



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



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

House Bill 5513 (Substitute S-4 as reported by the Committee of the Whole)
Sponsor: Representative Andy Schor
House Committee: Regulatory Reform
Senate Committee: Regulatory Reform

CONTENT

The bill would amend the Mobile Home Commission Act to do the following:

- Rename the Mobile Home Commission as the Manufactured Housing Commission (consistent with a 1997 executive order).
- Expand the powers and duties of the Commission with regard to notification of local units of government of complaints and the issuance, amendment, or rescission of guidelines.
- Require an applicant for licensure of a mobile home park to provide financial assurance for corrective actions to be taken if the park were determined to be a distressed park; and otherwise expand the requirements for licensure.
- Require the Commission to promulgate rules providing standards and procedures to determine whether a mobile home park that was not in substantial compliance with park rules was a distressed park.
- Require the Department of Licensing and Regulatory Affairs (LARA) or its authorized representative to conduct an annual physical inspection of mobile home parks, and submit a copy of the inspection report to each local unit in which a mobile home park was located.
- Increase the maximum civil fine the Commission may impose for a violation of the Act.
- Require LARA to notify local units of government, the mobile home park owner and operator, and the surety executing a financial assurance bond, if it determined that the owner or operator had violated the Act or rules by failing to maintain or repair park infrastructure or facilities.
- Allow LARA to enter a mobile home park and perform maintenance or repairs, if the owner, operator, or surety did not do so within 60 days after service of the notice, and to draw on the financial assurance for the expense of the work.
- Allow LARA or a local unit to bring an action to enforce regulations and to abate or enjoin a violation, if LARA had ordered a mobile home park owner or operator to correct a violation that imminently threatened the health or safety of park residents or the public and the owner or operator failed to comply.
- Allow a local health department to issue an order requiring a mobile home park to cease operations or prohibiting the presence of people at the park, if the condition of the park were an imminent danger to the health or lives of individuals.
- Require any State governmental entity or local government that exercised powers or performed duties under the Act to make publicly available a list of its powers and duties under the Act, and allow a local unit to use a list prepared by a statewide association.

MCL 125.2302 et al.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on the Manufactured Housing Commission within the Department of Licensing and Regulatory Affairs, and no fiscal impact on local units of government. Under the bill, the Commission would have to promulgate rules, resulting in some new administrative costs. The rules would require owners of distressed mobile home parks to post a surety bond or cash deposit that could be drawn upon to pay for repairs to substandard utility systems and other costs. Surety posted by the owner of a distressed mobile home park would allow LARA to recoup some of its costs related to the actual work done to remedy a situation resulting from a violation of the Act, and the bill would allow a court to place a lien against the property for costs in excess of the surety. These two mechanisms appear to be sufficient to cover LARA's repair costs, but they do not appear to cover administrative and legal costs that would likely be associated with addressing these sorts of issues. Those costs would be borne by existing resources, and are unknown.

The bill would increase the maximum civil fine for violations of the Act from \$10,000 to \$50,000. Revenue from these fines is credited to the Mobile Home Code Fund, which supports the program. According to an accounting query on the Michigan Administrative Information Network, an average of approximately \$21,700 was collected from these fines annually over the last 10 years. If it is assumed that the average fine would increase by a factor of five under the bill, given the increase in the maximum, average revenue from these fines would increase by \$86,800 each year.

Overall, the fiscal impact of the bill is indeterminate for LARA. The bill would likely result in a small amount of new revenue for LARA from increased civil fines, but it also would create new responsibilities. The fiscal impact of the bill would depend on how many distressed mobile home parks would require action from LARA and whether the administrative costs associated with those actions would be higher than the revenue generated by increased fines.

Date Completed: 12-18-14

Fiscal Analyst: Josh Sefton

SAS\Floor\hb5513

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.