



TO: Mayor and Council

FROM: Milton Dohoney Jr., City Administrator

CC: Derek Delacourt, Community Services Area Administrator
Marti Praschan, CFO
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SUBJECT: May 5, 2025 Council Agenda Response Memo

DATE: May 1, 2025

C-6 - An Ordinance to Add Sections 8:533 Through 8:540 to Chapter 105 (Housing Code) Of Title VIII (Building Regulations) of the Code of the City of Ann Arbor (Green Rental Housing)

Question 1: Looking at the checklist, I see that educational materials should be distributed to tenants. Will OSI be providing those materials to ensure consistency? (Councilmember Harrison)

Response: Yes. Some of these materials are already created and we are working to have materials for items related to providing education to tenants.

Question 2: How many CSAs operate in the area? Is there an existing list for landlords? If so, how does a CSA get added to the list? Many CSAs do not currently accept SNAP (Supplemental Nutrition Assistance Program) benefits, which may limit access for some tenants. Is there any guidance or support planned to help ensure that recommended food sources are affordable and inclusive, particularly for low-income households? One that does not involve them gardening themselves? Are farmers markets and food co-ops also eligible for inclusion? (Councilmember Harrison)

Response: We do not have a curated list from OSI's end as we do not want to limit choice, give the appearance of recommending any particular vendor, and there are resources out there that do this work we can direct to. Ann Arbor Farmers Market has a

[CSA directory](#) they post each year, and there are other resources that share information about CSAs in the area, such as the [Michigan CSA network](#). To that end, farmers markets and food co-ops are eligible within the program.

On SNAP, while not all farms participate, many do. For instance, we are aware of several farms in Ann Arbor that do accept SNAP benefits including, but not limited to, The Farm at Trinity Health, Argus Farm Stop, Green Things Farm Collective, Kapnick Orchards, Old City Acres, and Tantre Farms. The [Michigan CSA network has a searchable map](#) where you can filter by what types of payment they accept, including SNAP and WIC.

In addition, while every farm is different, some farms offer pay-as-you-go CSA programs for pickup at the farmers market. It's possible that if they go that route, they would be able to use their Bridge Card at the farmers market and pay with coins there (even if the vendor themselves doesn't accept SNAP), though this might not always be an option.

We can include all this information in our outreach.

Question 3: Will master gardeners be available to assist landlords and tenants in establishing community gardens? (Councilmember Harrison)

Response: The [Michigan State University Extension](#) has multiple options for connecting with a Master Gardener. Washtenaw County also has [resources for gardening](#).

Question 4: The appeal process outlines the timeframe for OSI to respond. Is there a defined response window for the City Administrator as well? (Councilmember Harrison)

Response: We do not have one right now. This could be added with the same timeframe as what is already listed for OSI.

Question 5: The County currently offers upgrades for tenants through OCED's Home Improvement and Weatherization Assistance Program, provided the property owner agrees. This includes installations like central air and high efficiency furnaces. But new furnaces through this program are gas-powered. Will installing a gas furnace help or hurt a property's evaluation under the new guidelines? (Councilmember Harrison)

Response: A gas furnace will not hurt a property's evaluation, but if it helps depends on the pathway. For the HERS pathway, a more efficient furnace will score higher than a less efficient furnace. It might not score as high as a heat pump as regardless of efficiency level, it will not be as efficient as a heat pump, but there will be a benefit compared to a furnace that is less efficient.

For the checklist, there are no points awarded for gas appliances regardless of efficiency. Methane gas in the home increases indoor air pollutants and increases rates of respiratory disease, in addition to emitting greenhouse gases both in the home and throughout the system. Since these appliances often last 10-15+ years, this locks in emissions and unhealthy living environments for years, and in some cases decades, to

come. Therefore, we will not be directly incentivizing gas appliances, regardless of their efficiency level, on the checklist.

Question 6: Is there a bulk-buy program in place, or one being developed, for items landlords are required to purchase in order to earn points? (Councilmember Harrison)

Response: There is not at this time. We have investigated bulk-buys for things like insulation, heat pumps, and heat pump water heaters a couple of times and have not had much success getting installers interested for a variety of reasons. Reasons range from not having the margins on these particular items to be able to offer the bulk discount, the amount of difference from home-to-home/unit-to-unit is significant enough that it is difficult to offer standard pricing/discount, and overall lack of interest in participating. As part of the franchise agreement with DTE, we will be looking into how best to use funding secured for rebates and other opportunities, and if bulk purchases are identified as feasible, it is something we will explore.

Question 7: I'm a bit confused about the 6-month to 3-year window for Compliance Period 1. If a property is scheduled for inspection in, say, month 7, does that mean it must either pass one of the approved third-party evaluations or have reached at least 70 points by that time? (Councilmember Harrison)

Response: Correct. If a property has an inspection during the time period of 6 months to less than 3-years, the unit(s) being inspected will need to score at least 70 points on the checklist at the time of the inspection if they are seeking compliance through the Checklist Pathway.

