



Recommendations: U.S. Department of Energy Home Energy Rebate Programs HOMES and HEEHRA Provisions of the Inflation Reduction Act

The [Home Energy Efficiency Rebate and Home Electrification Rebate Programs](#) created by the HOMES and HEEHRA provisions in the Inflation Reduction Act provide nearly \$9 billion of federal funds for states to create and fund rebate programs for home energy upgrades, appliance replacement, and ultimately to reduce energy burdens and improve health conditions for families. Together, these programs can provide great benefits for low-income communities and communities of color that disproportionately live in sub-standard housing conditions due to limited means to upgrade their housing, limited access to capital, and long-standing policies of disinvestment in and disruption to the neighborhoods in which they live. GHHI's recommendations for these programs are based on three principles: program accessibility, affordability, and effectiveness for the highest-need homes. The seven specific suggestions we have are as follows:

- 1. Federal agencies, state energy offices, and local partners invest in outreach and education for clients and contractors.** The opportunities for clean energy and electrification are newly accessible to many, including contractors that will implement programs, officials that will administer programs, and clients that may receive services. Policy makers must include capacity building support with program design.
- 2. State energy offices align service delivery with existing home intervention infrastructure and provide simple and quick process to receiving rebates.**
- 3. States add funds to cover 100% of the costs of energy efficiency upgrades for low-income homes, ensuring they are accessible and avoid adding financial burdens to households.**
- 4. Federal and state agencies require contracts preventing property owners from raising rents or evicting tenants after receiving funds for housing upgrades. Property owners should also commit to maintaining affordability for a period of 3 years, similar to how lead programs have offered protections.**
- 5. State energy offices and agencies invest in workforce development, especially for under-represented workforce demographics, to ensure effective service delivery of new technologies and accessible business opportunities in the field.**
- 6. States align electrification, weatherization, and health and safety programs to meet needs of homes comprehensively and to ensure homes are not deferred from funding opportunities.**
- 7. Prioritize 100% of the funds reaching low- and moderate-income families.**

GHHI submitted formal comments to the US Department of Energy through their Request for Information process in March 2023. GHHI's comments in response to select DOE are questions below.

Section B. Accessible and Equitable Program Design

3. How can DOE encourage program administrators to design their rebate programs to align with the Justice40 Initiative, which commits to delivering forty percent of the overall benefits (home improvements, jobs, etc.) from certain federal investments to disadvantaged communities that are marginalized, underserved, and overburdened by pollution?

To fully deliver on the promise of the Justice40 initiative, rebate programs need to create long-term impacts in disinvested communities around key metrics such as improved living conditions, health outcomes, energy affordability, and wealth building. To do this, DOE needs to ensure that the rebates are used in the homes in these communities and that they benefit those who are disadvantaged.

Care needs to be taken to include the most disinvested communities where rebates will need to be paired with whole-home interventions to meet health and safety needs and address structural issues in the homes. We often serve low-income Black homeowners that have homes passed down through generations with significant deferred maintenance issues. To make the rebate programs work for these homes, aligning the rebates with funds for issues like mold, lead paint hazards, asbestos, and other structural issues that could cause homes to not receive energy upgrades is imperative. Making sure there is enough flexibility in the programs to include some of these measures (for example, the electrical upgrade rebate covering extensive electrical work such as knob-and-tube wiring or the energy efficiency rebates including health and safety measures) and also to ensure that the programs work well with related funding streams (clarifying “project” definitions to use multiple funding sources in the same home, ensuring that energy modeling works well for multi-layer projects) will ensure we can serve the homes most in need of investment.

Finally, both rebate programs are part of a significant influx of funds to deliver programs in low-income communities. Between the home efficiency rebates and the increased weatherization assistance program (WAP) funding, the annual budgets are more than doubling. Making electrification work for low-income homes is still relatively new in many parts of the country. Because of this, it will take time for implementers and program staff to scale up their capacity and expertise to deliver these programs. It will also take time to familiarize potential clients with the benefits and processes of home electrification. DOE can support this by leveraging its national profile to share clear and accessible information about home electrification for low-income residents. Including that as part of the program roll-out may be helpful. Also, providing continued support to state and local partners will be beneficial, including providing case studies. Even in the lead-up to this RFI deadline, we found the various stakeholder listening sessions helpful to hear from partners in other states figuring out how to do similar work.

5. How can the Home Energy Rebate programs help to minimize energy burden and costs, particularly in low- and moderate-income (LMI) and high energy burden households?

