

City of Detroit

CITY COUNCIL


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TO: Detroit City Council

FROM: David Whitaker, Director 
Legislative Policy Division Staff

DATE: June 14, 2023

RE: **Proposed Rental Property License Ordinance Amendment**

The Legislative Policy Division (LPD) received a request from City Council Member Mary Waters to amend the requirements for rental property to include provisions that requires the owner/landlord to obtain a license to rent a residential unit. Pursuant to the request, LPD has prepared the attached draft ordinance amendment which may be referred to the Law Department for review and approval as to form.

If we can be of further assistance, feel free to call upon us.

S U M M A R Y

AN ORDINANCE to amend Chapter 8 of the 2019 Detroit City Code, Building Construction and Property Maintenance; by amending Article XV, Property Maintenance Code, Division 3, Requirements for Rental Property; Subdivision A. In General, by adding Section 8-15-88, Licensing of Rental Property; Section 8-15-89, License suspension, revocation, or denial of renewal; and Section 8-15-90 Appeals; to provide for the health, safety and general welfare of the public.

1 **BY COUNCIL MEMBER MARY WATERS:**

2 **AN ORDINANCE** to amend Chapter 8 of the 2019 Detroit City Code, Building
3 Construction and Property Maintenance; by amending Article XV, Property Maintenance Code,
4 Division 3, Requirements for Rental Property; Subdivision A. In General, by adding Section 8-15-
5 88, Licensing of Rental Property; Section 8-15-89, License suspension, revocation, or denial of
6 renewal; and Section 8-15-90 Appeals; to provide for the health, safety and general welfare of the
7 public.

8 **IT IS HEREBY ORDAINED BY THE PEOPLE OF THE CITY OF DETROIT**

9 **THAT:**

10 **Section 1.** Amend Chapter 8 of the 2019 Detroit City Code, Building Construction
11 and Property Maintenance; by amending Article XV, Property Maintenance Code, Division 3,
12 Requirements for Rental Property; Subdivision A. In General, by adding Section 8-15-88,
13 Licensing of Rental Property; Section 8-15-89, License suspension, revocation, or denial of
14 renewal; and Section 8-15-90, Appeals, to read as follows:

15 **CHAPTER 8, BUILDING CONSTRUCTION AND PROPERTY MAINTENANCE**
16 **ARTICLE XV, PROPERTY MAINTENANCE CODE**
17 **DIVISION 3, REQUIRMENTS FOR RENTAL PROPERTY**
18 **SUBDIVISION A. IN GENERAL**

19 **Sec. 8-15-81. - Registration of rental property.**

20 (a) The owners or agents of rental property shall register all such dwellings with the
21 Buildings, Safety Engineering, and Environmental Department and obtain a Certificate of
22 Registration of Rental Property as provided for in this section. Application for the
23 Certificate of Registration of Rental Property shall be made on forms provided by the

1 Department and shall contain:

- 2 (1) The location and use of the rental property;
- 3 (2) The name, address, email address, telephone number, and, if an individual,
4 the driver's license number or state identification number of
5 the rental property owner applicant, and, if a corporation or other legal
6 entity, the name, address, email address, and telephone number of
7 the property manager and the resident agent;
- 8 (3) Information listed in Subsection (a)(2) of this section for each partner,
9 corporate officer, or any other person having any interest in
10 the rental property;
- 11 (4) The names, addresses, email addresses, and telephone numbers of any
12 persons or firms, other than the owner or owners, who are responsible
13 for property maintenance, or a person who is a caretaker of
14 the rental property pursuant to [Section 8-15-86](#) of this Code, and a 24-hour
15 emergency number to contact a responsible person or caretaker of
16 the rental property; and
- 17 (5) Whether the rental property is listed on the lead safe housing registry
18 established under Section 5474b of the Michigan Lead Abatement Act, Part
19 54A of the Michigan Health Code, being MCL 333.5474b.

20 (b) It shall be unlawful for any person to provide false information on an application
21 for a Certificate of Registration of Rental Property required by this section.

