

HFA Bootcamp Session #10: DOE Home Energy Rebates

NATIONAL HOUSING TRUST | DECEMBER 13, 2023

AGENDA

- Welcome
- DOE Home Energy Rebates – Guidance Updates
 - Madeleine McCullough, NHT
 - Todd Nedwick, NHT
- State Energy Office Program Design Updates
 - Maddie Koewler, National Association of State Energy Officials (NASEO)
- Integrating Rebates into the Housing Finance Process
- Updates from DOE
 - Lauren Ross, Department of Energy
- Final Wrap Up!



DOE HOME ENERGY REBATES

The following rebates are available for **single-family homes** with household income **below 80% AMI** and in **multifamily buildings** where **at least 50% of households** have incomes **below 80% AMI**

| Rebate Type | Rebate Amount |
|--|---|
| Home Efficiency Rebates (HER) | <ul style="list-style-type: none">• Retrofit of existing buildings• Rebate level varies depending on the level of efficiency improvements, not to exceed:<ul style="list-style-type: none">• <u>\$4,000</u> per housing unit for energy savings of 20%-34%• <u>\$8,000</u> per housing unit for energy savings of 35% or more• Up to <u>80% of project costs</u> |
| Home Electrification and Appliance Rebates (HEAR) | <ul style="list-style-type: none">• Appliance-based rebates with caps• <u>100% of project costs</u> not to exceed the max rebate level of <u>\$14,000 per housing unit</u>• The qualifying product must be installed as part of new construction; or to replace a nonelectric appliance; or as a first-time purchase with respect to that appliance |

Both rebate programs are administered by State Energy Offices.

