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House Bill 4908 (as passed by the House)
Sponsor: Representative Karen Whitsett
House Committee: Financial Services
 Ways and Means
Senate Committee: Appropriation

Date Completed: 3-3-20

CONTENT

The bill 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).

Also, the bill would eliminate a provision that specifies that, after November 1, 2014, the limit on the aggregate principal amount of the notes and bonds issued by MSHDA is \$3.4 billion.

MCL 125.1432

FISCAL IMPACT

The bill would increase the cap on outstanding bonds and notes from \$3.4 billion to \$5.0 billion. The Authority projects that outstanding bonds and notes will meet the \$3.4 billion limit by the end of March 2020. The new debt issue is related to single-family housing programs. Without the additional bonding authority, programs would have to be reduced.

The Authority's bonds are not considered general obligations of the State and are secured by revenue received from various loan programs operated by MSHDA. Debt is issued for the purchase of single-family mortgages, multifamily developments, fund home improvement loans, and for the cost of issuing the bonds. The assets purchased by the debt are used as the security, while the mortgages on the assets are used to repay the bonds. The revenue from these programs support the financing of the debt and MSHDA's operations. Currently, MSHDA does not require any State dollars to support its operations.

The cap on outstanding debts was increased from \$3.0 billion to \$4.2 billion in 2008 because of increased demand during the recession. In 2011, the cap was continued until November 1, 2014, when the cap was reduced to \$3.4 billion. Since 2014, rising property costs throughout the State have contributed to increased costs to purchase assets and to finance MSHDA's various programs.

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