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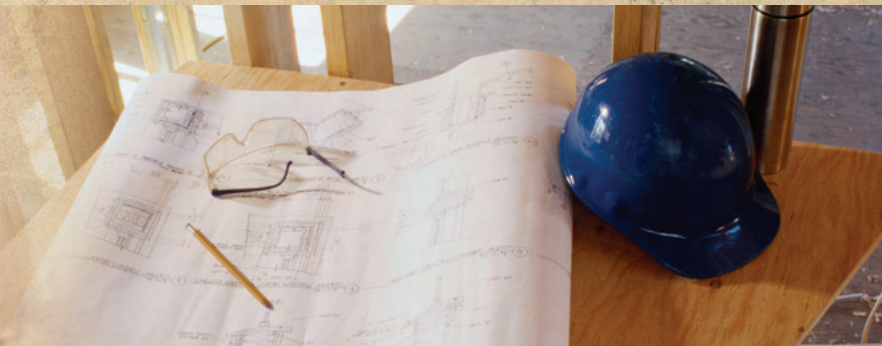
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TABLE OF CONTENTS



FEATURES

- 10 Frankenmuth Insurance Provides Diverse Products and Unique Coverages to HBA of Michigan Members
- 11 HBAM Concludes a Successful Summer Convention
- 14 Registration for IBS is Open!

DEPARTMENTS

- 4 President's Message
- 5 Government Relations
- 6 Legal Issues
- 9 PAC Issues

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ON THE COVER

Andrew Brisbo and Lee Schwartz giving their codes presentation at the 2023 Summer Convention.



PRESIDENT'S MESSAGE

HBA OF MICHIGAN

6427 Centurion Suite 100, Lansing, MI 48917

Phone: (517) 322-0224

Fax: (517) 322-0504

www.HBAofMichigan.com

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Richard Kligman

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(248) 735-8730

Jeff Grantham

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Karen Schroeder

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Associate Senior Officer

(989) 245-4665

Jeremy Morgan

Immediate Past President

(810) 635-9228

HBA OF MICHIGAN STAFF

Diana Dixon

Special Projects Director

diana@hbaofmichigan.com

Dawn Crandall

Executive Vice President of Government Relations

dawn@hbaofmichigan.com

Colleen Bethea

Executive Assistant for Government Relations

colleen@hbaofmichigan.com

Gail Anderson

HBA of Michigan Legal Counsel

ganderson@malansing.com

Elizabeth Yassick

Marketing & Communications Coordinator

elizabeth@hbaofmichigan.com

Robert L. Filka

Chief Executive Officer • bob@hbaofmichigan.com

Advertising Sales

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Dear HBA Members,
It's hard to believe that summer, in the blink of an eye, is already over. The good news is that memories of the amazing mid-August Summer Convention at the Grand Traverse Resort will carry those of us who attended through the fall and winter!



I don't recall an HBAM event where there was more universal positive feedback and connection. With record attendance, inspirational speakers, bonding networking events, and much more; it was truly an event for the ages. Equally important, I believe the Senators / State Reps in attendance, as well as the Chairman of the Board for NAHB, felt the synergy and strength of our great association.

A special thanks to Staff and the Convention Chair (and current HBAM Treasurer) Aaron Hovestadt. Thank you Aaron, Bob, Dawn, Diana, Colleen, and Liz—incredible job!!

Next summer, it's the "Return of the Mack" (shout out to song by Mark Morrison)! We look forward to seeing you on Mackinac Island; building amazing memories together in what will surely be another epic event!

As always, please remember—we are counting on YOU to participate:

- Share your thoughts, issues, or concerns with Staff and/or any of the SO's
- Join a council or committee (at your local, state, and national association)
- Encourage builders and trade resources who are not members to join our association

Don't forget to visit members.hbaofmichigan.com/events to register for the following upcoming events:

Nov 4 — Young Professionals Tailgate: MSU vs Nebraska

Nov 10 — HBAM Board of Directors Meeting & Legislative Committee Meeting

Sincerely,

Rich Kligman

2023 President, HBA of Michigan



A New Tool for Builders and Developers

By Dawn Crandall, EVP of Government Relations

On July 18, 2023, legislation was signed to amend 1996 Public Act 381, the Brownfield Redevelopment Financing Act, and give MSHDA new review, oversight, and funding roles. This includes Tax Increment Financing for housing.

