

Legislative Analysis



MSHDA: INCREASE CAP ON OUTSTANDING BONDS

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<http://www.house.mi.gov/hfa>

House Bill 4908 as introduced
Sponsor: Rep. Karen Whitsett
Committee: Financial Services
Complete to 9-30-19

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4908 would amend the State Housing Development Authority Act to increase, from \$3.4 billion to \$5.0 billion, the limit on the outstanding bonds and notes of the Michigan State Housing Development Authority (MSHDA).

Currently, MSHDA cannot have outstanding bonds and notes in an aggregate principal amount that exceeds \$3.4 billion, excluding the following:

- The principal amount of bonds and notes issued to refund outstanding bonds and notes.
- The principal amount of bonds and notes that appreciate in principal amount, except to the extent of the principal amount of these bonds and notes payable at such time.
- The principal amount of bonds and notes representing original issue discount, if any.
- The aggregate principal amount of bonds and notes that were issued before or on November 1, 2014, that is outstanding on that date, and that exceeds \$3.4 billion. (This provision, which the bill would delete, reflects a change in the cap that took effect November 1, 2014.)

HB 4908 would increase the cap on the aggregate principal of MSHDA's outstanding bonds and notes to \$5.0 billion, excluding amounts described in the first three bulleted items above.

MCL 125.1432

FISCAL IMPACT:

The bill would increase the cap on outstanding bonds from \$3.4 billion to \$5.0 billion. MSHDA issues bonds to finance housing-related programs throughout the state of Michigan. As of September 30, 2019, approximately \$3.06 billion in bonds are outstanding. In the near term, MSHDA plans to issue a new debt related to single-family housing that would put them close to the current statutory bond cap. Without additional bond capacity, future programming would be reduced and based on available proceeds.

MSHDA is a discretely presented component unit, and MSHDA's bonds are not considered general obligations of the state of Michigan. MSHDA bonds are secured by the revenues received from the loan programs operated with bond proceeds and all income earned related to the bonds.

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