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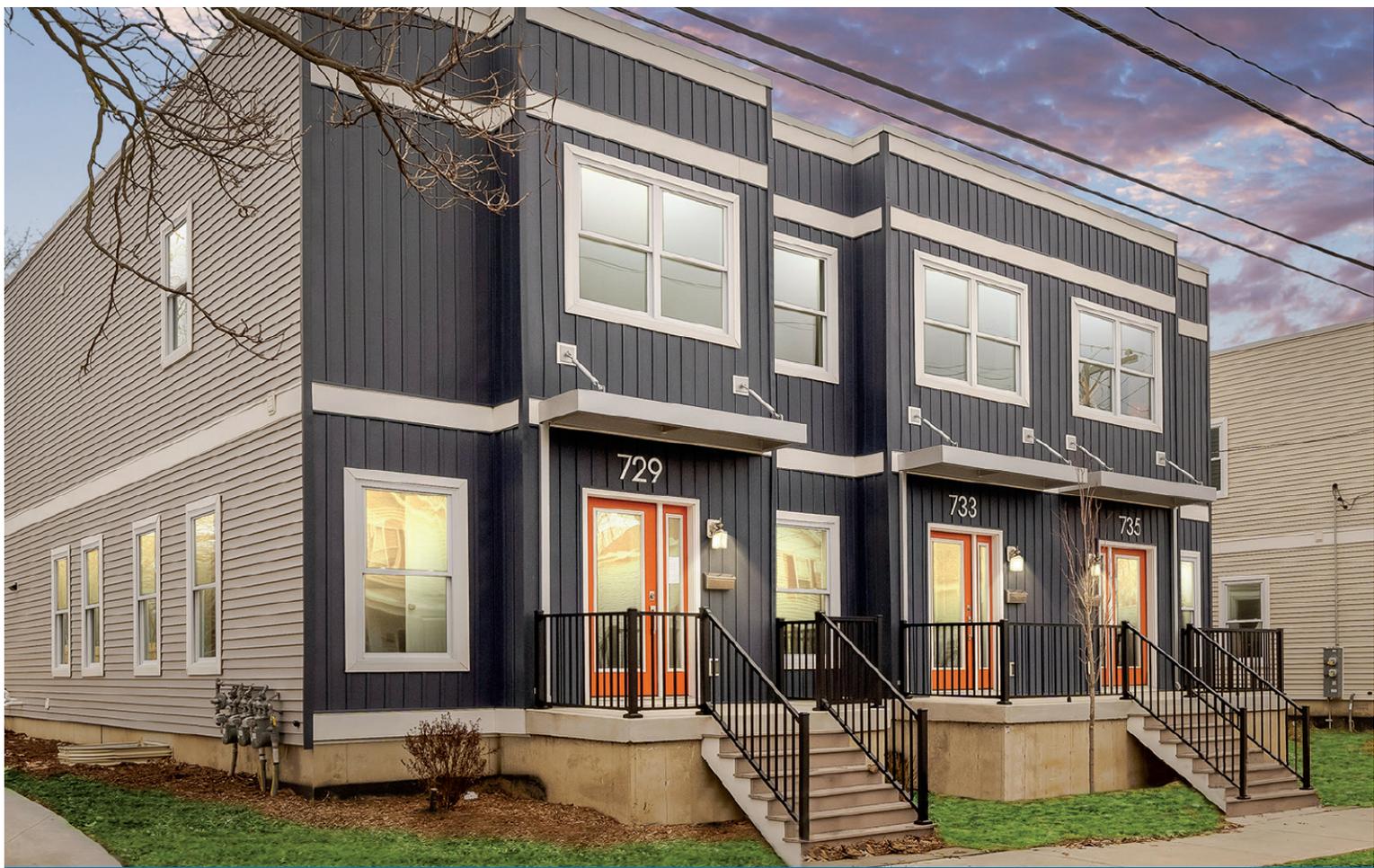
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GOVERNOR SIGNS FOUR BILL PACKAGE OF HOUSING INVESTMENT BILLS

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ON THE COVER

Governor Whitmer with HBAM's Dawn Crandall and Lansing HBA Past President Brent Forsberg for the signing of four key housing bills



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PRESIDENT'S MESSAGE

2023 Opportunities and Challenges Ahead



Dear HBA Members,

As we kick off this new year, I want to start by thanking you for the trust you placed in me and your other senior officers, to lead our great association. I can promise you that we do not take your trust for granted; and we will advocate tirelessly on your behalf. And truth be told, none of what we do would be possible without the amazing staff we have at our state association, both in front of and behind the curtain. So, I would like to thank them as well for their tireless efforts and support. The following are several exciting opportunities and interesting challenges we face; as we continue our forward momentum from last year.

