

News Release from



FOR IMMEDIATE RELEASE
October 18, 2024

CONTACT: Narine Manukova
517-490-8232

Court of Appeals Upholds Ruling that the City of Troy Charged Excessive Permit Fees

Headlee Violation Means City Must Repay Home Builder's Legal Fees

Lansing: Today the Home Builders Association of Michigan (HBAM) announced a major legal victory in its permit fee overcharge lawsuit against the City of Troy. This week, in a 3-0 unanimous decision, the Michigan Court of Appeals (COA) rejected the city's appeal of a lower court's ruling that they violated the state Headlee Amendment. Michigan's Headlee Amendment prohibits local governments from imposing taxes without a vote of its citizens. In this case, it was excessive permitting fees that caused the Headlee violation.

"The wheels of justice don't always move fast, but they've finally moved in this case," said HBAM CEO Bob Filka. HBAM filed suit against the City of Troy 14 years ago when they chose to outsource their permitting activities and received a 20% to 25% commission on every permit issued by their contractor. Since that time, HBAM has steadily pursued a declaration from the courts.

"Our association leaders continued to have the fortitude to do what was necessary to hold the City of Troy accountable, no matter how long it has taken. We've been to the Michigan Supreme Court twice and the Court of Appeals three times in this case. Despite the city's effort to use every technical argument at their disposal to delay proceedings, we are nearing the finish line," Filka continued. "This decision should put every community in the state on notice: building permit fee revenue can only be used to pay for your permitting and inspection activities. If you are charging exorbitant fees and/or are utilizing those dollars for other government purposes, we're going to be knocking on your door and pointing to this decision. Excessive fees only increase the cost of housing in our state and while most communities recognize this and have established fees that comply with state law, there are a number that don't. That needs to change and this decision should get the attention of those skirting the law."

The Home Builders Association of Michigan, a professional trade association comprised of 18 local homebuilder associations around the state and their 5,000 builder, subcontractor and supplier members. As the state's largest association representing construction-related sectors, the HBA of Michigan works to positively promote the building industry and impact legislative, regulatory and legal issues affecting housing attainability.

####