

Energy Saver Home Loan Program

MassHousing

Homeownership: Home Improvement and Rehabilitation

HFA Staff Contact

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Background | Massachusetts Community Climate Bank (MCCB)

Across Massachusetts, buildings are the source of 19 percent of greenhouse gas emissions. In Massachusetts cities, where most environmental justice populations live, buildings can represent as much as 70% of total emissions. The building sector, especially housing, is the hardest to decarbonize; buildings last decades, each one is unique, and heating systems are complex. This is particularly challenging in Massachusetts, which has some of the oldest housing stock in the nation and often requires substantial capital improvements in addition to energy retrofitting.

In June of 2023, Governor Maura Healey announced the creation of the Massachusetts Community Climate Bank™ (MCCB) and directed the placement of the Climate Bank within MassHousing. MCCB is the nation's first green bank dedicated to affordable housing.

Governor Healey seeded this new entity with \$50 million in state funds from the Climate Mitigation Trust with the expectation that MCCB will attract private sector capital, federal funds, and work with other state programs to finance clean energy retrofits and new construction of decarbonized buildings. In this way, MCCB was established to act as a financial engine to accelerate statewide decarbonization and to leverage the Commonwealth's ability to compete for any federal funding opportunities that are available.

Locating this new financial entity at the state's housing finance agency was carefully considered. Specifically, this decision formally recognized the significant challenge that housing represents in the state's efforts toward achieving its decarbonization goals. For its initial phase, and consistent with MassHousing's mission and the Administration's focus on a just energy transition, MCCB's work focuses on the affordable housing sector.

MCCB is organized to promote clean energy solutions for low- and moderate-income households by leveraging federal, state, and private funds. Massachusetts has prioritized accelerated investment in affordable homes – where residents bear a disproportionate burden of energy costs, and where families have been disproportionately impacted by pollution from fossil fuels.

Energy Saver Home Loan Program

The Energy Saver Home Loan Program (ESHLP) is MCCB's first consumer product. It is the result of the powerful collaboration between MCCB and MassHousing's Homeownership Division. MCCB conceived of this type of lending opportunity for homeowners and MassHousing's Homeownership Division has successfully directed its implementation and drives its daily execution.

This new \$20 million loan program works to lower barriers to clean energy adoption and assist property owners to cut their energy use and reduce or eliminate their reliance on fossil fuels by providing affordable financing and high-touch customer service features.

The housing stock in Massachusetts is among the oldest in the United States and the homes are some of the most reliant in the country on oil heating. Residential and commercial buildings are responsible for 35 percent of all greenhouse gas emissions in Massachusetts, and 60 percent of building emissions are generated by single family and 2-4 family homes. Transitioning these homes to clean energy is a core component of Massachusetts's ambitious goal of achieving net zero carbon emissions in the year 2050.

ESHLP Advantage

There is an interesting challenge in Massachusetts where many homeowners believe strongly in doing their part to help moderate the effects of climate change, however, they feel overwhelmed by the process required to begin the journey. For example, while homeowners might want to complete energy-saving home improvement projects, they lack the upfront capital to begin the work even if there are rebates that will be available after the work's completion.

The ESHLP is designed to accelerate the adoption of clean energy technologies by low- and moderate-income homeowners by meeting homeowners where they are and providing upfront resources to help them get started.

Another key feature of the program is the free “end-to-end” support it offers homeowners. Concierge Service Providers (CSP) and Energy Service Providers (ESP) are available for every homeowner to assist with program eligibility screening; decarbonization planning and energy modeling; identifying and accessing all available rebates, incentives and tax credits; securing and comparing contractor quotes; and finally, by connecting homeowners with safe, reliable participating lenders.

For a project to be eligible for ESHLP, the energy improvements must reduce total energy usage by at least 20 percent. The loan program provides flexible, low-interest financing for a wide range of residential clean energy projects that support emissions reduction and healthier homes. Eligible homeowners may use Energy Saver loans to finance health and safety improvements such as roof replacement and oil tank removal, home weatherization, electrical system upgrades, heat pumps, new efficient appliances and fixtures, and installation of rooftop solar panels, battery storage and EV charging stations.

All ESHLP borrowers will receive a Pearl certification at project completion. Pearl certifies the value of the energy-efficient improvements made through this program, providing homeowners with a verified, third-party endorsement of their investments. The certification helps homeowners benefit not only from immediate energy savings but also with the increased likelihood of a tangible return on investment if they sell their property in the future.

How ESHLP works

The ESHLP is unique in its ability to finance larger scale (loans are available from \$10,000 to \$100,000) home energy improvement projects, including improvement costs eligible for clean energy rebates, utility incentives and tax credits. ESHLP features affordable loan terms with no upfront cash required from the borrower. ESHLP helps to monetize the expected rebate and incentive proceeds – including existing state and new federal rebates expected to be made available later this year, which may be used to pay down a portion of the loan amount at the borrower's discretion.

ESHLP financing is provided through a low-cost, long-term subordinate second mortgage for borrowers earning less than 135% of AMI. Interest rates range from 0.5 percent to 2 percent, depending on borrower income. Mortgages have a 240-month term, allowing for lower monthly payments. For example, on a \$60,000 loan, a borrower earning up to 80% of AMI would have a monthly loan payment of just \$283. And a borrower above 80% and up to 135% of AMI would have a monthly loan payment of \$323. Loans also include an 18-month interest-only period during construction that provides

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borrowers with low-cost bridge financing while awaiting rebates from clean energy incentives. All loans are serviced by MassHousing's Mortgage Servicing Center located within MassHousing's Homeownership Division.