- a. **Governor Whitmer signed four of our bills into law right before Christmas.** All four bills will provide local communities new or expanded financial tools to attract/support workforce housing investment. This package of bills was promoted not only by HBAM, but a diverse and bi-partisan coalition of groups and legislators;
- b. **We are nearing the finish line in our permit fee lawsuit against the City of Troy,** the final two remaining issues in our lawsuit were heard in early December. The court stated that the City violated the State Headlee Amendment Act of the Constitution, whereby they cannot allocate costs which are not tied directly to the operations of the building department (effectively, they cannot impose an unapproved tax under the guise of a fee). We are waiting on a final ruling pertaining to the return of our legal fees, which are now in excess of \$600,000.00;
- c. **We are Fighting Against Local "Zoning" Proposals Used to Push Code Changes:** We are working hard to try and nip at least two local government efforts to use a zoning ordinance process to require things that are really code issues. Our legal counsel has sent letters to both Ann Arbor (regarding electrification) and the City of Kentwood (regarding building material requirements), informing them that our state has a uniform set of codes and they can't change those code requirements locally under the guise of it being a "zoning" issue;
- d. Our team in Lansing met with the State's Bureau of Construction Codes Director right before the end of the year and he indicated that **all of our codes (Residential, Energy, Mechanical, etc.) will be updated by this summer.** By law, the State was supposed to have updated our residential code in 2021. They're two years behind. The big potential fight coming is whether the State will push forward with efforts to implement new energy efficiency requirements.

My high-level goals for this year are as follows:

- Improve our efficiency as an organization, through the implementation of an operating platform that documents our vision, measurable goals, issues, accountability, and processes.
- Increase our membership, diversity, and participation
- Continue to grow the synergy and connection between our state, locals, and members in a profound way.

On behalf of the senior officers and staff, please know that we are here to support you, your business, and our industry, in any way we can. We are here for you, and look forward to your suggestions, feedback, and participation. Together, let's make 2023 an amazing year!!

Sincerely,

Rich Kligman
2023 President, HBA of Michigan

Richard Kligman Elected to Lead the Home Builders Association of Michigan

PRESIDENT

Richard Kligman
Homebuilders Association of Southeastern Michigan

FIRST VICE PRESIDENT

Jeff Grantham
Home Builders Association of Northern Michigan



Richard Kligman is a 3rd generation builder and remodeler, as well as a licensed real estate broker. He has 22 years of experience in the home building industry and is a graduate of Michigan State University where he earned a degree in Building Construction Management. He has won numerous housing construction, design, and industry awards including Southeastern Michigan's 2005 Young Builder of the Year and the 2013 Builder of the Year awards. He is a former President of the Home Builder's Association of Southeastern Michigan. He currently serves on the Board of Directors for both the National Association of Home Builders and HomeAid of Southeastern Michigan.



Jeff Grantham is the owner of Grantham Building and Remodeling in Petoskey, Michigan. Jeff is a former President of the Little Traverse Association of Home Builders and is the current chair of the HBAM Remodelers Council. Jeff has earned numerous homebuilding certifications, including Certified Graduate Remodeler, Certified Aging in Place Specialist, Graduate Master Builder, and Certified Green Professional. Jeff is married to his wife Sandy Grantham and is very active in a multitude of community service programs like Habitat for Humanity, the United Way, and the Salvation Army.

