



When a Rental License Is Needed...

Code Enforcement & Neighborhood Conservation

1. I buy a house and my child or children live in it without me?
 2. I buy a house and my child lives in it without me and wants a roommate?
 3. My child buys the house with me and is on the deed as a co owner. I will not be living there and my child wants one roommate?
 4. My child buys the house with me and is on the deed as a co owner. I will not be living there and my child wants two roommates?
 5. Two siblings buy a house and one or both are on the deed as co owners and want a roommate?
 6. Three or more siblings buy a house and either one, two or all three are on the deed as co owners and want to have an unrelated roommate?
 7. My two sons own a house and they each want an unrelated roommate?
 8. Three people are all owners of the property and all three live there?
 9. Four unrelated people (meaning at least one who is not related to all others) are all owners of the property and all four live at the house with ownership equity of 25 percent or more?
 10. My sibling and I buy a house and we each want our children to live there together?
- [A Few Other Tips in Looking at Property in East Lansing](#)

1. I buy a house and my child or children live in it without me?

No, you do not need a rental license if only your children live in the house. According to the housing code, family occupancy is exempt from needing a rental license. However, your children cannot allow friends to come and live with them. Section ES-1001.2(1).

FAMILY is defined as: One person, two unrelated persons; or where there are more than two persons residing in a dwelling unit, persons classified constituting a family shall be limited to husband, wife, son, daughter, father, mother, brother, sister, grandfather, grandmother, grandson, granddaughter, aunt, uncle, stepchildren, and legally adopted children, or any combination of the above persons living together in a single dwelling unit.

2. I buy a house and my child lives in it without me and wants a roommate?

Yes, that will require a rental license. Only family of THE OWNER can live at the house without a rental license. Since your child is not an owner, only your family members may live there without a rental license. See definition of family in Question 1.

3. My child buys the house with me and is on the deed as a co owner. I will not be living there and my child wants one roommate?

No, a rental license is not needed as long as your child can provide evidence of ownership equity of 25 percent or more of the fee or life estate evidenced by a recorded deed. Your child would now be an owner living on the property and the definition of "family" includes any two unrelated persons where only two persons reside in the household. As a result your child can then have ONE roommate live with him as his family member. This means a total of two people in the house and one has to be an owner.

Also, DO NOT FORM AN LLC (or other business entity) and have the LLC as the owner. This would then be considered non owner occupied without anyone being a "family"

member to the owner because the owner is a company that doesn't have "family" members. Occupancy under this scenario without a license would be considered renting without a rental license as prohibited by ES 1110.2.

4. My child buys the house with me and is on the deed as a co owner. I will not be living there and my child wants two roommates?

Yes, this would require a rental license. If your child can provide evidence of ownership equity of 25 percent or more of the fee or life estate evidenced by a recorded deed then he can apply for a Class I rental license that would allow one roomer. He and one roommate would be considered "family" according to the East Lansing Zoning Code and a "family" can have one roomer under the zoning code as long as it is not more than 3 unrelated persons total. Again do not form an LLC or other business entity for this scenario because the house must be owner occupied. Refer to ES-1001.1(1)(a), ES-1001.2(1) and ES-1002.1(1). See the definition of Family in Question 1.

5. Two siblings buy a house and one or both are on the deed as co owners and want a roommate?

Yes, this would require a rental license. The two siblings now constitute the "family" and no other unrelated person would meet the definition of a "family" member since more than two unrelated people would now live in the house. They can add one roomer ONLY if they obtain a Class I rental housing license. See answer to Question 4.

6. Three or more siblings buy a house and either one, two or all three are on the deed as co owners and want to have an unrelated roommate?