HEAR MAXIMUM REBATE AMOUNTS PER DWELLING UNIT



\$840

Rebate

Electric heat pump
for clothes dryer



\$8,000

Rebate

Electric heat pump for
space heating & cooling



\$1,750

Rebate

Electric heat pump
for water heaters



\$2,500

Rebate

Electric panel &
wiring upgrades



\$840

Rebate

Electric stove, cooktop,
range, or oven



\$1,600

Rebate

Weatherization
Air sealing, duct sealing, insulation

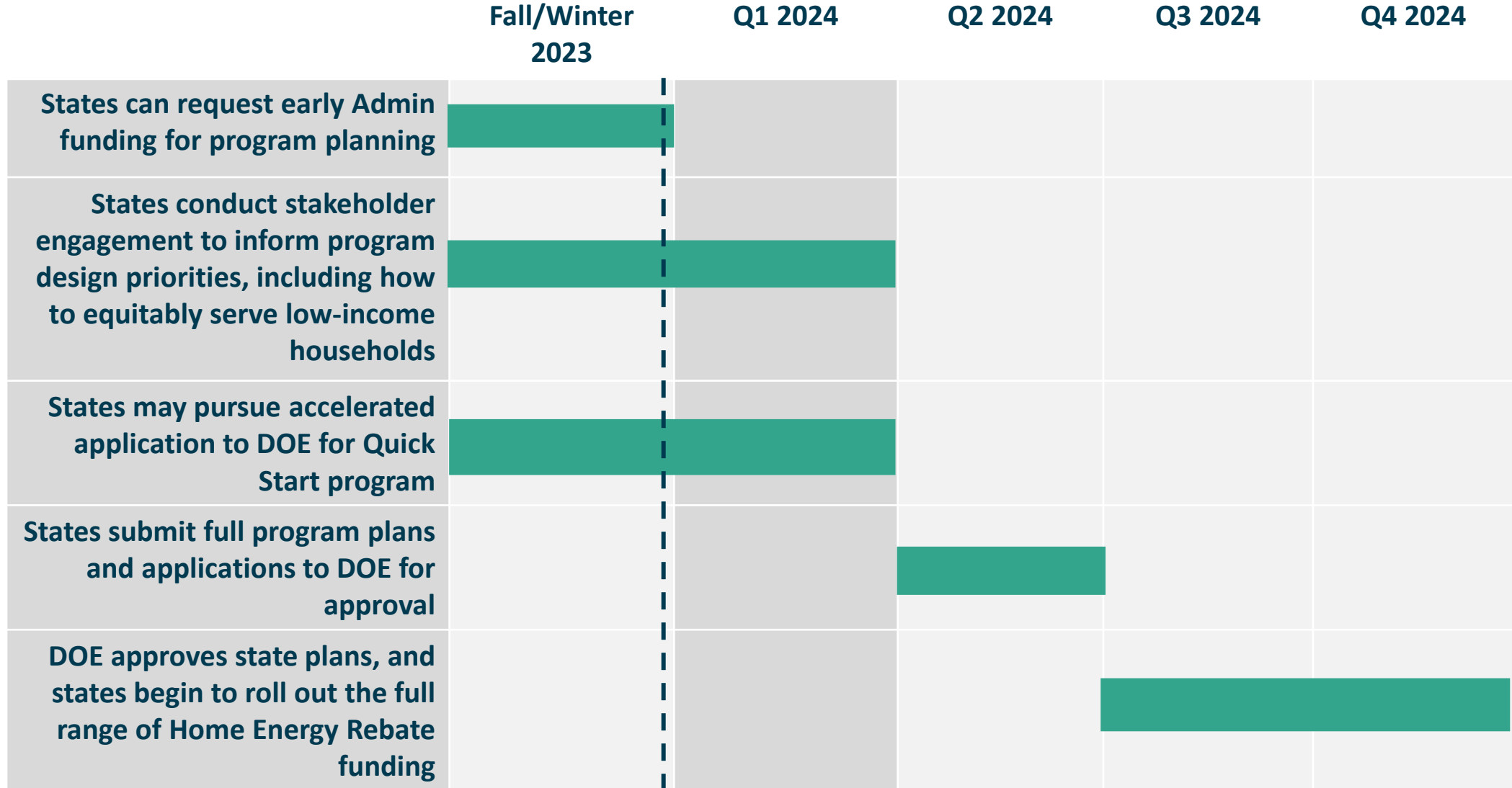
TOTAL FUNDING ALLOCATION BY STATE- \$8.8 B TOTAL

| | | | | | |
|----------------------|--------|----------------|--------|----------------|--------|
| Alabama | \$146M | Kentucky | \$134M | Ohio | \$249M |
| Alaska | \$75M | Louisiana | \$213M | Oklahoma | \$129M |
| Arizona | \$153M | Maine | \$72M | Oregon | \$114M |
| Arkansas | \$105M | Maryland | \$137M | Pennsylvania | \$259M |
| California | \$582M | Massachusetts | \$146M | Rhode Island | \$64M |
| Colorado | \$140M | Michigan | \$211M | South Carolina | \$137M |
| Connecticut | \$99M | Minnesota | \$148M | South Dakota | \$69M |
| District of Columbia | \$59M | Missouri | \$151M | Tennessee | \$167M |
| Delaware | \$66M | Montana | \$71M | Texas | \$690M |
| Florida | \$346M | Nebraska | \$91M | Utah | \$101M |
| Georgia | \$219M | Nevada | \$96M | Vermont | \$59M |
| Hawaii | \$68M | New Hampshire | \$70M | Virginia | \$189M |
| Idaho | \$81M | New Jersey | \$183M | Washington | \$166M |
| Illinois | \$264M | New Mexico | \$88M | West Virginia | \$88M |
| Indiana | \$182M | New York | \$318M | Wisconsin | \$149M |
| Iowa | \$121M | North Carolina | \$209M | Wyoming | \$69M |
| Kansas | \$106M | North Dakota | \$74M | | |



