



Getting Started: Integrating the Weatherization Assistance Program (WAP) with Home Electrification and Appliance Rebates (HEAR)

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This document is intended to help State Energy Offices (SEOs)¹ consider implementing an integrated program design for the Home Electrification and Appliance Rebates (HEAR)² Program and their state's Weatherization Assistance Program (WAP).³ Integrating WAP and HEAR is a great opportunity to deliver deep home energy retrofits for low-income households. However, states must intentionally design integrated delivery of the two programs to achieve meaningful energy savings and ensure that upgrades meet the specific requirements of each program.

While only State Energy Offices are the authorized formula grant recipients of HEAR, states administer WAP funding through a variety of state-level agencies.⁴ As such, HEAR integration may require a coordinated effort between different state agencies.

DOE staff are available to assist states with designing an integrated WAP and HEAR approach. ***Please contact your Home Energy Rebates Project Officer to request this technical assistance.***

Overview of WAP

The purpose of WAP is to increase the energy efficiency of dwellings owned or occupied by low-income persons, or to provide such persons with renewable energy systems or technologies, reduce their total residential expenditures, and improve their health and safety, especially low-income persons who are particularly vulnerable such as the elderly, persons with disabilities, families with children, high residential energy users, and households with high energy burden. WAP provides core program formula grants to 57 Grantees, which include 50 states, US territories, the District of Columbia, and Tribal Organizations. WAP Grantees contract with approximately 700 local organizations nationwide that consist of community action agencies (CAAs, or "CAP Agencies"), or other public or nonprofit entities that are identified as Subgrantees to DOE. These Subgrantees identify eligible households, assess the households for suitability, and use energy audits to determine appropriate energy efficiency measures (such as insulation and air sealing) for installation. Subgrantees use a mix of in-house crews and contractors to perform the weatherization services for low-income households.

¹ In this document "States" means "States, U.S. territories, and the District of Columbia" unless otherwise indicated.

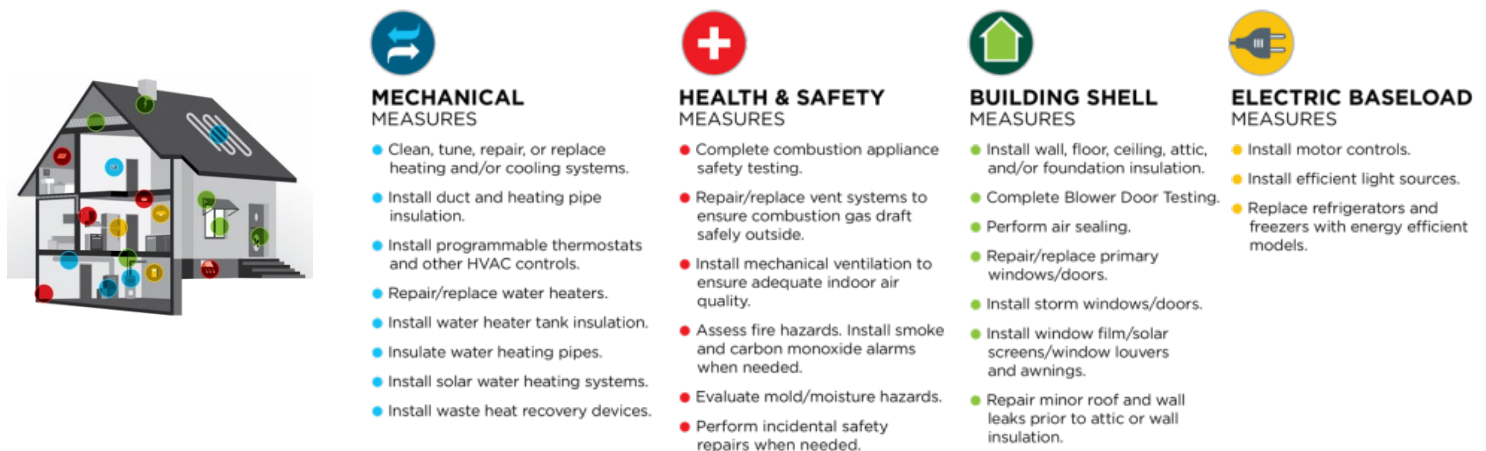
² See 42 U.S.C. 18795a(c)(1) for the statutory language that governs the HEAR Program.

³ See [Weatherization Assistance Program](#) guidance on the DOE program webpage.

⁴ WAP provides a tool to identify state weatherization administrators by state.

While each WAP Grantee is required to follow [WAP regulations](#),⁵ [program guidance](#), and maintain a DOE-approved WAP Plan, programmatic infrastructures and delivery mechanisms vary by state. Measures must be listed within a state's WAP Plan to be eligible for this funding. A state may update its list of eligible measures via a request from the Grantee to DOE.

