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Senate Bill 635 (as introduced 7-17-07)
Sponsor: Senator Valde Garcia
Committee: Economic Development and Regulatory Reform

Date Completed: 9-7-07

CONTENT

The bill would amend the Housing Law of Michigan to do all of the following:

- Delete provisions requiring local inspections of multiple dwellings and rooming houses at least every two years or, as provided by ordinance, every three years if the most recent inspection found no violation.**
- Require that a local unit performing inspections issue a five-year certificate of occupancy for a rental unit within a multiple dwelling, if requested to do so at least six months before the previous certificate expired.**
- Require inspections more frequently than every five years only in response to a complaint.**
- Prohibit local enforcing agencies from inspecting multiple dwellings and rooming houses subject to Federal or State inspections, except in response to a complaint.**
- Delete a provision under which an inspection may be conducted on an area basis, complaint basis, or recurring violation basis.**
- Require an enforcing agency annually to publish a compilation of its actual inspection costs and all fees received for performing inspections.**

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 Inspections

The Housing Law requires local enforcing agencies to inspect multiple dwellings and rooming houses regulated under the Law, on a periodic basis. Generally, the period between inspections may not exceed two years, but a local governmental unit may 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 found no violations of the Housing Law. All other dwellings regulated by the Law may be inspected at reasonable intervals.

The bill specifies instead that a local governmental unit performing inspections would have to issue a five-year certificate of occupancy to a rental unit within a multiple dwelling, if the owner or authorized manager of the unit requested a compliance inspection at least six months before the expiration of a current certificate of occupancy, and the unit were brought into compliance with the Law before the certificate expired. A rental unit that satisfied this provision would not be subject to further inspection during its subsequent five-year certificate of occupancy unless the inspection were complaint-based.

Complaint-Based Inspections

Under the bill, inspections would have to be conducted more frequently than once every five years if the inspections were made in response to a complaint made to the enforcing agency by someone other than an agency employee or agent. The enforcing agency would have to give the property owner or manager a copy of the complaint within 10 days of the owner's or manager's written request to the enforcing agency. If the enforcing agency determined that a condition that needed to be remedied required a reinspection under this provision, the enforcing agency could not conduct the reinspection sooner than 30 days after the first complaint-based inspection.

HUD or MSHDA Inspection

The bill would prohibit an enforcing agency from inspecting multiple dwellings and rooming houses that were subject to inspection by either the U.S. Department of Housing and Urban Development or the Michigan State Housing Development Authority unless the inspection were a complaint-based inspection (as described above).

Basis of Inspection

The bill would delete a provision of the Housing Law under which an inspection must be conducted in the manner best calculated to secure compliance with the Law and appropriate to the community's needs, 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.

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 would require an enforcing agency at least annually to publish an itemized compilation of all actual costs incurred in performing inspections during the preceding calendar year and all fees received for performing inspections. The published compilation would have to include costs incurred in employing third-party contractors to perform inspections. The report could be published electronically.

MCL 125.401 & 125.526

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no effect on State revenue or expenditures. The bill would have a likely negligible impact on local unit revenue and expenses. Generally, the bill should reduce local unit expenses and revenue by requiring fewer routine inspections. Because current law requires the inspection fees to be commensurate with the expenses, the net impact on local units should be negligible.

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.