

SENATE BILL No. 1341

August 4, 2004, Introduced by Senators BIRKHOLZ and GARCIA and referred to the Committee on Local, Urban and State Affairs.

A bill to amend 1966 PA 346, entitled "State housing development authority act of 1966," by amending sections 32, 32a, 44c, and 44f (MCL 125.1432, 125.1432a, 125.1444c, and 125.1444f), sections 32 and 32a as amended by 2000 PA 257, section 44c as amended by 1996 PA 475, and section 44f as added by 1987 PA 180.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 32. (1) The authority may create and establish 1 or
2 more special funds called capital reserve funds to secure notes
3 and bonds of the authority. The authority shall pay into a
4 capital reserve fund money appropriated and made available by
5 this state for the purposes of the fund, the proceeds of the sale
6 of notes or bonds to the extent provided in the resolution of the
7 authority authorizing the issuance of the notes or bonds, and
8 other money that is made available to the authority for the

1 purpose of a fund from any other source. In addition to, or in
2 lieu of, depositing money in a capital reserve fund, the
3 authority may obtain and pledge letters of credit and, effective
4 retroactively as of June 1, 1993, insurance policies, surety
5 bonds, guarantees, or other security arrangements if those other
6 security arrangements are approved by the state treasurer, for
7 the purposes of the capital reserve fund. The amount available
8 under letters of credit, insurance policies, surety bonds,
9 guarantees, or other security arrangements pledged to a capital
10 reserve fund shall be credited toward the satisfaction of a
11 capital reserve fund requirement. All money and proceeds under
12 letters of credit, insurance policies, surety bonds, guarantees,
13 or other security arrangements held in a capital reserve fund,
14 except as specifically provided, shall be used as required solely
15 for the payment of the principal of notes or bonds of the
16 authority secured in whole or in part by the capital reserve
17 fund, for the purchase or redemption of notes or bonds, for the
18 payment of interest on the notes or bonds, or for the payment of
19 a redemption premium required to be paid when the notes or bonds
20 are redeemed prior to maturity. However, the authority shall not
21 use the capital reserve fund for an optional purchase or optional
22 redemption of notes or bonds if the use would reduce the total of
23 the money on deposit in the capital reserve fund and amounts
24 available under a letter of credit, insurance policy, surety
25 bond, guarantee, or other security arrangement pledged to a
26 capital reserve fund to less than the capital reserve fund
27 requirement established for the fund. Income or interest earned

1 by, or increment to, a capital reserve fund due to the investment
2 of the money in the capital reserve fund may be transferred by
3 the authority to other funds or accounts of the authority to the
4 extent that the transfer does not reduce the total of the amount
5 of money in a capital reserve fund and amounts available under a
6 letter of credit, insurance policy, surety bond, guarantee, or
7 other security arrangement pledged to the capital reserve fund
8 below the capital reserve fund requirement for a fund.

9 (2) The authority shall not at any time issue notes or bonds
10 secured in whole or in part by a capital reserve fund if, upon
11 the issuance of the notes or bonds, the amount in the capital
12 reserve fund, including the amounts available under a letter of
13 credit, insurance policy, surety bond, guarantee, or other
14 security arrangement pledged to the capital reserve fund, would
15 be less than the capital reserve fund requirement for the fund,
16 unless the authority, at the time of issuance of the notes or
17 bonds, deposits in the fund from the proceeds of the notes or
18 bonds to be issued, or from other sources, an amount that,
19 together with the amount then in the fund, is not less than the
20 capital reserve fund requirement for the fund, or obtains a
21 letter of credit, insurance policy, surety bond, guarantee, or
22 other security arrangement in an amount that, together with the
23 amount then in the fund, is not less than the capital reserve
24 fund requirement for the fund. For the purposes of this section,
25 "capital reserve fund requirement" means the requirement provided
26 in the resolution of the authority authorizing the notes or bonds
27 with respect to which the fund is established, which amount shall

1 not exceed the maximum amount of principal and interest maturing
2 and becoming due in a succeeding calendar year on the notes or
3 bonds of the authority secured in whole or part by the fund.

