

Special Achievement Energy Saver Rebate Program Minnesota Housing

Minnesota Housing is committed to assisting homeowners in making home improvements to reduce operating costs and improve the livability and longevity of the home. This year the Agency developed an incredibly innovative program through the Energy Saver Rebate that will position our organization well as a mechanism to disburse federal funds directly to homeowners. It is a model that has been very successful, having disbursed rebates in the amount of \$4.7 million in conjunction with 1,230 Fix-up Fund loans.

This innovative approach not only furthered our sustainable housing goals, it was an excellent tool to boost production for our home improvement loan product. It was an extremely efficient way to help stimulus funds reach homeowners in a short timeline.

The Energy Saver Rebate program was created as a mechanism to distribute federal stimulus funding directly to Minnesota homeowners as an incentive to make energy saving improvements to their homes. The program became possible when the Minnesota Department of Commerce, Office of Energy Security received \$54 million for its State Energy Program through the American Recovery and Reinvestment Act (ARRA). The state legislature designated a portion of these stimulus funds to be used for improving residential energy efficiency in conjunction with Minnesota Housing programs. Securing the dedicated resources was not easy, but creating a new program to utilize these resources would prove more difficult than anticipated.

Once the state legislature appropriated the funding for residential energy efficiency improvements, an initial task force was pulled together to determine the best way to disburse the funding. The team analyzed various agency programs and determined that the best way to get the resources to homeowners who were above the Weatherization limits would be to pair a grant with Minnesota Housing Fix-up Fund (home improvement) loans. The product was clear, and the right people - from systems to accounting to marketing to training - were pulled together to craft a plan.

Progress was delayed due to federal challenges and ultimately, the grant transformed into a rebate program. Undaunted, Minnesota Housing reoriented its plan and made the necessary adjustments to create a rebate program unlike any the agency had ever implemented.

Homeowners who install energy-saving home improvements were eligible for an Energy Saver Rebate of up to \$10,000 (amount is 35% of the cost of eligible improvements financed with the Fix-up Fund loan). To be eligible for the rebate, homeowners must secure financing with a Minnesota Housing Fix-up Fund loan administered by Minnesota Housing and delivered through approved Fix-up Fund lending partners.

The Minnesota Housing Fix-up Fund is a home improvement program that offers affordable, fixed-rate loans to eligible homeowners to make livability, accessibility, or energy efficiency improvements.

Eligibility

All rebate-eligible work must meet the following guidelines:

- **Ownership** Home must be owner occupied
- **Credit** Decent credit history
- **Income limit** Current maximum household income of \$96,500 (updated annually)
- **Property Eligibility** Single family homes, duplexes, triplexes, four-plexes, a unit of a condominium or townhome (no common areas)

Lender Availability

All rebate-eligible work must be financed by a Fix-up Fund or Community Fix-up Fund loan originated by a lender participating in the Energy Saver Rebate program (a list of eligible lenders is available on the Minnesota Housing website at mnhousing.gov).

Rebate Eligibility Period

Fix-up Fund loans must be closed on or after December 7, 2009. Energy Saver Rebates are not retroactive. Rebate funds shall be distributed on a first-come, first-served basis.

Work and Application Period

Homeowner must complete rebate-eligible improvements and submit a completed Energy Saver Rebate Application, including paid receipts to the originating Fix-up Fund lender within 120 days of the loan closing.

Contractor Requirement

All rebate-eligible improvements must be performed by a contractor and certified by the contractor and the homeowner on the "Energy Saver Rebate Application." The Minnesota Department of Commerce, Office of Energy Security, has the right to inspect the work to ensure that it meets the eligibility standards of the program.

Maximum Rebate

One rebate per household with a maximum rebate up to \$10,000.

The team was able to successfully roll out the Energy Saver Rebate program in December. After just three months, all the funding was committed and additional funds were transferred to the program. The success was attributable to not only the inherent value of the incentive, but also to our lender partners for promoting the new program in a typically slow time of year, and staff work working behind the scenes to be sure all the systems were in place to implement the program effectively.

A new model has been tested and the agency has learned that pairing a rebate incentive with our Fix-up Fund loan program dramatically stimulated production. This is a success not only for the agency but also for homeowners interested in improving energy efficiency and contractors looking for work. [NOTE - speaking of "high profile", we received a number of comments from external partners who said they saw our television ad for the rebate program during the Olympics, including the executive director of the Office of Energy Security, who was very impressed.]

Through this program, the Agency forged a partnership that will be useful for years to come. In an era of scarce resources, it makes sense to pursue new opportunities for funding for affordable housing. While there were numerous challenges in creating and implementing the new rebate program, staff learned valuable lessons from the experience and retooled to improve the process.

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