

CHAPTER 105
(HOUSING CODE)

AN ORDINANCE TO AMEND SECTON 8:532 TO CHAPTER 105 (HOUSING CODE) OF TITLE VIII (BUILDING REGULATIONS) OF THE CODE OF THE CITY OF ANN ARBOR

The City of Ann Arbor Ordains:

Section 1. That Section 8:532 of Chapter 105 (Building Regulations) of Title VIII of the Code of the City of Ann Arbor be amended as follows:

8:532 –Rental Application Fees, and Pre-tenancy Fees, and Tenancy Fees.

(1) **Findings.** The Ann Arbor City Council finds that residential rental fees should be regulated to protect rental housing Applicants and Tenants from the unnecessary and predatory collection of unreasonable fees assessed to Applicants and Tenants and prospective tenants. These fees inequitably impact Applicants and Tenants renters of various socioeconomic levels and differ greatly in the amount required to secure a rental unit and the conditions under which they are refundable. There is also a lack of transparency for Applicants and Tenants regarding fees charged. The purpose and intent of this Chapter is to establish rules and regulations for the transparency of rental fees in Ann Arbor.

(2) **Definitions.** The following definitions shall apply in the interpretation and enforcement of this section:

(a) "Applicant" means any individual or entity who applies makes a request to a Landlord to rent Residential Premises, or an individual or entity who agrees to act as a guarantor or co-signor on a rental agreement.

(b) "Landlord" means an owner of residential rental property, or their agent or representative. It does not include a sublessor.

(c) "Mandatory Tenancy Fee" means a fee charged by a Landlord to a Tenant in addition to rent for a Residential Premises that a Tenant is required to pay or that is not reasonably avoidable by the Tenant. It does not include rent, a Security Deposit, or Utility Charges.

(b)(d) "Optional Tenancy Fee" means a fee charged by a Landlord to a Tenant during the lease term for a Residential Premises if the Tenant either takes a specific action or fails to complete an obligation as set forth in the lease agreement that results in an actual cost to the Landlord. Optional Tenancy Fees include, but are not limited to, parking fees, pet fees, and lock-out fees. It does not include Utility Charges or a Security Deposit.

(c)(e) "Pre-Tenancy Fee" means any fee charged by a Landlord to an Applicant or Tenant associated with an action or event that occurs before the start of a lease

term for Residential Premises rental property. It includes, but is not limited to, wait list fees, holding fees, option fees, preparation fees, move-in fees or any other fee incurred prior to the start of a term of a lease for Residential Premises. It does not include rent or, a Security Deposits paid after a lease is fully executed, or Rental Application Fees.

(d)(f) “Rental Application Fee” means any payment of money charged by a Landlord to an Applicant, the purpose of which is for screening the background of an Applicant for the lease of a Residential Premises before signing the lease and before any contractual relationship is created.

(g) “Residential Premises” means residential rental property and includes a dwelling, dwelling unit, owner-occupied dwelling, and rooming unit as defined in Section 8:500 of this Chapter.

(e)(h) “Security Deposit” means a sum of money paid by a Tenant to a Landlord for purposes set forth in the Landlord and Tenant Relationships Act, M.C.L. § 554.601 et seq.

(i) “Tenant” means a lessee who is a party to a current lease agreement of a Residential Premises.

(f)(j) “Utility Charge” means charges by a Landlord to a Tenant for the use of utilities at a Residential Premises. Utilities include water, sewer, stormwater, electricity, internet, solid waste collection, and gas.

(3) Applicability. This Section applies to all housing accommodations except:

(a) Fraternity houses, sorority houses, and student cooperative housing.

(b) Premises subject to federal, state, county, or city government restrictions regarding income, age, or rent (or the practical application of these restrictions) that are in conflict with this section.

(c) Short-term rental units as defined in Section 7:651 of Chapter 97 (Short-Term Rentals).

(4) Rental Application Fees.

(a) A Landlord may charge a Rental Application Fee to cover the costs of obtaining information about and screening the Applicant.

(b) The amount of the Rental Application Fee must be disclosed on any advertisement or posting related to the Residential Premises and the Landlord shall not charge a fee that exceeds the amount disclosed.

(c) Before charging a Rental Application Fee, a Landlord must disclose to the Applicant, in writing, the criteria on which the application will be considered.

(d) A Rental Application Fee shall not exceed \$50.00.

(e) The Landlord must fully refund a Rental Application Fee if the Applicant is not offered a Residential Premises n-apartment for rent.

(5) Pre-Tenancy Fees Prohibited. A Landlord shall not charge a Pre-Tenancy Fee.

(6) Limitation, Inclusion, and Disclosure of Tenancy Fees.

(a) **Mandatory Tenancy Fees.** All Mandatory Tenancy Fees must be included in the base price of rent. A Landlord shall not separately charge a Tenant any Mandatory Tenancy Fee.

(b) **Optional Tenancy Fees.** A Landlord may charge a Tenant an Optional Tenancy Fee if the Tenant takes a specific action or fails to complete an obligation as set forth in the lease agreement that results in an actual cost to the Landlord.

(c) **Utility Charges.** Whether Utility Charges are included in the rent must be disclosed in any advertisement or posting related to the Residential Premises and must be listed in the lease agreement. If Utility Charges are not included in the rent, the Utility Charges or the method by which the Utility Charges will be billed must be listed in the lease agreement with the Optional Tenancy Fees as required by Section (6)(e).

(d) **Parking Fees.** A Landlord shall not charge a Tenant an Optional Tenancy Fee for vehicle or bicycle parking if the Tenant has not agreed to use or does not use such parking amenities.

(e) **Optional Tenancy Fees Listed in the Lease.** All Optional Tenancy Fees must be listed on the first page of the lease agreement or listed clearly in one location in an addendum to the lease agreement entitled "Optional Tenancy Fees."

(f) **Disclosure of Rent and Fees.** The total price of rent and any Optional Tenancy Fees must be disclosed in any advertisement or posting related to the Residential Premises and made available to an Applicant or Tenant upon request.

(g) Security Deposit. A Landlord may require and retain a Security Deposit in accordance with the Landlord and Tenant Relationships Act, M.C.L. § 554.601 et seq.

(h) This subsection (6) does not take effect until August 1, 2026.

(76) Non-Waiver. The requirements of this Section may not be waived by the parties. This Section is not intended to preempt any provisions or regulations that govern the collection of deposits and fees under federal or state housing assistance programs.

(87) Construction. Nothing in this Section shall be construed to control either the amount of rent charged for leasing private residential property or the amount charged for a security deposit. This Section shall only apply to leases entered into, renewed, or renegotiated after the effective date of this section.

(98) Enforcement

(a) A violation of this section constitutes a civil infraction punishable by a fine of not less than \$500.00 for the first offense, not less than \$500.00 and up to \$1,000.00 for each additional or subsequent offense, plus costs and other remedies available by statute.

(b) To the extent allowed by law, an Applicant or a Tenant who has been aggrieved by a violation of the section may bring a civil action for appropriate injunctive relief or damages, or both, against the person(s) who acted in violation of this section.

(c) The City Administrator or their designee shall be responsible for enforcing this section.

Section 2. This ordinance shall become effective on August 1, 2026.