4 (3) The authority has, before January 9, 1977, in connection
5 with its housing development bonds issued pursuant to a bond
6 resolution dated June 10, 1971, established within the capital
7 reserve fund relating to housing development bonds, a capital
8 reserve account and a capital reserve capital account. This
9 capital reserve account constitutes a capital reserve fund under
10 this act. Money in this capital reserve account shall secure
11 only housing development bonds issued pursuant to the June 10,
12 1971 bond resolution. Unless otherwise provided by the
13 authority, money in the capital reserve capital account shall
14 secure all bonds and notes of the authority. In determining
15 whether the capital reserve fund requirement established for a
16 capital reserve fund has been met, the authority shall not
17 include or take into account money in the capital reserve capital
18 account.

19 (4) The authority has, before January 9, 1977, in connection
20 with its insured mortgage revenue bonds issued pursuant to a bond
21 resolution dated May 11, 1976, established a bond reserve fund.
22 This bond reserve fund constitutes a capital reserve fund under
23 this act.

24 (5) The authority may issue notes and bonds subject to the
25 following limitations:

26 (a) The authority shall not have outstanding at any time
27 bonds and notes for any of its corporate purposes in an aggregate

1 principal amount exceeding \$4,200,000,000.00, excluding all of
2 the following:

3 (i) The principal amount of bonds and notes issued to refund
4 outstanding bonds and notes.

5 (ii) The principal amount of bonds and notes that appreciate
6 in principal amount, except to the extent of the principal amount
7 of these bonds and notes payable at such time.

8 (iii) The principal amount of notes and bonds representing
9 original issue discount, if any.

10 (b) After November 1, ~~2002~~ **2007**, the limitation on the
11 aggregate principal amount of notes and bonds provided in
12 subdivision (a) is ~~reduced to~~ \$3,000,000,000.00, **excluding all**
13 **of the following:**

14 (i) **The exclusions provided in subparagraphs (i), (ii), and**
15 **(iii) of subdivision (a).**

16 (ii) **The aggregate principal amount of bonds and notes issued**
17 **on or before November 1, 2007, that is outstanding on November 1,**
18 **2007, and that exceeds \$3,000,000,000.00.**

19 (6) Subject to the limitation in subsection (5), that portion
20 of the state ceiling to be used for qualified mortgage bonds,
21 mortgage credit certificates, or bonds to finance qualified
22 residential rental projects shall be allocated to the authority
23 unless the authority elects by resolution to allow another issuer
24 to issue qualified mortgage bonds, mortgage credit certificates,
25 or bonds to finance qualified residential rental projects. As
26 used in this subsection:

27 (a) "State ceiling" means the aggregate amount of certain

1 private activity bonds, including qualified mortgage bonds, that
2 may be issued in any calendar year in this state pursuant to
3 section 146 of the internal revenue code, ~~of 1986~~ 26 USC 146.

4 (b) "Qualified mortgage bond", "mortgage credit certificate",
5 and "qualified residential rental project" mean those terms as
6 defined in the internal revenue code, ~~of 1986~~ 26 USC 146.

7 (7) To assure the continued operation and solvency of the
8 authority for the carrying out of the public purposes of this
9 act, the authority shall accumulate in each capital reserve fund
10 an amount equal to the capital reserve fund requirement for that
11 fund. If at any time the capital reserve fund requirement for a
12 capital reserve fund exceeds the amount of the capital reserve
13 fund, the authority shall transfer to this fund from the capital
14 reserve capital account established by the authority's June 10,
15 1971 bond resolution the amount necessary to restore the capital
16 reserve fund to an amount equal to the capital reserve fund
17 requirement. If a deficiency exists in more than 1 capital
18 reserve fund and the amount in the capital reserve capital
19 account is not sufficient to fully restore the capital reserve
20 funds, the money in the capital reserve capital account shall be
21 allocated between the deficient capital reserve funds pro rata
22 according to the amounts of the deficiencies. If at any time the
23 capital reserve capital account has been exhausted and the
24 capital reserve fund requirement for a capital reserve fund
25 exceeds the amount of the capital reserve fund, the chairperson
26 of the authority on or before September 1 shall certify to the
27 governor and budget director the amount, if any, necessary to

1 restore a capital reserve fund to an amount equal to the capital
2 reserve fund requirement. The governor and the budget director
3 shall include in the annual budget the amount certified by the
4 chairperson of the authority.

5 (8) In computing the amount of a capital reserve fund for the
6 purposes of this section, securities in which all or a portion of
7 the fund is invested shall be valued at par. If the securities
8 are purchased at other than par, the securities may be valued at
9 their cost to the authority, as adjusted by amortization of the
10 discount or premium paid upon purchase of the securities on a pro
11 rata basis to the maturity date of the securities.

