

Insecurity Deposits:

Addressing the
Challenges Of
Rental Housing
In Detroit



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Executive Summary

The recent shift in Detroit's housing market, from one historically characterized by a predominance of homeowners to one now distinguished by single or two-family rental houses, has generated concerns among neighborhood leaders. Detroit Future City (DFC) tasked a team of University of Michigan graduate students with examining Detroit's rental market and documenting the problems associated with this shift in tenure. DFC is a non-profit organization that is "dedicated to advancing the life of all Detroiters."¹ DFC is interested in what steps are necessary for Detroit to properly adjust to this shift in tenure.

The authors of this report collaborated with two community development corporations (CDCs), which are larger non-profit forms of community-based organizations, to look at two focus neighborhoods within their service territories. Minock Park, a 12-block area on Detroit's west side, is located within the service area of the Grandmont Rosedale Development Corporation (GRDC). The Eastside Community Network (ECN) includes a 40-block section known as the Chandler Park neighborhood. While each CDC has a different agenda, both are committed to addressing the challenges and opportunities regarding the rental housing markets in their respective neighborhoods. Minock Park and Chandler Park were selected by DFC as neighborhoods with both a substantial presence of rental housing and active neighborhood organizations interested in improving housing quality and stability.

The goal of this planning report is to provide DFC and contributing CDCs, GRDC and ECN, with a set of practical and effective recommendations for tackling the rental housing challenges that their residents, neighbors, and local landlords face. The presence of two strong community-based organizations, like GRDC and ECN, provides valuable capacity for implementing the recommendations highlighted in this report.

THE NEIGHBORHOODS

Minock Park, with a population of 742 residents, is the smallest of the five neighborhoods that make up GRDC, and it has suffered the highest vacancy rate (19%) of those neighborhoods between 2000 and 2010.² ECN's Chandler Park has 1,940 residents but has seen a 10% decrease in population between 2010 and 2015, according to U. S. Census estimates.³

The 2015 American Community Survey (ACS) provided estimates for neighborhood demographics, although it is important to note that the reliability of these estimates is rather weak because of small area size. However, these best-available census numbers allow us to compare Chandler and Minock Park, and to highlight potential similarities and differences between the two neighborhoods.

- + Both neighborhoods have suffered from increasing blight, vacancy, and population loss in recent years.
- + Both have a significant presence of renter-occupied households.
- + Chandler Park's vacancy rate was 42% and Minock Park's vacancy rate was 7%.

THREE PERSPECTIVES

Currently, many of Detroit's neighborhood and government institutions are not well-equipped to support a renter-dominated market. The rental ordinance that was amended in October, 2017 has sparked controversy among many stakeholders. The heightened focus on rental property conditions and achieving compliance has raised concerns from our client DFC as well as from GRDC and ECN. This

report highlights the challenges tenants, neighbors, and landlords face with regard to Detroit's rental housing situation, including the issues surrounding compliance with the rental ordinance. Below are some key findings our team gathered after researching the challenges faced by each stakeholder group and the strategies used to cope with these challenges.

Tenants—Challenges

- + Tenants often lack resources and information to find safe and habitable homes.
- + Many tenants face a plethora of hardships such as poor structural conditions, a lack of information, threat of eviction, and difficulty adjusting to the neighborhood.
- + Tenants are often unaware that their landlord is not paying property taxes until receiving foreclosure notices, leaving them vulnerable to eviction.

Tenants—Current Strategies

- + Some tenants have held their landlord accountable for their responsibilities by using escrow accounts or making repairs themselves.
- + Tenants at risk of eviction have contacted United Community Housing Coalition and Michigan Legal Services for advice and legal support.
- + Pathways to homeownership, such as the use of land contracts, have been a helpful tool for renters, though not without several risks for tenants.

Neighbors—Challenges

- + Neighborhood residents expressed concern that tenants bring a decline in property maintenance and appearance and have a decreased sense of residential responsibility.
- + Neighborhood volunteers sometimes hesitate to engage tenants.



- + Large landlords can prove problematic for various reasons.
- + Inconsistent property ownership data and limited access to government sources make it difficult to hold owners of poorly-maintained properties accountable.

Neighbors—Current Strategies

- + Neighbors have made organizational efforts to restore and maintain neighborhood character, often addressing rental housing conditions.
- + Neighborhood volunteers distribute welcome packets to new tenants in an attempt to make them feel welcome and informed about neighborhood events.
- + Residents stay informed about issues surrounding rental property ownership by using online resources, word-of-mouth strategies, and door-to-door data collection.

Landlords—Challenges

- + Detroit's current conditions make it difficult for many landlords to provide affordable, code-compliant, and high-quality housing.
- + Uneven enforcement of the City's rental housing codes over the years has left many landlords skeptical of City administration.
- + Many landlords view the 2017 amended rental housing codes as over-burdensome.
- + Resources for property owners tend to favor owner-occupied units, leaving landlords relatively few available resources to bring them into code compliance.

Landlords—Current Strategies

- + Some landlords strategically choose the level of engagement they will have in the neighborhoods in which their properties are located.

- + Landlords carefully craft lease terms and use various processes for screening tenants to protect themselves against difficult and costly contracts or tenants.
- + Landlords sometimes avoid registration, neglect repairs, and/or perform renovations themselves to save money on costs.

RECOMMENDATIONS

Creating a rental housing market that functions for all major stakeholders—renters, landlords, neighbors—will require concerted effort across many stakeholder groups. This report provides short-term and long-term recommendations for action on the part of neighborhood organizations, community-based organizations, and local governments to help the rental housing markets in Minock Park and Chandler Park function in a sustainable way. We hope that these recommendations can be scaled up city-wide:

Recommendations for Neighborhoods and Community-Based Organizations

- + Facilitate networking and resource sharing opportunities for landlords, tenants, and neighbors.
- + Establish a landlord academy that provides training and other resources.
- + Organize city-wide dialogue about Detroit's rental housing market.
- + Encourage funders to support ongoing efforts for rental housing stabilization.

Recommendations for the State of Michigan

- + Regulate and amend the State's current land contract laws.

Recommendations for the County

- + Facilitate access to Register of Deeds data.
- + Provide local municipalities free access to property information.

Recommendations for the City of Detroit

- + Enforce the City's rental ordinance to ensure these recommendations are useful.
- + Conduct performance-based inspections to allocate resources appropriately.
- + Create a rental database that provides accurate and transparent data about the quality of local landlords and property management companies.
- + Establish a "good landlord" program with incentives for property compliance.

An implementation plan can be found in Chapter 06 for Detroit stakeholders to use while addressing the challenges expressed in this report.

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THE ISSUE

**DETROIT
FUTURE
CITY** TM



**EASTSIDE
COMMUNITY
NETWORK**



**GRANDMONT
ROSEDALE
DEVELOPMENT
CORPORATION**

The Issue

Roughly one-third of the American population rents their home.¹ In 2008, the United States suffered the largest disruption to its housing market since the Great Depression.² Mortgage foreclosures hit cities across the country, causing former homeowners to become renters.

The city of Detroit's housing market, in particular, suffered tremendously and continues to experience both economic challenges and a lack of adequate and affordable housing options. Fortunately, Detroit has seen optimistic efforts toward revitalization in recent years. However, the city that was once majority owner-occupied must now adjust to its shift toward a majority renter-occupied housing market.

In creating this planning report, the authors seek to offer a better understanding of the challenges associated with the relative increase in rental housing in Detroit and to develop strategies that will influence policies and current practices that foster more adequate and affordable single-family rental housing.

PROJECT SCOPE

This planning report is sponsored by Detroit Future City (DFC) and was created by nine Master of Urban and Regional Planning students from the Taubman College at the University of Michigan. With support from the Grandmont Rosedale Development Corporation (GRDC) and Eastside Community Network (ECN), this research explores the challenges associated with single-family rental properties in the Minock Park (GRDC) and Chandler Park (ECN) neighborhoods. This planning report helps explain how the rental market affects different neighborhoods in Detroit by investigating rental housing in two neighborhoods with distinguishable characteristics and strong



community support systems. Understanding that there are other important aspects of Detroit's housing market that are beyond the scope of this report, this research focuses on single-family rental properties and does not differentiate between subsidized and unsubsidized renters. This report aims to serve as an informational tool providing key stakeholder perspectives and recommendations for consideration to enhance the quality of Detroit's rental housing. While the presence of "bad-acting" landlords in the city of Detroit is undeniable, that stereotype often overshadows three key narratives:

- + Just as landlords can be problematic, tenants can also create barriers to effective property management.
- + Many landlords want to provide adequate housing, but cannot, due to financial and other reasons.
- + Lack of effective rental housing regulation makes it nearly impossible to hold either landlords or tenants accountable for upholding the quality of rental housing.

We have made recommendations at the neighborhood level for strengthening relationships between tenants, landlords, and the City of Detroit. These recommendations provide neighbors and neighborhood associations with a set of strategies that can be used at the neighborhood level to continue promoting initiative and alliance. Our policy-level recommendations aim to serve as longer-term solutions to enhance single-family rental housing quality in Detroit. The following sections of the report describe a brief history and the current context of Detroit's housing market.

DETROIT HOUSING: BACKGROUND AND CONTEXT

Over the past 50 years, the housing market in Detroit transitioned from one dominated by homeownership towards one in which renters are the majority. In 1990, 53% of households were homeowners and 47% were renters, while in 2016 homeownership decreased to 48% and rentals rose to 52%.³ Given that Detroit's housing market was historically dominated by ownership, much of the city's political and financial framework is geared to assist homeowners or subsidized multifamily housing, leaving few systematic options to address the estimated 83,000 households renting single- or two-family housing units.⁴

Detroit had already been experiencing a declining population characterized by high unemployment, poverty, and housing instability at the time of the 2008 financial crisis. Following the crisis, researchers estimated that the city's mortgage foreclosures exceeded 78,000 between 2005 and 2014.⁵ As the mortgage foreclosure crisis unfolded, another form of foreclosure, due to unpaid property taxes, emerged as a major issue as well. In 2016, approximately 60,000 Detroit properties had fallen behind on property taxes and 6,000 of them were eventually auctioned in the fall of 2016.⁶ Given the widespread occurrence of both mortgage and tax foreclosures affecting Detroit's housing market, homeownership in Detroit in 2017 appears increasingly risky. The perceived risk of homeownership along with housing affordability concerns led many households to choose renting over owning properties, eventually tipping rental rates above homeownership rates in Detroit for the first time in many decades.

The Urban Institute's 2017 report on the Detroit housing market provides a detailed summary of the factors that have contributed to the decline in homeownership and subsequent increase in rentership

in Detroit. The authors break down the factors into three categories: demand, supply, and credit access for potential buyers.⁷

Population loss, rising unemployment, reduced incomes, as well as Detroit's relatively high property taxes, low-quality government services and schools, and high insurance costs, have reduced the demand for homeownership throughout the city.⁸ In a 50-state property tax comparison study by the Lincoln Institute of Land Policy, Detroit ranked second among American cities with the highest property tax rates.⁹ Studies have indicated that many of Detroit's properties have been grossly over-assessed, meaning property taxes are higher than they would be if property assessments reflected true property values.¹⁰ Some residents feel that Detroit's relatively high property taxes are burdensome and even unfair, which further decreases demand for homeownership in the city.

Detroit's total single-family housing supply declined significantly since the 1970s, mostly due to city-wide efforts to reduce blight by demolishing vacant and dilapidated structures. Despite the decrease in units, there are still fewer potential buyers than homes available for sale. The oversupply of housing leaves many units unfilled and susceptible to deterioration and abandonment. Low market values combined with the older age of Detroit's housing stock reduce the potential return on the investment of purchasing these homes, discouraging many potential homeowners from purchasing in Detroit.¹¹

Additionally, many Detroit residents struggle to access the credit that they would need to purchase homes in Detroit. In the mid-2000s, banks were administering roughly 7,000 mortgages per year in Detroit.¹² At the depth of the crisis, the city saw only 200 mortgages written.¹³ Nearly ten years later in 2016, the number of mortgages administered increased to approximately 700, a figure that remains

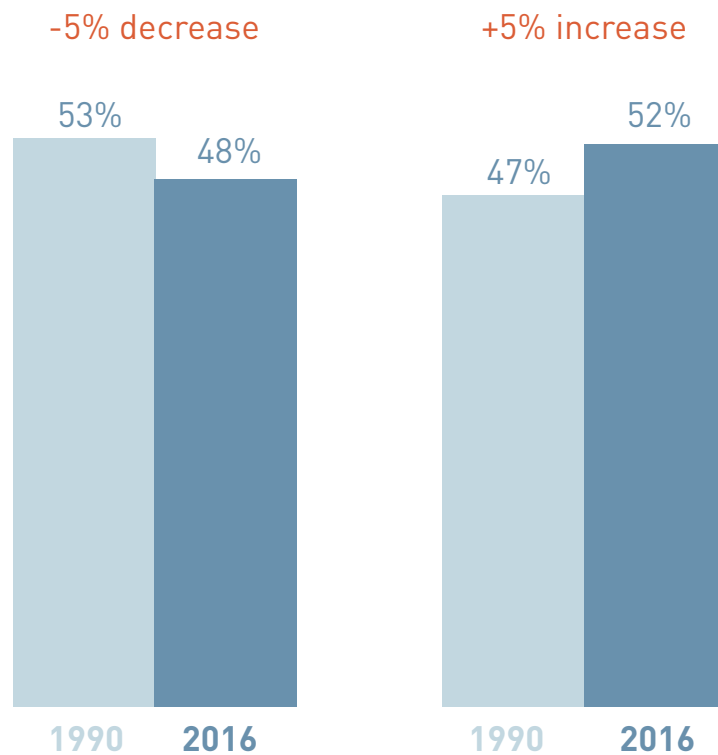


Figure 1.1 | Homeowner vs Renter in Detroit - 1990 and 2016.
Data from ACS 2010-2015.

far below previous levels, and is insufficient to reach any but a small fraction of Detroit's 637,000 residents.¹⁴ Current mortgages are largely limited to a small cluster of neighborhoods, with half of them located in six of Detroit's 25 ZIP codes.¹⁵

There are several reasons potential buyers struggle to obtain a loan to purchase a home. Sometimes, households are declined access to credit because they have a low credit scores. Only 21% of Detroit households have prime credit scores—the average credit score being 585, nearly 100 points lower than the national average.¹⁶ Low credit scores combined with depressed home values deter banks from lending money to potential buyers for fear that they won't receive adequate returns on the mortgages.¹⁷ Too often, home prices are too low for lending to be profitable for banks, but too high for buyers to come up with lump sum cash payments to buy a home without bank financing.¹⁸

Supply, demand, and credit access issues have decreased residents' desire and ability to own homes in Detroit, contributing to the shift toward rentership.¹⁹ The shift from ownership indicates that Detroit stakeholders and policymakers must adapt, as a large portion of Detroit's population is susceptible to experiencing the challenges associated with rental housing. Adapting policy and practices to support the rental-dominant housing market is particularly important due to the fact that, compared to homeowners, Detroit's rental populations are more likely to be minority and low-income.²⁰

RENTAL PROPERTY MAINTENANCE

One of the major challenges associated with rental housing in Detroit that the city must adapt to is the malpractice of landlords and other property managers. High costs associated with owning and managing rental properties including renovations, lead inspections, and tax payments can deter landlords from complying with building code standards. These costs can be overbearing for some landlords and property managers, encouraging them to exploit tenants and/or under-maintain their properties.

While some landlords and investors intend to provide tenants with adequate rental housing, several prioritize profit over the quality of service they provide tenants. Some property owners exploit Detroit's inconsistent and sometimes non-existent building code enforcement to maximize their return on investment. These property owners purchase foreclosed properties at low costs that often need significant repair and investment. Aware of the city's inconsistent enforcement of its building code, predatory landlords do not make the investments necessary to bring their recently purchased properties up to code before leasing them to tenants. Low-income clients may have no other option than to occupy the substandard units these landlords are offering. A predatory landlord may go on to extract monetary value from the property (and from the tenants that reside within them), without paying taxes and performing minimal maintenance, only to abandon the house to tax foreclosure after three years.

Landlords who have failed to comply with the building code have housed renters in homes that pose serious health hazards. Repeatedly, tenants move into seemingly affordable rentals, then discover that the buildings lack basic utilities and pose health risks from lead paint exposure, mold, and faulty electrical wiring. Given that most single-family houses in Detroit were constructed before 1978, there is a chronic exposure to lead paint throughout the city; in Detroit, 93% of housing units carried a high risk of causing lead poisoning in 2014.²¹ In 2016, almost 28% of children under the age of six who were tested showed signs of lead exposure.²²

RENTAL REGISTRATION AND COMPLIANCE

As previously described, many landlords have avoided the necessary steps to bring their properties into compliance with the local building code, risking the safety of renters. One of the first steps in the process of bringing a property into code compliance is rental property registration. All rental housing units require registration with the City of Detroit. Registration requires each rental property to obtain a certificate of compliance before it can house tenants.²³ To achieve a certificate, a property must meet all minimum building and health codes necessary for a safe and habitable living space.

Unfortunately, rental registration has not been widely enforced, with just over three percent of the city's rental housing registered.²⁴ The overwhelming number of unregistered rental properties allows landlords' businesses to remain unregulated, making it easy for even landlords with good intentions to provide housing that is non-compliant with building standards.

The City of Detroit has made recent amendments to its rental ordinance to help encourage higher rates of compliance with building codes. While the amendments are designed to make compliance easier, the revised ordinance aims for increased enforcement. Landlords from our focus groups vocalized concerns about the 2017 amendments, alleging that the ordinance will impose additional costs on currently complicit landlords, while also drawing city inspectors' focus and resources away from the properties that are most in need of strict enforcement.

Contrary to its characterization, Detroit's rental ordinance that was amended in October 2017 is more favorable to landlords than its prior version.²⁵ For example, one of the amendments addresses a previous



issue with certificate of compliance renewal. The previous version of the ordinance, published in 1984, required landlords to obtain and renew a certificate of compliance annually. Now, compliant landlords of single-family or two-family properties can renew their certificate of compliance every three years, while landlords of multifamily dwellings can renew every two years.²⁶ Michigan is one of the 17 states in the U.S. to have “pro-business” landlord-tenant policy approaches. According to Megan Hatch, a professor of Urban Policy and City Management at Cleveland State University, pro-business policy states are less likely to adopt landlord-tenant laws at all, and when they do, they adopt pro-landlord laws.²⁷

It is important to mention that despite some of the grievances about landlords, not all landlords’ practices are dishonest or underhanded. Several of the landlords present at the City Council meetings held September and October of 2017 expressed that they wish to comply with the law but are unable to meet the necessary financial requirements. Obtaining a certificate of compliance requires the abatement of all lead and structural problems. Lead paint remediation alone poses a financial strain for landlords. During a focus group conducted for this project, landlords stated that the registration process is not worth the “headache,” and some stated that, even when they are compliant, they see no need to pay the city to register their property.²⁸

2



CLIENT MEETINGS
DFC, ECN

10⁺



INTERVIEWS

10



MEETINGS

10⁺



REPORTS AND
ARTICLES

10⁺



GIS MAPS

5



FOCUS GROUPS
2 IN CHANDLER PARK
3 IN MINOCK PARK

Methodology

The authors of this report compiled data from September to December, 2017, focusing their efforts on obtaining information about the challenges associated with Detroit's single-family rental housing. During this time, the authors gathered both quantitative and qualitative data through client meetings, interviews, American Community Survey (ACS) estimates spanning 2005-2009 and 2011-2016; Geographic Information System data from Loveland Technologies, Motor City Mapping, and City of Detroit's Open Data Portal; previous report articles; and focus groups.

A primary purpose of this project is to uncover what key actors see as the major problems associated with the rental market in Detroit and to discern what strategies these actors use to mitigate problems. Given this goal, this report relies heavily on qualitative data from focus groups and interviews. The authors used these data to analyze key issues facing three sectors: the renters, the neighborhoods, and the landlords/property managers.

In September, 2017 the authors conducted three client meetings with leaders from Detroit Future City (DFC), Eastside Community Network (ECN), and Grandmont Rosedale Development Corporation (GRDC) to clarify the goals of the project. Throughout the study, authors spoke with over 30 individuals to capture the voices of landlords, tenants, researchers, civic leaders, and other neighborhood stakeholders to understand their biggest challenges in the rental housing market. The authors conducted two focus groups in Chandler Park, one each with neighbors and landlords. The authors conducted three focus groups in Minock Park with tenants, landlords, and neighbors. Maps of Minock Park and Chandler Park are based on comprehensive data sourced from the American Community Survey, Loveland Technologies and the City of Detroit. Attending meetings of the Detroit City Council, Lower Eastside Action Plan (LEAP), and GRDC Vacant Property Task Force provided an in-depth understanding of stakeholder challenges. Previous academic and policy literature formed a solid foundation for this report. Sources include documents from the University of



DETROIT

Michigan, the Center for Community Progress and the Urban Institute, along with articles from the *Detroit Free Press* and other local media.

CONCLUSION

Detroit is experiencing a shifting housing market from one predominantly characterized for decades by homeownership to a majority distinguished by single- or two-family rental households. This shift has highlighted concerns, as Detroit's political and financial institutions are not well equipped to support a renter-dominated market. For years, the City has lacked the capacity to enforce building standards that would ensure the rental housing market functions to ensure the safety of renters. Tenants across Detroit are experiencing challenges associated with housing quality and affordability.

Many landlords and property managers are finding it difficult to provide housing that is profitable for their business while also meeting the City's building code standards.

Given the challenging economic situations many Detroiters face, and the economic struggles Detroit has experienced in recent years, creating a rental housing market that functions for all major stakeholders—renters, neighbors, landlords—will be no easy task. Detroit stakeholders and policymakers must adapt their policies and practices to address current rental housing challenges. Everyone deserves safe and affordable housing options. This report seeks to highlight the challenges renters, neighbors, and landlords face with single-family rentals in Detroit. By summarizing the perspectives of members from each of these groups, the authors seek to provide recommendations that will enhance the ability of Detroit's single- and two-family rental housing market to provide options that support a high quality of life for all tenants. The following section provides background information about rental housing in the two neighborhoods analyzed for this report.

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NEIGHBORHOODS



Figure 2.1 | The two neighborhoods.

Data from Google Earth.

Focus Neighborhoods

This project examines the Detroit rental market in two target neighborhoods: Minock Park and Chandler Park. Figure 2.1 displays the two neighborhoods within the context of Detroit. While the physical characteristics of the neighborhoods differ, both exhibit average Detroit rental rates. These neighborhoods were suggested by Detroit Future City (DFC) leadership in consultation with this project's faculty advisors. Minock Park and Chandler Park were chosen not necessarily as representative of city neighborhoods, but rather as neighborhoods known to have both a substantial presence of rental housing as well as active neighborhood organizations interested in better housing quality and stability. Both neighborhoods helped create community-based plans designed to bring about housing and vacant lot improvements, providing a baseline of action that would be necessary to undergird any relatively new rental housing strategy. Also important was the need to choose neighborhoods with two different levels of experience in housing and vacant lot improvement in order to see if lessons from one applied to the other, and vice versa.

Minock Park neighborhood is situated on Detroit's west side about ten miles away from the downtown area. Chandler Park neighborhood is located on Detroit's east side and is roughly six miles away from the downtown area.



Figure 2.2 | Aerial Image of Minock Park.

Data from Google Earth.

