

Frequently Asked Questions: Tiering and Rental License 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. The tier determines what rental license fee will be imposed and the inspection schedule.

Tier	Characteristics	Inspection cycle
1	Use very few city services, well maintained, managed and meet minimum housing code	8 years
2	Use some city services, maintained to minimum housing code, may be at a higher risk for fire damage	5 years
3	Require excessive city services, poorly maintained or managed, may be at a higher risk for fire damage	1 year

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

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

How are tiers determined?

A set of fifteen elements are used to determine a property's tier, which is reflective of the guidelines established by ordinance 244.1890. The tier elements are focused primarily on the condition and maintenance of the property itself, with a subset of the elements surrounding fire risk and compliance. Each element has a set point value. The elements 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. A detailed description of the tier elements can be found in the table on page 2.

When are the tiers assigned?

Data is analyzed each May to coincide with the rental license billing process. Tiers are assigned each year and are listed on the rental license renewal letters. The tiering timeframe is April 30, 2016-April 30, 2018.

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 16 through September 30 for the active rental license renewal cycle.

Rental Licensing Tier Elements

Element	Description	1-3 Unit Rental Buildings		4+ Unit Rental Buildings, Condominiums, and Mixed-Use Buildings	
		Count	Points	Count	Points
Inspections	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 number of housing or fire code violations issued by Regulatory Services, with violations identified as high risk being assessed five points each	1-5	5	1-5	5
		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 numbers 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 property owner has met with the City to agree upon certain conditions or restrictions for a given rental property	1	10	1	10
		2+	20	2+	20
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 number 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 number 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
Public Works Snow and Ice Removal Letters	The number of Public Works warning letters issued to a property for snow and ice removal	2-3	5	2-3	5
		4-5	10	4-5	10
		6+	15	6+	15
Public Works Public Walk Snow and Ice Removal Clean-Ups	The number of snow and ice clean-ups undertaken at a property by Public Works	1-2	10	1-2	10
		3-6	15	3-6	15
		7-9	20	7-9	20
		10+	30	10+	30
Delinquent Rental License Fee	The rental license fee has not been received by the due date	1	5	1	15
		2	10	2	30
Administrative Citations	Fines issued 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
Building Age	The age in which the building was constructed			1990 or later	1
				1966-1989	2
				1931-1965	3
				1915-1930	4
				1914 or earlier	5
Fire Alarm and Suppression Systems	A permit for the building's fire alarm or suppression system has been approved or its existence has been verified			Has not been approved or verified	5
		1-3 Unit Rental Buildings		4+ Unit Rental Buildings, Condominiums, and Mixed-Use Buildings	
		Tier	Score	Tier	Score
		3	65+	3	35+
		2	31-64	2	21-34
		1	0-30	1	0-20

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2018 Rental License Tiering

What is rental license tiering?

- The majority of residential rental properties in Minneapolis provide safe and sanitary housing.
- Rental properties that are not regularly maintained, use excessive City services and are at a higher risk for fire damage, create safety and livability issues for residents and neighbors.
- A tiered rental license inspection program allows Regulatory Services to prioritize inspections to where they are needed to maintain safe housing conditions.
 - **Tier 1**, Eight year cycle: Use very few city services, well maintained, managed and meet minimum housing code.
 - **Tier 2**, Five year cycle: Use some city services, maintained to minimum housing code, may be at a higher risk for fire damage.
 - **Tier 3**, One year cycle: Require excessive city services, poorly maintained or managed, may be at a higher risk for fire damage.

How have the tier elements changed over time?

- 2017
 1. Inclusion of license revocation action (FIS and HIS)
 2. Removal of illegal occupancy element (FIS and HIS)
 3. Adjustment of point values (FIS and HIS)
 4. Inclusion of nuisance and exterior inspections and violations (FIS)
- 2018
 1. Inclusion of snow and ice removal letters and clean-ups (FIS and HIS)
 2. Inclusion of high risk violations (FIS and HIS)
 3. Inclusion of delinquent rental license fee element (FIS and HIS)
 4. Removal of rental units element (FIS)
 5. Removal of mixed-use element (FIS)
 6. Inclusion of fire alarm and suppression element (FIS)
 7. Inclusion of building age element (FIS)
 8. Adjustment of Tier 1 point value (FIS)

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		1	0-30	1	0-20

- 24 months of data are analyzed to determine a property's tier
- Tier elements are evaluated each year and may be modified to improve the tier program
- The tiering elements are equally applied to the city's 25,000 rental licenses
- Points from the element are added together to determine the property's tier
- Tier elements were developed with input from stakeholders including rental property owners, tenants, neighborhood associations, City Council, Minneapolis Police Department, and the City Attorney's office

What's a high risk violation?

