

# GREEN RENTAL HOUSING FREQUENTLY ASKED QUESTIONS

## Introduction

If you have any questions not covered in this FAQ document or want to provide feedback, please reach out to Joe Lange at [JLange@a2gov.org](mailto:JLange@a2gov.org). As questions come in, they will be added to this document. To review a summary of the proposed program, please visit [www.a2gov.org/sustainability/GreenRentalHousing](http://www.a2gov.org/sustainability/GreenRentalHousing).

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## Overall Program Questions

### Why do we need a Green Rental Housing program?

Here in Ann Arbor, we are fortunate to have a vibrant atmosphere with a diverse housing sector, which includes about 55% of our housing being rentals. Many of these rental units are well built and maintained, providing tenants – from students to life-long Ann Arborites – the ability to live in a comfortable and affordable unit. But this is not always the case. Here in Michigan, we did not have an energy code prior to 1977, and the median year built for rental units in Ann Arbor is 1964, with some dating back to the 1850s. This means that many rental units were built in a time before the codes that have been designed to improve the health, safety, comfort, and efficiency of the places we live. Plenty of these buildings have been updated over time, but there are still some that do not meet our modern standard of living, resulting in tenants who are paying more on their energy bills, living in uncomfortable units, and residing in buildings that produce disproportionately more emissions, both inside and outside the building, that harm their physical and mental health. Therefore, Ann Arbor directed the creation of a Green Rental Housing program in A<sup>2</sup>ZERO, our community’s plan to equitably achieve carbon neutrality by 2030. Under that directive we have created a program designed to help set a consistent standard for our rental units, ensuring they all meet a minimum baseline of health, comfort, and energy efficiency, resulting in rental units that tenants don’t just live in, but thrive in, as we all work together towards our carbon neutrality goals.

### What will the proposed Green Rental Housing program do?

The goal of this program is to ensure a minimum baseline for health, safety, comfort, and energy efficiency of rental housing in Ann Arbor, while reducing the greenhouse gas emissions stemming from inefficiencies in rentals. To support this goal, energy efficiency, electrification, renewable energy, and other sustainability options in support of the A<sup>2</sup>ZERO goals will be included as part of the existing rental inspection process. To learn more about the proposed program, please review the information at [www.a2gov.org/sustainability/GreenRentalHousing](http://www.a2gov.org/sustainability/GreenRentalHousing).

### Will this program cause higher housing costs?

We do not expect to see housing costs increase for a few reasons:

- In other communities that have done this, they did not see rents increase outside of the normal cost of operating and rate of inflation increases. This was the case in Boulder, CO, a community with a similar structure and make-up to Ann Arbor, when they implemented their program and we in part based our program off of.
- Rent is just one part of the equation. While rents might be low in certain properties, if the reason that rent is lower is because of a lack of investment/upgrades over time, that could lead to higher utility costs that can offset the more affordable rent. By making these upgrades in the

lowest performing buildings, we can make utility costs more affordable while also creating more comfortable and healthier rental units. With electric and gas rates increasing year over year, decreasing how much energy we use is crucial for keeping costs down.

- The program is designed with flexibility and has multiple opportunities to do no-to-low-cost options that can help right now while setting up a building to make improvements at a schedule that is more affordable.
- We are actively working on funding opportunities to help those who might need to make changes. We manage a [landlord resource hub](#) that contains information on as many financial resources that we are aware of to help with upgrade costs. Smaller properties are able to and already have taken advantage of our Home Energy Rebates and we are looking at expanding these offerings for other building types as well as investigating other funding sources.

## How will this help families in Ann Arbor?

The Green Rental Housing program will help ensure rentals in Ann Arbor are healthier, more comfortable, and have more affordable utility bills.

By air sealing and adding insulation, units can:

- Reduce harmful outdoor air pollutants that come indoors.
- Maintain more consistent temperatures, which contributes to lower likelihoods of illness.
- Better manage moisture, which reduces the likelihood of mold and mildew for better health outcomes.

By removing methane gas in the home – gas furnaces, gas water heaters, gas stoves, and gas dryers being the most common – units can:

- Reduce indoor air pollutants. Indoor pollutant levels may be [2 to 5 and as much as 100 times higher indoors than outdoors](#). Homes with gas stoves have [50 - 400% higher NO<sub>2</sub> emissions](#) than homes with electric stoves.
- Reduce respiratory disease. The EPA found a [causal relationship between exposure to NO<sub>2</sub> and respiratory health effects](#), such as asthma. Additionally, a study found that [12.7% of childhood asthma cases in the U.S. could be attributed to gas stove use](#).