History and Background

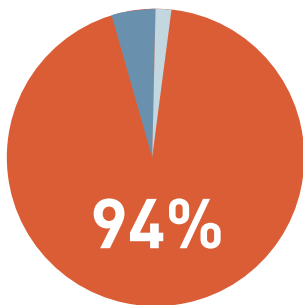
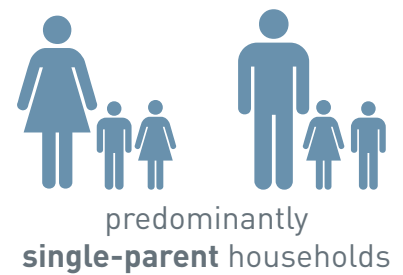
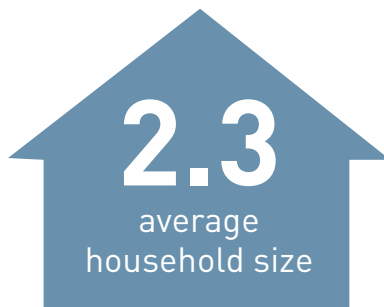
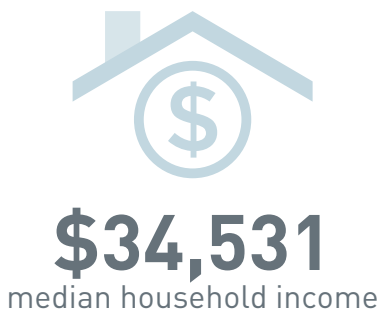
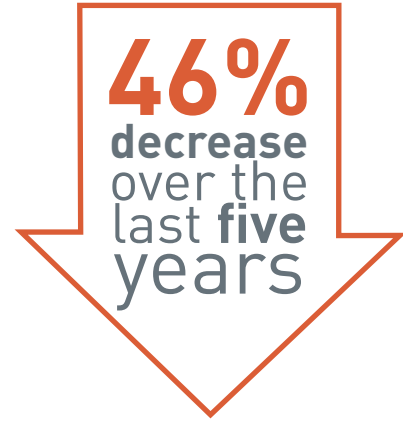
MINOCK PARK

Located in northwest Detroit, Minock Park is the smallest of the five neighborhoods that make up the Grandmont Rosedale Development Corporation (GRDC), founded in 1989. Figure 2.2 displays the road boundaries of the neighborhood, which are M-5 Grand River Ave. to the north, Fenkell Ave. to the south, W. Outer Dr. to the east, and Evergreen Rd. to the west. The neighborhood is in close proximity to many assets—including the 29-acre Stoepel Park, four city bus routes, and an active business corridor along Grand River.¹ The 300 single-family homes throughout the neighborhood can be distinguished by their brick and scattered wood frames.² Of the five neighborhoods composing the Grandmont Rosedale area, Minock Park suffered the highest vacancy rate (19%) between 2000 and 2010.³ This uncharacteristic rise in vacancy has posed a serious threat to the future quality of life in the area, especially if GRDC wishes to attract younger and more diverse populations and keep the neighborhood strong for the future.⁴

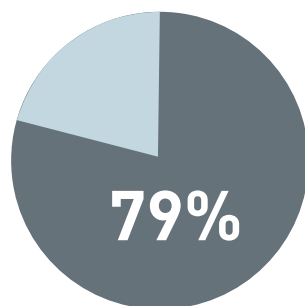
Minock Park was the last of the five neighborhoods to be adopted to Grandmont Rosedale. Over the years, the neighborhood has been selected by numerous funding initiatives and was identified as a strategic place for investment.⁵ Their eligibility for low-income grants make them an asset to the neighborhood, and each time GRDC receives a grant, they typically spread the funds to support efforts of the larger consortium of five neighborhoods.⁶

GRDC supports Minock Park and the other Grandmont Rosedale neighborhoods in addressing several community needs. One of GRDC's essential functions involves staffing and supporting the Vacant Property Task Force (VPTF), which is composed of GRDC staff, Grandmont Rosedale residents (largely homeowners), and

TOTAL
POPULATION:
742



African American



Employed

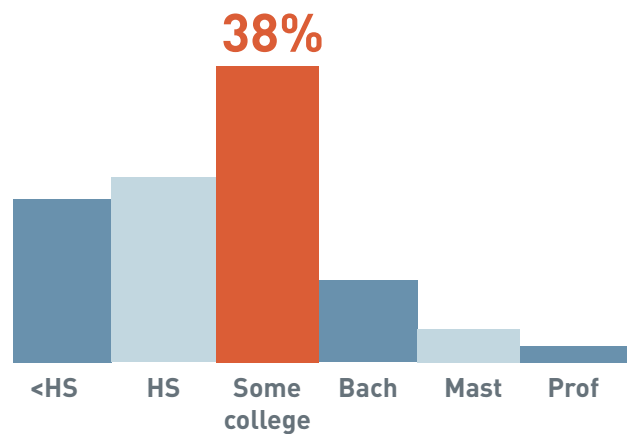


Figure 2.3 | Demographic details - Minock Park.
Data from ACS 2010-2015.

other organizational representatives. The VPTF meets on a monthly basis to discuss issues surrounding vacant properties/blocks and how to address them, to share information regarding property foreclosures, and to develop platforms to bring forth to city council and other government representatives.⁷ In addition to these efforts, GRDC developed a Quality of Life Plan in 2013 containing feedback from 150 community residents and stakeholders. The plan discussed community concerns across six topics: Community Engagement, Crime Prevention & Public Safety, Commercial Revitalization, Beautification & Placemaking, Vacant Property, Youth Development & Education, and Special Assessment Districts.⁸

Through GRDC's leadership, numerous programs and projects have been initiated to improve the Grandmont Rosedale community. Projects include the Vacant House Purchase program, the Renovation and Resale Program, creating Neighborhood Benefits Districts (NBD), the Stoepel Park Renovation, and Targeted Commercial Development.⁹

As shown in Figure 2.3, according to census estimates, Minock Park suffered an estimated 46% decrease in population between 2010 and 2015. The neighborhood is currently home to about 742 residents. Seventy-nine percent of residents are employed, and the median household income is \$34,531, which tops Detroit's median of \$25,764. Minock Park has a reputation of having more rental units than owner-occupied units. 2015 ACS data show more renters (58%) than homeowners (42%) in the neighborhood. However, the maps that we created show a different story. Refer to figures 2.4 and 2.5 on the following pages for these findings.



- Potential Renter Occupied
- Vacant
- Commercial
- Owner Occupied

0 0.02 0.04 0.08 0.12 0.16 Miles

Figure 2.4 | Minock Park Parcel Overview.
 Data from Loveland Technologies and Data Driven Detroit.

Figure 2.4 shows that 203 parcels are owner-occupied (62%) and 125 are potential rental units (38%). The reason for this discrepancy is the methodology that we used to make the adjacent map in Figure 2.5 (next page), which compares the tax address of each parcel to the actual address. If the two matched, we designated the parcel owner-occupied. If the property tax address and the address didn't match, we considered these properties to be rentals. This methodology does not take into account landlords who have bought a previously owner-occupied property and have not reported the change in tax address to the register of deeds. Failure to report the change in tax address is often used as a strategy to obtain the tax benefits that homeowners receive on their primary residence. Another possible reason why the ACS data and the map have different results is the standard of error for the ACS data. The ACS is not as accurate as the 2010 Decennial Census data because it is not a door-to-door survey. Margins of error are especially high when the researchers report data on a relatively small area like Minock Park. For the 2015 ACS, the margin of error for rental units is 28% in Minock Park. This means the ACS estimate of a 58% rentership rate in Minock Park could be potentially higher (or lower) than the true value.¹⁰



Figure 2.5 | Aerial Image of Chandler Park.
Data from Google Earth.

CHANDLER PARK

The Chandler Park focus area reflects the neighborhood boundaries established by the Eastside Community Network (ECN), excluding the high-vacancy area between Chalmers St. and Alter Rd. Although Chandler Park has experienced population decline, the area has seen a recent uptick in investment. The neighborhood's biggest asset is the namesake 201-acre park adjacent to its western border. Recently proclaiming its centennial celebration, the park has benefited from a \$20 million renovation, including new football and soccer fields, tennis courts and, perhaps soon, the state's first urban conservation school for K-12 students. The park also features a Family Aquatic Center and is home to one of only four city-owned golf courses.¹¹

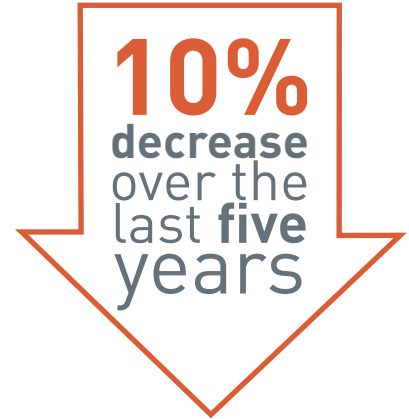
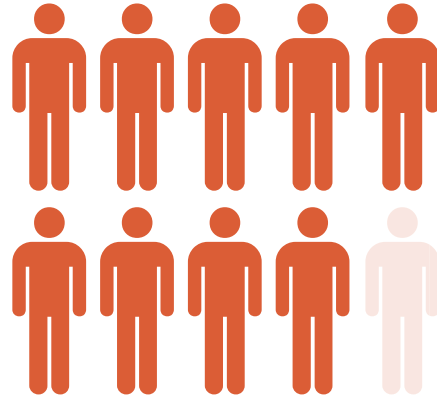
Figure 2.5 shows the neighborhood boundaries; I-94E to the north, E. Warren Ave. to the south, Alter Rd. to the east, and Dickerson St. to the west. Chalmers St. marks the easternmost extent of this project's Chandler Park focus area; we chose Chalmers as the eastern boundary because of a relatively high number of vacant properties in the area between Chalmers Street and Alter Road.

ECN, formerly known as Warren-Conner Development Coalition, supports Chandler Park and other neighborhoods on Detroit's east side to achieve sustainable community development, and organizational leaders hope to make Chandler Park a 20-minute neighborhood because of the reputational benefits of such a designation.¹² According to Wayne State University's Robin Boyle,

"A 20-minute neighborhood is an active, safe, walkable, convenient, predominantly residential neighborhood. A place where people can get most of their day-to-day goods and services—shopping with good food, access to transit, parks and schools—within a 20-minute walk."¹³

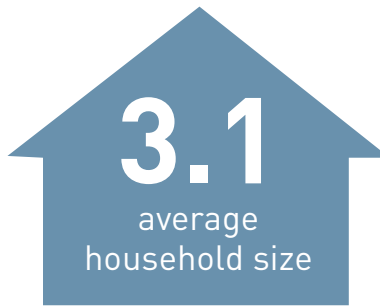
TOTAL
POPULATION:

1,940



\$33,130

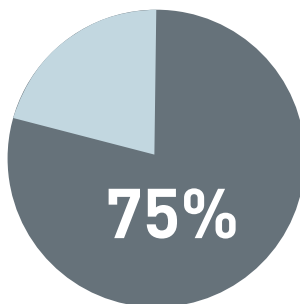
median household income



predominantly
married-couple households



African American



Employed

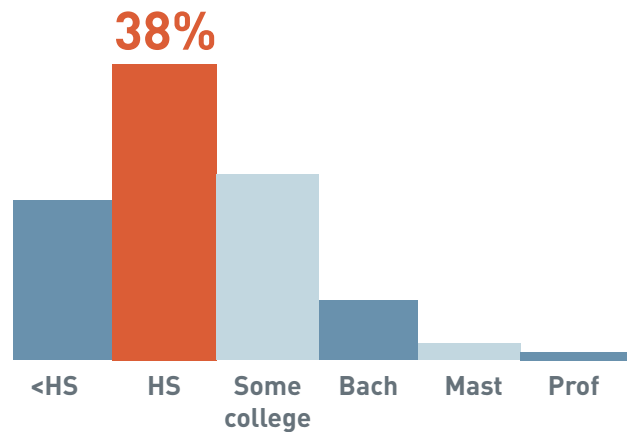


Figure 2.6 | Demographic details - Chandler Park.
Data from ACS 2010-2015.

Orlando Bailey, the Director of Community Partnerships at ECN, believes Chandler Park is a great neighborhood for investment given its good-quality housing, large green space, and the city's only water park. ECN would like to see Chandler Park become one of the neighborhoods in the City of Detroit's revitalization strategy plan, given the efforts they have made toward self-determination.¹⁴

As shown in Figure 2.6, Chandler Park had 1,940 residents in 2015, a 10% decrease in population between 2010 and 2015. The population is composed of 100% African Americans, with a majority of these households being married couples. Seventy-five percent of Chandler Park residents are employed, with a median household income of \$33,130.

In 2009, ECN partnered with seven community development organizations spread across 15 square miles of the lower eastside (from Alter Road to Mt. Elliott, East Warren to the Detroit River), to tackle widespread divestment and socioeconomic inequity.¹⁵ With the contributions from 5300 residents and several technical advisors, ECN created the Lower Eastside Action Plan (LEAP) a five-year resident-driven framework for redeveloping neighborhoods through vacant land reuse and reclamation.¹⁵ Considered unconventional at the time, the LEAP plan verbalized a particularly important goal: convincing residents to view vacancy as an asset and strategizing ways to capitalize on vacant land reuse.¹⁶

Geographically and programmatically, LEAP continues to evolve in distinct phases. The Phase I area was bound by East Warren Avenue to the north, Alter Road to the east, the Detroit River to the south and Mount Elliott Street to the west; Phase II, starting in 2012, shifted the northern boundary of the LEAP area from Warren Avenue to I-94.¹⁸ Both phases aimed to stabilize active residential and commercial

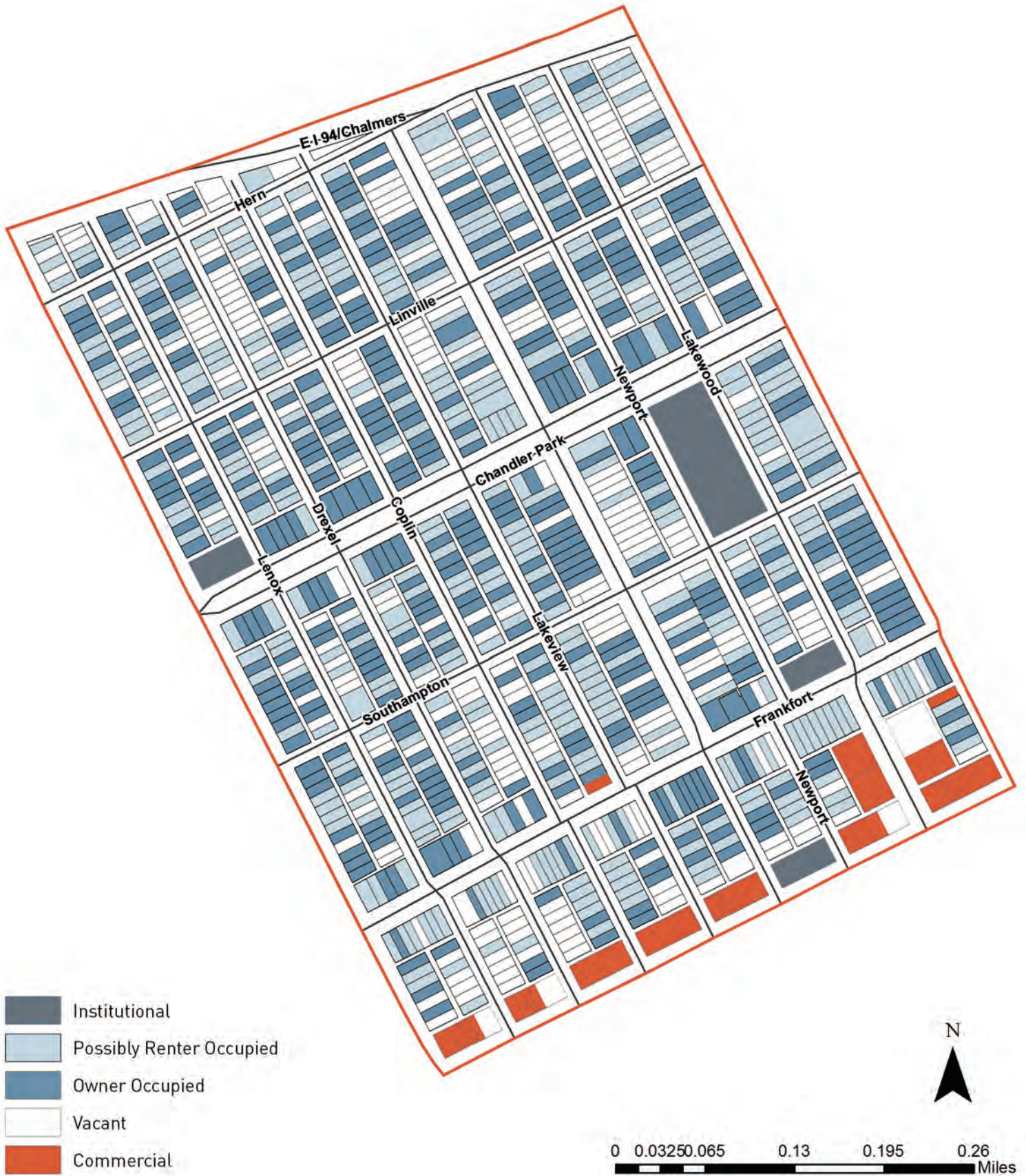


Figure 2.7 | Chandler Park Parcel Overview.
 Data Loveland Technologies and Data Driven Detroit.

districts. In 2017, ECN leaders and Chandler Park's residents concluded that the neighborhood population was stabilizing, showing a renewed demand for housing. ECN will focus on strengthening Chandler Park with LEAP Phase III beginning in 2018. This student report can provide valuable recommendations to help kick off LEAP Phase III activities.¹⁹

ACS data from 2015 shows that Chandler Park has more homeowners (54%) than renters (46%).²⁰ Figure 2.7 shows an estimate of how many owner-occupied structures and possible rental structures there are in Chandler Park. The map shows that there are just as many rental possible properties (400) as there are owner-occupied parcels (400). Similar to how we gathered information for the map in Figure 2.7, the tax address was compared to the property address to determine if the structure was owner occupied. The same limitations apply—the methodology does not take into account landlords who have bought a previously owner-occupied property and have not reported the change in tax address to the register of deeds. One additional limitation exists for Figure 2.7: the census borders for Chandler Park and our specific focus area in Chandler Park are different.

The ACS census borders for Chandler Park extend four blocks east of our focus neighborhood to Alter Road, while our focus area border stops at Chalmers. Our focus area being smaller than the ACS census borders further leads to a difference between the map in Figure 2.7 and census data in terms of homeowner and renter percentages. However, it is important to note that ACS data is only an estimate of the population data, and our tenure research is a parcel-by-parcel analysis of the tax data provided by the City of Detroit.

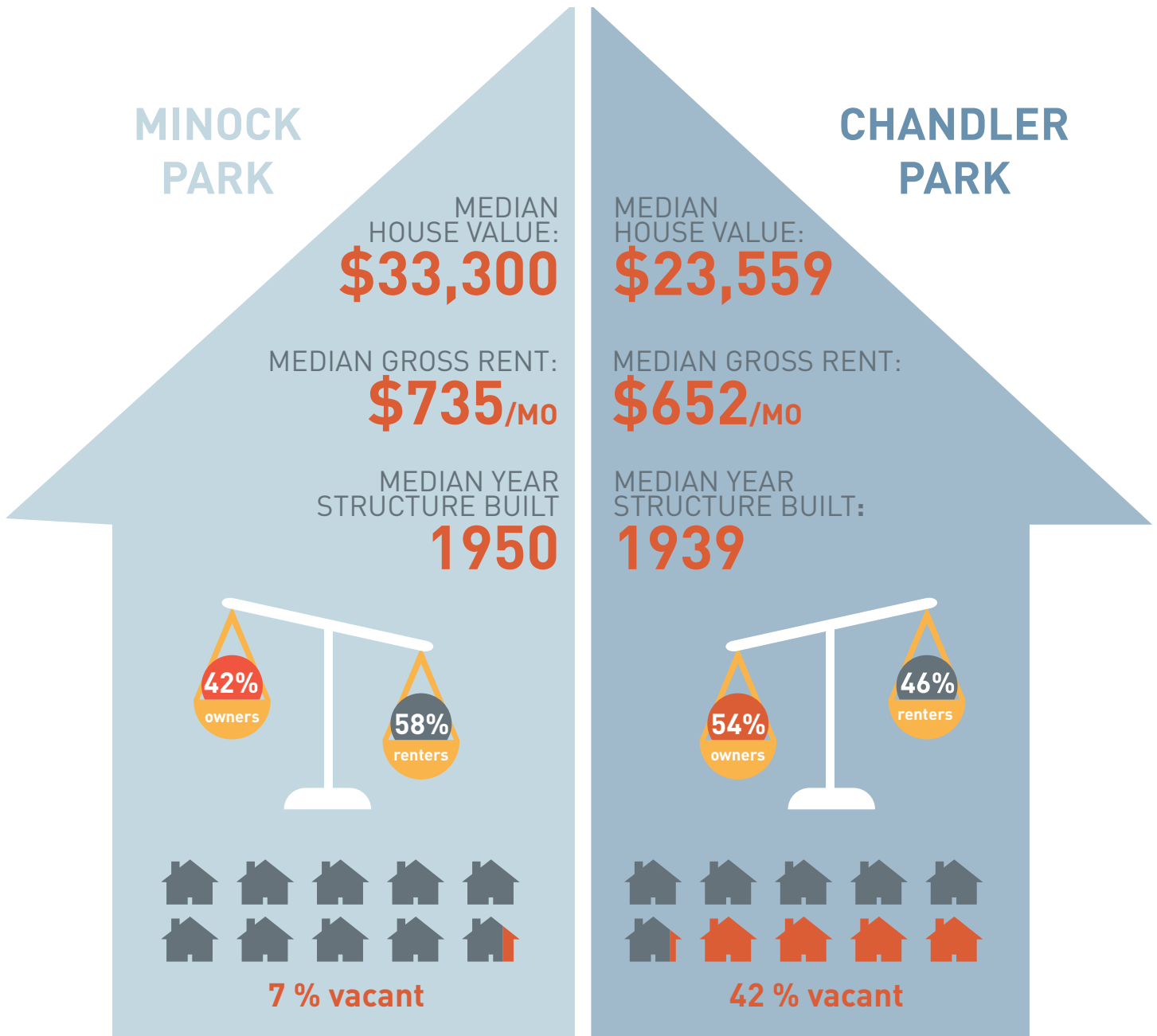


Figure 2.8 | Chandler Park vs Minnock Park 2015.
Data from ACS 2010-2015.

HOUSING MARKET: MINOCK PARK VS CHANDLER PARK

Neither the Chandler Park nor the Minock Park neighborhoods have escaped from Detroit's trend of increasing blight, vacancy, and population loss. Figure 2.8 illustrates the characteristics and challenges that both neighborhoods face in the housing and rental market, according to the U. S. Census.²¹ Appendix A shows the change in structure condition from 2009 to 2015 in both neighborhoods, according to Data Driven Detroit and Loveland Technologies. Houses were categorized as good, fair, poor, or suggested demolition by surveyors who rated the structures without leaving their cars. A "good" structure was a well maintained house with two or fewer minor repairs that needed to be addressed. A "fair" structure was a maintained house that had three or more minor repairs or a large repair that needed to be fixed. A "poor" structure was a house that the surveyor determined was not structurally sound and needed major repairs. "Suggested demolition" was a structure that could likely not be repaired and should be demolished.²² If we assume that those researchers and their field agents used the same structural condition definitions for 2015, then both neighborhoods show a decline in the number of structures in good condition.

In 2009, Chandler Park had 74% of their structures in good condition. In 2015, the number of structures in good condition dropped to 47%. Minock Park in 2009 had 98% of its structures rated in good condition. In 2015, the number of structures that were in good condition dropped to 73%. While the number of "good" parcels decreased in both neighborhoods, the number of "fair" parcels increased in both neighborhoods from 2009 to 2015. In Chandler Park, "fair" houses accounted for 7% of structures in 2009, but increased to 20% of all structures in 2015. Minock Park saw an increase in "fair" housing structures from one percent to 25% in the same time period.

