

New Rental Ordinance

January 2025



TAKE PART
Opportunity Rising



City Council recently passed a major overhaul to rental inspections and oversight

- Championed by Councilmembers Waters and Santiago-Romero
- Addresses issues with the current system, which is complicated, expensive, and resulted in low compliance and few safeguards for rental housing quality
- The new system will:
 - 1 Streamline inspections to focus on the most serious safety issues
 - 2 Make it easy for landlords offering safe housing to comply
 - 3 Make sure that landlords offering unsafe housing – or unwilling to comply – get real penalties

New inspection system launches on May 1

- ✓ Only one inspection per property covering all safety standards
- ✓ Simple 15-point inspection checklist with clear, specific standards
- ✓ One low annual rental fee, paid to the City to cover inspection and oversight costs

The goal is to make it easy and inexpensive for landlords offering good quality housing to receive a certificate of compliance.

15-point inspection checklist:

Sets critical and feasible safety standards

Examples of checklist items:

1. Heating, water, gas, and electric all work
2. Roof doesn't allow water in
3. Plumbing fixtures drain and do not leak
4. All windows work and have locks
5. Smoke and carbon monoxide detectors
6. Handrails for all stairs
7. No deteriorated paint or bare soil*

Tools to help you pass:

- Standardized inspection form for all inspectors, all properties
- Data dictionary with clear, specific definition for all points
- All provided in advance
- New landlord compliance guide

*In addition to reviewing paint, the ordinance originally required testing samples of dust for lead content in high-risk areas & cases. However, the MI Department of Health & Human Services has opined that Detroit cannot implement dust sampling. Therefore, all homes will be inspected only for deteriorated paint or bare soil.

How to prepare for a rental inspection:

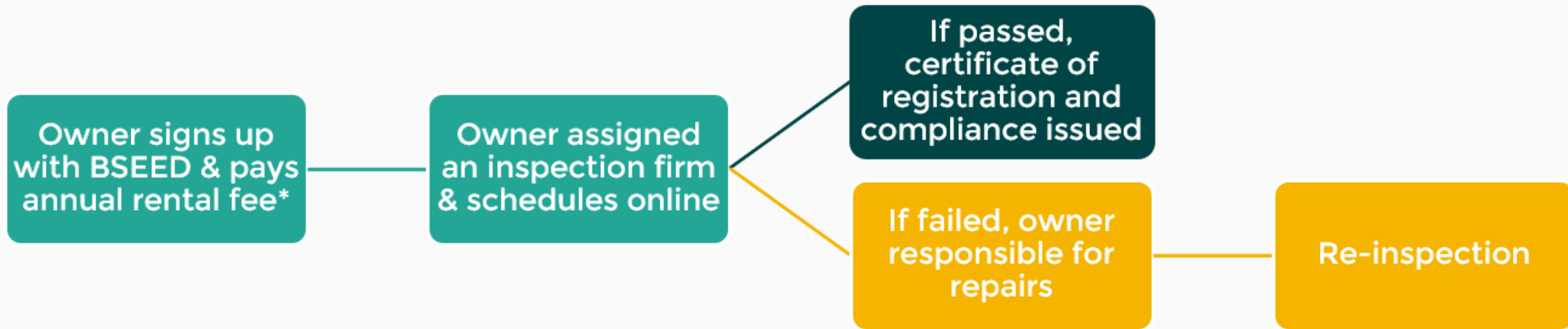
Preparing well will help you pass

1. Review the 15-point inspection checklist closely
2. Review each checklist item in your property
3. Fix any repair issues
4. Fix any chipping or peeling paint

Most common reasons for failing an inspection:

- Chipping or peeling paint
- Windows don't work
- No smoke detectors
- Gutters / downspouts damaged

New inspection process: Single-family and two-family homes



*Estimated at \$150 per year for single-family; fee study underway to set

Other key provisions of new process

- First certificate of compliance always lasts 3 years; if certificate renewed before expiration, second certificate lasts 5 years
- BSEED can accept inspections from other government programs:
 - HUD - e.g., Section 8
 - MSHDA - e.g., state programs
 - HRD - e.g., local programs
- When a child in a rental is lead poisoned, City will order owner to complete and pay for a lead inspection / risk assessment
 - ~4 - 8-hour inspection, typically costs \$650+

New process makes compliance easy if doing the right thing: If you don't want to comply, it imposes big penalties

The new process:

- Increases violation tickets by \$150 each
 - But if property comes into compliance, ticket can be reduced up to 50%
- Lets the City convert unpaid tickets into a lien on the property
 - Lien enforced in same way as delinquent property taxes
 - Landlords will still have numerous opportunities to work with the City to address tickets first

New process helps tenants respond when their home has issues:

Escrow program

- Tenants already have a right to pay their rent into “escrow” when home:
 - Does not have a certificate of compliance
 - Has other major safety issues
- If home gets into compliance, funds in escrow are paid to landlord. If not, funds returned to tenant
- City is revamping its escrow program to make it easier for tenants to use, giving them a tool to get issues fixed
 - City will complete a formal rulemaking, with opportunity for public comment, to set program rules
- New process also bars retaliation against tenants for reporting issues