

# Oregon Rental Home Heat Pump Program

## FAQs

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# Q&A RESPONSES

## Landlord and Tenant Questions

### When will the incentives become available?

Incentives will become available again July 23, 2024! Contact one of our [approved contractors](#) to get started.

### Who qualifies for these rebates and grants?

Owners of a dwelling unit used as a residential tenancy and the owners of a manufactured dwelling or recreational vehicle who rent a space in a manufactured dwelling or recreational vehicle park qualify for the rebates and grants. Anyone who pays space rent in a mobile home park is eligible whether they rent or own the trailer. [Approved contractors](#) will reserve incentives on behalf of the owners.

Eligibility is reliant on whether the space is rented and funding availability. Funding is updated regularly on the program [webpage here](#).

### How will this program work? What's the process for receiving money from ODOE for a new heat pump?

First a contractor will register to become an approved contractor. Next, a contractor must apply to reserve a rebate before installing the heat pump. The request for the rebate must be approved before the heat pump installation. The department will review the rebate and grant application and, if approved, will reserve funding. The contractor will then install the heat pump. Once complete, the contractor will need to complete the project completion request. The department will review the final documentation and, if approved, the funds will be paid to the contractor. The full amount of rebate savings must be passed on to the customer by the contractor.

### When will I receive payment for these incentives?

As the landlord or tenant, you will not receive these incentives directly. The contractor will apply for and receive incentives on your behalf. You should receive them as up-front savings shown on the contractors installation agreement. You should never have to pay for these upfront. If a contractor asks you to pay all the total costs including the expected ODOE rebate and/or grant amounts with the promise of payment from us later; please contact us immediately as that is a violation of the program.

### I am a homeowner looking to install a heat pump in my home, do I qualify for these incentives?

No, the Oregon Rental Home Heat Pump Program is for rented spaces. Homeowners looking for incentives for their homes should see the [Community Heat Pump Deployment Program](#) webpage and contact their Regional Administrator for eligibility guidance. This includes homeowners who rent rooms in the home they live in. Owner-occupied homes are eligible for the Community Heat Pump Deployment Program.

### If I live in my home and rent out a room will that qualify for this program?

Owner-occupied homes are eligible for the [Community Heat Pump Deployment program](#).

### How do I know what incentive I'll receive?

Please refer to the [Incentive Eligibility Guide](#) to understand the different incentive amounts and how to qualify,

### What do the 60% and 80% rebate caps mean for the total rebate amount?

There are dollar caps and percent caps for the rebates, and it will always be the lower of the two. For residential tenancies, the maximum rebate amount is \$5,000 or 60% of the total cost of purchase and installation of the heat pump, and for owner occupied manufactured homes or recreational vehicles renting space in manufactured home or RV parks, the maximum is \$7,000 or 80% of the total cost. For example, a

residential tenancy installs a heat pump costing \$10,000. The maximum it is eligible for in this case is \$5,000, because that is less than 60% of the purchase price.

**Is there a minimum or maximum income level to participate in this program?**

There are no income requirements to participate in this program. The only income requirements are those to qualify for the additional [low and moderate income](#) level incentives.

**Will I be eligible if I want to keep the current heating system?**

Yes. Eligibility is tied to whether the space the installation will occur is a rented space or not. We do not have any requirements pertaining to switching heating/cooling types, or whether or not you decide to keep old heating types, or install new heating types along with the heat pump.

**If I own a duplex and live on one side and rent the other will it still be eligible for incentives?**

The half of the duplex that is a rented space will be eligible to receive an incentive from this program. Proof of rental status is required for all incentives.

**Can this program be used in new housing construction?**

Per OAR [330-280-0030](#), an eligible dwelling must be used as a residential tenancy with the contractors passing on the rebate to their customers. New construction is not eligible, including homes where owners are currently in the process of renovating to rent out.

**Are unoccupied units eligible?**

Yes, units that are currently unoccupied are eligible. They will not be eligible for the low and moderate-income consideration, because that is based on the tenant's income. We will require a previous rental agreement or vacant rental agreement to verify the site address of the property and that it is not new construction during the reservation process.

**Who do we contact with questions?**

If you have any questions, you can email us at [rentalhome.heatpump@energy.oregon.gov](mailto:rentalhome.heatpump@energy.oregon.gov) or by calling (503) 378-4040.