Both neighborhoods show an increase in vacant parcels, with Chandler Park showing a greater increase. In 2009, 17% of parcels in Chandler Park were vacant, while in 2015, the number increased to 26%. Minock Park had four percent of their parcels as vacant lots in 2009. The number of vacant lots in Minock Park increased to six percent in 2015.

CONCLUSION

While the two focus neighborhoods of this report have distinct differences in size, population, and home values, both have suffered from increases in blight, vacancy, and population loss. Each of these neighborhoods is home to a significant presence of renter-occupied households, and despite different neighborhood character, both have similar monthly rental rates. The characteristics of these two neighborhoods along with the presence of active neighborhood organizations present our research team with an opportunity to investigate the challenges faced by those living within Detroit's rental housing market. The presence of these organizations also provides valuable capacity for implementing the recommendations highlighted in this report.

KEY TAKEAWAYS

- + Despite the presence of a strong CDC and valuable programmatic efforts, neither Chandler Park nor Minock Park is exempt from the after-effects of Detroit's 2008 housing crisis.

NEIGHBORHOODS

- + Both focus neighborhoods have suffered a decrease in population, and an increase in vacancy.
- + Detroit's average vacancy rate is 30%: Chandler Park's vacancy rate is above Detroit's at 42%, and Minock Park's vacancy rate is below, at 7%.
- + Despite Chandler Park having more vacancy and older structures, their homeownership rates are higher than Minock Park's.
- + Both neighborhoods are identified as strategic places for investment and have undergone recent renovations to their nearby parks.
- + Our team collaborated with GRDC and ECN, the community-based organizations in these two neighborhoods, to document the various perspectives of tenants, landlords, and neighbors living and/or working in Minock Park and Chandler Park.
- + Chandler Park's population is almost twice that of Minock Park.
- + Chandler Park's larger area, population, and vacancy rate presents its residents with different challenges than those living in Minock Park.

ENDNOTES

- 01.** Grandmont Rosedale Development Corporation, Quality of Life Plan, http://grandmontrosedale.com/wp-content/uploads/2017/03/GRDC_QoL_CS5_v13c_LOWRES.pdf, 2013.
- 02.** Erin Marquis, "We look out for each other here," *City Lab (Detroit)*, last modified July 17, 2017, <https://www.citylab.com/life/2017/07/minock-park-detroit-essay-belt-publishing/533283/>
- 03.** Grandmont Rosedale Development Corporation, Quality of Life Plan.
- 04.** Ibid; Marquis, "We look out for each other here."
- 05.** Grandmont Rosedale Development Corporation, Quality of Life Plan.
- 06.** Minock Park resident, interview by Kerrel Spivey & Srinidhi Venugopal, November 4, 2017, interview, transcript.
- 07.** Vacant Property Task Force Meeting, interview by Will Doran & Srinidhi Venugopal, November 21, 2017, interview, transcript.
- 08.** Grandmont Rosedale Development Corporation, Quality of Life Plan.
- 09.** Ibid.
- 10.** United States Census Bureau, 2011-2015 American Community Survey, ACS estimates, 5 Year Estimates.
- 11.** Nancy Kaffer, "In Wayne County tax auction, new hope for Detroit renters facing eviction," *Detroit Free Press*, last modified October 22, 2017.
- 12.** Orlando Bailey and Andrea Benson interview by Christian Zimmer, September 26, 2017, interview, transcript.
- 13.** Robin Boyle, "Could the 20-minute neighborhood work in Detroit?" *Detroit Free Press*, last modified June 15, 2016.
- 14.** LEAP Housing Task Force Meeting, interview by Karen Otzen, November 3, 2017, interview, transcript.
- 15.** Xuewei Chen, Leah Gerber, Cassie Hackel, Yu-Wei Hsu, Allison Kappeyne van de Coppello, Taylor LaFave, Rosie Pahl Donaldson, Grant Priestler, Ziyang Shu, Shien-Min Teo, Roman Yanke, "Strengthening and Transforming the Lower East Side: Supporting LEAP Phase III," Master's capstone report, Urban and Regional Planning Program, Taubman College, University of Michigan, May 2017.

16. Ibid.; LEAP Housing Task Force Meeting, interview by Karen Otzen, November 3, 2017, interview, transcript.
17. Orlando Bailey and Andrea Benson interview by entire capstone team on September 26, 2017.
18. Chen et al., "Strengthening and Transforming the Lower East Side: Supporting LEAP Phase III." Urban and Regional Planning Program, Taubman College, University of Michigan, May 2017.
19. Orlando Bailey and Andrea Benson interview by entire capstone team on September 26, 2017.
20. United States Census Bureau, 2011-2015 American Community Survey, ACS estimates, 5 Year Estimates.
21. Ibid.
22. Detroit Data Collaborative, Landmark Residential Survey Data, <http://www.detroitparcelsurvey.org/interior.php?nav=reports>, 2010.



CHALLENGES & CURRENT STRATEGIES TENANTS

Tenant Challenges

The foreclosure crisis resulted in thousands of homeowners foregoing their properties and becoming renters. Given the increase in rental properties in Detroit, it is critical to investigate the challenges that tenants face. Understanding the tenant experience will aid the city's process of transitioning to a more dominant rental housing market, and will limit the tendency to associate blight and problematic properties with that market.

One of the major challenges tenants face is structural, meaning the physical condition of their rental units. In addition to structural challenges, tenants struggle with unreliable landlords and obscure leases. In these situations, tenants may be left vulnerable to the constant threat of eviction, especially if they raise concerns about their property or landlord.¹ Despite poor conditions, many tenants opt to stay in their homes fearing they will be unable to find an affordable, better-quality home. This dilemma presents a significant challenge for tenants with families in search of stability.² This chapter will discuss, in more detail the challenges many Detroit renters face today. Following a discussion of challenges renters face, the report will discuss the various strategies renters use to cope with those challenges.

CHOOSING A RENTAL HOME

When searching for a place to live, households benefit from reliable information about potential landlords and neighborhood characteristics. This information can help them meet personal needs and avoid unsuitable living situations. Unfortunately, such information is often unavailable in Detroit. Currently, no city-wide resource exists to help tenants select a landlord.³ This lack of information presents a challenge, as landlords vary in their accountability and concern for

tenant well-being. To address this issue, the City of Detroit Building, Safety Engineering and Environmental Department (BSEED) is developing a database that will provide the locations of registered landlords. Unfortunately, the system is not yet ready for public use.⁴ Another issue tenants face in searching for a suitable living situation is a lack of reliable and accessible information about prospective properties or neighborhoods. In addition to visually inspecting properties and seeking neighborhood recommendations from others, some tenants look for information regarding neighborhood safety, schools, recreation centers, parks, playgrounds, and other amenities that foster healthy lifestyles. Information about community characteristics can be especially important for parents who seek the best possible environments for their children to thrive. Access to Detroit's open data portal may allow tenants to gather some of the necessary information about neighborhood context and can help them determine if a particular neighborhood meets their needs and preferences. However, locating this data online can be a challenge without proper instructions or reliable internet access. In this situation, many tenants are left with more informal and potentially limited information, such as word-of-mouth or visual inspection.

RENTER "STIGMA"

Many renters experience the challenge of prejudices held by neighboring homeowners as well as their own landlords. Homeowners and landlords often assume that tenants plan to live in their homes only temporarily and are therefore less invested in the upkeep of their property and the well-being of the neighborhood. Such preconceived notions could make responsible tenants feel isolated from the community and eliminate the social connections they need to thrive.

There are all kinds of tenants, and no evidence suggests that problematic tenants are the norm. Negative perceptions of tenants may present a barrier to positive relationships between renters, homeowners, and landlords—relationships that could be beneficial to all parties in maintaining and improving neighborhood conditions. Some neighbors have already begun to see the value in local renters, believing that the advancement and stability of their neighborhood requires the energy and effort of young renters (ages 20-30), and that responsible renters could help repopulate the neighborhood.⁵

One passionate community activist summarized this situation in a City Council Meeting, highlighting the importance of tenants in Detroit's wellbeing:

“There’s a form of classism when people start talking about renters: ‘Those renters! And they’re doing this and they’re doing that!’, when that’s not helpful. In my area, there’s 2300 residents in O’Hair Park; 41% of them are renters. So we reach out to our renters and try to include them into the community. This is what Detroit is going to have to do so that we can take ourselves seriously and rise as a renaissance city.”

- Member of the O’Hair Park Community Association⁶

PROPERTY TAX FORECLOSURE

A prominent challenge that some tenants face stems from their landlord’s failure to pay property taxes. As noted in Chapter 01, most of the city’s properties have been over-assessed, which can result in landlords and homeowners defaulting on their property taxes. In September, 2017, a City of Detroit official reported that despite a



5806

A

substantial decrease in property tax foreclosures over the previous two years, over 1,900 occupied structures entered the annual foreclosure auction. Of this number, approximately 58% were rental dwellings. Loveland's 2017 tax distress data highlights properties into three separate categories:

- + Tax-distressed properties, meaning the properties are between one and two years behind and are accumulating penalties, fees, and interest that get paid to the county. If no payment is made this year, the property will be noticed for tax foreclosure next year;
- + Properties subject to foreclosure, meaning the properties are two or more years behind on taxes and will receive tax foreclosure notices from the Wayne County Treasurer, and;
- + Foreclosed properties.

As of June 20, 2017, among its 379 properties, Minock Park contained 58 tax-distressed properties, 82 properties subject to foreclosure, and six foreclosed properties. Of Chandler Park's 1,106 properties, there were 193 tax-distressed properties, 224 properties subject to foreclosure, and 38 foreclosed properties.⁷

Unfortunately, tenants are often unaware that their landlord is not paying property taxes until receiving foreclosure notices from Wayne County. Upon this notice, tenants must quickly find a new home or risk homelessness.⁸ When a house is foreclosed upon after three years of non-payment of property taxes, that house is included in a public auction conducted by the Wayne County Treasurer each September.⁹ Usually, occupied houses are purchased by large property investment firms. A new owner is not obligated to abide by the terms of any

previous lease, forcing many tenants out of their homes through no fault of their own.¹⁰

Each year, United Community Housing Coalition and Michigan Legal Services assist thousands of tenants facing eviction for tax foreclosure and other reasons, though the nonprofit cannot address all 33,000-40,000 tenant-eviction cases filed annually in the 36th District Court.¹¹ What is more frustrating is that judges do not require landlords to provide proof of property registration and compliance before ruling on eviction cases.¹² While not all of these cases resulted in actual eviction, this current trajectory is not sustainable for the city or its inhabitants.

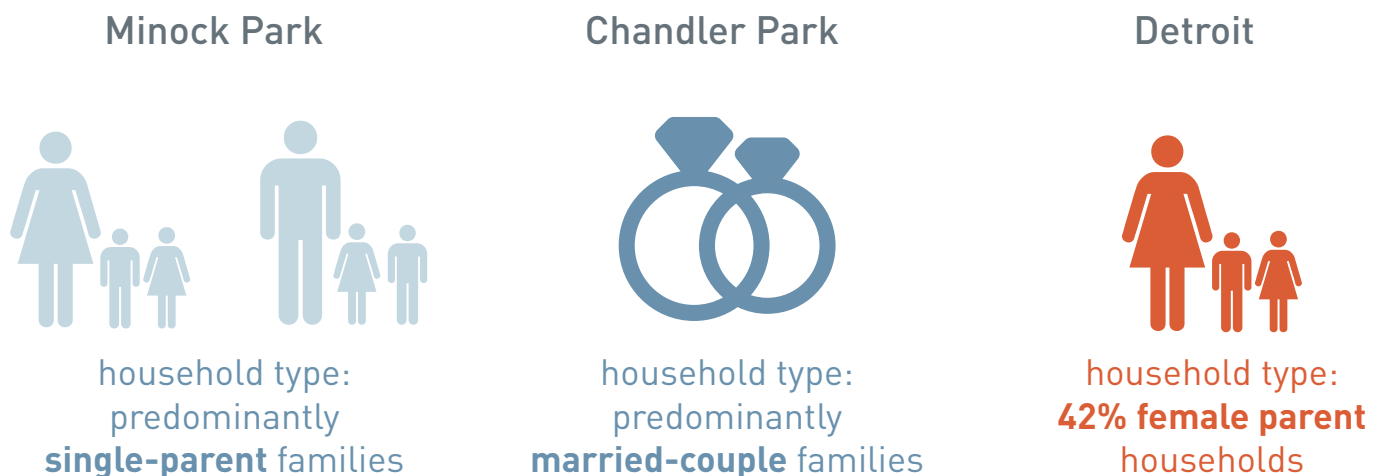


Figure 3.1 | Chandler Park vs Minock Park 2015.
Data from ACS 2010-2015.

Tenant Strategies

According to a veteran member of Grandmont Rosedale Development Corporation (GRDC), the renters living in substandard housing in Detroit are among the city's most vulnerable residents.¹³ To protect their living situations, renters have used various strategies to cope with and sometimes overcome the challenges of renting housing in Detroit. Here, we will explore some of the strategies that tenants and community organizations are currently using to cope with the challenges of renting in Detroit.

HOLDING LANDLORDS ACCOUNTABLE

If a landlord elects to ignore a tenant's request for property repairs, the tenants can exercise one of two strategies to hold their landlords accountable. The first strategy is to open an escrow account: an account that is used specifically to hold rent money that tenants have chosen to withhold until their landlord makes the requested repairs.¹⁴ The amended rental ordinance includes escrow accounts as a valid response to a landlord's failure to maintain a rental property.

Prior to signing a rental lease, the tenant and landlord should sign an agreement that states the terms of the escrow account and explains that the tenant may use the account if the landlord fails to maintain the property. This written agreement will help ensure that the escrow account, if needed, is a viable option for the tenant. When tenants establish escrow accounts properly, they have receipts to show their ability to continue rental payments even while withholding rent from their landlord. This process will protect them in the event their landlord attempts to sue or evict them for failure to pay.¹⁵ If the landlord does not bring the property up to code within three months after the renter begins putting rent payments into an escrow account, the third party holding the account, whether it is a bank, credit union, or the 36th District Court, returns the rent deposits to the tenant.

The second major method tenants can use to hold their landlord accountable for property maintenance is to hire a contractor to do necessary repairs or do the repairs themselves. Tenants can then deduct the cost of the repair from their next rent payment.¹⁶ This strategy is supported by Michigan case law:

*Where the landlord has covenanted to make repairs and fails to do so, the tenant, after giving reasonable notice to the landlord, may make the repairs and recover the cost of such repairs from the landlord or he [or she] may deduct the cost from the rent. . . . Unless the landlord's duty to repair is expressly made conditional upon receipt of notice from the tenant, such duty may arise from the landlord's actual knowledge of the need for repair. . . . The landlord's duty to maintain in good repair . . . extends to reimbursing the tenant for monies expended*¹⁷

For the tenant to be reimbursed for making a repair to the rental property, the tenant must first supply their landlord with a written notice of the problem and provide the landlord a reasonable amount of time to remedy the issue. It is also crucial that the tenant identify the problem as a reasonable responsibility of the landlord (e.g. repairing a burst water line in the house as opposed to replacing a lightbulb).

QUESTIONABLE PRACTICES

Sometimes tenants cope with the challenges of renting property by employing strategies that are questionable, if not illegal. When tenants use these strategies, it may be due to extreme circumstances such as abject poverty or other seemingly insurmountable challenges (e.g.

a family member is hospitalized). At city council meetings, landlords complained that some tenants deliberately cause damage to a property or create conditions where the unit is just habitable enough for them to stay.¹⁸ Then, these tenants call the City to file a complaint explaining that their landlord is neglecting the property, often without giving the landlord any notice. This strategy has been met with mixed success for tenants, but can result in a guaranteed period of habitation for the renter. It is worth noting that this strategy is highly risky and can become very expensive with major consequences to the tenant if unsuccessful.

HELP FROM THE COMMUNITY

Sometimes tenants need the support of others to obtain improved rental housing conditions. Neighborhood coalitions have joined together to help tenants receive dignified housing. The United Community Housing Coalition (UCHC) seeks to aid residents through offering legal services, creating escrow accounts, and enrolling tenants in a pilot “rent-to-own” program. The UCHC’s services, funded by corporate donations, offer renters the opportunity to remain in their homes during financial and personal hardships. For example, if a tenant lives in a property that has experienced tax foreclosure, the UCHC’s “rent-to-own” program can help them become an owner of the property they currently rent.¹⁹ To assist tenants in transitioning to homeownership in this way, the UCHC has created pamphlets for renters explaining the step-by-step process of confirming with the Wayne County Treasurer which properties have been tax-foreclosed. The pamphlets also identify ways to seek counseling for numerous challenges pertaining to property ownership.²⁰ This strategy highlights just one option available for tenants to transition from rentership to homeownership.

LAND CONTRACTS

Another way that some tenants have escaped tumultuous rental situations has been through a legal agreement called a land contract. While not without their risks, these agreements can be advantageous to some renters. “A land contract is an agreement between a buyer and a seller that states that the buyer is purchasing property, but will not receive the legal title until the debt has been satisfied.”²¹ The buyer pays for the home in incremental amounts, as if paying rent, until the home is paid in full. Land contracts offer tenants, who may otherwise not be qualified for conventional financing, the opportunity to use a pay-as-you-go method to achieve ownership of the property. Ownership then allows the (previously) renting household complete control of their housing situation.²² These contracts can also be an attractive alternative path to homeownership for potential buyers who may not qualify for a typical mortgage or bank loan because of low housing values, credit scores, or income.

The Risks

There are several risks and drawbacks associated with buying a home through a land contract. Renters who agree to land contracts assume all of the obligations of homeownership, but none of the rights and protections of homeownership. Land contract buyers typically don’t receive the income tax breaks of a homeowner, despite being accountable for property taxes and homeowner’s insurance, and if a buyer falls behind on payments, there is no lengthy foreclosure process.²³ In a land contract, the forfeiture clause explicitly states that if the buyer misses one single payment, the seller has the right to forfeit the contract, keep all previous installments, and evict the buyer as if he or she were a tenant.²⁴ This process can lead to predatory practices that are difficult to address and can harm neighborhood capital. Currently, the City of Detroit does not recognize

land contracts as rental properties, meaning properties under a land contract are not subject to the same safety inspections and building code enforcement as rentals. This fact can put a buyer at risk of entering into an agreement with a predatory property owner. Some landlords even choose to enter into land contracts instead of leasing substandard properties as a way to avoid rental regulations, exposing residents of these properties to increased health and safety risks.

The land contract process further suffers from a lack of transparency that presents risks to buyers. While land contracts must be in writing to be enforced, no law requires the contract to be filed with the Wayne County Register of Deeds. Thus, many land contracts go unreported. Additionally, no law in Michigan requires the seller to have the home appraised prior to the sale, and nothing requires sellers to disclose debts and liens. This lack of transparency can lead to property owners exploiting their buyers. As reported by *Crain's Detroit Business*, a sample of 200 Detroit homes that were sold on land contracts in 2016 showed that one in five homes went into foreclosure as a result of tax debts dating back three years.²⁵ Regardless of whether rent is paid on time, occupants are still subject to eviction if the current owner has failed to pay property taxes.

Protection Against Predatory Land Contracts

Fortunately, resources exist to help protect buyers engaged in land contracts from predatory situations. Detroit non-profit, UCHC, works to help buyers who are engaged in predatory land contracts by buying out their contracts.²⁶ Homeowners then have the option to repay the loan through a zero percent land contract with UCHC. The Genesee County Land Bank in Flint uses a similar strategy, and sold 330 tax-foreclosed homes in 2016 through land contracts.²⁷ Buyers can also avoid some of the ambiguity of land contracts by having the contract notarized, so that a memorandum can be recorded by the county

register of deeds. When a buyer obtains a signed deed that grants ownership of the property to be held in an escrow account, a real estate agent or broker can oversee the deed until the contract is fully paid. This strategy helps ensure that the deed can be transferred to the buyer once the contract is paid off, which is important in the event that the seller is unavailable or unable to sign the deed at the end of the contract.²⁸

As of 2017, legislative remedies are underway in the state legislature to protect buyers in land contracts. The Michigan Poverty Law Program is reportedly working with Senator Steve Bieda, D-Warren, on the legislation that would require both filing of land contracts with the county register of deeds (which, as of 2017, is optional) and inspection before sale.²⁹ Similar legislation regulating land contracts is underway in Ohio.³⁰ While the State of Michigan is working to make land contracts less predatory, UCHC staff apparently worry that legislative remedies may discourage legitimate land contracts and encourage predatory owners to continue exploiting loopholes and finding ways around the law.³¹

CONCLUSION

The recent transition in tenure toward a renter-dominant housing market means that now, more than ever, the challenges faced by tenants need to be recognized, understood, and, wherever possible, remedied. Not all tenants are dealing with irresponsible landlords, yet many are faced with challenges in Detroit's inconsistently and under regulated rental housing market. Tenants are combating these challenges in many ways. Some tenant strategies can be modeled, while some others could be improved by policy changes within the City of Detroit, Wayne County, and community organizations. Leaders

of Detroit's community stakeholders must adjust to the city's tenure shift by supporting renters to ensure that the local housing market provides safe and affordable housing for all. Through our research we uncovered several key takeaways regarding the challenges tenants face and the solutions they use to cope with those issues.

KEY TAKEAWAYS

- + Tenants face challenges including poor structural conditions of their units, prejudice against renters within their communities, a lack of information necessary to choose quality housing, threat of eviction and more.
- + Tenants may use escrow accounts to hold their landlord accountable for their responsibilities.
- + Tenants can often obtain better living conditions by completing or contracting out structural repairs previously neglected by their landlord.
- + Community organizations have a lot to offer tenants in terms of resources and support.
- + Pathways to homeownership, such as the use of land contracts, can be a helpful tool for renters to gain control over the quality of their living situation.

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CHALLENGES & CURRENT STRATEGIES NEIGHBORS

Neighbor Challenges

While many former Detroit homeowners were forced to become renters due to the foreclosure crisis, the lives of neighbors who remained homeowners were also impacted. This chapter will explore the challenges faced by those who held onto their homes despite declining property values and increased nearby vacancies. Information from focus groups, comprised of homeowners and other neighbors in Chandler Park and Minock Park, help in discussing several current strategies used to address these challenges.

Between 2005 and 2014, property values decreased by over 87% in Detroit. While high rental rates have historically been associated with Minock Park, the neighborhood's property values prior to the foreclosure crisis had been solid. However Minock Park's property values had only recovered 35% of their pre-foreclosure crisis value by the end of 2015.¹ As neighborhoods in Detroit continued to suffer from both the decline in property values and a rise in unemployment, homeowners' mortgage commitments remained the same. Balances due on mortgages began to exceed fair market value of the property, leaving one-third of homes at risk of foreclosure.² The significant loss in home value left many homeowners "underwater"—paying more than their home was currently worth—prompting thousands to walk away from their mortgages. Numerous foreclosed properties were then sold to investors, including overseas investors—who seized the opportunity to purchase low-priced homes by the dozens. Although investors promoted the purchase of low-cost Detroit homes as an investment opportunity, a new reluctance from banks to extend mortgage loans caused most homes to go unsold. As a result, property owners transformed what were intended to be for-sale properties into rental properties. Once-thriving neighborhoods, filled with homeowners with a strong sense of neighborhood pride, were forced to adjust to the presence of many rental properties in their communities. The shift created an unequal distribution of



neighborhood pride and accountability, with some renters having minimal experience with home maintenance, and others unable to afford proper upkeep.

