

MICHIGAN AFFORDABLE HOUSING FUND



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FISCAL ANALYSIS

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HOUSE BILL 4684 SUBSTITUTE (H-1)

Sponsor: Rep. Jerry O. Kooiman

House Committee: Local Government and Urban Policy

FLOOR ANALYSIS - 3/20/02

Analyst(s): Bob Schneider

SUMMARY

The bill would amend the State Housing Development Authority Act by establishing the Michigan Affordable Housing Fund to be administered by the Michigan State Housing Development Authority (MSHDA). The Department of Treasury would be required to credit to the Fund all amounts appropriated and all contributions received for the purposes of the bill, any investment earnings and loan repayments on these monies, and the proceeds of assets received by the authority as the result of the default on loans made from the Fund. Funds not used by the end of a fiscal year would remain in the fund and not lapse to the general fund. Fund proceeds would be allocated to eligible applicants, which would include non-profit and for-profit corporations and affordable housing partnerships approved by MSHDA. Funds could be used to provide grants and loans to provide housing for low income, very low income, and extremely low income households.

Under the bill the MSHDA would be required to hold public hearings in at least 3 separate locations throughout the state on the proposed funding priorities and a draft allocation plan for the upcoming year. The MSHDA would then develop a final allocation plan. These duties would impose an indeterminate level of costs on the authority each year. It is likely that these costs would be met out of existing resources.

The bill does not establish any revenue source for the fund, although it does allow for potential appropriations and contributions to the fund. A related bill – House Bill 4683 – would establish a Single Business Tax credit for businesses that make contributions to the Fund. This separate bill, if enacted, could generate up to \$28 million in revenue annually to the Fund until the SBT is eventually phased out.