



CITY OF DETROIT  
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OFFICE OF CONTRACTING & PROCUREMENT

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## **Rental Inspection Contracts for the City of Detroit.**

### **Procurement Process**

Request for Quotes 185386 seeking vendors to provide rental property inspections was open for 48 days and closed on January 29, 2025.

The bid was publicized in multiple locations including Oracle, the Detroit Legal News and GovDelivery to over 1,000 suppliers in the construction, residential property, and inspection categories. Over 40 (not including City staff) attended the virtual pre-bid conference, and there were 90 views of the uploaded video of the pre-bid. 167 suppliers accessed the bid in Oracle, and 13 responses were received by the due date.

Out of the 13 responses, ten (10) respondents met the minimum qualifications required by the City of Detroit Building Safety Environmental and Engineering Department to ensure that rental property inspections properly safeguard Detroit families.

Per the City ordinance, the lowest responsible, responsive bidders were awarded contracts.

### **Inspector Qualifications**

The minimum qualification for each inspector is one of the following certifications:

- Uniform Physical Condition Standards (UPCS)
- International Code Council Property Maintenance and Housing Inspector
- American Society of Home Inspectors or National Association of Home Inspectors –Home Inspector
- MSHDA Housing Quality Standards
- National Standards for the Physical Inspection of Real Estate (NSPIRE)

### **Employment of Detroit Residents**

Detroit Inspection Group – 7 Inspectors plus 4 Operations Administration - 100% Michigan residents; 1 Detroit resident application pending

Custom Built Construction – 4 Inspectors – 100% Detroit residents

SAFEbuilt Michigan – 3 Inspectors - 100% Detroit residents

ProSpections – 2 Inspectors – 100% Detroit residents

All four contractors have committed to hire qualified Detroit residents for any additional hires.

### **Contracts:**

The contracts will have equal maximum spend authority, with initial zip code assignments based on initial capacity. The volume assigned over the contract term will be based on performance.

Cost Effectiveness:

By paying a per-inspection fee to third party inspectors, the City makes the most cost-effective use of public dollars accounting for seasonal fluctuations in demand. Newly standing up an in-house team for single- and two-family rental properties would cost the City an additional \$404,000 per year and require 8 – 11 months to implement. Of note, BSEED has worked with third-party inspection firms for the last 9 years to complete this category of inspections. See table below for a full comparison of third-party inspections v. in-house.

Working with third-parties to complete inspections of one- and two-unit properties allows BSEED’s inspectors to focus on:

1. Complaint-based and emergency inspections
2. Inspections of larger properties that may have specialized equipment (e.g., elevators) or inspection points given the size of the building
3. Special requests from City departments and Council partners for focused reviews on special topics, types of violations, and neighborhoods

These contracts will also allow BSEED to offer a simpler and smoother experience for customers seeking inspections, reforming a process that was previously very complex.

Comparison of Third-Party v. BSEED Inspections for One- and Two-Family Rental Properties		
Comparison Point	Third Parties	BSEED
Start-up time needed	3 weeks  (training on new inspection checklist, software process)	8 – 11 months  (new fee setting analysis and approval, adding FTE to BSEED budget, job postings, recruiting, and hiring, training on BSEED operations, new inspection checklist, and software process)
FTE level	12 – 13, with flexibility to adjust based on seasonal fluctuations	12 – 13, fixed
Cost to Owner		
Single Family Home	\$195	\$195
Two Family Home	\$225	\$297
Goal Number of Inspections per Year	5,000	5,000

Total Inspection Fees Paid by Owners	\$990,000	\$1,026,000
Cost for Staffing	N/A – third-parties paid on per-inspection basis at exactly the amount paid by owner	\$1,430,000
Net Cost to City	\$0	\$404,000

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