**If I purchase a heat pump now, can I claim an incentive when the program becomes available?**

No. For the Oregon Rental Home Heat Pump Program, SB 1536 requires that applications for a rebate by owners of residential rental units, manufactured dwellings, and RVs be submitted by contractors **prior** to the installation of the heat pump.

**Are the heat pump incentives from ODOE able to be combined with other incentives/grants/rebates?**

Yes, our current administrative rules allow for the combination of incentives from other entities as long as the other incentive programs allow for them to be combined. Other incentives include those from [Energy Trust of Oregon](#). Contractors will need to disclose the other anticipated incentives for the project during the reservation process to ensure the combination of incentives does not exceed 100% of the purchase and installation cost of the heat pump.

**Can the federal Inflation Reduction Act incentives be combined with the ODOE incentives?**

The Oregon Rental Home Heat Pump Program can be combined with any other incentives that also allow for "incentive stacking." At this time there has not been guidance at the federal level of whether the IRA incentives will be eligible to be combined with other incentives. For questions regarding HOMES or HEEHR rebates or any other federal funding please ask our federal funding team [here](#). You may also view their FAQ section [here](#).

## How do I find a contractor?

Our list of approved contractors can be found on the Oregon Rental Home Heat Pump Program [webpage](#) and will be updated regularly.

## Contractor Questions

### Can I install a heat pump before the reservation has been approved?

With caution, we **highly recommend you wait for approval before installation**. We recommend this because waiting for approval allows for us to incomplete reservations that are incorrect or missing information, whereas if an installation occurs after a reservation is submitted there is no longer the option to amend any missing or incorrect information, we are only able to deny at that point. Also, reservations that only request a rebate can be installed after reservation submission (again we don't recommend); while reservations requesting an upgrade grant as well require that the grant be approved before any installation. If a heat pump is installed prior to reservation approval and an upgrade grant is included it will be denied. Best practice is to wait for approval before installation.

### What upgrades are eligible under the additional upgrade grant?

Eligible upgrades are mechanical or electric upgrades that facilitate the installation of heat pumps. They may include a new electrical panel or other upgrades to the electrical system. Mechanical upgrades to facilitate the installation of the heat pump may also be eligible as the department determines (such as modifying, cleaning and/or sealing existing ductwork, installing new ductwork for a ducted heat pump, updating or modifying controls for existing distribution fans, or updating thermostat controls). ODOE will continuously add to the list of eligible upgrades so, we advise that contractors apply for these grants for things they believe are eligible.

### What will be considered a mechanical upgrade?

Mechanical upgrades needed to facilitate the installation of the heat pump will include duct repair, sealing, and insulation.

### What will be eligible for an electrical upgrade?

Panel upgrade costs, the addition of a dedicated circuit for the heat pump, or other electrical upgrades determined to facilitate the installation of the heat pump would be eligible electrical upgrades.

### If I subcontract will I need to include the subcontracted work in my invoice?

ODOE will need an itemized invoice of both the HVAC installation and any subcontracted work. The two invoices do not need to be combined but both will need to be submitted at the time of project completion.

### Does the income of either the tenant or landlord factor into whether rebates are granted?

Income is not a factor in whether incentives are granted. Income level is only a factor when applying for the additional low and moderate-income (LMI) or affordable housing incentives. If a landlord believes that their tenant would qualify for the LMI or affordable housing incentives it is up to the landlord to supply that information to the contractor to submit on their behalf. Oregonians do not need to meet income requirements to participate in this incentive program.

### How will the income level of the tenants be verified?

To qualify for a rebate for low- or moderate-income tenants or affordable housing, the owner of the dwelling where the installation will be located must provide proof of eligibility in one of the following ways:

- **Option 1:** Proof they are currently qualified under one or more of the following programs: A housing capital funding offering issued through a Notice of Funding Availability; Low Income Housing Tax

Credits; Oregon Multifamily Energy Program; Conduit/Pass-Through Revenue Bond Financing Program; Local Innovation and Fast Track Housing Program; Loan Guarantee Program and General Guarantee Program; Oregon Rural Rehabilitation Loan Program; Low Income Weatherization Assistance Program; or, Housing Choice Voucher Program (Section 8).