The HBA of Michigan not only supported this package of bills (SB 129-132), but we worked with our members to provide input on the guidelines that will outline the rules, responsibilities and opportunities these changes will bring about. You can find out more on these bills, along with the guidelines, on our website.

MSHDA anticipates authorization of the program from its Board of Directors by September 2023. And with a little luck, they will begin accepting applications for this program in October of 2023.

Housing Subsidy Calculation

MSHDA has developed the Potential Rent Loss (PRL) and Potential Development Loss (PDL) Calculations plus a Total Housing Subsidy (THS) Calculation to establish the reasonableness of certain housing activities for which tax capture is being planned. MSHDA has worked to gather feedback on this calculation methodology to ensure that this Housing TIF Program is meeting the needs of developers and communities. Initial review and feedback from stakeholders helped MSHDA craft the most appropriate process possible.

If you have questions on this new “tool,” please email MSHDA-TIF@michigan.gov.



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Mandatory Sprinklers for All Homes

Your state association has learned that the State of Michigan will propose that fire-suppression systems be required in all new single-family homes, as part of its proposed changes to the Michigan Residential Code (MRC). Based on some preliminary research, HBAM believes this requirement would add roughly \$2.50 to \$3.50 per square foot in costs to every new home. If dedicated water service is required (or holding tanks in rural areas), several more thousand dollars in costs would be added. As such, and given the clear evidence that sprinklers aren't necessary to save lives in residential structures, HBAM will vigorously oppose a sprinkler mandate.



Eight Years and Counting: When Will There Be a New Michigan Residential Code?

Michigan law requires the State to update our Michigan Residential Code (MRC) no less than once every six years and not more frequently than once every three. Nonetheless, there has been no update to the MRC since 2015. To make a long story short, your state association sees no way that a new MRC will be in place until late 2024 or early 2025.

“What many don't realize,” noted HBAM CEO, Bob Filka, “is that once there is an actual code update, new code books must be printed and distributed. And those enforcing that new code book need time for training—as do those in the industry—before such rules go into effect. We're talking a timeline of about a year from the time new rules are adopted to the time all of these things take place and enforcement of a new code is underway. And the clock is ticking for the State to be able to get new rules in place this year, as any new code rules must be reviewed by the Legislature's Joint Committee on Administrative Rules

(JCAR) before the Legislature adjourns for the year. Some are now speculating the Legislature will adjourn before Thanksgiving. If that happens and no new MRC rules are forwarded for consideration before then, we're looking at the first quarter of 2024 as a more likely timeline for new codes to be approved. That would mean early 2025 before such rules would go into effect.”

Why has the State spun its wheels in promulgating new codes? Government officials will point to vacancies and loss of expert staff and other reasons for being two years behind, but HBAM points directly at the elimination of expert code advisory panels as the reason for the State's continuing stumbles. Governor Snyder initiated a broad regulatory reform effort before he left office in 2018.

“While eliminating dozens of advisory boards that were undoubtedly unnecessary, he threw the baby



out with the bathwater,” noted Filka. “While improving processes for some industries, his actions failed to recognize that building codes are complicated and experts from the industry, not government bureaucrats, are in the best position to recommend how our State’s codes should be updated. Until an expert panel is re-established for our industry’s rules, we believe the State will continue to flounder.”



Code Adoption

	Current	In Process
Energy Code (Part 10)	2015	2021
Energy Code (Part 10a)	2015	2021
Building Code	2015	2021
Residential Code	2015	2021
Electrical Code	2017	2023
Mechanical Code	2015	2021
Plumbing Code	2018	2021
Rehabilitation Code	2015	2021



Adopt a One-Size-Fits-All “Model” Code or Amend Them to Fit Our State’s Climate and Unique Housing Ecosystem?

