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BILL ANALYSIS

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Senate Bill 347 (as enacted)
Sponsor: Senator Mark C. Jansen
Senate Committee: Economic Development
House Committee: Commerce

PUBLIC ACT 116 of 2013

Date Completed: 11-22-13

CONTENT

The bill amended the State Housing Development Authority Act to authorize the Michigan State Housing Development Authority (MSHDA) to invest in entities whose primary purpose is to acquire ownership interests in, or to make or purchase loans with respect to, multifamily housing projects in Michigan.

Under Section 22(n) of the Act, MSHDA has the authority to invest funds held in reserve or sinking funds, or money not required for immediate use or disbursement, in obligations of the State or of the United States, in obligations whose principal and interest are guaranteed by the State or the United States, or in other obligations as the State Treasurer may approve.

The bill authorizes MSHDA also 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 may include limited partnerships and limited liability companies. The Authority may not make an investment authorized by the bill unless it determines that the return on the investment is reasonably expected to be at least the return MSHDA is receiving at the time on investments authorized under Section 22(n).

The bill requires MSHDA to use earnings returned to it on investments authorized under the bill solely for purposes authorized by the Act. It also must allocate at least 10% of the earnings to the Housing Development Fund.

The Authority has all powers necessary or incidental to make investments authorized under the bill, including the power to establish limited partnerships, limited liability companies, nonprofit corporations, and other entities, and to set the conditions under which those entities may acquire ownership interests in, or make or purchase loans with respect to, multifamily housing projects.

The bill defines "multifamily housing project" as 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.

The bill took effect on September 24, 2013.

MCL 125.1422d

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill will have no fiscal impact on the State. The bill expands the operating authority for the Michigan State Housing Development Authority to permit the investment of its operating reserves in limited liability partnerships and companies to own or finance projects with a multifamily housing component that is at least 50% of the project. The Authority also is authorized to make or purchase loans for those projects. These investments will be from MSHDA reserves, which are not appropriated. Earnings from these activities will accrue to MSHDA as part of its operating revenue. The bill requires the deposit of at least 10% of the earnings on these investments to the Housing Development Fund. The Housing Development Fund may be used for a wide variety of purposes including advances for housing projects expected to receive a federally aided or Authority-aided mortgage; grants to communities, the Office of Services to the Aging, or grants to nonprofit organizations or local governments for assistance to low- or moderate-income people. The projects funded may include forms of housing assistance or community development or transfer to other funds for land acquisition and development or rehabilitation. Activities of MSHDA are financed by Federal revenue and State Restricted revenue from operating income and fees. The Authority does not receive any appropriations from General Fund/General Purpose revenue.

Fiscal Analyst: Elizabeth Pratt

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