



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 293 (Substitute S-1 as reported)
Sponsor: Senator Kristen McDonald Rivet
Committee: Economic and Community Development

CONTENT

The bill would amend the State Housing Development Authority Act to do the following:

- Expand the scope of the Michigan Housing and Community Development Program to make its financing available to middle-income households and delete a requirement that projects financed by the Program be in a downtown area or adjacent neighborhood.
- Delete the requirement that percentages of the Fund be earmarked for projects that target specific groups based on income threshold and housing type.
- Require an allocation plan to include a formula for distributing money based on the number of individuals experiencing economic distress, the number of people with disabilities, and the number of accessible housing units in various regions of the State, and a consideration of funds from other sources available to address the housing needs of people with disabilities and low income, very low income, and extremely low income households.
- Require the authority to employ accessible methods to gather public comment.
- Allow, instead of requiring, the Authority to spend a portion of the Fund for housing for persons with disabilities and persons living in eligible distressed areas.

BRIEF RATIONALE

High housing costs and the scarcity of available homes have contributed to a lack of attainable housing for middle-income homebuyers.¹ Accordingly, some believe that the Michigan State Housing Development Authority should invest in additional housing projects to alleviate housing scarcity and make homebuying more attainable for middle-income households.

MCL 125.1458 et al.

Legislative Analyst: Abby Schneider

FISCAL IMPACT

The bill would expand the Program to include middle-income housing projects and remove the spending requirements that target low-income, extremely low-income, and transitional housing, and housing for the homeless. While these changes would not create or spend State revenue directly, there could be indirect benefits to the State and local units of government because of increased middle-income housing volume, such as increased property and income tax revenue. Any indirect benefits would likely take years to become apparent or measurable.

The Authority would likely have minor, administrative cost increases associated with the creation of an advisory council and allowing for virtual participation during hearings on the biennial allocation plan. Such expenses would be absorbed by the Authority.

Date Completed: 6-21-23

Fiscal Analyst: Michael Siracuse

¹ Bahney, Anna, "Middle-income buyers face the most severe housing shortage", *CNN Business*, June 2023.