Figure 1. Typical Measures for the WAP "[Whole House Weatherization Approach](#)"



Overview of HEAR

In contrast to WAP, the HEAR program is a new legislative provision and does not have existing national programmatic infrastructure to deliver the eligible projects/upgrades. Without established programs or contractor networks, states may benefit by coordinating HEAR program delivery with existing state programs such as WAP. Low-income households are eligible to receive both WAP measures, such as insulation and air sealing, and HEAR appliance upgrades, such as a heat pump and a heat pump water heater.

Key HEAR Program Requirements to Consider

- A rebate may be paid only for an eligible qualified electrification project (QEP).⁶
- Only households below 150% area median income (AMI) may receive rebates.⁷
- Rebates paid must not exceed a collective total of \$14,000 per dwelling unit.⁸
- States may choose to provide rebates for only certain measures or reduce rebate amounts below the statutorily set maximums. DOE has published maximum rebate limitations included in the IRA statute, as seen in Figure 2.

⁵ See 10 CFR Part 440.

⁶ A qualified electrification project meets the requirements of section 4.2.2 of the [Home Energy Rebates Program Requirements and Application Instructions](#). See 42 USC 18795a(d)(6)(A).

⁷ See [Program Requirements](#) Section 4.1.2, which includes requirements from 42 USC 18795a(c)(4).

⁸ See [Program Requirements](#) Section 4.1.2, Program Requirements: Rebate Conditions and Levels

Figure 2. Product Service Rebates and Rebate Limitations⁹

Product Rebates		
Upgrade Type	Qualified Product	Rebate Amount Not to Exceed
Appliance	Heat Pump Water Heater	\$1,750
	Heat Pump for Space Heating or Cooling	\$8,000
	Electric Stove, Cooktop, Range, Oven, or Heat Pump Clothes Dryer	\$840
Building Materials	Electric Load Service Center	\$4,000
	Insulation, Air Sealing, and Ventilation	\$1,600
	Electric Wiring	\$2,500
Maximum Rebate		\$14,000
Rebate Limitations		
Eligible Rebate Recipient	Income Level	Rebate Amount Not to Exceed
LMI Household or eligible entity representative	Less than 80% AMI	100% of qualified project cost
	80% -150% AMI	50% of qualified project cost
Owner of multifamily building or eligible entity representative	At least 50% of residents with income less than 80% AMI	100% of qualified project cost
	At least 50% of residents with income of 80% -150% AMI	50% of qualified project cost

Verifying Household Income Eligibility for WAP and HEAR

WAP and HEAR have different income limits for household eligibility:

- Households are eligible for WAP if they make <200% Federal Poverty Level (FPL).¹⁰
- Households are eligible for low-income HEAR funding (up to 100% of project costs, subject to measure and overall caps) if they make < 80% Area Median Income (AMI).¹¹

⁹ See [Program Requirements and Application Instructions](#) Table 7.

¹⁰ See [WPN 23-3](#) for 2023 income guidelines and [10 CFR 440.22\(a\)\(1\)](#) for the specific regulation on 200% FPL.

¹¹ The U.S. Department of Housing and Urban Development (HUD) calculates median family income levels for areas across the United States. HUD has a website available [here](#) where users can view these calculations.

In most urban areas, households that are eligible for WAP may be automatically eligible for low-income HEAR funding because in those places 200% FPL is less than 80% AMI. However, in most rural areas the WAP Subgrantee or the HEAR contractor will need to verify that the income of the household receiving WAP also is below 80% AMI. ***Upon request from a state, DOE can share a table that compares 200% FPL and 80% AMI for a state's specific income areas for categorical income eligibility for WAP and HEAR.***




Guidelines for Combining Other Funding Sources with HEAR

In general, states seeking to integrate WAP and HEAR federal funding can design their programs to allow for effective integration of other funding sources. However, efforts to combine permissible funding sources with HEAR must comply with two prohibitions:¹²

1. The aggregate value of all immediate upfront funding sources (Federal grants, Federal loans, and non-Federal funding) cannot exceed the total project cost.
2. Rebate funds from the HEAR program may **not be combined** with other Federal grants or rebates for the same single "qualified electrification project" (equipment plus labor).¹³

Figure 3 illustrates how other funds can be leveraged with the HEAR program. Other funding remains subject to requirements from the issuing authority when combined with HEAR funds.

