

Revolving Loan Fund Grants Guide

January 15, 2025 | BIL Section 40502

Introduction

States have often used grants to provide small businesses and low-income individuals access to energy efficiency upgrades and retrofits they would not otherwise be able to afford. The [Energy Efficiency Revolving Loan Fund \(RLF\) Capitalization Grant Program](#), appropriated under the Bipartisan Infrastructure Law Section 40502, allows states to use up to 25% of their award to provide grants and technical assistance to eligible recipients for energy audits, upgrades, and retrofits.

Why consider grant programs?

Grant programs can enable states to fund energy efficiency upgrades in underserved communities. Setting up an RLF grant program can also help fill gaps left by other grant programs—for example certain measures may not be eligible costs under other grant programs (e.g., Weatherization Assistance Program), or these programs may have limits on the amount of grant funds that can go toward a single household. RLF grants may be useful in these cases to support more comprehensive upgrades which will lower energy costs by saving energy. Additionally, grant programs can be a useful option to fund audits as a low-cost prerequisite to loans for energy upgrades and retrofits. However, grant programs are not revolving. Unlike revolving loan funds where capital loaned out is returned and can be loaned out again, grant program funds are depleted as grants are given.

This guide is a resource for states receiving funds under the RLF Program that plan to deploy grant programs. It provides resources on recipient eligibility, eligible uses, operationalizing grants, and more.

Recipient Eligibility

Eligible recipients for RLF Program grants and technical assistance are defined under section 40502 (e)(3)(B)(ii) of the [Bipartisan Infrastructure Law](#). See Table 1 and Section B of the [RLF Program Implementation FAQ](#) for more information.

RLF eligibility requirements differ across commercial and residential sectors and follow the *building* type (not the recipient type). If the building is considered **commercial** under the RLF Program (including mixed-used multifamily and public), the grant recipient must meet commercial eligibility requirements. If the building is considered **residential** under RLF (including single family and multifamily buildings), the grant recipient must meet residential eligibility requirements.

Note: Recipients of RLF loans are not subject to the same requirements as grant recipients (e.g., residential loans are not limited to low-income individuals). See Table 1 and Section B of the [RLF Program Implementation FAQ](#) for loan recipient eligibility information.

Commercial

Grant recipients that meet the following criteria may be eligible for RLF commercial grants:

- 1. Conduct a majority of their business in the state.**

Options for a recipient to meet the requirement of conducting “a majority of business” in the state include either:

- *Meeting the requirement based on financial metrics (more than 50% of the business revenue earned in the state where the loan is granted), OR;*
- *Meeting the requirement based on activities (more than 50% of transactions or services provided in the state where the loan is granted).*

2. Own or operate commercial buildings.

This includes building occupants, or tenants, with the permission of the building owner.

3. Have fewer than 500 employees.

Employee count should be calculated based on the total number of employees employed by a business, non-profit, or a public entity (not sub-totals based on building occupancy or business units).

Residential

Grant recipients that meet the following criteria may be eligible for RLF residential grants:

1. Are low-income.

See “How is ‘low-income’ defined under the RLF Program?” below.

2. Own the residential building.

This includes single family and multi-family residential buildings.

How is “low-income” defined under the RLF Program?

An individual qualifies as low-income and is eligible to receive an RLF residential grant if they are in a family with a total family income that does not exceed the higher of the poverty line OR 70 percent of the lower living standard income level (LLSIL).¹

→ The **poverty line** refers to the “poverty guidelines” (aka the “federal poverty line”) revised and produced annually by the Department of Health and Human Services (HHS).

[View poverty guidelines limits here](#) >

→ The **lower living standard income level** refers to the income level determined annually by the Secretary of Labor, adjusted for regional, metropolitan, urban, and rural differences and family size.

[View LLSIL limits here](#) >

How do these RLF grant income eligibility thresholds (poverty line and LLSIL) compare? Both thresholds are adjusted for the number of individuals living in the household. However, while LLSIL thresholds include adjusted thresholds for certain metro areas, the poverty guidelines are the same for the 48 contiguous states and the District of Columbia (Alaska and Hawaii have their own set of poverty guidelines). States will need to verify grant recipient eligibility on an individual recipient basis. Generally, the LLSIL threshold is higher than the poverty guidelines threshold, with some exceptions, for example, in one-person homes the poverty guidelines will generally be a higher threshold. Refer to the table in Appendix A to see which threshold is higher, depending on location and household size. [Table 1](#): Examples of RLF Grant Recipient Eligibility Checks includes examples of potential recipients, their thresholds under LLSIL and the poverty line, and their RLF grant eligibility.