TREASURER

Aaron Hovestadt
Home Builders Association of Western Michigan

SECRETARY

Karen Schroeder
Home Builders Association of Greater Lansing



Aaron Hovestadt is the owner of Landmark Homes in Portage where, since 2002, he's been building homes in SW Michigan. Aaron attended Western Michigan University and has a degree from Spring Arbor University in management and organizational development. He is a member of Home Builders Association of Western Michigan where he is currently serving as President.



Karen Schroeder is the Vice President and co-founder of Mayberry Homes in East Lansing, Michigan. She was instrumental in chartering and is the past Chair of the Greater Lansing Professional Women in Building council. Karen was the first woman (along with her business partner) to be inducted into the Michigan Construction Hall of Fame, they were named the #1 Builder in North America in Customer Service by Avid Ratings (formerly NRS) and continue to be awarded the Gold Award for Customer Experience annually. They were named National Volunteer of the Year by St. Jude, Building Partner of the Year by Homes for Our Troops, and given The Ballantine Award for Extraordinary Service. Most recently Karen became the recipient of the Michigan State University College of Natural Resources Honorary Alumni Award.

ASSOCIATE SENIOR OFFICER

Michael Tribble
Home Builders Association of Saginaw

IMMEDIATE PAST PRESIDENT

Jeremy Morgan
Builders & Remodelers Association of Mid-Michigan (Flint HBA)



Michael Tribble has 35 years of public accounting experience after retiring from Yeo & Yeo CPAs in 2018. He has served as a member of the firm's Tax Services, Construction Services, Death Care Services, and Estate & Trust Groups. His main area of expertise is tax planning and preparation, with emphasis on the construction industry. He is a past president of the Home Builders Association of Saginaw. He currently serves as director for the National Association of Home Builders and the Home Builders Association of Michigan.



Jeremy Morgan has been active in the residential building sector for over two decades and his company, J W Morgan Construction (located in Swartz Creek), has been in business for nearly 24 years. Morgan served as the 2018 President of the Builders & Remodelers Association of Mid-Michigan (Flint HBA) and has long served as a member of the HBAM Board of Directors. He is also active with the HBAM Legislative and Legal Action Committees, Skilled to Build Michigan Foundation and the Friends of Housing political action committee.

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Governor Signs Four Important Housing Bills Pushed by Your State Association

In mid-December, Governor Whitmer signed four bills into law (see side bar) that will provide important financial tools to local governments. These new/expanded tools are designed to help communities attract much needed workforce housing investment.

Efforts to address our state's workforce housing crisis started way back in 2017 with the issuing of our state association report entitled: "Where Will Ten Million Michiganders Live?" That report was spearheaded by past HBAM President L.R. Swadley of Marquette. It was developed after a series of roundtable forums with members and elected officials around the state. It provided more than a dozen policy recommendations, including those signed into law by the Governor back in December. You can find a copy of this report on our website at www.HBAofMichigan.com



More policy proposals are in the works, as these measures that the Governor signed into law aren't the cure all for the challenges faced across the state. They're a good start. These bills would have never reached the Governor's desk if it weren't for the hard work

of the Housing Michigan Coalition. This bipartisan group of several dozen organizations across the state was put together by HBAM, the Grand Rapids Chamber, the Michigan Municipal League, Housing North and a number of others who recognize how important housing is to the future growth and economic strength of our state. Stay tuned for more Housing Michigan Coalition initiatives. You can find out more about the coalition at www.housingmichigan.weebly.com

Kudos to HBAM's EVP of Government Relations, Dawn Crandall, and our entire HBAM leadership group over the past several years. This was a team effort that required sustained effort that continues.



Housing Michigan Coalition Bills Now Signed Into Law

SB 362: Attainable Housing Facilities Act

Senator Winnie Brinks

Local governments can create an "attainable housing district" where property owners can apply for partial tax exemptions, reducing real property taxes to 50% of the average statewide commercial, industrial, utility for up to 12 years if they meet certain affordability criteria determined by the local government. That criteria would include providing units at a price point that does not exceed the 120% of county-wide median income threshold for at least 30% of units in a multi-unit development. Local governments have the flexibility to negotiate more than these thresholds to align with their goals. This tool can only be used for 4 or less rental units and requires a minimum of \$5,000 investment.

