

THE NEW RULES FOR RENTAL SCREENING & SECURITY DEPOSITS: RENTER'S GUIDE



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Background

Renters and owners play an important role in creating vibrant and quality communities in Minneapolis. There are over 89,000 households renting their homes. Experts agree that the need for affordable rental housing will continue to grow.

Increasing access to housing can improve a community's health, safety and well-being. Yet many renters struggle to find rental units for their households as housing costs rise faster than wages.

Finding a safe, stable place to call home can be especially hard for renters of color and people with low wage jobs. Many people are denied housing because of discrimination or something that happened a long time ago in their criminal history, rental history, or credit history.

Evictions also affect low-income and racially diverse neighborhoods more than others. With an eviction on record, it can be much harder for a family to find housing.

By working together, we can help Minneapolis families overcome barriers to housing. Owners can do their part by making sure their rental screening criteria is fair. They also ensure that renters have a chance to give them information that can help demonstrate how they will be a successful renter. That way, their applications will offer an accurate picture of who they are and what they will be like as renters. Read on to learn more about the City's new rules for rental screening and security deposits.



THE NEW RULES FOR RENTAL SCREENING & SECURITY DEPOSITS: RENTER'S GUIDE

The City of Minneapolis has new rules that aim to make it easier for you to be approved for rental housing. These rules limit how owners can screen rental applications and handle security deposits.

Rental Screening

Owners have 2 options for screening your applications. They can use the City's inclusive screening criteria or do individualized assessments.

Before you apply for housing, you can ask an owner to use the inclusive screening criteria or to do an individualized assessment if you prefer one option over the other. Owners don't have to use the option you ask for, but they do have to share their screening criteria with you in writing before you apply. They may put it with the unit listing, in an email, in the application, or on their website.

More Info

Start Dates

The new rental screening rules start on June 1, 2020 for owners that have 16 or more units* and on December 1, 2020 for owners that have 15 units or less.

The new security deposit rules start on June 1, 2020 for all owners, regardless of how many units they have.

**The unit total includes individual units in houses, duplexes, triplexes, and apartment buildings.*

RENTER TIP

Get Legal Help. If you have concerns about your criminal history, rental history, or credit history, ask a lawyer or legal expert for help. See the Housing Resources section below for a list of renter advocacy organizations that can assist you.

Option 1:

INCLUSIVE SCREENING CRITERIA

The inclusive screening criteria doesn't allow owners to consider certain things in your past when they are deciding if they will approve your application. These things fall into 3 categories: criminal history, rental history, and credit history. The inclusive screening criteria encourages owners to screen applications with more openness.

Criminal History

A criminal history is a record of a person's past convictions and sentences. Criminal records are kept and updated by federal, state, and local authorities.

When processing applications, owners may check your criminal history to see if you have a criminal record.

Under the inclusive screening criteria, owners can't deny your rental application because of certain things in your criminal history like:

- Any arrest that did not end in conviction. This does not include active cases.
- Being in or finishing a diversion or a deferral of judgment program, including stays of adjudication and continuances for dismissal or without prosecution (when a court doesn't place a conviction on your record or suspends prosecution if you meet certain conditions).



Examples



Misdemeanors

Under the inclusive screening criteria, an owner can't deny your rental application because of certain past misdemeanors, including gross misdemeanors. Misdemeanors include crimes like:

- A first conviction for driving while intoxicated (DWI)
- Reckless driving that does not result in serious injuries
- Assault in the fifth degree
- Trespass
- Disorderly conduct
- Domestic assault
- Simple theft

Owners also can't deny your application due to citations or petty misdemeanors because these are not crimes under Minnesota law.

*This is a sampling of common misdemeanors. It is not a comprehensive list.

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- Any conviction that was vacated or expunged (removed from your record), or if the applicant got a stay of sentencing and followed the terms of the stay.
 - Any conviction for a crime that is no longer illegal in the state of Minnesota.
 - Any conviction or other determination or adjudication (a formal decision) in the juvenile justice system.
 - Any conviction for misdemeanor offenses (including gross misdemeanors) if the dates of sentencing are older than 3 years.
 - Any criminal conviction for felony offenses if the dates of sentencing are older than 7 years.
 - Any criminal conviction for the following felony offenses if the dates of sentencing are older than 10 years:
 - First-degree assault
 - First-degree arson
 - Aggravated robbery
 - First-degree murder
 - Second-degree murder
 - Third-degree murder
 - First-degree manslaughter
 - Kidnapping
 - First-degree criminal sexual conduct

Exceptions

Owners may still deny your application if your criminal history includes:

- Conviction for the illegal manufacture or distribution of a controlled substance, as defined in section 102 of the Controlled Substances Act (21 U.S.C. 802).
- Offenses that make you ineligible for federally assisted housing according to federal regulations, including but not limited to when any household member has to register as a sex offender for life in a state sex offender registration program.

Rental History

A rental history is a record of a person's past experiences with housing. This includes properties you rented or bought.

When they process applications, many owners look for certain things in your rental history, like if you ever broke lease rules, made late payments, or were evicted.