12 (9) To the extent possible and consistent with sound fiscal
13 management and good housing development planning, the authority
14 shall make full use of available federal housing subsidy
15 programs. The authority shall recommend programs and legislation
16 to better maintain and improve existing housing stock.

17 (10) The authority shall require that not less than 15% of
18 the multifamily dwelling units financed by mortgage loans from
19 the authority in a calendar year under federal government subsidy
20 programs, subject to applicable federal regulations, be offered
21 on a priority basis to low income families and persons receiving
22 their primary incomes from social security programs or state and
23 federal public assistance programs.

24 (11) The authority shall implement a program of loans for
25 mobile homes as soon as is reasonably feasible. The authority
26 shall develop a program for financing the construction or
27 rehabilitation of mobile home parks and mobile home condominium

1 projects within 24 months after December 31, 1982, subject to a
2 determination of feasibility by the authority and the authority's
3 ability to sell bonds.

4 (12) The authority shall implement a program of loans for
5 consumer housing cooperatives as soon as is reasonably feasible.
6 The authority shall develop a program for financing the
7 construction or rehabilitation of consumer housing cooperative
8 projects within 12 months after July 10, 1984, subject to a
9 determination of feasibility by the authority and the authority's
10 ability to sell bonds.

11 (13) In addition to the powers granted the authority in this
12 act to promulgate rules in accordance with the administrative
13 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, the
14 authority shall furnish to each member of the legislature a copy
15 of notice of a public hearing or proposed rule change at least 10
16 days before the public hearing and at least 20 days before the
17 adoption of the rule.

18 (14) Before October 1 of each year, the authority shall
19 identify housing production goals for housing projects financed
20 with bonds and notes issued under the limitations provided in
21 section 32a. The authority shall identify a goal for the
22 authority as a whole and a specific goal for each program. The
23 authority shall submit those goals in an annual report to the
24 governor and to the house committee on urban affairs and the
25 senate committee on finance, or their successor committees.

26 (15) Within 6 months after the legislature enacts or the
27 authority adopts a new program, the authority shall submit an

1 interim report to the same persons to whom an annual report is
2 submitted. If both the legislature and the authority establish a
3 program, the authority shall submit the interim report within 6
4 months after the effective date of the act establishing the
5 program. The authority shall include in an interim report all of
6 the information required in an annual report that is specific to
7 that program.

8 (16) After the initial or an interim report, the authority
9 shall include in an annual report all of the following for each
10 program:

11 (a) Whether the production goals for the previous 12-month
12 period have been met. If those production goals have not been
13 met, the authority shall explain in the report the reasons why
14 those production goals have not been met.

15 (b) Any significant obstacles to the development of housing
16 for low and moderate income persons that have been encountered by
17 the authority.

18 (c) The estimated economic and social benefits of these
19 housing projects to the immediate neighborhoods in which the
20 housing projects have been constructed.

21 (d) The estimated economic and social benefits of these
22 housing projects to the municipalities in which the housing
23 projects have been constructed.

24 (e) The extent of displacement, direct and indirect, of lower
25 income persons caused by these housing projects, and steps taken
26 by the authority and other governmental and private parties to
27 ameliorate the displacement, and the results of those efforts.

1 (f) The estimated extent of additional reinvestment
2 activities by private lenders attributable to the authority's
3 financing of these housing projects.

4 (g) The age, race, family size, median income, and average
5 income of the tenants of these housing projects.

6 (h) The estimated economic impact of these housing projects,
7 including the number of construction jobs created, wages paid,
8 and taxes and payments in lieu of taxes paid.

9 (i) The progress in developing mobile home parks and mobile
10 home condominium projects, in financing the construction or
11 rehabilitation of consumer housing cooperative projects, and in
12 financing the construction or rehabilitation of nonprofit housing
13 corporation projects.

14 (j) A report on the neighborhood preservation program under
15 section 44f shall include information about the progress in
16 developing the program, the neighborhoods identified as being
17 eligible for the program, the neighborhoods or municipalities
18 that have applied for the program, the neighborhoods that have
19 received funds from the program, and the reasons that
20 neighborhoods or municipalities have been denied funds from the
21 program.