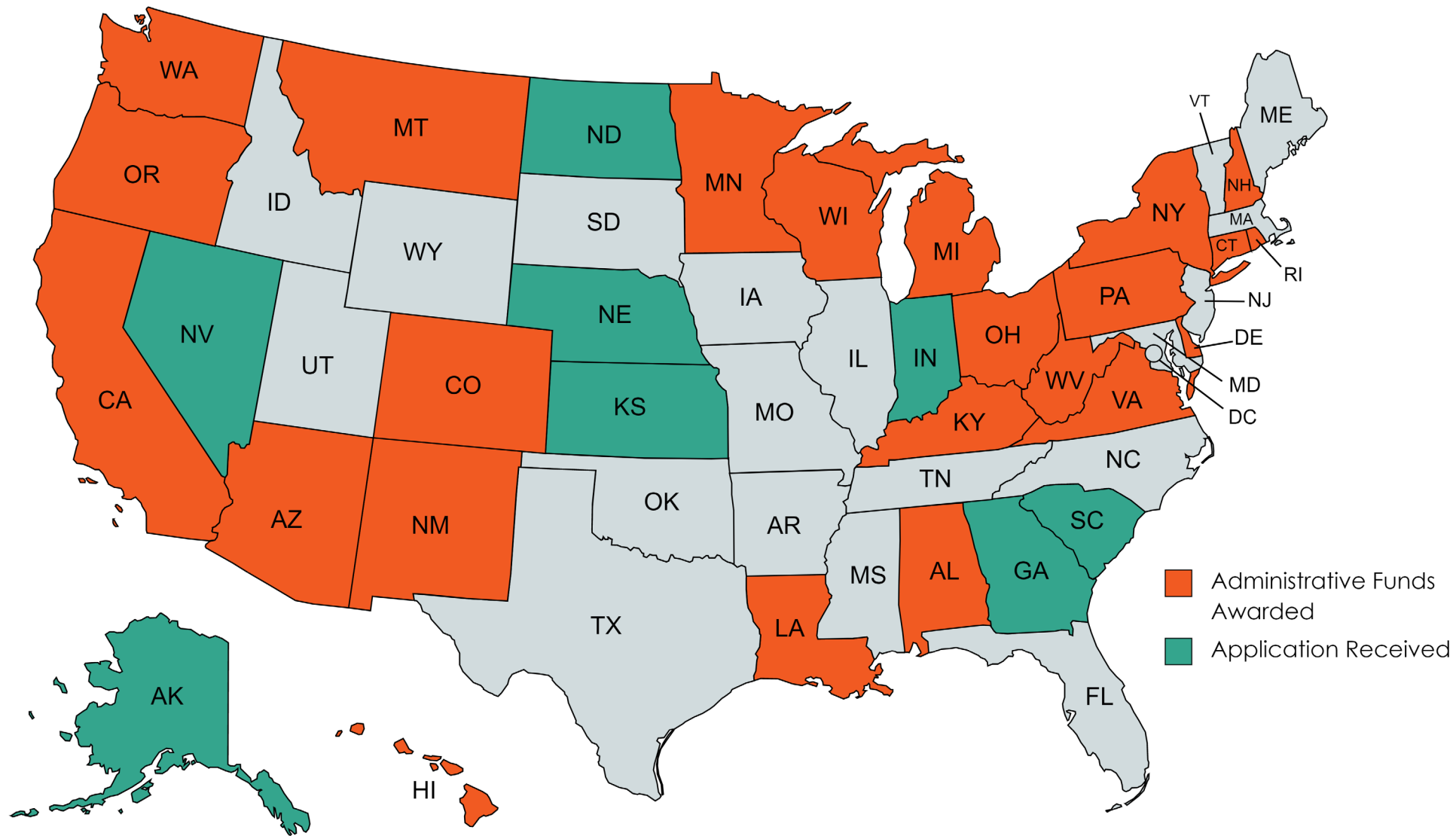
40% of each state's funds must be allocated to low-income households and an additional **10%** must be allocated to low-income multifamily households

