



**House
Legislative
Analysis
Section**

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**CONDO CONVERSIONS: EXTENDED LEASES
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House Bill 4151 as introduced
First Analysis (3-25-87)

APR 14 1987

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Sponsor: Rep. Judith Miller
Committee: Towns and Counties

THE APPARENT PROBLEM:

The Condominium Act was amended in 1980 to provide for extended leases for qualified senior citizens and qualified handicappers residing in apartment buildings being converted to condominiums, and to provide eviction protection to seniors and handicappers who did not qualify for extended leases. The right to an extended lease applies to people who were residents of a building on October 10, 1980, and who meet certain age and rent criteria. The length of time a lease can be extended depends upon a person's age (i.e., up to four years for someone under 70 and for handicappers; up to six years for those under 75; up to seven years until 80; and ten years thereafter).

The provisions of the 1980 law served to protect many senior citizens from the disruption of condominium conversions, but many others have moved into their apartments since 1980 and are not protected by the law. Some advocates for senior citizens believe the extended lease provisions should be expanded.

THE CONTENT OF THE BILL:

House Bill 4151 would amend the extended lease provision of the Condominium Act in several ways. A person would be a "qualified senior citizen" and would be eligible for an extended lease if he or she was residing in a unit on the date a master deed was filed for the conversion of the building to a condominium project (the 1980 date would be deleted). The minimum age would be lowered from 65 to 60, and the monthly rent maximums would be raised. Currently, to qualify for an extended lease, a senior citizen must have agreed on or after June 1, 1980, to a monthly rent of under \$450 for an apartment with one bedroom or less, or under \$500 for two or more bedrooms. The bill would change these figures to \$650 and \$750, respectively, and would require their annual adjustment based on changes in the federal (all items) consumer price index. People would qualify if the rent amounts were in effect one year before the date the master deed for condominium conversion was filed.

Under the act, a resident of a building being converted who does not qualify for an extended lease cannot have his or her tenancy terminated without cause within one year of being notified of the conversion if he or she is 65 years old or a handicapper. The bill would lower the age to 60. The bill would also delete references to a condominium conversion loan program that has been repealed (MCL. 559.204a and 204b).

FISCAL IMPLICATIONS:

Fiscal information is not available.

ARGUMENTS:

For:

When faced with a proposed conversion of an apartment building into condominiums, tenants must either purchase their apartments or relocate. While such disruptions can be unpleasant for any tenant, they are particularly difficult

for senior citizens. Many senior citizens simply cannot afford to own a condominium unit. Further, many senior citizens living in apartments sold their homes because they no longer wanted to cope with the problems associated with home ownership. Unlike many renters, senior citizens living in rented apartments often regard their apartments as their permanent homes, not as temporary housing. The trauma of forced relocation can be devastating for the elderly, if other affordable housing can even be found. The current provisions for extended leases are so restrictive that they help only a small percentage of senior citizens. Those who moved into apartments after the 1980 act are just as adversely affected by the disruption of condominium conversions, yet they have no recourse under the act.

Against:

The bill would inhibit condominium conversion by placing more obstacles in the path of those who choose to engage in the business. It would place undue restrictions on the free transfer of property. The limited supply of affordable housing for senior citizens is a social problem, and the costs of that problem should be borne by all the people of the state, not just by condominium developers.

Against:

By interfering with the free market system, the bill could actually reduce the supply of housing available for senior citizens. There are any number of subtle ways to influence tenancy in a given apartment building, and if a developer planned to convert an apartment building to condominiums, it would obviously be in the developer's best interests to reduce the number of tenants who would be eligible for lifetime leases.

POSITIONS:

The Office of Services to the Aging supports the bill (3-25-87).

The Michigan Association of Realtors has expressed concerns about the bill (3-24-87).

H.B. 4151 (3-25-87)