


CITY OF GRAND RAPIDS ADMINISTRATIVE POLICY

NUMBER: 18-04	DATE: 11/07/2018
REVISIONS:	
ISSUED BY: City Manager	SIGNED: 

SUBJECT: RESIDENTIAL RENTAL APPLICATION FEES ORDINANCE IMPLEMENTATION

PURPOSE: This policy establishes practices and procedures for the implementation of the Residential Rental Application Fees Ordinance adopted on July 10, 2018, as regulated under Title IX of the Code of the City of Grand Rapids, Chapter 174, Sections 9.925 through 9.928. The objective of this policy is to provide further guidance for interpretation and enforcement of the code.

POLICY:

I. Application Fee Screening

The Section 9.925 preamble titled "Rental application fee" defines applicants who are eligible for screening as "those individuals who sign or intend to sign a lease or other contractual agreement in relation to the rental unit." Thus, any other intended occupant(s) who will not be executing a lease or other contractual agreement cannot be screened or charged an application fee.

II. Third-Party Advertising

A. Section 9.925(1) establishes that the amount of the application fee to be charged must be disclosed on any advertisement or posting related to the rental unit. Any third-party rental advertisement or posting that is not directly placed by or within the control of the rental property owner, or his/her representative, shall not be subject to the disclosure requirement in this Section.

B. Advertising that is general or cumulative in nature, including that which provides multiple apartment rentals in a city or other general area, shall not

be subject to the disclosure requirements in Section 9.925. If, however, the information describes, directs, or links to specific apartment communities, rental properties, or rental units, and that information is under the control of the property owner or his/her representative, the amount of the application fee to be charged must be disclosed.

III. Defining “Available and Ready for Occupancy” and “Deposit”

- A. Section 9.925(2) limits advertising and receipt of applications and fees for properties to when such rental properties are actually “available and ready for occupancy.” “Available and ready for occupancy” means that a rental unit has not been offered to or accepted by another applicant, or a deposit has not been accepted on behalf of another applicant for that unit. The period of availability and move-in date shall be that agreed to in writing by the rental property owner, or his/her representative, and the applicant.
- B. The deposit contemplated in Section 9.925(2) shall be a fee for the purpose of reserving, securing, or holding a rental unit on behalf of the applicant; said fee is not subject to the ordinance.

IV. Disclosure Statement and Written Complaints

- A. Section 9.925(3) lists content required in the disclosure statement provided to an applicant at the time an application is made. If a third-party screening process is used by a property owner or his/her representative, it is the responsibility of the owner or his/her representative to provide the disclosure statement to the applicant either electronically (i.e. online, email, etc.) or manually (i.e. in person, mail, etc.).
- B. Section 9.925(3) specifies language to be included in the required disclosure statement. To align with Section VI. below where the City Manager designates a responsible party for implementation of this policy, the following language shall be used in disclosure statements: “Within thirty (30) days of receipt of a denial, the applicant may, if that person believes the City of Grand Rapids rental application fee ordinance has been violated, complete and file a complaint form with the City of Grand Rapids Code Compliance Department, 1120 Monroe Avenue NW, Grand Rapids, Michigan 49503.”
- C. The applicant’s written, signed, and dated complaint shall be filed with the Code Compliance Department electronically, by mail, or in person by completion of the form entitled “Residential Rental Application Fee Complaint Form.”

V. Inclusion of Income Verification

Section 9.925(4) identifies costs that may be incurred for the applicant screening process. The screening process may include verification of the applicant’s income including, but not limited to, employment verification. The screening process shall conform to applicable federal, state, and local laws, rules, and regulations.

VI. City Manager's Designee

Sections 9.925(3), and 9.926(1) and (2) state that the City Manager or the City Manager's designee are to be the recipient of complaints from applicants. The City Manager's designee shall be the Grand Rapids Code Compliance Department, and shall be identified as such on the required disclosure statement as specified above in Section IV.B.

VII. Collection, Holding and Return of Application Fees

A. Section 9.927(3) limits the collection and holding of an application fee to no more than thirty (30) calendar days, so long as the rental property owner provides a written receipt to the applicant. The application fee for an available unit may be held longer than thirty (30) days if an extended period of availability or move-in date have been agreed to in writing by the applicant and the rental property owner, or his/her representative, or the applicant consents in writing to being added to a waiting list. In all such cases, the applicant shall receive a written receipt for payment of the application fee.

B. Section 9.927(3) requires return of application fees within fourteen (14) calendar days from the date a rental unit is no longer available if the application was not screened. The application fee for an available unit may be held longer than fourteen (14) days if an extended period of availability or move-in date have been agreed to in writing by the applicant and the rental property owner, or his/her representative, or the applicant consents in writing to being added to a waiting list. In all such cases, the applicant shall receive a written receipt for payment of the application fee.

C. Section 9.927(4) requires written notification to applicants when the rental unit applied for is not offered to them. Among other information, the notification is to include a "list of resources that the applicant may use to assist him or her with further application processes." In substitution of a list, the following statement shall be included: "For assistance with future rental applications, visit the Grand Rapids Housing Commission – Rental Assistance Center, 821 S. Division Avenue, Grand Rapids, MI 49507; or call (616) 235-2879."

VIII. Enforcement

A. Compliance with the ordinance is only required if an application fee is being charged.

B. Following receipt by the Code Compliance Department of a complaint form, the rental property owner, and his/her representative, shall be provided a Notice of Complaint.

1. The property owner or representative shall have fourteen (14) calendar days to respond by providing the Code Compliance Department with any documentation or other evidence indicating the applicant's claim or claims are false. Examples of documentation include, but are not limited to, copies of the signed disclosure statement, payment receipt, advertisement, etc.

2. If a response is not received within 14 days, a Notice of Violation will be issued with a response required within 7 days.
 3. If a response is not received after issuance of a Notice of Violation, a civil infraction will be issued.
- C. If documentation is provided that upon review and/or investigation by the Code Compliance Department supports compliance, the case will be closed to “no violation.”
 - D. If review and/or investigation of the case by the Code Compliance Department results in a determination that a violation of the ordinance has occurred, the full application fee must be returned to the applicant. Failure to return the fee shall, if validated, result in a subsequent civil infraction.
- IX. Violation Appeals and/or Fraudulent Claims
- A. Violation of the ordinance results in issuance of civil infraction tickets. Any disagreement as to the determination of such penalty shall be appealed in the 61st District Court.
 - B. A complaint will be closed to no violation if upon review and/or investigation it is determined not to be in violation of the ordinance. In such cases where the property owner, or his/her representative, desire to pursue the complaint as a fraudulent claim, they may do so in civil court.
- X. Amendments
- The City Manager may, upon his/her discretion, modify and/or change this policy as necessary to effectively implement and enforce the ordinance.