

Legislative & Code Update

Great Lakes Design & Construction Expo

February 3, 2026

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Home Builders Association of Michigan



State of Housing

The median cost of a new home in MI in 2025 is

\$430,566

In 2024

\$448,520

The income needed to qualify in 2025 is

\$137,934

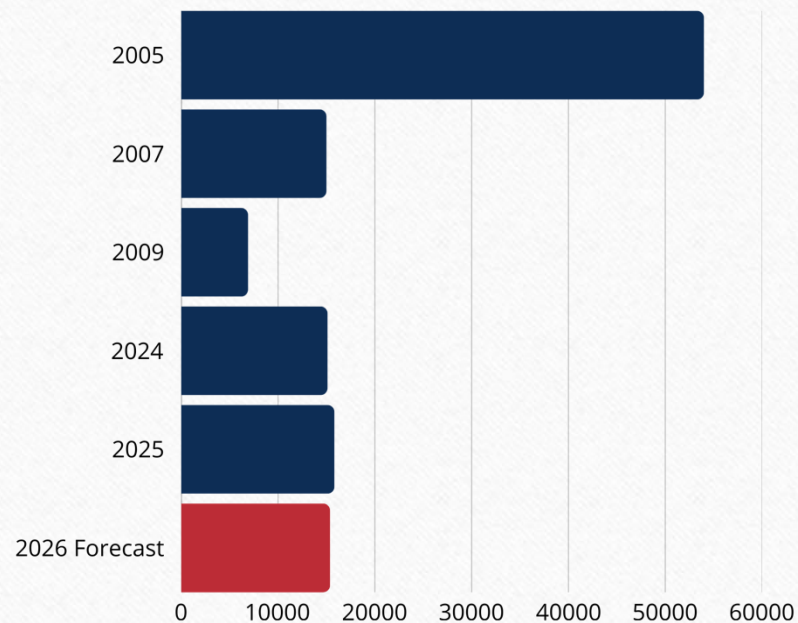
In 2024

\$143,593



State of Housing

Single Family Permit Annual Totals:



Single family permits:

2005 ~ 54,000 SFP pulled

2007 ~ 15,000 SFP pulled

2009 ~ 6,900 SFP pulled

2024 - 15,108 SFP pulled

2025 - 15,821 SFP pulled

2026 HBAM Forecast - 15,376 SFP pulled



State of Housing

REGULATORY COSTS \$93,870 PER HOME

(11% Gain 2016 to 2021)

