

Green Rental Housing

Frequently Asked Questions

Introduction

The proposed Green Rental Housing policy is still a draft. The first public comment period on the draft has wrapped up, but if you have any questions or want to provide feedback, please reach out to Zach Waas Smith at ZWaassmith@a2gov.org or Joe Lange at JLange@a2gov.org. To review a summary of the policy recommendations, view a recording of a public presentation, and submit a feedback survey, please visit www.a2gov.org/sustainability/GreenRentalHousing.

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Why do we need a Green Rental Housing policy?

On June 1, 2020, City Council adopted A²ZERO, 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 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 policy do?

The goal of this policy 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. There are four proposed policy elements that support this goal. To learn more about the proposed policy, please review the [Summary of Policy Recommendations](#) or watch the [policy presentation](#), both available at www.a2gov.org/sustainability/GreenRentalHousing

When will this policy go into effect?

There are a few steps in the process before this proposed policy can take effect. The draft policy was open for public comment in the spring. The suggestions from the public are being considered and reviewed by the task force that developed the original policy recommendations. After that, the policy will see final review by internal departments and the Energy Commission before proceeding to City Council for a vote, which could feasibly happen in the coming months. If passed by City Council, the policy is slated to go into effect roughly 6 months after being passed.

Which rental units are included in this proposed policy?

The proposed Green Rental Housing policy 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 (i.e. that 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 goes beyond the [existing housing code](#) to include energy efficiency items (like LED lighting and efficient appliances), health items (like carbon monoxide alarms and air filtration), and comfort items (like weatherization, air sealing, and insulation).

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 policy replace the existing housing code?

No, the proposed policy 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 program.

How will this policy 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 policy will fall under the purview of Rental Housing Services to uphold and maintain with the help of the Office of Sustainability & Innovations.

How was the proposed policy developed?

The proposed Green Rental Housing policy was developed through a combination of collaboration with nonprofit leaders, review of existing rental programs in other cities, analysis of our local rental housing stock, a with the help of a Task Force of stakeholders. Other data and influences included 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 – we consulted 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 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. In the coming years, renewable energy will become increasingly cheaper than fossil fuels, resulting in utilities switching to renewable energy sources. Additionally, the City is working on initiatives that will reduce our dependence on fossil fuels for electricity. For instance, the [Solar Energy Utility \(SEU\)](#) currently being explored would provide local solar 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 heater is around 2.2 to 4.5 times more efficient than the *most* efficient gas furnaces. Even if an electric heater 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.

Will this program increase my rent?

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

1. Many elements of these policy recommendations 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 policy recommendations were carefully chosen to be attainable with little to no major long-term costs required of the landlord or tenant. We expect that most rental units will be able to achieve the efficiency requirements set forth in the proposed program with little to no cost or effort.
3. If the proposed policy passes City Council, the Office of Sustainability & Innovations will establish 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](#). Furthermore, a climate millage will be going before public vote in Ann Arbor in November of 2022. If the millage passes, there is funding designated specifically for residential efficiency improvements.
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 your 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 policy 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 policy will only apply to off-campus rental housing within city limits.

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 with many variables. It is true that the habits or behavior of any occupant in any residence plays a critical role in this complex equation. Behavioral considerations must accompany building efficiency to maximize the effect of either. Therefore, the OSI is working on educational programs and resources to promote responsible behavior among all residents in the city, not just tenants.

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 policy 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.

If the proposed program passes City Council, we will establish a resource hub for both landlords and tenants. This hub will include 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 proposed climate millage (going for public vote this November) that will be made 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 shall also contain information about contractors, assessors, and products to easily connect landlords and tenants with the tools they need to support efficient rentals, as well as education materials for tenants to help promote more sustainable habits and behaviors in the home.

Given the effects of the pandemic on the availability of contracted labor, certain product supply chain issues, rent payments, etc., a possible leniency/exemption application could accompany the Green Rental Housing program that would allow for administrative approval of certain leniencies and/or exemptions without involving the Housing Board of Appeals. If implemented, an application and supporting documentation will be required for any consideration.

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 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.

The recommended policy requires Energy Star rated appliances, but some gas appliances do not have an Energy Star rating. What do I do about gas appliances in my units?

The Appliance Efficiency component of the proposed policy, generally speaking, will require electric appliances wherever possible. The use of fossil fuels in any capacity go against the goals of A²ZERO. Gas is a fossil fuel and burning it releases dirty greenhouse gas emissions, regardless of how efficient it is. To achieve true carbon neutrality, we need to eliminate use of gas wherever possible. Electricity can be generated many different ways and the OSI is working hard to make sure as close to 100% of Ann Arbor's energy consumption as possible comes from clean, renewable sources.

Additionally, gas poses an ever-present hazardous risk to resident safety everywhere. Just recently, there was a [gas explosion](#) (article linked) on US-23 just outside Ann Arbor. Luckily in this case, there were no injuries, but explosions like this occur more frequently than many people realize, and unfortunately can be tragically worse than this one.

Not only is gas unsafe, it's unhealthy. Gas burning appliances in the home can cause indoor air levels of pollutants that exceed outdoor levels legally allowable by the EPA, in some cases over 100x worse! Noxious fumes from burning gas are hazardous to the health of residents, so Green Rental Housing does not support gas appliances.