (iii) On and after November 1, 2002, \$105,000.00.~~

21 ~~(b) The borrower's family income does not exceed either of~~
22 ~~the following:~~

23 ~~—— (i) If the housing unit is located in a metropolitan area,~~
24 ~~\$52,900.00 on or before November 1, 2001, \$54,750.00 from~~
25 ~~November 2, 2001 until November 1, 2002, and \$56,650.00 on and~~
26 ~~after November 1, 2002.~~

27 ~~—— (ii) If the housing unit is located in a nonmetropolitan~~

1 area, ~~\$43,575.00 on or before November 1, 2002. After November~~
2 ~~1, 2002, the family income limit increases to the lesser of the~~
3 ~~HUD nonmetropolitan median income or \$44,000.00.~~

4 ~~—— (4) To qualify for receipt of a mortgage credit certificate~~
5 ~~with respect to the acquisition of a new housing unit, including~~
6 ~~a residential condominium or mobile home, both of the following~~
7 ~~apply:~~

8 ~~—— (a) The purchase price with respect to the unit shall not~~
9 ~~exceed the following:~~

10 ~~—— (i) \$120,000.00 until November 1, 2001.~~

11 ~~—— (ii) \$124,000.00 until November 1, 2002.~~

12 ~~—— (iii) On and after November 1, 2002, \$128,000.00.~~

13 ~~—— (b) The borrower's family income does not exceed either of~~
14 ~~the following:~~

15 ~~—— (i) If the housing unit is located in a metropolitan area,~~
16 ~~\$52,900.00 on or before November 1, 2001, \$54,750.00 from~~
17 ~~November 2, 2001 until November 1, 2002, and \$56,650.00 on and~~
18 ~~after November 1, 2002.~~

19 ~~—— (ii) If the housing unit is located in a nonmetropolitan~~
20 ~~area, \$43,575.00 on or before November 1, 2002.~~

21 ~~—— (iii) After November 1, 2002, the family income limit~~
22 ~~increases to the lesser of the HUD nonmetropolitan median income~~
23 ~~or \$44,000.00.~~

24 **(a) The purchase price with respect to the new or existing**
25 **unit shall not exceed 3 times the income limit, as established**
26 **pursuant to subdivision (b), subsection (5)(a), or subsection**
27 **(5)(b).**

1 (b) The borrower's family income does not exceed the
2 following:

3 (i) For eligible distressed areas, \$69,800.00 until June 1,
4 2006, \$72,250.00 until November 1, 2007, and \$74,750.00 on and
5 after November 1, 2007.

6 (ii) For any other area, \$60,700.00 until June 1, 2006,
7 \$62,800.00 until November 1, 2007, and \$65,000.00 on and after
8 November 1, 2007.

9 (4) ~~(5)~~ The authority may increase the purchase price limit
10 in subsection (3) to cover the cost of improvements to adapt the
11 property for use by disabled individuals or unexpected cost
12 increases during construction. The amount of the increase shall
13 be the amount of the costs described in this subsection or the
14 sum of \$3,500.00, whichever is less.

15 (5) ~~(6)~~ To qualify for receipt of a mortgage credit
16 certificate with respect to the improvement or rehabilitation of
17 an existing housing unit, including a residential condominium or
18 mobile home, the borrower's family income shall not exceed the
19 following:

20 ~~(a) For a unit located in a metropolitan county, \$52,900.00~~
21 ~~on or before November 1, 2001, \$54,750.00 from November 2, 2001~~
22 ~~until November 1, 2002, and \$56,650.00 on and after November 1,~~
23 ~~2002.~~

24 ~~(b) For a unit located in a nonmetropolitan county,~~
25 ~~\$43,575.00 on or before November 1, 2002. After November 1,~~
26 ~~2002, the family income limit increases to the lesser of the HUD~~
27 ~~nonmetropolitan median income or \$44,000.00.~~

1 (a) For eligible distressed areas, \$69,800.00 until June 1,
2 2006, \$72,250.00 until November 1, 2007, and \$74,750.00 on and
3 after November 1, 2007.

