

Punishing landlords will make the housing crisis worse

Bills submitted in Michigan do little to solve the problem

By Jarrett Skorup | August 2023

Michigan has a housing problem. The costs of rent and mortgages have increased substantially in recent years. Lawmakers want to do something about it, but, unfortunately, many of their proposed solutions will simply make the problem worse.

Dozens of bills have been introduced in Michigan this year relating to housing issues. Some are good, some are bad, most are minor. The media coverage of this issue has been decidedly uncritical.

For example, WLNS reported that bills have been introduced to “protect renters” with a “Renter’s Bill of Rights” set to “prevent landlords from being able to discriminate against tenants on the basis of race, religion or criminal background.”

But the actual bill cited, which passed the state House in a wide bipartisan vote, simply requires government housing inspectors to notify owners and tenants of violations and how serious they are. (Previously, there

wasn’t an explicit mandate). Federal law has protected residents from housing discrimination based on race and religion since the 1960s.

Several other bills have also been introduced in Michigan in recent months, including:

- House Bill 4919 establishes a set number of “rights” for homeless citizens. The proposed law is written

more as a press release than an actual bill, with the bill’s main effect being to open local governments to civil lawsuits. The proposal would give homeless individuals the “right” to “use and move freely” in public parks, sidewalks, transportation and buildings, among other things.

- House Bill 4062 and 4063 would make it illegal for landlords to consider a tenant’s source of income when it making renting decisions (as long as the income was not derived illegally). The bills would make it easier to sue property owners.

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- House Bill 4891 ensures landlords reimburse rental application fees if a tenant is denied the property. It also makes it easier to sue property owners for violations.
- Senate Bills 408 and 409 limit the ability of landlords (and other creditors) to recoup money they are owed. If a renter doesn't pay, a creditor can go through a process to garnish the renter's wages. This bill restricts property owners from garnishing funds coming from government benefits and places complicated new regulations on financial institutions that hold the funds of debtors.
- House Bill 4818 makes it illegal to use a prospective renter's credit score as a deciding factor. Housing discrimination based on race, sex and other areas outside a person's control is already against state and federal law. This would add a factor that is well within a person's control and strongly correlates with their ability to pay and continue paying rent.
- House Bill 4878 makes it illegal to consider a person's criminal record when renting property (outside of that which is required to be disclosed by federal law or for certain offenses such as arson, human trafficking, felony convictions in the previous year, and those that place a person on the sex offenders registry). And if a landlord refuses to rent to someone because of the above criminal acts, the bill creates a complicated appeal process which opens landlords up to lawsuits and state investigation if it isn't specifically followed.

These bills fundamentally misunderstand a key incentive for landlords. Property owners want to

rent their property. Having empty housing units is bad business. Landlords look for reliable renters and spend most of their time trying to find and keep them. The above bills make it much more difficult to provide housing. They open landlords up to more lawsuits. They severely limit landlords' ability to find reliable and safe renters by preventing them from using background checks or credit reports. And these bills make it nearly impossible for property owners to recoup money they are owed.

The end result of these proposed laws is that fewer landlords will consider renting property to low-income residents and more will focus their business on the higher-end market. Some will simply shut down, rather than absorb the additional risks. Those who remain in the business of renting to low-income residents will likely raise rents significantly in order to offset the additional liability.

The lawmakers sponsoring these bills say they want to take care of homeless and low-income citizens. But these bills will have massive unintended consequences and make it less likely that property owners will rent to those of lesser means. On net, these bills will surely increase housing costs for everyone, while deepening the housing crisis.

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