22 (k) A report on the status of federal programs that provide
23 assistance to low income tenants displaced as the result of
24 prepayments of federally and authority assisted loans. If the
25 authority determines that federal programs are inadequate for
26 tenants of authority-financed housing projects, the authority
27 will provide recommendations to the legislature as to how to

1 address this problem on or before May 1, 1989.

2 (l) A report on the low income housing tax credit program
3 under section 22b, that shall include information regarding the
4 amount of tax credits allocated to the state under each of the
5 subdivisions of section 22b(2); the projects that have received
6 tax credits; and the reasons why projects have been denied tax
7 credits under the program; a geographical description of the
8 distribution of those tax credits; and a description of
9 amendments to the allocation plan made during that year.

10 (m) A report on education and training opportunities provided
11 by the authority under section 17 that will indicate the types of
12 education and training opportunities made available and the
13 amount of funding committed to these activities.

14 (17) The authority shall insure that the income
15 characteristics of individuals served by an authority program are
16 provided in a manner that insures each individual's
17 confidentiality. The authority shall also insure that
18 proprietary information in its reports under this section
19 concerning an individual, corporation, cooperative, or
20 association is not released without the permission of that
21 individual, corporation, cooperative, or association.

22 Sec. 32a. With respect to bonds, other than refunding
23 bonds, issued to finance single family homes after November 1,
24 1989, for the first ~~120~~ 60 days following the announcement of a
25 program funded by the proceeds of those bonds, 50% of the
26 proceeds of those bonds available to make loans, as determined by
27 the preliminary information obtained by originating lenders at

1 the time a reservation is submitted, shall be reserved for
2 applicants with gross annual incomes at or below 60% of the
3 statewide median gross income. The authority may, by resolution,
4 waive this requirement. The authority shall advise the house of
5 representatives and senate standing committees with jurisdiction
6 over housing issues 5 days prior to adopting a resolution waiving
7 this requirement. With respect to bonds, other than refunding
8 bonds, issued to finance single family homes after November 1,
9 1989, not more than 50% of the proceeds of those bonds may be
10 used to finance single family homes for homebuyers who previously
11 have had an ownership interest in a residence. For purposes of
12 this section, a previous ownership interest in a mobile home
13 shall not be considered to be an ownership interest in a
14 residence. The authority may rely on the applicant's affidavit
15 to determine whether or not the applicant has had a prior
16 ownership interest in a residence. The authority shall publicize
17 the programs funded under this section by using all reasonable
18 means available, including, but not limited to, public interest
19 announcements in the media, and announcements to lending
20 institutions, community groups, and real estate organizations.
21 The authority shall submit a report annually to the legislature
22 containing all statistics necessary to indicate its compliance
23 with this section.

24 Sec. 44c. (1) If the resolution authorizing the issuance of
25 notes or bonds provides that the notes or bonds are limited and
26 not general obligations of the authority, are not secured by the
27 capital reserve capital account, and are secured solely by

1 revenues and property derived from or obtained in connection with
2 the housing project, the authority shall use the proceeds of
3 those notes or bonds to make loans directly, or indirectly by a
4 loan through a mortgage lender, to a nonprofit housing
5 corporation, consumer housing cooperative, limited dividend
6 housing corporation, limited dividend housing association, mobile
7 home park corporation, mobile home park association, or public
8 body or agency for the construction, rehabilitation, long-term
9 financing or any combination of construction, rehabilitation, or
10 long-term financing of any of the following:

11 (a) Multifamily housing projects for **students or** low income
12 or moderate income persons.

13 ~~(b) Beginning May 1, 1984, multifamily housing projects in~~
14 ~~which not less than 20% of the dwelling units are allotted to~~
15 ~~individuals of low or moderate income within the meaning of~~
16 ~~former section 103(b)(4)(A) of the internal revenue code; not~~
17 ~~less than 15% of the dwelling units are allotted to persons and~~
18 ~~families whose gross household income does not exceed 125% of the~~
19 ~~higher of either the median income for a family in this state or~~
20 ~~the median income for a family within the nonmetropolitan county~~
21 ~~or metropolitan statistical area in which the housing project is~~
22 ~~located, as determined by the authority, or to the elderly; not~~
23 ~~less than 15% of the dwelling units are allotted to persons and~~
24 ~~families whose gross household income does not exceed 150% of the~~
25 ~~median income for a family in this state or the median income for~~
26 ~~a family within the nonmetropolitan county or metropolitan~~
27 ~~statistical area in which the housing project is located, as~~

1 ~~determined by the authority, or to the elderly, and not more than~~
2 ~~50% of the dwelling units are available for occupancy without~~
3 ~~regard to income.~~

4 **(b)** ~~—(e)—~~ Beginning May 1, 1984, multifamily housing projects
5 in eligible distressed areas in which not less than 20% of the
6 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 1954** and in which not more than 80% of
9 the dwelling units are available for occupancy without regard to
10 income.