The programs should be designed to serve high energy burden homes that will benefit from fuel switching measures. In general, we expect there to be many homes that rely on delivered fuels or use electric resistance heating. Moving from electric resistance to more efficient electric technologies will not involve changing fuel types but will have significant benefits to the residents and to the climate through improved efficiency. Moving from delivered fuels means the programs will need to work with homes that might not have central forced air systems, and therefore either will potentially need expensive ductwork installed or to rely on mini-split heat pump systems with multiple heads. This will likely increase costs beyond the current electrification rebate caps, and we would like to see the

programs designed in a way to not be onerous to align the rebates with other funding streams (including potentially others in the IRA) to cover 100% of the costs for low-income residents.

Overall, pairing efficiency with electrification will be a key to reducing energy burdens. In low-income homes that often includes building shell measures and addressing pre-weatherization work such as health and safety remediations. We have relied on HUD Healthy Homes Production Grants, state and local funds from the American Rescue Plan, and private partnerships to fill these gaps in the past. Ensuring that program guidance encourages this coordination will be especially helpful with reducing energy burden in low-income homes.

Finally, homes with high energy burden often have no or little disposable income, and this remains true even when energy burden is reduced. The program must still work for these homes, and there must be pathways for 100% of the project costs to be covered for these low-income households. DOE should be explicit in guidance about this reality and in supporting states in creating programs that will meet this need. Helping states identify funding gaps, create funding streams, and ensure seamless delivery of the rebates to households and to contractors or suppliers will all be paramount.

DOE should also work to ensure that ongoing energy costs do not increase as a result of electrification, and if there are any estimated increased monthly costs, develop ways in which those costs can be incorporated into the rebate. This may involve providing guidance to utilities, public service commissions, and other stakeholders who can implement policies to ensure there is no added financial burden to low-income families.

6. What types of program design approaches, guidelines, tools, savings analyses, policies, or reviews can help discourage contractors from using rebates for upgrades that will likely result in higher annual household energy bills, particularly for low-income households?

Contractor education, client education, and transparency about the impact of proposed measures and their outcomes will be important to ensure low-income households do not end up with higher energy burdens. We know there is a learning curve with many of the electrification technologies and that improper installation such as inadequate ventilation and spacing, or mis-sizing HVAC systems can quickly affect performance. Furthermore, clients will need to understand how the technologies will work differently to ensure they are operating them optimally. Weatherization work has similar challenges and client behavior often has a significant impact on whether estimated savings are achieved.

Certification of contractors to ensure that measures are installed with best practices and that contractors are informed can be important steps, and states should use administrative budgets for workforce development. DOE can play a significant role in supporting states with these workforce programs through technical assistance, providing central clearinghouses of information for best practices around workforce development and installation of measures.

For the public, familiarizing potential clients—especially low-income and disadvantaged communities—with how the programs and the technologies can work for them will be key. An informed client base will be better equipped to work with contractors on the specific needs of their homes and will also be able to operate the technologies in a way that achieves the potential benefits. DOE and state energy offices can help with communication materials, highlighting effective programs, and promoting the technologies covered in the programs.

Finally, providing clear structure that gives people confidence that the programs will not be exhausted quickly will allow contractors to develop their capacity sustainably, investing in training and learning

from the early stages of the program rollout. We expect that program funds will be used up before the 10-year period in the bill, but making sure that the use of funds does not become rushed or create a crash of the industry after they are depleted will be essential to the programs being a part of the overall goals of greenhouse gas emission reduction, inflation reduction, and equity. This will also allow for supportive changes to take place such as reform of utility rate structures and improved access to distributed energy technologies such as solar, battery storage, and geothermal.

7. What types of policies or requirements can be used to ensure that owners of rental properties receiving rebates targeted for low-income households continue to offer affordable rents for a reasonable time after improvements are made? How might DOE also incentivize multifamily affordable housing property owners to participate in these programs?

It is important to recognize that the assumption is that these funds will run out well before the end of the program. As a result, even if tenant protections delay some uptake of the rebates, there is still a generous window for the rebates to be used completely. Having affordability protections may disincentivize some property owners from utilizing the program, but as long as the funds are still going to low-income homes within the period of the program, the program should still be meeting its goals. Doing this effectively may require pairing protections with set-asides specifically for low-income households, disadvantaged communities, and multifamily units.

Tenant protections from lead programs can be a good place to start with protections related to this program. Under the HUD lead hazard reduction program, property owners must prioritize renting to income-eligible residents with children for a period of three years. There are also conditions in the master service agreement that rental property owners sign that ensures that rents are not increased inordinately due to the investment the property owner is receiving from HUD. Local governments also are required to create a registry of homes that have received interventions. Lead interventions in vacant homes have the same guidelines.