**23.8% OF
HOME PRICE**

During development:
\$41,330

OSHA/other labor
requirements during
development \$1,179

Pure cost of delay
during development
\$1,442

Pure cost of delay
during construction
\$941

During
construction:
\$52,540

Cost of applying for zoning approval \$6,473

Hard costs of compliance (fees, required studies, etc.) \$11,791

Land dedicated to the govt. or otherwise left unbuilt \$10,854

Standards (setbacks, etc.) that go beyond the ordinary \$8,992

Fees paid by the builder after purchasing the lot \$12,184

Changes to building codes over the past 10 years \$24,144

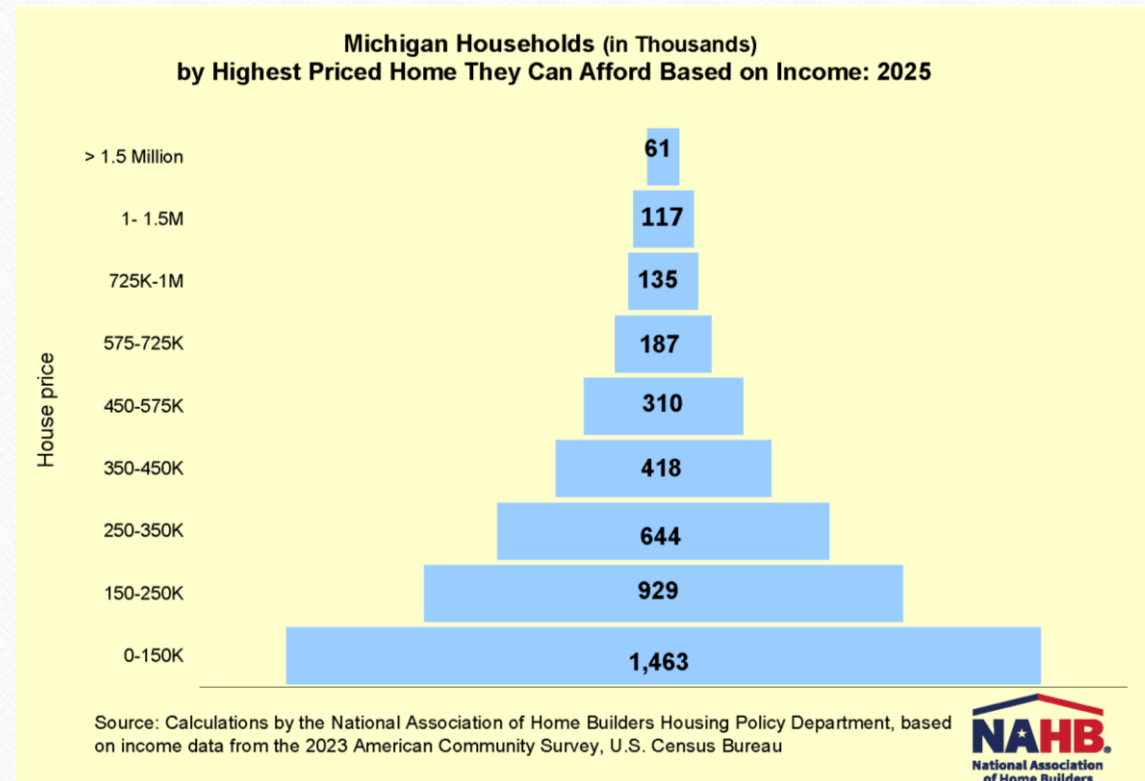
Architectural design standards beyond the ordinary \$10,794

OSHA/other labor requirements during construction \$4,477

Source: NAHB/Wells Fargo Housing Market Index (HMI)



State of Housing



State of Housing

LICENSED BUILDER AGE DATA TOTAL MICHIGAN BUILDERS

AGE RANGE	2025 TOTALS	2023 TOTALS	% CHANGE
18-25	469	436	7.6%
26-34	1,920	1,987	-3.4%
35-45	6,841	6,129	11.6%
46-55	9,390	9,433	-0.5%
56-65	12,394	13,290	-6.7%
66+	11,192	11,381	-1.7%

AVERAGE AGE: 56.42 MEDIAN AGE: 58



HBAM Mission Statement

- HBA of Michigan works to positively promote the building industry and impact legislative, regulatory, and legal issues affecting housing affordability (attainability).



103rd Legislative Session

- Divided Government
 - Democrats Control the State Senate
 - 19-18 with one open seat
 - Republicans Control the State House
 - 58-52



Issues Impacting Residential Construction

- Legislative Policy
- Workforce
- Codes
- Materials
- POLITICS



Legislative Issues

Housing Reform Package – 9-bill bi-partisan, bi-cameral legislation

Why It Matters

Michigan communities are experiencing a growing housing shortage that affects attainability and limits options for residents of all ages. This legislative package updates Michigan's zoning laws to create more efficient, predictable, and transparent development process. The reforms aim to balance local decision-making with the need for communities to accommodate a range of housing choices that reflect changing and economic and population needs.

Legislative Issues

- Labor Costs
 - Hiring Trades Tax Credit – employee and employer credit for hiring an individual between the ages of 18-25 to work in the construction trades. (Concept)
 - HB 4762 - Lower Age Requirements to allow 16-year-olds to work on job sites.



