

ORDINANCE NO. ORD-24-33

First Reading: December 16, 2024
Public Hearing: January 6, 2025

Approved: January 6, 2025
Published: January 16, 2025
Effective: January 26, 2025

CHAPTER 105
(HOUSING CODE)

AN ORDINANCE TO ADD SECTION 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 be added to Chapter 105 (Building Regulations) of Title VIII of the Code of the City of Ann Arbor as follows:

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

- (1) **Findings.** The Ann Arbor City Council finds that residential rental fees should be regulated to protect rental housing Applicants from the unnecessary and predatory collection of unreasonable fees assessed to tenants and prospective tenants. These fees inequitably impact 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 tenants regarding fees charged. The purpose and intent of this Chapter is to establish rules and regulations for 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 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) “Pre-Tenancy Fee” means any fee associated with an action or event that occurs before the start of a lease term for residential 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, security deposits, or Rental Application Fees.
 - (d) “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.

(e) "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.

(f) "Tenant" means a lessee who is a party to a current lease agreement.

(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.

(e) The Landlord must fully refund a Rental Application Fee if the Applicant is not offered an apartment for rent and no later than sixty (60) days after the Landlord received the Rental Application Fee.

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

(6) **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.

(7) **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.

(8) 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, 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 10 days after publication.

As Amended at First Reading by Ann Arbor City Council on December 16, 2024.

CERTIFICATION

I hereby certify that the foregoing ordinance was adopted by the Council of the City of Ann Arbor, Michigan, at its regular session of January 6, 2025.

(Date)

Jacqueline Beaudry, Ann Arbor City Clerk

Christopher Taylor, Mayor of the City of Ann Arbor

I hereby certify that the foregoing ordinance received legal publication on the City Clerk's webpage on January 16, 2025.

Jacqueline Beaudry, Ann Arbor City Clerk