



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 635 (as enacted)

Sponsor: Senator Valde Garcia

Senate Committee: Economic Development and Regulatory Reform

House Committee: Intergovernmental, Urban and Regional Affairs

PUBLIC ACT 408 of 2008

Date Completed: 1-9-09

CONTENT

The bill amended the Housing Law of Michigan to do the following:

- Require local inspections of multiple dwellings and rooming houses at least every four years, rather than at least every two years.**
- Allow a local unit to provide by ordinance for a maximum period of six years, rather than three years, between inspections of multiple dwellings or rooming houses under certain conditions.**
- Allow a local unit and an enforcing agency to accept inspections conducted by the U.S. Department of Housing and Urban Development (HUD) under certain circumstances, or by other government agencies, as a substitute for inspections required by a local enforcing agency.**
- Allow inspections to be conducted on a compliance basis or a percentage basis, as well as an area basis, a complaint basis, or a recurring violation basis, as previously required.**
- Relieve an owner or property manager of liability for an inspection fee if an enforcing agency fails to perform an inspection.**
- Require an enforcing agency or a local unit to produce a report to a requesting party on the income and expenses of the inspection program for the preceding fiscal year; and allow the agency to charge a fee for providing the information if it is not readily available.**

Under the Housing Law, "multiple dwelling" means a dwelling occupied other than as a private or two-family dwelling. "Rooming house" means a dwelling occupied in such a manner that certain rooms, other than those occupied by the members of the immediate family and occupied as a home or family unit, are leased or rented to people outside of the family without any attempt to provide cooking or kitchen accommodations for those renting or leasing the rooms.

Periodic Inspection

The Housing Law requires local enforcing agencies to inspect multiple dwellings and rooming houses regulated under the Law, on a periodic basis. Previously, the period between inspections could not exceed two years, but a local governmental unit could provide by ordinance for a three-year maximum period between inspections of a multiple dwelling or rooming house, if the most recent inspection of the premises had found no violations of the Housing Law. All other dwellings regulated by the Law may be inspected at reasonable intervals.

Under the bill, the period between inspections may not exceed four years, but a local governmental unit may provide by ordinance for a six-year maximum period between inspections of a multiple dwelling or rooming house, if the most recent inspection of the premises found no violations of the Housing Law and the multiple dwelling or rooming house has not changed ownership during the six-year period.

The bill took effect on January 6, 2009.

HUD or Other Agency Inspection

The bill specifies that a local governmental unit and an enforcing agency may accept inspections of multiple dwellings or rooming houses conducted either by HUD under the real estate assessment center inspection process, or by other government agencies, as a substitute for inspections required by a local enforcing agency. To the extent permitted under applicable law, a local enforcing agency or its designee is authorized to exercise inspection authority delegated by law or agreement from other agencies or authorities that perform inspections required under other State or Federal law.

Basis of Inspection

The Housing Law requires inspections to be conducted in the manner best calculated to secure compliance with the Law and appropriate to the needs of the community, including on one or more of the following bases:

- An area basis, such that all the regulated premises in a predetermined geographical area will be inspected simultaneously, or within a short period of time.
- A complaint basis, such that complaints of violations will be inspected within a reasonable time.
- A recurrent violation basis, such that premises that are found to have a high incidence of recurrent or uncorrected violations will be inspected more frequently.

Under the bill, an inspection also may be conducted on either of the following bases:

- A compliance basis, such that premises brought into compliance before the expiration of a certificate of compliance or any requested repair order may be issued a certificate of compliance for the maximum renewal certification period authorized by the local governmental unit.
- A percentage basis, such that a local governmental unit may establish a percentage of units in a multiple dwelling to be inspected in order to issue a certificate of compliance for the multiple dwelling.

Costs & Fees

The Housing Law allows an enforcing agency to establish and charge a reasonable fee for inspections conducted under the Law. The fee may not exceed the actual, reasonable cost of providing the inspection for which the fee is charged.

The bill specifies that a property owner or manager is not liable for an inspection fee if the inspection is not performed and the enforcing agency is the direct cause of the failure to perform the inspection.

Report

The bill requires an enforcing agency or a local governmental unit to produce a report to a requesting party on the income and expenses of the inspection program for the preceding fiscal year. The report must contain the fees assessed by the enforcing agency, the costs incurred in performing inspections, and the number of units inspected. The report must be provided to the requesting party within 90 days of the request. The enforcing agency or local governmental unit may produce the report electronically.

If the enforcing agency does not have readily available access to the information required for the report, it may charge the requesting party a fee of up to the actual reasonable cost of providing the information. If an enforcing agency charges a fee, it must include the costs of providing and compiling the information contained in the report.

MCL 125.401 & 125.526

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill will have no effect on State revenue or expenditures. Generally, the bill should reduce local unit expenses and revenue by increasing the maximum time between inspections and allowing local units to require fewer routine inspections. Because the Law requires the inspection fees to be commensurate with the expenses, the net impact on local units should be negligible.

Fiscal Analyst: David Zin

S0708\635es

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.