4 (b) For any other area, \$60,700.00 until June 1, 2006,
5 \$62,800.00 until November 1, 2007, and \$65,000.00 on and after
6 November 1, 2007.

7 (6) ~~(7)~~ If an income or purchase price limit prescribed by
8 subsection (3), (4), or (5) ~~—or (6)—~~ exceeds an applicable
9 limit prescribed by the internal revenue code, ~~of 1986~~ 26 USC 1
10 to 9833, the internal revenue code ~~of 1986~~ limit applies.
11 Except with respect to newly constructed housing units, the
12 authority may at any time by resolution establish, for a length
13 of time it considers appropriate, maximum borrower income or
14 purchase price limits more restrictive than those maximum
15 limitations set forth in this section. The authority shall
16 advise the appropriate house and senate standing committees 5
17 days prior to the adoption of a resolution establishing more
18 restrictive income or purchase price limits.

19 (7) ~~(8)~~ The changes made by 1995 PA 186 to purchase price
20 limits in the subsections that at the time were designated
21 subsections (3) and (4) were retroactive, effective as of
22 October 29, 1993.

23 Sec. 44. (1) (a) The authority may make loans to a
24 nonprofit housing corporation, consumer housing cooperative,
25 limited dividend housing corporation, limited dividend housing
26 association, mobile home park corporation, or mobile home park
27 association or to a public body or agency for the construction or

1 rehabilitation, and for the long-term financing, of the
2 following:

3 (i) Housing for low income or moderate income persons.

4 (ii) For the period of time beginning May 1, 1984, and ending
5 November 1, 1987, housing projects in which not less than 20% of
6 the dwelling units are allotted to individuals of low or moderate
7 income within the meaning of former section 103(b)(4)(A) of the
8 internal revenue code of ~~1986~~ **1954**; not less than 60% of the
9 dwelling units are available to persons and families whose gross
10 household income does not exceed 125% of the higher of either the
11 median income for a family in this state or the median income for
12 a family within the nonmetropolitan county or metropolitan
13 statistical area in which the housing project is located, as
14 determined by the authority; and not more than 20% of the
15 dwelling units are available for occupancy without regard to
16 income. The enactment of this subparagraph or the expiration of
17 the authority granted by it does not affect rules in effect
18 before July 10, 1984, or promulgated after July 9, 1984, to
19 define low or moderate income persons.

20 (iii) For the period of time beginning May 1, 1984, and
21 ending November 1, 1987, housing projects in eligible distressed
22 areas in which housing projects not less than 20% of the dwelling
23 units are allotted to individuals of low or moderate income
24 within the meaning of former section 103(b)(4)(A) of the internal
25 revenue code of ~~1986~~ **1954**; not less than 60% of the dwelling
26 units are available to persons and families whose gross household
27 income does not exceed 150% of the higher of either the median

1 income for a family in this state or the median income for a
2 family within the nonmetropolitan county or metropolitan
3 statistical area in which the housing project is located, as
4 determined by the authority, and not more than 20% of the
5 dwelling units are available for occupancy without regard to
6 income.

7 ~~(iv) Beginning November 1, 1987, multifamily housing~~
8 ~~projects that meet the 20-50 or 40-60 test established in section~~
9 ~~142 of the internal revenue code of 1986 and, in addition, in~~
10 ~~which not less than 15% of the dwelling units are allotted to~~
11 ~~persons and families whose gross household income does not exceed~~
12 ~~125% of the higher of either the median income for a family in~~
13 ~~this state or the median income for a family within the~~
14 ~~nonmetropolitan county or metropolitan statistical area in which~~
15 ~~the housing project is located, as determined by the authority,~~
16 ~~or to the elderly; not less than 15% of the dwelling units are~~
17 ~~allotted to persons and families whose gross household income~~
18 ~~does not exceed 150% of the median income for a family in this~~
19 ~~state or the median income for a family within the~~
20 ~~nonmetropolitan county or metropolitan statistical area in which~~
21 ~~the housing project is located, as determined by the authority,~~
22 ~~or to the elderly; and not more than 50% of the dwelling units~~
23 ~~are available for occupancy without regard to income.~~

24 ~~(iv)~~ ~~-(v)-~~ Beginning November 1, 1987, multifamily housing
25 projects ~~in eligible distressed areas~~ that meet the 20-50 or
26 40-60 test established in section 142 of the internal revenue
27 code, ~~of 1986~~ **26 USC 142**, and, in addition, in which the

1 remaining dwelling units are available for occupancy without
2 regard to income.