¹ For the RLF Program, a low-income individual is defined under section 3 (36) of the Workforce Innovation and Opportunity Act ([29 U.S.C. 3102](#)). The WIOA defines several qualifying criteria to be “low-income.” However, because only homeowners can be the beneficiary of an RLF grants or technical assistance, and the recipient (homeowner) themselves must meet the low-income individual criteria, recipients will typically qualify under the family income criteria (36)(A)(ii).

Table 1: Examples of RLF Grant Recipient Eligibility Checks

Scenario	<u>70% LLSIL Threshold</u>	<u>Poverty Guidelines Threshold</u>	Higher Threshold	RLF Grant Eligibility
A homeowner living in a family of 3 in Philadelphia, PA, with a total annual household income of \$24,000.	\$29,087 annually for a family of 3	\$25,820 annually for a family of 3	70% LLSIL is higher	Yes ✓ This recipient is eligible for an RLF grant because it is under the LLSIL threshold.
A homeowner living in a family of 5 in St. Louis, MO, with a total annual household income of \$35,400.	\$33,568 annually for a family of 5	\$36,580 annually for a family of 5	poverty guidelines is higher	Yes ✓ This household is eligible for an RLF grant because it is under the poverty guidelines.
A homeowner living in a family of 4 in Denver, CO, with a total annual household income of \$33,600.	\$36,835 annually for a family of 4	\$31,200 annually for a family of 4	70% LLSIL is higher	Yes ✓ This recipient is eligible for an RLF grant because it is under the LLSIL threshold.
A homeowner living in a family of 2 in Anchorage, AK, with a total annual household income of \$30,000.	\$24,333 for a family of 2	\$25,540 for a family of 2 (householder is under 65 years of age)	poverty guidelines is higher	No ✗ This household is <u>not</u> eligible for an RLF grant because their annual income is higher than both LLSIL and poverty guidelines for eligibility.

Sources: [70% LLSIL 2024 Data](#); [HHS Poverty Guidelines for 2024](#)

How do RLF income eligibility limits compare to other programs?

Few other DOE programs utilize LLSIL thresholds. Many other DOE and federal programs use the poverty guidelines (aka the “federal poverty line” (FPL)) for income eligibility. However, while other programs use FPL income thresholds, their FPL threshold may differ from RLF Program FPL thresholds (see [Table 2: Example Program Income Eligibility Comparison](#)).

For example, RLF income eligibility uses the 100% FPL threshold while the Weatherization Assistance Program (WAP) uses 200% FPL. This means more households are eligible for grants under WAP, which has a higher threshold than RLF, than are eligible under RLF.

SEOs may be interested in providing grants under multiple programs in the same households and it is possible that recipients are eligible under multiple programs. However, RLF thresholds are generally lower than other income thresholds used by other programs. A recipient may be eligible under another program, while not meeting RLF Program low-income eligibility requirements. States must verify eligibility for both programs before issuing grants.

A note on braiding and stacking: If states are considering issuing grants to the same recipient under multiple programs, they should verify grants meet each respective eligibility requirements for income eligible uses. Programs may restrict combining grants from multiple programs. Additionally, combining funds from multiple programs may have implications on the reporting and federal requirements associated with each funding source (e.g., federal requirements may transfer). States should consult with each program as well as their own legal counsel when considering combining funds. See the [SEO Guide to Braiding and Stacking](#) for further information.

Table 2: Example Program Income Eligibility Comparison

Program	Income Requirements	RLF Grant Eligibility Alignment
Head Start	Household income below 100% FPL	Income threshold aligns with RLF program. Homeowner <u>may</u> qualify for an RLF grant.
DOL Job Corps	(1) the poverty level determined in accordance with criteria established by the Department of Health and Human Services (DHHS); or (2) 70 percent of the Lower Living Standard Income Level (LLSIL)	Income threshold aligns with RLF program. Homeowner <u>may</u> qualify for an RLF grant.
Weatherization Assistance Program (WAP)	Household income below the greater of 200% federal poverty guidelines (FPG), 80% area median income (AMI), or 60% state median income (SMI)	Homeowner may qualify for RLF program if they are also under RLF income eligibility thresholds.
Low Income Home Energy Assistance Program (LIHEAP)	Set by grantee (upper limit cannot exceed the greater of 150% FPG or 60% SMI; upper limit cannot be lower than 110% FPG)	Homeowner may qualify for RLF program if they are also under RLF income eligibility thresholds.
Home Energy Rebates (low-income rebate bonus)	Household income below 80% AMI	Homeowner may qualify for RLF program if they are also under RLF income eligibility thresholds.

