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TO: The Honorable Detroit City Council

FROM: David Whitaker, Director 
Legislative Policy Division Staff

DATE: November 13, 2024

RE: **Presale Home Inspections**

Council President Mary Sheffield, requested the Legislative Policy Division (LPD) provide a report relative to presale home inspections in Detroit. Please accept the following as our response.

The city's presale inspection policy was originally enacted in 1976 to inspect for "minimal health and safety standards." Sellers of one or two-family dwellings were required to obtain a city inspection, make any noted repairs or corrections, and obtain a Certificate of Approval upon passing inspection.

In November of 2014, the Detroit City Council passed an Ordinance to amend chapter 26 of the 1984 Detroit City Code, Housing, by repealing Article III, Sales or Conveyances of One-or Two-Family Dwellings, which consists of Section 26-3-1 through Section 26-3-11, to remove the mandatory requirements of the existing "Presale Inspection" ordinance. This action ended the requirement for presale inspections of one- and two-family dwellings in the City of Detroit.

The following questions were posed to the Building, Safety Engineering and Environmental Department (BSEED) relative to this matter and the departmental responses were as follows.

1. Why was the presale inspection ordinance originally repealed?

BSEED's response simply indicated the Presale Inspection ordinance was repealed to give sellers and buyers the opportunity to choose their own inspector.

2. Can the City require presale inspections of one and two-family dwellings?

The City of Detroit can require presale inspections to take place again through an action by City Council repealing the current ordinance and reinstituting the requirement for presale inspections of one-or two-family dwellings.

3. Does BSEED have the capacity to conduct such inspections?

BSEED stated that the Property Maintenance Division no longer has the capacity to accommodate presale inspections.

4. What is the anticipated cost to fund a presale inspection program?

According to the department, inspections are prepaid and based on 17,619 annual inspections at a current fee of \$352 per inspection, making the total anticipated annual cost of presale inspections \$6,201,888.

5. Comparison of Detroit's presale inspection policy versus other similar municipalities.

The city of Detroit's presale inspection policy is voluntary; therefore, owners still have the option to pay for a presale inspection. Many communities have maintained a mandatory presale inspection policy. Other communities like Dearborn, Michigan, Westland, Michigan, New Hope, Minnesota, and North Lake, Illinois still have mandates that a seller must have a presale or home inspections performed before the property transfers.

LPD found several of the answers provided by the department to be somewhat vague and in need of additional clarification.

- Why was the presale inspection ordinance originally repealed?
- Does BSEED have the capacity to conduct such inspections?
- What is the anticipated cost to fund a presale inspection program?

LPD requested the department elaborate on the reason the ordinance was originally repealed. This inquiry was brought about because even when the ordinance was in effect prior to 2014, our citizens have always had the opportunity to choose to have their homes inspected by independent private inspectors operating outside of the city's jurisdiction. Due to this fact, we must assume that additional considerations went into the decision to repeal the ordinance in 2014.

Additionally, the department was asked to describe the specific issues attributing to the current lack of capacity to now accommodate presale inspections. Specifically, our inquiry was to gain information whether the current lack of capacity was due to a deficiency in manpower or expertise.

Finally, when determining the cost of the program, LPD sought additional information relative to the basis of the calculations, e.g. the 17,619 annual number of inspections. Is this number an average from one year? What does this annual number reflect?

On October 21, 2024, LPD presented these follow up questions to the department, patiently awaited a reply, and have yet to receive one. Therefore, we forward this information to this Honorable Body, noting that Council might consider requesting any additional information directly from the department. If there are any additional questions, comments, and/or concerns please do not hesitate to contact our office.