For these rebate programs, we believe a similar period of three years of affordability provisions and requirements that property owners that receive funds for low- or moderate-income residents rent to residents that continue to meet those criteria AND limit raising the rent beyond incremental growth tied to the consumer price index. They also should not be able to recover any costs of the program by charging tenants.

Finally, it will be important that fuel switching does not add to the utility responsibilities of tenants. The solutions will likely vary by state, but we suggest that states develop a plan for addressing these situations as a part of their request for funds.

9. What are best practices for implementing successful ‘point of sale’ rebates, including when considering contractor needs?

Categorical eligibility for clients in other income eligible programs (especially housing programs) and quick return of the rebates to contractors or aggregators will be essential to the program working well. We want to reduce the administrative and financial burden for the program, which will help support smaller and newer contractor organizations to engage with the program. It will also help the program work with a whole-home structure that will ensure the multiple needs of low-income homes are met. Again, we believe that the best path to serving low-income homes will be to layer these programs with existing housing services, so simple approval based on eligibility for those programs will facilitate this braiding of resources. We would recommend states allow for funding to be housed with aggregators or

equivalent organizations with requirements that contractors be paid expeditiously from those funds to incentivize contractors to work on these projects without concern that there will be delays in payment.

Section D. Designing Programs for Maximum Impact

18. How should DOE, states, tribes, and territories measure success? Examples may include high customer satisfaction, measured or estimated benefits (e.g., impacts on energy, bills, emissions, health, or peak demand), quality job creation, valuation of home upgrades or overall efficiency, etc. What specific data is needed to evaluate progress toward these recommended metrics of success?

As much as possible, we encourage a holistic look at the success of the program. High client satisfaction, numbers of low-income clients served, numbers of households in disadvantaged communities served, improved health outcomes from reduced instances of childhood asthma and missed days of school and work related to asthma (and other health conditions impacted by electrification and energy upgrades), improved access to effective heating in winter and cooling in summer, and reduced energy burden should all be considered priority metrics for equity. DOE should also evaluate how these investments stabilize individuals and families. Housing stability can provide a myriad of socioeconomic impacts. DOE should also look at the workforce development impact that will occur as a result of HEERA and HOMES. And a focus should explicitly assess how these investments advance racial equity. We also think that DOE and state/local program staff should be clear that benefits should be short and long term. Interventions will have impacts throughout the lifespan of the measures and appliances, but for low-income households, especially in cases of appliances like HVACs, the interventions must be completed in ways that provide immediate benefits as well.

25. How can programs ensure effective consumer education and outreach? What types of tools and/or materials should DOE develop to support consumers in understanding how to maximize the benefits of these programs?

We encounter clients that are unfamiliar with weatherization and skeptical of how electrification will work for them. Increasing outreach, especially by working with utilities and bill assistance programs to improve coordinating with weatherization programs can capitalize on the information already available to identify high energy burden homes and utility customers that are struggling with energy bills. As for electrification, ensuring that customers are confident in the performance of their appliances, the costs savings they can expect, and the stability of the electrical systems will all go a long way to popularizing electrification. We see positive responses when clients can learn about electrification from trusted sources such as members of their community or services providers who have already delivered helpful interventions in their homes. Outreach should be done through varied means, including direct outreach via phone and email, at events, through community groups, in partnership with schools and universities, and via local government.

Highlighting success stories and ensuring there are effective demonstration projects in communities where these projects have not yet been popular will be helpful. Also, working with government partners to hold utilities and property owners accountable for delivering adequate services and energy systems for clients will help build trust in program implementers.

One opportunity we have seen to be effective is focusing on a particular neighborhood or even street, and as work is done on one home, neighbors see and are more open to receiving services themselves. Deliberately having a block-by-block approach might be helpful to scale this work within low-income communities.

Section E. Integrating Existing Incentives & Programs

28. How can DOE encourage program administrators to build on and coordinate these funds with existing networks and programs to maximize impact? Other programs may include state energy efficiency Revolving Loan Funds (RLF), utility energy efficiency programs, U.S. Department of Health & Human Services Low Income Home Energy Assistance Program (LIHEAP), Weatherization Assistance Program (WAP), tax incentives, among other funding sources.

