

Fix the Damn Codes: *Why is Michigan Trying to Adopt a Residential Building Code that is Already Three Years Old and Will Dramatically Increase Housing Costs?*

State law requires the Department of Licensing and Regulatory Affairs (LARA) to update the rules governing how homes are built in our state no less frequently than once every 6 years. It has been 9 years and still no update is in place. LARA is now trying to push through changes that are based on an already outdated 2021 “model code” owned and published by a private out-of-state company that will raise the cost of new home construction by as much as \$30,000 to \$40,000 per house. Housing costs have skyrocketed and fewer and fewer Michiganders can afford to purchase a new home. This has caused a ripple effect throughout the housing ecosystem, making fewer existing homes available for purchase and triggering higher and higher rents. LARA is about to make this cost crisis worsen. It should scrap their adoption of a manufacturer product-driven set of code requirements that would mandate sprinklers among other costly and unnecessary changes. Smoke detectors save lives and are required to be located in multiple locations (and to be hard-wired) throughout new homes under our current code.

Historically, LARA established building codes in a way that balances cost with energy efficiency and other safety improvements. It utilized expert advisory panels made up of building officials, engineers, architects, builders, fire officials, labor unions representatives and others to determine how our homes are built. That system was thrown-out by former Governor Snyder and needs to be restored. When individual expert code review panels were eliminated by LARA in 2017, builders, building officials and inspectors and others were assured the new promulgation process would be quicker and more efficient, more open and transparent, and create greater involvement by regulated parties. That regulatory “reform” effort has been anything but when it comes to setting rules for how homes are built.

Decisions on the contents of the current 2021 code LARA is proposing were made out of the public eye and without explanations. Unlike previous code development cycles there has been no open discussion and give and take on proposed changes. Multiple and contradictory Regulatory Impact Statements and cost-benefit analyses on the same code language have been issued in trying to justify proposed changes.

As Michigan struggles with updating the 2015 Michigan Residential Code now in place, a new model code, the 2024 International Residential Code, will be available in electronic format sometime within the next two months. Leaders in the Legislature and its Joint Committee on Administrative Rules (JCAR) should move to object to the outdated rules now being forwarded by LARA. JCAR should ask them to restore the expert advisory review panels and use a more up-to-date model code as its starting point for proposed changes.

The Home Builders Association of Michigan (HBAM) supports updating our state building codes. In fact, over the past year HBAM offered several critically important changes to what LARA has proposed. We even proposed an alternative energy code section that would result in greater energy efficiency gains for new homes than what LARA is proposing (at far less cost). Our alternative proposal removes manufacturer-driven prescriptive mandates and provides more flexibility to achieve energy efficiency targets. But manufacturers of sprinkler systems, insulation and electrical equipment know the old 2021 “model code” will mean more for their bottom lines. What about the more than 120,000 households that will be priced-out from being able to afford a newly constructed home should their preferred new mandates go into effect? We know that for every \$1,000 increase in the cost of a new home in our state, more than 4,500 are priced out from being able to afford one.

Our state housing director says Michigan has a 170,000-unit housing shortage. We agree and the production of single-family homes across the state, under current building code rules, stands at only 15,000 or so units a year. Constricting production further by increasing code-compliance costs would be a huge policy mistake.

The Legislature and the Governor have taken many positive actions over the past 18 months to help address our housing crisis, enacting several key proposals that give communities new financial tools to attract the type of housing they need. That momentum will be lost if LARA is now allowed to enact outdated unnecessary rules that will further reduce the number of families who can afford a new home.

Bob Filka is the CEO of 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.