22 (c) Certificates of Registration of Rental Property, once received, shall be valid until
23 there is a change in ownership, or a change of use, of the rental property.

1 (d) The Buildings, Safety Engineering, and Environmental Department shall maintain
2 a registry of owners and rental property governed by this section. The Department may
3 combine this registry with the registry required by [Section 8-15-82](#)(c) of this Code.

4 (e) Where rental property required to be registered under this section is sold or
5 otherwise transferred to a new owner, the Certificate of Registration
6 of Rental Property issued the previous owner shall expire on the date of the sale or transfer
7 and, within 90 days after the sale or transfer of the rental property, the new owner shall
8 apply for a Certificate of Registration in the manner prescribed in this section.

9 **Sec. 8-15-82. - Inspection of registered rental property; Certificate of Compliance**
10 **required; registry of Certificates of Compliance for rental properties; violations;**
11 **occupancy.**

12 (a) In order to secure a Certificate of Compliance for rental property, the Building
13 Official shall cause an inspection to be made of all rental property required to have a
14 Certificate of Registration of Rental Property under [Section 8-15-81](#) of this Code
15 according to the schedule for registration renewal in Subsection (c) of the section. Each
16 inspection shall strictly conform to [Section 8-15-34](#)(b) of this Code.

17 (b) The Buildings, Safety Engineering, and Environmental Department shall issue a
18 Certificate of Compliance for a rental property where the Department determines that the
19 owner and the rental property, its units, accessory structures and the premises, including
20 exterior areas, comply with the standards and requirements of this article, and

21 (c) The Buildings, Safety Engineering, and Environmental Department shall maintain
22 a registry of all rental properties for which a Certificate of Compliance has been issued,
23 and shall make the registry available on the City's website. The Department may combine

1 this registry with the registry required by [Section 8-15-81](#)(d) of the City Code.

2 (d) Notwithstanding [Section 8-15-35](#)(d) of this Code, and subject to Subsections (e)
3 and (f) of this section, it shall be unlawful for an owner to allow any
4 unoccupied rental property to be occupied, or to collect rent from a tenant for occupancy
5 of a rental property, during or for any time in which there is not a valid Certificate of
6 Compliance for the rental property. Tenants of an occupied rental property that lacks a
7 Certificate of Compliance shall pay the rent that would otherwise have been due into an
8 escrow account, which is established by the Buildings, Safety Engineering, and
9 Environmental Department with a third-party financial institution. If the owner of
10 the rental property obtains a Certificate of Compliance within the first 90 days in which
11 payments are made into the escrow account, the rent in the escrow account shall be paid to
12 the owner, less the actual administrative fee charged by the third-party financial institution.
13 If the owner fails to obtain a Certificate of Compliance within those first 90 days, the rent
14 in the escrow account shall be paid, at the end of those 90 days, to the tenant, less the actual
15 administrative fee charged by the third-party financial institution. Thereafter, the tenant
16 shall continue paying rent into the escrow account until the owner obtains a Certificate of
17 Compliance. At the end of every 60 days in which the owner fails to obtain a Certificate of
18 Compliance, the rent in the escrow account shall be paid to the tenant, less the actual
19 administrative fee charged by the third-party financial institution. If the owner of
20 the rental property obtains a Certificate of Compliance, all rent accrued in the escrow
21 account shall be paid to the owner, less the actual administrative fee charged by the third-
22 party financial institution. Nothing in this article shall be construed to permit eviction of
23 an existing tenant from a rental property or to deprive existing tenants of their rights to

1 possession of a rental property under the laws of this state and this Code, and such existing
2 tenants shall have a right under this Code to retain possession of
3 a rental property notwithstanding an owner's inability to collect rent from such tenants
4 pursuant to this subsection.

5 (e) A tenant who retains possession of a rental property under Subsection (d) of this
6 section, notwithstanding an owner's inability to collect rent, may nevertheless be evicted if
7 an owner establishes that the tenant is subject to eviction for reasons other than nonpayment
8 of rent.

