

# Legislative Analysis



## **ROOMING HOUSES AND MULTIPLE DWELLINGS: REVISE INSPECTION SCHEDULE**

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**House Bill 4473**

**Sponsor: Rep. Chris Ward**

**Committee: Local Government and Urban Policy**

**Complete to 5-16-05**

### **A SUMMARY OF HOUSE BILL 4473 AS INTRODUCED 3-8-05**

Under provisions of the Housing Law of Michigan, the enforcing agency of a city or village with a population of 10,000 or more (and the territory immediately adjacent and contiguous to such a city or village) must periodically inspect multiple dwellings and rooming houses regulated by the act. The period between inspections cannot exceed two years; however, a local government can provide by ordinance for a maximum period between inspections of three years if the most recent inspection of a premises found no violations. All other dwellings regulated by the act can be inspected at reasonable intervals.

An inspection must be conducted in the manner best calculated to secure compliance with the act and appropriate to the needs of the community and can include, but is not limited to, conducting the inspections on a geographical area basis, a complaint basis, and/or a recurrent violation basis.

House Bill 4473 would amend the Housing Law to eliminate the above provisions. Instead, the bill would modify the time intervals between inspections, prohibit local governments from inspecting rooming houses and multiple dwellings that are subject to inspection by the U.S. Department of Housing and Urban Development (HUD) or the Michigan State Housing Development Authority (MSHDA) unless a complaint was lodged, require a description of the fees for an inspection to be given to a property owner, and define the terms "actual, reasonable cost" and "violation."

Inspections would have to be conducted at least once every five years and could not be conducted more frequently than one time every three years unless triggered by a complaint or if a premises had a high incidence of recurrent or uncorrected violations.

Complaint-based inspections would have to be conducted within four weeks of submittal of a written complaint of a violation to the enforcing agency. Within ten days of receiving a written request from a property owner or manager, the enforcing agency would have to provide a copy of the complaint. If a reinspection were needed, it could not be conducted until at least 30 days after the original complaint-based inspection.

Inspections could be conducted more often than one time every three years if premises were found to have a high incidence of recurrent or uncorrected violations. A rooming

house with 25 or more violations found during a single inspection (whether during a regularly scheduled inspection or as a result of a complaint) would be subject to additional inspections under the bill as would a multiple dwelling with 12 or more violations found in at least 25 percent of the units. "Violation" would be defined as a violation of the housing law or a property maintenance code adopted by the local enforcing agency. Multiple violations of one provision of either the act or a local property code identified during an inspection would be considered as one violation.

Under current law, the enforcing agency is allowed to charge a reasonable fee for inspections that cannot exceed the actual, reasonable cost of providing the inspection. The bill would define "actual, reasonable cost" to mean a cost determined as follows:

- For an inspection performed by an employee of the local enforcing agency, the hourly rate for the actual inspection time. The hourly rate would be determined by the employee's annual salary divided by the number of hours worked in a calendar year. The hourly rate would be multiplied by the actual time taken to perform the inspection. (Note: It appears that the enforcing agency could not charge for mileage or for any administrative costs or costs of equipment associated with conducting an inspection.)
- For an inspection performed by an independent contractor of a local enforcing agency, the allowable fee could not be greater than the fee charged to the local enforcing agency.

## **FISCAL IMPACT:**

Potential loss of revenue for local governments employing their own inspections could be 60 percent to 70 percent of their budget for their housing authority department.

Using Lansing as a benchmark, this translates to a loss of \$900,000 to \$1,000,000 annually if they cannot recover their administrative overhead in the billing rate. Administrative overhead in the context of this bill includes employee benefits, payroll taxes, vehicle operating cost and depreciation, inspection and testing equipment cost, computers, building occupancy charges, and the total cost of indirect employees, such as clerical and supervisory staff. This assumes that no inspectors would be laid off because of a relaxation in the frequency of inspections requirements. This assumption is based on the fact that multiple inspections will continue to be required for properties with uncorrected violations. For local units of government employing a third party inspection service, there will be lost revenue for the overhead needed to administer the housing authority department, but the percentage relationship is indeterminate.

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