3 (v) ~~(iv)~~ Social, recreational, commercial, or communal
4 facilities necessary to serve and improve the residential area in
5 which an authority-financed housing project is located or is
6 planned to be located thereby enhancing the viability of the
7 housing.

8 (b) Notwithstanding the provisions of this section, the
9 authority may establish by resolution higher income limits that
10 it considers necessary to achieve sustained occupancy of a
11 housing project financed under subsection (1)(a)(i), (ii), (iii),
12 (iv), or (v) if the authority determines both of the following:

13 (i) The owner of the housing project exercised reasonable
14 efforts to rent the dwelling units to persons and families whose
15 incomes did not exceed the income limitations originally
16 applicable.

17 (ii) For an annual period after the first tenant has occupied
18 the housing project, the owner of the housing project has been
19 unable to attain and sustain at least a 95% occupancy level at
20 the housing project.

21 (c) A loan under this section may be in an amount not to
22 exceed 90% of the project cost as approved by the authority. For
23 purposes of this section, the term "project cost" includes all
24 items included in the definition of a project cost in section 11
25 and also includes a builder's fee equal to an amount up to 5% of
26 the amount of the construction contract, developer overhead
27 allowance and fee of 5% of the amount of the project cost, the

1 cost of furnishings, and a sponsor's risk allowance equal to 10%
2 of the project cost. A loan shall not be made under this section
3 unless a market analysis has been conducted that demonstrates a
4 sufficient market exists for the housing project.

5 (d) After November 1, 1987, the authority may continue to
6 finance multifamily housing projects for families or persons
7 whose incomes do not exceed the limits provided in subsection
8 (1)(a)(ii) or (iii) or (1)(b), until funds derived from the
9 proceeds of bonds or notes issued before November 2, 1987, for
10 that purpose, including the proceeds of prepayments or recovery
11 payments with respect to these multifamily housing projects, have
12 been expended. Multifamily housing projects or single family
13 housing units in an eligible distressed area that are financed by
14 proceeds of notes or bonds issued before June 30, 1984, and that
15 the authority has designated for occupancy by persons and
16 families without regard to income pursuant to this act shall
17 remain eligible for occupancy by families and persons without
18 regard to income until the authority's mortgage loan issued with
19 respect to these multifamily housing projects is fully repaid.

20 (e) Notwithstanding the expiration of lending authority under
21 subsection (1)(a)(ii), (iii), (iv), or (v), multifamily housing
22 projects financed under those subparagraphs may continue to
23 remain eligible for occupancy by persons and families whose
24 incomes do not exceed the limits provided in those subparagraphs
25 or subsection (1)(b).

26 (f) For purposes of this subsection:

27 (i) "Gross household income" means gross income of a

1 household as those terms are defined in rules of the authority.

2 (ii) "Median income for a family in this state" and "median
3 income for a family within the nonmetropolitan county or
4 metropolitan statistical area" mean those income levels as
5 determined by the authority.

6 (2) (a) The authority may make loans to a nonprofit housing
7 corporation, limited dividend housing corporation, mobile home
8 park corporation, or mobile home park association for the
9 construction or rehabilitation of housing units, including
10 residential condominium units as defined in section 4 of the
11 condominium act, 1978 PA 59, MCL 559.104, for sale to individual
12 purchasers of low or moderate income or to individual purchasers
13 without regard to income when the housing units are located in an
14 eligible distressed area. A loan under this section may be in an
15 amount not to exceed 100% of the project cost as approved by the
16 authority in the case of a nonprofit housing corporation or
17 individual purchaser, and in an amount not to exceed 90% of the
18 project cost as approved by the authority in the case of a
19 limited dividend housing corporation, mobile home park
20 corporation, or mobile home park association.