Through the Green Rental Housing program, we can help families and individuals live in healthier, more comfortable, and more energy efficient rentals.

## How will landlords comply with the Green Rental Housing program?

To comply with the proposed Green Rental Housing program, each rental unit will need to achieve a qualifying Asset Rating. There are two pathways to achieving a qualifying Asset Rating: (1) the Home Energy Rating System Pathway and (2) the Checklist Pathway.

The Home Energy Rating System Pathway is the simplest way to achieve a qualifying Asset Rating. Under this pathway, a landlord will obtain a Home Energy Rating System assessment for each unit, and as long as the Home Energy Rating Score is 110 or below, the unit will be compliant. If a unit achieves a compliant Asset Rating under this pathway, there is no need to move on to the Checklist Pathway. If, however, the unit receives a Home Energy Rating Score above 110 or does not wish to get a Home Energy Rating Score, the landlord has another pathway to compliance: the Checklist Pathway.

Under the Checklist Pathway, a unit must achieve a minimum Energy Efficiency Score by complying with any combination of items to earn points on the Green Rental Housing Checklist. There are a total of 300

points possible. For Compliance Period 1, the minimum Energy Efficiency Score is 70. For Compliance Period 2, the minimum Energy Efficiency Score is 110.

## When will this policy go into effect?

There are a few steps in the process before this proposed program can take effect. The program is currently going through final review by internal departments before potentially proceeding to City Council for a vote, which could feasibly happen in the coming months. If passed by City Council, the program is slated to go into effect roughly six months after being passed.

## Which rental units are included in this proposed program?

The proposed Green Rental Housing program is designed to be part of the existing rental certification process, which applies to all rental units citywide. Given a unit complies with all local ordinances and is issued a valid Certificate of Compliance (C of C) before leasing to a tenant, any dwelling unit in the city is eligible to be a rental.

## But there's already a rental inspection program in Ann Arbor. What's different about *Green Rental Housing*?

The current inspection program is intended to ensure basic functionality and safety of systems within a rental unit (e.g., plumbing, mechanical, and electrical systems work properly, doors have adequate locks, smoke detectors and means of egress are present, etc. You can find more information on the [Rental Housing Services website](#)). While these items are important and absolutely necessary, the proposed Green Rental Housing program includes measures that improve the energy efficiency, health, and comfort of the home, through items such as insulation, air sealing, efficient appliances, etc.

Another primary difference is that the existing rental code is a full-compliance requirement, meaning all items must be satisfied to pass inspection. The proposed Green Rental Housing program offers landlords the flexibility to meet the requirements in a manner most appropriate for their unit.

## Will the proposed Green Rental Housing program replace the existing housing code?

No, the proposed program will supplement the existing housing code to include options intended to standardize the health, safety, comfort, and energy efficiency of Ann Arbor rentals. The proposed Green Rental Housing program does not seek to replace or remove any component of the existing housing code, nor to add any additional requirements for compliance with the housing code.

## How will this program be enforced?

The City of Ann Arbor has an existing rental housing inspection process that is enforced by Rental Housing Services by specifically dedicated housing inspectors employed by the City. This program will fall under the purview of Rental Housing Services to uphold and maintain with the help of the Office of Sustainability & Innovations. If a unit does not comply, it will be subject to a fine until it reaches compliance.

## How was the proposed program developed?

The proposed Green Rental Housing program was developed through a combination of collaboration with nonprofit leaders, review of existing rental programs in other cities, and analysis of our local rental housing stock with the help of a Task Force of stakeholders. The program was informed by existing Green building certifications/standards (i.e., PHIUS, LBC, Zero Energy Ready, GreenStar, LEED, AIA Zero Code, existing Michigan building & energy codes, etc.), leading non-profit support networks like RMI and the Urban Sustainability Directors Network, and members of the public, as well as experts in the fields of energy efficiency and housing, including energy auditors, contractors, manufacturers, architects, engineers, builders, and City officials.

## How were the points on the checklist developed?

The bulk of the points were set by building science. We modeled buildings to see if we make this change to the building (e.g., add insulation, put in a heat pump, use renewable energy) what impact will it have on the emissions generated by the building. The percentage of emissions reduced is the number of points given. For items that do not have a direct emissions impact (e.g., accepting affordable housing vouchers, educating tenants on sustainability, hosting swap days), they are given a consistent score across all those items. For more information, refer to our [checklist methodology](#).

