

OREGON RENTAL HOME HEAT PUMP PROGRAM

2026 Program Report

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by the

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EXECUTIVE SUMMARY

The Oregon Rental Home Heat Pump Program is administered by the Oregon Department of Energy at the direction of SB 1536, passed by the Oregon State Legislature in 2022. This bill followed the summer heat dome event of 2021, during which about 100 Oregonians died of heat-related illness, many in their own homes. The legislation directed ODOE to develop a program that provides rebates and grants for the installation of heat pumps, which provide both home cooling and heating, and related upgrades in dwellings used as residential tenancy (rentals) and manufactured dwellings or recreational vehicles located in a rented space.

The Oregon Rental Home Heat Pump program supports ODOE's mission by advancing equitable energy solutions that protect public health. Heat pump deployment is a key part of the energy efficiency and electrification pathways of the Oregon Energy Strategy. This incentive program advances Oregon's clean energy and energy affordability objectives by helping reduce the upfront costs associated with the purchase and installation of heat pump systems; in turn, those heat pumps can provide more affordable, efficient heating and cooling for residents. In 2023, the Oregon Legislature passed HB 3409, which included a statutory goal for the state to install 500,000 new heat pumps by 2030; the Oregon Rental Home Heat Pump program has helped the state make progress towards this goal. It also supports the Oregon heat pump installer industry, including HVAC professionals and electricians. There are 152 contractor organizations currently approved to participate in the program.

This program features tiered rebate and grant amounts based on the efficiency of the heat pump installed, whether the residence is a residential tenancy or manufactured home, and the income level of the tenant. Larger rebate and grant amounts are reserved for properties with low- and moderate-income tenants and affordable housing providers to expand access to those populations that may not otherwise have the financial resources to afford heat pumps.

$19 million has been appropriated to the program, and an additional $905,806 was transferred from the Community Heat Pump Deployment Program to the Oregon Rental Home Heat Pump Program for Tribes for which an administrator was not identified under the Community Heat Pump Deployment Program. Applications to request rebates and grants opened in July 2023. As of August 2026, ODOE has issued $16,073,313 in rebates and grants for 3,775 projects in 23 of Oregon's 36 counties. This includes $169,770 of the $905,806 transferred from the Community Heat Pump Deployment Program to the Oregon Rental Home Heat Pump Program. 1,507 projects, and around 48 percent of incentive funds, were for affordable housing providers or for projects in units occupied by low- or moderate-income households.

Program funds that have become available due to administrative savings and withdrawn projects are expected to be made available to contractors in early 2027. Following the success of the program, the Oregon Rental Home Heat Pump Program funds are expected to be fully exhausted during 2027.

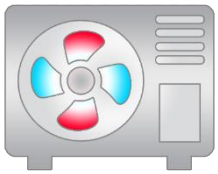
This report is available online: https://www.oregon.gov/energy/Data-and-Reports/Pages/Reports-to-the-Legislature.aspx

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PROGRAM BACKGROUND



In the summer of 2021, Oregon experienced a heat dome event that saw record high temperatures, during which about 100 Oregonians died of heat-related illness — many in their own homes. Following this event, a coalition of more than 60 organizations formed to support legislative action to prevent such deaths in the future. With the coalition's support, the Oregon Legislature passed Senate Bill 1536 in 2022. The bill had several components, including the creation of two heat pump incentive programs: the Community Heat Pump Deployment Program and the Oregon Rental Home Heat Pump Program, both administered by the Oregon Department of Energy.

SB 1536 directed ODOE to develop a program that provides rebates for the installation of heat pumps and grants for related upgrades in dwellings used as residential tenancies (rentals) and manufactured dwellings or recreational vehicles located in a rented space. The Oregon Rental Home Heat Pump Program advances Oregon energy policy by helping reduce the upfront costs associated with the purchase and installation of heat pump systems, as well as supporting the Oregon heat pump installer industry. This incentive program supports ODOE's mission by advancing equitable energy solutions that protect public health.

$15 million was originally appropriated for the Oregon Rental Home Heat Pump Program, with an additional $4 million appropriated in 2024. Fifty percent of program funding is reserved for heat pump installations in rental units occupied by low- and moderate-income households. The legislature directed that in each calendar year, the department must reserve 25 percent of program funding for owners of units rented to low- or moderate-income households and 25 percent of program funding for affordable housing providers. Properties owned by affordable housing providers offer a proportion of their units to Oregonians with lower incomes.

