

AN ORDINANCE

Amending Chapter 9-3900 of The Philadelphia Code, entitled “Property Licenses and Owner Accountability,” to clarify licensing requirements, authorize the Department to create a Proactive Inspection program, require public reporting related to Code compliance, and establish remedies, damages, and protections for tenants, all under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Title 9 of The Philadelphia Code is hereby amended to read as follows:

TITLE 9. REGULATION OF BUSINESSES, TRADES AND PROFESSIONS

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CHAPTER 9-3900. PROPERTY LICENSES AND OWNER ACCOUNTABILITY

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§ 9-3901. General Provisions.

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(2) Application and Issuance. In addition to the provisions set forth in Subcode A of Title 4, the following provisions shall also apply to licenses required by this Chapter:

(a) An applicant for a new license or the renewal of a license shall complete an application provided by the Department. *The license shall be considered effective from the date specified on the license.* The application shall contain the following information, and such other information as the Department may require:

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(b) An applicant shall not be eligible for a new rental license or renewal, nor shall [T]the Department [shall] issue or renew a license [if] unless it finds:

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(d) If a license is issued while an appeal of a violation is pending and the relevant violation is affirmed on appeal, the Department may suspend the license.

(e) The owner shall, within 7 days of receipt, either post the results of any appeal covered by this Section in a conspicuous place clearly visible to all impacted tenants or deliver it to all impacted tenants either personally or by first class mail.

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(4) Non-compliance, Private Right of Action and Suspension. In addition to the provisions for license suspension set forth in Subcode A of Title 4, the following provisions shall also apply to licenses required by this Chapter:

(a) The Department is authorized to immediately suspend a license if a property is deemed unfit or unsafe or imminently dangerous. ~~any violation having been found against the premises;~~

~~(b) Rental licenses shall not be issued, renewed, or deemed in good legal standing if there are any outstanding violations or habitability issues, as detailed in § 9-3903(2)(b), which have been of record for more than 30 days, unless the owner has filed an appeal of the violation which is pending and the owner has notified the Department of such appeal in a manner prescribed by the Department;~~

(b) Any owner who is required to obtain a rental license shall, within 7 days of receipt, either post a copy of that rental license in a conspicuous place clearly visible to all tenants or deliver it to all tenants either personally or by first class mail. The owner shall also post a restatement of subsection 9-3901(4)(h), which details the implications of noncompliance with license requirements.

(c) Any owner who receives a notice of violation from the Department stating that (i) a property or unit is unsafe, unfit, or imminently dangerous as defined in Sections PM-108, PM-109, or PM-110, or (ii) a property or unit violates the Philadelphia Fire Code, shall provide notice to all impacted tenants by posting a copy of the notice of violation, and any subsequent inspection reports or appeals, in a conspicuous location on the premises clearly visible to impacted tenants, or by delivering such notice personally or by first class mail.

Such notice shall be provided no later than twenty-four (24) hours prior to the deadline for correction stated in the notice of violation. If the violation is fully corrected within the time permitted by the Department, no tenant notice shall be required under this subsection.

(d) Any owner who receives a notice of license suspension shall, within 7 days of receipt, either post a copy of that notice in a conspicuous place clearly visible to all impacted tenants or deliver it to all impacted tenants either personally or by first class mail.

~~(e) Any owner whose rental license has expired or become inactive or any owner who has failed to correct code violations or habitability issues, as detailed in § 9-3903(2)(b), shall immediately notify all tenants via first class mail that, pursuant to § 9-~~

3901(4)(i) the owner is not permitted to collect rent or file an eviction until they obtain a valid rental license and come into compliance with requirements for a valid Certificate of Rental Suitability. Such notice shall also include:

(.1) The date on which the rental license expired or became inactive or the date on which the owner has failed to correct code violations or habitability issues, as detailed in § 9-3903(2)(b);

(.2) A statement that the tenant is not legally required to escrow rent payments and that the landlord shall not collect any rent until a valid rental license is obtained and the requirements for a valid Certificate of Rental Suitability are complied with;

(.3) An attachment including any relevant Violation Notices and Orders to Correct provided by the department.