Figure 3. Guidelines on Leveraging Other Funding Sources with Home Energy Rebates

Sources of Funding	Allowance	Requirements to Leverage Funding within Same Household	Examples
Other Federal Grants (e.g., funding from the Weatherization Assistance Program (WAP), Low Income Home Energy Assistance Program (LIHEAP))	Can Braid 	Must "braid" and use other federal grants to fund <u>distinct and separable measures</u> from the "single upgrades" or "qualified electrification projects" (QEPs) funded by a Home Energy Rebate.	Energy efficiency (EE) measures from WAP (insulation and air sealing), appliance measures from rebate (heat pump, heat pump water heater, and associated wiring)
Federal Loans or Loan Guarantees (e.g., loan from DOE Revolving Loan Fund (RLF))	Can Co-Fund 	Can co-fund any remaining costs for the <u>same</u> "single upgrade" or "QEP" above the value of the Home Energy Rebate.	Loan from a state's DOE RLF covers remaining upgrade costs after rebate has been applied
Non-Federal Funding (e.g., EE utility \$, state/local \$)	Can Co-Fund 	Can co-fund any remaining costs for the <u>same</u> "single upgrade" or "QEP" above the value of the Home Energy Rebate.	Utility incentive provides additional funding toward remaining upgrade costs after rebate has been applied
Tax Credits (e.g., federal/state/local tax credits, may vary based on state/local law)*	See IRS or Tax Authority guidance	Refer to IRS guidance on the energy efficiency home improvement tax credit, available at https://www.irs.gov/credits-deductions/home-energy-tax-credits	

*DOE does not provide tax advice; please refer to IRS guidance or relevant state guidance for relevant tax laws and requirements for tax credits.

¹² See [Program Requirements and Application Instructions](#) Section 4.3.2, Integrating with Other Programs.

¹³ See 42 U.S.C. 18795(c)(7) and 18795a(c)(8).

Opportunities to use WAP Infrastructure to support HEAR Requirements

Existing WAP programmatic infrastructure (e.g., staff at the local Subgrantee level, energy audit processes, procurement methods, and project management process) may be leveraged to satisfy both WAP and HEAR requirements, leading to easier administration and coordination. Figure 4 below identifies some potential opportunities for leveraging WAP infrastructure.

Figure 4. Potential Opportunities to Leverage WAP Processes for HEAR Requirements

Step	WAP Process	HEAR Process
Outreach and Eligibility	<ul style="list-style-type: none"> • Grantee and local community action agencies (Subgrantees) perform community engagement activities. • After a household completes WAP application, Subgrantee verifies that the household is eligible and refers household to WAP team for audit. 	<ul style="list-style-type: none"> • State can use WAP community engagement to fulfill “Outreach and Education” requirement for HEAR. • State can use WAP’s income eligibility process to meet the income eligibility requirement for HEAR,¹⁴ including automatic household eligibility in areas where 200% FPL > 80% AMI.
Home Assessment	<ul style="list-style-type: none"> • Complete a comprehensive analysis of the home (energy audit), including a client interview. • Identify opportunities for cost-effective energy savings and identify health and safety concerns for the home. • Create a customized work order for a whole house retrofit. 	<ul style="list-style-type: none"> • State can use a WAP energy audit to fulfill home assessment requirement.¹⁵ • State can authorize WAP Subgrantees to create work orders for full retrofit packages that include rebates, so long as HEAR and WAP funding pay for distinct and separable measures and for separate administrative tasks.
Measure Installation	<ul style="list-style-type: none"> • Use trained in-house crews and/or contractors to install energy efficiency and health and safety measures. • Ensure that crews and contractors meet national Standard Work Specifications for energy upgrades. 	<ul style="list-style-type: none"> • State creates requirements for its rebates’ “Qualified Contractors List” that incorporates qualified contractors already selected by a WAP Grantee or Subgrantee for rebate funded work. • Subgrantee then selects contractors from its existing procurement list who then install the measures funded by HEAR.
Quality Control	<ul style="list-style-type: none"> • A certified Quality Control Inspector (QCI) performs the final inspection of the WAP project or approves the final inspection performance by a QCI in training. This inspection ensures that all work is completed in accordance with WAP requirements 	<ul style="list-style-type: none"> • State can fund WAP Quality Control Inspector to also evaluate installed rebate measures to satisfy HEAR onsite inspection requirement. • Upon project completion, WAP Grantee or Subgrantee distributes consumer feedback survey to the household served.

¹⁴ See [Programs Pre-Approved for Categorical Eligibility](#).

¹⁵ See [Program Requirements](#) Section 4.2.4, Program Requirements: Home Assessments

WAP and HEAR staff at DOE are developing additional considerations and details for each step in the above table, which should be available in early 2024. However, each state WAP and HEAR state program design team should consider their unique circumstances when designing their integrated program model. DOE staff are happy to assist state programs in considering program design options that would be most beneficial for achieving WAP and HEAR objectives.