Eligible Uses

States may use RLF grants to fund energy audits, upgrades, and retrofits that meet specific requirements detailed on page 21 of the [RLF Application Instructions](#). States may also provide technical assistance to eligible recipients. Technical assistance costs should directly benefit the property owner. Examples of technical assistance may include resources to help educate eligible recipients about the grant program or energy audits and site visits to ensure project progress. *Note: Activities such as general program marketing and program compliance monitoring serves the state (not the property owner) and are considered administrative costs.*

Operationalizing Grants

Below is a suggested sequence of actions for states to set up a compliant and effective grant program approach.

1. Define grant eligibility requirements/criteria.

Determine who can apply for grants within your state. Which sector(s) will you serve? Which individuals or entities are eligible? What will be the eligible uses of grant funding (e.g., energy audits, upgrades, and retrofits)? These should align with RLF Program [Recipient Eligibility](#) and [Eligible Uses](#) requirements.

2. Establish a process for receiving grant applications.

- Determine how individuals or entities will apply for grant funds.
- Determine the forms and supporting documents applicants will be required to submit.
 - For **commercial** applicants, consider using a standardized form to verify they meet eligibility requirements (see example form in Appendix B).
 - For **residential** applicants, consider using a standardized form to verify they meet eligibility requirements (see example form in Appendix C).
- Consider developing policies for the application and supporting documentation (e.g., parameters for sources of documentation, the time period supporting documents may come from, which sources of income count toward household income (residential only), or whether third-party verification will be required for any of the eligibility criteria).

3. Establish a process for verifying recipient eligibility and eligible uses.

Use the information collected in the application (step 2) to verify the recipient is eligible and the use of grant funding is eligible. Determine who will be responsible for reviewing submitted information and documents (e.g., SEO staff, a third-party program administrator).

4. **Establish a process for communicating approval of the grant to the applicant.**
Include information about the approved uses of the grant funding (see [Eligible Uses](#)) in recipient communication.
5. **Establish a tracking system to collect information about the grant.**
States are required to report program data quarterly in PAGE. For grants, this includes the number and monetary value of grants given as well as the number of audits funded with grants. This could be accomplished by creating a master spreadsheet to collect and summarize these information attributes, or by developing some other type of system to collect this data. Refer to the April 2024 SEP Office Hours on RLF Reporting ([slides](#), [recording](#)) for information about required reporting.
6. **Develop a strategy for community outreach.**
Determine how you will promote the grant program to eligible entities. Connect early and often with community organizations and implementation partners (e.g., auditors and contractors), about the program. Below are key resources to inform a successful community outreach strategy:
 - **[Driving Uptake](#):** This report identifies the primary factors that contribute to high uptake of energy efficiency financing programs including best practices in partnership networks with contractors and lenders, direct marketing, and program design. It can inform state and local governments that have established energy efficiency financing programs or are considering doing so but are seeking insight into how they can accelerate program participation.
 - **[Community Action Agencies](#) (CAAs):** These agencies connect communities with available local, state, private, and federal resources, with an emphasis on low-income individuals and families. They can be a resource for states to connect with to inform communities about grant programs in their area. States can find their local CAA [here](#).
 - **[Reaching Underserved Communities with Energy Efficiency Funding and Financing Programs](#):** These resources outline best practices for designing and deploying state energy to reach underserved communities with energy efficiency funding and financing programs including an overview of core principles of equitable energy efficiency energy financing programs; key considerations throughout each phase of the program lifecycle; strategies for designing and administering programs; and example case studies.
 - [Webinar recording](#)
 - [Webinar slides](#)
7. **Maintain documentation to demonstrate program compliance.**
State Energy Program Project Officers will conduct monitoring visits through the grant's period of performance.

Additional Resources

Audits

Some states may be using grants primarily to fund energy audits. Below are key resources to support efficient and compliant energy audits for the RLF Program:

- **[Operationalizing Energy Audits for the RLF Program](#)**
This document outlines a suggested sequence of actions for states to set up a compliant and effective energy auditing approach for the RLF Program (BIL 40502) and offers tips for coordinating energy audits with upgrade and retrofit requirements.

