



**House  
Legislative  
Analysis  
Section**

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## **DANGEROUS BUILDINGS: RECOVERY OF COSTS**

**House Bill 5280 as passed by the House**  
Sponsor: Rep. Michael J. Bennane

**House Bill 5284 as passed by the House**  
Sponsor: Rep. Burton Leland

**Second Analysis (8-7-90)**

**House Committee: Urban Affairs**  
**Senate Committee: Local Government & Veterans**

### ***THE APPARENT PROBLEM:***

Many municipalities throughout the state are concerned about the growing number of unoccupied properties that, due to a lack of maintenance, repair, or demolition, pose a threat to the safety and health of local residents. Larger metropolitan areas, especially, suffer terribly from the effects of badly maintained, unoccupied properties: crime (drug dealers often use them as bases), disease (carried via rat and roach infestation), and poverty (from low property values) engulf the communities in which such housing exists. Also, many fires occur in and around these dangerous structures each year, threatening not only the lives of residents but also of firefighters who may enter a burning building unaware of its structurally unsound condition. The state's Housing Law allows local governments to take action against owners of unsafe structures by providing that if an owner fails to comply with an order to either repair or demolish the structure, the local government may undertake the action and pass its costs on to the owner in the form of a tax lien against the property. Unfortunately, as the cost of demolition or repair often far exceeds the property's actual value, municipalities usually are forced either to take action at great expense or allow the properties to remain as they are. Some people feel a municipality should be allowed further remedies to recover its costs in dealing with badly maintained properties, such as having the power to sue the property owner for its costs or even taking a lien against other properties or assets owned by the person.

### ***THE CONTENT OF THE BILLS:***

The bills would amend the same sections of the Housing Law (MCL 125.539, 125.540, and 125.541) to specify that a residential building that was unoccupied for 180 days or more and was not listed for sale or rent could be declared a dangerous building. However, this provision would not apply if the owner notified local law enforcement officials — within 30 days after the building became unoccupied — that it would be unoccupied, and if the owner maintained the exterior of the building (which would not include the exterior color or siding material) and its grounds in accordance with the act or the building code of the local government in which the building was located. The act currently provides for a hearing on whether or not a building is dangerous and what action (in the form of an order) must be taken on the building; the bills specify that an order for demolition would have to be enforced within 90 days after the date of the hearing.

If the municipality declared an unoccupied residence to be a dangerous building the enforcing agency could order, as

an alternative to demolition or making the building safe, maintenance of the exterior of the building and its grounds. If the property owner failed to comply with the order, the local government could enforce the order and assess the cost of maintaining the exterior of the building against the owner by placing a lien against the property. However, a lien on single or multifamily residential property would not have priority over liens and encumbrances filed or recorded before the date when costs were incurred, while a lien on all other property would be treated as provided for under the General Property Tax Act. Further, in addition to placing a tax lien on property that had been declared a dangerous building, the bills would allow a local government to sue the owner for the full cost of demolition, making the building safe, or maintaining the building; a lien would be required to cover costs incurred under this provision and would not take effect until the lien notice was filed or recorded as the law requires.

The provisions within both bills are identical, except that House Bill 5284 specifies that a judgment could be enforced against a dangerous building owner's other assets, and by placing a tax lien against any other property in Michigan wholly or partially owned by the person. Also, the bills are tie-barred to each other.

### ***FISCAL IMPLICATIONS:***

According to the House Fiscal Agency, the bills would have no fiscal implications for the state. (6-11-90)

### ***ARGUMENTS:***

#### ***For:***

Poorly maintained residential buildings in larger metropolitan areas of the state seriously harm the communities in which they are located by contributing to lower property values, abetting criminal activity, and threatening the health and safety of local residents. Some parts of Detroit, particularly, suffer badly from blighted properties and their concomitant effects. According to testimony before the House Urban Affairs Committee by a Detroit official, the city demolishes 2,000 abandoned buildings annually, each at an average cost of about \$6,000. While the Housing Law allows municipalities to recover some of their costs by placing a lien against a property in question, it is often difficult to recover the total cost of either maintaining or demolishing the buildings — hindering governments from taking appropriate action except at great taxpayer expense. Some landlords also will claim their properties are temporarily not being used just so they can avoid having to pay the cost of repairing,

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maintaining, or destroying the buildings themselves. The bills would specify that if a building was not occupied for 180 days or more (nor was listed for sale or rent) it could be declared a "dangerous building," upon which proper action would have to be taken. If the owner failed to respond, the municipality could do what it felt needed to be done and recoup its costs by placing a lien on the property or suing the owner; House Bill 5284 would go one step further by allowing a lien to be placed on other assets (within the state) owned by the person. In the event a lien was placed on property, however, the first lien (for instance, by a lender on the structure) would take precedence, to ensure financial institutions' interests were protected. Ultimately, the bills would empower municipalities to take appropriate action to improve the quality of housing for, primarily, low-income residents in their communities.

### ***POSITIONS:***

The Michigan Bankers Association supports the bills. (8-7-90)

The Michigan League of Savings Institutions supports the bills. (8-7-90)

The City of Detroit's Department of Buildings and Safety supports the bills. (7-9-90)

The Michigan State Fire Association supports the bills. (8-7-90)

The Michigan Association of Homebuilders has no position on the bills. (8-7-90)