“Sometimes it’s our fault. The behavior of rental property tenants is often disappointing, and we complain about rental residents’ behavior, but I feel like I could do a better job reaching out to them and educating them. 99% of people moving here have no idea that their behavior is disturbing. They’re just acting like they always acted and don’t know that they’re out of line or out of bounds. They need to know, for example, we don’t park on the island, and we don’t like it when people keep their courvilles [garbage containers] out, people here care about keeping your leaves raked and your lawn mowed. They aren’t aware it matters to people and lack a spirit of identifying with the neighborhood.”³

THE TENANT ROLE

During our focus groups, neighbors shared the assumption that renters sometimes fail to realize how their property impacts the quality of the neighborhood.⁴ A former homeowner forced into rentership described a “sense of entitlement” in renters:

“It’s something about the mentality or the environment that some people are in. People don’t believe they can be better or do better on their own... If they don’t have pride, then the mentality is ‘Why would I do this, why would I do that?’ There is this sense of entitlement because you’re renting.”⁵

As reported by the neighbors we interviewed, a prominent challenge for neighborhood leaders was a difficulty forging positive relationships with nearby renters. Several homeowners admitted to being biased towards renters, mentioning that very little interaction occurs between homeowners and renters. Interviewees described that in most cases, neighbors are reluctant to involve renters in neighborhood efforts because they assume that renters are only going to be temporary residents. When tenants display a lack of upkeep on their properties, it only feeds the stigma that renters do not care about the neighborhood.⁶ While explaining the typical relationship between owners and renters, one neighbor identified a “social caste system” as a barrier preventing both parties from working together to maintain the neighborhood.⁷

Some neighbors believe that if owners and renters could bridge their gap in communication, they may be able to join forces to push for maintenance and accountability from irresponsible landlords.⁸ A stronger relationship between homeowners and renters may lead to opportunities for homeowners to assist renters with property maintenance needs. With a stronger relationship, homeowners and renters could collectively use their voices to push landlords towards accountability. Pam Weinstein, a longtime neighbor and block captain active in Grandmont Rosedale Development Corporation (GRDC) advocates for a stronger relationship:

“The people in the community have to be organized, both renters and homeowners. They have to find some common ground, some common values, and organize themselves because you can see there is a way in which the interests of the renters and interests of the homeowners can coincide. We all want a clean, safe neighborhood.”⁹

While stronger communication between homeowners and renters appears desirable, some fear for the safety of involved parties. Some neighbors revealed during focus groups a willingness to confront a tenant directly regarding property issues. However, one GRDC block captain expressed that she is no longer comfortable confronting neighboring renters about property maintenance because of negative experiences she has encountered in the past.¹⁰

THE LANDLORD/PROPERTY MANAGEMENT ROLE

The post-foreclosure climate enabling properties to be purchased in bulk by overseas investors has increased the presence of properties operated by property management companies.¹¹ Properties owned by out-of-area and international investors may be more susceptible to blight because owners have little vested interest in the community, or because they are unaware of the activity that takes place on their properties. The lack of oversight reduces the ability for property owners to intervene with activities that threaten the structural conditions of the property. The minimal return on investment deters many property management companies from enhancing these properties, given that a portion of all earnings from rent is split between the property manager and the property owner (in the case that they are not the same person). Oftentimes when property managers make repairs, they use cheap materials and fail to adequately invest in the homes.¹² On other occasions, management companies are unable to quickly contact the actual owner and so forego maintenance of the property. Neighbors stated that properties owned by property management companies are the easiest to identify due to lack of maintenance.¹³

LLC Properties

Finding the true owner of properties listed under ownership of a Limited Liability Corporation (LLC) is especially difficult. As mentioned in an earlier chapter of this report, LLCs are sometimes used to avoid fines from renting out substandard, unsafe housing, or for violating ordinances aiming to ensure that rental quality be maintained.¹⁴ The key component of an LLC is that individual members of the corporation cannot be held personally liable for the company's debts or liabilities. This structure allows owners to remain virtually anonymous, while protecting their personal assets; thus, an LLC owner is not at risk of losing their personal residence if their business accumulates a large amount of debt.¹⁵

A common way property owners and managers use LLCs to avoid paying fines is simply to change the LLC's name. A property owner can remain anonymous to legal authorities by registering multiple properties under different LLCs. For example, one individual may own an entire block, but each home on the block is registered to a different LLC. In most circumstances, when registering an LLC a landlord is able to exclude personal contact information, and the information on file with the State of Michigan is likely to lead to an attorney's office. The anonymity behind an LLC makes contacting the true property owner nearly impossible for concerned neighbors (or tenants). It is also common for landlords to collect rent payments in cash, eliminating the possibility of a paper trail, again making it difficult to track ownership.¹⁶

Code Compliance and Safety

Several residents believe that the ordinance amended in October 2017 will hold landlords more accountable for keeping their rental properties up to code. One Minock Park homeowner said that Detroit is too relaxed on code violations, explaining that other cities are more proactive about writing tickets. She mentioned that in other cities

(like Dearborn), the city will write tickets for infractions as simple as untrimmed bushes. “We need more rules. Detroit needs higher standards and residents need to know they deserve to live at a higher standard.”¹⁷

Neighbors from our focus groups expressed safety concerns regarding both vacant and rental properties in Chandler Park and Minock Park. They shared the concern that vacant properties are susceptible to squatters and in some cases subject to arson for the collection of an insurance check. It is often difficult for neighbors to distinguish squatters from rent-paying tenants, especially when they are unaware who the property owner is. “One house on a block can impact the whole neighborhood. It’s a domino effect. When you leave the house vacant, you are leaving it open to squatters.”¹⁸

INACCESSIBILITY TO DATA AND RESOURCES

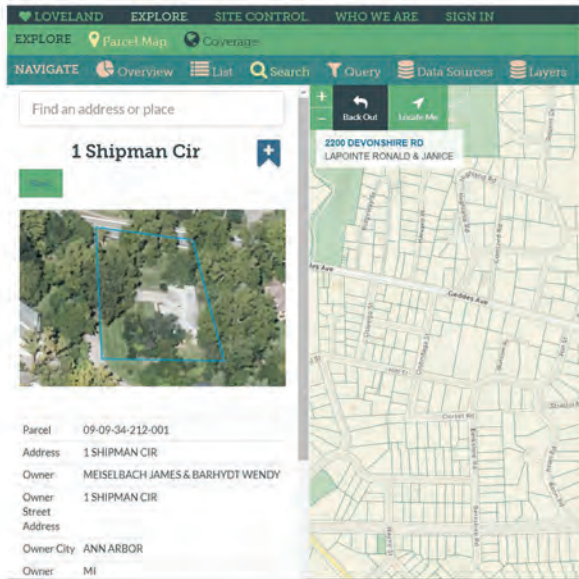
Accessibility and accuracy of data regarding property ownership was reported as principal among the challenges that neighbors face in Minock Park (Grandmont Rosedale) and Chandler Park. The neighbors we spoke to in Grandmont Rosedale collectively believed that in order to get valuable information, an interested person must have access to specific resources, pay for access to a website, or be part of an association or club.¹⁹ Within our focus groups, neighbors also expressed their desire for additional resources to educate all parties involved in the rental housing market. One source expressed a need for educational resources beyond what is available online and that can be distributed at a city-wide scale.²⁰ Communities may benefit from educational tools that provide information to tenants about their rights, as well as basic information about home maintenance.

“When you know better you do better. Lease agreements won’t tell you how to care for a home.”²¹



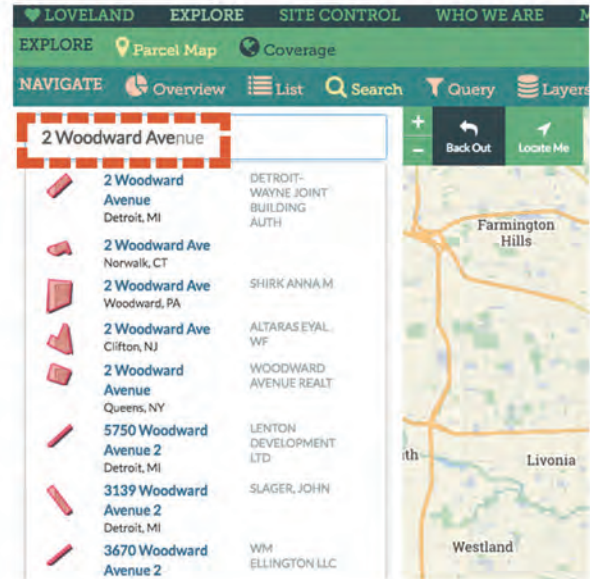
The Wayne County Register of Deeds, the most accurate source of property ownership records, charges usage fees to access property information data. Anyone seeking to access data must pay per-minute, per-hour, or subscription fees to view information, along with additional fees to download and print the data. The Wayne County Register of Deeds' website has a public login portal with limited information, and two paid options: one that costs \$250 annually and another that costs \$6 for every 15 minutes of usage plus \$1 per page to print. Even the City of Detroit is required to pay the Wayne County Register of Deeds for ownership data, creating a barrier to collaboration between these two governmental organizations.²² Inaccurate information makes code enforcement by the City of Detroit more difficult, as officials must deploy more resources to find property owners. Poor communication between city and county can also compromise the ability of the public to get the data that they need to fight against irresponsible property owners. Systemic flaws in the register of deeds data contribute to the inaccuracy of property information. The register of deeds sometimes fails to communicate new ownership registrations to the city, creating contradictory information between the two resources. During a meeting we attended, we discovered that no law requires the register of deeds to verify property ownership, leaving the system vulnerable to fraudulent and/or inaccurate information.²³

NAVIGATING LOVELAND TECHNOLOGIES



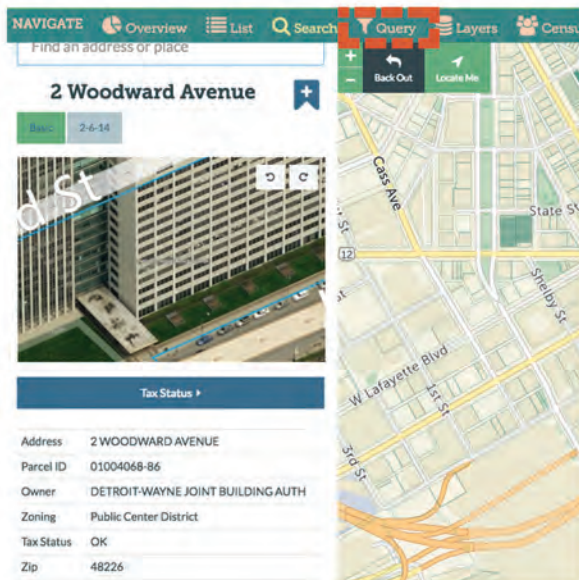
STEP 01

Go to <https://makeloveland.com/company>



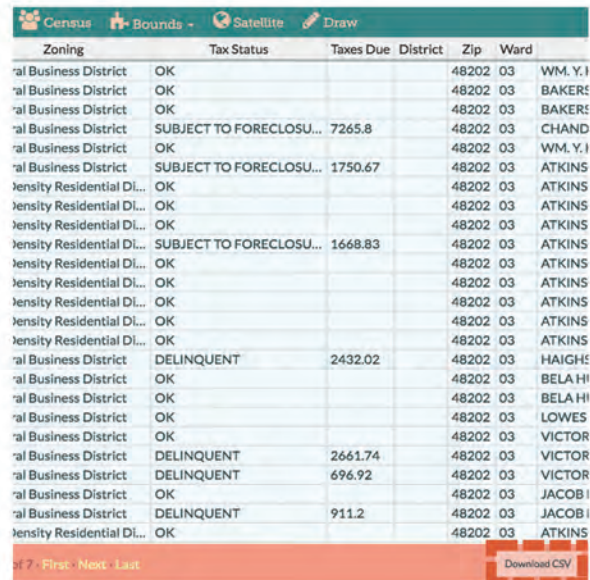
STEP 02

Explore the information below the property photo. At the top select "explore" and under that select "parcel map". In the "Search" tab search a place or address (i.e. Detroit or 2 Woodward Ave)



STEP 03

In the "Query" tab you can search the database by address, owner, tax status, zip code, tax payer, land value, total acreage, commercial and residential etc. Use the "Layers" tab to find available data layers that display all the parcels in specific categories



STEP 04

Explore the other tabs in the "Navigate" section like "census" to search census information. To download a CSV file, first select a specific "Bound". Click "List" and at the bottom right corner select "download CSV"

Figure 4.1 | Step-by-step website guide for Loveland Technologies.

Data from www.Loveland.com

Neighbor Strategies

The neighbors we spoke to stressed the importance of preserving high-quality neighborhood housing, ensuring affordability to low-income residents, and holding landlords accountable for their responsibilities. Some neighbors also believed that policies must be implemented to accomplish these goals at a city-wide scale. This section will discuss a few of the existing strategies that neighbors are using to address the challenges noted above.

DATA COLLECTION METHODS

Neighbors stay informed in many ways about issues surrounding property ownership. Residents we interviewed use online resources like Loveland Technologies, the Department of Licensing and Regulatory Affairs (LARA), and the Wayne County Register of Deeds for retrieving data to stay informed. Although convenient, these online resources lack a uniform approach and are not always up-to-date or reliable. To supplement online information, residents rely on their own knowledge of the neighborhood, information shared by other neighbors, and door-to-door efforts to fill gaps in their knowledge.

Online Mapping Tools

Loveland Technologies is an online resource that allows residents to retrieve neighborhood and property parcel information.²⁴ One goal is to give residents information to battle tax foreclosures. Loveland Technologies also surveys property conditions to inform residents about blight. More information about Loveland Technologies can be found at <https://makeloveland.com>. When seeking parcel information, neighbors involved with GRDC navigate the site using GRDC's membership subscription, and download data containing taxpayer addresses, dates of last sale, sale prices, and other information. One can also access limited parcel information on Loveland's site without a login and password.

From Loveland's site, property information can then be downloaded and neighbors can more easily understand characteristics of properties including whether a property is renter or owner occupied. During one focus group, GRDC neighbors walked us through the intricacies of matching data from Loveland to other sources, such as the City of Detroit's Open Data Portal. Figure 4.1 shows step-by-step directions on how to navigate Loveland's website.

When using Loveland and other sources, neighbors often look first to check if the address of the property matches the tax payer's address. If these do not match, neighbors perceive the mismatch as an indicator that the property is being rented. However, this indicator is not always accurate. Sometimes a new property owner does not register a property transfer, leaving the tax bill in the name of the previous owner. While Loveland has become a somewhat reliable source, neighbors stress the importance of cross-referencing with other sources like Detroit Open Data Portal or the Wayne County Treasurer, since these sources are more commonly up-to-date than the data from the City of Detroit Office of the Assessor upon which Loveland data is based.

The Detroit Open Data Portal [referred to here as Portal] offers similar information that Loveland does; however, the Portal is less thorough and not as easy to navigate. The goal of the Portal is to increase access to information about city government operations and service delivery. More information about the Portal can be found at <https://data.detroitmi.gov>. Parcel data can be viewed on their website through an interactive map and is also available for free download as an Excel file (Loveland requires a membership fee). The Portal includes the same attribute fields as Loveland and more (property owner, tax address, etc). Step-by-step directions on how to access Detroit's Portal can be found in Appendix C.

Property Ownership Websites

The Wayne County Treasurer's website provides a useful tool in identifying tax delinquent and foreclosed properties. The County Treasurer's mission is to provide effective and efficient information on delinquent tax collections. More information about the County Treasurer can be found at <https://www.waynecountytreasurer.mi.com>. If the County Treasurer is listed as the owner of a property, the property has been foreclosed. It also key to note that there is a lag time on foreclosure data between September and November because of the auctions of tax-foreclosed properties that take place in the fall each year. Step-by-step direction for navigating the Wayne County Treasurer's website can be found in Appendix C.

A common resource used by residents to identify corporate and LLC property owners is the Michigan Department of Licensing and Regulatory Affairs (LARA). LARA oversees licensing and registration in Michigan and is responsible for the state's regulatory environment. The aim of their website (<http://www.michigan.gov/lara/>) is to make the delivery of services more efficient for consumers and business customers.²⁵ During focus groups, GRDC neighbors shared ways they use this site to help track down information to assist code enforcement efforts. LLCs are required to register with LARA prior to operation, which helps neighbors find property ownership information.

Once neighbors have retrieved information from LARA, contacting the owner of a particular LLC can still prove difficult. (See Appendix C). In some cases, the address for the property owner is a P.O. Box and the listed phone number is incorrect. In other cases, the contact information on LARA leads to a resident agent who is only able to collect legal papers and cannot offer assistance on issues pertaining to landlords and owners. While the LARA site is described as user friendly, it can still create confusion regarding who to contact in regard to property issues.



THE NEIGHBORHOOD ORGANIZATION ROLE

When neighborhoods are organized, they carry more potential to alleviate the effects of the mortgage foreclosure and other crises. Concentrated efforts from residents along with effective neighborhood organization can lead to positive results for neighborhoods.²⁶ GRDC's efforts since 1989 have made a positive difference in the neighborhoods' housing market.²⁷ GRDC and other strong community organizations rely heavily on resident volunteers that dedicate countless hours to numerous neighborhood initiatives.²⁸ GRDC's work includes the Vacant Property Task Force (VPTF) previously described, a team of block captains, and other organizational efforts that strive to restore and maintain neighborhood character, often addressing issues associated with rental housing conditions.

Addressing Blight & Vacancy

The participating neighborhoods of this study share a common goal to maintain vacant lots and properties. Both Chandler Park and Minock Park neighbors have played a significant role in improving vacant lots and mitigating the negative perceptions towards them. In Chandler Park, the perception of vacant lots as an eyesore has shifted to these lots being viewed as assets. Residents have transformed vacant lots into communal spaces for gardens, recreation, and community gathering. In Minock Park, an abandoned house was recently demolished and the lot converted to open space with a gazebo designed to shelter resident activity.

GRDC created a Vacant Property Plan in 2010 to serve as an action plan and timeline for fulfilling its mission to reduce vacancy, clean up lots, and restore neighborhood stability. GRDC used spatial analysis of each of the five neighborhoods in Grandmont Rosedale to discover locations with the highest density of vacant lots and blighted structures, their current conditions, and ownership status. In addition

to a timeline of immediate and long-term tasks, the Vacant Property Plan explained funding options for implementing plans to demolish, repair, and renovate homes to help reestablish homeownership rates for the long term.²⁹ Many of the vacant lots are representative of structures that were once standing. Unsold vacant homes from failed investments and poorly maintained rental properties are typically candidates for demolition, raising major concerns for the VPTF when thinking about blight. The subsequent Quality of Life Plan, described in an earlier chapter, built on these strategies by including a substantial plan component that was devoted to stabilizing the housing market. These two plans, however, have focused on vacant and blighted properties, and on assisting existing and potential homeowners, with very little mention of the challenges associated with rentals as a separate category. The following paragraphs describe mitigation strategies GRDC neighbors have undertaken, which apply to a broader variety of housing than rental units.

Since the creation of the above plans, GRDC has implemented three stages of strategies to mitigate the effects of vacant properties. Initially, the strategy was to attempt to disguise vacancies. Volunteers removed identifiers of vacancy by maintaining the front yards of vacant properties and installing timed lights and curtains inside the properties. As the mortgage foreclosure crisis continued and more properties become vacant, this strategy became less feasible. During the second stage, resident volunteers boarded up vacant houses. The third stage included reaching out to and pressuring owners of vacant properties to maintain their properties. In order to find out which properties are vacant and which have renters, the GRDC Vacant Property Task Force and block captains continue to monitor every vacant property and other blighted properties by physically observing and keeping track of them.³⁰

Residents in the Grandmont Rosedale neighborhood attempt to determine property ownership but also facilitate social connection with renters through the distribution of welcome packets. Grandmont Rosedale block groups distribute an 18-page welcome packet to new residents, both renters and homeowners. The packet contains an informational booklet about the neighborhood, things to do in the neighborhood, and block group details and meeting times.³¹ This packet also contains a form asking recipients to share information with the neighborhood association. The form asks for the resident's contact information and emergency contacts. Neighborhood leaders use these answers for the stated purpose, and also as a method to gauge ownership status of new residents.

Unfortunately, residents often do not fill out the contact form. Neighbors may then implement an approach that seems less intrusive.³² A less intrusive strategy one neighbor uses is to ask other residents for their phone numbers. This strategy enables the neighbor to call the other residents if there is suspicious activity around their properties and yields a more positive response than simply asking for their contact information.

"Trash talking" is a strategy to maintain Minock Park that was created by residents. Trash talking is a community activity where residents walk around the neighborhood and pick up litter while interacting with other residents.³³

Rehabbing vacant houses has also been a strategy for neighborhoods. Eastside Community Network (ECN) has partnered with Team Cares to take on several houses in Chandler Park. Team Cares is a nonprofit organization in Detroit that focuses on fulfilling basic needs for impoverished residents. Part of their work involves a skills training program where low-income neighbors can get involved in the rehabilitation of homes. A short-term goal of both ECN and



Southampton

Team Cares is to purchase vacant Chandler Park houses, make the necessary repairs, and sell them to new members of the community, while training current residents throughout the process.³⁴ These rehabbed homes help strengthen neighborhood character and provide prospective members of the community with more options for housing.

Addressing Problem Properties

Multiple participants of our focus groups shared that one of the easiest ways to identify a rental property is by the external appearance of the home. Neighbors associated visual cues, like unmown lawns, foot traffic into the home, and snow piled in the driveway, as some of the ways used to detect vacant or rental properties. The neighbor-to-neighbor outreach program in GRDC is a door-to-door program where volunteers spend time in the neighborhood educating residents about the organization and any neighborhood association dues they should be aware of.

In some cases, GRDC reports documented delinquent properties to the City of Detroit's Buildings, Safety, Engineering & Environmental Department (BSEED). The Grandmont Rosedale area was selected by the Southeast Michigan Council of Governments (SEMCOG) for a targeted demolition program in the Rouge River watershed, thus in addition to providing assistance to BSEED, the VPTF also assists SEMCOG to identify demolition priorities.³⁵ Using door-to-door methods, neighbors walk block by block, identifying problem properties and documenting them on paper. Many of these problem properties are either rental or former rentals. Block captains compile the combined findings of participating neighbors into one document to send directly to their district inspector at BSEED.³⁶ The documentation methods used by block captains in Grandmont Rosedale for keeping track of delinquent properties varied among individuals within our focus group. One neighbor shared that she

uses several sticky notes to document properties, while another keeps her findings in a notebook.³⁷ The number of properties being reported is so large that pages worth of addresses are sent via email to BSEED. The department then uses GRDC's document to investigate reported properties, issue violations, and recommend properties for demolition if necessary. This method has resulted in the demolition of several properties that residents have identified as having multiple problems.³⁸

"You have to have good relationships with these people - the mayor's office, the neighborhood police officer, and BSEED. You need a good relationship with community officials to help with neighborhood issues."³⁹

Neighbors informed us that they called property management companies themselves to request repairs on poorly maintained property. Specifically, one home had become roach infested which, in turn, led to roaches spreading to homes nearby. Neighbors later discovered that this property was owned by a property management company, so they took action by making the appropriate calls to city representatives, who consequently helped initiate the process of getting the house cleaned and gutted.⁴⁰

CONCLUSION

In communities once defined by homeownership and little-to-no vacancy, the concern is less about the number of renters, but more about what the mix of tenure means for neighborhood appearance and property values. Neighbors simply want properties to be attractive and safe, whether it be the tenant performing maintenance or the landlord. Until accountability is better enforced by the City, neighbors will continue seeking property owners through their own data collection methods, and taking on matters concerning blight and vacancy themselves.