(d) — When a rental license has expired or become inactive or an owner has failed to correct code violations or habitability issues, as detailed in § 9-3903(2)(b), that, pursuant to § 9-3901(4)(i), the owner is not permitted to collect rent or file an eviction until they obtain a valid license and come into compliance with requirements for a valid Certificate of Rental Suitability. Such notice shall be posted at every entrance to the premises in conspicuous places clearly visible to the public. This notice shall remain posted on the premises until removal by, or with the approval of, the code official upon compliance with its terms. Such notice shall also include:

(.1) The date on which the rental license expired or became inactive;

(.2) A statement that the tenant is not legally required to escrow rent payments and that the landlord shall not collect any rent until a valid rental license is obtained;

(.3) A statement clarifying that this is not a notice to vacate or a notice of eviction, and that the building may be deemed unsafe or unfit without needing an evacuation;

(.4) An attachment including any relevant Violation Notices and Orders to Correct provided by the Department;

(.5) Contact information for legal assistance as directed by the Department.f

(e) Expired or inactive licenses shall remain expired or inactive until there has been compliance with all outstanding violations, and until all unpaid fines and costs have been paid. Licenses shall only be renewed on the first day of the month following when there has been compliance with all outstanding violations, all unpaid fines and costs have been paid, and the license and/or Certificate of Rental Suitability have been renewed.

[(b)] ~~(e)~~ (e) The Department is authorized to suspend a license at the request of the District Attorney with respect to any property subject to forfeiture to the Commonwealth under the provisions of 42 Pa. C.S. § 6801 or other applicable law.

[(c)] ~~(f)~~ (f) A license issued may be suspended by the Department for failure to comply with the requirements of this Code after a re-inspection has been made to determine compliance pursuant to Section A-503.1 of Subcode A, **provided an appeal is not in the process of being reviewed**, or for failure to pay any fine and/or cost imposed under this Chapter or Subcode A, and such suspension shall continue until there has been compliance and until any unpaid fines and costs have been paid.

[(d)] ~~(g)~~ (g) The Department shall provide written notice and an opportunity for a hearing prior to any suspension of a license under this Section.

[(e)] ~~(h)~~ (h) Non-compliance. Any owner who fails to obtain a **valid** rental license as required by Section 9-3902, **who fails to maintain a valid rental license in good legal standing, who fails to obtain a valid** [to comply with Section 9-3903 regarding a] Certificate of Rental Suitability **as required by Section 9-3903, who fails to correct code violations as described in Section 9-3903(2)(d)**, or whose rental license has been suspended shall be denied the right to recover possession of the premises or to collect rent during or for the period of noncompliance or during or for the period of license suspension. In any action for eviction or collection of rent, the owner shall attach a copy of the license, *the Certificate of Rental Suitability and a copy of* **all code violations issued with respect to the rental unit and/or property** ~~the L&I inspection history~~ *during the relevant tenancy.*

[(f)] ~~(i)~~ (i) Private Right of Action. Any [tenant of any property] **person** subject to the provisions of this Chapter shall have the right to bring an action against the owner of such property to compel compliance with this Chapter **and to seek relief as provided in this Section**. [Such private right of action neither limits nor expands the rights of private parties to pursue any legal rights and claims they may possess under a written agreement or at Common Law.] *A prevailing tenant shall be entitled to the following remedies:*

(.1) Civil monetary damages of up to two thousand dollars (\$2,000) per unit;

(.12) Compensatory damages for any harm caused by any non-compliance or liquidated damages in the amount of \$1,000 per violation, whichever is greater. Liquidated damages under this subsection are intended to make the tenant whole and to compensate the tenant for collateral harms suffered as a result of the violation and for the tenant's time and effort enforcing the rights afforded to the tenant under this Chapter;

(.23) Abatement and refund of rent for any period during which rent was collected while a rental license or Certificate of Rental Suitability were not active, or after an owner has failed to correct code violations or habitability issues, as detailed in § 9-3903(2)(b), and the owner was noncompliant as defined in this Section;

(.34) Such other relief, including injunctive relief, as the court may deem appropriate; and

(.45) Reasonable attorney's fees and costs.