9 (f) [Section 8-15-35](#)(d) of this Code shall not be construed to penalize the tenant or
10 occupant of a rental property for occupancy of a rental property that does not have a valid
11 Certificate of Compliance except as set forth in this subsection. Notwithstanding
12 Subsection (d) of this section, where an inspection of a rental property or a notice of
13 suspension or denial of a Certificate of Compliance states that there is an immediate danger
14 due to a violation or violations of this article or other applicable laws, codes or regulations,
15 the dwelling may be ordered immediately vacated by the Building Official, or his or her
16 designee, and any occupancy shall thereafter be unlawful.

17 (g) It shall be unlawful for the owner of a rental property on which the original
18 construction was completed prior to January 1, 1978 and required to be registered pursuant
19 to [Section 8-15-81](#) of this Code to allow the rental property to be occupied without a lead-
20 clearance report being obtained and provided to the Buildings, Safety Engineering, and
21 Environmental Department in accordance with Subdivision B of this division.

22 (h) Nothing in this section shall be interpreted as limiting or controlling the amount of
23 rent an owner may charge to a tenant pursuant to a lawful agreement with the tenant.

1 (i) Subsection (d) of this section shall take effect by ZIP Code according to a schedule
2 promulgated by the Director of the Buildings, Safety Engineering, and Environmental
3 Department and posted on the City's website. Such schedule shall be promulgated no later
4 than 60 days following the effective date of this subsection, which was November 24, 2017,
5 and may thereafter be amended periodically at the discretion of the Director of the
6 Buildings, Safety Engineering, and Environmental Department.

7 (j) In each of the five years following the effective date of this subsection, which was
8 November 24, 2017, the Buildings, Safety Engineering, and Environmental Department
9 shall provide the City Council with a report outlining the state of rental housing in the City.
10 The report shall include, by ZIP Code, the number and percentage of
11 registered rental properties that are currently occupied, the percentage of residents who are
12 renters, the average monthly income and average household size of renters, and the number
13 and percentage of registered rental properties that lack a Certificate of Compliance. In
14 addition, the report shall include, by ZIP Code, the median income
15 of rental property owners who are individuals, the average percentage of individual rental-
16 property owner's income that is attributable to the owner's rental-property portfolio, the
17 average number of rental properties in each owner's rental-property portfolio, and the
18 average yearly profit on rental properties that are one-family dwellings, two family
19 dwellings, and multi-family dwellings. Further, the report shall include the average costs
20 during the preceding year that rental-property owners expended to bring
21 their properties into compliance with this article. Where practicable, the report shall break
22 down such repair costs according to the type of repair made, and according to the type
23 of rental property: one-family, two-family, and multi-family. Any report issued pursuant

1 to this subsection shall include United States Census data regarding the demographics of
2 each ZIP Code subject to the report. When preparing reports pursuant to this subsection,
3 the Buildings, Safety Engineering, and Environmental Department may use any data
4 source, including, but not limited to, surveys of property owners and tenants, The first
5 report under this subsection shall be made no later than one year following the effective
6 date of this subsection, which was November 24, 2017.

7 **Sec. 8-15-83. - Lead inspection/risk assessment, lead clearance; length of Certificate**
8 **of Compliance.**

9 (a) *Initial lead inspection/risk assessment required upon rental registration.* An owner
10 shall have a lead inspection/risk assessment performed on any property built prior to 1978
11 in accordance with Subdivision B of this division the first time such property is registered
12 as a rental property in accordance with [Section 8-15-81](#) of this Code. If the lead
13 inspection/risk assessment reveals a lead-based paint hazard, such hazard shall be
14 addressed by interim control, abatement, or a combination of the two as identified in
15 Subsections (b), (c), and (d) of this section. If neither lead paint nor lead hazards are
16 identified in the lead inspection/risk assessment, no further compliance action shall be
17 required.