## Who was on the Green Rental Housing Task Force?

The Task Force was comprised of renters, landlords, low-income housing representatives, and City departments. Among them were qualified architects, licensed builders, students of varying fields of study, engineers, and property managers. Landlords represented the Washtenaw Area Apartment Association, Greek housing, single-family rentals, and multi-unit complexes. Tenants represented the Ann Arbor Tenants Union, the Inter-Cooperative Council, the Graduate Employees Organization (GEO) Housing Caucus, and individual renters.

At the start of each Task Force meeting, to promote a safe environment where many different perspectives were represented and everyone could share freely their thoughts, ideas, and opinions, the Task Force agreed to honor Chatham House Rule, where those in attendance are free to share broadly the information and ideas from the discussions without revealing the identity of the individuals who made any particular comment. To maintain this agreement, and out of respect to the members of the Task Force, their names will not be published. Members of the Task Force are certainly welcome to self-identify as a participant, given they do not reveal any other member.

## The electricity provided by our electric company currently comes from fossil fuel sources, so is switching to electric really going to reduce greenhouse gas emissions?

While the source of electricity used by Ann Arbor's energy provider is not perfect, it is moving in the right direction. Michigan has a mandate to have [50% of all energy be from renewable resources by 2030, increasing to 60% by 2035 and 100% by 2040](#). Additionally, the City is working on initiatives that will reduce our dependence on fossil fuels for electricity. For instance, the [Sustainable Energy Utility \(SEU\)](#), which was approved by Ann Arbor voters in 2024, is exploring providing local solar for participating customers throughout Ann Arbor, including for rental units. So, as more renewable energy options are available in Ann Arbor, electrification will increasingly reduce our greenhouse gas emissions.

It is also important to consider how much more efficient some of the electric technologies are. Take heating for example, something we are quite familiar with here in Michigan. An electric heat pump is around 2.2 to 4.5 times more efficient than the *most* efficient gas furnaces. Even if an electric heat pump is using electricity derived from fossil fuels, it will be using less energy and producing fewer emissions than the same level of gas-fired heating. Given many of these appliances can last for 15 years or more and the increasing usage of renewable energy sources for electricity, electrifying today will help us reduce emissions instead of being locked into fossil fuels for decades.

## Why are we only looking at rental units?

We're not. A priority in A<sup>2</sup>ZERO is decarbonizing our buildings as they account for just under 70% of our total carbon emissions. To address our building emissions, there are three main programs – [Energy and Water Benchmarking](#) for large commercial properties, the [Home Energy Rating Disclosure \(HERD\)](#) program for single family homes, and the Green Rental Housing program for rentals. Each was uniquely designed to work with the difficulties faced and the incentives/levers available to help us achieve our goals specific to each building type. A<sup>2</sup>ZERO was adopted in 2020, benchmarking was adopted in 2021, HERD was adopted in 2023, and now we are working on Green Rental Housing.

## Questions Commonly Asked by Tenants

### Will this program increase my rent?

We don't anticipate this program will spur rent increases for many reasons.

1. Many elements of this program were inspired by the *SmartRegs* rental program implemented in Boulder, CO. Boulder didn't experience any rent increase above normal for a decade following their program launch, nor did any other cities we examined.
2. The program options were carefully chosen to be attainable with little to no major long-term costs required for many landlords or tenants above business-as-usual operation and maintenance costs. We expect that many rental units will be able to achieve the requirements set forth in the proposed program with little to no cost or effort. Many rental units will require no upgrades at all, having made upgrades over time. Many others will be able to upgrade in their normal equipment replacement cycles, with an eye to efficiency. Some may need to make unplanned upgrades, but this is expected to be a minority of rentals and support is available to help do the work.
3. The Office of Sustainability & Innovations has established a resource hub for both [tenants](#) and [landlords](#). For rental properties that do need more extensive modification to meet the program requirements, landlords will have access to financial resources like [Michigan Saves](#) and [PACE financing](#). Furthermore, the [Ann Arbor Home Energy Rebates](#) are available for certain properties. OSI is actively working on funding opportunities to help those who might need to make changes. We manage a landlord resource hub page that contains information on as many financial resources that we are aware of to help with upgrade costs. Smaller properties are able to and already have taken advantage of our Home Energy Rebates and we are looking at expanding these offerings for other building types.
4. The market price for rent is competitive and rent is already high in Ann Arbor, so an individual landlord who seeks to drastically raise rent runs the risk of pricing themselves out.
5. Many of the items in the checklist are designed to decrease how much energy you use in, which can result in lower utility bills each month.