SB 422: Residential Facilities Exemption Act

Senator Ken Horn

The creation of a Residential Facilities Exemption would allow a temporary tax abatement on qualified new housing development in districts established by local units of government similar to the attainable housing district. The abatement would enable renovation and expansion of aging residential units and assist in the building of new residential units to support workforce housing supply. The tool is similar to SB 362 with 30% of units required to be income-restricted to no more than 120% AMI. Qualified new housing developments may include multifamily or units in a multi-use structure with assurances that the units are occupied as a principal residence (year-round) to eligible households. This tool can only be used more than four units and requires a minimum investment of \$50,000.

SB 432: PILOTS for Housing

Senator Wayne Schmidt

This would allow local governments the discretion to allow a payment in lieu of taxes agreement for residential development or rehabilitation. The local unit of government would set a policy to establish under what conditions it would consider offering a PILOT. The owner of an approved project will pay an annual service charge that is the greater of tax for the property for the previous year or 10% of annual shelter rents obtained for new construction. For rehabilitation projects, the charge is the lesser of the tax on the property the previous year or 10% of annual shelter rents. Local governments can currently only offer PILOTS in conjunction with state or federal programs/subsidies.

SB 364: Neighborhood Enterprise Zone Expansion

Senator Jeremy Moss

Establishing a Neighborhood Enterprise Zones (NEZ) has supported investment in infill revitalization for owner-occupied housing and mixed-use buildings in eligible communities for decades. With so many communities across Michigan facing an urgent shortage of housing, this bill extends the opportunity to utilize this tool in all Michigan cities, villages and townships. Local units subject to the expansion may designate an NEZ only if the project encourages compact development, is adjacent to existing development and can utilize existing infrastructure and is used for households up to 120% AMI. The NEZ tax rate is equal to ½ the tax rate during the year prior to the investment.



Housing is a Priority

By Speaker of the House Joe Tate (D-Detroit)

As we begin the 102nd Session of the Michigan Legislature, I must thank my colleagues for choosing me as Speaker of the Michigan House of Representatives. This is truly an honor and one of the proudest

days of my career in public service.

Whether elected to public office or serving on a board within your community that serves the greater good, our commitment to public service is the invisible thread that connects us all and motivates us to make our community a better place.

The responsibility of service is a weighty but rewarding duty. It requires determination, persistence, teamwork, commitment and humility. These are underrated virtues, and while they may not be the tools that elevate an individual, they can raise up an institution.

As members of the Michigan House of Representatives, our directive is simple: make government work for the people. Partisan bickering and political stalemates erode people's faith in government and are a waste of time. Michiganders have placed their trust in us, and we are obligated to overcome our differences in order to earn their confidence and make ourselves worthy of their vote.

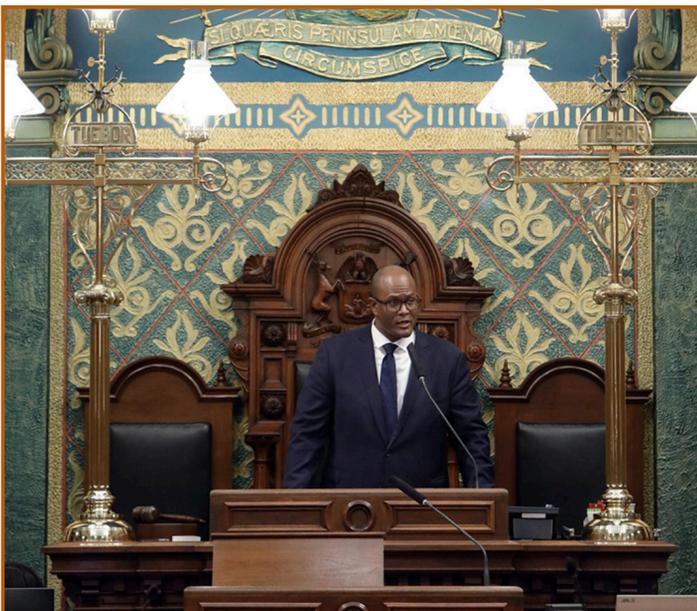
We were elected to reach consensus and advance policies that address the real problems facing our residents. We have a choice. We can be agents for change, or we can be obstacles to progress. I, for one, am committed to change and I am looking for any and all willing partners to join me in moving Michigan forward.