21 (b) While a loan under this subsection is outstanding, a sale
22 by a nonprofit housing corporation or limited dividend housing
23 corporation or a subsequent resale is subject to approval by the
24 authority. The authority ~~shall~~ **may** provide in its rules
25 concerning these sales and resales that the price of the housing
26 unit sold, the method of making payments after the sale, the
27 security afforded, and the interest rate, fees, and charges to be

1 paid shall at all times be sufficient to permit the authority to
2 make the payments on its bonds and notes and to meet
3 administrative or other costs of the authority in connection with
4 the transactions. Housing units shall be sold under terms that
5 provide for monthly payments including principal, interest,
6 taxes, and insurance.

7 (c) While a loan under this subsection is outstanding, the
8 authority, before the approval of sale by a nonprofit housing
9 corporation, limited dividend housing corporation, mobile home
10 park corporation, or mobile home park association, shall satisfy
11 itself that the sale is to persons of low or moderate income if
12 the housing unit is not located in an eligible distressed area,
13 or to persons without regard to income if the housing unit is
14 located in an eligible distressed area.

15 ~~(d) Upon the sale by a nonprofit housing corporation,~~
16 ~~limited dividend housing corporation, mobile home park~~
17 ~~corporation, or mobile home park association of a housing unit to~~
18 ~~an individual purchaser of low or moderate income or to an~~
19 ~~individual purchaser without regard to income if the unit is~~
20 ~~located in an eligible distressed area under this subsection to~~
21 ~~whom a loan is being made by the authority, the housing unit~~
22 ~~shall be released from the mortgage running from the nonprofit~~
23 ~~housing corporation, limited dividend housing corporation, mobile~~
24 ~~home park corporation, or mobile home park association to the~~
25 ~~authority, and the mortgage shall be replaced as to the housing~~
26 ~~unit by a mortgage running from the individual purchaser to the~~
27 ~~authority.~~

1 ~~—— (e) The authority shall encourage nonprofit housing~~
 2 ~~corporations and limited dividend housing corporations engaged in~~
 3 ~~construction or rehabilitation under this subsection to utilize~~
 4 ~~the labor of prospective individual purchasers of low or moderate~~
 5 ~~income in the construction or rehabilitation of the housing units~~
 6 ~~involved. The value of the labor of the prospective purchasers~~
 7 ~~so utilized shall be used to reduce the project costs of the~~
 8 ~~housing units involved.~~

9 ~~—— (f) In the construction of housing units to be sold to the~~
 10 ~~individual purchasers of low or moderate income at a price not to~~
 11 ~~exceed \$12,000.00, the individual purchasers may be required to~~
 12 ~~perform, in a manner and under conditions to be specified by the~~
 13 ~~authority in its rules, a minimum number of hours of labor. The~~
 14 ~~value of the labor shall be credited to the purchase price.~~

15 (3) The authority may make, ~~or~~ **purchase, or participate in**
 16 loans made to ~~an~~ individual ~~purchaser~~ **purchasers** for
 17 **acquisition and** long-term financing of ~~a~~ newly rehabilitated,
 18 newly constructed, or existing **1- to 4-unit** housing ~~unit~~ **units**,
 19 including a residential condominium unit as defined in section 4
 20 of the condominium act, 1978 PA 59, MCL 559.104. To qualify, all
 21 of the following apply:

22 ~~(a) The borrower's family income shall not exceed either of~~
 23 ~~the following:~~

24 ~~—— (i) If the housing unit is located in a metropolitan area,~~
 25 ~~\$52,900.00 on or before November 1, 2001, \$54,750.00 from~~
 26 ~~November 2, 2001 until November 1, 2002, and \$56,650.00 on and~~
 27 ~~after November 1, 2002.~~

1 ~~—— (ii) If the housing unit is located in a nonmetropolitan~~
 2 ~~area, \$43,575.00 on or before November 1, 2002. After November~~
 3 ~~1, 2002, the family income limit increases to the lesser of the~~
 4 ~~HUD nonmetropolitan median income or \$44,000.00.~~

5 ~~—— (b) The purchase price with respect to the unit does not~~
 6 ~~exceed the following:~~

