

HOME ENERGY RATING DISCLOSURE ORDINANCE UPDATE FOR ENERGY COMMISSION

Background

On March 12, 2024, the city of Ann Arbor's Home Energy Rating Disclosure (HERD) Ordinance went into effect. The HERD Ordinance requires that certain public sales of residential real estate must 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 costs of operating dwellings prior to purchase and motivates investments in home improvements that increase the health, safety, and welfare of occupants and lower utility bills, reduce carbon emissions, and increase comfort.

HES Scores

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. The HES also provides a score 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 home's general area, a score of 1 represents energy use of a home that is in the lowest 15% of energy efficient homes, 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 4.

Engagement & Compliance

Rising engagement was a success story of 2024 as the local realtor community established a culture of participation with the HERD ordinance. The ordinance allowed for 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.

Engagement and compliance rates for homes sold in Ann Arbor in 2024, by listing date

Period	Listed dates	Homes listed	Some engagement	Fully compliant
Ramp-up	May	42*	50%	11%
Pre-enforcement	June – Sept 7	225	66%	39%
Enforcement	Sept 8 – Dec 31	126	95%	73%

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

“Some engagement” means the home seller at least requested a HERD inspection; “fully compliant” indicates city staff confirmed the inclusion of the HES in the property listing. Most engaged but non-compliant homes obtained the score but failed to include it in the listing.

The HERD assessors completed more assessments than reflected in the table above, e.g., for homes that were listed but did not sell, for homes that were not listed, etc. In 2024, assessors completed a total of 496 assessments.

Free HES assessments are being performed by two in-house assessors as well as two contract HES assessors. Homeowners are requesting these assessments via the HERD website (osi.a2gov.org/herd). Most assessments are scheduled within 1-2 weeks from request date. The HERD Team is committed to delivering finished reports to the homeowners within 3 business days of the assessment.

Next Steps

February 7, 2025

HERD staff are undertaking several improvements and additions to the program that should be completed in time for the HERD ordinance's one-year anniversary:

- The HERD Wrap Around Services Program is being developed 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 on programs and incentives 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

- An A2ZERO Recommendations document is being created to accompany all HES Reports. This will replace the Recommendations report generated by the HES tool which has restrictions that result in many recommendations relevant to Ann Arbor Housing stock to be ignored. The A2ZERO Report will recommend legitimate carbon emission reducing measures as well as information on the programs (HEA, Michigan Saves), rebates and incentives (federal, state and municipal) that can help residents achieve these measures.

- An online searchable map of all HES completed in Ann Arbor is being created. HES Reports are now publicly searchable and can be viewed and downloaded from STREA2M (Ann Arbor's Public Parcel Database). STREA2M is a comprehensive tool but is not user friendly and requires users to search for reports individually. The online searchable map will have a better user interface and will allow users to view the location of all HES reports.

- OSI now has increased permissions to better enforce and ticket HERD violations, so a robust compliance and enforcement process is being developed as well.