



TO: Mayor and Council

FROM: Dr. Missy Stults, Sustainability & Innovations Director
Julie Roth, Energy Manager

SUBJECT: Home Energy Rating Disclosure (HERD) Report
Response to R-23-385

DATE: September 15, 2025

Please find the report below in response to City Council Resolution [R-23-385](#) – Resolution to Measure the Impact of Home Energy Rating Disclosure (HERD) and Annually Report on Results to City Council.

HOME ENERGY RATING DISCLOSURE ORDINANCE UPDATE:

A Look at Year One of the Ordinance

September 15, 2025

I. Introduction

On March 12, 2024, the City of Ann Arbor's Home Energy Rating Disclosure (HERD) Ordinance – Chapter 102 went into effect with full enforcement beginning September 8, 2024. The HERD Ordinance requires that certain public sales of residential real estate have a Home Energy Score and Report included in a real estate listing and that the information contained is shared with all potential home buyers. This information enables more knowledgeable decisions about the full cost of operating dwellings prior to purchase and motivates investments in home improvements that increase the health, safety, and welfare of occupants and lowers utility bills, reduces carbon emissions, and increases comfort. An updated version of the ordinance that clarified language around dwellings subject to the ordinance and added language to increase visibility of HERD Reports went into effect October 17, 2024. Daily implementation and enforcement of the HERD Ordinance is a function of the City of Ann Arbor's Office of Sustainability and Innovations (OSI).

On October 16, 2023, Council resolution (R-23-385) directed that key data points be tracked and reported on related to the impact of the Home Energy Rating Disclosure Ordinance. Information was requested to be provided at least annually starting one full year after the enforcement date. This report is the response to that resolution, using data from Energov, the Home Energy Score Assessment tool, and the City of Ann Arbor's Home Energy Score Locator Map to report on the HERD Ordinance's roll-out and implementation, its progress toward compliance, current enforcement, responses to concerns of potential disproportionate impact of HERD Ordinance on lower income households, and next steps for continued improvement

II. Program Development

The Home Energy Score (HES) and Report

The HERD Ordinance uses the Department of Energy's Home Energy Score (HES) tool to assess homes. The HES uses field gathered data about the home to project a home's annual energy use and energy costs rather than considering the homeowners utility bill history. This approach to projecting energy use guarantees a consistent outcome that is not influenced by a homeowner's own habits or behaviors which may differ depending on household size and other use factors.

The Home Energy Score is a number between 1 and 10. A home that scores a 5 is projected to have annual energy costs equal to a median energy user for that geographic area in Ann Arbor, a score of 1 represents energy use of a home that is in the lowest 15% of homes (meaning the efficiency of the home is poor, and operational costs likely high), and a score of 10 represents energy use for a home that is performing with the top 10% most efficient homes in the area. Currently, the average HES Score for homes assessed as part of the HERD Ordinance is a 4.4 with a median score of 4¹.

City of Ann Arbor Home Energy Score Partnership

Home Energy Scores must be completed by certified Home Energy Score Assessors. Home Performance professionals who hold certain pre-requisite certifications can become HES Assessors by partnering with a local Home Energy Score Partner. Local Home Energy Score Partners provide training and quality assurance to HES Assessors. OSI became a Home Energy Score Partner in January of 2024 and reports to the National Home Energy Score Team. Both in-house Home Energy Score Assessors are Quality Assurance Designees. Quality Assurance assessments are required to be completed on 5% of assessments completed by each assessor in our HES partnership. There is no requirement that sellers have their Home Energy Score Assessment completed by a City of Ann Arbor Home Energy Score Assessor. The city will accept Home Energy Score Reports from any certified Assessors in the community.

¹ Average and median score based on 1090 Initial Home Energy Scores completed by City of Ann Arbor Home Energy Score Partner Assessors

Service Delivery

In the first year, the focus for HERD was delivering consistent and accurate Home Energy Scores in a timely manner. This is in response to concerns from the Real Estate community that the addition of a HES assessment would slow down the sales process. We have addressed those concerns by establishing customer service metrics that ensure a brisk pace and set reasonable customer expectations.

The first metric is a commitment to respond to all requests for a free Home Energy Score Assessment within two business days. Homeowners, or their real estate agent, can schedule a free Home Energy Score Assessment via the Home Energy Rating Disclosure website (osi.a2gov.org/herd). Requests for Free Home Energy Score Assessments are filled on Mondays, Wednesdays and Fridays. Using Energov allows us to have a publicly accessible database to track assessment progress and send email notifications to homeowners on the status of their assessment.