- a) **What guidance is needed from DOE to make this successful?**
- b) **How should DOE encourage program implementers to design and implement rebate programs to leverage other resources and/or provide seamless services (e.g., through housing finance agencies (HFAs), state RLFs, WAP, or other complementary programs)?**
- c) **What concerns and risks should DOE be aware of in introducing these programs into existing programs and networks? How can program administrators prevent the layering of federal, state, and local incentives whose combined value is greater than that of the product being purchased?**

DOE should provide guidance on stacking funding sources for homes. This should include clear and helpful guidance on “project” definitions to avoid confusion about the restrictions on rebates. Allowing program funds to be stacked will have significant benefits for equity allowing implementers to address pre-weatherization barriers and fully cover the costs for low-income homes that will often lack any disposable income that could cover interventions. This will also allow states to use the rebates as part of a whole-home approach to target the homes in existing programs that are identified as ideal candidates because of the potential cost savings or health and safety benefits.

DOE should also develop common reporting requirements and processes, which may also include updating other programs. With this, DOE should not add requirements about cost effectiveness tests of specific measures in the Home Efficiency Rebate Programs.

DOE should include processes related to categorical eligibility with other programs to reduce burdens for low-income households, especially for those who do not have easy access to tax information.

Finally, DOE should encourage states to identify the funding streams and partners who will support a coordinated delivery of these programs. Through this process, DOE should also encourage states to identify funding gaps that may prove to be barriers to reaching their goals regarding efficiency and electrification. We are encouraged by momentum across states such as Pennsylvania (Whole Home Repairs Fund), Massachusetts (Low- and Moderate-Income Housing Decarbonization Grant Program), and bills introduced in Maryland and Michigan to offer flexible funding for home rehabilitation programs, and we hope there can be growing bipartisan support of these programs than can fill gaps to meet health and safety needs.

One challenge to integrating with multiple programs is home assessments. GHHI has developed comprehensive assessment tools and training so that at the same time a home is assessed for the availability to tap into these rebate programs, it could also be assessed for readiness for WAP or other housing upgrade programs. GHHI has provided training and curricula for comprehensive assessments around the country.

DOE could also work with other federal agencies to indicate to states and their local implementation partners that sharing information about clients who could potentially benefit from multiple programs is not only allowed but encouraged by federal agencies and departments.

30. What safeguards can DOE and/or program administrators put in place to ensure that low-income households are optimally served through various available programs (e.g., Home Energy Rebates, WAP, or other low-income weatherization programs)?

One potential risk we are aware of is that fuel switching can impact bill assistance program eligibility in the short term. Working with HHS LIHEAP and state bill assistance programs to ensure that programs accommodate fuel switching regardless of season will decrease the risks of electrification increasing energy burdens or households that rely on bill assistance not being able to consider fuel switching when urgent HVAC replacement is needed (such as at point of failure).

DOE could also provide guidance regarding households that need services from multiple programs to not automatically be put “in the back of the line” or deferred from the rebate services. DOE could encourage states and their local implementation partners to design implementation plans that would account for the fact that, especially in low-income communities, a sizable percentage of households will have needs that must be served through multiple programs.

Section N. Open Response

59. Is there anything else DOE should be aware of as it develops program design guidance and support for these rebate programs?

The potential for these programs—and the broader movement to highly efficient electric homes—to improve the quality of life for families is enormous. We envision kids staying healthy enough to go to school rather than the hospital, parents affording their energy bills, asthma triggers being reduced, and homes made more comfortable for everyone. Both climate change and the potential disruptions of changing our systems to adapt to the energy needs to survive threaten to upend lives, but a transition grounded in restorative justice is possible.

As with any major program, the risks from not centering the most vulnerable are that they are left further behind by the programs. We do not want to see the legacy of the Inflation Reduction Act and for decarbonization efforts become one that only benefits the wealthy. Instead, the Inflation Reduction Act should mark a key point in creating a more just and equitable future where homes are the foundation for healthy lives for all Americans.

The funds will provide maximum benefit by supporting those that do not have the resources for high initial investments or to receive funding from private markets. The Justice40 guidance should be followed in both letter and spirit. Low- and moderate-income homeowners, and property owners with limited capital to make significant upgrades should receive the majority of the rebates from these programs. The Climate and Economic Justice Screen tool designed to support the Justice40 initiative also highlights burdens beyond income metrics. Using this tool, in line with the Justice40 guidance to invest in overburdened communities, will further drive investment in homes occupied by individuals bearing the brunt of injustices. We would like to see close to 100% of the funds for these programs go to housing occupied by residents that fit either the low- and moderate-income criteria, disadvantaged community criteria, or both.