

The bill authorizes the sale of bonds at no less than par at negotiated or public sale. Currently, bonds may be sold at public sale only, at no less than par. The proposed change to allow for negotiated sales for the sale of bonds would give the regional housing authorities an opportunity to secure better rates. Although not specified within the bill, it should be noted that tax-exempt bonds, unlike other publicly funded affordable housing resources, are subject to strict guidelines with regard to income eligibility and use.

The bill further eliminates advertising the sale of bonds in a financial newspaper published in the City of New York, New York for public sales. It should be noted that the advertising may be required in the bond indenture or by the State Board of Finance.

The technical changes within the bill are grammatical and do not change the meaning of the law.

FISCAL IMPLICATIONS

Fiscal implications resulting from House Bill 154 to sell bonds at no less than par at negotiated or public sale would have to be determined over a period of time because markets and interest rates are very fluid through time.

OTHER SUBSTANTIVE ISSUES

According to MFA, the current definition for “low-income person” complies with the definition accepted by Housing and Urban Development (HUD) for eligibility of HUD funded programs, including Section 8 and other rental assistance and housing development programs in which regional housing authorities participate. State funds provided to regional housing authorities are usually subjected to the same HUD definitions, since the state funds are used to match or leverage HUD funds. Currently, funding sources used to fund affordable housing programs always prescribe an income eligibility limit for households benefiting from the program. Therefore, the proposed changes in this bill may have no affect on most programs available to regional housing authorities and may have a minor impact in the number of additional persons that may be eligible for programs provided by the regional housing authorities.

POSSIBLE QUESTIONS

1. Why would regional housing authorities want to depart from commonly accepted definitions that describe income eligibility?
2. Will giving the regional housing authorities discretion of income eligibility impact affordable housing financing sources?

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