11 **(c)** ~~—(d)—~~ Social, recreational, commercial, or communal
12 facilities to serve and improve the residential area in which an
13 authority-financed multifamily housing project is located or is
14 planned to be located, thereby enhancing the viability of such
15 housing.

16 (2) To qualify as rehabilitation under this section, the
17 rehabilitation expenditures with respect to the project must
18 equal or exceed 30% of the portion of the cost of acquiring the
19 building and equipment financed with the proceeds of the notes or
20 bonds issued to acquire and rehabilitate the project. For a
21 project located in an eligible distressed area, the amount of
22 rehabilitation may be less than the 30% requirement if the
23 authority determines and expresses by resolution that the likely
24 benefit to the community or the proposed residents of the project
25 merits the use of this financing source. This subsection does
26 not apply to a project for which the authority has authorized a
27 loan commitment under this section before December 18, 1985. The

1 authority shall not provide long-term financing for a project
2 under this section unless the project is constructed or
3 rehabilitated in anticipation of authority financing, the
4 construction or rehabilitation is undertaken with authority
5 financing, ~~or~~ long-term financing is being provided with
6 respect to a housing project for which regulatory or contractual
7 restrictions assuring occupancy of some or all of the units by
8 families or persons of low or moderate income are subject to
9 termination within a 2-year period following the acquisition of
10 the housing project, **or a housing project which is to be owned**
11 **and operated by a nonprofit housing corporation which is**
12 **qualified under section 501(c)(3) of the internal revenue code,**
13 **26 USC 501(c)(3).**

14 (3) Notwithstanding the provisions of this section, the
15 authority shall establish by resolution higher income limits for
16 a housing project financed under either subsection (1)(a) or (b)
17 equal to the income limits of subsection (1)(c) if the authority
18 determines all of the following:

19 (a) The owner of the housing project exercised reasonable
20 efforts to rent the dwelling units to persons and families whose
21 incomes did not exceed the originally applicable income
22 limitations.

23 (b) For any annual period after the first tenant has occupied
24 the housing project, the owner of the housing project has been
25 unable to attain and sustain at least a 95% occupancy level at
26 the housing project.

27 (4) Notwithstanding the expiration of lending authority under

1 this section, multifamily housing projects financed under this
2 section may continue to remain eligible for occupancy by persons
3 and families whose incomes do not exceed the limits provided in
4 subsection (1) or (3).

5 (5) A borrower seeking to qualify for a loan under this
6 section shall file an application with the authority which
7 includes the following:

8 (a) A description of the proposed credit enhancement. The
9 proposed credit enhancement may be in the form of a letter of
10 credit, bonding, guarantee, mortgage insurance, or other
11 appropriate security in an amount sufficient to assure the
12 authority that repayment of notes or bonds issued by the
13 authority is reasonably secure.

14 (b) An undertaking to pay all costs of issuing the notes or
15 bonds and to provide compensation for, as considered appropriate
16 by the borrower and at no cost to the authority, any
17 underwriters, trustees, counsel, and other professionals as are
18 necessary to complete the financing.

19 (c) An application fee equal to the greater of \$4,000.00 or
20 0.0005 multiplied by the principal amount of notes or bonds for
21 which issuance is requested. For a project located in an
22 eligible distressed area, the fee required by this subdivision
23 shall be refundable if the notes or bonds are not delivered or
24 may be waived by the authority in the event the owner of the
25 housing project is or will be a nonprofit housing corporation
26 qualified under section 501(c)(3) of the internal revenue code,
27 **26 USC 501(c)(3), or a limited dividend housing association**

1 wholly owned and controlled by 1 or more nonprofit corporations
2 qualified under section 501(c)(3) of the internal revenue code,
3 26 USC 501(c)(3). In all other cases, the fee is nonrefundable.

