HOPE for HOMES in the Inflation Reduction Act
August 31, 2022

The Inflation Reduction Act of 2022 (H.R. 5376) invests $9 billion in the HOPE for HOMES Act and High-Efficiency Electric Home Rebate Program to provide rebates and workforce training for home energy efficiency (EE) and electrification. Below, learn more about this funding and how it will flow from the Department of Energy (DOE) to states, consumers, and contractors.

Funding Timeline

Note: As of August 31, 2022, DOE guidance has not been released, so IRA funding from State Energy Offices is not yet available to consumers and contractors.

Home Energy Performance-Based, Whole-House Rebates (HOMES)

Total Funding: $4.3 billion (available through September 2031, or until expended)

State Energy Offices will set up new Home Energy Performance-Based, Whole-House (HOMES) Rebate Programs.

- Rebates are doubled for low- and moderate-income individuals making less than 80 percent of Area Median Income.
  - See your area’s median income here, as reported by the U.S. Department of Housing and Urban Development (HUD).
- Contractors providing retrofits under HOMES state programs can also claim a $200 rebate per home they service in an underserved community.
- IRA prohibits combining HOMES rebates with any other Federal grant or rebate – including the new High-Efficiency Electric Home Rebate Program.
- IRA does not prohibit combining HOMES rebates with state/utility rebate programs.
- IRA does not prohibit combining HOMES rebates with federal tax credits like 25C (Energy Efficient Home Improvement Credit).

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1 See Secs. 50121-50123 of the Inflation Reduction Act of 2022 for more information.
HOMES Tiered Incentive Pathways

HOMES rebate programs will feature an array of tiered incentives for consumers based on two different pathways to home performance: modeled energy savings and measured energy savings.

**Modeled Energy Savings**
Projects must achieve modeled energy savings of at least 20 percent to qualify for rebates.
Larger rebates are available for projects achieving modeled energy savings of at least 35 percent.
Rebates double for low- and moderate-income individuals.

**Modeled Energy Savings Pathway**
Projects using the modeled energy savings pathway must be calibrated to historical energy usage for a home consistent with BPI 2400. DOE guidelines will provide more details.

**Measured Energy Savings**
Portfolios of projects must achieve measured energy savings of 15 percent across the portfolio to qualify for rebates.
Payment rate is per kWh and equal to $2,000 for a 20% reduction of energy use for the average home in the state.
Rebates double for low- and moderate-income individuals.

**Energy Savings**

<table>
<thead>
<tr>
<th>Energy Savings</th>
<th>Single-Family</th>
<th>Multifamily</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>20 – 35 percent</strong></td>
<td>$2,000 or 50 percent of the project cost (whichever is less). For low- and moderate-income (LMI) individuals, $4,000 or 80 percent of the project cost (whichever is less).</td>
<td>$2,000 per dwelling unit, with a maximum of $200,000 per multifamily building.</td>
</tr>
<tr>
<td><strong>Over 35 percent</strong></td>
<td>$4,000 or 50 percent of the project cost (whichever is less). For LMI individuals, $8,000 or 80 percent of the project cost (whichever is less).</td>
<td>$4,000 per dwelling unit, with a maximum of $400,000 per multifamily building.</td>
</tr>
</tbody>
</table>
Measured Energy Savings Pathway
Projects using the measured energy savings pathway must use open-source advanced measurement and verification software, as approved by DOE, to determine and document monthly and hourly (if available) weather-normalized home energy use, both before and after home efficiency retrofits. DOE guidelines will provide more details.

<table>
<thead>
<tr>
<th>Energy Savings</th>
<th>Single-Family &amp; Multifamily</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over 15 Percent</td>
<td>$2,000 payment rate per kilowatt hour saved equal to a 20 percent reduction for the average home in the state, or 50 percent of project cost. For LMI individuals, $4,000 payment rate per kilowatt hour saved equal to a 20 percent reduction per home or dwelling unit, or 80 percent of project cost. For multifamily buildings to qualify, at least 50 percent of residents must be LMI. Energy baselines are calculated based on the average energy use of single-family homes or multifamily buildings in the State.</td>
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State-Based Home Energy Efficiency Contractor Training Grants
Total Funding: $200 million (available through September 2031, or until expended)
State Energy Offices will develop and implement programs to support training home energy efficiency and electrification contractors. Note: in prior legislative proposals, this program was called “Home On-line Performance-Based Energy Efficiency (HOPE) Contractor Training Grants.”

Eligible Uses of Funds:

- Reduce the cost of training contractor employees.
- Provide testing and certification of contractors.
- Partner with nonprofit organizations to develop and implement grants.
- DOE Guidance will establish more details.
**High-Efficiency Electric Home Rebate Program**

**Total Funding: $4.5 billion** (available through September 2031, or until expended)

State Energy Offices will set up new High-Efficiency Electric Home Rebate Programs. These programs will provide **point-of-sale rebates** for electric appliances for **exclusively** low- and moderate-income households. Rebates **cannot** be combined with HOMES rebates, but **IRA does not prohibit combining rebates** with federal tax credits and state/utility rebates.

- Rebates are capped at **$14,000 total** per recipient.
- For households with **less than 80 percent** Area Median Income, **100 percent of costs are covered**. For households with **between 80-150 percent** Area Median Income, **50 percent of costs are covered**.
- **$225 million** is reserved for tribal communities.

<table>
<thead>
<tr>
<th>Appliance</th>
<th>Rebate Amount (Maximum)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heat Pump (for space heating and cooling)</td>
<td>$8,000</td>
</tr>
<tr>
<td>Electric Stove, Cooktop, Range, or Oven, or Clothes Dryer</td>
<td>$840</td>
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<tr>
<td>Heat Pump Water Heater</td>
<td>$1,750</td>
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<tr>
<td>Electric Wiring</td>
<td>$2,500</td>
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<tr>
<td>Electric Load Service Center (Breaker Box)</td>
<td>$4,000</td>
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<tr>
<td>Insulation, Air Sealing, and Ventilation</td>
<td>$1,600</td>
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*If you have questions, contact: Skip Wiltshire-Gordon, AnnDyl Policy Group, skip@anndyl.com.*