In March 2024, the Oregon State Legislature passed SB 1525, outlining the transfer of funds from the Community Heat Pump Deployment Program to the Oregon Rental Home Heat Pump Program for any regions or Tribes for which an administrator was not identified. This would allow those funds to be spent in the Oregon Rental Home Heat Pump Program with ODOE as the administrator. Funds were transferred for seven Tribes and are available to benefit members of those Tribes who live in residential tenancies. The amount of funding transferred and reserved for members of each Tribe in the Oregon Rental Home Heat Pump Program is equal to the amount allocated to members of each Tribe in the Community Heat Pump Deployment Program.

PROGRAM OPERATIONS

Rebates are available for the purchase and installation of heat pumps, and grants are available for eligible upgrades to facilitate the installation of the heat pump. This program features tiered rebate and grant amounts based on the efficiency of the heat pump installed, whether the residence is a residential tenancy or manufactured home, and the income level of the tenant. Larger rebate and grant amounts are reserved for properties with low- and moderate-income tenants and affordable housing providers to expand access to those populations that may not otherwise have the financial resources to afford heat pumps. Residential tenancies can receive up to $5,000 for a heat pump and manufactured homes can

receive up to $7,000 for a heat pump; an additional grant of up to $4,000 is available for upgrades that facilitate the installation of the heat pump.

ODOE program staff do not work directly with eligible customers; instead, program rebates and grants are issued to participating contractors, who pass the savings on to eligible customers as a reduction in the price of the installed system. A contractor must submit a rebate application prior to installing the heat pump, this reserves the rebate and grant funds for the project. Reservations are converted into rebates once a contractor submits final project paperwork that certifies a project as complete. ODOE has currently approved 152 contractor organizations to participate in the program.

Applications to request rebates and grants opened in July 2023. As of August 2026, ODOE has issued $16,073,313 in rebates and grants for 3,775 projects in 23 or Oregon's 36 counties (see tables 1 and 2). This includes $169,770 of the $905,806 transferred from the Community Heat Pump Deployment Program to the Oregon Rental Home Heat Pump Program for Tribes for which an administrator was not identified under the Community Heat Pump Deployment Program. 1,507 of the projects, equaling around 48 percent of incentive funds, were for affordable housing providers or for projects in units occupied by low- or moderate-income households (see table 3). While fifty percent of the program funds had been reserved for rental units occupied by low- and moderate-income households, the amount of funds actually paid out for completed projects falls just short of this. This may be due to a number of factors such as contractors withdrawing projects or changes to final project costs. These unspent funds are expected to be made available in 2027. Around 48 percent of all projects had upgrades completed to facilitate the installation of the heat pump.

Table 1: Heat Pump Incentives by Year

Year Installed	Number of Heat Pumps Installed	Incentive Amount
2023	838	$3,116,552.80
2024	2,515	$10,813,110.75
2025	422	$2,143,649.55
Total	**3,775**	**$16,073,313.10**

Table 2: Heat Pump Incentives by County

County	Number of Heat Pumps Installed	Total Incentive Amount
Benton	101	$367,840.00
Clackamas	56	$221,527.00
Columbia	1	$5,000.00
Coos	14	$65,601.20
Deschutes	58	$220,220.00
Douglas	117	$616,731.20
Jackson	60	$307,352.58
Jefferson	1	$5,000.00
Josephine	73	$656,820.00
Klamath	61	$306,673.20
Lake	1	$3,446.40
Lane	1,231	$4,715,174.80
Lincoln	40	$127,450.60
Linn	246	$821,081.60

Malheur	1	$7,450.00
Marion	800	$3,383,092.25
Multnomah	649	$3,079,781.67
Polk	166	$786,729.60
Tillamook	3	$14,292.40
Umatilla	10	$48,000.00
Wasco	4	$21,482.00
Washington	27	$135,087.60
Yamhill	55	$ 157,479.00

Table 3: Projects that Support Low- and Moderate-Income Tenants and Affordable Housing Providers

Project Category	Number of Heat Pumps Installed	Percentage of Incentive Funds Provided
Affordable housing provider	858	25%
Occupied by low- & moderate-income households	649	23%
Other	2,268	52%

PROGRAM GOALS AND OUTCOMES

A primary objective of this program is to incentivize the installation of heat pumps to improve the comfort and habitability of dwellings. Overall, the program has been a success with respect to this objective by incentivizing the installation of energy efficient and life-saving heating and cooling in 3,775 rentals, manufactured dwellings, and recreational vehicles. Another objective of the program is to install heat pumps in the homes of low- and moderate-income households. The program has successfully installed 1,507 heat pumps for low- and moderate-income tenants and affordable housing providers to expand access to those populations.

Program funds that have become available due to administrative savings and withdrawn projects are expected to be made available to contractors in early 2027. Following the success of the program, the Oregon Rental Home Heat Pump Program funds are expected to be fully exhausted during 2027.

For More Information

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