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Connecting Constituents with Federal Assistance for Energy Efficiency and Renewable Energy Projects: Resources for Individuals

Congress has established programs and tax incentives to help individuals reduce their household energy costs, or to install renewable energy technology in their homes. This In Focus presents a list of selected grants, rebates, loans, and tax incentives that provide support for residential energy efficiency improvements and/or renewable energy projects.

The following programs and tax incentives vary in scope and funding level and are not a comprehensive list of all potentially relevant programs or incentives for a given project. Where applicable, each program's Catalog of Federal Domestic Assistance (CFDA) number is provided.

Since January 2025, President Trump has issued executive orders (E.O.s) that have addressed the use of federal funds in various areas. Several of these executive orders, aspects of which are subject to litigation, direct relevant agencies to pause certain grant-related and other funding activities and may affect the resources discussed in this In Focus.

Some websites and programs referenced in this In Focus may be undergoing changes or be inaccessible as agencies comply with recent executive orders, guidance from the Office of Management and Budget (OMB), and Secretarial orders. Congressional staff who are unable to access a reference may contact CRS.

Department of Energy (DOE)

Weatherization Assistance Program (WAP)

The WAP (CFDA Number 81.042) enables low-income households to permanently reduce their energy consumption by making their dwellings more energy efficient, while also ensuring the health and safety of the household.

Examples of typical energy efficiency improvements supported by WAP include measures related to the building envelope (e.g., windows, doors, roof, insulation), heating and cooling systems, programmable thermostats, and the installation of energy-efficient appliances. Health and safety inspections assess indoor air quality and combustion safety, and check for mold infestation.

The program is administered at the state and local level through formula grant allocations from DOE. Constituents must apply for assistance through their state weatherization agency. DOE has a tool to help individuals identify their state weatherization agency as well as how to apply for weatherization assistance.

More information about WAP, including how to apply, can be found on DOE's Weatherization Assistance Program website.

Home Energy Rebates Programs

The Inflation Reduction Act (P.L. 117-169, IRA) established two new home energy rebate programs: the Home Efficiency Rebates (HOMES) Program and the Home Electrification and Appliance Rebates (HEAR) Program, for low- and moderate-income (LMI) households.

These programs are administered at the state level through formula allocations from DOE by designated state energy offices. The HOMES rebates are for whole-house efficiency upgrades that are measured or certified according to guidelines to improve comfort and reduce energy bills. The HEAR Rebates Program provides point-of-sale rebates to eligible LMI households for qualified projects. Examples of potential upgrades could include the installation of heat pumps for heating and cooling, the installation of energy efficient appliances, and electrical wiring upgrades.

States are launching their programs on a rolling basis. Constituents are encouraged to contact their state energy agency to check the status of their locality's program. A directory of state energy offices can be found on the National Association of State and Energy Officials (NASEO) State and Territory Energy Offices web page.

Additional information about the rebate programs can be found in DOE's Inflation Reduction Act Home Energy Rebates report.

Department of Housing and Urban Development (HUD)/Department of Veterans Affairs (VA)

Energy Efficient Mortgages (EEM)

Both HUD's Federal Housing Administration (FHA) and the VA insure these mortgage loans to assist homeowners in financing energy efficiency improvements for existing homes and installing renewable energy technologies (e.g., solar, wind, geothermal).

These insured loans allow borrowers who might otherwise be denied loans to pursue energy efficiency, and they secure lenders against potential loan default.

For HUD EEM loans, prospective borrowers must contact an FHA-approved lender to apply for an FHA-insured EEM loan. For EEMs backed by the VA, applicants (qualified military personnel, reservists, and veterans) should secure a

certificate of eligibility (COE) and submit it to a VA-approved private lender.

More information about the EEM programs is provided by the Database of State Incentives for Renewables and Efficiency (DSIRE).

Department of the Treasury (Treasury)

Energy Efficient Home Improvement Credit

The IRA modified the Energy Efficient Home Improvement tax credit, extending it through the 2032 tax year.

Individuals who make qualified energy-efficient improvements to their home may now qualify for a tax credit of up to \$3,200, which includes the following:

- A total annual credit capped at \$1,200 per year for energy-efficient property costs and certain energy-efficient home improvements, with limits on exterior doors, exterior windows and skylights, and home energy audits.
- A separate yearly aggregate credit limit of \$2,000 for qualified heat pumps, water heaters, biomass stoves or biomass boilers.

The credit is nonrefundable, meaning that if a taxpayer's credit exceeds their tax liabilities, they do not receive a refund for the difference. More information about the energy efficient home improvement credit can be found on the IRS Energy Efficient Home Improvement Credit web page.

Residential Clean Energy Tax Credit

The IRA modified and extended the Residential Clean Energy Credit through the 2034 tax year. Individuals who purchase qualified renewable energy technology for their homes are eligible.

The Residential Clean Energy Credit equals 30% of the costs of new, qualified energy property installed anytime from 2022 through 2032. The credit phases down to 26% for 2033 and 22% for 2034. Qualified expenses may include solar electric panels, solar water heaters, wind turbines, geothermal heat pumps, fuel cells, and battery storage technology. This credit is also nonrefundable; however, unused credit amounts may be carried forward so as to offset future years' tax liabilities.

More information can be found on the IRS's Residential Clean Energy Credit web page.

Department of Health and Human Services (HHS)

Low Income Home Energy Assistance Program (LIHEAP)

LIHEAP (CFDA Number 93.568) is a federal formula grant program that helps low-income households pay for heating or cooling their homes. In most states, it also provides financial assistance for weatherization projects that can help improve the energy efficiency of homes.

The LIHEAP statute limits the amount of funds that each grantee (state, tribe, or territory) may spend on weatherization to 15% of the funds available, or up to 25% with a waiver from HHS.

Interested individuals in income-eligible households are encouraged to contact their local LIHEAP Office with questions regarding LIHEAP services and eligibility in their area. They can identify their local LIHEAP office using the LIHEAP Office Search Tool.

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