IRA FUNDING TIMELINE



STATES EARLY ADMIN FUNDING APPLICATION STATUS

States and territories can receive up to 2.5% of their total allocation which is capped at \$2.5M per program, or \$5M total



*Washington State received administrative funds for Home Efficiency Rebates only

HER AND HEAR STATE DECISIONS TO BE MADE

- ***What portion of funds will be reserved for:***
 - Low-income households? (must be at least 40%)
 - Low-income multifamily households? (must be at least 10%)
- ***What income-eligible programs will be used to demonstrate categorical eligibility?***
 - DOE-approved programs include Public Housing, PBRA, Tenant-based vouchers, and LIHTC
 - The state can propose to recognize add'l rental subsidy programs
- ***What procedures and penalties will the state require to ensure that renters are not subject to unjustified rent increases?***
- ***Does the state plan to take proactive steps to encourage integration with other programs? If so, which programs?***



HER STATE DECISIONS TO BE MADE

- ***Implement higher rebate levels for low-income households?***

E.g.:

- ~~\$4,000~~ **\$8,000** per housing unit for energy savings of 20%-34%
 - ~~\$8,000~~ **\$16,000** per housing unit for energy savings of 35% +
 - Up to ~~80%~~ **100%** of project costs
- ***Up to how long can a rebate be reserved?***
 - DOE notes that multifamily rehabilitation projects can take up to 3 years when accounting for predevelopment through construction and that developers/owners should have some guarantee that rebates will be available



HEAR STATE DECISIONS TO BE MADE

- **Implement lower per-measure rebate caps and/or lower allowable total project costs than allowed under law?**

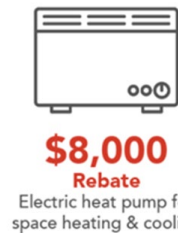
E.g.:

- Maximum rebate for heat pump for space heating or cooling: ~~\$8,000~~ \$6,000
 - Less than 80% AMI: up to ~~100%~~ 80% of qualified project cost
- **Are central system/common area upgrades eligible?**
 - If states allow such upgrades, DOE requires that such work benefit individual dwelling units in addition to a common area; the benefit to individual units may be any of the following: energy savings, cost savings, pollution reduction, or other health and safety benefits.

Applying HEAR Rebates to Central System Measures

Multifamily building owners can combine rebates on behalf of multiple households.

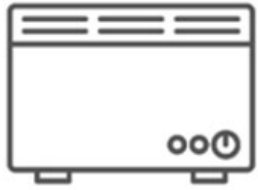
E.g., in a 20-unit low-income building:



$$\times 20 = \$160,000$$

To pay for a central heat pump system that provides space conditioning for individual dwelling units and common areas.

STACKING FUNDING



\$8,000

Rebate

Electric heat pump for space heating & cooling

The total cost of a heat pump is \$10,000. What funding sources can be used to pay the remaining \$2,000 cost?

- Federal grants? **NO**
- Federal Loans, such as loans from HUD and EPA's Greenhouse Gas Reduction Fund? **YES**
- IRA Tax Credits? **YES, after reducing the tax credit basis by the rebate amount**
- State and Local government funding? **YES**



\$2,500

Rebate

Electric panel & wiring upgrades



Electric heat pump for water heaters

HEAR rebate is used to pay for electric panel upgrades but not an electric heat pump water heater. What funding sources can be used to pay for the heat pump?

- Federal grants? **YES**
- Federal Loans? **YES**
- IRA Tax Credits? **YES**
- State and Local government funding? **YES**

POLL

Has your agency been working with your SEO to design your state's DOE Rebate program?

Are you aware of any interest or efforts in your state to increase the minimum set aside for low-income multifamily housing?



