



## APARTMENT ASSOCIATION OF MICHIGAN

30400 Telegraph Rd., Suite 202 • Bingham Farms, Michigan 48025 • (248) 737-4477 • Fax (248) 538-4078 • www.aambuilders.org



### **House Bill 4891 Position Statement**

The Apartment Association of Michigan (AAM) opposes House Bill 4891. This legislation proposes a requirement that rental property owners refund application fees to a prospective tenant who is denied tenancy.

AAM is opposed to the legislation for the following reasons:

- 1) Application fees are used to cover the costs incurred by the property owner at the time the application is submitted – whether the applicant is ultimately accepted or not – for internal staff review and processing, the purchase of third-party credit and criminal background screening, and transaction fees (if the application fee is paid by credit card). If the legislature enacts restrictions on application fees, it will not help housing attainability because property owners will be forced to cover those expenses in one of two ways:
  - a. Increase the rent on all existing residents, or
  - b. Increase the application fee substantially so fees from tenants who are accepted will offset fees returned for denied applicants.
- 2) We question the legality of a rental property owner providing the prospective tenant with a copy of the screening report. This may conflict with the federal Fair Credit Reporting Act.
- 3) The fine provision in this legislation is excessive and it would have an outsized impact on small rental property owners who may only own a few rental units and cannot absorb punitive fines.
- 4) Many industries, as well as our state and local governments, charge fees for the services they provide. The rental property industry should not be singled out for charging a fee for a legitimate service.
- 5) Michigan is facing a significant shortage of attainable housing. The current estimate of that shortage from the Michigan State Housing Development Authority (MSHDA) is 190,000 units. This legislation sends the signal to the rental property investment community that Michigan is a place that overregulates rental property. This will ultimately result in less housing investment, thus hurting the residents it is intended to help.

The Apartment Association of Michigan encourages legislative leaders to focus on policies that help to increase the supply of safe and attainable housing across our state and provide housing support to lower-income residents.