- **Option 2:** An eligibility notice or benefits overview for the household that a member of the household has received in the past seven months for one of the following programs: Supplemental Nutrition Assistance Program (SNAP); Oregon Health Plan (OHP) (Medicaid); Children’s Health Insurance Program (CHIP); Temporary Assistance for Needy Families (TANF); Low Income Home Energy Assistance Program (LIHEAP); Oregon Energy Assistance Program (OEAP)
- **Option 3:** A U.S. Internal Revenue Service or Oregon Department of Revenue **tax transcript** for each tax filer residing at the dwelling. **Tax returns or partial transcripts will not be accepted.**

Specific examples can be found in the contractor reservation guide or the [Affordable Housing vs Low and Moderate Income page](#).

### **What is a tax transcript?**

A tax transcript is **not** the same as a tax return. A tax transcript redacts sensitive information. Per OAR [330-280-0070](#), the proof of income that ODOE can accept is a tax transcript. Please do not send in tax returns. A tax transcript can be requested online here. The best type of tax transcript to request is a “Tax Return Transcript”. Others that will be accepted are; a “Tax Account Transcript”, and “Record of Account Transcript”. We cannot accept either a “Wage and Income Transcript” or a “Verification of Non-filing Letter” as proof of income.

### **What if the tax transcript showing the owner’s mailing address is different from the site address?**

As long as a rental agreement showing that the tenant occupies the space that the unit will be installed is and the [LMI Eligibility Form Option 3](#) is submitted, it is okay if the tax record shows a different mailing address than the site address.

### **How do we submit the occupant’s income verification?**

During the reservation process the contractor will have the opportunity to upload one completed owner attestation form of the three low and moderate eligibility verification forms, as well as applicable evidence. These forms can be found under the forms tab on the right side of ORRHPP [webpage](#) and will need to be completed by the owner and given to the contractor to submit during the reservation process.

### **What if there are no current tenants in the unit? Does a unit still qualify?**

If there are no current tenants, the unit will still qualify if it meets all other rule requirements.

### **Is the tenant required to remain in the housing unit after the heat pump installation if they qualify for a different incentive level based on their income?**

If a tenant qualifies for a different incentive level based on their income, that incentive amount will only be reimbursed if the tenant is in the unit at the time the installation is complete, and the final rebate is requested. Once ODOE has paid the contractor for the incentive, the tenant is not required to stay in the housing unit.

### **How long does it take for a contractor registration to be approved?**

The timeline for approving contractors varies. Typically, the only hurdle in approving contractors involves verifying licensing requirements. ODOE staff may request additional licensing information from a contractor where online databases do not provide the needed information.

## **How long will it take for me to receive payment?**

Once the Project completion had been submitted payment may take 4-6 weeks to be received. Project completions go through 3 different reviews from ODOE before it is sent to our payment unit who will then send need to submit the payment to DAS before a check is issued.

## **What heat pumps will qualify?**

The qualifying heat pumps are listed in [OAR 330-280-0040](#). A split-system heat pump, single-package heat pump, closed loop water-to-air heat pump, open loop water-to-air heat pump, closed loop water-to-water heat pump, open loop water-to-water heat pump, and direct geothermal heat pump all qualify if they meet the minimum required efficiencies established in rule.

## **What efficiencies qualify for this program and what is considered higher efficiency?**

We have set the minimum efficiency requirements at the federal minimum standards that came into effect on January 1, 2023, which reference the new test methods for SEER2 and HSPF2 energy efficiency rating. The second-tier (or “higher”) efficiency values were set to match the higher of similar Oregon utility energy efficiency program minimums to better coordinate eligibility for multiple programs and enable incentive stacking. The higher efficiency requirement for ducted systems in this tier is intentional as a result of ODOE’s coordination with similar programs.

The minimum efficiencies needed to qualify for this program are:

- A split-system heat pump that has a Heating Seasonal Performance Factor of HSPF2 of 7.5 and a Seasonal Energy Efficiency Ratio of SEER2 14.3, or equivalent HSPF and SEER value.
- A single-package heat pump that has an HSPF2 of 6.7 and a SEER 2 of 13.4, or equivalent HSPF and SEER value.
- A closed loop water-to-air heat pump that has an EER of 17.1 and a COP of 3.6.
- An open loop water-to-air heat pump that has an EER of 21.1 and a COP of 4.1.
- A closed loop water-to-water heat pump that has an EER of 16.1 and a COP of 3.1.
- An open loop water-to-water heat pump that has an EER of 20.1 and a COP of 3.5.
- A direct geothermal heat pump that has an EER of 16.0 and a COP of 3.6.