KEY TAKEAWAYS

- + Conflicting standards regarding property maintenance will continue to be a problem in the city of Detroit if rental property codes are not enforced.
- + Large landlords, such as those who own multiple properties under different names, prove particularly problematic to influence to improve maintenance and upkeep of rental properties. Lack of upkeep can pose a similar problem with properties owned by the city's land bank or other government entities.
- + Neighborhood volunteers could do better to strengthen relationships between neighbors and tenants. Some volunteers may be willing to get involved in engaging tenants.
- + Consistent data from government sources is hard to find, presenting a problem for neighbors. Even the City of Detroit pays the Wayne County Register of Deeds for property information.
- + Strong organizational skills are key to successful community development corporations and neighbors looking to implement change within their neighborhood.

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**CHALLENGES &
CURRENT STRATEGIES
LANDLORDS**

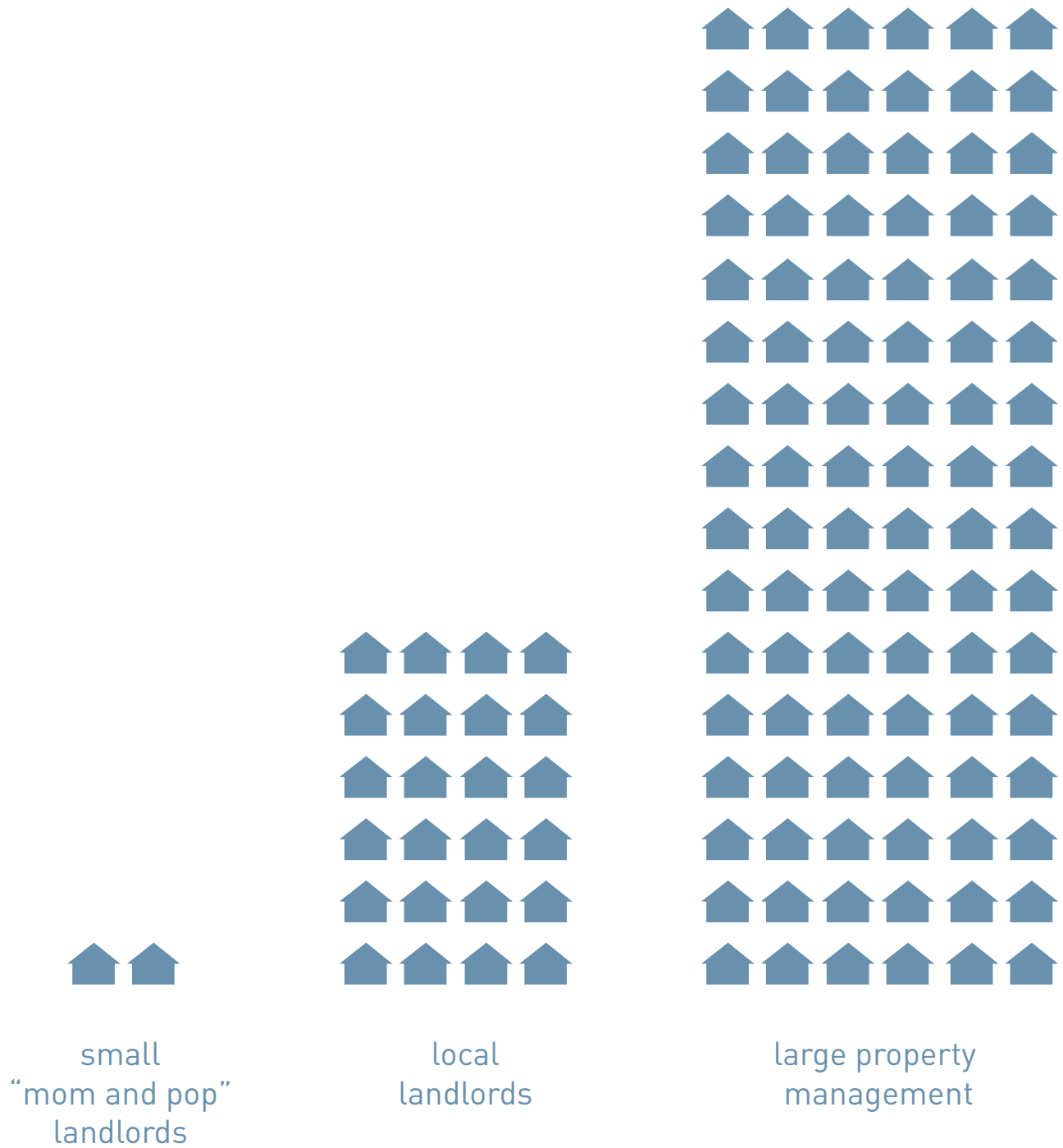


Figure 5.1 | Types of landlords

Landlord Challenges

Various types of landlords operate in Detroit: small “mom and pop” landlords who own just one or two properties, local landlords who own dozens of properties, as well as large property management companies that own and/or manage hundreds of units across the city. We use the term “landlord” to refer to the person/company that owns a property and rents it to a person or family. Our research discovered numerous landlords, of various types, who desire to provide quality housing to tenants and to run a business that follows local laws (see Figure 5.1). However, Mallach explains that the way landlords operate “has less to do with [their] predilections or values... than with the characteristics of the housing market.”¹ This means that sometimes economic conditions and other factors make it difficult for even the best-intentioned landlord to provide quality housing for tenants. This chapter will explore various challenges that each affect the ability of landlords to do their job. Following that discussion, the report will explore the various strategies landlords have used to cope with those issues.

FROM TENANTS

In Detroit, local economic conditions make it increasingly difficult for tenants to afford rent, which in turn makes it difficult for landlords to run their businesses. Figure 5.2 compares economic conditions in the City of Detroit, Wayne County, and State of Michigan. Detroit’s median household income is far lower than the median household incomes in Wayne County and the State of Michigan, yet rents are almost the same across all three geographies. The median household income in Detroit is 37% less than Wayne County’s median income and 48% less than Michigan’s median income. Given the differences in renters’ ability to pay for housing, it would be reasonable to expect rents to be significantly lower in Detroit than in these other places. However,

the city's median rent of \$747 is just 5% less than Michigan's median rent and 6% less than Wayne County's median rent. This dynamic makes affordability concerns relatively high in Detroit and puts both its tenants and its landlords at a disadvantage. Housing affordability concerns make it difficult for landlords to rely on a stable cash flow, let alone to raise rents to cover fluctuations in the expenses required to maintain Detroit's relatively old housing stock.²

Managing Delinquent Payments, Tough Tenants

Some landlords are sympathetic to the circumstances that prohibit or discourage tenants from paying rent. One Detroit landlord explained that "there are some bad people, but most of the time, [the tenants] have real financial challenges. The first place [tenants] look to cut costs is by shorting money on rent."³ Sometimes landlords are willing to work with tenants and allow them a grace period to pay or catch up on rent, but eventually unpaid rents harm the landlord's business and tenants that are past-due must be evicted.

The problem with evictions in Detroit has been ongoing for years. Since 2009, the city of Detroit has averaged 35,000 eviction filings per year, occurring due to a range of different reasons, but principal among them is failure to pay rent.⁴ Not all of these court filings result in tenant eviction, as the tenants could pay the amount owed or work

	DETROIT	WAYNE COUNTY	MICHIGAN
UNEMPLOYMENT RATE	13%	9%	6%
MEDIAN HOUSEHOLD INC.	\$25,764	\$41,210	\$49,576
POVERTY RATE	40%	25%	17%
MEDIAN YEAR OF STR. BUILT	1947	1955	1969
MEDIAN RENT	\$747	\$794	\$783

Figure 5.2 | City, County, and State comparisons
Data from ACS 2010-2015.

out an agreement with their landlord. Still, the magnitude of eviction cases is unsustainable for tenants and landlords, as eviction is financially burdensome for both parties. In addition to evictions being expensive, the affected landlord may not immediately find a tenant to replace one who was evicted. These circumstances make it hard for a landlord to stay in business in a market that already has very low profit margins.

When working within a tight margin, landlords are often concerned that tenants will substantially deteriorate the physical condition of their rental properties. On occasion, a landlord will house a tenant who acts irresponsibly or even maliciously toward the property. As one Detroit landlord described at a City Council Meeting, “There are slum landlords, [and] there are slum tenants.”⁵ Landlords that we encountered suspected that at times renters purposefully damage the property so that it falls out of compliance with the local building code, giving the tenant legal standing to withhold rent. When damages are committed by the tenant, ultimately the cost to repair them falls on the landlord, which can be crippling to the landlord’s budget.

FROM THE CITY

Just as tenants pose problems for landlords, the City administration can present problems for them as well. Landlords have reported facing significant challenges regarding the regulations the City of Detroit imposes on rental properties. For many years, the City of Detroit has had a property maintenance code in place that pertains to all properties, including rentals. The Detroit Property Maintenance Code (DPMC) was originally adopted in 1984 (DCC 1984) to ensure the public health, safety, and welfare as affected by the continued occupancy and maintenance of buildings, premises, and structures.⁶

If structures and properties fail to meet certain standards, property owners are subject to fines.⁷ The property maintenance code contains sections specifically addressing rental properties. The code explains the various requirements and procedures regarding rental property registration, inspection, and enforcement. The code explains the process for administering fines for blight violations and non-compliance, the procedures for lead and hazard inspections, and the requirements for rental registration. While regulation of rental properties is nothing new, enforcement during recent decades has been inconsistent and sometimes non-existent. In late 2017, the City stated plans to increase enforcement of the code to give the regulation “more teeth”—causing landlords great concern.

According to one source, when the original DPMC was passed, only four blight inspectors were employed by the City, making effective enforcement impossible.⁸ “City officials admit they have let most landlords ignore the [ordinance’s] rules for more than a decade.”⁹

In addition to a lack of code enforcement, the DPMC failed to offer any positive incentives for landlords that complied. The lack of enforcement combined with the lack of incentives for landlords to comply with building codes has resulted in historic citywide noncompliance of the DPMC.

On October 30, 2017, Detroit’s City Council passed an amendment to the rental provisions of the DPMC.¹⁰ The revisions are designed to encourage, support, and assist landlords in complying with chapter nine of the 1984 Detroit City Code. Some of the most notable changes to the DPMC include:

- + The 1984 Code did not guarantee a landlord the right to appeal the suspension or denial of their certificate of

compliance. Now, landlords are entitled to a hearing with the Department of Administrative Hearings (DAH) to appeal their certificate's suspension or denial.

- + The 1984 Code would not grant landlords and property owners a certificate of compliance if their property was delinquent on taxes. Now, owners are eligible for a certificate of compliance if they have a valid tax repayment plan for that property with the Wayne County Treasurer and have continued to make their payments.

- + While inspections could only be conducted by the City or an approved third-party inspector, landlords can now have inspections conducted by the U.S. Department of Housing and Urban Development (HUD) or other governmental agencies.

A full list of comparisons can be found in Appendix F.

By adding more flexible avenues for landlords to achieve and maintain compliance, these revisions continue to mandate that landlords provide a clean, safe, and healthy environment for Detroit's citizens. The ordinance still requires landlords to have their property inspected and registered with the city. Though the amendments to the ordinance may assist landlords in becoming compliant, the City of Detroit's Buildings, Safety, Engineering & Environmental Department (BSEED) plans to increase enforcement of the regulation.

To improve enforcement of the ordinance, the city has increased the number of inspectors on staff, and has contracted with third-party inspection firms, including inspectors used by the federal Department of Housing and Urban Development (HUD). The inspection and enforcement aspects of the amendment have been very concerning

to landlords. Many landlords worry about the costs of bringing and keeping buildings up to code, particularly with regard to lead abatement, which is relatively expensive.¹¹ Landlords also perceive the registration process as long and tedious, sometimes resulting in landlords' failure to achieve compliance for having a registered rental property.¹²

Due to inaccuracies in property ownership data, some landlords have been left uninformed about the recent changes to the rental ordinance. Without this knowledge, many landlords are at risk of fines. Recently, BSEED sought to send code violation warnings to delinquent properties. Reliant on data from the assessor's office, BSEED sent warning letters on September 22, 2017 informing rental property owners that the city was cracking down on code compliance, and that operating without a certificate of compliance is illegal.¹³ These letters were intended to serve as a warning to rental property owners to give them a chance to obtain their certificate of compliance before receiving a visit from BSEED. Unfortunately, because of inaccurate data from the City Assessor's office, several of these warnings failed to reach the intended recipients. In response to the lack of information and marketing of the changes to the rental ordinance, one landlord stated:

"Ignorance of the ordinance isn't okay, but there are a lot of mom-and-pops who don't know about the ordinance. It's not just people [escaping] the law. People do not know about it and what they need to be doing."¹⁴

The landlords that we spoke with wanted to provide housing that is safe and up to code for their tenants, and certainly did not wish to be deemed "slumlords." However, in many landlords' opinions, the process and standards imposed by Detroit's rental housing ordinance

are unreasonable. For example, the amended ordinance specifically mentions escrow accounts as an option for tenants whose landlord's property is not up to code. To many landlords, the use of escrow accounts is particularly worrisome because, if used, landlords could lose significant amounts of revenue, and potentially lose their businesses.

Some landlords, we found, keep their properties up to code but still fail to register them. Landlords who fail to register their properties might view the registration process as too tedious to be worth the time and effort required to complete it. Other landlords have been discouraged from registering their property because of a lack of the required technology to do so. To register, one must use the internet. However, some landlords, particularly landlords who are older, do not have internet access.¹⁵ One landlord that we spoke to tried to mail in his registration information and BSEED sent a letter back that asked him to register the property online, discouraging him from completing the process.

Other landlords stated that the ticketing process used to enforce the building code is unnecessarily burdensome and is exploitive as a money-making business. One landlord claimed that, at times, the City writes tickets for "blight," when arguably there are no signs of blight at all. This landlord felt that unnecessary blight ticketing creates and perpetuates the stereotype that Detroit landlords are "slumlords." This landlord received three tickets for each of his properties: one for having failed to register his property, one for lacking documentation of lead abatement, and one for lacking a certificate of compliance. He argues that these violations could have been grouped into one. Overall, he had received 80 tickets on 25 properties, totaling more than \$25,000 in fines, which he saw as excessive and unfair.¹⁶

STEP 1: INITIAL FIXED COSTS

	initial cost of house	\$14,000
+ 	renovations	\$28,000
<hr/>		
	total invested	\$42,000

STEP 2: MONTHLY VARIABLES

	rent	\$750
	tax	- \$100
	insurance	- \$50
	management	- \$75
+	reserve	- \$75
<hr/>		
	profit per month total	\$450

STEP 3: RATE OF INVESTMENT

	rent profit per month	\$450
x	months per year	12
<hr/>		
	total profit per year	\$5,400

\$5,400 total profit per year	=13%
\$42,000 total initial cost	
	rate on investment

Figure 5.3 | The “Math Problem.”
Data based on information from a landlord¹⁹

The resounding theme we heard from landlords is that it is simply unreasonable to expect landlords to be able to afford the maintenance and investments necessary to keep their properties up to code given their financial challenges. The financial constraints many landlords face are discussed in the following section.

FINANCIAL CHALLENGES

Owning and managing rental property, regardless of scale, is a business that must bring financial profit to the landlord in order to be worthwhile. This means that landlords must meet their financial targets after meeting the demands of upkeep and code compliance on their investment properties. This is a considerable challenge given the relatively older age of Detroit's single-family housing stock, built primarily during the 1940s and 50s. Upkeep on older houses is typically more expensive than upkeep on newer homes.

The costs of doing business as a landlord can be high, and for some property owners, the costs can be crippling. Using average purchase and estimated rehab prices from the Detroit Land Bank Authority's website as well as estimates from our landlord interviews, we have illustrated in Figure 5.3 how the "math problem," involving expenses and revenues, might work for a Detroit landlord. If Landlord A was to purchase a property for \$14,000 and spent \$28,000 on renovations, this brings his total investment cost to \$42,000.¹⁷ Out of the \$750 the landlord charges for rent every month, about \$100 would be deducted for property taxes. This brings his total tax bill to \$1,200 every year just for a single property, (though one landlord informed us that the taxes may range between \$800 - \$1600 per year depending on the property).¹⁸ This landlord also budgets \$50 every month for insurance. Other standard monthly costs include \$75 (10% of rent) in management fees and \$75 in reserves for future repairs. Overall, after deducting costs from revenues, our sample landlord receives

\$450 per month (\$5,400 per year), or approximately 13% of his total investment costs.

While the scenario in Figure 5.3 seems profitable for Landlord A, his profit margin is only a few hundred dollars per month. In addition to the monthly costs listed in the example, our landlord faces additional costs that must be paid every three years for compliance, according to the rental ordinance. These include \$550 for a lead inspection if the building was constructed before 1978, \$150 for a regular building inspection, and an additional \$150 for registering the rental property. If a landlord's property is found to contain lead, lead abatement would be needed at a minimum cost of about \$1,200. Average monthly rents in Detroit would cover less than half that cost, potentially causing the landlord a cash-flow problem.²⁰ While many landlords dislike the costs imposed by the rental ordinance, if enforcement of the ordinance is consistent, some believe it will ultimately be cheaper to comply with the ordinance than to accumulate tickets and fight against the city.²¹

While costs of doing business as a landlord are generally high, profitability of rental properties varies widely depending on the property's location and its building costs. The neighborhood in which the rental property is located helps determine the rent the landlord can collect. Properties in centrally located neighborhoods that suffer from less crime tend to have higher rents, thus yielding more revenue than properties in other areas. The costs associated with investing in a property include building costs, the purchase price, renovations, and future maintenance. These costs vary by property and factor into a landlord's profit margin and also affect how much the landlord must charge for rent.

According to one landlord's experience, the type of home one purchases influences the future profitability of that property.²² Frame

houses and brick houses are two types of homes common in Detroit's housing market, and each type differs in terms of profitability. While the only difference between the two types of structures is the facade, brick facades tend to be more aesthetically pleasing to residents. Brick houses, however, are much more expensive to buy and repair than frame housing, leaving some landlords and property managers to pursue frame houses exclusively. The downside is that frame houses have lower sale prices on the real estate market. At the same time, renters seem willing to pay almost the same amount for a frame home as a brick home. These circumstances mean that frame homes yield similar rents to brick homes, but have much lower overhead costs. As a result, landlords who own brick homes are at a comparable disadvantage, according to this informant.

REPAIRS AND MAINTENANCE

Responsibilities for repair and maintenance on a home sometimes create confusion for landlords and tenants. "Repair and maintenance problems range from things that are merely annoying to things that pose an immediate threat to health and safety."²³ Because of this wide range in structural issues, it may be difficult to determine who is responsible for which repairs, as illustrated in Figure 5.4. In a rental property lease, it is important to explain, in detail, who is responsible for which repairs and maintenance tasks to ensure every concern is properly handled.

Landlords have expressed their frustrations about tenant's complaining to them about certain maintenance issues, such as cutting the grass or changing light bulbs, that the landlord feels should be the tenant's responsibility. Some landlords who attended Detroit City Council meetings claimed that tenants only "trash" their properties and do nothing to maintain their condition.²⁴ It is

LANDLORD RESPONSIBILITIES



FIT FOR USE

in condition fit for use by all parties.



REASONABLE REPAIR

in reasonable repair during the term of the lease.



HEALTH & SAFETY

in compliance with health and safety laws.

TENANT RESPONSIBILITIES



RENT

pay rent on time.



MAINTENANCE

keep property in a safe & sanitary condition.



COMMUNICATION

promptly notify the landlord of maintenance problem.



PEST CONTROL

exterminate insects.



CONDITION

leave the property in good condition.

Figure 5.4 | Landlord and Tenant responsibilities.

Data from "Tenants and Landlords. A practical guide."

crucial that all parties understand that tenants and landlords both share responsibility in maintaining the property to various degrees and must communicate with the other party should an issue arise. Unfortunately, leases are often inconsistent regarding responsibilities for either party, the severity of an issue to warrant landlord action, and an appropriate time frame for a landlord to respond to tenant needs.

The faculty and students at the Michigan State University (MSU) College of Law have created a resource called “Tenants and Landlords- A Practical Guide” that is helpful in informing tenants and landlords about their rights and responsibilities. This guide could be a helpful tool for tenants in Detroit who struggle in understanding which property maintenance tasks are their responsibility and which are their landlord’s. Figure 5.4 was created to show which responsibilities fall under landlords, and which fall under tenants.

The MSU guide breaks down maintenance into three categories: emergencies, major, and minor problems. “Emergency” repairs require action within 24 hours, “major” problems affect the tenant’s quality of life but do not pose an immediate threat, and “minor” issues represent minor risks to health, safety, or residential quality (See figure 5.5 for examples of each type). While accountability for major and minor problems is sometimes hard to distinguish, emergency repairs should always fall in the hands of landlords.

To avoid confusion about responsibilities for property maintenance and repair, landlord and tenant responsibilities should be clearly stated in the rental lease terms. For leases that are in effect for less than one year, the duties specified in the contract cannot be modified. If however, the lease is for a duration longer than one year, “[t]he landlord and the tenant may by mutual agreement modify duties and make the tenant responsible for repair.”²⁵ Ultimately, however, the

TYPES OF REPAIR AND MAINTENANCE

EMERGENCIES	MAJOR PROBLEMS	MINOR PROBLEMS
 action required within 24 hours. Pose threat to health and safety.	 affect quality of residential environ. No immediate threat.	 falls into nuisance category. Eg: broken light, locks, pests etc.,

Figure 5.5 | Types of Repair and Maintenance.
Data from "Tenants and Landlords. A practical guide."

SOLVING THE PROBLEM

- 1** Notify the landlord and provide reasonable time for repair.
- 2** Contact the building inspector and schedule an inspection.
- 3** If repairs are unmade, use escrow account or deduct cost.

Figure 5.6 | Solving the Problem.
Data from "Tenants and Landlords. A practical guide."

duty to provide safe and healthy living conditions for tenants falls on the landlord:

“Under Michigan statute, the landlord has a duty to keep the rental property and all common area: fit for the use intended by the parties; and in reasonable repair during the term of the lease; and in compliance with the health and safety law.”²⁶

Far fewer resources exist for landlords than for homeowners in terms of funding to support home repairs. For example, the Detroit 0% Interest Home Repair Loan Program allows homeowners to obtain interest-free loans to make improvements and repairs on their homes. Homeowners then have ten years to pay back the principal on the loan.²⁷ This program would be helpful for well-intentioned landlords who wanted to bring their properties into code compliance but cannot afford to do so. Unfortunately, landlords are not eligible for this program.