As we work to advance policies that help foster economic growth, we recognize that housing is an important part of a comprehensive economic development strategy. As a resident of Detroit, I know the need for more housing is great. From Marquette to Monroe, we are lacking in housing at all levels, from entry level to workforce to attainable housing.

I was proud to stand with members of the Housing Michigan Coalition on the steps of the Capitol in April of 2021 when they unveiled their legislative agenda. I made a commitment that Democrats in the House would deliver 35 votes to have the coalition's agenda passed out of the House in 2022. My commitment continues this new legislative session with the passage of legislation to direct millions of dollars for housing and community development, with a special focus on affordable housing. I also created a special subcommittee in the House focused specifically on housing. State Representative Kevin Coleman chairs the committee and I know he is eager to engage in a robust discussion on housing in our state.

Communities need support and resources. We will lift up opportunities for economic development and investment to help ensure our cities, towns and villages have the resources necessary to keep their streets safe and their neighborhoods strong. Every Michigander deserves to live in a thriving community, and while the needs of each municipality are unique, the desire to prosper is universal.

I am grateful for the relationship and open dialogue with the government relations team of the Home Builders Association and look forward to our continued partnership.





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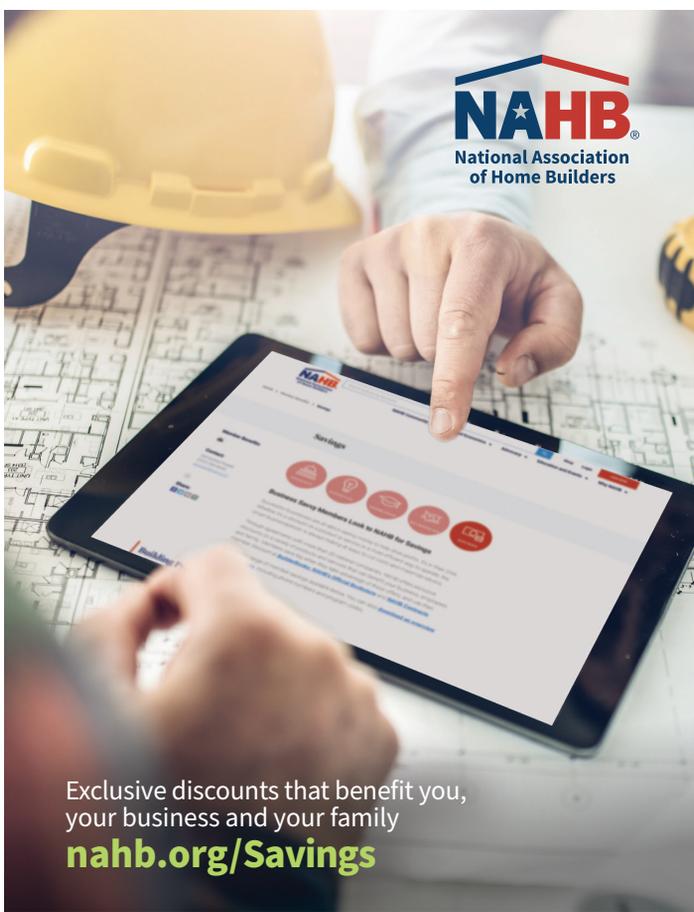


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"Every man owes a part of his time and money to the business or industry in which he is engaged. No man has the moral right to withhold his support from an organization that is striving to improve conditions within his sphere."

-Theodore Roosevelt

We can only achieve our mission with YOUR support. To be successful in our mission, we need your financial support of our legal action fund so we have the tools needed should we have to file an amicus brief, or become engaged in a legal battle. You can support the legal action fund by making a check out to HBA of Michigan (please write Legal Action Fund in the memo line) and sending it to 6427 Centurion, Ste. 100, Lansing, MI 48917.



We can only achieve our mission if we have your personal support of the Friends of Housing Political Action Committee. Your personal, voluntary contribution allows us to support republicans AND democrats to the state house and state senate who support you and your ability to do business without costly regulations, higher taxes, or any other issues that impact the residential construction industry. Personal checks and checks from an LLC can be made to Friends of Housing PAC, and mailed to 6427 Centurion, Ste. 100, Lansing, MI 48917. Or you can make a personal donation online using this QR code.