7 ~~—— (i) For an existing housing unit, \$99,000.00 on or before~~
 8 ~~November 1, 2001, \$102,000.00 from November 2, 2001 until~~
 9 ~~November 1, 2002, and \$105,000.00 on and after November 1, 2002.~~

10 ~~—— (ii) For a newly rehabilitated or a newly constructed housing~~
 11 ~~unit, \$120,000.00 on or before November 1, 2001, \$124,000.00 from~~
 12 ~~November 2, 2001 until November 1, 2002, and \$128,000.00 on and~~
 13 ~~after November 1, 2002.~~

14 (a) The borrower's family income shall not exceed the
 15 following:

16 (i) For eligible distressed areas, \$69,800.00 until June 1,
 17 2006, \$72,250.00 until November 1, 2007, and \$74,750.00 on and
 18 after November 1, 2007.

19 (ii) For any other area, \$60,700.00 until June 1, 2006,
 20 \$62,800.00 until November 1, 2007, and \$65,000.00 on and after
 21 November 1, 2007.

22 (b) The purchase price does not exceed the following:

23 (i) With respect to a 1- or 2-family unit, 3 times the income
 24 limit, as established pursuant to subdivision (a).

25 (ii) With respect to a 3-family unit, 3-1/2 times the income
 26 limit, as established pursuant to subdivision (a).

27 (iii) With respect to a 4-family unit, 4 times the income

1 **limit, as established pursuant to subdivision (a).**

2 (c) For unexpected cost increases during construction or
3 improvements to adapt new or existing property for use by
4 disabled individuals, the authority may increase the purchase
5 price limit by an amount sufficient to cover these cost
6 increases, but not to exceed \$3,500.00.

7 (d) If an income or purchase price limit prescribed by this
8 subsection exceeds an application limit prescribed by the
9 internal revenue code, ~~of 1986,~~ the internal revenue code ~~of~~
10 ~~1986~~ limit applies.

11 (e) Except with respect to newly constructed housing units,
12 the authority may by resolution establish, for a length of time
13 the authority considers appropriate, maximum borrower income or
14 purchase price limits more restrictive than those maximum
15 limitations set forth in this section. The authority shall
16 advise the appropriate house and senate standing committees 5
17 days prior to adopting a resolution establishing more restrictive
18 maximum borrower income or purchase price limits.

19 (f) Before making a loan under this section, authority staff
20 shall determine that the borrower has the ability to repay the
21 loan.

22 (g) A loan made or purchased to finance the acquisition of an
23 existing housing unit may include funds for rehabilitation.

24 (4) A loan shall be secured in a manner and be repaid in a
25 period, not exceeding 50 years, as may be determined by the
26 authority. A loan shall bear interest at a rate determined by
27 the authority.

1 (5) A person who, for purposes of securing a loan under this
2 act, misrepresents his or her income, including taking a leave of
3 absence from his or her employment for purposes of diminishing
4 his or her income, is not to be eligible for a loan under this
5 act.

6 Sec. 44a. (1) The authority may make, purchase, or
7 participate in loans, grants, or deferred payment loans to
8 persons and families of low and moderate income to finance the
9 rehabilitation of residential real property designed for
10 occupancy by not more than ~~11~~ **24** families that is owned or is
11 being purchased by 1 or more persons or families of low and
12 moderate income and that is for occupancy by persons or families
13 of low and moderate income.

14 (2) The authority, without regard to the income of the owners
15 or occupants of residential rental property, may make, purchase,
16 or participate in loans, grants, or deferred payment loans for
17 the rehabilitation of residential rental property to persons or
18 entities owning residential rental property located in areas of
19 chronic economic distress and moderate cost residential rental
20 property located elsewhere in this state.