While no concrete evidence explains why funding programs tend to favor homeowners, one interviewee suggested three reasons:

- + The perception that homeownership is more desirable than rentership for the city.
- + The idea that investing in a property to bring it up to code is simply the cost of doing business and is therefore the landlord’s responsibility.
- + The fear of supporting “bad-acting” landlords.²⁸

In other cities, assistance programs also tend to prefer homeowners over landlords. For example, the City of Milwaukee runs a Compliance Home Loan program that functions similarly to Detroit’s 0% Interest Home Repair Loan Program. Like Detroit, Milwaukee’s program is only for homeowners. Other funds from neighborhood associations

and funds that rely on Community Development Block Grant funds are, according to one knowledgeable source, also primarily available to Milwaukee's homeowners. A Milwaukee City employee hypothesized that the preference for assisting homeowners over renters is driven by negative perceptions of "bad-acting" landlords, as well as the idea that owners are more vulnerable to housing challenges than landlords, whose properties are merely part of their business.²⁹

Some programs, however, are available for landlords to acquire funding to bring their properties up to code. CLEARCorps, which manages the Michigan Lead Safe Home Program³⁰, is the only nonprofit in Detroit that addresses lead abatement. Its program provides assistance in abating lead in homes, either owner- or renter-occupied, that house children. Landlords can use these funds, but only for properties inhabited by a family with a child. Landlords who have taken advantage of this program have complained about the extensive wait times between the time of application and when, if ever, CLEARCorps abates the lead.³¹

The delay in processing for lead abatement requests is largely attributed to a lack of contractors who are prepared to abate lead. A member of CLEARCorps indicates that her organization has additional money to spend on lead abatement, but does not have enough qualified and interested contractors to do the work. Applications are often put on a waiting list where, logically, households with a lead-poisoned child receive priority for assistance. If a landlord's household does not have a lead-poisoned child living in it, the landlord will have to wait a long period of time to be served, if served at all.³²

INCONSISTENT LEGAL OUTCOMES

Sometimes the most frustrating hurdles for landlords involve dealing with inconsistent legal outcomes. At times, landlords must take their tenants to court, most often due to a tenant's failure to pay rent. The court rulings that follow can be inconsistent, unpredictable, and seemingly unfair for landlords. Interviewees have explained that the outcomes of legal cases are heavily dependent on the specific judge assigned that day, the kind of mood they are in, and how much they are willing to listen to one's case.³³ There are also times when the court judges will bring down ticket prices or negotiate deals with landlords who are attentive and cooperative with the court, given that some landlords avoid court hearings altogether.³⁴

Other inconsistent legal outcomes some landlords face arise from ambiguity or complete lack of rental lease terms. As mentioned above, when a property's maintenance responsibilities are not stated specifically in a lease, there can be disagreement and confusion in a legal situation about who should be held accountable for which repairs. While the landlords that we have interviewed used written leases, oral leases between the tenant and landlord have been used in other cases. Oral leases are not illegal, but using this method makes both sides vulnerable to disagreement and legal action regarding responsibilities for maintenance and repairs. If a tenant takes their landlord to court for failure to make repairs, such action does not guarantee resolution, especially if the problem proves financially not worth pursuing in court. Lease terms can help protect landlords in a legal situation, but there is still no guaranteed safety for the landlord.³⁵

FROM NEIGHBORHOOD/COMMUNITY

Landlords in Detroit are often perceived as “bad-actors” who fail to prioritize their tenants’ needs and concerns. For some renters, this perception is reality—their properties are managed by landlords who seek to evade their legal obligations. One block captain from the Grandmont Rosedale Development Corporation (GRDC) explained that landlords, first and foremost, are looking to collect rent, while everything else, including responding to residents’ concerns, is a secondary priority.³⁶ Recent news articles reflect this sentiment. The *Detroit Free Press* revealed that most landlords have operated for over a decade without registering or having their properties inspected by the City.³⁷ The widespread idea is that landlords are merely trying to exploit cheap property values, avoid paying taxes, and take advantage of low-income renters.

While some landlords engage in problematic behavior, it is an overgeneralization to assume that all landlords have poor intentions. Such a stereotypical outlook disrupts potential improvement of landlord, neighbor, and tenant relationships, reducing the likelihood that landlords and neighbors will come together to fight against shared challenges. This issue has been acknowledged by every landlord we engaged, each stating that the negative opinions about landlords differ from the reality. Some landlords even feel victimized.³⁸ Many landlords we interviewed emphasized that the public’s perception of them hinders their success in providing high-quality housing options and developing healthy neighborhoods.

A Minock Park Landlord's Description: Common Misconceptions

To illustrate the public's common misconceptions about landlords, one interviewee presented a hypothetical scenario (illustrated in Figure 5.7 on the next page) of six lots aligned in a row within a single neighborhood:

- + The first lot has a nice home that is well maintained. The public perception is that this home is owner-occupied and that the taxes are paid.
- + The second lot has a house that is well maintained for the most part. The garage is reasonably intact but always open, the car is parked in the driveway, and a woman is always at the door with children running around all over. It is questionable whether this property is owner- or renter-occupied.
- + The third lot has a house showing signs of some wear-and-tear. While the garage is in good condition, there is a broken car in the driveway along with another car that is in use. People are always outside when the weather allows it and is thought to be a definite rental house.
- + The fourth lot has both its house and garage boarded up. The yard is not maintained but not too bad. This is perceived to be a landlord-owned property.
- + The fifth lot has a blighted house with an open door, a collapsed garage, and a dysfunctional car. This is also perceived to be landlord-owned property.
- + The sixth lot is vacant and has been dumped on many times.







PERCEPTION		REALITY
Owner occupied Taxes Paid		Renter occupied Paid
Owner or Renter Taxes Paid		Owner occupied Paid, but late
Renter Taxes Paid		Tenant, section 8 Paid, but late
Landlord owned Taxes payment questionable		Investor Paid, not up-to-date on ordinance
Landlord owned Unpaid		Detroit land bank foreclosed
Landlord Vacant & dump site		Detroit land bank

Figure 5.7 | Perception vs Reality.
Data from a Minock Park Landlord.

While some of these assumptions apply to real life circumstances, the landlord continued to explain that the reality of these lots is often quite different:

- + The first lot is renter-occupied. If the tenants are under a conscientious landlord, they will take care of the property or else the landlord will find someone who will.
- + The second lot is owner-occupied. While the taxes are being paid, it may be behind on payment.
- + The third lot is tenant-occupied but through a federal Section 8 program administered by the state through the city government.
- + The fourth lot is owned by an investor who may have paid the taxes but cannot keep up with the requirements of the ordinance.
- + The fifth and sixth lots, the properties in the worst conditions, are owned by the Detroit Land Bank Authority.

This interviewee's conclusion was that landlords often feel discriminated against. He felt that the city places a larger emphasis on enforcing code compliance among landlords than it does among other property owners. He expressed that the unfairness of this situation is enhanced by the fact that many of the least maintained properties in Detroit are owned by the city's land bank itself.³⁹

Some homeowners have admitted that their opinions concerning landlords (and rental housing in general) are biased. At a meeting with approximately 30 block captains in Grandmont-Rosedale, many expressed opinions of landlords that were, at best, neutral. One block captain, however, admitted that she was guilty of assuming before meeting a landlord that the landlord is only concerned about making money from renters. These types of assumptions present wide-scale challenges for landlords who are trying to make an honest living.

Lakeview



Landlord Strategies

Despite the many challenges landlords face in providing rental housing in Detroit, many landlords wish to continue to provide the best housing they can for tenants. In the section that follows, we detail various strategies landlords have used to cope with the difficulties of running a business as a landlord in Detroit.

INVOLVEMENT IN THE NEIGHBORHOOD

To improve business outcomes, some landlords strategically choose the level of engagement they will have in the neighborhoods in which their properties are located. “Resident landlords” manage properties in the neighborhoods in which they live. Alternatively, “property management landlords” hire a property management company to serve as the primary source of contact to tenants, and do not necessarily live in proximity to the properties they manage.⁴⁰ Many property management landlords purposely do not meet their tenants to avoid any personal connection with them, assigning all communication to the hired property manager.⁴¹ For resident landlords, sharing a neighborhood with their tenants allows for both heightened awareness of property maintenance issues and, possibly, mutually beneficial relationships with their tenants.

One such “resident landlord” is a Minock Park resident. By living in the same neighborhood and often on the same block as his tenants, this landlord has been able to remain informed about how his properties are being taken care of so that he can respond to issues as they arise. Constant vigilance also allows him to frequently re-evaluate tenant contracts to ensure that problematic ones are ended as early as possible, minimizing his costs. As a neighbor to his tenants, this landlord is able to get to know his tenants on a more personal level. He believes that the better a landlord’s relationships are with tenants,

the more likely tenants are to respect their properties. This landlord also believes that an open line of communication leads to better outcomes for both the landlord and the tenant.

“Property management” landlords might disagree with this “resident landlord.” According to one property manager, whose company manages dozens of properties, property management landlords prefer not to get to know their tenants. The lack of relationship between the property manager and the tenant allows the two parties to maintain a “strictly business” relationship. This property manager, living in Minock Park, gave useful information as to why property owners hire management companies to oversee their rental properties. She states the following:

“You don’t want your tenants to know you. Landlords don’t want tenants to know their number. Landlords never meet tenants—that’s why they hire a property management company. No tenant meets a landlord, ever. If you know your landlord, you are in a position to have to deal with more face-to-face interactions . . . it becomes too personal.”⁴²

Some landlords believe that face-to-face interaction could cause issues for them, making the hiring of professional property management necessary. From the previously quoted landlord’s perspective, it might be more difficult to evict or put pressure on tenants if the landlord has a personal relationship with them. Having personal interactions with tenants, according to one source, increases the chances that a landlord will be faced with personal excuses from tenants who are unable to make their rent payments.

Some landlords are not able to live in the same neighborhood as their tenants, but want to remain informed and active in the community. One landlord we interviewed indicated his desire to connect. Within one neighborhood where he owns property, this landlord took on a leadership role in the block club, became a dues-paying member of the neighborhood association, and attended neighborhood meetings to remain present and aware of activities occurring in his tenants' community.⁴³ By doing so, this landlord believes he can have influence in ensuring that the neighborhoods where he invests thrive and attract future customers, and that his investment properties hold and even appreciate in value.

STRATEGIC LEASE TERMS

To protect themselves and their businesses, some landlords are strategic about the terms and duration of their rental leases. While a lease is not a foolproof legal protection for the landlord, it does set limits as to how long a tenant may reside in the property. The length of each lease, ranging from a month to multiple years, is completely dependent on the landlords' business model and interactions with their tenants. One landlord operates on a month-to-month basis in order to continually assess whether the tenant is a good fit for the property and the neighborhood as a whole. This short-term leasing strategy also helps this landlord avoid the use of an escrow account by his tenants. According to the amended rental ordinance, escrow accounts are not enforceable if the lease operates on a month-to-month basis.⁴⁴

Many landlords find it advantageous to construct written leases as opposed to oral ones. According to the State of Michigan law, when compared to an oral lease, a written lease has more validity. State



law also says that for any rental agreement that exceeds one year, a lease must be put into writing to comply with the Statute of Frauds.⁴⁵ Written leases are a permanent record and can be used as reference if any issue or misunderstanding arises between a tenant and landlord. Using a written lease ensures that the landlord specifies all contact information, required rent amounts, payment dates, and all necessary procedures pertaining to the lease agreement.⁴⁶

SCREENING TENANTS

One strategy that landlords use to protect their investments is to conduct tenant screenings prior to engaging in lease agreements. The screening process used can vary depending on the number of properties a landlord owns or manages. For some smaller landlords, it may be easiest to begin the screening process by advertising in a newspaper or putting up a sign with a phone number for interested applicants to contact.⁴⁷ Those who call the number are informed of the property's rent, lease terms, and availability of the landlord to take applications. While simple, this approach screens out the majority of applicants who are not truly interested in the property or may not be able to afford it. Those who are interested and agree to meet the landlord are offered a closer look at the property, but not without additional in-depth questioning. In such cases, the landlord may ask how long the applicant has been looking, where they are currently or were previously living, whether they have children, and other questions that will give the landlord a sense of what kind of risk they would be taking in renting to this person/family.

Some landlords have the capacity to do criminal background and credit checks, verify sources of income, call a prospective tenant's past landlord for a description of previous behavior, and even do a home

visit. Background checks help landlords verify whether tenants have previously stayed on track with their rent payments and maintenance requirements, allowing the landlord to screen out potentially problematic tenants before they move into the property. Some of the largest-scale landlords can afford a more thorough analysis of applicants by performing credit reports and criminal background checks. However, many of Detroit's independent landlords have no formal process for checking into the history of prospective tenants. Commonly, landlords have to "learn the hard way," by renting to the "wrong types" of people and, over time, catching on to the patterns that would allow them to detect problematic tenants before entering into a lease.⁴⁸

Some landlords have found it helpful to share information with other landlords about who the "good" and "bad" tenants are, so that they can avoid renting to households with a history of bad renter behavior. A few social networks, such as a mobile phone application called "MeetUp," allow landlords to meet to get to know one another and discuss housing issues.⁴⁹ However, one interviewee stated that, in general, there tends to be a sense of competition among landlords, and some feel that withholding potentially helpful information about tenants from other landlords gives them a competitive advantage.⁵⁰

CUTTING COSTS

For some landlords, keeping costs as low as possible is a major strategy for remaining in business in Detroit's rental housing market. One landlord refused to apply for city permits when performing renovations as a method to cut costs. This landlord told us "you're wasting your time if you're applying for building permits [unless] you're in one of the five nicest neighborhoods in Detroit."⁵¹ While not

all landlords take this course of action, some find this a viable strategy. Another way for landlords to cut costs is to renovate properties themselves. The Michigan Department of Health and Human Services has organized a lead inspection class that some landlords have used to become certified lead abatement workers. The cost is \$125 for a two-day class that certifies participants to abate lead paint in their own properties, a cost significantly lower than hiring a contractor to abate lead.⁵²

CONCLUSION

As thousands of Detroit residents lost their homes over the years, landlords have been a vital presence in sheltering the city's most vulnerable households. To continue participating in the city's stabilization and recovery, landlords must provide safe, affordable, and habitable housing for their tenants. The recent amendments to Detroit's Property Maintenance Code are intended to ease rental properties' path toward compliance, thus opening the path toward safe and habitable housing. Even with these amendments, many landlords still find it difficult to make the investments necessary to bring their units up to code while providing rents affordable to Detroit households. Understanding landlords' perspectives and the challenges they face in providing safe and affordable housing is crucial in stabilizing the single-family rental market.

KEY TAKEAWAYS

- + Detroit's aging housing stock, widespread poverty, and depressed values create conditions that make it difficult for many landlords to provide housing at affordable rates.
- + The uncompromising language of the 1984 Property Maintenance Code and uneven enforcement by the City over the years have left many landlords skeptical and distrusting of City administration.
- + The 2017 amended Property Maintenance Code is meant to make compliance more reachable for landlords; yet landlords view enforcement of an easier ordinance, in comparison to a stricter ordinance that was inconsistently enforced, as over-burdensome.
- + Negative perceptions of landlords, while warranted in some cases, do not represent many well-intentioned landlords who are doing the best they can.
- + Landlords who want to provide safe and habitable housing find it difficult to do so given the costs of code compliance.
- + Landlords need access to resources that can help bring them into compliance with the local building code while still maintaining a successful business model.

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RECOMMENDATIONS



Recommendations

The nationwide financial crisis that began in 2007 disrupted Detroit's housing market and shifted the city's once majority owner-occupied housing market to one that is now renter-dominated, with an estimated 52% rentership rate.¹ The mortgage foreclosures of 78,000 homes in Detroit between 2005 and 2014, the tax foreclosures of approximately 25,000 homes in 2015, and simultaneous or lagging additional tax foreclosures, triggered not only a shift in tenure, but also a decline in housing and neighborhood quality throughout the city.^{2,3} Detroit's neighborhood and governmental systems have not yet adapted to support the large proportion of renter-occupied housing, creating challenges for tenants, landlords, and neighbors alike. Through our research, we gained a better understanding of how the shift toward renting is affecting stakeholders across these three groups. For tenants, structural quality of rental units is one of the most pressing challenges; landlords face significant financial constraints; and neighbors fear a decline in neighborhood quality and property values. While each stakeholder group faces a different set of issues, the difficulties presented by the rental housing market in Detroit pose a significant barrier to neighborhood cohesion. Given that Detroit is home to an estimated 83,000 one- and two-unit renter-occupied structures,⁴ it is critical to address rental issues to help ensure that housing is safe and affordable for tenants.

The enforcement of Detroit's Property Maintenance Code, which works to ensure the safety and quality of all housing, must occur at a city-wide scale. However, many of the following recommendations can be implemented by community-based organizations (CBOs) at the neighborhood level and eventually be scaled up to the city-wide level. Community development corporations (CDCs) are often larger than many CBOs, thus CDCs like Grandmont Rosedale Development Corporation (GRDC) and Eastside Community Network (ECN) may possess the capacity to implement several of these recommendations.

Our recommendations offer both short and long-term strategies:

- + Short-term recommendations: can be implemented within the next one to two years.
- + Long-term recommendations: can be implemented in three or more years.

For most recommendations we have offered both short- and long-term strategies. Our findings revealed that the examined stakeholders (tenants, landlords, and neighbors) need access to additional information and resources. Therefore, these strategies seek to educate, incentivize, and support all stakeholders willing to work toward positive change for Detroit's rental housing market.

Neighborhood-level recommendations seek to encourage CBOs to engage tenants, landlords and neighbors in ways that will help improve rental housing conditions. Government-level recommendations explore policy changes and stricter rental housing code enforcement. Understanding that there are numerous types of landlords, we geared our recommendations toward smaller landlords who are interested in providing safe and affordable properties to renters.

RECOMMENDATIONS FOR NEIGHBORHOODS AND COMMUNITY-BASED ORGANIZATIONS

The following recommendations could be carried out by neighbors and CBOs. In addition, Detroit-based non-profits such as Detroit Future City (DFC) and Community Development Advocates of Detroit (CDAD) could facilitate many of the following ideas through their own programming or funding support.

Facilitate Small Landlord Organizing and Programming

During our focus groups, we learned that several landlords were unaware of the details of the 2017 amendments to the city's rental housing ordinance. Educational resources are necessary to inform landlords about changes to the rental housing ordinance and how the amended ordinance might benefit landlords in the long run.

It is especially important to provide resources and support for Detroit's smaller landlords. We define small landlords as those owning 10 or fewer properties, or those that do not use rental properties as their primary source of income. Small landlords may be most likely to form relationships that can bridge the divide between tenants, neighbors, and landlords, especially if they reside in the same neighborhood as their properties. Resident landlords should be prioritized in small landlord programs, since they are more aware about neighborhood issues. Additionally, small landlords tend to be more financially vulnerable to the challenges of doing business in Detroit than their larger-scale competitors.

We do not attempt to make recommendations for larger landlords, including foreign investors, companies, or authorities owning dozens of rental properties in the city. Reform of the rental market is equally critical at this larger scale, but appropriate strategies will require further investigation.

Short-term strategy: To support small landlords through programming and organization, CBOs or non-profits could start by defining what constitutes a "good" or "bad" landlord," or by creating a **landlord-rating system**. For example, the system could give "bronze," "silver," "gold," and "platinum" ratings to a landlord based on the percentage of a landlord's properties that are up to code. A rating system sets a standard for landlords, provides them with incentives to achieve

the highest available certification, and creates healthy competition within the market. According to the Center for Community Progress (CCP), creating a program that incentivizes landlords is an approach that encourages responsible operations.⁵ Please also see State and County recommendations below for additional ways to establish such a system.

We also recommend that DFC and other interested CDCs begin researching “landlord academies” in other cities that have trained and provided resources to landlords to help them become better service providers. By doing so, these organizations can start to prepare and apply for funding to support Detroit’s own landlord academy. The Brooklyn Center Association for Responsible Management in Brooklyn Center, Minnesota is an example of a landlord academy that works.⁶ We recommend that stakeholders examine this and other models to craft a strategy that is most fitting for small landlords in Detroit.

Long-term strategy: DFC should collaborate with CDCs like GRDC and ECN to create a **small landlord academy**. A landlord academy would serve as a forum for educating and providing resources to support landlords to become code-compliant, and would facilitate dialogue between landlords, the City of Detroit, and residents. Such a program may also create an opportunity to partner with organizations like CLEARcorps to train landlords in performing their own lead abatements and other repairs. We envision this program would be free to landlords and conducted at a central location in the community. In addition to helping improve the level of service landlords provide, these efforts could help to break down negative stereotypes against small landlords.

To implement a landlord academy, DFC could partner with CDCs (or CDAD) to host workshops or lecture series about the “how and why”

of cooperation with the ordinance, breaking down key strategies for code-compliance and property management. A landlord academy could also serve as a platform for landlords to share knowledge about best practices, strategies for choosing responsible tenants, and more. The academy could serve as a way for such landlords to gain a unified voice, using similar methods as neighborhood organizers. The collective voices of landlords have more potential to influence change than the voice of an individual landlord lobbying for funding or other resource needs.

We recommend DFC launch a pilot version of a landlord academy in one or two Detroit neighborhoods (perhaps Minock Park and Chandler Park) to better understand what small landlords need. This program should begin on a small-scale, within one or two neighborhoods, and then expand city-wide if deemed successful.

Facilitate Tenant Networking

An effective tenant network allows for the sharing of knowledge, ideas, and information among tenants, and builds a support system for tenants that could lead to positive outcomes.

Short-term strategy: We recommend an **ordinance education program** for tenants, launched along with the landlord academy pilot programs. The two programs would be implemented in the same neighborhoods and could include tenants from large and small landlords. This would help confront the larger “bad-acting” landlords. The ordinance education program could be expanded to other neighborhoods if the program is effective. Support for an ordinance education program could come from the United Community Housing Coalition (UHC), volunteer groups, and several legal aid organizations. UHC is a nonprofit that focuses on housing assistance for low-income Detroiters. One of UHC’s focus areas is



landlord-tenant legal counseling. More information about UCHC can be found at their website: <http://www.uchcdetroit.org>.

03. Share Resources/Information within Neighborhoods

Larger CDCs, like GRDC or ECN, may have capacity to provide informational resources to help new homeowners and renters get acquainted with the neighborhood. Smaller CBOs may also be able to distribute information that is relevant to landlords, tenants and neighbors.

Short-term strategies: One of GRDC's resources is a **welcome packet** that is delivered to new neighbors in person by their block captain.⁷ Methods like these not only help new residents, but also help neighbors become better acquainted with city-wide policies, like the recent amendments to the rental housing ordinance. We recommend that other CBOs adopt GRDC's strategy that involves distributing welcome packets to new neighbors as a way of welcoming and informing residents. Distributing welcome packets and surveys also informs GRDC leaders about who's living in the neighborhood.

We further recommend that CBOs use their **regular association or special meetings** to inform residents about details of the rental housing ordinance. At such meetings, neighborhood groups can give residents handouts that highlight the major takeaways from the ordinance. Handouts can then be distributed further by block captains around the neighborhood, or to new residents in their welcome packet. These in-person, hard-copy informational tools can be particularly helpful for neighbors who do not have internet access to the city's website, where they could learn about the rental housing ordinance.

Long-term strategy: We recommend that CBOs and community leaders train residents how to research property ownership

information. It is key for neighborhoods to understand how to use online tools that are currently available. We recommend community leaders who know how to use tools like Loveland, Detroit Open Data Portal, the Wayne County Register of Deeds, and the Michigan Department of Licensing and Regulatory Affairs (LARA) educate other neighborhood leaders on how to properly use these tools. The step-by-step diagrams for these websites in the Appendix could be used as reference for users learning how to use the websites.

Increase Networking within Neighborhoods

Improving networking among residents within each neighborhood is essential for addressing rental housing concerns. When both owners and renters collaborate, they can learn from each other and share important information that is needed to resolve a multitude of problems, from home repairs to reporting code violations.

Short-term strategy: To create a platform for neighbors to network, we recommend that technology-able neighbors use **social media platforms**, like Facebook, to create online “groups” for their neighborhood. These groups would be “closed” groups, where members within each group are either invited by existing members or would need permission to join the group. Separate social media groups can be created for neighborhood tenants and neighborhood landlords. Within each group, members can exchange information regarding who are “good” landlords and tenants, who to contact for repairs, where to get legal help, get to know each other, hold events, etc. For those unfamiliar with social media or newer technologies, neighbors can also network and communicate information through block clubs, parties, social events, and strategic home visits.

Use Housing Concerns to Help Organize Neighborhoods

To gain the support and momentum necessary to address Detroit's rental housing challenges, CBOs across the city should start communicating their common concerns. As coordinated efforts gain attention, each community group could have more power to ensure high-quality housing for their neighborhood renters.

