

Resolution Supporting a Phased Implementation of the Green Rental Ordinance with Targeted Assistance

Whereas, the City of Ann Arbor is committed to achieving carbon neutrality and improving housing conditions through policies such as the Green Rental Ordinance, which aims to enhance energy efficiency and sustainability in rental properties;

Whereas, the Ann Arbor Renters Commission strongly supports the goals of the Green Rental Ordinance, recognizing that energy-efficient housing contributes to both environmental sustainability and lower utility costs for tenants;

Whereas, successful implementation of the ordinance requires robust education and outreach efforts to ensure that landlords, particularly those who own smaller properties or older housing stock, have access to the necessary resources and guidance to comply without imposing additional financial burdens on tenants;

Whereas, the current economic conditions, including rising costs of living and financial constraints on both tenants and landlords, create challenges in implementing required upgrades without the risk of rent increases that would disproportionately impact tenants already struggling with affordability;

Whereas, the Renters Commission has received feedback from landlords of older properties indicating that their buildings may be unable to meet the requirements outlined in the ordinance's checklists or achieve HERS ratings without undergoing substantial and costly rehabilitation;

Whereas, the current level of routine code compliance enforcement conducted by Building Rental and Inspection Services is not sufficient to the satisfaction of the Renters Commission, particularly given ongoing concerns about tenant safety, habitability, and the consistency of inspections across rental properties;

Whereas, without increased staffing and resources, the additional responsibilities required to implement, monitor, and enforce the provisions of the Green Rental ordinance may further strain the division's capacity, potentially reducing the frequency and quality of core code compliance inspections over time;

Whereas, older housing stock and units rented at below-market rates often serve as critical sources of naturally occurring affordable housing, and premature enforcement of new requirements without financial assistance may risk displacement, disinvestment, or loss of affordability in these units;

Whereas, municipalities at the local, state, and federal levels have historically fallen short in providing sufficient and sustained financial assistance programs to support the rehabilitation of older housing stock, especially for small landlords and deeply affordable units;

Whereas, many of Ann Arbor's rental properties built before 1980 lack modern energy efficiency upgrades, and landlords of these properties (especially those renting below market rates) may face significant financial challenges in meeting the ordinance's requirements without assistance;

Whereas, on April 7, 2025, the Ann Arbor City Council approved the first reading of an ordinance to amend Chapter 34 (Gas Franchise), which proposes replacing it with a new Heating Franchise and adopting an accompanying Climate Action Agreement, under which DTE would provide \$500,000 in grants to support landlords in making energy efficiency improvements;

Whereas, rental properties priced at or below 80% of the city's fair market rent often house tenants who are most vulnerable to rent increases, and ensuring that these units are prioritized for financial assistance is essential to maintaining affordability while advancing sustainability goals;

Whereas, a phased approach that prioritizes education, outreach, and voluntary compliance in the first year would allow landlords to better understand the requirements, identify financial assistance opportunities, and develop plans to meet the ordinance's goals without unnecessary hardship;

Whereas, the long-term success of the Green Rental Ordinance depends on the City's commitment to providing sustained financial assistance targeted specifically toward rental housing built before 1980 and units priced at or below 80% of the city's fair market rent, ensuring that necessary upgrades can be made without displacing tenants or raising rents;

Resolved, that for the purposes of this resolution, “qualifying units” or “qualifying properties” shall refer exclusively to rental units built in 1980 or earlier and currently rented at or below 80% of the City’s fair market rent;

Resolved, that the Renters Commission requests that the City prioritize the development and promotion of financial resources, grants, and incentives exclusively for landlords of qualifying properties, to mitigate the risk that energy efficiency improvements will result in rent increases or the loss of affordable housing stock;

Resolved, the Renters Commission requests that qualifying properties shall receive a full 12-month voluntary compliance and education period beginning on the effective date of the ordinance, during which no enforcement of the ordinance shall occur, and that during this period, tenants of qualifying properties shall also be included in education and outreach efforts to ensure they understand their rights, protections, and the goals of the ordinance;

Resolved, that the Renters Commission requests that enforcement of the ordinance for qualifying properties remain suspended beyond the 12-month voluntary compliance period unless and until the City has established a financial assistance program that is fully operational, open to applications, and ready to distribute funds to support compliance with the Green Rental Ordinance;

Resolved, that the Ann Arbor Renters Commission endorses the Green Rental Ordinance contingent upon the implementation of the conditions outlined in this resolution, including the creation of a fully operational financial assistance program, the guarantee of a one-year voluntary compliance and education period exclusively for qualifying properties, and the continued suspension of enforcement beyond that period if financial assistance has not yet been provided, to mitigate the risk that compliance costs will result in rent increases or the displacement of tenants;

Resolved, that the Renters Commission further requests that City Council conduct a comprehensive review one year after the financial assistance program is fully implemented and enforcement begins, which shall include:

- Feedback from the Office of Sustainability and Innovations (OSI), and from Building, Rental, and Inspection Services;

- Data on enforcement actions taken during and after the grace period;

- Data on financial assistance program implementation, including the number of applications received, amount of funds distributed, approval timelines, and any gaps between available funding and qualifying need;

- The operational impact of the ordinance on rental inspection staff and timelines;

- A detailed report on compliance waivers issued, including the criteria used to evaluate those waivers;

Resolved, that the Ann Arbor Renters Commission remains committed to both carbon neutrality and housing affordability and will continue to work collaboratively to ensure that policies supporting sustainability are implemented in ways that are equitable, effective, and considerate of economic realities.