Two other customer service metrics were created in response to concerns that the HES Assessment could slow down the sales process. The first is a commitment to complete assessments within two weeks of the date a request is made. From July 1, 2024, through July 31, 2025, the median time between request and assessment appointment was 8 days. Second, the HERD Team is committed to delivering a completed report back to the homeowner within 3 business days of the assessment's completion. From July 1, 2024, through July 31, 2025, the median time for report delivery was 2 days. The HERD team is meeting all customer service metrics established to ensure consistent and timely delivery of completed HES Reports.

Energov has been the central database and project management tool for the HERD Program delivery. The Energov platform allows each assessment to be assigned a unique inspection number and provides an electronic location to store completed HES Reports and other documents demonstrating compliance. Each inspection receives a series of email notifications to the home seller to update them on assessment date and times, receipt of HES, reminders on next steps to complete compliance and well as warnings if a listing is on track for a violation.

III. Compliance and Engagement

Homeowner and real estate agent engagement with the HERD Ordinance and subsequent compliance numbers have been on a positive trajectory since the ordinance was enacted. The ordinance allowed for full enforcement for non-compliance to begin on September 8th, 180 days after the ordinance's effective date of March 12, 2024. Compliance increased over that period and continues to rise. OSI has created resources to educate real estate agents and sellers on how to comply with the ordinance as well as tools that help make compliance easy and HES Reports readily available. These tools and resources along with a commitment to prompt responses to questions and concerns have resulted in compliance rates that have been above expectations for a new program and continue to rise. (See table below)

Seller Tools and Resources

For a listing to be fully compliant, once the HES Assessment is complete an active link or URL to the HES and the HES Report must be included in at least one (1) Real Estate Listing for such real property. This Real Estate Listing must be accessible to a member of the general public without the aid of a real estate agent or any other specially credentialed individual and must remain accessible until the real property is sold or otherwise taken off the market. Two resources have been developed to help guide sellers and real estate agents to compliance. First, a [Publication Guide](#) was developed that provides clarity for compliance and publication.

Second, a [Home Energy Score Locator map](#) was developed by the City. This interactive map is accessed from the HERD webpage. All HES's completed since March 12, 2024, are stored and publicly available via STREA2M/Energov, but this platform's public records search function is not easy or intuitive. The HES Locator Map was created to provide an easier online location for viewing reports. This map pins the location of all HES's completed since February 6, 2025. Viewers can select these pins and then download the report to their computer for viewing. The map has filtering functions that allow for viewing based on not only address but also by HES, age of home and square footage. A [recommendations report](#) with energy measure recommendations and rebate and incentives specific to Ann Arbor accompanies each HES report on the HES Locator Map.

Per the Ordinance, it is the responsibility of the seller to notify the city once they have completed their HES Assessment and included required information in a public listing. The city has created an online HERD Compliance Document Upload site where sellers can upload proof of compliance. This site is checked daily.

Being available to promptly answer questions and address concerns for those going through the HERD Compliance process is a priority of the HERD Team. An email account, herdinfo@a2gov.org, and a phone number, 734-794-6630, have been created to make it easier to directly reach the HERD team. All HERD team staff have access to this account and voicemail to ensure emails and phone calls are returned within 24 hours.

HERD Compliance and Engagement Rates Since September 2024

OSI checks new listings against our Energov database to monitor compliance at time of listing, and time of sale. From this data an internal dashboard has been created to help monitor engagement and compliance with the HERD Ordinance.

Period	Listed dates	Homes listed	Partial Pass	Fully compliant
<i>Enforcement</i>	<i>Sept 8 - Dec 31*</i>	169	2%	73%
FY25 Q3	Jan - March 2025	149	9%	70%

FY25 Q4	April - June 2025	320	9%	80%
July 2025	July 2025	92	2%	84%

** City tracking of home sales got underway, resulting in an incomplete dataset for this period*

“Partial Pass” means the home seller obtained the score but failed to include it in the listing. “Fully compliant” indicates city staff confirmed the inclusion of the HES in the property listing.

HES assessors completed more assessments than reflected in the table above. The numbers above are based on homes publicly listed, and therefore under the purview of the Ordinance. Many HES assessments completed are either not currently listed or will be listed in the future. A total of 722 assessments have been completed since September 8, 2024. The City of Ann Arbor does accept HES Reports by certified assessors who are not part of the City of Ann Arbor Partnership. Of the 722 completed, 12 were completed by outside assessors who were paid by home sellers or real estate agents.

