



Senate Fiscal Agency  
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House Bills 5030 and 5032 (as passed by the House)  
House Bill 5031 (Substitute H-2 as passed by the House)  
Sponsor: Representative Betsy Coffia (H.B. 5030)  
Representative Ranjeev Puri (H.B. 5031)  
Representative Will Snyder (H.B. 5032)  
House Committee: Economic Development and Small Business  
Senate Committee: Housing and Human Services

Date Completed: 9-27-24

### **CONTENT**

**House Bill 5030 would amend the State Housing Development Authority Act to allow, as opposed to currently requiring, the Michigan State Housing Development Authority (MSHDA) to cancel the notes or bonds it purchases from itself.**

**House Bill 5031 (H-2) would amend the State Housing Development Authority Act to delete a requirement that a resident member of MSHDA only exercise powers and authority concerning decisions related to public housing programs and Section 8 tenant-based assistance programs.**

**House Bill 5032 would amend the State Housing Development Authority Act to do the following:**

- **Modify the maximum purchase price or maximum appraised value for loans made by MSHDA to individual purchasers for the financing of houses with four units or fewer.**
- **Increase, from \$3,500 to \$10,000, the maximum amount that MSHDA could increase the purchase price of a property because of unexpected costs during construction or improvement for the use of that property by disabled individuals.**

### **House Bill 5030**

Generally, the Act allows MSHDA to issue notes and bonds for housing and community development purposes in the State, subject to limitations. Currently, MSHDA may purchase its own notes or bonds and upon purchase MSHDA *must* cancel those notes or bonds at a price not exceeding the following:

- For a note or bond that is redeemable, the applicable redemption price plus accrued interest to the next interest payment date.
- For a note or bond that is not yet redeemable, the redemption price applicable on the first date after the purchase on which those notes or bonds become subject to redemption, plus accrued interest.

Under the bill, upon purchase of its own notes or bonds, MSHDA *could* cancel those notes or bonds not exceeding the amounts described above. (The Act allows MSHDA to authorize by resolution a higher price than determined above upon determination that a higher price is in the best interest of MSHDA and the bill would maintain this provision.)

## **House Bill 5031 (H-2)**

Generally, subject to Federal Law requirements, MSHDA consists of three heads of principal departments of the Executive branch of the State government and five people appointed by the Governor with advice and consent of the Senate. One of the appointed members must be a resident member who is directly assisted by a Federal housing program administered through MSHDA and whose name appears on the lease of that assisted housing.

(Generally, the United States Housing Act of 1937, requires public housing authorities that administer Federal public housing or Section 8 assistance to have at least one member on its board who is a resident assisted by the public housing authority.<sup>1</sup>)

The resident member must only take part in, vote on, or exercise the powers of MSHDA concerning the decisions related to the administration, operation, and management of Federal public housing programs and Section 8 tenant-based assistance programs. The bill would delete this provision.

## **House Bill 5032**

The State Housing Development Authority Act allows MSHDA to make, purchase, or participate in loans made to individual purchasers for acquisition and long-term financing and refinancing of newly rehabilitated, newly constructed, or existing one- to four-unit housing units and residential condominium units subject to certain conditions, including the following dollar limits on the purchase price or appraisal price in the case of a refinancing:

- With respect to one- or two-family unit, \$224,500.
- With respect to a three- or four-family unit, \$261,625.
- With respect to a four-family unit, \$299,000.

The bill would delete the amounts described above and instead the purchase price or the appraised value in the case of a refinancing could not exceed 90% of the average area purchase price applicable to the housing unit. The average purchase price would have to be determined in accordance with Section 143(3) of the Internal Revenue Code or any regulations promulgated pursuant to the Code.

(Under Section 143(3) of the Code, "average purchase price" means with respect to any residence, the average purchase price of a single-family residence in the statistical area in which the residence is located, which were purchased in the most recent 12-month period for which sufficient statistical information is available as of the date on which the commitment to provide the financing is made, or if earlier, the date of purchase.)

Additionally, for unexpected cost increases during construction or improvements to adapt new or existing property for use by disabled individuals, MSHDA may increase the purchase price limit by an amount sufficient to cover the cost increases, no greater than \$3,500. The bill would change the cap on the purchase price increase to \$10,000.

MCL 125.1430 (H.B. 5030)  
125.1421 (H.B. 5031)  
125.1444 (H.B. 5032)

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<sup>1</sup> Section 2b, 42 U.S.C. 1437

## **PREVIOUS LEGISLATION**

*(This section does not provide a comprehensive account of previous legislative efforts on this subject matter.)*

House Bills 5030 through 5032 are reintroductions of House Bills 4949 through 4951, respectively, of the 2021-2022 Legislative Session. House Bills 4949 through 4951 passed the House and were referred to the Senate Committee on Finance but received no further action.

Legislative Analyst: Eleni Lionas

## **FISCAL IMPACT**

The bills would have an indeterminate, but likely positive fiscal impact on MSHDA and no fiscal impact on the rest of the State or local units of government. The Authority receives no General Fund appropriation from the State and is solely supported with MSHDA restricted revenue. Therefore, any potential savings or additional revenue would only benefit MSHDA. **House Bill 5030** would provide MSHDA with flexibility when purchasing and cancelling notes and bond purchases, which could result in savings. **House Bill 5031 (H-2)** would have no fiscal impact on MSHDA. **House Bill 5032** would allow MSHDA to issue larger homeownership loans, which could increase the amount of loans issued and in return the amount of revenue generated off those loans.

Fiscal Analyst: Cory Savino, PhD

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.