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Senate Bill 313 (as introduced 4-11-13)
Sponsor: Senator Dave Robertson
Committee: Local Government and Elections

Date Completed: 10-2-13

CONTENT

The bill would amend the Housing Law to do the following:

- **Revise the population criteria for local units subject to the law.**
- **Allow an enforcing agency to charge the owner of a dwelling subject to regulation a maximum fee of \$100 to register the premises with the agency.**
- **Increase the minimum period between required inspections of a multiple dwelling or rooming house from four years to six years.**
- **Increase the maximum period between required inspections of a multiple dwelling or rooming house under a local ordinance from six years to 10 years, if the most recent inspection found no violations and the dwelling had not changed ownership during that period.**
- **Eliminate the "recurrent violation basis" for inspecting regulated dwellings.**
- **Require an inspector to inform a lessee of his or her right to refuse an inspection before entering the leasehold.**
- **Revise inspection fees, and prohibit an enforcing agency from charging a fee for a first reinspection.**

Applicability of Law

Currently, the Law applies to all of the following:

- Each city and organized village that had a population of at least 100,000, according to the last Federal census.
- Each city or village that reaches a population of 100,000, and the territory immediately adjacent and contiguous to the boundaries of that city or village and extending for a 2.5-mile radius.
- Each city and organized village that attains a population of at least 10,000, as determined by the last Federal census.

The Law's provisions related to private and two-family dwellings do not apply to any city or organized village with a population of at least 100,000 and lying outside the 2.5-mile radius, unless the local governmental unit's legislative body adopts those provisions by resolution. Those provisions may be applied to townships and charter townships by ordinance of the respective township board adopting them.

The bill would delete these provisions. Instead, as a rule, the Law would apply to each city, village, and township that had a population of at least 10,000 according to the last Federal

census. The Law's provisions related to private and two-family dwellings would not apply to any city, village, or township with a population of less than 100,000 unless the applicable legislative body adopted them by resolution.

Registration Fee

The governing body of a municipality to which the Law applies, or that adopts the Law's provisions by reference, must designate a local officer or agency (i.e., "enforcing agency") to administer the Law. If no officer or agency is designated, the local governing body is responsible for administration.

A designated enforcing agency must maintain a registry of owners and premises regulated by the Law. The owner of a multiple dwelling or rooming house containing units that are offered for lease for more than six months of a calendar year must register the owner's name and address of residence or usual place of business, and the location of the leased premises. The owner must register within 60 days after any part of the premises is offered for lease. If the premises are managed or operated by an agent, the agent's name and place of business also must be entered in the registry.

The bill would allow the enforcing agency to charge the owner a registration fee of not more than \$100 to register the premises. The registration would remain valid and the enforcing agency could not charge a new registration fee as long as the same owner continued to own the premises. Upon sale or other transfer of ownership, the new owner would have to register the premises if required under the Law and, if the premises were reregistered, the enforcing agency could charge a new registration fee. ("Registration fee" would mean any fee associated with the registration of premises, whether designated as a registration, administrative, compliance certification, licensing, or other fee.)

Inspections

Multiple Dwellings & Rooming Houses. Except as otherwise provided, the Law requires an enforcing agency to inspect regulated multiple dwellings and rooming houses every four to 10 years. Under the bill, the period between inspections could not be less than six years or longer than 10 years. (All other dwellings regulated by the Law may be inspected at reasonable intervals.)

The Law allows a local unit of government to provide by ordinance for a period between inspections of a multiple dwelling or rooming house that is not longer than six years if the most recent inspection found no violations of the Law and the dwelling or rooming house has not changed ownership during the six-year period. The bill would change maximum period to 10 years.

Basis for Inspection. With regard to all regulated dwellings, an inspection must be conducted in a manner that will secure compliance with the Law and is appropriate to the needs of the community, including on any of the following bases:

- An area basis, under which all the regulated premises in a predetermined geographical area are inspected simultaneously, or within a short period of time.
- A complaint basis, under which complaints of violations are inspected within a reasonable time.
- A compliance basis, under which a premises brought into compliance before the expiration of a certificate of compliance or any requested repair order may be issued a certificate for the maximum renewal certification period authorized by the local governmental unit.
- A percentage basis, under which a local governmental unit establishes a percentage of units in a multiple dwelling to be inspected in order to issue a certificate of compliance.

- A recurrent violation basis, under which premises that are found to have a high incidence of recurrent or uncorrected violations will be inspected more frequently.

The bill would delete the recurrent violation basis.

Entry by Inspector. Except as otherwise provided, an inspector or team of inspectors must request and receive permission to enter a regulated leasehold to perform an inspection only at reasonable hours. Under the bill, the inspector or team also would have to inform a lessee of his or her right to refuse an inspection.

The enforcing agency may require the owner of a leasehold to take certain actions with regard to providing access, including notifying a lessee of the agency's request to inspect the leasehold, making a good faith effort to obtain the lessee's permission for an inspection, and arranging for the inspection. If a lessee vacates a leasehold after the enforcing agency has requested to inspect it, the owner must notify the agency within 10 days after the leasehold is vacated. Under the bill, this provision would apply if the lessee vacated the leasehold within 60 days after the enforcing agency requested the inspection.

Inspection Fees. The Law authorizes an enforcing agency to establish and charge a reasonable fee for inspections. The fee may not exceed the actual, reasonable cost of providing an inspection. Under the bill, the fee would have to be the lesser of the following:

- The actual, reasonable cost of providing the inspection.
- A maximum of \$40 per leasehold, if individual leaseholds or individual leaseholds and interior common areas were inspected; or \$75 per multiple dwelling building if only interior common areas and/or exterior features were inspected.

The enforcing agency could not charge both a per-leasehold fee and a per-multiple-dwelling building fee for inspecting a given multiple dwelling building.

Also, an enforcing agency could not charge an additional fee for a first reinspection.

MCL 125.401 et al.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would have an indeterminate effect on local unit revenue that would vary by location, and would potentially reduce local unit expenses by an unknown amount. The proposed registration fee would increase local unit revenue, and the actual amount of the increase would depend on how many properties were affected and how often a transfer of ownership occurred. The bill's provisions regarding inspection fees would likely reduce local unit revenue, depending on the actual costs of inspections.

The bill also would lengthen the minimum time between inspections and eliminate provisions allowing more frequent inspections of properties with a high incidence of recurrent violations. As a result, local units would likely be required to make fewer inspections than under current law, thus lowering expenses. To the extent that fewer inspections occurred, the bill also would reduce inspection fee revenue by an unknown amount.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.