Without an expert panel made up of building officials, architects, builders and other professionals, the State of Michigan is set to propose adopting the International Code Council’s model codes for residential construction. While, at the time of publication, there has yet to be a public hearing scheduled for these proposals, HBAM’s CEO sent the following message to the Director of the Michigan State Housing Development Authority:

Director Hovey,

I believe the Governor’s Statewide Housing Partnership group should review a couple of items that are emerging from the Department of Licensing & Regulatory Affairs’ (LARA) Bureau of Construction Codes (BCC), as it relates to updating Michigan’s residential construction codes. If not modified, these proposals could add tens of thousands of dollars in unnecessary costs to each newly constructed home in our state (and existing homes that undergo

significant renovations as they, too, must be brought up to the most current code). The HBA of Michigan (HBAM) firmly believes our residential codes need to be updated, particularly given that state law requires an update no less frequently than once every 6 years. It has been 8 years since any updates have occurred. However, updates must balance cost with our shared goals of improving home performance. If not, BCC’s actions will make housing attainability even worse in our state.

There are three significant cost-related issues of concern. One is BCC’s proposed energy code requirements (several which do nothing to conserve energy) and the others are related to a revived push to require all new residential homes to have sprinklers and arc fault circuit interrupters (AFCIs):

Energy Code: *Earlier this year, BCC came out with a proposal to adopt the model 2021 International Energy Conservation Code (IECC). For a typical 2,200 square foot home, this “model” code would add more than \$15,000 in additional production costs, requiring R-60 insulation, 2 X 6 framing and other costly changes. When their proposal was first released earlier this year, we pointed to the fact that it did not comply with the state construction code act, which requires energy efficiency code changes to have a 7-year payback or better. BCC withdrew these rules after questioning from the Joint Committee on Administrative Rules (JCAR). However, BCC is now proceeding with essentially the same set of rules. Knowing that BCC was likely to proceed in this fashion, and to potentially avoid litigation over the 7-year payback requirement in state law, our HBAM Code Committee worked hard this summer and developed an alternative energy code proposal that achieves similar energy efficiency savings as the proposed 2021 IECC at what we believe would be less than a 1/3 of the cost. I gave a copy of this draft proposal to the BCC earlier this month. However, I don’t believe they are seriously considering it at this point. That is unfortunate, as we are prepared to join forces with the Administration on this issue (achieving the same energy efficiency goals through a more cost effective and more flexible approach). I would ask that you and Partnership members help elevate a discussion within the Administration on this issue, asking BCC to embrace the more cost-effective approach we have proposed.*

Continued on page 15



SUPPORT BUILDERS

The **HBA OF MICHIGAN** works to positively promote the building industry and impact the legislative, regulatory and legal issues affecting housing affordability (attainability).

How to scan a QR code: Use the back camera on your phone to hover over the QR code and hold for a few seconds. Once the camera focuses on the code a link will appear. Click the link and it will take you to the donation page.

We can only achieve our mission with YOUR support. To be successful in our mission, we need your financial support of our legal action fund so we have the tools needed should we have to file an amicus brief, or become engaged in a legal battle. You can support the legal action fund by making a check out to HBA of Michigan (please write Legal Action Fund in the memo line) and sending it to 6427 Centurion, Ste. 100, Lansing, MI 48917, or scan the QR code.



We can only achieve our mission if we have your personal support of the Friends of Housing Political Action Committee. Your personal, voluntary contribution allows us to support republicans AND democrats to the state House and state Senate who support you and your ability to do business without costly regulations, higher taxes, or other issues that impact the residential construction industry. Scan the QR code, or personal checks and checks from an LLC can be made to Friends of Housing PAC, and mailed to 6427 Centurion, Ste. 100, Lansing, MI 48917.

We can only achieve our mission if we are able to GROW our workforce through cultivating, educating and recruiting with your support of our non-profit, Skilled to Build Michigan Foundation. Scan the QR code or checks can be made out to Skilled to Build Michigan Foundation, and mailed to 6427 Centurion, Ste. 100, Lansing, MI 48917.