Efficiencies that are eligible to receive additional higher efficiency incentive levels must be equal or greater to the following:

- A ductless split-system heat pump that has a Heating Seasonal Performance Factor of HSPF2 of 8.1 and a Seasonal Energy Efficiency Ratio of SEER2 16, or equivalent HSPF and SEER value.
- A ductless single-package heat pump that has an HSPF2 of 8 and a SEER 2 of 16, or equivalent HSPF and SEER value.
- A ducted air source heat pump, either packaged or split system that has an HSPF2 of 8.55 and a SEER2 of 16, or equivalent HSPF and SEER value.
- A closed loop water-to-air heat pump that has an EER of 18 and a COP of 3.8.
- An open loop water-to-air heat pump that has an EER of 22 and a COP of 4.3.
- A closed loop water-to-water heat pump that has an EER of 17 and a COP of 3.3.
- An open loop water-to-water heat pump that has an EER of 21 and a COP of 3.7.
- A direct geothermal heat pump that has an EER of 17 and a COP of 3.8.

## **Are portable heat pumps included under this program?**

Portable heat pumps are not eligible under this program.



**Can ducted systems replace gas systems?**

Yes, program eligibility is not contingent on previous system types.

**Will additional electric resistance heaters in bedrooms when installing a ductless heat pump be considered associated costs?**

No. Adding electric resistance heaters to the dwelling are not costs that facilitate the installation of the heat pump and, thus, are ineligible costs.

**Will weatherization measures be needed to decrease the heat/cooling load to allow for smaller HVAC equipment be considered as associated costs?**

HVAC equipment should be appropriately sized to the home. Weatherization measures needed to facilitate the installation to reduce the heating or cooling load required from a heat pump will be considered associated costs for the program. The applicant may wish to consider other programs that offer incentives for weatherization that may be stacked with the ODOE program incentives.

**Will a final inspection document be required as part of the completion certificate?**

We require proof that the required permits were received and, if applicable, inspections passed. This information will be able to be uploaded when a contractor submits the project completion notice. A program checklist of all documentation that must be submitted during the incentive processes can be found on our website. Page two of the [Program Checklist](#) is specifically for contractors and what documentation will be needed as part of the completion certificate.

**Does the rental agreement need to be the original agreement?**

It does not have to be the original agreement.

**When providing the heating/cooling load calculation, how does the applicant account for systems serving only a portion of a dwelling as can be the case for ductless systems?**

We also ask for information about the existing systems in the unit and whether those will remain in place. This allows for the contractor to provide partial load calculations for equipment that serves only some rooms or a portion of the dwelling unit, rather than for the whole dwelling unit. In the reservation we ask whether the system will be serving a portion of the dwelling or the entire dwelling and ask to specify if only for a portion. This way we will understand the load calculation provided. If you have concerns about not meeting load-bearing calculations please be as detailed as possible in the applicable reservation questions.

**Is there a way to reserve multiple units at one time for multi-install projects?**

At this time there is no method for reserving multiple incentives for multi-unit installs. One reservation will be needed per unit. Contractors have the ability to submit more than one reservation at a time. If all aspects of the installation will be the same for each unit, one installation agreement (with costs listed for one unit not all) may be submitted for each reservation as long as the address listed lists the range of units included.

**How do I enter in associated costs for multi-unit installs if they share some costs?**

If installing multiple units for the same job or at the same location, one reservation per unit will be needed. We ask that when entering in associated costs for multi-unit installs that the contractor equally divide the associated costs by the number of installs and enter the number given for each reservation. One installation agreement with a range of unit numbers will be acceptable for all of the reservations as long as it contains all of the information required. We will require that different rental agreements are submitted with the corresponding unit numbers for each reservation.



**If I install a furnace with the new heat pump will the project still be eligible?**

Yes, you can install a furnace with the heat pump. The costs associated with the furnace will not be eligible for this program. We ask that you exclude any costs associated with the furnace when entering the total installation costs in the reservation. We ask that you also list the costs associated with the furnace on the installation agreement so that we may verify.

**Will payments made to the contractors be made as paper checks mailed out or will it be done by electronic transfer, or will we need to be set up on any type of system payment portal?**

Payments will be made via paper check.

**Will payments be delayed for any quality assurance activities?**

It is not an intention on our part to withhold payment for units we plan to inspect. We will process payments as usual once we receive notice of a complete project.