

INCENTIVES FOR AFFORDABLE HOUSING

Phone: (517) 373-8080
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Senate Bill 110 as enacted
Public Act 585 of 2018
Sponsor: Sen. Wayne Schmidt
House Committee: Local Government
Senate Committee: Local Government
Complete to 1-9-19

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

BRIEF SUMMARY: Senate Bill 110 would amend Public Act 226 of 1988 to specify that the prohibition of local governmental units from controlling the amount of rent charged for leasing private residential property would not prohibit local governments from implementing voluntary incentives to increase the supply of moderate- or low-cost private residential property available for lease.

FISCAL IMPACT: Since the provisions of the bill are permissive, the bill would have no identifiable fiscal impact on state or local government.

THE APPARENT PROBLEM:

Public Act 226 of 1988 currently forbids local governments from implementing ordinances or codes that would restrict how much rent landowners can charge the individuals to whom they lease their property. Such ordinances are commonly referred to as “rent control.” Although rent control is often implemented to ensure low- to middle-income housing to city residents or to combat homelessness and other housing crises facing municipalities, the efficacy of rent control and the unintended consequences of such policies are the subject of much debate. Some feel that the language of the act prohibiting rent control can be broadly interpreted as preventing local governments from pursuing other policies, such as tax incentives, to encourage private landowners to provide affordable housing. Legislation has been proposed to allow such incentives.

THE CONTENT OF THE BILL:

Senate Bill 110 would specify that the prohibition on rent control contained in Public Act 226 of 1988 does not limit local governments from implementing a plan to use voluntary incentives and agreements to increase the supply of moderate- or low-cost private residential property available for lease.

The act defines *local governmental unit* as any political subdivision of the state that provides local government services for residents in a geographically limited area and is empowered to act on that area’s behalf, such as a county, city, village, or township.

The bill takes effect March 28, 2019.

MCL 123.411

ARGUMENTS:

For:

Supporters of the bill argued that it clarifies the original intent of PA 226, which only concerned itself with rent control and was not meant to tie the hands of local government units and city planners if they wished to pursue voluntary incentives to address housing conditions. They pointed to the fact that many Michigan municipalities were suffering from their own housing crises and that plans to provide low- to middle-income housing are necessary to alleviate homelessness, allow low- and middle-income families to live closer to where they work, and attract residents to Michigan at a time when the state faces population loss. They expressed hope that the bill will lead to an increase in development and urban density.

Against:

No arguments against the bill were offered in House committee.

Legislative Analyst: Nick Kelly
Fiscal Analyst: Ben Gielczyk

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