The National Association of Home Builders focuses on electing U.S. congressional candidates and U.S. senate candidates at the federal level who are supportive of housing and small business. They do this with your personal financial support to BUILD-PAC.

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Contributions to BUILD-PAC are completely voluntary. You may choose not to contribute without reprisal. Contributions to BUILD-PAC will be used for political purposes and are not tax deductible for federal income tax purposes. Federal law requires political action committees to report the name, mailing address, occupation, and name of employer for each individual whose contributions exceed \$200.00 in a calendar year. Foreign nationals cannot contribute to BUILD-PAC. Personal donations in the form of a check, can be made out to BUILD-PAC, and mailed to: National Association of Home Builders Attn: BUILD-PAC, 1201 15th Street NW, Floor 9, Washington, DC 20005.

THANK YOU, DONORS!

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Bills, Battles, & Big Changes: What to Expect This Legislative Session

The Legislature returned the week of Labor Day to begin their fall session. Prior to their return, Governor Whitmer gave her “What’s Next” speech where she highlighted her fall legislative priorities. Her two main priorities are seeing the passage of the Clean Energy package and the Mandatory Paid Leave package.

The Senate democrats introduced a six-bill Clean Energy package (Senate bills 271-277) prior to the Legislature going on break for summer. While we have concerns with the entire package, our main concern is with SB 274, which was introduced by Senator Shink. Senate Bill 274 would create an “advisory council” to advise the Bureau of Construction Codes on how to reach the states’ decarbonization rates. While builders would have a seat on that council, we have several concerns.

Since the introduction of that package in the spring, we have learned that Senate Bill 274 has been replaced by Senate Bill 502. As of this writing, we are waiting to get our eyeballs on the actual language contained in SB 502.

During our “Leaders of the Legislature Live” event at our recent summer convention, Senator Singh said it is the Senate’s goal to have part of the package moved out of the Senate and the House and signed by the governor by the end of the year. He also stated he knew we had issues with SB 274 and said most likely the bill wouldn’t move in the fall. With the introduction of SB 502, we don’t know what the intention is, and whether it will move this fall.

The House and Senate introduced bills which would mandate businesses to allow employees to have up to 15 weeks of paid family and medical leave. While the Senate appears to have more enthusiasm to move Senator Geiss’ bill, the House appears more interested in taking a more methodical look at the impact the legislation would have. SB 332-333 and HB 4574-4575 create a one-size-fits-all, state administered, paid leave insurance program. This would be financed through a new payroll tax on employers, 50% of which can be passed on to employees.

So, what could the fall session look like? Currently, the democrats hold a very slim majority in the House

Continued on page 15

UTILITY ISSUES?

HBA CONSUMERS ENERGY POWER LUNCH

Every 4th Wednesday of the month
12:00 PM via Zoom



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Continued on page 13



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HBAM Concludes a Successful Summer Convention



Our team at the HBA of Michigan functions to make doing business easier for you. We engage with legislators, communicate the most up-to-date industry news and give you, our members, a platform to influence decisions and policies that affect your bottom line. While we work hard throughout the entire year to make your membership worth it, there is perhaps no better consolidation of these member benefits than at our annual summer convention.

This year's convention gathered over 200 members and industry

leaders from around the state for a three-day stretch of learning, networking and fun. Dawn Crandall, our EVP of Government Relations, kicked off the speaker sessions on day one, discussing everything from the political scene in Lansing to best practices for recruiting new employees. That night we gathered for a welcome reception which featured music from Empty Canvas, followed by a young professional after party.

Day two started out bright and early with a breakfast led by Alan Archuleta of the NAHB

Remodelers Council. Following breakfast, Genesee County Sheriff, Chris Swanson, began our opening ceremonies with an impassioned address, citing lessons he learned from his experiences as a detective. Thursday afternoon brought another wave of building experts. Tony Rubleski of Mind Capture Group fired up the crowd with a presentation on leadership while Todd Hallett and Scott Sedam spoke about cutting costs and maximizing profits. We also held a panel to discuss Michigan's

Continued on page 12





Continued from page 11
 proposed energy code with former HBAM staffer, Lee Schwartz, and Andrew Brisbo, the Director of the Bureau of Construction Codes.

