

# 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 ordinance?

On June 1, 2020, City Council adopted A<sup>2</sup>ZERO, our plan for a just transition to carbon neutrality by 2030. Strategy 3 of this plan (*Significantly Improve the Energy Efficiency of our Buildings*) includes the specific action to develop and implement a Green Rental Housing program. This action is important because, according to our greenhouse gas inventory, buildings in Ann Arbor produce over two-thirds of our citywide carbon emissions, and 54% of our housing stock is rentals.

Additionally, there are ~31,500 rental units across ~8,500 properties in Ann Arbor. The median year-built for these rentals is 1964 with some rentals dating back to the 1850s, and the first energy code requirements in Michigan were established in 1977. This means most rental properties in Ann Arbor were built during a time preceding modern building codes – codes that have been designed to improve the health, safety, comfort, and efficiency of the places we live. While a portion of these rentals have seen some degree of updates, many rentals still only meet the building code requirements that were in place at the time they were originally constructed, leaving renters exposed to units that would not meet today's standards for modern living.

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

The goal of this ordinance is to ensure a minimum expectation 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. [Learn more about the proposed ordinance.](#)

### When will this ordinance go into effect?

There are a few steps in the process before this proposed ordinance can take effect. It 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 ordinance is slated to go into effect within 10 days of publication with enforcement beginning roughly six months after the effective date.

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

The proposed Green Rental Housing ordinance 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. 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.

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 ordinance replace the existing housing code?

No, the proposed ordinance and regulations will supplement the existing housing code to include standards 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.

## How will this ordinance 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 ordinance 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, its owner will be subject to a fine until it reaches compliance.

## How was the proposed ordinance developed?

The proposed Green Rental Housing ordinance 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 ordinance 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.

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

The Task Force was comprised of renters, landlords, low-income housing representatives, and representatives of 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 that [50% of all energy must 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 \(SEU\)](#) that was recently approved by voters will provide local solar throughout Ann Arbor, including for participating 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 for 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.

## 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 the proposed ordinance and regulations 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 means of compliance 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 efficiency requirements, landlords will have access to financial resources like [Michigan Saves](#) and [PACE financing](#), among others. Furthermore, the [Ann Arbor Home Energy Rebates](#) are available for certain properties.
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.

## 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 ordinance 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 ordinance will only apply to off-campus rental housing within City limits, not to dormitories or housing owned by the University. For those who do live on campus, there are tips on our [tenant resource hub](#).

## Questions Commonly Asked by Landlords

### I am a landlord. 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, 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.

### I am a landlord and 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 ordinance and regulations were 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 goal of the Green Rental Housing program first and foremost is to reduce carbon emissions and standardize efficiency expectations of all rentals citywide. The OSI will seek to assist landlords reach 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 284 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 284 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.