We can only achieve our mission if we are able to GROW our workforce through cultivating, educating and recruiting with your support of our non-profit, Skilled to Build Michigan Foundation. Checks can be made out to Skilled to Build Michigan Foundation, and mailed to 6427 Centurion, Ste. 100, Lansing, MI 48917. Or you can make a personal donation online using this QR code.



The National Association of Home Builders focuses on electing U.S. congressional candidates and U.S. senate candidates at the federal level who are supportive of housing and small business. They do this with your personal financial support to BUILD-PAC.

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2022 Victories Build Foundation for Battles Ahead

By Dawn Crandall, EVP of Government Relations

As I sit and reflect on 2022, all I can say is what a year it has been. And all the indications are 2023 will be a busy one for your government relations team. Before we take a look ahead, here are some highlights of 2022.

Legislatively: The Housing Michigan Coalition was launched on April 15, 2021 with legislators from both parties and both chambers joining us in a press conference on the Capitol steps. Our coalition is comprised of over 100 voices all delivering the message of the need for workforce housing. The executive committee, on which we have a seat, is comprised of the Michigan Municipal League, Housing North and the Grand Rapids Chamber of Commerce.

Our bill sponsors in the legislature put aside politics and focused on the policy. Four of the Coalition's bills were signed into law. They were sponsored by Senators Winnie Brinks (D-Grand Rapids), Ken Horn (R-Frankenmuth), Jeremy Moss (D-Southfield) and Wayne Schmidt (R-Traverse City). We have to say farewell to Senators Schmidt and Horn. Term limits prevented them from seeking re-election. And we say congratulations to Senator Brinks who is now the first ever female Majority Leader in the Michigan Senate.

These bills put new tools in your tool box, allowing you to work with your local municipality to obtain tax relief on workforce housing projects aimed at the 80% to 120% area median income. The projects can range from creating an "attainable housing district" to neighborhood enterprise zones, to using "payment in lieu of taxes" without having

to have state or federal dollars attached to the project.

Three of the bills are available to use now, and the neighborhood enterprise zone law goes into effect in June of 2023. Additional information on these bills can be found at www.hbaofmichigan.com.

Looking at 2023: We are hearing housing will be a key priority in the house and senate. The Housing Michigan Coalition is working on a legislative agenda and will continue to work together in the new year.

Your government relations team has spent much of the start of this year meeting the 56 (out of 110) new members in the state house and the 16 (out of 38) new members in the state senate. We will also sit down with members serving on committees that will have a direct impact on the residential construction industry. Stay tuned to our weekly Friday Finish (short videos) for updates on the latest advocacy work we're doing on your behalf.

Politically: The voters of Michigan made their voices heard on November 8th. And those voices put democrats in control of the house and senate when the legislature returned on January 11, 2023. Your Friends of Housing Political Action Committee (FOH-PAC) saw an 88% success rate in November. Endorsed were republicans and democrats who either have supported you and your industry in this legislative session, or candidates who will support you and your industry when they take office in January.

You've heard the old saying, "money makes the world go round," well the same is true in the political world. The FOH-PAC is YOUR voice

in this arena and a goal of raising \$125,000.00 this year has been set. Funding of the FOH-PAC is achieved by voluntary, personal donations from members of the HBA. Not one penny of your dues goes to supporting legislators or candidates. We ask you to make a donation to the FOH-PAC so we can help elect those who understand, and support, your industry.

We have already entered the 2024 election cycle, so as we look ahead, we are working to know those newly elected and building relationships with ALL legislators.

Skilled to Build Michigan Foundation: This is the non-profit arm of the Home Builders Association of Michigan. Our mission is to cultivate, educate and recruit students, veterans and returning citizens on the opportunities in residential construction.

In 2022, we were fortunate to receive a \$2 million dollar grant from the state of Michigan. Those funds will be used to distribute the book "Build Your Future, The Complete Guide to A Skilled Trades Career," to 570,000 students in grades 8-12. These books will be delivered to schools in early 2023 for distribution.

