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June 27, 2025

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## **HBAM Files Lawsuit Against City of Owosso over Excessive Water & Sewer Tap-in Fees**

**Lansing, MI** - Today the Home Builders Association of Michigan (HBAM) announced they have filed a lawsuit against the City of Owosso. The suit was filed earlier this week in Shiawassee County's 35<sup>th</sup> Circuit Court and seeks to halt excessive and unjustified new water and sewer tap-in fees that have been imposed by the city.

"The HBA of Michigan's primary mission is to advocate for the housing industry and to fight policies or rules that unnecessarily raise costs and impede the production of more attainable housing across the state," noted HBAM CEO Bob Filka. "Unfortunately, city leaders in Owosso have instituted what we believe are unconstitutional cost increases for new homes or other structures needing to connect to their public water and sewer systems. Fees for these connections have to be proportional to the impact and cost of bringing new users onto their system. Anything more than that is a tax and unlawful under Michigan's Headlee Amendment."

In their filing, HBAM pointed out that water tap-in fees in the city used to range from roughly \$1,300 to \$3,000 depending on the type of connection. Under the city's new structure, these same fees have risen to \$5,000 to as much as \$12,500. For sewer connections, fees used to range from a few hundred dollars to roughly \$1,000. Under the new structure, these fees now range up to \$5,000 per sewer connection. HBAM filed Freedom of Information Act (FOIA) requests earlier this year to ascertain how these new fee structures were determined. No study or analysis was ever provided and city officials indicated no such information existed.

"Simply put, these arbitrarily-established new rates unfairly tax new homeowners, discourage much needed investment and will make new housing in the city less affordable. These increases were instituted at about the same time several builders and developers announced plans to build much needed housing in the city. For one 14-unit development, these fees added more than \$100,000 in unplanned costs. Another developer simply halted his plans when the new fees were announced. In other words, these fee increases will result in fewer customers for the city and generate less revenue overall. It's shortsighted at best and unconstitutional in our opinion," said Filka.

This lawsuit comes at a time when single family home construction in Michigan has seen modest increases over last year. New housing permits are up roughly 3% over last year at this time. "Nationally numbers are down thus far this year, so the fact that we are bucking that trend underscores the need for more housing in our state," Filka added. "With limited production capacity in our state, communities that establish disincentives of this nature are going to chase housing investment away. Period."

*The Home Builders Association of Michigan, a professional trade association comprised of 16 local homebuilder associations around the state and their 4,500 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.*

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