18 (b) *Risk assessment after interim controls.* Where interim controls were used to reduce
19 lead-based paint hazards in a rental property as prescribed in Subdivision B of this division,
20 or where a lead inspection reveals the presence of lead paint on the rental property, the
21 owner shall have a risk assessment performed on the rental property and obtain a lead-
22 clearance report in accordance with this section. An owner shall have a risk assessment
23 performed on such property within three years, plus or minus 60 days.

1 (c) *Risk assessment after abatement by encapsulation.* Where abatement was used to
2 remove all identified lead paint hazards, as prescribed in Subdivision B of this division, by
3 permanent encapsulation of lead-based paint and permanent covering of soil lead hazards,
4 as indicated in the post-remedy clearance report, the owner shall have a risk assessment
5 performed on the rental property every four years, and the lead clearance report shall be
6 valid for four years. If, as a result of such risk assessment, it is determined that the lead-
7 based paint hazard is no longer fully encapsulated, the owner must immediately take
8 necessary action to remedy the lead-based hazard pursuant to [Section 8-15-93](#) of this Code,
9 provided, that, if an owner at any time becomes aware that the integrity of a permanent
10 encapsulation or permanent covering of soil lead hazards may have been damaged, the
11 owner must immediately take necessary action to remedy the lead-based paint hazard
12 pursuant to [Section 8-15-93](#) of this Code.

13 (d) *Risk assessment after abatement by enclosure.* Where abatement was used to
14 remove all identified lead-based paint hazards, as prescribed in Subdivision B of this
15 division, by permanent enclosure of lead-based paint, as indicated in the post-remedy
16 clearance report, an owner shall have a risk assessment performed on
17 the rental property every four years and the lead clearance report shall be valid for four
18 years. If, as a result of such risk assessment, it is determined that the lead-based paint
19 hazard is no longer fully enclosed, the owner must immediately take necessary action to
20 remedy the lead-based paint hazard pursuant to [Section 8-15-93](#) of this Code, provided,
21 that, if an owner at any time becomes aware that the integrity of a permanent enclosure
22 may have been damaged, the owner must immediately schedule an inspection by a certified
23 risk assessor and take necessary action to remedy the lead-based paint hazard pursuant

1 to [Section 8-15-93](#) of this Code.

2 (e) *Risk assessment after abatement by removal or elimination.* Where all lead-based
3 paint has been fully abated by removal or other permanent elimination from
4 a rental property in accordance with the Michigan Lead Abatement Act, Part 54A of the
5 Michigan Public Health Code, being MCL 333.5451 through 333.5479, as certified by a
6 certified lead inspector or risk assessor, or where a certified lead inspector or risk assessor
7 certified that no lead-based paint exists on a rental property, no further lead inspection, risk
8 assessment, or lead clearance shall be required in order to obtain a Certificate of
9 Compliance, or a Certificate of Registration of Rental Property, for the property.

10 (f) *Length of Certificate of Compliance.*

11 (1) With the exception of Subsection (f)(2) of this section, each Certificate of
12 Compliance issued pursuant to this division shall be for a term of three
13 years, and may be extended from three to five years when the Certificate of
14 Compliance is approved for two consecutive periods prior to expiration.

15 (2) Certificates of Compliance issued after lead abatement by complete
16 removal or elimination shall be for a term of seven years.

17 **Sec. 8-15-84. - Landlords and staff required to obtain HUD Visual Assessment**
18 **Certification; annual inspections.**

19 Every landlord shall procure the services of a person who has obtained a current HUD
20 Visual Assessment Certification. Such landlord shall have completed a visual inspection
21 annually, and, upon change of tenant, certify to the Buildings, Safety Engineering, and
22 Environmental Department that a visual assessment has been completed for all units
23 according to the HUD Visual Assessment Guidelines and that all noted hazards have been

1 abated. If the visual inspection reveals cracked or peeling paint, significant dust on a
2 windowsill, or bite marks on a windowsill, a risk assessment shall be performed for
3 the property within one month.

