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House Bill 4081 (Substitute H-1 as reported without amendment)

Sponsor: Representative Gary Woronchak

House Committee: Regulatory Reform

Senate Committee: Economic Development, Small Business and Regulatory Reform

CONTENT

The bill would amend the Housing Law to include in the definition of "dangerous building" a building damaged by deterioration, neglect, abandonment, or vandalism; create a rebuttable presumption that a building required immediate demolition if the cost of repair would exceed the building's SEV; and specify that the cost of demolition would include certain administrative fees and charges.

The Housing Law provides that it is unlawful for an owner or agent to keep or maintain any dwelling that is a dangerous building. A "dangerous building" is a building or structure that has defects or is in a condition described in the Law. Under this definition, a building or structure is considered a dangerous building if a portion of it is damaged by fire, wind, flood, or other cause so that the structural strength or stability of the building or structure is appreciably less than it was before the catastrophe and does not meet the minimum requirements of the Law or a local unit's building code. The bill would expand this provision to include damage by deterioration, neglect, abandonment, or vandalism.

Under the Law, an owner, agent, or lessee must comply with an order of demolition within 21 days after a hearing, if the local unit's legislative body or appeals board determines that a building or structure has been substantially destroyed by fire, wind, flood, or other natural disaster, and the cost of repair will be greater than the State equalized valuation (SEV) of the building or structure. Under the bill, this process also would apply to a building or structure that had been substantially destroyed by deterioration, neglect, abandonment, vandalism, or other "cause" (rather than other natural disaster). Further, the bill provides that a rebuttable presumption that a building or structure required immediate demolition would exist, if the estimated cost of repair exceeded the SEV of the building or structure.

MCL 125.539 et al.

Legislative Analyst: George Towne

FISCAL IMPACT

The bill would negligibly increase State and local revenues. To the extent that demolitions increased under the bill, local units would incur more expenses. However, local units also recover demolition expenses, suggesting a net cost of zero for local units. On the other hand, repairing property and/or demolishing dangerous buildings presumably increases the value of the property and/or surrounding property or encourages sales of such property. These secondary effects would potentially provide a minor increase in property tax revenues to local units and the State.

This estimate is preliminary and will be revised as new information becomes available.

Date Completed: 6-12-03

Fiscal Analyst: David Zin