

COVID19 Emergency Rental Assistance (CERA) Rental Compliance Guidance

MSHDA's guidance on the local administration of CERA program allows for additional rules or restrictions in compliance with local codes/ordinances.

The Detroit City Code requires all residential rental properties to be registered with the City, subject to periodic inspections for code compliance, and that all such properties obtain a Certificate of Compliance in order to lease the property and collect rent.

Landlords who are in compliance with this ordinance, or have an accepted Certificate of Compliance CERA Exception, will be eligible for 100% of the CERA funds. However, landlords who lack a Certificate of Compliance or an accepted Certificate of Compliance CERA Exception will initially only be eligible to receive 80% of the CERA allocation of funds. The remaining 20% of the funds will be placed into escrow until the landlord obtains a Certificate of Compliance, shows an accepted Certificate of Compliance CERA Exception, or proves that they have made repairs/improvements to the property with a total cost equal to or greater than the amount escrowed.

The following guidance provides an overview of how CERA will be implemented in Detroit relative to code compliance and health and safety concerns of rental properties.

1. 100% OF CERA FUNDS WILL BE RELEASED if all CERA eligibility requirements are met and the property has one of the following:

- An active Certificate of Compliance (CoC), or
- An accepted CoC CERA Exception, examples include:
 1. Housing Quality Standards (HQS) for Housing Choice Voucher accepting properties, or an active passing REAC score for publicly assisted housing; or
 2. Written acknowledgement by BSEED that the property is effectively in compliance, and the lack of CoC is due to factors unrelated to the conditions of the home; or
 3. Mutual agreement of the landlord and tenant that the condition of the home is of a high standard and that all parties wish to proceed without further intervention.

Please note, examples 2 and 3 under the accepted CoC CERA Exceptions require that the property must be: (a) registered as a rental property within the BSEED system and (b) has a current “passed” BSEED rental inspection.

2. 80% OF THE FUNDS WILL BE DISBURSED TO THE LANDLORD, AND 20% WILL BE PAID INTO AN ESCROW ACCOUNT if there is no CoC, or Accepted

CoC CERA Exception, but the property is habitable (per MSHDA guidance relating to units with imminent threats to health and safety). The following outlines the process:

- A conditional dismissal or settlement agreement will be established to outline the plan for repairs to the home and/or CoC compliance within an agreed upon timeline. The timeline for these repairs will be decided between the parties, the default timeline is 3 months.
- The landlord becomes eligible to receive the 20% held in escrow if they do either of the following:
 - Obtain a CoC or accepted CoC CERA Exception and provide proof of same; or
 - Complete the repairs/improvements to the rental property for compliance-related repairs as outlined in the conditional dismissal or settlement agreement in an amount equal to or greater to the 20% escrowed amount. Landlord will provide documentation of repairs to tenant counsel or processor, including proof of payment/ receipts and a signed Affirmation of Repairs and Costs. Inspection costs may be included in repair costs.

Please note, the release of CERA funds *does not exempt* the landlord from meeting CoC requirements under local ordinance.

3. **HEALTH AND SAFETY** If there is no CoC, or an accepted CoC CERA Exception, and the property is considered uninhabitable according to MSHDA rules, then the landlord is not eligible to receive over 50% of the CERA funds. The other 50% of funds will be placed in escrow until the habitability issue is corrected.
 - If, upon resolving the habitability issue, the property does not have a CoC or an accepted CoC CERA Exception, 30% of the full payout will be released to the landlord, the remaining 20% will be held in escrow, and the 80/20 process will be initiated.