

Legislative Analysis



MSHDA: INVESTMENTS IN MULTIFAMILY HOUSING

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Senate Bill 347 (Substitute H-1, with floor amendments)

Sponsor: Sen. Mark C. Jansen

Senate Committee: Economic Development

House Committee: Commerce

(Enacted as Public Act 116 of 2013)

Complete to 9-12-13

A SUMMARY OF SENATE BILL 347 AS AMENDED ON HOUSE FLOOR

The bill would amend the State Housing Development Authority Act to authorize the Michigan State Housing Development Authority (MSHDA) to invest money held in reserve or sinking funds, or money not required for immediate use or disbursement, in entities whose primary purpose is to acquire ownership interests in multifamily housing projects in Michigan and/or to make or purchase loans with respect to such projects. These entities could include limited partnerships and limited liability companies.

The authority could not make an investment authorized by the bill unless it determined that the return on the investment was reasonably expected to be at least the return MSHDA was then receiving on certain other investments authorized under the act.

The authority would have to use earnings from these investments solely for the purposes authorized by the MSHDA Act. At least 10% of the earnings would have to be allocated to the Housing Development Fund (a revolving fund created in Section 23 of the act). *[The provisions in this paragraph were added to the bill by the House Commerce Committee, and then amended on the floor.]*

Under the bill, the authority would possess all powers necessary or incidental to make investments authorized under the bill, including the power to establish limited partnerships, limited liability companies, profit and nonprofit corporations, and other entities, and the conditions under which those entities could acquire ownership interests in or make or purchase loans with respect to multifamily housing projects.

The term "multifamily housing project" would mean a housing project that includes multiple dwellings and in which at least 50% of the square footage of floor space is used primarily for residential purposes.

FISCAL IMPACT:

Senate Bill 347 would have no impact on state or local government finances. The bill would allow the MSHDA to invest reserve or sinking funds in entities, including limited partnerships and limited liability companies, whose primary purpose is to acquire ownership interests in multifamily housing projects in this state or to make loans for multifamily housing projects in this state. The bill would ultimately authorize MSHDA

to move forward on the Michigan Mezzanine Investment Fund. The provisions of the bill would require that not less than 10 percent of the earnings be deposited in the Housing Development Fund. MSHDA reserve funds are not appropriated funds. MSHDA is operationally financed through federal and state restricted (fees and other operating income) revenues.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.

