

PENALTIES FOR REPEATED BLIGHT VIOLATIONS

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House Bill 4332 as reported from committee
Sponsor: Rep. Karen Whitsett
Committee: Local Government and Municipal Finance
Complete to 9-17-23

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

SUMMARY:

House Bill 4332 would amend the Home Rule City Act to increase the penalties that local officials may impose on property owners when blighted property violations are ignored, if the owner has committed multiple violations.

The Home Rule City Act allows cities that meet certain population criteria to designate particular infractions as blight violations and establish an administrative hearings bureau to adjudicate the violations and impose sanctions.¹ A hearing officer can impose reasonable and proportionate sanctions consistent with applicable ordinance provisions and can assess certain costs against a *person* who is found responsible for a violation.

Person means an individual, partnership, corporation, limited liability company, association, or other legal entity, including the partners or members of a firm, partnership, or association and the officers of a corporation.

If the civil fine and costs imposed are \$1,000 or more and the person does not pay within 30 days after a final decision and order of the hearing officer or, upon appeal, the circuit court, the person is subject to the following:

- For a first violation, the person is responsible for a state civil infraction and can be ordered to pay a maximum civil fine of \$500.
- For a second violation, the person is guilty of a misdemeanor punishable by imprisonment for up to 93 days or a maximum fine of \$500, or both.
- For a third or subsequent violation, the person is guilty of a misdemeanor punishable by imprisonment for up to one year and a mandatory fine of \$500.

The sanctions do not apply to any of the following that becomes the owner of a property after foreclosure or after taking a deed in lieu of foreclosure:

- The Michigan State Housing Development Authority or a government-sponsored enterprise.²
- A financial institution.
- A mortgage servicer that is subject to the Mortgage Brokers, Lenders, and Servicers Licensing Act.
- A credit union service organization organized under Michigan or United States law.

¹ Cities with a population of 7,500 or more in any county, and cities with a population of 3,300 or more in a county with a population of 1.5 million or more, are authorized to establish an administrative hearings bureau to adjudicate and impose sanctions for a blight violation.

² "Government-sponsored enterprise" is defined in 2 USC 622: <https://www.govinfo.gov/content/pkg/USCODE-2021-title2/pdf/USCODE-2021-title2-chap17A-sec622.pdf#page=2>.

The sanctions also do not apply to a property owner who has filed a principal residence exemption affidavit at the time the fine and costs are imposed.

House Bill 4332 would provide that if a hearing officer or circuit court finds a person in repeated violation of a blight ordinance and the person fails to correct the violation within 30 days of the decision and order, that person would also be subject to the following:

- For a second violation, that person would be guilty of a misdemeanor punishable by imprisonment for up to 90 days or a maximum fine of \$500, or both.
- For a third and subsequent violation, that person would be guilty of a misdemeanor punishable by imprisonment for up to one year and a mandatory fine of \$500.

These provisions would not apply to any of the currently exempted entities listed above.

Additionally, the bill would require a city to make a good-faith effort to personally serve the required notice on the alleged violator.³ If it is unable to do so, then the city would have to serve the notice by first-class mail or email and publicly post the notice on its website.

MCL 117.4q

BACKGROUND:

2013 PA 188 increased the penalties for blight violations as described above. The bill was enacted in response to concerns that people continued to commit blight violations and failed to pay the imposed fines.⁴

However, concerns remain that some property owners choose to keep paying the fines instead of addressing the violations. Some city officials have also expressed difficulty with serving blight notices on absent or foreign property owners and have advocated for allowing alternative methods of serving the notices.

FISCAL IMPACT:

House Bill 4332 would have an indeterminate fiscal impact on the state and on local units of government. The number of convictions that would result under provisions of the bill is not known. New misdemeanor convictions would increase costs related to county jails and/or local misdemeanor probation supervision. Costs of local incarceration in county jails and local misdemeanor probation supervision, and how those costs are financed, vary by jurisdiction. The fiscal impact on local court systems would depend on how provisions of the bill affected court caseloads and related administrative costs. It is difficult to project the actual fiscal impact to courts due to variables such as law enforcement practices, prosecutorial practices, judicial discretion, case types, and complexity of cases. Any increase in penal fine revenue would increase funding for public and county law libraries, which are the constitutionally designated recipients of those revenues.

³ Under the Home Rule City Act, a city must institute a blight violation proceeding by serving a written notice of the violation on an alleged violator that directs the alleged violator to pay a civil fine or appear at the administrative hearings bureau to admit or deny responsibility for the violation.

⁴ A summary of Senate Bill 0035 from the 2013-2014 legislative session, which was enacted as part of a package of bills addressing blight violations, can be found here: <http://www.legislature.mi.gov/documents/2013-2014/billanalysis/House/pdf/2013-HLA-0035-0C717101.pdf>.

POSITIONS:

Representatives of the city of Detroit testified in support of the bill. (9-6-23)

The city of Jackson indicated support for the bill. (9-6-23)

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.