

Right to Renew

Proposed ordinance language for the consideration
of the Ann Arbor Renters' Commission

Outline

1. Why: The problem
2. Who drafted the language?
3. What is in the language?
4. Where has this been tried?

The Problem(s)

- Lack of stability for tenants
- Tenants can't always renew
- ELO only prohibited landlord from signing lease with others before a certain date (~7 months)
- ELO has loopholes like waiting lists
- Ultimatums at start of lease

Drafting the Language

- Right to Renew drafted in February by GEO and others
- Sent to city's lawyers in March
- [Petition](#) gathered close to 700 signatures so far
- AART is the main organization behind this proposal



Endorsements



The Language (1)

Applicability.

This article shall apply to all housing accommodations **except** premises otherwise subject to regulation of rents or evictions pursuant to state or federal law, to the extent that such state or federal law requires “good cause” for termination or non-renewal of such tenancies. This article **shall not apply** to fraternity houses, sorority houses, or student cooperative housing.

The Language (2)

Renewal of Lease

If a landlord does not make a **good-faith offer** to renew a written lease for each tenant at least 180 days before the end of the current lease period, the landlord shall pay relocation assistance as set forth below, unless the landlord has **“good cause”** to not offer renewal.

The Language (3)

Relocation Assistance

The **Relocation Assistance** payment should be equal to **two month's rent** calculated using average rental rates and adjusted for number of bedrooms on the lease:

Based on available data, the payments for 2022 are as follows:

Studio: \$2,198

1 Bedroom \$2,388

2 Bedrooms \$3,630

3 Bedrooms \$5,300

4+ Bedrooms \$7,000

The Language (4)

The payments shall be adjusted annually for inflation, on January 1 of each year commencing 2023, using the national Consumer Price Index as a standard.

The Language (5)

GoodCause

A landlord is **exempted** from paying **relocation assistance** in any of the following circumstances

- A. The tenant has not indicated unequivocal acceptance of the offer of renewal within 30 days.
- B. The landlord can demonstrate a justification for not offering renewal that would permit a termination of tenancy under the Summary Proceedings Act, MCL 600.5714.

The Language (6)

C. The owner seeks possession so that the owner or a member of the owner's immediate family may occupy the unit as that person's principal residence and no substantially equivalent unit is vacant and available in the same building. "Immediate family" includes the owner's domestic partner or spouse, parents, grandparents, children, siblings, as well as the siblings of the owner's domestic partner or spouse.

D. The owner will not be seeking to rent the premises for the succeeding term.

The Language (7)

Remedies

A violation of this section constitutes a civil infraction punishable by a fine of **not less than \$500.00** for the **first offense**, not less than **\$500.00** and **up to \$1,000.00** for each additional or subsequent offense.

A court may issue any judgment, writ, or order necessary to enforce this section.

To the extent allowed by law, a **tenant** who has been aggrieved by a violation of the section **may bring a civil action for damages**, plus costs and reasonable attorney fees, against the landlord. Private actions and remedies under this section shall be **in addition** to any actions for violations which the city may take.

What this language does:

- Requires landlords to offer tenants the chance to renew OR pay relocation assistance
- Provides stability for tenants who would know where they will be living in one year if they wanted to stay
- Close the major loophole of the new ELO (Early Leasing Ordinance)

What this language **DOESN'T** do:

- Change the number of rental units available to rent in the city
- Change the number of tenants in the city
- Prevent the landlord from increasing rent

Precedents

- Different names:
 - Just/good cause eviction laws
 - Right to Renew laws
- Many precedents across the country states & cities:
 - [New Jersey](#), [California](#), [Oregon](#), [New Hampshire](#), [Philadelphia](#)
 - Some leases in AA currently have right to renew language
- Similar legislation is being considered in NY, VT, [Montgomery County MD](#)

Concerns

- Does this violate the statewide ban on rent control?
 - Case in Albany. NY Supreme Court ruled:

First in reviewing the statute, the Court finds that Local Law F is not a rent control law governed by the State's emergency "rent regulation" and "rent control" laws which renders the requirements of the Emergency Housing and Rent Control Law of 1946 and the Emergency Tenant Protection Act inapplicable.

Law F- Albany

§ 30-327 Necessity for good cause

No landlord shall, by action to evict or to recover possession, by exclusion from possession, by failure to renew any lease or otherwise, remove any tenant from housing accommodation except for good cause as defined in section three hundred twenty-eight of this article

§ 30-328 Grounds for removal of tenants

No landlord shall remove a tenant from any housing accommodation, or attempt such removal or exclusion from possession, **notwithstanding that the tenant has no written lease or that the lease or other rental agreement has expired** or otherwise terminated, except upon order of a court of competent jurisdiction entered in an appropriate judicial action or proceeding in which the petitioner or plaintiff has established one of the following **grounds as good cause for removal or eviction**:

Law F- Albany

that the rent due and owing, or any part thereof, did not result from a rent increase or pattern of rent increases which, **regardless of the tenant's prior consent, if any, is unconscionable or imposed for the purpose of circumventing the intent of this article.** In determining whether all or part of the rent due and owing is the result of an unconscionable rent increase or pattern of rent increases that is imposed for the purpose of circumventing this article, the Court may consider, among other factors, i) the rate of the increase relative to the tenant's ability to afford said increase, ii) improvements made to the subject unit or common areas serving said unit, iii) whether the increase was precipitated by the tenant engaging in the activity described at § 223-b1(a) to (c) of the Real Property Actions and Proceedings Law, iv) significant market changes relevant to the subject unit, and v) the condition of the unit or common areas serving the unit, and it shall be a rebuttable presumption that the rent for a dwelling not protected by rent regulation is unconscionable or imposed for the purpose of circumventing the intent of this article if said rent has been increased in any calendar year by a percentage exceeding 5%.

Concerns

- The language does not clearly state who the recipient of the relocation assistance is
- The relocation assistance is based off of averages, which may not reflect the cost of an individual's lease.
 - Inflation rates for rental housing are different
- The violation fee is only \$500-\$1000 which is less than the relocation fee.

Thank you for your attention