

Legislative Analysis



CONDOMINIUM PROJECTS

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**Senate Bill 610 (H-1, as reported from committee
and passed by the House)**

Analysis available at
<http://www.legislature.mi.gov>

Sponsor: Sen. Margaret E. O'Brien
House Committee: Local Government
Senate Committee: Local Government
Complete to 6-7-16

(Enacted as Public Act 233 of 2016)

BRIEF SUMMARY:

Senate Bill 610 would amend the Condominium Act to revise provisions under which a developer may withdraw undeveloped land from a project without the prior consent of interested parties. If the land is not withdrawn from the project within the specified time period, the co-owners association members in good standing may vote that the land remain part of the project but revert to common use, for which construction rights cease.

DETAILED SUMMARY:

The developer may withdraw the undeveloped land from the project, or convert the undeveloped condominium units to "must be built," within 10 years of the recording of the master deed, without prior consent of any co-owners, mortgagees of condominium units in the project, or any other interested party.

If the master deed confers expansion, contraction, or convertibility rights on the developer, the time period will be 10 years after the recording of the master deed or 6 years after the amendment to the master deed in which the developer last asserted that right, whichever period ends later.

If the developer does not withdraw the land, the association of co-owners, with a two-thirds majority vote of the members in good standing, may declare that the undeveloped land will remain part of the project, but will revert to general common elements (a portion that is not reserved for exclusive use by less than all of the co-owners), and all rights of construction will cease.

If the association votes that the land will revert to common use, it must provide the developer (or successor developer) with a declaration to that effect by first class mail. At that point, the developer has 60 days to withdraw the land or convert it to "must be built." If the developer fails to do so, the association may file the notice of the declaration with the register of deeds, to take effect upon recording. The notice must also be filed with the local supervisor or assessing officer. Reversion of the land to common use, whether it occurred before or after this bill takes effect, is not effective unless the voting, notice, and recording requirements are met.

The provisions that the bill would amend do not apply to condominium units no longer owned by the developer or by the owner of the property at the time it became part of the condominium project, unless the purchaser from the developer or previous owner is a successor developer.

Definition

Undeveloped land is land on which were recorded one or more condominium units, none of which were either identified in the condominium subdivision plan as "must be built" or have had construction commenced, although infrastructure construction or common element construction may have commenced. Undeveloped land does not include condominium units that are depicted or described on the condominium subdivision plan as containing no vertical improvements.

This bill would take effect 90 days after its enactment.

MCL 559.167

HOUSE COMMITTEE ACTION:

As passed by the Senate, the bill would have allowed all members of the association of co-owners to vote whether undeveloped land, which the developer has not developed or converted to "must be built" units, may revert to general common elements.

The House Local Government committee added a provision that only association members in good standing could vote on that issue.

FISCAL IMPACT:

Senate Bill 610 would not have a significant fiscal impact on the state or local units of government.

POSITIONS:

A representative of the Michigan Land Title Association testified in support of this bill. (5-11-16)

Michigan Realtors supports the bill. (5-11-16)

The Community Association Institute opposes the bill. (5-11-16)

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.