Yes, this scenario would require a rental license but would likely not be allowed for a property that is not currently licensed. In this scenario all four residents are not related to each other within the definition of "family" under the zoning code. As such, they are considered "four unrelated individuals". Single and two family residential zoning districts (R A, R 1, R 2 and R 3) do not allow more than three unrelated persons from residing together unless the house that is purchased has a prior lawful preexisting non conforming use for this many people or was owned on the effective date of Ordinance No. 900. (Before 1997.) Therefore a license would be required under this scenario, but no new license would be available in most cases. Generally only houses with existing licenses for four or more individuals would accommodate this scenario.

7. My two sons own a house and they each want an unrelated roommate?

Yes, this scenario would require a rental license and also would likely not be allowed for a property that is not currently licensed. As in the previous scenario, the zoning code would prohibit this number of unrelated persons from residing together in most zoning districts. Again, either owning the home prior to 1997 or a preexisting non conforming use for the property allowing this many unrelated individuals would be necessary in most instances. If you obtain or have a Class I license for the property, note that a Class I license is for a family and ONE roomer for the house (three persons total), not a license for each owner to have one roomer.

8. Three people are all owners of the property and all three live there?

No, you will not need a rental license to do this as long as all three occupants can provide evidence of ownership equity of 25 percent or more of the fee or life estate evidenced by a recorded deed. Note that just placing the name of someone who is actually a tenant on the deed as an owner in an effort to circumvent the license

requirement does not make the tenancy a legal one. Only if all persons are a true owners would they qualify under the owner occupancy exception to the license requirement. Likewise, tenants made to look like owners through bogus land contracts are not considered owners for license purposes. They must meet the equity requirements of the code.

9. Four unrelated people (meaning at least one who is not related to all others) are all owners of the property and all four live at the house with ownership equity of 25 percent or more?

Again, most zoning districts do not allow this many unrelated persons to occupy a house, even if all of them are true owners. See Chapter 55 of the City Code, Division 3, Sec. 50-242(3)d., and Division 4, Section 50-262(3)d. In most residential districts no more than 3 unrelated people can reside at the property, even if four are owners. An exception to this would be if the owner owned the property prior to 1997 or the house has a lawful pre existing non conforming use for this many unrelated persons. (A lawful preexisting non conforming use generally means a current license exists for the property for 4 or more persons.)

10. My sibling and I buy a house and we each want our children to live there together?

No, you would not need a rental license for this. One of you could have your children live there, but not both of you.

NOTE: PLACING OWNERSHIP OF THE PROPERTY INTO AN LLC OR OTHER BUSINESS ENTITY MAY EFFECT THE LICENSE REQUIREMENTS. If the owner is an LLC or other business entity, persons living there are not considered "family" members of the owner and it is not considered an owner occupied property under any circumstance.

EACH DAY THAT A VIOLATION EXISTS FOR RENTING WITHOUT A LICENSE IS A SEPARATE OFFENSE AND SUBJECT TO A CITATION. SEE ES 1010.2. THE MINIMUM FINE AND COSTS FOR EACH CITATION IS \$260.00. SEE ES 1010.10. YOU MUST HAVE YOUR LICENSE BEFORE THE HOUSE IS OCCUPIED.

A Few Other Tips in Looking at Property in East Lansing

- Many single family houses have deed restrictions on them that prohibit them from being rented. A list is provided on the East Lansing web page you can also call the Code Enforcement Office or the Assessor's Office to find out if a property you are looking at is deed restricted.
- Some areas of the city have a zoning overlay district that either prohibits new rental licenses or limits them to owner occupied only. This is something that can change at any given time, so call either the Code Enforcement Department or the Planning and Zoning Department to find out if the house is in an overlay district, or if any overlay ordinances are pending.
- If you call someone at the City to get information, write down the name of the person you speak to.
- If you are looking at a property that does not have a rental license and you intend to apply for a license, keep in mind that you are applying and many factors go into the process of applying for a license. You cannot rent property prior to a license being granted.

- Once you apply for a rental license the process generally will take a minimum of 2 months and more commonly it is 3 to 4 months.
- Different rules apply to initial rental license applications at condominiums. See [Policy Resolution 2002-8](#).