To be able to get information about your rental history, owners may ask you to give them contact details for your past property managers.

They may also seek out information from courts. Courts keep records of most eviction actions that were part of a court process, formally known as unlawful detainers (UDs). An eviction case won't show up on your record if it was expunged, which means it was removed from your record.

The City's new rules make sure that owners using the inclusive screening criteria can't deny your rental application for:

- Any eviction case older than 3 years, even if you lost your case.
- Eviction action settlements older than 1 year.
- Eviction actions that were dismissed or decided in the applicant's favor.
- Limited rental history (first time renters, previous homeowners who don't have a rental history, new immigrants with little or no rental history), though you may not leave out information on purpose.



RENTER TIP

Check Your Court Record. Talk to a lawyer or legal expert to understand what is on your court record. Find out if you can get any convictions expunged, which means they are removed from your record. See the Housing Resources section below for a list of renter advocacy organizations that can help you.



Income

If an owner is using the inclusive screening criteria and they require that your monthly income is at least 3 times the monthly rent, you can ask them to make an exception if you don't meet the requirement.

You will need to give the owner supplemental evidence as they consider making an exception. Supplemental evidence, explained below, is written information that shows that you will be able to pay your rent. It is up to the owner to decide if the information you give them is good enough to make an exception.

Examples

Supplemental Evidence for Income Exceptions

If an owner is thinking about making an exception to their income requirement for you, you might want to give them supplemental evidence about your rental history. It may be most helpful for you to provide information showing that you paid your past housing and utility bills on time while earning less than 3 times the monthly rent.

For example, if in the past you earned \$2,400 per month and paid rent on time while living in a unit that cost \$1,000 per month, you could show the owner proof of successful rental payments. To get a written record of those payments, ask your last rental property owner to give you a payment ledger of your past rental account.



Credit History

A credit history is a record of how a person has repaid some past debts that were based on credit. This information is found in credit reports and credit scores.

A credit report shows how many credit accounts you have and if you pay them on time. Credit cards, student loans and medical debt are examples of credit accounts. Credit reports are also used to determine credit scores. A credit score is a number that is based on the information in your credit history.

Many owners look at your credit reports and credit scores when they screen applications. Under the inclusive screening criteria, they can use some information in your credit history that is relevant to your ability to pay rent to decide whether they think you will be a successful renter. But, they can't deny your application because of:

- Your credit score alone
- Limited or lack of credit history



More Info

Credit Reports & Credit Scores

- Credit reports are created by three credit agencies: Experian, Equifax and TransUnion.
- Credit scores are also created by these companies, plus others like FICO.
- Your credit reports and credit scores from these different companies may vary from one another if the companies have different information about your credit history and different ways of calculating and updating data.
- If you find any problems in your credit report or credit score, report them right away, and especially before you apply for housing.

Option 2:

INDIVIDUALIZED ASSESSMENT

Any screening criteria that vary from the inclusive criteria, even only in part, is considered an individualized assessment. Owners that choose to do individualized assessments have to evaluate your application with any supplemental evidence that you give them. Under the new rules, owners that do individualized assessments have to consider:

- **Specific Factors.** What specific things in your past would cause them to deny your application? What types of things, how serious would they have to be, and how many is too many?
- **Time Elapsed.** How long ago did these things happen?
- **Your Age.** How old were you when these things happened?
- **Unplanned Events.** Have you had any big life events that you could not have planned for? This could include things like job loss, illness, car accident, death, divorce, or domestic violence.

RENTER TIP

Know the Screening Criteria. You can ask an owner to use the inclusive screening criteria or do an individualized assessment. They don't have to use the option you ask for, but before you apply, they have to tell you in writing which screening criteria they will use.



SUPPLEMENTAL EVIDENCE

Supplemental evidence is any written information you give to the owner to show that you will be a successful renter. You can give an owner any supplemental evidence that you'd like to provide with your application. It can help strengthen your application by explaining things from your criminal history, rental history, and credit history. It can also describe evidence of things in your life that show you would be able to follow the lease terms even if you had challenges in the past. It is a good idea to share anything with the owner that gives an accurate picture of what you will be like as a renter.

You can give supplemental evidence to an owner with your rental application no matter what screening criteria they use. But, supplemental evidence is especially important for individualized assessments. This is because an owner that denies your application after doing an individualized assessment has to write to you to explain why your supplemental evidence wasn't good enough to approve your application.

When you share your supplemental evidence with an owner, consider asking them to meet with you in person. This will allow you to share your story, explain what you gave them as supplemental evidence, and answer any questions.

Examples

Supplemental Evidence

Supplemental evidence may include things like:

- Proof of all sources of income.
- References from employers, rental property owners, and parole or probation officers.
- Papers showing you participated in a job training course, renter certification program, or Department of Corrections community re-entry program.
- Evidence that something unplanned happened in your life that led you to miss some payments, like a serious illness or death in your family.
- Any other materials, like letters, emails or certificates, that describe your strengths and achievements.