4 (6) So long as there is uncommitted bonding capability under
5 the limitations of section 32, the authority shall issue a
6 6-month commitment to loan funds, subject to sale by the
7 authority of its notes and bonds in compliance with applicable
8 law and pursuant to terms and conditions which permit the funding
9 of such loan, either directly or indirectly by a loan through a
10 mortgage lender, to the borrower in the amount of the total
11 development cost of the proposed multifamily housing project or
12 \$25,000,000.00, whichever is less, or if the proposed multifamily
13 housing project is located in an eligible distressed area, in the
14 amount of the total development cost of the proposed project or
15 \$50,000,000.00, whichever is less, upon the determination by the
16 authority of all of the following:

17 (a) The housing project is eligible for financing under this
18 section.

19 (b) The borrower is an eligible borrower under this act.

20 (c) The requirements of subsection (5) have been met.

21 (d) The borrower has provided evidence of a commitment to
22 issue a credit enhancement in the form of a letter of credit,
23 bonding, guarantee, mortgage insurance, or other appropriate
24 security in a form and amount sufficient to assure the authority
25 that the repayment of notes or bonds issued by the authority for
26 purposes of making a loan to the borrower is reasonably secure.
27 If the authority determines that repayment of the notes or bonds

1 will be reasonably secure, the authority's review of the credit
2 enhancement shall take the place of the authority's normal
3 underwriting and feasibility review.

4 (e) If the loan is made indirectly by a loan through a
5 mortgage lender, the requirements of section 44b have been met.

6 (7) Unless a borrower is **either** a nonprofit housing
7 corporation qualified under section 501(c)(3) of the internal
8 revenue code, **26 USC 501(c)(3), or a limited dividend housing**
9 **association that is wholly owned and controlled by 1 or more**
10 **nonprofit corporations qualified under section 501(c)(3) of the**
11 **internal revenue code, 26 USC 501(c)(3), and may borrow money**
12 **from the authority without an allocation of the state volume**
13 **limitation**, a borrower and any person who is a related person to
14 the borrower as defined in section 144(a)(3) of the internal
15 revenue code, **26 USC 144(a)(3)**, shall not have outstanding loan
16 commitments under this section which total more than the greater
17 of \$25,000,000.00 or the amount of financing approved for a
18 single project under subsection (6). Once a loan has been made
19 under this section, the commitment made with respect to the loan
20 shall no longer be considered to be outstanding.

21 (8) Simultaneously with the issuance of the loan commitment
22 by the authority, the borrower shall pay a commitment fee
23 **established by the authority** in the amount of not more than 0.1%
24 of the principal amount of notes or bonds to be issued. The
25 authority shall credit the amount paid by the borrower as an
26 application fee under subsection (5) against this commitment
27 fee. The authority shall extend a 6-month loan commitment issued

1 under subsection (6) for an additional 6 months upon payment by
2 the borrower of a nonrefundable extension fee of \$5,000.00 which
3 fee shall not be credited against any other fee or payment to the
4 authority.

5 (9) Within the period during which the commitment is
6 effective, the authority, upon a determination that the terms and
7 conditions of the commitment have been satisfied, shall make its
8 loan directly, or indirectly through a loan to a mortgage lender,
9 to the borrower.

10 (10) Except as otherwise provided in this subsection, upon
11 issuance of any notes or bonds to finance a housing project under
12 this section, the borrower shall pay at the time the notes or
13 bonds are issued, in addition to any commitment or extension fee
14 paid under subsection (8), a fee **established by the authority** of
15 either not more than 0.9% of the principal amount of the notes or
16 bonds for a loan made for a project located in an eligible
17 distressed area or not more than 1.9% of the principal amount of
18 the notes or bonds for a loan made for a project located in other
19 than an eligible distressed area. If notes or bonds have been
20 issued under this section for a project owned by the borrower
21 located in an eligible distressed area within 180 days before the
22 issuance of notes or bonds for the next project financed by that
23 borrower, which next project is located in other than an eligible
24 distressed area, the fee under this subsection shall be not more
25 than 0.9% of the principal amount of the notes or bonds. If
26 notes or bonds have been issued under this section for a project
27 located in other than an eligible distressed area and the

1 borrower has paid the 1.9% fee, the authority shall not charge a
2 fee under this subsection for the next project financed by that
3 borrower if that next project is located in an eligible
4 distressed area and if the notes or bonds are issued within 180
5 days after the notes or bonds were issued for the project located
6 in other than an eligible distressed area. **In addition to the
7 fee to be paid to the authority at the time notes or bonds are
8 issued under this section, the authority may, at its sole
9 discretion, establish an annual fee, or other administrative
10 fees, to be paid by the borrower during the term of the loan.
11 All or any portion of the fees due to the authority under this
12 subsection shall be paid by the borrower to the authority in
13 annual or semiannual installments, as the authority shall
14 determine, after the date on which notes or bonds are issued to
15 finance the related housing project.**