We are also an industry recognized credential within the Michigan Department of Education. We currently have over 200 students enrolled, and those who pass will receive a certificate from Skilled to Build Michigan Foundation that they can show to future employers.

Our board recently met and have set an aggressive plan for 2023. Each month we will highlight a "Career of the Month." We also will have a focus on building out our veteran network, and of course raising funds so we can continue to grow our organization and our mission. The goal for 2023 is to raise \$200,000.

We continue to work on your behalf in the legislative, regulatory and judicial arena. 2023 will be a year filled with opportunities to excel and some opportunities to play defense. Either way, know your team will be on the field going for touchdowns.



Legal Action and Code Update — Electrification, Permit Fees, Michigan Energy Code & More

By Bob Filka, CEO

A reminder HBA members: let your local EO know (or contact us here at your state association) if a local ordinance or some other building or development issue confronts you that doesn't seem right or legal. It may not be and we need to know about it.

Code Changes Masquerading as Ordinances—Most recently, we've learned of actions where local governments have or are trying to require things that can only be modified under our statewide uniform codes. The most publicized of these occurrences has been the City of Ann Arbor's attempt to ban natural gas from all new commercial and residential buildings (as well as on existing structures undergoing renovation). We have provided public comment on their proposal and have joined with a dozen other industry associations to challenge what they are attempting to do. But beyond the question of whether electrification makes sense, the city is attempting to do something that can only be done through a change to our state's uniform codes. We must oppose any attempt to bypass the uniform system your state association helped create decades ago. In fact, we've also interceded, along with the HBA of Greater Grand Rapids, in a proposed ordinance the City of Kentwood is considering. Their "ordinance" focuses on prohibiting various building materials and requiring that a certain percentage of windows on any new house be on the outward/front side of the structure.

Permit Fee Overcharge Lawsuit—A decision was handed down in early February on our permit fee lawsuit against the City of Troy. The court ruled that the city may not allocate overhead costs from other city departments when setting fees

AND that the city violated the State Headlee Amendment Act of the Constitution, whereby they cannot allocate costs which are not tied directly to the operations of the building department (effectively, they cannot impose an unapproved tax under the guise of a fee). Under the State's Headlee Amendment, plaintiffs are supposed to be awarded legal fees, but the judge in our case ruled the association failed to provide enough evidence of standing to be eligible for such. We have filed a motion to reconsider this standing issue and will appeal the decision if not modified.

2021 IECC Submitted to JCAR for Adoption as Michigan Energy Code—In early February the Bureau of Construction Codes (BCC) submitted its proposed changes to the Michigan Energy Code to the Joint Committee on Administrative Rules (JCAR). JCAR is made up of elected leaders from the Michigan House and Senate. They can either send the proposed rules back to the department or submit them on for final approval/adoption by the State. We are asking JCAR to send these proposed rules back to the department. Whether or not you agree with moving to the IECC model code in our state, the issue boils down to adhering to state law. The Department of Licensing and Regulatory Affairs (LARA) and the Bureau of Construction Codes (BCC) has failed to do that here. The most significant and glaring oversight stems from their failure to do any analysis whatsoever on whether these new energy efficiency requirements have a payback of 7 years or less. The 7-year payback requirement is clear state law (a law that your state association helped enact to balance energy efficiency improvements with affordability).

Some will say what's the big deal? We're only talking a \$5,000 to \$10,000 cost increase per house (depending on size and other factors) as a result of these proposed energy code changes. Well, the law doesn't distinguish between the amount of cost. It says whatever the cost increase, it has to have a payback of 7 years or less. Additionally, as our letter to JCAR points out, tens of thousands of households will be priced out of the market even with this "modest" cost increase. Things like R-60 ceiling insulation and 1-inch exterior sheathing, among other things, would be required under these new rules. Our message is "make the department follow the law and follow the clearly laid out process and methodology for adopting energy code changes." Quite honestly, that is what JCAR was created for...to make sure departments within state government actually implement the law as the legislature intended. JCAR should send these rules back and tell LARA/BCC to follow the law and resubmit them once they do. Stay tuned.