(j) Safe Harbor. In a private action pursuant to this Section, an owner shall not be deemed non-compliant for any period in which the owner can demonstrate, by a preponderance of the evidence, that the safe harbor provisions set below apply.

(.1) Delayed re-inspection of premises. An owner shall not be deemed non-compliant for any period during which the owner's inability to obtain or maintain a rental license or Certificate of Rental Suitability results solely from a delayed re-inspection by the Department. An owner shall be deemed compliant as of the date the owner completed the required corrective action and took all reasonable steps to obtain or maintain the required license or Certificate of Rental Suitability, provided that the owner demonstrates by a preponderance of the evidence that:

(.a) The owner timely corrected the underlying condition or deficiency;

(.b) The owner timely applied for, renewed, or sought reinstatement of the rental license or Certificate of Rental Suitability and requested in writing any required inspections;

(.c) Any failure to obtain or maintain the license or Certificate during the relevant period was due solely to the delayed re-inspection by the City;

(.d) The owner provided notice of the completed repair to the tenant(s); and

(.e) A subsequent inspection confirms the condition was corrected.

§ 9-3902. Rental Licenses.

(1) Required.

(a) The owner of any dwelling unit, multiple family dwelling, rooming house, dormitory, hotel, one-family dwelling, two-family dwelling, or rooming unit let for occupancy must obtain a rental license. No person shall collect rent with respect to any property that is required to be licensed pursuant to this Section unless a valid rental license ~~has been issued for~~ **is active for** the property **and has not expired or been suspended.**

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§ 9-3903. Certificate of Rental Suitability; Required Tenant Documents.

(1) Required.

(a) The owner of any property for which a rental license is required shall, at the inception of each **new** tenancy ~~and each time an owner renews a lease with an existing tenant,~~ provide to the tenant a Certificate of Rental Suitability that was issued by the Department no more than sixty days prior to the inception of the tenancy. The owner shall at the same time provide the tenant a copy of the owner's attestation to the suitability of the dwelling unit as received by the Department pursuant to subsection 9-3903(2)(b)(.3), and a copy of the "City of Philadelphia Partners for Good Housing Handbook" issued by the Department, or such other document as the Department shall require. The Certificate of Rental Suitability ~~is only valid~~ may be for either an individual dwelling unit, or for the entire building in which the unit is located.

(b) Exception. The provisions of subsection 9-3903(1)(a) shall not apply with respect to any rental to a tenant who is a member of the owner's family.

(c) The owner of any property for which a rental license is required shall, at the time of enrollment in the Eviction Diversion Program as required by § 9-811 ("Eviction Diversion Program"), provide a Certificate of Rental Suitability to the tenant that was issued by the Department no more than thirty days prior to the date of enrollment. Any owner who fails to comply with this subsection shall be denied the right to file for eviction or obtain possession of the property.

(d) At any point during a tenancy, a tenant may request a Certificate of Rental Suitability from the owner, provided that a tenant may not request more than one such Certificate within any ninety (90) day period. Within five business days of receiving a tenant request, an owner shall provide to the tenant a Certificate of Rental Suitability issued by the Department no more than thirty days prior to the request. Any owner who fails to comply with this subsection shall be denied the right to collect rent until a Certificate of Rental Suitability is provided to the tenant. The Safe Harbor Provision in Section 3-901(4)(j) shall also apply to this subsection.

(2) Application and Issuance.

(a) Applications for a Certificate of Rental Suitability shall be made on forms provided by the Department.

(b) The Department shall issue a Certificate of Rental Suitability only after it determines that:

(.1) The owner of the property has obtained all required licenses with respect to the property, including a rental license.

(.2) There are no outstanding violation notices under this Code with respect to the property, except with respect to violations for which there is a pending appeal of which the owner has notified the Department in a manner prescribed by the Department.