- [RLF Energy Audit Guide](#)
This is a collection of resources for energy audits for RLF programs, including residential and commercial auditor training, audit tools (e.g., Home Energy Score, Audit Template, and Building Sync), and audit considerations when braiding programs.
- [RLF Auditor Training](#)
This recorded training provides foundational information about the [Energy Efficiency Revolving Loan Fund \(RLF\) Capitalization Grant Program](#) (BIL 40502) for energy auditors performing energy audits funded by this program. This training provides an overview of the RLF Program, commercial energy audit requirements and recommendations, residential energy audit requirements and recommendations, and additional RLF Program requirements. States may also customize this [slide template](#) for their own RLF auditor training.

Community Data Tools

These tools can help states, local governments, utilities, nonprofits, and other stakeholders to identify communities with a high percentage of households that meet certain characteristics (e.g., low-income) and understand the energy insecurity data for their state.

- [Low-Income Energy Affordability Data \(LEAD\) Tool](#)
The LEAD Tool helps states, local governments, utilities, nonprofits, and other stakeholders make data driven decisions on energy goals and program planning by improving their understanding of low-income and moderate-income household energy characteristics.
- [SEID Visualizer](#)
The State Energy Insecurity Data (SEID) Visualizer is a decision support tool to help visualize energy insecurity on socioeconomic characteristics like age, race, income, and education level. Factors such as poverty, lack of infrastructure, and social inequality further heighten the challenges faced by these populations. This tool explores the disparities in energy insecurity that underserved communities face and focuses on the need for targeted interventions based on easily digestible data analyses and visualizations to inform policy solutions.

Appendix A

Income eligibility for RLF residential grants is the *higher* of the poverty guidelines or 70% of the LLSIL. [Table 3](#): Highest Income Eligibility Threshold under RLF Program shows the highest income eligibility threshold by metro area and household size. Cells highlighted **yellow** indicate that the poverty guidelines are the higher threshold; cells highlighted **green** indicate that 70% LLSIL is the higher threshold. All numbers are for 2024 data.

Table 3: Highest Income Eligibility Threshold under RLF Program

Area Name	Persons in Family/Household					
	1	2	3	4	5	6
Alaska: Metro	18,810	25,540	33,364	41,182	48,599	56,841
Alaska: Non-Metro	18,810	28,228	38,757	47,843	56,457	66,023
Anchorage, AK	18,810	25,540	33,399	41,227	48,657	56,895
Atlanta-Sandy Springs-Roswell, GA	15,060	20,440	26,422	32,608	38,482	45,001
Baltimore-Columbia-Towson	15,060	23,894	32,797	40,483	47,780	55,878
Boston-Cambridge-Newton, MA/NH	15,060	24,161	33,174	40,944	48,321	56,506
Chicago-Naperville-Elgin, IL/IN/WI	15,060	20,440	26,773	33,054	39,010	45,624
Cincinnati-Hamilton, OH/KY/IN	15,060	20,440	25,820	31,200	36,580	41,960
Cleveland-Akron, OH	15,060	20,440	25,820	31,200	36,580	42,728
Dallas-Ft. Worth-Arlington, TX	15,060	20,440	25,820	31,583	37,277	43,589
Denver-Aurora-Lakewood, CO	15,060	21,740	29,845	36,835	43,468	50,838
Detroit-Warren-Dearborn, MI	15,060	20,440	26,053	32,159	37,949	44,378
Hawaii, Guam: Metro	17,310	27,621	37,923	46,810	55,240	64,607
Hawaii, Guam: Non-Metro	18,972	31,090	42,677	52,682	62,169	72,704
Honolulu, HI	17,310	28,007	38,447	47,466	56,012	65,513
Houston-The Woodlands-Sugar Land, TX	15,060	20,440	25,820	31,200	36,580	42,594
Kansas City, MO/KS	15,060	20,440	25,820	31,200	36,580	42,277
Los Angeles-Long Beach-Anaheim, CA	15,060	23,118	31,739	39,183	46,236	54,080
Midwest: Metro	15,060	20,440	26,591	32,827	38,737	45,311
Midwest: Non-Metro	15,060	20,440	25,820	31,566	37,259	43,572
Milwaukee-Racine, WI	15,060	20,440	25,820	31,200	36,580	42,029
Minneapolis-St. Paul-Bloomington, MN/WI	15,060	20,440	26,658	32,902	38,833	45,412
New York-Newark-Jersey City, NY/NJ/PA	15,060	23,346	32,044	39,559	46,680	54,601
Northeast: Metro	15,060	22,171	30,430	37,564	44,333	51,842
Northeast: Non-Metro	15,060	21,707	29,799	36,779	43,407	50,755
Philadelphia-Camden-Wilmington, PA/NJ/DE/MD	15,060	21,189	29,087	35,905	42,377	49,552
Pittsburgh, PA	15,060	22,173	30,436	37,566	44,336	51,848
San Diego-Carlsbad, CA	15,861	25,983	35,674	44,035	51,966	60,776
San Francisco-Oakland-Hayward, CA	15,253	24,993	34,302	42,347	49,974	58,447
Seattle-Tacoma-Bellevue, WA	15,566	25,498	35,007	43,211	50,995	59,636
South: Metro	15,060	20,440	26,622	32,867	38,791	45,368
South: Non-Metro	15,060	20,440	25,820	31,684	37,390	43,727
St. Louis, MO/IL	15,060	20,440	24,417	30,138	35,568	41,591
Washington-Arlington-Alexandria, DC/MD/VA/WV	15,060	23,189	31,830	39,289	46,370	54,229
West: Metro	15,060	22,864	31,391	38,751	45,726	53,483
West: Non-Metro	15,060	22,516	30,913	38,157	45,033	52,669