16 (11) Subject to any rights of the holders of any notes or
17 bonds issued to finance a multifamily housing project under this
18 section, if the owner of a multifamily housing project financed
19 under this section provides evidence satisfactory to the
20 authority that the new owner of the multifamily housing project
21 is an eligible borrower under this act and the exemption from
22 federal income taxation of interest on the notes or bonds issued
23 to finance the multifamily housing project will not be impaired
24 as a result of a sale, refinancing, or resyndication, the
25 borrower may sell, refinance from a source other than the
26 authority, or resyndicate that housing project at any time.
27 There shall not be a prepayment penalty or fee required for the

1 sale, refinancing, or resyndication in addition to any prepayment
2 penalty or fee owing to the holders of notes or bonds issued to
3 finance a housing project under this section **except that the**
4 **owner shall pay all fees of the authority described in subsection**
5 **(10) before or concurrent with the sale, refinancing, or**
6 **resyndication. For student housing, a transfer of ownership**
7 **shall be approved by a resolution of the college or university**
8 **board of trustees for the college or university that approved the**
9 **initial financing under this section. The authority shall not**
10 **make a financing commitment for a housing project unless the**
11 **board of trustees of the college or university from which a**
12 **majority of students are anticipated to be residents of the**
13 **housing project adopts a resolution.**

14 (12) A borrower is allowed distributions equal to a 12%
15 return on the borrower's investment in a multifamily housing
16 project financed under this section for the first 12 months of
17 operation of the housing project following substantial
18 completion. The allowable return shall be increased by 1% for
19 each 12-month period after the first 12 months. The maximum
20 allowable return for a housing project located in other than an
21 eligible distressed area is 25%. Any return less than the
22 allowable rate in any preceding period may be received in any
23 subsequent period on a cumulative basis.

24 (13) Before September 1 of each year after 1984, the owner of
25 a housing project financed under this section shall report to the
26 authority all of the following which the authority shall include
27 in the report required by section 32(14):

1 (a) The incomes of the tenants residing in that housing
2 project in a manner that preserves the anonymity of those
3 tenants.

4 (b) The estimated economic and social benefits of that
5 housing project to the immediate neighborhoods in which it has
6 been constructed.

7 (c) The estimated economic and social benefits of that
8 housing project to the city in which it has been constructed.

9 (d) Information requested by the authority about that housing
10 project that is needed so that the authority can report the
11 extent of displacement, direct and indirect, of lower income
12 persons caused by housing projects financed under this section,
13 the steps taken by governmental and private parties to ameliorate
14 the displacement, and the results of those efforts.

15 (e) Information requested by the authority about that housing
16 project that is needed so that the authority can report the
17 estimated extent of additional reinvestment activities by private
18 lenders attributable to the authority's financing of housing
19 projects financed under this section.

20 (f) ~~The~~ **Except for housing for students, the** age, race,
21 family size, and average income of the tenants of these housing
22 projects.

23 (g) The estimated economic impact of these housing projects,
24 including the number of construction jobs created, wages paid,
25 and taxes and payments in lieu of taxes paid.

26 (14) Mortgages securing loans made under this section are
27 authority-aided mortgages.

1 (15) The authority may inspect and audit projects and records
2 of projects financed under this section in order to monitor
3 compliance with the requirements of this section. If there is
4 noncompliance, the authority, pursuant to the provisions of the
5 financing and organizational documents applicable to the
6 transaction, may pursue the remedies that the authority considers
7 appropriate. Except as is required to assure compliance with
8 this section or section 46 or otherwise required by purchasers
9 of, or a third party credit enhancement provider with respect to,
10 notes or bonds issued to finance a multifamily housing project
11 under this section, the authority shall not regulate, in any
12 manner, a multifamily housing project financed under this
13 section. This section does not preclude the authority from
14 regulating a multifamily housing project in consideration for
15 other types of program benefits, incentives, or concessions
16 provided by the authority over and above the financing made
17 available under this section.