IV. Violations and Enforcement

Full enforcement of the ordinance began on September 8, 2024. On January 5, 2025, the city designated an Office of Sustainability and Innovations staffer as the Community Energy Officer tasked with identifying violations and ticketing or negotiating an equitable remedy to ordinance violations. A Home seller is in violation of the HERD Ordinance if they fail to notify the city that they have completed their HES Assessment and failed to include required information in a public listing. Per the ordinance, the city shall not impose any penalties for a violation prior to the time of sale. Once a listing that is in violation of the ordinance sells, the city may issue a ticket with a fine not more than \$500 for a first offense. The city may also seek equitable or other remedies ahead of issuing a ticket. Equitable remedies may include the home seller facilitating a post-sale HES Assessment by the city for the new homeowner.

The city monitors listings that do not have a HES Report on file and marks these as “Non-Compliant” in Energov. This allows for weekly email notifications of that listing’s non-compliance to go to the contact for that listing. Once that home sells, it is moved to “Violation” status in Energov. If the home seller can provide evidence that a HES Report was completed and information was listed but the city was not notified or that the report was included in closing documents at time of sale, they will not be considered in violation of the ordinance and no penalties will be pursued.

Any home that received a HES from the City of Ann Arbor and sold without including required information in a listing is technically in violation of the ordinance but is not currently an initial target for a ticketed offense. These listings are given the status of “Partial Pass”. An email goes to these listings notifying the seller that their listing is not in full compliance. If the seller can provide evidence that a HES Report was completed and

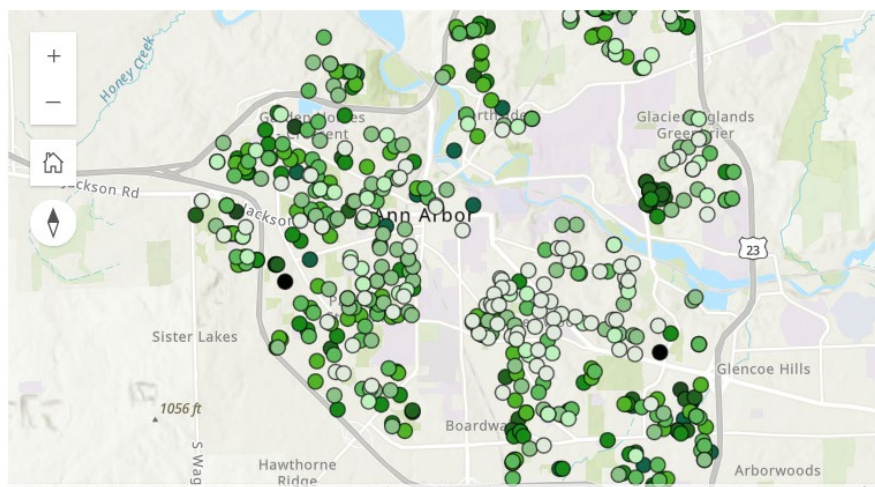
either information was listed but the city was not notified or that the report was included in closing documents at time of sale, the listing will be considered compliant.

V. Addressing Concerns of Disproportionate Impact of HERD Ordinance on Low-Income Households and Access to Services

An early concern shared during the adoption of HERD was that a HES could disproportionately impact lower-income households because the cost of an assessment would be a barrier and result in violations. Also, there was concern that homes being sold in economically disadvantaged areas would have lower HESs which would then result in lower selling prices. Council asked that strategies be implemented to prevent these scenarios.

The first issue has been addressed by making HES Assessments available for free for all Ann Arbor residents who must comply with the HERD Ordinance. As demonstrated by data in Section II of the report, the city has the capacity to provide Free HES Assessments for 98% of assessments at a reasonable response time (the balance of these assessments were completed by outside assessors at the cost of the home seller or real estate agent). To ensure that sellers who are requesting a free assessment because of need rather than convenience get priority, the form for requesting a free assessment asks if the requester is eligible for MCL 211.7u Poverty Exception. Requestors who select yes will get priority for scheduling. Since September 8, 2024, seven home sellers have selected “Yes” to this question.