Short-term strategy: We recommend that neighbors and existing community-based organizations across Detroit, particularly CDCs such as GRDC and ECN, work to begin a **city-wide dialogue** about issues concerning Detroit's rental housing market. The proportion of housing that is renter-occupied may continue to increase, and communities should prepare for changing conditions. Neighborhoods with established CBOs should continue or begin engaging residents in dialogue about the rental housing market, its challenges, and potential solutions to those challenges. CDAD, as a citywide nonprofit, could take the lead in such an effort.

Long-term strategy: CBOs should gain the capacity to improve rental housing conditions in their neighborhoods. We therefore recommend further steps that may increase the ability of neighborhood organizations to address housing issues.

To increase the number of neighborhood associations that can work to improve rental housing conditions, CDAD or DFC could train leaders of existing or emerging associations on how to **harness community concerns** over housing to strengthen neighborhood organizations. DFC could pay leaders from established neighborhood organizations to train others on "best practices" for organizing around neighborhood housing issues. This strategy provides neighborhoods with strong organizational capacity (such as GRDC) an opportunity to leverage the enthusiasm of their neighborhood volunteers to affect positive change in Detroit's rental housing market.

Encourage Funders to Support Improved Rental Housing Conditions

Throughout our research, landlords expressed concerns about the high costs of maintaining Detroit's older housing stock and the associated challenges of providing housing at affordable rates to low-income tenants. We also learned that most available government resources to support property maintenance are directed toward owner-occupied housing. To assist smaller landlords in maintaining compliance with local housing codes while still providing affordable rental housing, local non-profits seeking grant funding should focus on obtaining funding to support small landlords. It should be noted that this is a small part of the rental market as Figure 5.1 showed, but still is an important group to support.

Short-term strategy: We recommend DFC and other nonprofit agencies use the information provided in this report to communicate the challenges of Detroit's rental housing market, and the importance of its stabilization, to **funders interested in investing in Detroit**. Building a sense of urgency around addressing Detroit's rental housing problems could help to address the imbalance of resources available for renter-occupied units.

Long-term strategy: We recommend DFC and other nonprofit agencies **secure resources** that can support ongoing efforts for rental housing stabilization in Detroit. As smaller scale investments in Detroit rental housing begin to show positive impact, we hope that DFC can attract resources for ongoing programs to support sustainable businesses that provide high-quality housing for tenants.

RECOMMENDATIONS FOR THE STATE AND COUNTY

Although several government levels are involved in the rental housing market, including state and county government, the recommendations in this section focus largely on the municipal level. These are intended for implementation at the city-wide level by local government agencies, in collaboration with other local organizations when appropriate. We will start, however, by discussing changes needed at the state and county levels.

A. Recommendations for the State of Michigan

Regulate Land Contracts

One avenue available to renters who wish to become homeowners is land contracts. Land contracts, however, are unregulated in Michigan. Inadequate legal protection leaves buyers of land contracts at risk of dubious sales and eviction without warning. While land contracts present an alternative for eligible tenants, they also open the doors for predatory landlords to avoid being held to rental ordinance standards.

Long-term strategy: We recommend that the State of Michigan either amend its current **land contract laws** or create a separate policy that addresses and regulates the use of land contracts. State legislators can analyze the State of Ohio's attempts to regulate these contracts in preparation for creating Michigan legislation regarding land contracts. Ohio introduced Bill 368 in October 2017 to regulate land contracts. The bill holds the seller responsible for maintenance and repairs, as well as property taxes on the unit, throughout the duration of the land contract. Ohio's bill also states that an inspection must take place before the land contract is signed to ensure that the dwelling is in livable condition prior to the buyer's occupancy. By understanding Ohio's legislation about land contracts, policymakers



at the state level can then regulate land contracts in a way that best fits the State of Michigan's needs. As of December 2017, Rep. Andy Schor introduced House Bill No. 5363 that amends Michigan's land contract law.⁸ The City of Detroit and its residents should follow the progress of this bill and bring further amendments as needed to designated representatives.

B. Recommendations for the County

Facilitate Access to Register of Deeds Data

A major problem for the city, CBOs, and concerned residents is the lack of easy access to accurate property ownership information. Such information can be found through the Wayne County Register of Deeds, which contains various types of documents relating to interests and transfers of property. These documents include deeds, mortgages, land contracts, financing statements, and liens. Anyone can access this information through Wayne County's "Land Records" web page, search-by-mail, or by visiting the register of deeds office in Detroit. The problem, however, is the cost of accessing this information. According to Wayne County's "Search Services and Copy Requests", copies cost \$2 per page, \$5 per property, \$10 per certificate, and \$6 every 15 minutes spent searching online. The City of Detroit Buildings, Safety Engineering and Environmental Department (BSEED), CBOs, and concerned citizens alike must pay the register of deeds to obtain this data.

Short-term strategy: On the county level, we recommend changes in administering **access to register of deeds data**. In order to make the register of deeds more accessible for municipalities, we advise not charging municipalities for access. Other cities in Michigan have been successful in reaching an agreement with their county register of deeds to access data at no cost.⁹ In addition, we propose no-cost

or reduced fees for CBOs to access register of deeds information. To reduce these costs for both municipalities and community-based organizations, stronger communication between municipal departments (like BSEED) and the register of deeds must be implemented.

RECOMMENDATIONS FOR THE CITY OF DETROIT

Ensure Enforcement of the Rental Housing Ordinance

Committed enforcement of the amended rental housing ordinance is a necessary component of a strong rental housing community, and will be needed to ensure all of the following recommendations are useful. Specifically, we recommend that BSEED conduct performance-based inspections that allow inspectors to focus already limited resources on properties owned by non-compliant landlords as opposed to those owned by compliant landlords.¹⁰

Short-term strategy: We recommend that the City of Detroit invest more resources in ensuring **strong and consistent enforcement** of the rental housing ordinance. As of late 2017, BSEED already plans on separating the city into five “compliance zones” within 60 days, with a new zone added every 90 days. Landlords in each zone will have six months—from the start of the compliance period—to get their building up to code. By phasing inspections into zones across the city, BSEED aims for citywide compliance within two years. BSEED must stay committed to this plan if the city expects to bring meaningful change to Detroit’s rental housing market’s functionality and decrease the number of property owners escaping repercussions for code violations.¹¹

Create a Database for Rental Data

Tenants may find the search for quality housing less daunting if the City of Detroit could provide accurate and transparent data about the quality of local landlords and property management companies. Minneapolis, Vancouver, and Grand Rapids have taken the lead in providing rental property data to the public. The City of Minneapolis has created a public database “PropertyInfo” tool, which includes comprehensive data about all properties within the city limits, including information about the property’s owner, the performance of the unit’s property management, parcel characteristics, and property tax information. Vancouver, British Columbia, Canada has also created a searchable database of rental properties available to the public. Closer to Detroit, Grand Rapids, Michigan, has collected data from ongoing rental housing inspections for certain geographic zones throughout the city. Grand Rapids reports the percentage of units within those geographies that are compliant with rental housing codes.¹²

Short-term strategy: We recommend that the City of Detroit build an **advisory committee** to help create a database system that provides information for tenants seeking information regarding code violations, the quality of local landlords, and available units. To begin, the city must solicit members for the committee who have expertise in data management. Detroit could look to universities, such as the University of Michigan and Wayne State University, or to local businesses for talented volunteers who are willing to support this initiative. While working to build a comprehensive database, the city could publish more basic information to renters by compiling a list of all registered and code-compliant property addresses in the city, as the City of Grand Rapids has done.¹³

Long-term strategy: We recommend that the City of Detroit create a database that contains **up-to-date property ownership information** on all rental properties in the city as a way to assist tenants to find a high-quality living situation. Detroit’s database could be inspired by the data sources provided by Minneapolis, Vancouver, and Grand Rapids. Having similar data sources in Detroit would allow tenants to find housing that meets their needs and help provide marketing for properties that are compliant with the rental housing ordinance. Ideally, the database would provide interactive maps that allow prospective tenants to click on each parcel to see who owns the property, which property management company maintains it, and whether or not the property is up to code. The database should also provide ratings for landlords and property management companies, as well as a forum for previous tenants of these properties to submit comments about their experiences living in the unit .

CCP’s 2015 report on “linking landlord incentives to rental regulations” offers a set of strategies for local government landlord incentive programs. That report suggests that before establishing a “good landlord” program, a rating system should be created, with two possible approaches for setting incentive eligibility; (1) basing eligibility for incentives on landlord performance; or (2) creating an “aspirational” system. Performance-based eligibility allows landlords that meet the specified criteria on all of their properties (for the previous year) to be eligible for incentives. An aspirational system would allow landlords to become eligible after signing a document pledging to meet the specified criteria. Program design should also list repercussions of not meeting the criteria.¹⁴

The report suggests several ways that city governments might offer low-cost incentives to “good landlords.”

Incentives that might work in Detroit include:

- + Providing access to free one-on-one technical support for maintenance or management problems.
- + Hosting regularly scheduled meetings between landlords and municipal officials.
- + Providing fast-track approval of permits for all improvements on property.
- + Offering free advertising on the city's website.
- + Providing free or low-cost maintenance equipment like smoke detectors to eligible landlords.
- + Negotiating discounts for good landlords on goods and services from local contractors.
- + Offering discounted lead abatement services

The previously mentioned “bronze,” “silver,” “gold,” and “platinum” ratings could help determine which incentives a landlord is eligible for. The ratings also provide a way for landlords to market themselves as trustworthy to prospective tenants.

CONCLUSION

Detroit's current rental housing market is not providing safe and affordable housing options for all renters. The market's failure to provide this basic need should ignite a sense of urgency to take action and push towards positive change. The recommendations described in this chapter offer actionable steps that neighborhoods, community-based organizations, and local governments can take to help the local rental housing market function in a way that supports the needs of all stakeholders. We have provided actions that can be taken both in the short term and in the long-term. An implementation matrix that summarizes these recommendations can be found on the following pages.

IMPLEMENTATION MATRIX

ADDRESSING THE CHALLENGES OF RENTAL HOUSING IN DETROIT

RECOMMENDATION	TIMEFRAME*	ACTION ITEMS	POTENTIAL PARTNERS**
<i>Neighborhoods and Community-Based Organizations</i>			
Facilitate Small Landlord Organizing and Programming	Short-term	Create landlord-rating system, landlord incentive programs for support and resources, landlord academies case studies	DFC, CBOs, Detroit non-profits, CDCs
	Long-term	Create landlord academy pilot programs for training and resources	DFC, Detroit non-profits, neighborhoods (GRDC, ECN), CBOs
Facilitate Tenant Networking	Short-term	Plan ordinance education program for tenants	United Community Housing Coalition, volunteer groups, legal aid organizations
Share Resources/Information within Neighborhoods	Short-term	Distribute welcome packets for networking and become acquainted with city-wide policies, group information meetings with handouts of highlights, educate community leaders on how to use online tools to research property ownership information	CBOs
	Long-term	Teach community leaders and residents how to use online tools to research properties	Neighborhoods, CBOs
Increase Networking within Neighborhoods	Short-term	Use social media groups as online forums for each neighborhood's tenants and landlords	Neighborhoods, CBOs
Encourage Funders to Support Improved Rental Housing Conditions	Short-term	Encourage donor contributions and grant funding	DFC, Detroit non-profits
	Long-term	Secure resources that can support ongoing efforts	DFC, Detroit non-profits

Use Housing Concerns to help Organize Neighborhoods	Short-term	Initiate city-wide dialogue about issues concerning rental housing market, increase numbers, and strengthen local neighborhoods associations	Neighborhoods, CBOs, CDAD
	Long-term	Train leaders of existing or emerging associations on how to harness community concerns over housing to strengthen neighborhood organizations	CDAD, DFC
Government			
Regulate Land Contracts	Short-term	Amend current land contract laws or create separate policy to regulate land contract use	State of Michigan
Facilitate Access to Register of Deeds	Short-term	Set no charges for municipalities, reduced or no-cost feeds for community-based organizations	Wayne County
Ensure Enforcement of the Rental Housing Ordinance	Short-term	Maintain resource investment for consistent enforcement of ordinance	City of Detroit
Create a Database for Rental Data	Short-term	Build committee to prepare database system for tenants, publish information to renters of registered properties	City of Detroit
	Long-term	Create database that provides ownership information, interactive maps, ratings, and online forums	City of Detroit

*Short-term: 0-2 years
 Long-term: 3+ years

**DFC: Detroit Future City
 GRDC: Grandmont Rosedale Development Corporation
 ECN: Eastside Community Network
 CDCs: Community Development Corporations
 CBOs: Community Based Organizations
 CDAD: Community Development Advocates of Detroit



ENDNOTES

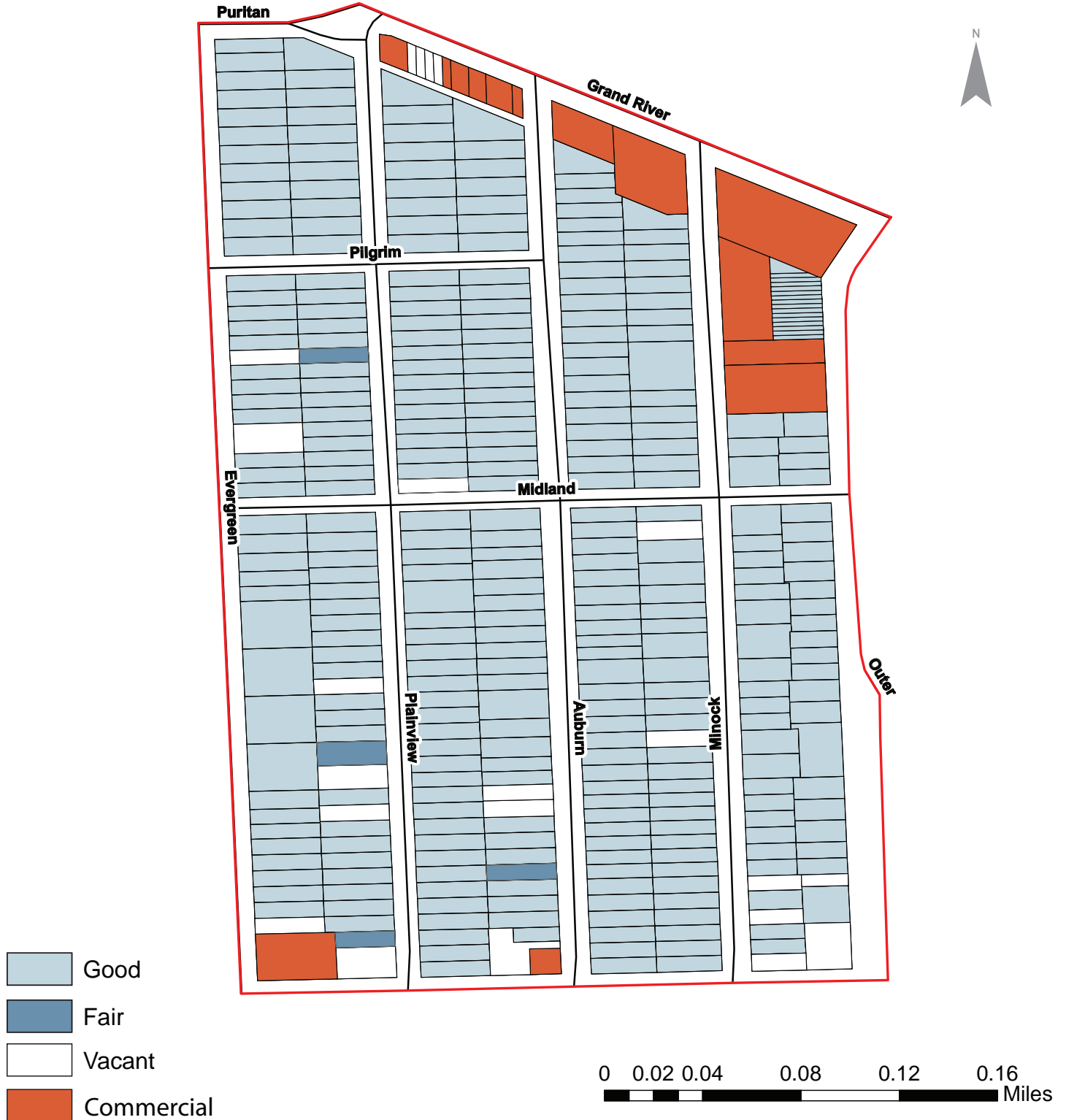
01. U.S.Census Bureau, Census 1990, accessed December 2017; American Community Survey (ACS) 2016 data, accessed December 2017.
02. Lan Deng, Margaret Dewar, June Manning Thomas, Eric Seymour., "Saving Strong Neighborhoods From the Destruction of Mortgage Foreclosures: The Impact of Community-Based Efforts in Detroit, Michigan," *Housing Policy Debate*, 2017, doi:10.1080/10511482.2017.1331366.
03. Christine MacDonald and Charles E. Ramirez, "Detroit tax foreclosures fall 88% since 2015," *Detroit News*, September 19, 2017, *Detroit News*, <http://www.detroitnews.com/story/news/local/detroit-city/2017/09/19/detroit-tax-foreclosures-down-duggan/680432001/>.
04. U.S.Census Bureau, Census 1990, accessed December 2017; American Community Survey (ACS) 2016 data, accessed December 2017.
05. Alan Mallach, "Raising the Bar: Linking Landlord Incentives and Regulations Through Rental Licensing," issue brief (Center for Community Progress).
06. Ibid.
07. GRDC block captain meeting attended by Doran, Spivey, Qato, on 10/22/2017
08. Andy Schor, "House Bill No.5363", Michigan Legislature, December 17th, 2017, [http://www.legislature.mi.gov/\(S{rdprdzcyu05n3hc122w2uaax}\)/mileg.aspx?page=getobject&objectname=2017-HB-5363&query=on](http://www.legislature.mi.gov/(S{rdprdzcyu05n3hc122w2uaax})/mileg.aspx?page=getobject&objectname=2017-HB-5363&query=on).
09. Payton Heins, Center for Community Progress, interview by Tyler Hardy & Christian Zimmer, November, 1, 2017.
10. Mallach, Raising the Bar.
11. Dana Afana, "Detroit Council Approves Tougher Rules for Rental Property Owners," *MLive.com*, November 01, 2017, accessed December 2017, http://www.mlive.com/news/detroit/index.ssf/2017/11/detroit_council_approves_tough.html.
12. Mallach, Raising the Bar.
13. City of Grand Rapids, Code Compliance Division, accessed January 2018. <http://grcity.us/community-development/Code-Compliance-Division/Pages/Rental%20Properties.aspx>.
14. Mallach, Raising the Bar.

APPENDICES

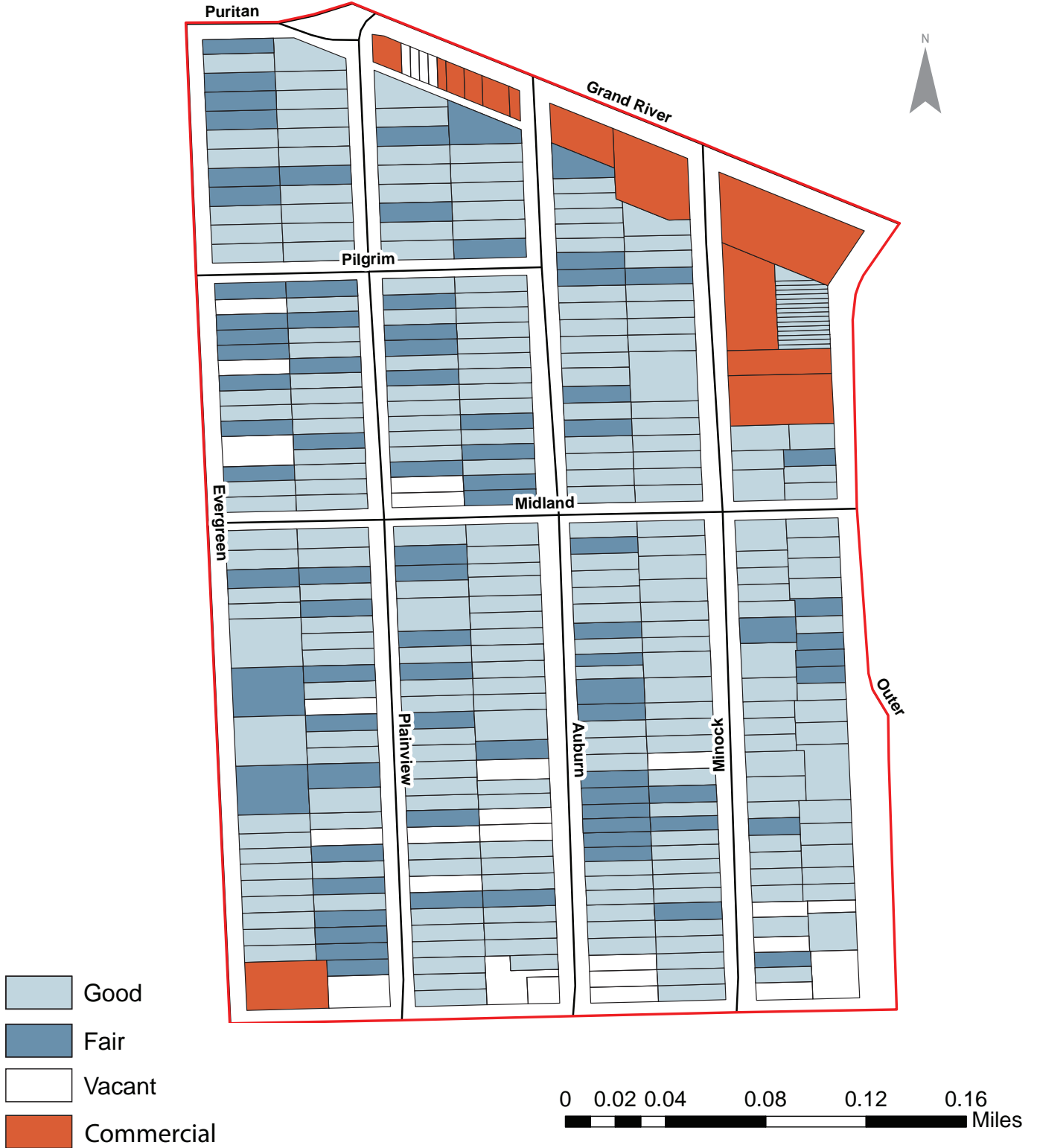


Appendix A - Minock Park Maps

Minock Park Structural Conditions -2009



Minock Park Structural Conditions -2015



Appendix B - Chandler Park Maps

Chandler Park Structural Conditions 2009

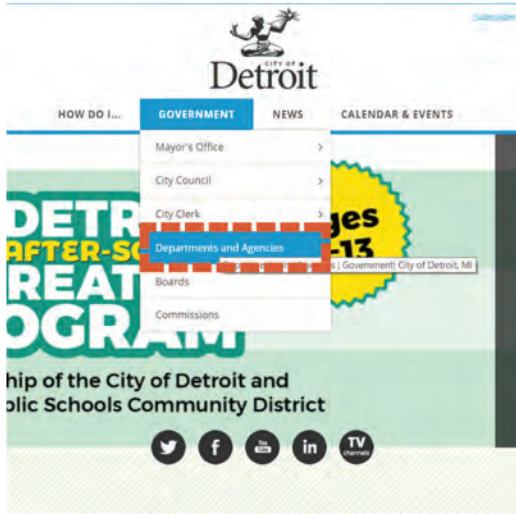


Chandler Park Structural Conditions 2015



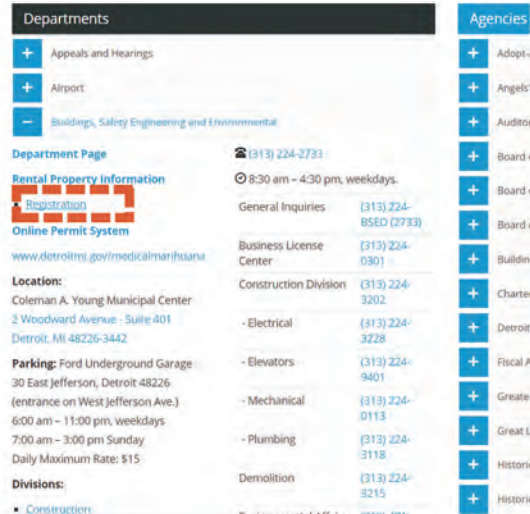
Appendix C - Navigating Data Resources

Registration of Rental Properties - City of Detroit



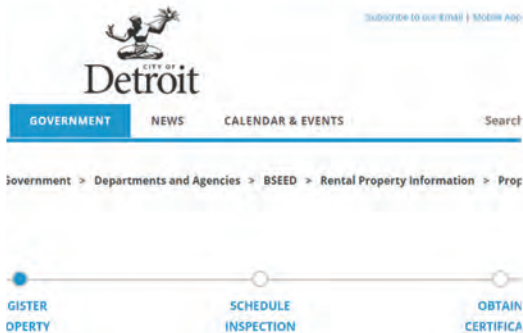
STEP 01

Go to <http://www.detroitmi.gov/>
Click on the "Government" tab and then on "Departments and Agencies"



STEP 02

Click on "Buildings, Safety Engineering and Environmental" tab and click on "Registration."