Wetland Permitting/Clean Water Act—We are seeing more and more development activities get flagged for environmental/wetland permit reviews by the State. We are one of the few states that has delegated authority from the federal government to handle this permitting activity. Your state association is part of a broader business coalition working with the State to try and identify ways to speed reviews and eliminate those that aren't required by law. If you have been experiencing delays and challenges, contact Dawn Crandall here at your state association office.



HBAM Committee Involvement Form

Our association depends on the efforts of our volunteer members from across the state for ideas, concerns and input on the issues that affect us at every level of our business. Please consider making a commitment to your association and your industry by participating on a committee.

- Audit and Investment Committee** - Recommend investments and oversee the financial compilation.
- Building Code Committee** - Monitors, analyzes and modifies building code changes and developments.
- Bylaws and Policy Review Committee** - Reviews and develops proposed Bylaws and Policy language.
- Convention Committee** - Arranges and manages the Summer Convention.
- Education Committee** - Responsible for aiding in providing education programs for the members.
- Elections Committee** - Responsible for maintaining election procedures.

- Insurance Committee** - Responsible for the oversight of the insurance programs and the endorsed agents marketing those programs.
- Legal Action Committee** - Responsible for reviewing and recommending participation in legal cases and lawsuits.
- Membership Committee** - Responsible for aiding membership growth and retention efforts of the local associations.
- Legislative Committee** - Reviews the recommendations of each legislative task force and makes recommendations to the Board of Directors on legislative issues affecting the building industry.

- Leadership & Diversity Task Force** - Charged to identify topics and speakers for a new statewide Zoom education series.
- Technology Task Force** - Working on a new statewide member directory and other technology advancements.

You may also choose to join our state councils in addition to the three committees:

- o Associates Council
- o Remodelers Council
- o Young Professionals



If you are interested in volunteering for a HBAM committee or council scan the QR code. If you have any questions, contact Diana Dixon at (517) 646-2553 or diana@hbaofmichigan.com.



While you're busy building communities, we're busy protecting them, and you.

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Record Attendance at 2023

International Builders Show (IBS)

More than 1,000 Michiganders traveled to Vegas January 30 -February 2

What happens when your national association puts together a partnership with the kitchen and bath show organizers to stage its International Builders Show? Some 70,000 home building professionals from around the world show up. Nearly 700 HBA members from Michigan were there, along with more than 300 others from our state. When including participants in the National Kitchen & Bath Industry Show, nearly 110,000 people were roaming the two shows within the corridors of the Las Vegas Convention Center. Participants in IBS had access to hundreds of educational sessions, numerous networking events and more than 1,300 exhibits (covering 600,000 square feet). If you've never attended, make plans to do so at IBS 2024. It will take place in Las Vegas the week of February 26, 2024.

For those that do attend, the HBA's of Michigan, Indiana and Illinois jointly host a free networking reception (open to any and all that attend IBS from our state). This year nearly 300 members dropped in to network with their peers from the upper Midwest.



This regular event would not be possible without the longstanding sponsorship support of DTE and the Michigan Propane Gas Association (MPGA). More specifically, this would not happen annually without the leadership of Christine Cole from DTE and Tom Jaencke from MPGA. If you know them or see them in the near future, please tell them thank you!



CATCH THE

Friday Finish

Check your inbox or our social media every Friday for a brief weekly video with updates on the advocacy and other benefit programs provided by your state association

 HBA of Michigan

 @hbaofmichigan

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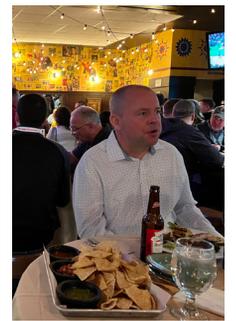


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MICHIGAN PROPANE GAS ASSOCIATION





See why more and more Michigan builders are warming up to propane water heaters

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▶ To learn more, visit propane.com/propane-products/water-heating/

A blue rounded square containing three white dollar signs arranged in a circle. Below the icon, the text "FOR REBATES & INCENTIVES VISIT" is written in white, bold, sans-serif font, followed by "MIPropaneRebates.com" in a smaller white font.