For the HERS pathway, there is no phase-in period outside of the 6-month window after passing. At the time of inspection after the 6-month mark, they will need to get a HERS score of 110 or below if they are using the HERS pathway for compliance.

Question 8: The language states that any exceptions are at the sole discretion of the director. Is there a rubric or set of criteria in place to guide decisions on what qualifies as a just cause exception? (Councilmember Harrison)

Response: For the low-income qualified owner, that will be for owners who are at or below 80% AMI.

For the special circumstance, we do not have a defined rubric at this time since we don't want to exclude any circumstances that we might not foresee. We plan to take it on a case-by-case basis, with the guiding criteria being if they do not have a way to reach compliance. While we anticipate any potential exceptions here would be for physical constraints that prevent them from reaching the minimum score, there can be other circumstances that we would want to consider. Since there are many low-to-no-cost options, we would work through as many of those first before coming to that conclusion that a unit/property needed an exception.

Question 9: How will the ordinance be evaluated for effectiveness? Will there be specific benchmarks, data collection methods, or community feedback mechanisms in place to assess its impact over time? (Councilmember Harrison)

Response: We will be tracking core metrics around compliance (e.g., how many units are meeting the minimum criteria and how many are not), what items are being used for compliance on the checklist and what types of systems are in place on the HERS reports, common upgrades that are taking place as a result of the ordinance (changes over time), and staff time spent on the ordinance. We plan on preparing annual reports. If there is other information that would be helpful for evaluation, please let us know.

Data collection will take place from the information that is submitted. To comply, the information will need to be submitted in advance of the inspection through STREAM on the external facing side and evaluated through Energov internally. Using Energov, we will be able to pull reports and analyze the information. We will also collect community feedback and use it in conjunction with our other data as part of evaluation.

Question 10: Many of our rental properties are older builds. During the development of the ordinance, was any physical testing conducted on our existing housing stock (both single-family and multi-family rentals) to determine how likely properties are to pass a third-party evaluation or meet the checklist requirements? Was this testing done across all wards and housing eras to ensure a representative sample? And were the results used to shape the thresholds or scoring criteria in the ordinance? I'm particularly interested in whether this went beyond landlord interviews and included on-site assessments. (Councilmember Harrison)

Response: We have looked at what others have seen in the implementation of their program, broad modeling of Michigan's building stock, and worked with some properties to go through the Checklist to inform the scoring requirements. Throughout the process, we have talked to HERS raters in the area, and they have not seen a score above 110 in their work. We are also doing some additional HERS assessments to help people understand the process in greater detail. A copy of a HERS assessment can be provided if useful.

Question 11: One of my concerns is whether a significant portion of our older rental stock can realistically pass without requiring costly upgrades that could lead to rent increases. While future utility savings are important, they don't help tenants facing higher rent now. The checklist references eviction diversion programs, but those often involve payment plans, soft exits that still mean displacement, or use of limited city funds through HAWC. Has there been any analysis on how many properties are expected to meet requirements without triggering rent hikes? Or how to protect tenants from being burdened in the process? (Councilmember Harrison)

Response: We believe that much of our building stock can pass without requiring costly upgrades and without burdening tenants. Flexibility is baked into the process, and there

are many low-to-no-cost options that can be used to achieve compliance, so even those who do not meet it right now have pathways to get there without requiring costly upgrades.

Additionally, other communities that have implemented similar programs, including those that have much more aggressive requirements than what Ann Arbor is proposing, did not see rent increases outside of the normal year-over-year increases. For instance, Boulder, CO, a community with a similar make-up and building composition to us here in Ann Arbor, has a program with a checklist that exclusively uses building performance upgrades and does not have the more flexible options we do. They did not see any rent increases in their community outside of their normal trends prior to the program.

Lastly, we have rebate options from Home Energy Rebates available for some properties to use to help with these upgrades. Additionally, with the franchise agreement, there is also dedicated money set aside for rebates to help with rental upgrades. This funding was negotiated as a floor, not a ceiling, so if the program is successful, there are opportunities for additional funding to support rebates.

Question 12: Could temporary displacement during the replacement or installation of heating, cooling, energy systems, or weatherization improvements (such as insulation) be considered a burden under this ordinance? If so, are there any protections or supports in place for tenants who may be affected during these upgrade periods? (Councilmember Harrison)

Response: It is possible, though there is no requirement to do anything that could potentially cause temporary displacement and through the timeline and the low-to-no-cost options there is the ability to make any upgrades during tenant changeover. Most of the upgrades would not result in temporary displacement. Heat pumps, heat pump water heaters, and solar can be installed without temporary displacement. Certain air sealing and insulation work can also take place without the need for temporary displacement. For any that does, it is not required to do those particular items to meet the requirements, so the property can either choose not to do that work, or they can do other options in the short-term while planning to do anything that would cause temporary displacement to take place during tenant changeover.