



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bills 486 and 490 (Substitute S-1 as reported)
Senate Bills 487 through 489 (as reported without amendment)
Sponsor: Senator John Cherry (S.B. 486)
Senator Darrin Camilleri (S.B. 487)
Senator Stephanie Chang (S.B. 488)
Senator Sylvia Santana (S.B. 489)
Senator Mary Cavanagh (S.B. 490)
Committee: Housing and Human Services

CONTENT

Senate Bill 486 (S-1) would amend the Mobile Home Commission Act to do the following:

- Rename the Mobile Home Commission to the Manufactured Housing Commission (Commission).
- Modify the Commission's membership.
- Require the Department of Licensing and Regulatory Affairs (LARA) to establish a database of all park owners and make the database available on its website, by July 1, 2024.
- Require LARA to revise the Mobile Home Code by July 1, 2025, and specify that the revised rules would have to include requirements for installers, repairs, inspections, and retailers.
- Allow local governments to adopt ordinances to require the owner of a mobile home to post a surety bond to cover health and safety related expenses.
- Require the Commission to consult with local governments before recommending rules to LARA.
- Require LARA, in consultation with the Commission, to promulgate rules for determining if a park were distressed.
- Allow an owner of a distressed park to appeal LARA's determination and prescribe the appeals process.
- Require an owner of a park to apply for a provisional license if the park had not previously been licensed, beginning July 1, 2024.
- Establish licensure requirements in the Act.
- Reduce, from three years to one year, the term of a mobile home park license, beginning January 1, 2025.
- Specify that LARA would have to establish a way for the public to report potentially unlicensed park owners.
- Require an owner of a park to notify LARA within 30 days of the sale of the park or if an owner died.
- Prescribe the penalties for a failure to update LARA with any required information upon subsequent license renewal.
- Specify that regulation and licensure of a park would fall to a park owner instead of a park operator.
- Require an owner of a park to post a copy of the owner's license in an accessible location and allow LARA to impose a civil fine of up to \$5,000 for not doing so.
- Increase license fees for a park.
- Prescribe requirements for license renewal.
- Prohibit an unlicensed park owner from collecting rent, allow a resident to bring an action in court for a violation of the prohibition, and require the court to appoint a receiver to operate a park in violation of the prohibition.
- Allow an owner of a park to seek approval from the Commission for a rent increase.

- Require the Commission to approve a rent increase request upon receipt of documentation demonstrating that the request was necessary.

Senate Bill 487 would amend the Mobile Home Commission Act to do the following:

- Allow LARA to enter into an agreement with an appropriate local government to conduct an inspection of a park.
- Allow LARA to charge a reinspection fee if a park needed to be reinspected.
- Require the owner of a park to retain records of granted design and construction variances.
- Require LARA to promulgate rules pertaining to training and educational requirements for installers and repairers of parks.
- Prohibit a park owner from engaging in unfair or deceptive practices such as charging more for utilities than a utility service, mandating exclusive rent payments, or charging unrelated fees for reasonable health and safety costs.
- Prescribe certain requirements of park lease agreements, including a minimum lease length of one year.

Senate Bill 488 would amend the Mobile Home Commission Act to prescribe the conditions under which a mobile home park owner could declare a mobile home in the park abandoned and the process that a mobile home park owner would have to follow to obtain the title of the abandoned mobile home.

Senate Bill 489 would amend the Mobile Home Commission Act to do the following:

- Require the owner of a park to notify LARA, an applicable local government, and certain residents of the intent to change land use or sell the park.
- Specify how residents would have to be notified based on the presence of a home owners association (HOA) within the park.
- Allow an HOA or cooperative to express interest in purchasing the park and specify the procedure for an owner to consider the offer and complete the sale with the HOA or cooperative.
- Prescribe the process for residents to bring legal action for damages if an owner did not comply with the notice requirement.
- Allow the Commission to impose a maximum administrative fine of \$5,000 for a violation of the Act.
- Prescribe the process for LARA to identify and attempt to remedy an unlicensed park owner.
- Prescribe a maximum fine of \$100,000 after notice and hearing for an unlicensed park owner who did not apply for a license within 30 days.
- Prescribe that fines could be collected through a judgment lien or writ of garnishment issued by the Department of Treasury.
- Allow the Attorney General to bring a civil action to recover unpaid fines or fees.

Senate Bill 490 (S-1) would amend the Truth in Renting Act to reflect the leasing requirements proposed by Senate Bill 487.

The bills are tie-barred.

MCL 125.2302 et al. (S.B. 486)
125.2317 et al (S.B. 487)
Proposed MCL 125.230j (S.B. 488)
125.2335 et al. (S.B. 489)
Proposed MCL 554.634a (S.B. 490)

BRIEF RATIONALE

According to testimony before the Senate Committee on Housing and Human Services, many individuals are facing challenges with housing access, and manufactured housing has traditionally been an option for attainable housing; however, homeowners of manufactured homes are reportedly experiencing unjustifiable rent increases and declining infrastructure in manufactured housing communities. It has been suggested that licensing standards for the communities be updated and that LARA be given additional tools to enforce the proposed standards for the improvement of the manufactured homes market.

Legislative Analyst: Eleni Lionas

FISCAL IMPACT

LARA

The bills would have a significant but indeterminate fiscal impact on State government and an indeterminate fiscal impact on local units of government.

Senate Bill 486 would restructure the licensing system for mobile home parks and related licenses under the Mobile Home Commission Act. Currently, the term for a mobile home park license is three years. The bill would revise this period to one year, beginning on January 1, 2025. Licenses issued on or before December 31, 2022, would expire on December 31, 2024. As of October 2023, approximately 1,000 licenses would fall into that expiration category. Less than 1% of these licenses are for seasonal parks.