21 (3) A loan under this section may be secured or unsecured as
22 determined by the authority. If the loan is unsecured, it shall
23 be accepted for insurance under title 1 of the national housing
24 act, ~~chapter 847, 48 Stat. 1246, 12 U.S.C.~~ **USC** 1702, 1703,
25 1705, and 1706b to 1706d, or another federal or private insurance
26 program providing coverage at least equal to that provided by
27 that title, or the authority shall establish a reserve for losses

1 on uninsured loans made under this section and shall deposit into
2 that reserve an amount equal to 5% of the principal amount of
3 each such uninsured loan on or before the making of the loan.
4 Money may be withdrawn by the authority from this reserve for
5 application as loan repayments in connection with loans that are
6 delinquent. In addition, upon repayment of a loan made,
7 purchased, or participated in under this section, the authority
8 may withdraw the amount deposited in the reserve in connection
9 with that loan, reduced by amounts withdrawn as loan repayments
10 in connection with the loan, and may apply the amounts to any of
11 the authority's programs and purposes. Income or interest earned
12 by or increment to the reserve due to the investment of the money
13 in the reserve may, at the times determined by the authority, be
14 transferred by the authority to other funds or accounts of the
15 authority and applied to any of the corporate purposes of the
16 authority. A loan under this section shall bear interest at a
17 rate and be repaid in the period, not exceeding 20 years, as
18 determined by the authority and under additional terms and
19 conditions as determined by the authority.

20 (4) A deferred payment loan or grant may be secured or
21 unsecured as determined by the authority, and shall be made under
22 additional terms and conditions determined by the authority.

23 (5) In recognition of the need for rehabilitation loans,
24 grants, and deferred payment loans in all geographic areas of the
25 state, the authority shall promulgate rules that provide for the
26 availability of loans, grants, and deferred payment loans on an
27 equitable basis to qualified applicants in all geographic areas

1 of this state. With respect to loans, grants, and deferred
 2 payment loans made pursuant to this section that are not based on
 3 residency in a neighborhood selected under section 22a(5),
 4 eligibility for loans, grants, or deferred payment loans shall
 5 not be based upon the number of qualified applicants in the
 6 geographic area in which the individual resides.

7 (6) For purposes of this section, persons and families of low
 8 and moderate income means persons and families whose family
 9 income does not exceed ~~either of~~ the following:

10 ~~(a) If the housing unit is located in a metropolitan area,~~
 11 ~~\$52,900.00 on or before November 1, 2001, \$54,750.00 from~~
 12 ~~November 2, 2001 until November 1, 2002, and \$56,650.00 on and~~
 13 ~~after November 1, 2002.~~

14 ~~—— (b) If the housing unit is located in a nonmetropolitan area,~~
 15 ~~\$43,575.00 on or before November 1, 2002. After November 1,~~
 16 ~~2002, the family income limit increases to the lesser of the HUD~~
 17 ~~nonmetropolitan median income or \$44,000.00. The authority may~~
 18 ~~by resolution establish, for a length of time it considers~~
 19 ~~appropriate, maximum family income limits more restrictive than~~
 20 ~~those maximum limitations set forth in this section. The~~
 21 ~~authority shall advise the appropriate house and senate standing~~
 22 ~~committees 5 days prior to the adoption of a resolution~~
 23 ~~establishing more restrictive maximum family income limits.~~

24 (a) For eligible distressed areas, \$69,800.00 until June 1,
 25 2006, \$72,250.00 until November 1, 2007, and \$74,750.00 on and
 26 after November 1, 2007.

27 (b) For any other area, \$60,700.00 until June 1, 2006,

1 \$62,800.00 until November 1, 2007, and \$65,000.00 on and after
2 November 1, 2007.

3 (7) The maximum principal loan amounts for home improvement
4 loans, exclusive of finance charges, are as follows:

5 (a) ~~-\$25,000.00-~~ **\$50,000.00** for a residential structure
6 containing 1 dwelling unit, unless the loan is made in
7 conjunction with additional money provided by a municipality or
8 nonprofit community-based organization, in which case a loan for
9 a residential structure containing 1 dwelling unit is
10 \$35,000.00.

11 (b) ~~-\$15,000.00-~~ **\$25,000.00** per dwelling unit for a
12 residential structure containing 2 to ~~11~~ **24** dwelling units.

13 (8) A structure is not required to be of a minimum age to be
14 eligible for rehabilitation under this section.

15 Enacting section 1. This amendatory act does not take
16 effect unless Senate Bill No. 1341 of the 92nd Legislature is
17 enacted into law.