INTEGRATING REBATES INTO THE HOUSING FINANCING PROCESS FOR REHABILITATION PROJECTS

Objectives:

- Ensure that Home Energy Rebates are considered early enough in the project scoping process to impact building owner/developer design decisions, i.e., encourage high-performance building components
- Allow for Rebate funding to be considered as a funding source to reduce the need for HFA funding
- Align Rebate program administration with the affordable housing development process to reduce barriers and create efficiencies

| Affordable Housing Development | Role of Rebate Program Administrator |
|---|--|
| <i>Pre-design/predevelopment Phase (2-3 years before development completion)</i> | |
| Owner/Developer commissions Capital Needs Assessment (CNA) or Structural Needs Assessment following HFA requirements | <p>Informs HFA and/or Owner/Developer of program energy assessment requirements to be included in the CNA requirements</p> <p>Provides information about rebate programs/incentives to the Developer/Owner to impact project design decisions</p> |
| <i>Design Phase (1.5-2.5 years from development completion)</i> | |
| <p>Architect/Engineers design project and develop initial construction drawings (C.D.s) and specifications</p> <p>Owner/Developer submits financing application to HFA with all funding sources</p> <p>Secures funding commitment from HFA if the project meets the agency's funding criteria</p> <p>Architect/Engineer complete C.D.s for HFA review with standards/compliance</p> | <p>Reviews project design drawings/specifications to assess funding opportunities and develops a preliminary estimate of energy incentives</p> <p>Provides owner/developer with preliminary funding commitment letter to include in financing application</p> <p>Reviews final plans to confirm planned energy measures and modeled energy savings to finalize incentive amounts</p> <p>Reserves funding award for Owner/Developer</p> |
| <i>Construction Phase (begins 1-1.5 years from development completion)</i> | |
| <p>Owner/Developer implements energy efficiency measures</p> <p>Owner/Developer documents implementation/paperwork for rebate claim</p> | <p>Verifies EEM installation</p> <p>Provides progress payments in phases as measures are installed</p> <p>Upon project completion and review, releases final rebate payment</p> |

PRE-DESIGN/PREDEVELOPMENT PHASE

Affordable Housing Development Process

Owner/Developer commissions Capital Needs Assessment (CNA) or other scoping assessments, e.g., energy audits, according to HFA requirements

Home Energy Rebate Process

Rebate Administrator/Implementer Informs HFA and/or Owner/Developer of program energy assessment requirements that should be included in project scoping

Provides information about rebate programs/incentives to the Developer/Owner to impact project design decisions



PROJECT DESIGN PHASE

Affordable Housing Development Process

Architect/Engineer designs project and develops initial construction specifications

Owner/Developer submits financing application to HFA with all funding sources

Owner/Developer secures funding commitment from HFA if the project meets the agency's funding criteria

Architect/Engineer completes construction plans for HFA review with standards/compliance

Home Energy Rebate Process

Rebate Administrator/Implementer reviews project design drawings/specifications to assess funding opportunities and develop a preliminary estimate of eligible rebates

Rebate Administrator/Implementer reviews final plans to confirm planned energy measures and modeled energy savings to finalize incentive amounts

Rebate Administrator/Implementer reserves rebate funding award for Owner/Developer

CONSTRUCTION PHASE

Affordable Housing Development Process

Owner/Developer implements energy efficiency measures

Owner/Developer documents implementation/paperwork for rebate claim

Home Energy Rebate Process

Rebate Administrator/Implementer verifies energy efficiency measure installation

Provides progress payments in phases as measures are installed
(Note: DOE's guidance doesn't contemplate progress payments)

Upon project completion and review, releases final rebate payment



NEXT STEPS

Final Survey

- Will include the link in a follow up email, but please submit your response by *December 22nd*

Copy & Paste Resources now available!

Additional Resources

- NHT will continue to send out our IRA Newsletter
- We will continue to track Solar for All and DOE Rebate programs across states to ensure affordable housing stakeholders are aware of available funding.



Thank you!
Questions?