Legislative Issues

- Regulatory Reform
 - HB 5056 – Michigan Residential Code Promulgation Process
 - Fees Based on Cost, Not Valuation (Draft Legislation)
 - HB 4486 - Ban the Ban on Natural Gas
 - SB 23 (PA 58) Increases splits from four to ten
 - Allow for single staircase design for apartment buildings (Draft Legislation)

Legislative Issues

- Reducing Costs
 - Utility Connectivity
 - Allow for Third Party Inspections (Draft Legislation)



Skilled to Build Michigan Foundation

- Skilled to Build Michigan Foundation is a 501(c)(3) non-profit organization. Contributions are tax deductible to the extent allowed by law.
- Our mission is focused solely on recruiting and educating parents, students, counselors, teachers, administrators, veterans, and returning citizens on the good paying career opportunities available TODAY and TOMORROW in the residential construction industry.
- Students - \$400K grant to continue to educate 8th graders to opportunities in trades
- S2B is a recognized certification in the MDE CTE program – 256 last year
- Veterans – Distributing a guidebook for Veterans
- Returning Citizens – S2B passes along resumes of RC's with credentials from VV



Support Our Efforts

Skilled to Build Michigan Foundation is the non-profit arm of the HBA of Michigan. Checks can be made payable to Skilled to Build Michigan Foundation and mailed to 6427 Centurion, Ste. 100, Lansing, MI 48917. Or you can use this QR Code to make an online donation.



Code Update

- We are still building under the 2015 Michigan Residential Code



POLITICS - 2026

- Special election is taking place today in the 35th Senate District
- Governor, AG, Sec of State
- 38 State Senate Seats
- 110 State House Seats
- 2 State Supreme Court Justices





Support Our Efforts

Home Builders Who Care was created to accept donations from any source, including Corporations (Inc.), for the direct use of political advocacy in an election year. This fund can't be used for direct campaign contributions but allows us to mobilize voters and build awareness of key policy issues facing our industry.

Checks can be made payable to: Home Builders Who Care, 6427 Centurion, Ste. 100, Lansing, MI 48917. Or you use this QR Code to make an online donation.

Legal Issues

- HBA of Michigan works to positively promote the building industry and impact legislative, regulatory, and **legal issues** affecting housing affordability (attainability).



HBAM vs. City of Troy

- **HBAM vs. City of Troy**—This lawsuit over permit fee overcharges is finally coming to a close. The Michigan Supreme Court refused to hear the city's appeal late last year and we now have a judge's signed order confirming this and our right to legal fees. HBAM originally filed suit against the city in December 2010, after the city outsourced its permitting activities and received a 20% to 25% kick-back on every permit that was issued by their contractor. The precedent-setting legal ruling, itself, is final and upholds Michigan law that says local governments can only charge reasonable fees tied to their permitting and inspection costs. The only remaining question before the courts is how much the City of Troy will have to repay HBAM for its attorney fees. Our counsel has prepared a draft motion and brief in support of our request for legal fees that should be submitted to the court within days. The current draft pegs our costs at just under \$640,000. HBAM has begun asking each local HBA around the state to identify the top two culprits in their area that appear to have excessive permit fee structures. There are many that have dramatically increased fees in recent years with most using valuation methods for their fee structures. Once the aforementioned legal fees have been returned, we will begin to communicate with them on the need to modify their fee structures.



HBAM vs. LARA

- **HBAM vs. Michigan Department of Licensing & Regulatory Affairs (LARA)**—For some three years, your state association has been working to kill implementation of the 2021 International Residential Code (IRC) in Michigan and, in particular, it's costly and inflexible energy efficiency provisions. Studies have shown its requirements would add some \$15,000 or more to the cost of a typical home being built in our state. As an alternative, we've consistently advocated for adoption of the 2024-IRC. Its energy efficiency provisions were developed through a consensus process and provide far more flexibility to builders than the 2021-IRC. It would also save more energy. Nonetheless, LARA marched forward in promulgating the 2021 residential codes last year and they were set to go into effect in late-August. HBAM filed a lawsuit against their implementation earlier this summer and in late July, LARA agreed to a court-ordered agreement not to implement the new code rules until our suit against them was fully litigated. There are a half-dozen legal issues that the court could point to in halting the 2021 codes. Among others, these include: the fact that the 2021-IECC-based code rules LARA promulgated violate Michigan's statute requiring energy efficiency code changes to have a 7-year simple payback or better; LARA failed to adequately provide a Regulatory Impact Statement (RIS) and follow the public meeting and other requirements outlined in Michigan's Administrative Procedure Act (APA); and, LARA's proposed rules would require the purchase of three code books (electric, mechanical and the Michigan Residential Code) when state statute requires all residential building code provisions to be published in one book. While HBAM has been in settlement discussions with LARA, we are prepared to go through a full-blown litigation process to stop implementation of the 2021-IRC if necessary. Most recently, the court approved a request by us to extend the discovery deadline until late spring.