## How will I be able to know if my unit meets the Green Rental Housing requirements?

The results of any rental inspection are already publicly available through the [city website](#). The proposed Green Rental Housing program will be incorporated into the existing rental inspection program. Once a unit has been inspected, these results will be included online with the Inspection Report and Certificate of Compliance.

## I live on campus, will this proposed program apply to my rental?

The University of Michigan is a state-level entity, meaning it supersedes the city's jurisdiction. The proposed Green Rental Housing program will only apply to off-campus rental housing within City limits, not to dormitories or housing owned by the University.

## Questions Commonly Asked by Landlords

### How can we be sure this program will succeed when I observe tenant behavior (i.e. leaving the windows open in the winter) that does not support energy efficiency?

Calculating overall energy consumption can be complex and include many variables. It is true that the habits or behavior of any occupant in any residence plays a critical role in this equation. Behavioral considerations must accompany building efficiency to maximize the effect of either. Therefore, the OSI has developed a [resource hub for tenants](#) and is working on additional educational programs and resources to promote responsible behavior among all residents in the City, not just tenants. For landlords who work with their tenants to do energy efficiency education developed by the OSI and are pursuing the Checklist Pathway, it will count towards meeting the proposed requirements.

To appropriately address building-related greenhouse gas emissions, we must prioritize building-focused solutions like the Green Rental Housing program. Occupant behavior has little to no impact on emissions if the unit they occupy is severely inefficient. The Green Rental Housing program aims to set occupants up for success once behavioral resources are implemented.

### My unit will need significant modifications to meet the proposed requirements. What is the Office of Sustainability & Innovations doing to help make these modifications possible?

The proposed program was designed to be attainable for almost any unit type. Most rentals should be able to meet the proposed minimums without much work, but in cases where modifications will be required, the OSI strives to help connect landlords with the resources necessary to achieve the energy efficiency goals of the Green Rental Housing program.

The OSI has established a [landlord resource hub](#). This hub includes access to funding options such as Michigan Saves and Property Assessed Clean Energy (PACE), both of which offer excellent financing programs for projects specifically geared toward efficiency. There is also a portion of the [Ann Arbor Home Energy Rebates](#) that is available for certain residential efficiency improvements to help offset some costs, and the OSI will continue to pursue grant funding for landlords to reduce the overall financial impact on both tenants and landlords.

Additionally, the resource hub contains information about contractors, assessors, and products to easily connect landlords and tenants with the tools they need to support efficient rentals, as well as educational materials for tenants to help promote more sustainable habits and behaviors in the home.

The timeline for compliance gives landlords the time to determine what modifications may be needed and to plan for them. During the first few years, there is a lower requirement, giving flexibility to make any larger changes that may or may not be needed to occur over a few years.

The goal of the Green Rental Housing program is to reduce carbon emissions and standardize efficiency expectations of all rentals citywide. The OSI will seek to assist landlords in compliance to achieve these goals wherever possible. In consideration of these goals, it is not anticipated that any unit will receive full exemption from participation in the Green Rental Housing program, but certain leniencies will be considered where appropriate documentation suggests technical impracticality or infeasibility of compliance.

## How do I make sure my unit is compliant?

For all units, there are two pathways to compliance:

1. *Home Energy Rating System Pathway*: The unit must get a Home Energy Rating System, or HERS, score from a certified Home Energy Rater and achieve a score of 110 or under (a HERS score of 0 is a carbon neutral building, so lower numbers are more efficient). [Find a HERS rater](#).
2. *Checklist Pathway*: For anyone who does not want to pursue the Home Energy Rating System Pathway, they can use the checklist developed by the Office of Sustainability and Innovations.
  - a. During compliance period 1 (six months to three years after the effective date), units must achieve a minimum of 70 out of the total 300 points to be compliant.
  - b. During compliance period 2 (three years or more after the effective date), units must achieve a minimum of 110 of the total 300 points.

Landlords have the flexibility to decide which pathway works the best for them and their units. If the initial option does not work for whatever reason, landlords are able to choose the other pathway.

## How do I fill out the checklist? Do I need to get all the points?

For those pursuing the checklist pathway, use the checklist to determine which items and actions are eligible for points. Go through the checklist, and using the accompanying form, note which items and actions that are present in and for the unit, along with documentation of them. There are no set paths within the checklist that need to be followed, nor do units need to achieve a certain number of points in a given category. Rather, landlords can choose the options that work the best for them and their unit, provided they meet the minimum point requirements.