4 **Sec. 8-15-85. - Federal and other governmental agency inspections accepted.**

5 Pursuant to Section 126(3) of the Michigan Housing Law, being MCL 125.526(3), the
6 Buildings, Safety Engineering, and Environmental Department may accept inspections of
7 one- or two-family dwellings, multiple dwellings, and rooming houses conducted by the
8 United States Department of Housing and Urban Development under the Real Estate
9 Assessment Center inspection process, or by other governmental agencies, as long as that
10 inspection certifies that the properties inspected comply with the standards and
11 requirements of this article.

12 **Sec. 8-15-86. - Caretaker; responsible person; warning devices.**

13 (a) Where the owner of the rental property does not reside in the building, the owner
14 shall designate a responsible person who resides in each building with a common entrance
15 and eight or more dwelling units, seven or more sleeping rooms, or any combination
16 thereof. The unit occupied by the responsible person shall be identified and the information
17 posted in a visible place at the common entrance of the building, except
18 for rental property that has a business office with posted regular office hours on site. Where
19 there is no centralized business office and a number of buildings exist which are owned by
20 the same rental property owner, the responsible person may be located in a remote location,
21 provided, that the location of the responsible person is identified and posted in a
22 conspicuous location at the common entrance of each building.

23 (b) In addition, all Group R-1 multiple rental properties that neither are of fire-proof

1 construction nor are protected with an approved sprinkler system or an approved, self-
2 supervised and properly maintained automatic fire alarm system, that has sleeping
3 accommodations for over 50 persons above the first floor, shall have one employee, and
4 more if necessary, on duty at all times able to notify the tenants and the Fire Department
5 in case of a fire or other emergency. There shall be at least one employee on duty at all
6 times for this purpose for each 100 persons and for each next fraction of 100 persons in the
7 building.

8 **Sec. 8-15-87. - Window stops or guards required; exceptions.**

9 (a) The owner and/or management company of a rental property, which is two stories
10 or taller, shall provide, install, and maintain a window stop or window guard on each
11 exterior window of a type determined as acceptable by the Buildings, Safety Engineering,
12 and Environmental Department for the following:

13 (1) The windows of each dwelling unit more than 72-inches above finished
14 grade or other surface below on the exterior of the building where a child or
15 children under ten years of age reside;

16 (2) The windows of all common areas; and

17 (3) The windows of each dwelling unit more than 72 inches above finished
18 grade or other surface below on the exterior of the building where the tenant
19 requests installation of such stops or guards.

20 (b) Subsection (a) of this section does not apply to windows that provide access to a
21 fire escape or to windows that are a required means of egress from a dwelling unit.

22 **Sec. 8-15-88 Licensing of Rental Property**

23 (a) **The owner/landlord of a rental property that is in compliance with the**

1 provisions of this Article shall be required to obtain a license for each residential unit
2 offered for rental occupancy from the Buildings, Safety Engineering, an
3 Environmental Department. The Department shall not issue a rental unit license until
4 the registration of the rental property and a Certificate of Compliance and all other
5 inspection provisions have been met as set forth in this division. Application for the
6 licensing of rental property shall be made on forms provided by the Department. The
7 license application form shall include the following:

8 (1) Address of rental unit and parcel number.

9 (2) The type of property (single-family, multi-family, etc).

10 (3) Transparent fee costs for each license, including any fees that may be
11 assessed for obtaining property inspection.

12 (4) Full name, address, Driver's License/State ID number, Corporate Tax ID
13 number (if applicable), phone(s) and email addresses for both property
14 owner and manager (if different).

15 (5) Any manager of a licensed rental unit listed on the form must be within 25
16 miles of Detroit and within the State of Michigan.

17 (b) A non-refundable fee shall be charged and collected in accordance
18 with Section 6-503(13) of the Charter for the processing and issuance of
19 a license under this section. Based upon the cost of issuance and administration of
20 the licensing regulations, the Director of the Buildings, Safety Engineering, and
21 Environmental Department shall establish this fee, which is subject to approval by
22 the City Council through adoption of a resolution.

