

Legislative Analysis



TENANT PROTECTIONS

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5236 as introduced
Sponsor: Rep. Carrie A. Rheingans

Analysis available at
<http://www.legislature.mi.gov>

House Bill 5237 as introduced
Sponsor: Rep. Emily E. Dievendorf

Committee: Economic Development and Small Business
Housing Subcommittee
Revised 7-23-24

SUMMARY:

House Bills 5236 and 5237 would require the State Court Administrative Office to provide tenants with a form summarizing their rights and would provide certain individuals with access to legal services during eviction procedures, respectively.

House Bill 5236 would add a new section to the Truth in Renting Act to require the State Court Administrative Office (SCAO) to create a form notifying tenants of their rights and to require the form to be provided with all lease agreements.

Within six months after the bill goes into effect, SCAO would have to consult with the Michigan State Housing Development Authority (MSHDA) and create a form that contains the following:

- A summary of a tenant's rights under the Truth in Renting Act, the Housing Law of Michigan, and the Revised Judicature Act.
- A list of legal resources available to a tenant who alleges that a rental agreement violates any of those acts.
- An operating 2-1-1 system phone number.

Beginning six months after SCAO creates the form, it would have to be attached as an addendum to all lease agreements provided to tenants in Michigan.

Proposed MCL 554.634a

House Bill 5237 would create a new act, the Eviction Legal Services Act, which would require district courts to create legal service programs for certain individuals facing eviction.

By October 1, 2024, subject to funding as described below, each district court would have to establish a program to provide access to legal services for ***covered individuals*** in ***covered proceedings*** and landlords of residential premises. The program would have to include the following:

- Procedures to determine whether a defendant in a covered proceeding is an ***income-eligible individual***.

- The preparation and maintenance of a list of legal counsel who are eligible to be appointed to represent covered individuals and to provide legal advice to landlords of residential premises relating to landlord and tenant matters.
- A method to educate income-eligible individuals about community and government resources available to assist them and to distribute the resources to those individuals.

Covered individual would mean an individual who is a tenant of a leased residential premises and a defendant in a covered proceeding.

Covered proceeding would mean an eviction proceeding under Chapter 57 or 57A of the Revised Judicature Act,¹ including a proceeding to seek possession of the premises for the nonpayment of rent or from a holdover tenant.

Income-eligible individual would mean a covered individual whose annual gross household income is 200% of the federal poverty guidelines published annually by the United States Department of Health and Human Services.²

The program would also have to include procedures for appointing legal counsel that ensure the following:

- All covered individuals receive access to **brief legal assistance** before their first scheduled appearance in a covered proceeding or as soon afterwards as is practicable.
- All income-eligible individuals receive access to **full legal representation** by their first scheduled appearance in a covered proceeding or as soon afterwards as is practicable.
- Landlords of residential premises receive brief legal assistance at any time regarding landlord and tenant matters.

Brief legal assistance would mean a single consultation to provide individualized legal assistance to a covered individual in connection with a covered proceeding.

Full legal representation would mean ongoing legal representation provided to an income-eligible individual and all legal advice, advocacy, and assistance associated with the representation.

Courts could establish a joint program to fulfill these requirements.

A court would have to establish the program in consultation with the appropriate **court funding unit**, which would be required to fund the program and could provide additional money. The bill says that the legislature would have to annually appropriate sufficient money to court funding units to fund all of the programs established in Michigan. (Because statute cannot mandate an appropriation, this provision would not be binding but would serve as a statement of legislative intent.)

¹ Chapter 57 of the Revised Judicature Act pertains to summary proceedings to recover possession of premises, while Chapter 57A pertains to the termination of tenancy in a mobile home park.

² See: <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines> and <https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Faspe.hhs.gov%2Fsites%2Fdefault%2Ffiles%2Fdocuments%2F8aa67da24fa1e8cebfe5c144d9fe2532%2Fdetailed-guidelines-2024.xlsx&wdOrigin=BROWSELINK>.

Court funding unit would mean the following, as defined in the Revised Judicature Act:

- A county, for a circuit court, a probate court, or a first- or second-class district court.
- A city, township, or incorporated village, as applicable, for a third-class district court.
- A city, for a municipal court.

Once a covered eviction proceeding has been filed, a court would have to appoint legal counsel at the public's expense to provide legal services to the covered individual in accordance with the program.

FISCAL IMPACT:

House Bills 5236 and 5237 would have an indeterminate fiscal impact on the state and on local court funding units. It is not possible to estimate the financial impact. According to the State Court Administrative Office, the bills would result in significant costs to the state and to local court funding units. Funding would be necessary for local courts to educate appointed attorneys on their obligations and to educate income-eligible individuals on resources available to them. Local courts would likely need to hire staff, including program coordinators or managers, to maintain lists of eligible attorneys, schedule appointments, and prepare and train attorneys and support staff on the program. Local courts and court funding units would have to determine budgetary needs for implementing the program and for ongoing program operational costs. It is anticipated that the legislature would appropriate funding and local court funding units would contribute funding, but the breakdown of appropriations and contributions is not known.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.