SECURITY DEPOSITS

High payments at the start of a lease can make it hard for some renters to afford housing. The new rules limit how much an owner can ask you to pay for a security deposit in an effort to address this problem.

Under the new rules, if an owner asks you for a security deposit and 1 month's rent at the start of a lease, they can't require a security deposit payment that is more than 1 month's rent (see Example 1 below).

If an owner asks you for a security deposit and more than 1 month's rent at the start of a lease, they can't require a security deposit payment that is more than half (50%) of 1 month's rent. They also have to give you the option of paying the security deposit over 3 months (see Example 2 below).

More Info

Start Dates

The new security deposit rules start on June 1, 2020 for all owners.

Example 1

- **YOUR COSTS AT START OF LEASE:**
Security deposit + first month's rent
- **NEW RULE:**
Security deposit has to be less than or equal to 1 month's rent
- **EXAMPLE:**
 - Rent: \$1,000 per month
 - Security deposit: \$1,000
 - Your total costs at start of lease: \$2,000

Example 2

- **YOUR COSTS AT START OF LEASE:**
Security deposit + first month's rent + another month's rent
- **NEW RULE:**
Security deposit has to be less than or equal to half (50%) of 1 month's rent
- **EXAMPLE:**
 - Rent: \$1,000 per month
 - Security deposit: \$500*
 - First month's rent: \$1,000
 - Last month's rent: \$1,000
 - Your total costs at start of lease: \$2,500

**You can pay the security deposit over 3 months*



Reporting a Problem

All owners are required to follow the new rules. If you think an owner has broken them, you can report it by making a formal complaint to the City. Callers in Minneapolis can dial 311 and those outside Minneapolis can dial 612-673-3000. Before you call, make sure you have detailed information about what happened so you can explain your situation.

After you make a complaint, a City inspector or a Rental Housing Liaison will contact you and the owner for more information. If the City decides that the property owner broke the rules, they may issue a violation order and an administrative citation. They may also file an action against the owner's license.

Housing Resources

HOME Line

Phone: 612-728-5767

Toll-free: 866-866-3546

Email an Attorney: homelinemn.org/e-mail-an-attorney

Website: www.homelinemn.org

How to be the Smartest Renter on Your Block Book:

[www.homelinemn.org/wp-content/uploads/2018/10/](http://www.homelinemn.org/wp-content/uploads/2018/10/With-Cover-How-to-be-the-Smartest-Renter-on-your-Block.pdf)

[With-Cover-How-to-be-the-Smartest-Renter-on-your-Block.pdf](http://www.homelinemn.org/wp-content/uploads/2018/10/With-Cover-How-to-be-the-Smartest-Renter-on-your-Block.pdf)

HousingLink

Website: www.housinglink.org

Phone: (612) 522-2500

Email: info@housinglink.org

Legal Services State Support

Website: www.LawHelpMN.org

Mid-Minnesota Legal Aid

Phone: (612) 334-5970

Toll-free: 1-800-292-4150

Website: www.mylegalaid.org

Volunteer Lawyer's Network

Phone: (612) 752-6677

Website: www.vlnmn.org

United Renters for Justice (Inquilinxs Unidxs Por Justicia)

Website: www.inquilinxsunidxs.org

Report an Owner: www.inquilinxsunidxs.org/en/report-landlord

GETTING READY TO RENT: A CHECKLIST

- **Know your rights and obligations.** Visit the City's website and the Minnesota Attorney General's Office's *Landlords and Tenants: Rights and Responsibilities* handbook at www.ag.state.mn.us/Consumer/Handbooks/LT/. Reach out to renter advocacy organizations for more information.
- **Understand the screening criteria.** Owners must share their screening criteria with you before taking your applications.
- **Check your criminal history, rental history and credit history.** You can look at this information for free. Visit www.annualcreditreport.com for your credit report and ask your bank for your credit score. For your criminal and rental history, search the Minnesota Courts' online database at www.mncourts.gov/publicaccess and federal records at www.pacer.gov/findcase.html.
- **Provide other information to make your application stronger.** Share things like proof that you participated in job training or community re-entry programs. You can also offer references from employers, property owners or parole officers.
- **Ask for help.** If you think an owner broke the law by denying your rental application, call the City at (612) 673-3000 to file a complaint. You may also be able to get legal help from a renter advocacy organization.

A Note for Renters:

This is an instructional booklet created to give high-level guidance to renters. It is not legal advice.



QUESTIONS?

Call 311 Call 311 or visit us online to learn more:
www.minneapolismn.gov/renterprotections

Our website has many resources, including Frequently Asked Questions about the new rules for rental screening and security deposits.

For reasonable accommodations or alternative formats, please call the Regulatory Services Accessibility Line at 612-673-3221, or email RegulatoryServicesADALine@minneapolismn.gov.

People who are deaf or hard of hearing can use a relay service to call 311 at 612-673-3000. TTY users call 612-263-6850.

Para asistencia, llame al 612-673-2700 - Rau kev pab 612-673-2800 - Hadii aad Caawimaad u baahantahay 612-673-3500.