



## Council Agenda Item

Meeting Date:	September 16, 2025
Agenda Item:	Discussion of Conversion of Single-Family homes to Rental Properties
Staff Contact (name, email, phone):	Steven T. Chesebro, <a href="mailto:schesebro@whitewater-wi.gov">schesebro@whitewater-wi.gov</a> , 262-458-2780

### BACKGROUND

(Enter the who, what, when, where, why)

On August 5, 2025 Common Council requested additional information about the City's efforts and options to reduce or prevent conversion of single-family homes in the City to rental units. A review of the City's ordinances show that the City is currently utilizing the following two methods to monitor rental units within the City.

1. In July 2008 Ch. 5.38 was created to provide a rental registration ordinance.
2. Ch. 20.04 provides property maintenance requirements and an ability to inspect properties if there is a reason to believe the property may be in violation of the law.
3. Title 19 creates an overlay district creating of zoning limit the number of unrelated individuals who can reside within a single dwelling.

However, from 2011 – 2017 the Wisconsin State legislature adopted a number of state statutes which supersede the City's ordinances. These statutes are Wis. Stat. Sec. 66.0104 and Wis. Stat. Sec. 66.1014. Wis. Stat. Sec. 66.1014 provides in general that a City cannot prohibit the rental of a residential dwelling for 7 consecutive days or longer. Wis. Stat. Sec. 66.0104 prohibits cities from adopting or enforcing ordinances placing certain limits on a landlord. A brief summary of the restrictions includes:

1. Prohibiting a landlord from collecting or using certain information about tenants or applicants.
2. Restricts security deposits, or pre/post-tenancy inspections.
3. Limits tenant's responsibility or landlord's ability to recover for damages or fees under the rental agreement.
4. Requires landlord to provide information to tenants not required under federal or state law or the objective of regulating the manufacture of illegal narcotics.
5. Requires landlord to provide information to the City regarding the landlord or tenant, unless required by federal or state law or is required of all residential real property owners.
6. Requires inspection of rental properties unless by complaint or in compliance with rental program designed in the statute.
7. Charges an occupancy or transfer of tenancy fee.

A comparison of the City's Ordinances, State Statutes and actual policies and procedures the City follows was completed for the three steps the City is currently taken. Below is more detailed information about each.

#### A. Rental Registration

A review of the City's actual policies and forms related to these ordinances was conducted and it was determined that the rental registration form currently in use could violate the requirements of state statutes. Direction has been provided to the Clerk's office to correct the form to bring it in compliance with state statutes. A spreadsheet was created to compile these registrations for the PD or the building inspector to use

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should they need to contact an owner for the rental property. The registration form is then printed and placed into a file cabinet at City Hall.

## **B. Property Inspections**

In regards to inspections the City is compliant with state law. This is because the City currently only engages in complaint driven inspections and applies the inspection code to all residential properties in the City. The City could adopt a new inspection program for rental units, however there are substantial limits to the ability of such program to make any meaningful impact on the City's rental units.

In order to create a rental inspection program, the City would first need to designate a district which it finds evidence of blight, high rates of building code complaints or violations, deteriorating property values, or increases in single-family home conversions to rental units. Rental units within the district can then be subjected to the inspection program. No fees may be charged for an inspection if a Habitability Violation is not found or any Habitability Violation found is corrected within 30 day. If the Habitability Violation is not corrected within 30 days a \$75.00 fee can be issued and continues for any future inspection that the habitability violation has not been corrected for. After the first inspection if there is no Habitability Violation or all Habitability Violations for a property are fixed within 30 days, the City may not reinspect property under the rental inspection program for 5 years, even if other property violations are found and not corrected. If any Habitability Violation is not fixed within 30 days, the property may be inspected annually until the property passes two consecutive annual inspections with no Habitability Violations at which point the property cannot be inspected under the rental inspection program for 5 years.

Below is a summary of Habitability Violations defined by the state statute.

1. Lacks hot or cold running water.
2. Heating facilities are not in safe operating condition or are not capable of maintaining a temperature, in all living areas of the property or unit, of at least 67 degrees Fahrenheit during all seasons of the year in which the property may be occupied.
3. Is not served by electricity or components of the electrical system are not in safe operating condition.
4. Any structural or other conditions that constitute a substantial hazard to the health or safety of the tenant, or create an unreasonable risk of personal injury as a result of any reasonably foreseeable use of the property.
5. Is not served by plumbing facilities in good operating condition.
6. Is not served by sewage disposal facilities in good operating condition.
7. Lacks working smoke detectors or carbon monoxide detectors.
8. Is infested with rodents or insects.
9. Contains excessive mold.

Any of these violations could be reported to the City's Building Inspector for a complaint driven inspection and would permit the City to issue violations of the building code if not timely addressed. In addition, there are potentially civil claims that could be raised for a landlord renting a property with the above identified violations. Due to the limited nature of any potential inspection program

## **C. Nonfamily Residential Restrictions Overlay District.**

While overlay districts or limitations on number of unrelated persons who are able to reside within a property are not addressed by State Statutes, they have been the subject of a number of court cases. Courts have been split on the restrictions and have prohibited some restrictions, where the intent behind them related to discrimination or were unsupported by reasonable justification they have been prohibited. In other

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courts, where a legitimate purpose has been shown for restricting the number of unrelated individuals the ordinances have been upheld. Maintaining the ordinance as it is may result in additional legal challenges in the future. However, the ordinance as currently drafted can be enforced. A stronger ordinance would limit the number of residents to a dwelling instead of to the number of unrelated individuals. Courts have sometimes found unequal application of the law when the same dwelling could be occupied by only 2 unrelated individuals, or a family of 10 people.

The City does periodically review information regarding the number of unrelated individuals within dwellings in the overlay district. When a violation is discovered notice is sent requiring compliance with the ordinance. If the party refuses to comply a citation may be issued for the zoning violation.

#### PREVIOUS ACTIONS – COMMITTEE RECOMMENDATIONS

(Dates, committees, action taken)

On August 5, 2025 Common Council requested additional information about the City's efforts and options to reduce or prevent conversion of single-family homes in the City to rental units.

#### FINANCIAL IMPACT

(If none, state N/A)

If a rental building inspection program was initiated the City would see an increase cost in inspections, without reimbursement for the time the inspections take for a period of 1 or 2 years and then every 5 years thereafter.

#### STAFF RECOMMENDATION

Staff will ensure the rental registration form is updated to conform with State Statute. Otherwise no action is recommended at this time. While creation of a rental inspection program may sound beneficial the limitations placed on the City by state statute are likely to prevent the program from significantly improving rental properties and is likely to increase costs of inspections for the City without reimbursing the City for those inspections.

#### ATTACHMENT(S) INCLUDED

(If none, state N/A)

None