Sources: [70% LLSIL 2024 Data](#); [HHS Poverty Guidelines for 2024](#)

Notes:

For families sizes greater than six:

- **LLSIL:** Subtract the LLSIL of a family of five from a family of six. Use the difference of a family of five and six as the income you will add to each income after a family of six. Visit the [Lower Living Standard Income Level Guidelines](#) to learn more about the methodology used for calculating LLSIL.

- **Poverty guidelines:** For families/households in the 48 contiguous states and the District of Columbia with more than 6 persons, add \$5,380 for each additional person. For families/households in Alaska with more than 6 persons, add \$6,730 for each additional person. For families/households in Hawaii with more than 6 persons, add \$6,190 for each additional person. Note: The poverty guidelines are not defined for Puerto Rico, the U.S. Virgin Islands, American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. In cases in which a federal program using the poverty guidelines serves any of those jurisdictions, the Federal office which administers the program is responsible for deciding whether to use the contiguous-states-and-D.C. guidelines for those jurisdictions or to follow some other procedure.

Regions:

- **Midwest:** IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD, and WI
- **Northeast:** CT, ME, MA, NH, NJ, NY, PA, RI, US Virgin Islands, and VT
- **South:** AL, American Samoa, AR, DC, DE, FL, GA, KY, LA, Marshall Islands, MD, Micronesia, MS, NC, Northern Marianas, OK, Palau, Puerto Rico, SC, TN, TX, VA, and WV
- **West:** AZ, CA, CO, ID, MT, NV, NM, OR, UT, WA, and WY

Appendix B

Example Standardized Eligibility Worksheet for Commercial Grant Applications

Applicant name: _____

Complete the following fields:

1. Business in the state

- ☐ More than 50% of our business revenue is earned in the state in which we are applying for grant funding
- ☐ More than 50% of our transactions or services are provided in the state in which we are applying for grant funding.

2. Own or operate commercial buildings

- ☐ We own the building in which the work under the grant would be conducted.
- ☐ We operate the building in which the work under the grant would be conducted.
- ☐ We occupy the building in which the work under the grant would be conducted and have the necessary permissions of the building owner.

3. Employees

Number of employees: _____

Note: Employee count should be reported based on the total number of employees employed by a business, non-profit, or a public entity (not sub-totals based on building occupancy or business units).

Person certifying responses: _____

_____ Date: _____

Appendix C

Example Standardized Income Worksheet for Residential Grant Applications

Application name: _____

Number in household: _____ Maximum income allowed: _____

12-month period being certified: January 2024 TO December 2024

	Income source 1	Income source 2	Income source 3	Income source 4
Month				
Jan 2024				
Feb 2024				
Mar 2024				
Apr 2024				
May 2024				
Jun 2024				
Jul 2024				
Aug 2024				
Sep 2024				
Oct 2024				
Nov 2024				
Dec 2024				
Total	\$	\$	\$	\$

Certify: ☐ I own the home in which the work under the grant would be conducted.

Total annual income: \$ XXX _____

Person certifying: _____

Date: _____

Note: Download Appendix C as an editable document [here](#).