- High risk violations represent a greater danger to the security and well-being of tenants and their neighbors
- Understanding and proactively maintaining life safety issues at rental properties are basic practices of responsible property management

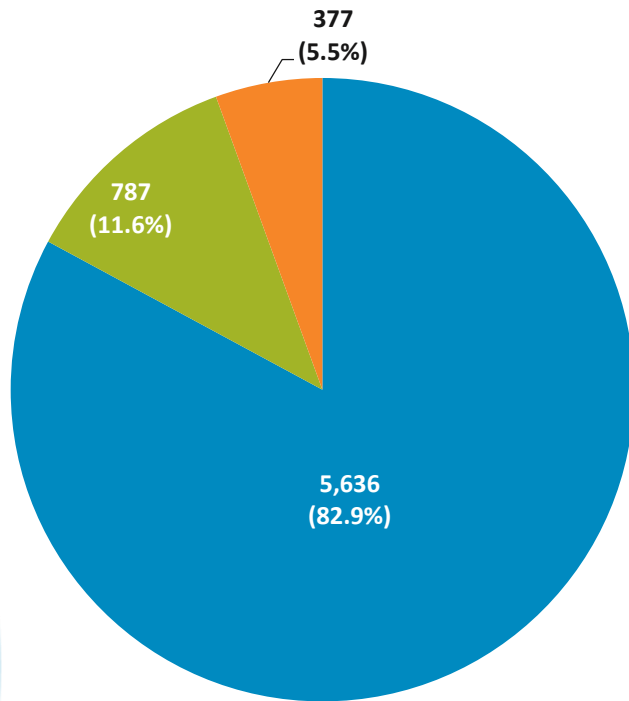


High risk violations

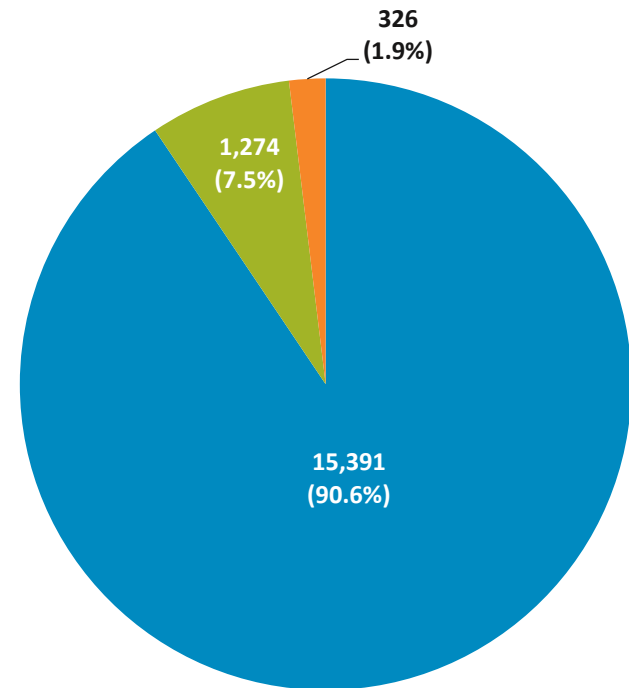
Fire risks		Health and safety risks	
Buildings with 4 or more units and condominiums	Buildings with 1-3 units	Buildings with 4 or more units and condominiums	Buildings with 1-3 units
Carbon monoxide detector	Combustible Storage	Electrical Outlet Covers	Dwelling Open to Trespass
Combustible Materials Accumulation	Open Gas Line	Electrical Repair	Exterminate Insects/Vermin
Combustible Storage Prohibited	Provide Fire Exits	Hazardous Conditions	Extermination Contractor Required
Emergency Escape and Rescue Openings	Provide/Maintain Fire Extinguisher	Pest Extermination	Garage Open to Trespass
Emergency Lighting Required	Provide/Repair Smoke/CO Detectors	Security Doors	Illegal Bedroom
Extinguishers, Service Required	Provide or Replace Egress Stairways	Unsafe Buildings	Low Heat
Fire Alarm System Service	Remove Illegal Appliances/Fixtures	Unsafe Conditions	Over Occupancy
Fire Door Operation	Repair/Remove Illegal Hazardous/Wiring	Low Heat	Unlawful Occupancy
Install Extinguishers	Repair or Replace Fire Door		Unlawful Occupancy of Non-Dwelling Structure
Obstruction Of Exits Prohibited	Repair Support System		
Smoke Detector Installation			
Sprinkler System Service			

