

## Frequently Asked Questions: Tiering Process for Rental Licensing Inspections and Annual Renewal Billing

### What type of rental property requires a rental license?

Every rental dwelling, including single-family rental dwellings and rental units in owner-occupied duplexes, and rooming and shared-bath units (unless they are in a licensed lodging house) must have a rental license.

### Why a tiered rental license billing structure?

The City of Minneapolis uses a tiered rental license billing structure. A property's tier is based on its rental history, focused primarily on the condition and maintenance of the property itself. The tier determines what rental license fee will be imposed and the inspection schedule.

Tier	Characteristics	Inspection cycle
1	Well-maintained, managed, meets minimum housing code, and use very few city services.	8 years
2	Maintained to minimum housing code and use some city services.	5 years
3	Poorly maintained or managed and require excessive city services.	1 year

### Why is there a difference in the tier rental license fees?

A tiered structure allows Regulatory Services to directly recapture costs from inspections rather than passing the costs onto all property owners. In addition, a tiered model incentivizes rental license holders to actively manage their properties such that they are placed in a lower tier, undergo fewer inspections, and pay a lower renewal fee.

### What criteria does the City use to establish the tiers?

The criteria used to determine a property's tier reflects the guidelines established by Minneapolis Code of Ordinance 244.1890 and is focused primarily on the condition and maintenance of the property itself over the past two years. Each component of the criteria has a set point value. The property owners themselves are not factored into the tiering process. The criteria were developed with input from stakeholders including rental property owners, tenants, neighborhood associations, City Council, the Minneapolis Police Department, and the City Attorney's Office.

### When are the tiers assigned?

Data is analyzed each spring to coincide with the rental license billing process. Tiers are assigned every year and are listed in the rental license renewal letters.

### What if I have questions about why my property was placed in its respective tier?

An administrative review is when Regulatory Services staff validate the data used to determine a property's tier. Administrative reviews are undertaken upon the request of the property owner, but the rental license fee must first be paid. A property's tier is only modified if the data is found to be inaccurate. The administrative review period is July 15 through November 1 for the active rental license renewal cycle.

**Rental License Fees**

The table below provides the base rental license fee. Please note that the month initiated and number of additional units are factored into the total rental license fee. The fee for each additional unit, irrespective of the property's tier, is \$5.00.

Building Size	Annual License Fee			Annual fee for each additional unit
	Tier 1	Tier 2	Tier 3	
16 or more units	\$175	\$350	\$700	\$5.00
Condominium	\$70	\$112	\$373	
4-15 units	\$82	\$163	\$327	
1-3 units	\$70	\$112	\$373	

## Rental Licensing Tier Criteria

Criteria	Definition	1-3 Unit Rental Buildings		4+ Unit Rental Buildings, Condominiums, and Mixed-Use Buildings	
		Count	Points	Count	Points
Inspections	The count of the number of inspections conducted by Regulatory Services at a given property	1-3	0	1-3	0
		4-6	10	4-6	10
		7-9	20	7-9	20
		10+	30	10+	30
Violations	The count of housing or fire code violations issued by Regulatory Services	1-5	0	1-5	0
		6-15	10	6-15	10
		16-30	20	16-30	20
		31+	30	31+	30
Letter of Intent to Condemn for Lack of Maintenance	The count of letters issued with the intent to condemn a building for the lack of maintenance	1	15	1	15
		2+	30	2+	30
Rental License Operation Conditions	The rental owner has met with the City to agree upon certain conditions or restrictions for a given rental property	1	10	1	10
License Revocation Action	Revocation action has been taken against the property for the violation of rental licensing standards	1	65	1	35
Solid Waste Dirty Collection Point Warning Letters	The count of Solid Waste warning letters issued to a property for a dirty collection point	2-3	5	2-3	5
		4-5	10	4-5	10
		6+	15	6+	15
Solid Waste Dirty Collection Point Clean-Ups	The count of collection point clean-ups undertaken at a property by Solid Waste	1-2	10	1-2	10
		3-6	15	3-6	15
		7-9	20	7-9	20
		10+	30	10+	30
Administrative Citations	Fines issued pertaining to a rental license at a given property	1-2	5	1-2	5
		3+	10	3+	10
Special Assessments	All outstanding fines or fees issued to a given property	2-4	10	2-4	10
		5-7	20	5-7	20
		8+	30	8+	30
Conduct on Premises	A provision in the Rental Licensing Ordinance that allows the City to address qualifying incidents of disorderly conduct of tenants and their guests that adversely impacts neighbors	1	15	1	15
		2+	20	2+	20
Rental Units	Number of paid rental units for High Occupancy Dwellings or Mixed Use Structures			1-3	1
				4-15	3
				16-30	2
				31+	1
Multi-Use Building	Building use is commercial and residential			1	3
		<b>1-3 Unit Rental Buildings</b>		<b>4+ Unit Rental Buildings, Condominiums, and Mixed-Use Buildings</b>	
		<b>Tier</b>	<b>Score</b>	<b>Tier</b>	<b>Score</b>
		<b>3</b>	<b>65+</b>	<b>3</b>	<b>35+</b>
		<b>2</b>	<b>31-64</b>	<b>2</b>	<b>16-34</b>
		<b>1</b>	<b>0-30</b>	<b>1</b>	<b>0-15</b>