HBAM vs. Fruitland Twp, et al

- **HBAM vs. Fruitland Twp, White Lake Fire Authority and the City of Whitehall**—This case is about sustaining past victories prohibiting mandatory sprinkler requirements for residential homes. A number of communities have adopted the International Fire Code (IFC) in recent years. While many provisions of the IFC are legitimate and enforceable, there are sections pertaining to fire suppression systems in homes that cannot be applied in our state. Michigan law and the Michigan Residential Code (MRC) state that when codes conflict, only the MRC rules apply. Nonetheless, Fruitland Township and the City of Whitehall believe these IFC provisions can be applied and have been requiring sprinklers in a number of residential homes. When it discovered this, your state association filed a lawsuit against them in late fall of 2025. This question about the IFC has spread. Fire marshals in a number of communities elsewhere across the state have tried to point to the IFC and its sprinkler requirements. In short, the IFC says that when there are limited access issues into a development or into a scattered site location, sprinklers have to be installed in homes. However, only the MRC governs residential construction regulation in our state. Otherwise, a local government could change any section of the Statewide Construction Code. The township and city's requirement of fire sprinklers cannot be applied to one and two-family dwellings, regardless of the location of the home or any other factor. We need the courts to agree. This precedent-setting case is clear cut in our view, but it will take a concerted and sustained effort to prevail.



HBAM vs. City of Owosso

- **HBAM vs. City of Owosso**—Last year, the City of Owosso’s public works department unlawfully raised tap-in fees for both water and sewer connections by some 300%. This was an opportunistic money grab coming on the heels of announcements of much needed and new housing developments in the city. After unsuccessful dialogue with their city manager, HBAM filed Freedom of Information Act requests with the city and discovered no study or analysis was ever done to justify the increase. Cities can’t foist an unproportional share of their water and sewer systems cost onto new users. In reality, such “fees” are hidden taxes and unlawful under Michigan law. The city contends that since their city council voted to increase these fees, it was done legally. HBAM disagreed and filed suit in July. While some might think this case is similar to HBAM’s Troy lawsuit (excessive fees) the distinction is that in Owosso it is not a question of what it costs to run their building department or even what it costs to run their water and sewer department. The question is do their new tap-in fees exceed the proportional share of system expenses new users should be expected to pay. The case should trial phase this spring.



HBAM vs. Grand Haven Township

- **HBAM vs. Grand Haven Township**—In this case, we are testing whether the association can be an “interested party” under the residential building appeals process. Why is this important? Instead of having to have a homeowner or builder in on an appeal, state law says an interested party may bring an appeal. “Interested party” is not defined in state statute. Local building departments have historically said a builder or homeowner can bring an appeal forward. No one, to our knowledge, has ever tried to appeal a local building department decision as some other interested party. If we succeed here, we could move forward with a number of appeals (both in GH Twp and elsewhere across the state) that usually never happen because a builder and/or homeowner doesn’t want to put their name on the appeal (fear of retribution). The case and specific issue here is whether or not GH Twp can require a permit under the Michigan Residential Code (MRC) to build or repair beach access staircases. They’ve been requiring this even when such staircases are unattached to the residence and may be hundreds of feet away from a home. The MRC’s staircase requirements are designed for interior staircases and make no sense for beach staircases. We see this permit and inspection process for beach staircases as a simple money grab and overreach by the building department. Grand Haven Township’s construction appeal board failed to consider our appeal (they had 30-days under state law to act on our request). Whenever an interested party loses a local appeal, or its appeal is not acted upon, one can appeal to the State. We have done that. The State Construction Code Commission should now hear our case in early 2026.



Support Our Efforts

Donations to the HBAM Legal Action Fund will help support our future efforts around the state on legal issues that will have statewide implications.



QUESTIONS

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