Effective Braiding Strategies for WAP + HEAR Versus Actions to Avoid

Integrated efficiency and electrification home upgrade projects that braid WAP and HEAR funding must align with all WAP¹⁶ and HEAR¹⁷ requirements. Importantly, in the same household, WAP can only fund distinct and separable measures from the HEAR single upgrades that are part of a “qualified electrification project.”

DOE recommends the following best practices for SEOs, WAP administrators, stakeholders, and project implementers seeking to braid WAP and HEAR funding:

- ✓ **Do** create a strong working relationship between the state WAP Grantees, state WAP Subgrantees, and the SEO rebates team.
- ✓ **Do** work collaboratively between the SEO rebates team and state WAP team to answer DOE HEAR application questions relevant to WAP. All state stakeholders involved should provide input and understand the proposed process in the application.
- ✓ **Do** set aside a dedicated percentage of HEAR administration funds and rebate funds for WAP staff and subgrantees to utilize as they carry out HEAR program and project work.
- ✓ **Do** create a Qualified Contractor List (QCL) certification process that can easily certify WAP contractors, as these contractors must be on the QCL to receive rebate funds.
- ✓ **Do** combine state/local/utility funds or low-interest financing with DOE rebates to cover costs above the DOE rebate limits, if/when funding source allows.
- ✓ **Do** track all funds from WAP and HEAR separately. Create separate invoices, including separate labor costs, for measures completed through different federal funding sources.
- ✓ **Do** provide guidance to WAP Subgrantees about which homes may most likely benefit from HEAR rebates, particularly when considering heating fuel and local energy costs.
- ✓ **Do** create a comprehensive energy audit / home assessment checklist that meets the requirements of both programs.
- ✓ **Do** create a quality control / quality assurance process that meets the requirements of both programs.

Actions project implementers **should avoid or are not permitted**:

- ✗ **Do not** keep communication channels separate between the state rebates team and the state WAP team. Working together is essential for coordinated program execution.

¹⁶ See WAP [Weatherization Program Notices and Memorandums](#).

¹⁷ See HEAR [Program Requirements and Application Instructions](#).

- ✗ **Do not** cover all administrative costs for both programs entirely from WAP funds or HEAR funds. Each program has dedicated administrative funding that must be utilized to fulfill separate program administrative requirements.
- ✗ **Do not** create a Qualified Contractor List (QCL) process that excludes WAP contractors, as this will slow or prevent the use of rebates by WAP Subgrantees and contractors.
- ✗ **Do not** use WAP and HEAR funding for the same single distinct and separable measure or “qualified electrification project” (QEP) and related labor within the same project. Using multiple federal funding sources for the same QEP is prohibited under the IRA.¹⁸

Next Steps: Working with DOE to design WAP + HEAR Program

Integrating WAP and HEAR programs at the state level effectively can lead to home upgrades with deeper energy, cost, and carbon savings for low-income homes. It is especially important to braid leveraged funds for low-income households because these homes generally have higher repair needs and require more investment, which often include healthy and safety repair needs.¹⁹ In some cases, HEAR funds may be used to fund the full cost of measures that may not otherwise be feasible to install with WAP funding because they would not pass WAP cost-effectiveness requirements.²⁰ HEAR and WAP funds can be further leveraged with other programs, such as utility energy efficiency investments or home repair grants from HUD or state programs. Existing program infrastructure from state WAP networks can also potentially support faster deployment of HEAR funds for electrification upgrades for low-income households.

DOE technical assistance staff are available to work with a limited number of states on WAP + HEAR program design starting in January 2024. ***If your state is interested in integrated program design for WAP and HEAR, please contact your Home Energy Rebates Project Officer.***

¹⁸ See 42 USC 18795a(c)(8).

¹⁹ For example, the Philadelphia Federal Reserve Bank found that 27.8% of low-income households are energy burdened and have a major home repair need. See [“Repair Needs Among Weatherization Assistance-Eligible Homeowners”](#) by Eileen Divringi.

²⁰ Per WAP requirements, “...each individual weatherization material and package of weatherization materials installed in an eligible dwelling unit must be cost-effective. These materials must result in energy cost savings over the lifetime of the measure(s), discounted to present value, that equal or exceed the cost of materials, installation, and on-site supervisory personnel as defined by the Department.” See 10 CFR 440.21(d), [https://www.ecfr.gov/current/title-10/part-440/section-440.21#p-440.21\(d\)](https://www.ecfr.gov/current/title-10/part-440/section-440.21#p-440.21(d))