18 (16) Notwithstanding any other provision of this section,
19 there shall not be any liability on the part of the authority or
20 its members, officers, employees, or agents, and the assets of
21 the authority shall not be subject to any liability, as a result
22 of any act or failure to act under this section on the part of
23 the authority or its members, officers, employees, or agents.

24 (17) If notes or bonds have been issued under this section
25 for a project located in an eligible distressed area within 180
26 days before the submission, by the same borrower or a borrower
27 having the same general partners, of a commitment for credit

1 enhancement, that borrower's application shall be given priority
2 over the other applications submitted under this section to
3 finance projects located in other than eligible distressed areas,
4 except for projects for which the authority has authorized loan
5 commitments. The principal amount of notes or bonds issued to
6 finance a project given priority under this subsection shall not
7 exceed 10 times the principal amount of the notes or bonds issued
8 to finance the distressed area project that qualifies the
9 borrower for priority consideration.

10 (18) Except for housing projects for which the authority has
11 adopted an inducement resolution on or before April 1, 1991,
12 loans shall not be made under this section unless the authority
13 determines that use of the state's unified volume cap for a
14 project will not impair the ability of the authority to carry out
15 programs or finance housing developments or housing units which
16 are targeted to lower income persons.

17 (19) **Beginning on the effective date of the amendatory act**
18 **that added this subsection, a person or entity who proposes a**
19 **student housing project shall cooperate with the college or**
20 **university from which the majority of tenants are proposed to be**
21 **drawn by using its best efforts to communicate with the college**
22 **or university regarding the location of and the need for the**
23 **project. If, in the judgment of the authority, the person or**
24 **entity proposing the project does not communicate with the**
25 **college or university regarding the location of and need for the**
26 **project, the authority may deny financing for the project.**

27 Sec. 44f. (1) The authority may make a loan to any person

1 or entity, whether for profit or not for profit, **for**
2 **predevelopment costs, or** for the construction or rehabilitation,
3 and for the long-term financing, of a ~~4 to 30~~ **2 to 49** unit
4 housing project located in an effectively treatable area, which
5 project meets the 20-50 **or 40-60** test established in section 142
6 of the internal revenue code, **26 USC 142. For rehabilitation of**
7 **a housing project in an effectively treatable area by more than 1**
8 **owner, the 20-50 or 40-60 test may be met on an aggregate basis.**

9 (2) For purposes of this section, an effectively treatable
10 area is an area **that includes or is in close proximity to a**
11 **downtown or traditional commercial center and** for which the
12 authority has received a plan, to be known as a neighborhood
13 partnership plan, from a municipality or neighborhood
14 organization, or both. ~~—, which~~ **The plan establishes shall**
15 **establish** as a goal that at least 75% of the property in the area
16 will be brought to a safe and sanitary condition and ~~enables~~
17 **shall enable** the authority to determine that available private,
18 public, and authority resources will be combined in such a manner
19 as to assure that a majority of the housing in the area will be
20 brought to a safe and sanitary condition. To qualify as an
21 effectively treatable area, the area shall be in a ~~city or~~
22 ~~township with a population of not less than 10,000~~ **qualified**
23 **local governmental unit as defined in section 2 of the obsolete**
24 **properties rehabilitation act, 2000 PA 146, MCL 125.2782, or a**
25 **county seat** and either be within a census tract having a serious
26 housing need or in an area that meets all of the following
27 criteria:

1 (a) The increase in the state equalized value of real and
2 personal property in the area is less than the increase in the
3 municipality-wide or statewide average, whichever is the lesser
4 increase.

5 (b) The poverty rate in the area is greater than the
6 statewide average as determined by the most recent federal
7 decennial census.

8 (c) The average income of the area is less than 80% of the
9 statewide or area median, whichever is greater, as determined
10 using the most recent federal decennial census.

11 (d) The percentage of overcrowded or underutilized housing
12 units in the area is greater than the municipality-wide average.

13 (3) The authority shall provide technical assistance to help
14 develop neighborhood partnership plans. The municipality or
15 neighborhood organization that submits the plan shall demonstrate
16 that community support exists and that the provision of a loan
17 under this section will contribute to the larger effort to
18 revitalize the area.

19 (4) The return on investment to the owner of a project
20 financed under this section is not restricted as long as the
21 housing remains in compliance with all applicable state and local
22 codes and ordinances.

23 Enacting section 1. This amendatory act does not take
24 effect unless House Bill No. 6077_
25of the 92nd Legislature is enacted into
26 law.