Exception: The Department of Licenses and Inspections may promulgate regulations regarding conditions under which Certificates of Rental Suitability may be issued, despite violations of Section PM-108.1.3 (Unsafe shared retaining walls).

(3) The owner of the premises to be leased acknowledges the obligation to provide a fit and habitable property and states that (1) all fire protection and smoke detection equipment for the premises are present and in proper operating order in accordance with all applicable requirements of The Philadelphia Code and regulations and standards adopted thereunder; (2) the operating systems are working properly to provide a fit and habitable condition; and (3) *that the premises are free of unfit, unsafe, or imminently dangerous conditions, as defined by Sections PM-108, PM-109, and PM-110*; and (4) the owner will continue to maintain all fire protection and smoke detection equipment for the premises in accordance with all applicable requirements of The Philadelphia Code and regulations and standards adopted thereunder, will continue to maintain the operating systems in proper working order, *will continue to ensure that the property is free of any unfit, unsafe, and imminently dangerous conditions as defined by Sections PM-108, PM-109, and PM-110*, and will continue to maintain the property in a fit and habitable condition.

(c) The Certificate shall set forth the applicable rental license number for the property, the date of the last inspection conducted by the Department (where applicable) and the applicable zoning designation, and shall set out the process by which a tenant may request a further inspection of the property by the Department.

(d) Failure by the owner to correct code violations covered by subsection (2)(b).(3) within thirty (30) days of receiving a notice of violation, or sooner as indicated by the Department, shall be considered to be noncompliance with this Section.

~~(.1) If an owner fails to correct covered code violations as outlined in this Section, they shall provide all tenants with notice of non-compliance with this Section within seven (7) days.~~

(1) In an action for eviction or collection of rent, the owner shall have the burden of demonstrating compliance with the requirements for issuance of a Certificate of Rental Suitability during the relevant tenancy.

~~(.2) Upon request by a tenant, the Department shall provide a tenant with notice of non-compliance with this Section.~~

(e) *Proactive Inspection Program. The Department is authorized to establish a Proactive Inspection Program in order to inspect all residential rental properties and units registered to a rental license pursuant to Section 9-3902 (“Rental Licenses”), identified as Residential Dwellings or Rooming Houses / Boarding Houses, on a regular cycle by July, 2030, provided that such inspections are feasible in the interests of health and safety.*

(f) *Reporting Requirements.*

(.1) The Department shall prepare an annual report, and shall provide Council with, and make publicly available, such reports pursuant to the schedule set forth in paragraph (.2). Such reports shall include, but are not limited to, the following:

(.a) The current status of the Proactive Inspection Program, an assessment of progress toward the goal of routine proactive inspections for all units **registered to a rental license pursuant to Section 9-3902 (“Rental Licenses”), identified as Residential Dwellings or Rooming Houses / Boarding Houses**, and a plan for developing the program over the next calendar year.

(.b) The total number of **rental** inspections performed during the past calendar year per zip code, and whether each inspection was in response to a complaint or a result of the Proactive Inspection Program.

(.c) An overview of inspections performed in response to complaints, including the number and type of complaints received per zip code, number and type of complaints responded to per zip code, the number and type of violations found as a result of complaints per zip code, and the average response time for each type of complaint.

(.d) **The total number of all AH notices of intent to cease operations and cease operations orders, as well as the number of tenants who have been displaced from a residential rental building due to a cease operations order for residential rental properties.**

(.e) A list of all residential rental property owners and addresses with an open Unfit, Unsafe, **or Imminently Dangerous violation**, or a **Cease Operations violation order, as defined by Sections PM-108, PM-109, PM-110, and A-505.**

(.2) The first report shall be provided to Council no later than **December 31, 2027** ~~December 31, 2025~~. Thereafter, an annual report shall be provided to Council no later than June 30 each year. ~~Notwithstanding the foregoing, Council, at any time, may request that the Commissioner of the Department of Licenses and Inspections provide Council with a report regarding the Proactive Inspection Program.~~

SECTION 2. This Ordinance shall become effective **immediately 90 days after it is adopted into law.**