2018: Tier distribution

Buildings with 4+ units and condominiums

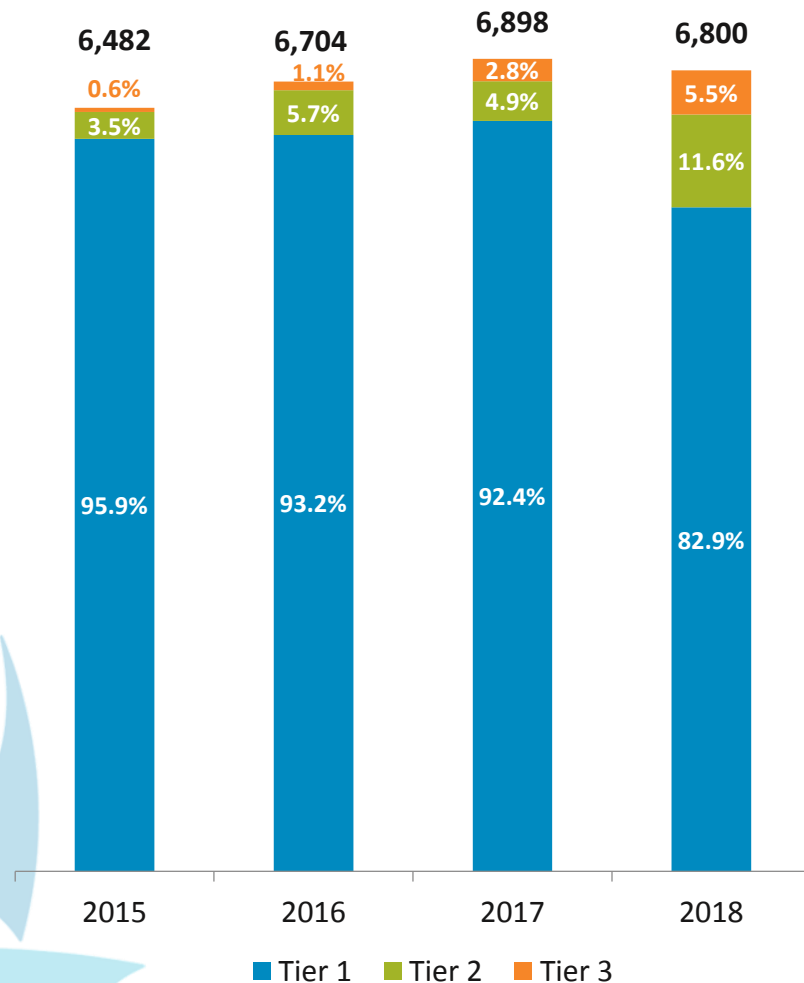


Buildings with 1-3 units

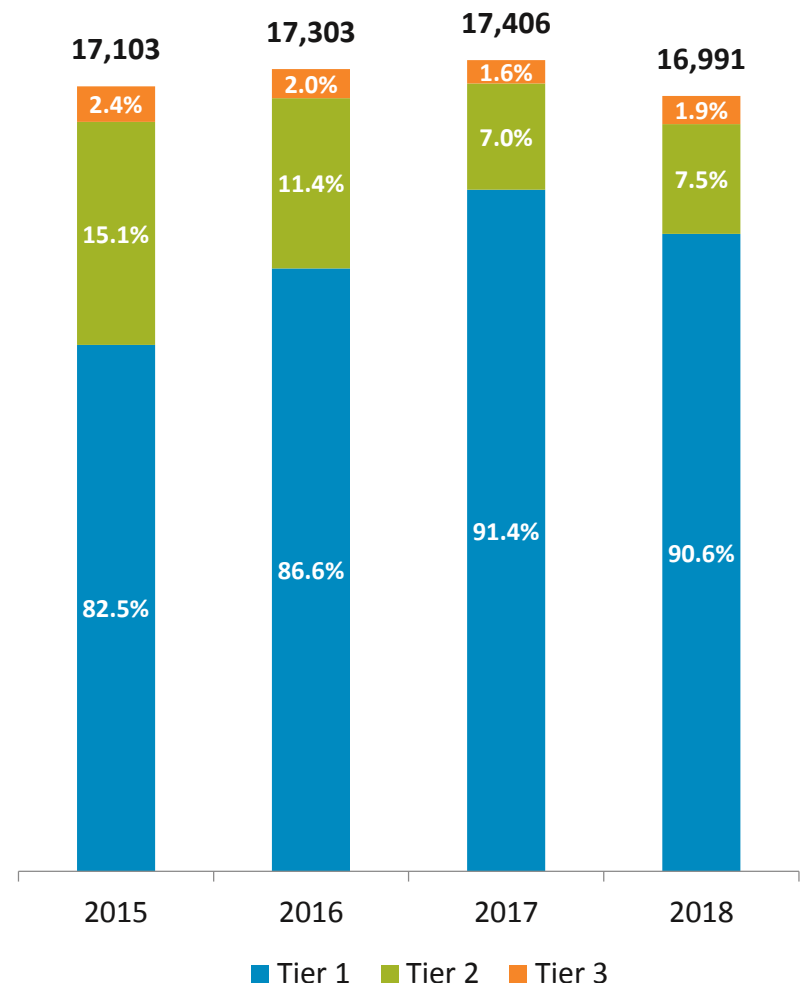


How has number of properties in each tier changed over time?

Buildings with 4+ units and condominiums



Buildings with 1-3 units



Administrative review

- An administrative review is undertaken to ensure that a rental property was correctly scored
- The rental license fee must be paid before an administrative review is undertaken—the timeframe is July 15-September 30
- Administrative reviews should be made to 311
- Staff manually review the property's history to validate that the points were accurately assessed during the scoring process, which can take up to two hours
- To ensure equity, sustainability, and build on the positive relationships that we've built with property owners, property managers, and tenants, a property's tier will only be changed if the data used to score it were inaccurate