23 (c) A residential rental license shall expire on April 30th of each year. A

1 residential rental license shall remain valid until the expiration date unless otherwise
2 suspended or revoked. A residential rental license may be renewed only by making
3 application and payment of a fee as provided for in this division. Application for
4 renewal of an annual residential rental license, including the payment of the
5 application fee, should be made at least 60 days before the expiration date of the
6 current annual license, provided, that, where made less than 60 days before the
7 expiration date, the expiration of the current license will not be affected.

8 (d) It shall be unlawful for an owner/landlord to rent a residential unit without
9 obtaining a valid residential rental license in accordance with this division. A copy of
10 the residential rental license must be conspicuously placed in the rental unit where a
11 tenant can visually see whether the license is valid. Failure of the owner/landlord to
12 obtain a valid rental unit license may include but are not limited to the following
13 actions:

14 (1) A tenant of an unlicensed residential unit may hold their rent in an escrow
15 account until the rental license has been obtained. The owner/landlord
16 shall have 90 days from the time the tenant has provided the
17 owner/landlord written notice that rent is being withheld in escrow until a
18 valid rental license has been obtained. If the owner/landlord has obtained
19 the license within the 90 day period, the tenant shall release the escrowed
20 rent to the owner/landlord. If after 90 days a valid rental license has not
21 been obtained by the owner/landlord the lease agreement for the rental
22 unit shall be deemed invalid and the tenant shall be entitled to return of
23 the escrowed rent.

1 **Sec. 8-15-89 License suspension, revocation, or denial of renewal.**

2 (a) **A license that is issued under this division may be suspended, revoked, or**
3 **denied renewal in accordance with this article and with Chapter 28 of this**
4 **Code, Licenses.**

5 (b) **In addition to Subsection (a) of this section, the Buildings, Safety**
6 **Engineering, and Environmental Department may also suspend, revoke,**
7 **or deny renewal of a license in accordance with the procedures in Chapter**
8 **28 of this Code, Licenses, based on any of the following:**

9 (1) **A failure to meet the conditions or maintain compliance with the**
10 **standards established by this division;**

11 (2) **One or more uncorrected violation of this Code on the premises;**

12 (3) **Maintenance of a nuisance or criminal activity on the premises;**

13 (4) **Non-payment of any property or income taxes, special assessments,**
14 **finances, fees, or other financial obligations to the City;**

15 (5) **Any fraud, misrepresentation or false statement in an application, in**
16 **any materials filed with an application or related to a license, in any**
17 **materials provided in conjunction with an application or license, or in**
18 **any statement related to an application or license made to any City**
19 **officials or agents; or**

20 (6) **Any other grounds for suspension, revocation, or non-renewal set forth**
21 **in this Code.**

22 **Sec. 8-15-90 Appeals**

23 **Applicants may file appeals of adverse determinations under this division with the**

1 **City of Detroit Administrative Appeals Bureau as set forth in Chapter 3, Article IV, of this**
2 **Code, Administrative Appeals, in accordance with City of Detroit Administrative Rules**
3 **R3.1101 et seq.**

4 **Section 2.** All ordinances or parts of ordinances in conflict with this ordinance are
5 repealed.

6 **Section 3.** This ordinance is declared necessary for the preservation of the public
7 peace, health, safety, and welfare of the people of the City of Detroit.

8 **Section 4.** If this ordinance is passed by a two-thirds (2/3) majority of City Council
9 members serving, it shall be given immediate effect and shall become effective upon
10 publication in accordance with Section 4-118 of the 2012 Detroit City Charter; if passed
11 by less than a two-thirds (2/3) majority of City Council members serving, it shall become
12 effective no later than thirty (30) days after publication in accordance with Section 4-118
13 of the 2012 Detroit City Charter; if this ordinance specifies a certain date to become
14 effective, it shall become effective in accordance with the date

15 Approved as to form:

16 _____
17 Conrad L. Mallett, Jr.
18 Corporation Counsel
19