To the second concern, data to-date does not reveal any trend of smaller homes, or those in areas of the city situated in energy justice or economically disadvantaged communities, having lower HESs than the median. In fact, home size is a significant factor in HESs meaning that smaller homes tend to score better. This is generally the case as larger homes require more energy to run and tend to be overall less efficient. This can be visualized to some degree by looking at the HES Locator Map, and noting that regions with very large homes (e.g., Ann Arbor Hills) tend to have lighter colored dots, indicating lower HES scores:



In addition, City Council also asked that a strategy be created to ensure that no one requesting a free HES be denied that service regardless of whether they are selling their home or not. When requesting a Free HES, the requestor is asked if they plan to sell their home in the next 6 months, or instead have no immediate plan to sell, but want to understand more about their home's energy use. Any requestor who selects the latter is referred to the [A²ZERO Home Energy Advisor](#) program where they will receive a free home assessment with accompanying plan to pursue increased energy efficiency and a path to full decarbonization.

VI. HERD Ordinance Awareness and Impact on Ann Arbor Real Estate Environment

The ordinance's stated purpose is to raise awareness of energy costs and inspire action to reduce energy use for new home buyers. In pursuing these goals, the ordinance has created a unique real estate ecosystem that recognizes the impact of energy use on the decision to buy a home. Every one of the 1,174 HESs completed by the City of Ann Arbor's HES Partnership since January 2024 is an opportunity to not only assess and document home energy performance but to engage directly with homeowners and real estate agents to answer questions about home energy use and A²ZERO programs and goals. Home Assessors have shared stories of home sellers who plan to buy in Ann Arbor viewing HES Reports of homes they are interested in. Staff also have responded to calls from potential home buyers with questions about viewing and interpreting HES Reports, indicating they are finding the scores in their home searches, and valuing the information the reports provide. The A²ZERO Home Energy Advisor Program, a free program that provides residents with a more personalized assessment and decarbonization plan, has reported increasing numbers of requests from new Ann Arborites who received a HES Report with their home. The work done locally in Ann Arbor has also generated national interest with HERD staff presenting at two National Conferences in 2024, The DOE Better Buildings, Better Plants Summit in Washington D.C. and the National Home Performance Conference in Minneapolis, MN.

The real estate professional community is our ally in the ordinance's success. To that end, HERD staff makes themselves available to present and answer questions for Real Estate agents at office meetings either in-person or virtually as well as by answering phone calls and emails. This engagement began before the ordinance went in effect with staff presenting 12 times since April of 2023 to REALTOR groups and individual offices. We receive direct feedback from real estate agents on the program's perception by sellers and buyers. This feedback has led to changes and updates to our assessment request forms, recommended language for listings and compliance documents. It is the real estate agent's work educating their clients on the ordinance requirements and ensuring

information is included in public listings that is a major contributor to our program's impressive market presence and compliance rate.

VII. Next Steps

As HERD was being considered, concerns were raised regarding the impact of a new requirement in the home sale process. As a result, the program created processes and developed capacity to deliver consistent and accurate HESs in a timely manner. This focus serves the ordinance's first stated purpose to provide information that enables more knowledgeable decisions about the full costs of operating dwellings prior to purchase. The second year of the ordinance will focus on the second stated purpose: to motivate investments in home improvements that increase the health, safety, and welfare of occupants and lower utility bills, reduce carbon emissions, and increase comfort. The response to this goal is the HERD Wrap Around Services Program

The HERD Wrap Around Services Program has been newly launched to inspire new home buyers to take action and reduce their energy use. New homebuyers whose home sale was subject to the HERD Ordinance will receive information in the mail on programs and incentives that support home improvements that increase the health, safety, and welfare of occupants and lower utility bills, reduce carbon emissions, and increase comfort. The first mailing went out to 183 residents of homes that received a HES ahead of the home sale. This mailing covered HESs completed from September 8, 2024, until December 31, 2024. Mailings will continue to go out at regular intervals to all homes that received a HES and transferred ownership. The mailer includes QR codes that can be tracked to monitor engagement with the programs promoted in the mailer, including the A²ZERO Home Energy Advisor, and the Home Energy Rebates. Homes that sold in violation and homes considered exceptions to disclosure rules per MCL Section 565.953 may not have received a HES but will still receive HERD Wrap Around Services. The city will do direct outreach to these homes in order to schedule a HES Assessment and deliver that new homeowner with an HES report.

VIII. Conclusion

Thanks to strong collaboration and engagement with the real estate community, implementation of the HERD ordinance has gone well with growing adoption in the market. We see little to no effect on the timing of home sales related to the HERD Ordinance, but we are seeing homebuyers asking more questions related to home energy efficiency opportunities. Overall, OSI is happy with the first-year progress of the HERD Ordinance, excited to launch new HERD Wrap Around Services in year two, and thankful to the residents, real estate agents, and others who have assisted in making the ordinance a success.