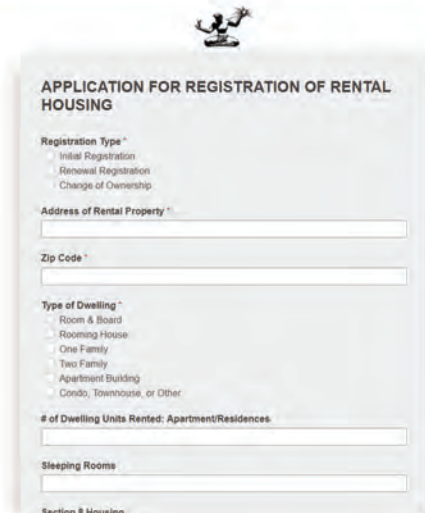


On the registration page, print and retain a copy of your registration number



STEP 03

In the register page click on "Register my rental property."



STEP 04

Fill out the application for rental housing and hit submit once completed.

Property Tax Information - Wayne County Treasurer

Eric R. Sabree,
Wayne County Treasurer
Wayne County, Michigan

Bidder Rules:

[Click to view the bidder rules document \(PDF\).](#)

Affidavit:

[Click to view the affidavit document \(PDF\).](#)

Frequently Asked Questions:

[Click to view the FAQ page.](#)

Affidavit:

[Items sold in the September 2017 auction \(PDF\).](#)

Property Counts:

No. of properties offered: 5,087

No. of batches closing on October 24, 2017: 28 (starting at 9:00 a.m. E.T. and ending at 4:00 p.m. E.T. - c)
No. of batches closing on October 25, 2017: 28 (starting at 9:00 a.m. E.T. and ending at 4:00 p.m. E.T. - c)
No. of batches closing on October 26, 2017: 19 (starting at 9:00 a.m. E.T. and ending at 01:45 p.m. E.T. - c)

[Show Property Counts](#)

STEP 01

Go to <https://www.waynecountytreasurermi.com>.
At the bottom of the page select "show property counts"

STEP 02

To view these properties on the map, click "Search" on the top ribbon

Auction Item ID	Parcel ID	Address	City	Zip
171000026	01008891 <small>Removed from Auction</small>	18500 JOHN R	DETROIT	48203

STEP 03

Enter in the parcel ID number and then click view matches. To see the details of the property, click "Property Details"

STEP 04

This page will show the parcel ID, Address, Legal Description, State Equalized Value, and Status. The bottom of the bottom will show the location of the property on a map.

Corporation and LLC Information - State of Michigan

LATEST NEWS

- LARA Releases Medical Marihuana Facility License Application
- MPSC orders DTE Electric to work with Detroit's lighting department on plan to remove unused power lines
- Michigan Liquor Control Commission Announces Support for Veterans' Clubs Legislation
- Enbridge temporarily stops flow in Line 5 due to inclement weather in accordance with agreement with State
- State hires 2 pipeline experts as part of Enbridge study team
- Public feedback sessions on final Line 5 Alternatives Analysis begin Wednesday
- LARA Releases Medical Marihuana Emergency Administrative Rules
- Minimum Wage to Increase from \$8.90 to \$9.25 for Michigan Workers

[CLICK HERE TO VIEW MORE LARA NEWS RELEASES →](#)

Featured Services Our Performance Reports

STEP 01

Go to <http://www.michigan.gov/lara/>. scroll to the bottom of the page and click on "click here to view more LARA news releases."



Number of records: 1

Entity Name	ID Number	Old ID Number
XXXXXX		

[New Search](#)

[LARA FOIA Process](#) [Transparency](#) [Office of Regulatory R](#)

[Michigan.gov Home](#) [ADA](#) [Michigan New](#)

Copyright 2017 State of Michigan

STEP 03

Click on the "Entity name" for more details.



Corporations Division

Search for a business entity

[FAQ or Hel](#)

Search by entity name
 Entity name: Search type: [Begins with](#)

Search by an individual name
 Individual name: Search type: [Begins with](#)

Search by Identification Number
 ID number: Must be 6 or 9 characters

Search by Filing Number
 Filing number:

Display number of items to view: [25 items](#) per page



[Clear search fields](#)

STEP 02

In the Entity name tab type out the name of the LLC and hit search.



ID Number: 801768683 [Request certificate](#) [New use](#)
 Summary for: BLACKSANDS, LLC
 The name of the DOMESTIC LIMITED LIABILITY COMPANY: BLACKSANDS, LLC

Entity type: DOMESTIC LIMITED LIABILITY COMPANY
 Identification Number: 801768683 Old ID Number: E4587H

Date of Organization in Michigan: 06/13/2014

Purpose: All Purpose Clause

Date of Dissolved: 05/05/2015 Term: Perpetual

The name and address of the Resident Agent:
 Resident Agent Name: DAN T PAWL
 Street Address: 4430 DECKERLAND
 Apt/Suite/Other:
 City: WEST BLOOMFIELD State: MI Zip Code: 48323

Registered Office Mailing address:
 P.O. Box or Street Address:
 Apt/Suite/Other:
 City: State: Zip Code:

Act Formed Under: 023-1993 Michigan Limited Liability Company Act

STEP 04

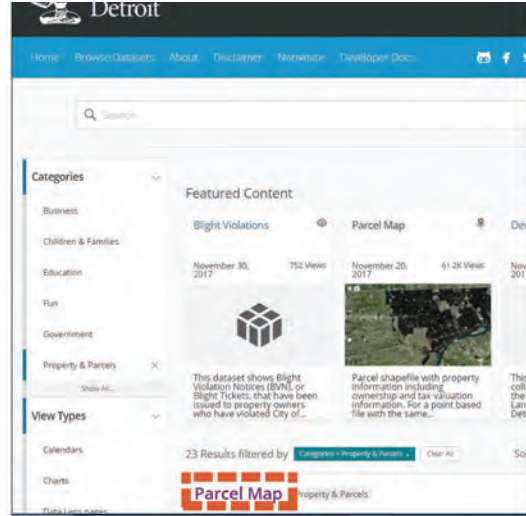
Entity information.

Property Ownership - Open Data Portal, City of Detroit



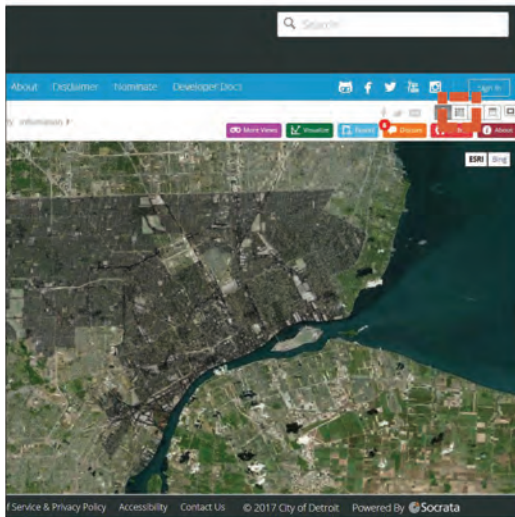
STEP 01

Go to <https://data.detroitmi.gov/>
On the main page click "Property & Parcels"



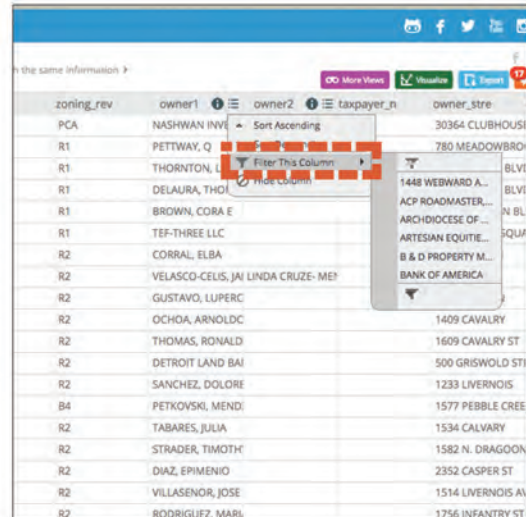
STEP 02

Look through the results and select "Parcel Map"
a. "Parcel Map" should be at the top of the search list
b. Feel free to explore other datasets



STEP 03

In the upper right corner select the "view as table" icon



STEP 04

Find the column with the data you are interested in (i.e. owner1 or address) and select "menu" and then "Filter this column"

Appendix D - Demographic Data: Minock Park

Minock Park - American Community Survey (ACS) 5-Year Estimates:
Block Group 2, Census Tract 5434, Wayne County, Michigan 2005-
2009 & 2011-2015

	2005-2009		2011-2015		Growth Comparisons	
SE:T1. Total Population						
Total population	1,365		742		-623	
SE:T13. Race						
White Alone	0	0.0%	12	1.6%	12	1.6%
Black or African American Alone	1,282	93.9%	695	93.7%	-587	-0.2%
Some Other Race Alone	0	0.0%	35	4.7%	35	4.7%
Two or More races	83	6.1%	0	0.0%	-83	-6.1%
SE:T25. Educational Attainment For Population 25 Years and Over						
Population 25 Years and Over:	682		571		-111	
Less than High School	74	10.9%	123	21.5%	49.0	10.6%
High School Graduate (includes equivalency)	147	21.6%	137	24.0%	-10.0	2.4%
Some College	415	60.9%	215	37.7%	-200.0	-23.3%
Bachelor's degree	35	5.1%	65	11.4%	30.0	6.3%
Master's degree	11	1.6%	22	3.9%	11.0	2.3%
Professional school degree	0	0.0%	9	1.6%	9.0	1.6%
Doctorate degree	0	0.0%	0	0.0%	0.0	0.0%

Minock Park - American Community Survey (ACS) 5-Year Estimates:
Block Group 2, Census Tract 5434, Wayne County, Michigan 2005-
2009 & 2011-2015

	2005-2009		2011-2015		Growth Comparisons	
SE:T17. Households by Household Type						
Households:	478		321		-157	
Family Households	362	75.7%	197	61.4%	-165	-14.3%
Married-couple Family	138	28.9%	62	19.3%	-76	-9.6%
Other Family	224	46.9%	135	42.1%	-89	-4.8%
Male Householder, no wife present	0	0.0%	31	9.7%	31	9.7%
Female Householder, no wife present	224	46.9%	104	32.4%	-120	-14.5%
Nonfamily Households	116	24.3%	124	38.6%	8	14.3%
Male Householder	36	7.5%	51	15.9%	15	8.4%
Female Householder	80	16.7%	73	22.7%	-7	6.0%
SE:T21. Average Household Size						
Avg. Household Size	2.9		2.3		-0.6	
SE:T101. Median House Value For All Owner-Occupied Housing Units						
Median value	105,000		\$33,300		-\$71,700.00	
SE:T57. Median Household Income (In 2009 Inflation Adjusted Dollars)						
Median household income	\$29,524		\$34,531		\$5,007	

APPENDICES

Minock Park - American Community Survey (ACS) 5-Year Estimates:
Block Group 2, Census Tract 5434, Wayne County, Michigan 2005-2009
& 2011-2015

	2005-2009		2011-2015		Growth Comparisons	
SE:T94. Tenure						
Occupied Housing Units:	478		321		-157	
Owner Occupied	274	57.3%	134	41.7%	-140	-15.6%
Renter Occupied	204	42.7%	187	58.3%	-17	15.6%
SE:T104. Median Gross Rent						
Median Gross Rent	\$599		\$735		\$136	
SE:T95. Occupancy Status						
Housing units	594		347		-247	
Occupied	478	80.5%	321	92.5%	-157	12
Vacant	116	19.5%	26	7.5%	-90	-12
SE:T98. Median Year Structure Built						
Median year structure built	1951		1950		-	

Appendix E - Demographic Data

Chandler Park

Chandler Park - American Community Survey (ACS) 5-Year Estimates:
Totals from Block Group 1, Block Group 2, and Block Group 3, Census
Tract 5121, Wayne County, Michigan

	TOTAL (All Selected Block Groups)				Growth Comparisons	
	2005-2009		2011-2015			
SE:T1. Total Population						
Total population	2,155		1,940		-215	
SE:T13. Race						
White Alone	231	10.7%	0	0.0%	-231	-10.7%
Black or African American	1,924	89.3%	1,940	100%	16	10.7
Some Other Race Alone	0	0.0%	0	0.0%	-	-
Two or More races	0	0.0%	0	0.0%	-	-
SE:T25. Educational Attainment For Population 25 Years and Over						
Population 25 Years and Over:	1,340	-	1,142	-	-198	-
Less than High School	202	15.1%	258	22.6%	56	7.5%
High School Graduate (includes equivalency)	651	48.6%	473	41.4%	-178	-7.2%
Some College	415	31.0%	332	29.1%	-83	-1.9%
Bachelor's Degree	60	4.5%	55	4.8%	-5	0.3%
Master's Degree	12	0.9%	16	1.4%	4	0.5%
Professional School degree	0	0.0%	8	0.7%	8	0.7%
Doctorate Degree	0	0.0%	0	0.0%	0	0.0%

APPENDICES

Chandler Park - American Community Survey (ACS) 5-Year Estimates:
Totals from Block Group 1, Block Group 2, and Block Group 3, Census
Tract 5121, Wayne County, Michigan

	TOTAL (All Selected Block Groups)				Growth Comparisons	
	2005-2009		2011-2015			
SE:T17. Households by Household Type						
Households:	836		622		-214	
Family Households	461	55.1%	425	68.3%	-36	13.2%
Married-couple Family	172	20.6%	104	16.7%	-68	-3.9%
Other Family:	289	34.6%	321	51.6%	32	17.0%
Male Householder, no wife present	0	0.0%	11	1.8%	11	1.8%
Female Householder, no husband present	289	34.6%	310	49.8%	21	15.2%
Nonfamily Households	375	44.9%	197	31.7%	-178	-13.2%
Male Householder	239	28.6%	109	17.5%	-130	-11.1%
Female Householder	136	16.3%	88	14.2%	-48	-2.1%
SE:T21. Average Household Size						
Average Household Size	2.6		3.1		0.53	
SE:T101. Median House Value For All Owner-Occupied Housing Units						
Median Value	\$77,435		no data			
SE:T57. Median Household Income (In 2009 Inflation Adjusted Dollars)						
Median Household Income	\$28,034		no data			

Chandler Park - American Community Survey (ACS) 5-Year Estimates:
Totals from Block Group 1, Block Group 2, and Block Group 3, Census
Tract 5121, Wayne County, Michigan

	TOTAL (All Selected Block Groups)				Growth Comparisons	
	2005-2009		2011-2015			
SE:T94. Tenure						
Occupied Housing Units:	836		622		-214	
Owner Occupied	396	47.4%	337	54.2%	-59	6.8%
Renter Occupied	440	52.6%	285	45.8%	-155	-6.8%
SE:T104. Median Gross Rent						
Median Gross Rent	\$772		\$652		-120	
SE:T95. Occupancy Status						
Housing Units:	1,211		1,067		-144	
Occupied	836	69.0%	622	58.3%	-214	-10.7%
Vacant	375	31.0%	445	41.7%	70	10.7%
SE:T98. Median Year Structure Built						
Median Year Structure Built	1940		1939		-	

Appendix F - Amendments to the City of Detroit's Property Maintenance Code

The Detroit Property Maintenance Code (DPMC) was originally adopted into the Detroit City Code of 1984 to ensure the public health, safety, and welfare as affected by the continued occupancy and maintenance of buildings, premises, and structure. Since then, existing buildings, premises, and structures that fail to meet such standards require alteration or repair, or else face enforcement by the city.¹ However, the DPMC was passed when there were only four blight inspectors on staff at the time, making effective citywide enforcement impossible.² Additionally, the DPMC failed to highlight any benefits that landlords could gain from compliance besides avoidance of fines. The combined lack of enforcement with the lack of incentives for landlords has resulted in citywide noncompliance despite the consequences of heavy fines and public health hazards to residents.

On October 30, 2017, the City Council passed an amendment to the Property Maintenance Code that adds and modifies certain provisions of the original ordinance.³ The revisions are designed to encourage, support, and assist landlords in coming into and maintaining compliance with Chapter 9 of the 1984 Detroit City Code. Most importantly, they ensure that landlords provide a clean, safe, and healthy environment for Detroit's citizens.

Increased Compliance Period Sec. 9-1-82 (d)

If a landlord fell out of compliance, the 1984 Code provided a 30-day compliance period for the landlord to correct the violation. If the violation was not amended by the time the compliance period expired, landlords were subject to immediate enforcement action. Now, landlords are provided with a six month compliance period to obtain a Certificate of Compliance following the initial activation of the zone for which the rental property is located. Suspension of enforcement action for non-compliance will be in effect during this period. Also, there will be an additional 90 days to obtain a Certificate of Compliance if the tenant decides to withhold rent in an escrow account.

First-time Violations—Sec. 9-1-20 (i)

The 1984 Code did not grant any leeway to first-time violators that corrected blight violations. The amended ordinance changes this by waiving the fine for low-income landlords that correct first-time blight violations. An owner shall qualify as "low income" if:

- + The owner establishes that his or her household income is at or below 50% of the median household income for the City of Detroit as determined by the most recent United States Census;
- + The owner has been granted eligibility for the Detroit Homeowners Property Tax Assistance Program, or;
- + The owner meets criteria that the Director of BSEED may promulgate in his or her decision.

Payment Plans—Sec. 9-1-37(a)

One of the biggest criticisms of the 1984 Code was that BSEED could suspend or deny a Certificate of Compliance or temporary Certificate of Compliance if the property taxes on that property have been delinquent for one year or more. Due to the widespread tax disparity throughout the City, the 2017 amendments shall not consider property taxes delinquent:

- + If the owner has a valid tax repayment plan for that property with the Wayne County Treasurer;
- + Has made all scheduled payments in accordance with that plan,
- + Provides BSEED with documentation establishing that the owner has made all scheduled payments in accordance with the plan.
- + If all these criteria are met, in addition to maintaining all other necessary building and safety codes, then property is considered to be in compliance.

Provision for a Hearing—Sec. 9-1-37 (b)

The 1984 Code provided no chance for a hearing if a landlord's Certificate of Compliance was suspended or denied. The 2017 amendments now offer landlords a provision for a hearing with BSEED to dispute the denial or suspension their Certificate of Compliance. The request for a hearing on the suspension of a certificate of compliance shall be in

writing addressed to the director of the City of Detroit's Department of Administrative Hearings within seven days after the date of the notice of suspension or denial of the certificate.

Increased Compliance Validity—Sec. 9-1-81 (c) (1)-(3)

In addition to an annual lead inspection, landlords were also required to annually register each of their properties and schedule an inspection with BSEED or an approved third party in order to acquire a Certificate of Registration. This timeframe may now be expanded, if the landlord currently possesses a Certificate of Compliance and has no current violations.

- + Owners of multiple-family dwellings are eligible for a two-year Certificate of Registration cycle.
- + Owners of one-to two-family dwellings are eligible for a three-year Certificate of Registration cycle.
- + In all other circumstances, the owner's Certificate of Registration shall be renewed annually.

Rental Property Registry—Sec. 9-1-82 (c)

BSEED has never provided the public with a registry of properties with a Certificate of Compliance. Now, BSEED will maintain a registry of rental properties that have obtained a Certificate of Compliance. This will be available on the city's internet website.

Lead Inspections—Sec. 9-1-83 (a)-(e)

Every year, landlords have been required to obtain a lead-based paint inspection for each rental property and submit to BSEED. Costing between \$450-\$600 for a single-family home, this can be a significant yearly expense if one owns multiple properties. The amended ordinance now requires landlords to obtain and submit a lead-based paint inspection to BSEED only once throughout the life of each building, removing a substantial financial burden from the landlord. Still, landlords will still need to perform lead hazard inspections depending on the interim techniques or abatement methods used.

- + Interim controls are intended to make dwellings lead-safe by temporarily controlling lead-based paint hazards.⁴
 - + Where interim controls are used to reduce lead-based paint hazards in a rental property, or where a lead inspection reveals the presence of lead paint on the rental property, the owner shall have an annual risk assessment performed on the rental property, and obtain an annual lead-clearance report.

- + Encapsulation abatements involves coating the lead-painted surface with a thick, durable sealing material. A lead hazard inspection is needed if this sealing material is breached.⁵
 - + Owner shall have a risk assessment performed on the rental property every two years.

- + Enclosure means covering the lead-based paint with a solid, dust-tight barrier. The lead-based paint is enclosed behind the barrier (EPA Model Lead-Based Paint Abatement Worker Training Course, 2004)
 - + A lead hazard inspection is needed if this barrier is damaged.
 - + Visual inspection for risk assessment of the enclosure performed by a certified lead inspector or risk assessor no less than once every five years to ensure that the lead-based paint hazards remain fully abated.
 - + Removal by elimination means removing the paint itself from the walls permanently.
 - + After certification by a lead inspector or risk assessor that no lead-based paint exists on a rental property, no further lead inspection, risk assessment, or lead clearance shall be required in order to obtain a Certificate of Compliance or Certificate of Registration for that rental property.

HUD/Governmental Agency Inspections—Sec. 9-1-84

In order to be considered compliant, all rental property needed a property inspection performed by BSEED, or an authorized third party, regardless of any other non-BSEED inspection performed by any other entity. Now, BSEED will accept inspections of rental properties

conducted by HUD, or any other governmental agency, so long as that inspection certifies that the property is in compliance with the ordinance.

While the amendments address some problems, the revised ordinance is not without its shortcomings. The DPMC still fails to even mention land contracts, let alone how BSEED should address them. It could also expand on tax-arrearage provisions for landlords to make their payments. As stated by Ted Philips of United Community Housing Coalition, "There are far too many landlords not paying taxes, buying the properties back. The Wayne County Treasurer admitted this much in a recent press conference."⁶

Most importantly, these amendments will remain unsustainable if the city fails to enforce its own laws. Despite these gaps, the ordinance can continue to be improved over time.

ENDNOTES

- 01.** Detroit, Michigan. Detroit Property Maintenance Code: Ord. No. 18-03, § 1, 7-9-03, 1984.
- 02.** BSEED representative, GRDC Vacant Property Task Force meeting, October 17, 2017.
- 03.** Detroit City Council Meeting, October 30th, 2017.
- 04.** U.S. Department of Housing and Urban Development. "Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing." Second Edition, July 2012.
- 05.** EPA Model Lead-Based Paint Abatement Worker Training Course, 2004
- 06.** Detroit City Council Meeting, October 30th, 2017.

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