The speaker sessions were wrapped up for the day by our keynote speaker, Matt Risinger, who spoke about the practices he used to grow his business and become a leader in the building industry. Day two concluded with dinner, courtesy of the HBA of the Grand Traverse Area, and a dueling

pianos performance by Cool2Duel.

On the final day of the convention, Speaker of the House Joe Tate and Senate Majority Floor Leader Sam Singh joined us at the resort for a Leaders of the Legislature LIVE session where attendees had the opportunity to address their state lawmakers. The convention ended with a presentation from Alicia Huey, the NAHB Chairman of the Board.

Between engaging speaker sessions, build-site tours, golfing

and an especially moving cowbell performance by your state association's CEO, Bob Filka, the 2023 Summer Convention will leave a lasting impression. Thank you to all our sponsors, speakers and attendees for making this event possible. If you would like to join us at the 2024 Summer Convention on Mackinac Island, save the date for August 14 - 16, 2024! Please contact Diana Dixon at diana@hbaofmichigan.com if you are interested in a sponsorship for next year.



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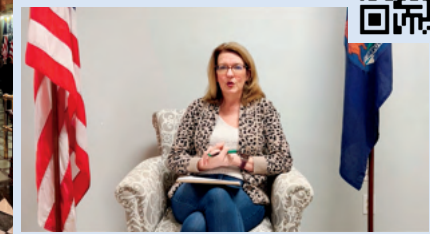
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Continued from page 13

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For more information about the program, contact your local HBA chapter or visit hbaofmichigan.com. To learn more about Frankenmuth Insurance, visit fmins.com.



HBAM Committee Involvement Form

Our association depends on the efforts of our volunteer members from across the state for ideas, concerns and input on the issues that affect us at every level of our business. Please consider making a commitment to your association and your industry by participating on a committee.

- Audit and Investment Committee** - Recommend investments and oversee the financial compilation.
- Building Code Committee** - Monitors, analyzes and modifies building code changes and developments.
- Bylaws and Policy Review Committee** - Reviews and develops proposed Bylaws and Policy language.
- Convention Committee** - Arranges and manages the Summer Convention.
- Education Committee** - Responsible for aiding in providing education programs for the members.
- Elections Committee** - Responsible for maintaining election procedures.

- Insurance Committee** - Responsible for the oversight of the insurance programs and the endorsed agents marketing those programs.
- Legal Action Committee** - Responsible for reviewing and recommending participation in legal cases and lawsuits.
- Membership Committee** - Responsible for aiding membership growth and retention efforts of the local associations.
- Legislative Committee** - Reviews the recommendations of each legislative task force and makes recommendations to the Board of Directors on legislative issues affecting the building industry.

- Leadership & Diversity Task Force** - Charged to identify topics and speakers for a new statewide Zoom education series.
- Technology Task Force** - Working on a new statewide member directory and other technology advancements.

You may also choose to join our state councils in addition to the three committees:

- o Associates Council
- o Remodelers Council
- o Young Professionals



If you are interested in volunteering for a HBAM committee or council scan the QR code. If you have any questions, contact Diana Dixon at (517) 646-2553 or diana@hbaofmichigan.com.

Registration for IBS is Open!

The NAHB International Builders' Show® (IBS) is the largest annual light construction show in the world. The 2023 show welcomed nearly 70,000 visitors from more than 100 countries. The 2024 IBS is February 27 - 29 in Las Vegas, Nevada.

If you would like to register for IBS 2024, visit www.buildersshow.com to secure your spot. The Michigan hotels are Las Vegas Hilton at Resorts World and Caesars Palace. Additional information is coming regarding the Area IX Networking Night which includes members from Michigan, Illinois and Indiana.





Continued from page 9

and Senate. By slim, I mean one seat in each chamber. In the Senate, the democrats have a 20-18 majority. In the House, the democrats have a 56-54 majority. In the Legislature, we currently need 56 votes in the House, 20 votes in the Senate, and the governor to either pass or kill legislation.