The changes to the license fees included in the bill are shown in the table below:

Proposed Changes Under SB 486			
	Current Law (every three years)	Oct. 1, 2023, to Dec. 30, 2024 (annual)	On and after Dec. 31, 2024 (annual)
Mobile Home Park	\$225	\$500	\$750
Per site fee for home sites in excess of 25	\$3	\$5	\$7
Mobile Home Park, Seasonal	\$120	\$300	\$400
Per site fee for home sites in excess of 25	\$1.50	\$3	\$4

These license fees are deposited into the Mobile Home Code Fund. The Fund is used for the Bureau of Construction Codes, the Bureau of Fire Services, and other overhead expenses within LARA upon appropriation by the Legislature. The proposed changes likely would result in significantly increased revenue to LARA, although the exact amount would depend upon the number of licenses applied for and that met the new criteria required under the bill. Based on the core annual fees alone and current license counts, it is likely that LARA would collect \$500,000 or more in additional annual revenue under the bill if the number of licensees did not change significantly. It is possible that due to the more stringent requirements, fewer individuals would qualify as licensees; however, the increase in fees likely would offset this loss.

The bill also would create a new provisional license for mobile home parks. Beginning July 1, 2024, a mobile home park not previously licensed would need a provisional license to operate. No fee for a provisional license is specified in the bill.

The bills would require LARA to employ "an appropriate number" of qualified employees to implement and enforce the Act as well as the rules promulgated under it. Although LARA currently enforces and administers the Mobile Home Commission Act and most related rules, the changes made under the bill, as well as the new and revised rules that could be required under it, likely would necessitate one or more additional Full Time Equivalents (FTE) and appropriations to fully satisfy the Department's duties and responsibilities. The average cost of an FTE, including benefits, is \$137,500 per year. The number of employees needed would depend partially on the number of applicants who qualify under the new licensee parameters. Additional duties for LARA would include additional inspections. Senate Bill 487 would allow LARA to contract this work out to local governments, which could bear minor additional costs related to the development and administration of these agreements; however, in the absence of such an agreement, the cost of these inspections would fall to LARA. As described above, it is possible that LARA could need to engage additional inspectors.

The Department also would have to establish a publicly accessible database of owners that would contain key licensing information, by July 1, 2025. It currently has such a database but is possible that it could need additional funding to ensure compliance with the bills. The Department could charge a \$100 processing fee if an owner failed to update contact information as required under the bill.

The Department could elect to conduct a background check on an applicant or a person who holds a beneficial interest in a park. The number of background checks performed could increase due to the expansion of the definition of a person with beneficial interest included in the bill. The Department could use the background system maintained by the Department of State Police for this purpose. The cost to conduct a single search is \$10. The bill does not specify whether LARA would charge the applicant or person with interest for the cost of the search.

Senate Bill 486 would require LARA to revise the Mobile Home Code by July 1, 2025. This process likely would be covered by existing appropriations, but additional staff time and administrative costs could increase expenditures. The Department would need to consult with additional entities to develop these recommendations.

Senate Bill 486 also would allow LARA to impose an administrative fine of not more than \$5,000, following appropriate steps as required under the Administrative Procedures Act, if a licensed owner failed to post a copy of the owner's license as required under the bill. It also would require the payment of all previously assessed fees and administrative fines for an individual to be considered to have completed an application. The Department could assess a late renewal fee of up to 50% of the license application fee if a renewal were submitted more than seven days after the expiration of a license. All revenue from fines assessed under the Mobile Home Commission Act is deposited into the Mobile Home Code Fund.

Senate Bill 489 retains the current \$50,000 cap on civil fines assessed for violations of the Act; however, it would require a fine of up to \$100,000 to be assessed if an unlicensed owner of a mobile home park did not apply for licensure within a 30-day period after being notified by LARA that the owner was required to obtain a license. The bill directs LARA to refer cases of nonpayment to the Attorney General for possible civil action.

The revenue from fines would depend upon the number of violations found and fines levied.

The Department of Environment, Great Lakes, and Energy (EGLE)

In addition to promulgating rules, EGLE could enter into agreements with local governments

to enforce rules under its purview. While any costs would depend upon the specific details of any such agreement, it is likely that the bills would have a negligible fiscal impact on EGLE.

Department of State

The bill would have a negligible fiscal impact on the Department of State. The provisions that would require the Department to send out notifications of abandoned mobile homes would require some additional staff time, but those costs likely would be absorbable within annual appropriations.

Judiciary

The bills would not have a significant fiscal impact on district or circuit courts. The addition of certain prohibitions against unlicensed park owners potentially could reduce district court caseloads, while the provisions that direct certain cases to circuit courts could result in some additional circuit court hearings; however, these costs likely would be absorbed by current appropriations levels.

Attorney General

The bills could result in minor costs to the Department of Attorney General should LARA decide to bring a civil action against individuals who neglected to pay the new \$100,000 fine for failure to acquire a license; however, the Attorney General may exercise authority over similar violations under current law. The Department of Licensing and Regulatory Affairs would be unlikely to refer enough cases to the Attorney General to meaningfully affect costs.

Local Government

The bills likely would not have a significant fiscal impact on local units of government. It is possible that agreements between a local government and LARA or EGLE for inspections or enforcement could create minor administrative costs for local offices; however, these costs would depend on the specific details of any such contract. Under the bills, these costs would default to the State in the absence of an agreement.

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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.