

AN ORDINANCE TO ADD SECTIONS 9.925 THROUGH 9.928 OF A NEW CHAPTER 174
WITHIN TITLE IX –POLICE REGULATIONS WITHIN THE CODE OF THE CITY OF
GRAND RAPIDS ENTITLED RESIDENTIAL RENTAL APPLICATION FEES

ORDINANCE NO. _____

THE PEOPLE OF THE CITY OF GRAND RAPIDS DO ORDAIN:

Section 1. That new Sections 9.925 through 9.928 be placed within a new Chapter 174, of Title IX of the Code of the City of Grand Rapids as follows:

Sec. 9.925 - Rental application fee requirements.

The Grand Rapids City Commission finds that rental application fees should be regulated to protect applicants from the unnecessary and predatory collection of fees. The purpose and intent of this Chapter is to establish rules and regulations for the collection and return of rental application fees in the city.

Rental application fee: A fee paid by the applicant (prospective tenant) to a rental property owner or his or her representative (hereinafter “rental property owner”), in order that the owner can screen the background of the applicant before signing the lease and before any contractual relationship is created. For purposes of this ordinance, applicants subject to screening are those individuals who sign or intend to sign a lease or other contractual agreement in relation to the rental unit.

- (1) Before taking a rental application fee, a rental property owner must disclose to the applicant, in writing, the criteria on which the application will be judged. Additionally, the amount of the application fee that will be charged must be disclosed on any advertisement or posting related to the rental and the amount disclosed shall not be exceeded.
- (2) Rental property owners shall only advertise rental units, receive applications, screen applicants, and accept application fees for rental properties when such rental properties are actually available and ready for occupancy, unless applicants consent in writing to being added to a waiting list. For purposes of this ordinance, a rental unit is no longer considered available if a different applicant has been screened by the rental property owner, has been offered the rental unit and accepted, and has placed a deposit on the rental unit. For

purposes of this ordinance, a rental unit may be considered available if a tenant of a unit has declared they will not be renewing a lease. Rental property owners shall document the date and time that deposits are placed on rental units.

- (3) A rental property owner shall provide an applicant with a disclosure statement at the time each application is made. Such disclosure statement shall (a) clearly state the criteria on which the application will be judged, (b) shall contain a description of the screening process utilized and the name and contact information of the person or screening agency or third party used, if any, in the screening process, (c) shall contain the amount of the fee that will be charged with the application, and (d) shall contain an itemized explanation for the disposition and use of the application fee. A rental property owner shall also provide the applicant with any paperwork or copies of electronic correspondence generated as a result of the screening process, to the extent permitted by State and Federal law. The disclosure statement shall also include the following statement: Within thirty (30) days of receipt of a denial, the applicant may, if he or she believes this ordinance has been violated, file a written complaint with the City Manager or the City Manager's Designee, addressed to City Manager, City of Grand Rapids, 300 Monroe Ave NW, Grand Rapids, Michigan 49503, 6th Floor, Attention: Rental Application Fee Ordinance Complaint.
- (4) Application fees for rental properties shall not exceed the actual cost of the screening process, which may include national, state and/or local criminal background checks, credit reports, rental history record and/or reference checks, eviction records and/or employment verification. Application fees shall not include administrative fees, with the exception of actual reasonable costs necessarily incurred to check rental history and employment verification which are considered valid charges. Rental property owners must provide applicants an itemized explanation for the disposition and use of the application fee. A rental property owner shall also provide the applicant with

any paperwork or copies of electronic correspondence generated as a result of the screening process, to the extent permitted by State and Federal law.

Sec. 9.926 - Complaint Procedure.

- (1) If the applicant believes the application fee exceeds the actual cost of the screening process as described in, and limited by, Section 9.925 (4) or believes that the reasons for denial deviate from the legal, disclosed criteria for evaluating the application, or believes that the rental property owner has violated any other requirement of the ordinance, the applicant or his or her representative may, with assistance as needed, within thirty (30) days of receipt of the denial, file a written complaint with the City Manager or the City Manager's designee in accordance with Section 9.925(3) of this ordinance.
- (2) The written complaint must be filed with the City Manager or the City Manager's designee within thirty (30) days from the date the denial is received by the applicant.

Sec. 9.927 – Return of Fees.

- (1) In addition to any fines imposed as the result of a municipal civil infraction incurred under this ordinance, the rental property owner must refund the entire application fee to the applicant if the rental property owner fails to comply with the requirements of this ordinance in any way, including but not limited to situations in which the screening process has not occurred or has not been documented sufficiently prior to denial.
- (2) The return of any application fee to the applicant by the rental property owner as required by this ordinance shall be made using the same method in which the payment was made by applicant whenever possible. In all other cases, the return of the application fee shall be in the form of a check made out to the applicant.

- (3) A rental property owner may collect and hold an application fee for an available rental unit for up to thirty (30) calendar days so long as the rental property owner provides a written receipt to the applicant. If a rental unit becomes no longer available after applications and application fees are received but before some applications have undergone the screening process, all application fees associated with the unscreened applications shall be returned to the respective applicants within not more than fourteen (14) calendar days from the date that the rental unit is no longer available in accordance with the meaning set forth in Section 9.925(2). Rental property owners shall date and time stamp each rental application in the order in which it is received.

- (4) In all cases where an applicant is not offered the rental unit applied for, the rental property owner shall provide the applicant with a written notification statement explaining the reason or reasons that the rental unit was not offered to applicant. An explanation shall be given that provides the applicant with a clear statement of the reason or reasons that the rental unit was not offered along with the documentation substantiating the reason or reasons. The explanation shall also provide a list of resources that the applicant may use to assist him or her with future application processes. This provision shall be in addition to notification requirements within State and Federal law. For purposes of this ordinance, a denial means any circumstances in which the applicant is not offered the rental unit.

Sec. 9.928 - Penalties.

- (1) A violation of this ordinance shall be a municipal civil infraction punishable by a fine as established in Chapter 170 of the City Code.

Section 2. This ordinance shall become effective November 7, 2018 and shall be evaluated by staff by November 7, 2019.