In the House, there are two democrats running for mayor in their districts. Should both of them win, that would put the House at 54-54, with the democrats still having control. Fifty-five votes would be needed in the House to get anything passed. That means if all the democrats vote yes, they would still need one republican to vote with them to get anything passed.

Rumors around town, and I do love a good rumor, is that Sine Die will take place in November. Sine Die is when the Legislature ends their session. This happens at the end of every year. In odd years, it is

the break between the end of the year and the start of the session in January. In even years, it is the end of the full two-year legislative session.

There are a couple of reasons for some validity to these rumors. If Representatives Coleman and Stone win their races for mayor and the House ends up in a 54-54 tie, it will be difficult for the democrats to get anything done.

The second reason is that earlier this session, a bill was passed and signed into law that would move our presidential primary election to February 27, 2024. For that date to go into effect, the Legislature needs to have Sine Die at least 90 days before February 27th.

Another issue playing into the Legislature being done in time for a presidential primary to take place on February 27th is that the City of Detroit (Mayor Duggan) would like to have an issue on the ballot

that day that would allow the City of Detroit to create a land value tax (LVT). At this writing, we are still digging into the implications, but in a nutshell, land would be taxed by a LVT and the structure on the land would be assessed. In the initial discussions, 97% of Detroit homeowners would see a tax decrease. What we are still digging into, is what it looks like for the home building industry.

Five bills were introduced in the House on September 12, and on September 13 the Mayor was speaking in support of those bills in the House committee on Tax Policy.

We will continue to update you on these bills as the legislative session proceeds and adjustments are made. If you would like to have a discussion on any of these issues, please don't hesitate to reach out to me at dawn@hbaofmichigan.com.

Continued from page 7

Sprinklers & AFCIs: *In the past, we have defeated attempts to require mandatory sprinklers and arc fault circuit interrupters (AFCIs) in all residential homes, pointing to research showing that functioning smoke detectors are the key to protecting home occupants. Virtually every state in the country has rejected the idea that sprinklers should be required for residential homes. We have a ton of data and research underscoring why Michigan and these other states have rightfully rejected mandatory sprinklers. However, we are now hearing that the fire-fighting community (and more significantly the fire-suppression manufacturers) is advocating for their inclusion in any update to the Michigan Residential Code (MRC). Depending on where a home is being built, the cost of adding sprinklers to a home can rise exponentially. So, in rural or*

colder climates, we're talking tens of thousands of dollars in additional cost for each new home. Similarly, research on AFCIs shows there is no life-saving correlation to them being installed in homes. Requiring AFCI's throughout an entire home will needlessly add thousands more in costs. Fire-related fatalities can be traced, almost entirely, to older homes without properly functioning smoke detectors. Our state focus should be on that, not adding costs to the point that more and more families are forced to live in less safe older homes.

Bottom line: The Administration has taken many positive steps to address the housing attainability crisis our state faces. Your work has been tremendous! But the aforementioned proposals, if not addressed, will do significant harm to our shared goals. Fewer will be able to afford newly constructed

homes and more will be pushed into substandard, less safe and less energy efficient homes. Based on what is emerging, we won't be able to say it any other way.

Bob Filka
CEO
HBA of Michigan

Comments about the proposed changes—including urging adoption of HBAM's alternative energy code proposal and to not include mandatory sprinklers or AFCI's in any new edition of the Michigan Residential Code – may be directed to Andrew Brisbo, Director of the Bureau of Construction Codes, at brisboa@michigan.gov with a copy to Representative Jim Haadsma, Chair of the Joint Committee on Administrative Rules (JCAR), at jimhaadsma@house.mi.gov.



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Choosing propane water heaters can improve your homeowner's long-term satisfaction with your work—while lowering their energy bills every single day. Propane-powered tankless heaters ensure an endless supply of instantly-hot water while saving up to 16 square feet of space. And storage tank units save on annual energy costs and last up to 20 years. Both options can easily be tied into other propane-powered systems to maximize efficiency for both you and your customers.

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