Early Success

Since the program's launch just nine months ago, MCCB's program partners have completed 205 home site visits and 196 home decarbonization plans. These homeowners are working with the Energy Service Provider to secure quotes from approved contractors in their area before applying for the loan through an approved ESHLP lender. Concierge Service Providers continue to work with borrowers throughout the process to ensure they have the support they need.

As of mid-April 2025, MassHousing has closed 16 Energy Saver loans and assisted borrowers in identifying an average of \$14,500 in public and utility incentives. While this is a small number of loans closed presently, because of the number of homeowners who are still in the process of gathering quotes, and finalizing loan packages etc., MassHousing expects that this number will continue to rise significantly. The average modeled energy savings for all closed loans is 54 percent – more than twice the program requirement of 20 percent. The average loan size (more than \$60,000) well exceeds the amount consumers can finance through other widely available energy loan programs in Massachusetts, and borrowers benefit from low monthly payments with the longer loan term and low rate.

An ESHLP borrower from Cape Cod recently utilized MCCB financing to make roof repairs and install a rooftop solar panel system. The homeowner had previously installed a heat pump and a heat pump water heater on his own; ESHLP-financed solar upgrades will now allow him to operate his heat pumps more economically, while reducing his reliance on fossil fuels and the electric grid. In addition to MCCB financing, the borrower plans to take advantage of federal solar tax credits.

The homeowner said he was primarily motivated by a desire to reduce his carbon footprint, while spending as little as possible on energy. He reports that his whole family is conscious of the environment. "It seems like the right thing to do. We need to reduce our carbon impact, and as individuals, we should step it up and do what we can because every bit helps. If we had more homes that were environmentally friendly, we'd be better off as a country, and as a world."

Another couple in Holden, Massachusetts are also recent borrowers. They have a 36-year-old house that needed updating. The homeowner noted that the help she received from the Energy Service provider who completed the energy audit and then produced a detailed report of solutions that would reduce their energy usage by 20 percent was an important feature of the loan product. Her improvements ultimately included a new roof, updates to the heating and cooling systems, a heat pump water heater, and insulating the basement perimeter. In the spring, the couple is scheduled to have some trees removed that threaten the house. The homebuyer went on to say, "When this loan came to my attention, we had been wanting to make improvements for a long time, but the affordability was a problem. She said that she told her husband, "This is the greatest opportunity we will ever have."

ESHLP is showing excellent momentum and MassHousing is confident that this loan program will prove to be an invaluable tool to homeowners in Massachusetts. Participating homeowners will have lower energy usage overall and, in the aggregate, their actions will have a real impact in moving the needle on decarbonization and emissions reduction in Massachusetts.

ENERGY SAVER HOME LOAN PROGRAM (ESHLP)

The ESHLP provides eligible homeowners with the following benefits:



Low interest rate, second mortgage loans ranging from \$10,000 - \$100,000 that support a variety of energy-related home improvements



Financing at your project's start. No cash down, no waiting for rebates or incentive payments



Free end-to-end support through all aspects of the home improvement process, loan closing and post-construction



Identification and coordination of all available incentives, rebates and other credits

WHO IS ELIGIBLE FOR THE ESHLP?

The program is open to income-eligible 1-4 family homeowners with a primary residence in the home. Borrowers must be under 135% of median income to qualify. **Note: Condominiums and cooperatives do not qualify. Trusts will be reviewed on a case-by-case basis.**

HOW THE ESHLP WORKS

1. You contact the Concierge Service Provider (CSP) for your community, who determines your eligibility and connects you with an Energy Service Provider (ESP).
2. The ESP conducts a free assessment of your home, works with you to create a plan to reduce your energy usage by at least 20%, and helps you identify all available rebates, incentives and tax credits.
3. You engage with a network of pre-approved contractors to obtain quotes for your project. The ESP helps you review quotes and prepare a project budget and schedule.
4. The CSP helps you find a lender that serves your area and prepare to apply for the loan.
5. Once your loan has been approved and closed, you make monthly payments to MassHousing, who manages the disbursement of your funds.

ELIGIBLE HOME IMPROVEMENTS

ESHLP loans provide flexible financing for a wide range of residential clean energy projects that support emissions reduction and healthier homes. Eligible homeowners may use Energy Saver loans to finance health and safety improvements such as roof replacement and oil tank removal, home weatherization, electrical system upgrades, heat pumps, new efficient appliances and fixtures, and installation of rooftop solar panels, battery storage and EV charging stations.

To receive financing through the program, home improvements must reduce total energy usage by at least 20 percent.

For the full list of eligible improvements, see reverse.

BENEFITS OF HOME ENERGY IMPROVEMENTS

Home energy improvements can result in:

- Lower energy usage
- Increased comfort and improved indoor air quality
- Reduced carbon footprint



TABLE OF ELIGIBLE IMPROVEMENTS

Legend:

Major Energy Reduction Measure	Clean Energy & Electrification Measure	Enabling Measure	Site Restoration Measure
Minor Energy Reduction Measure			

Health and Safety Improvement	Mold remediation	Basement moisture
	Knob and Tube wiring remediation	Structural and non-structural repair (including leak repair)
	Vermiculite remediation	Asbestos remediation
	Combustion safety repair	Oil tank removal
Energy Efficiency/Weatherization	Mass Save equivalent weatherization	Unvented attic spray foam
	Basement floor insulation (slab)	Additional targeted air sealing
	Basement wall insulation (Foundation)	Additional duct sealing and insulation
	Basement ceiling insulation and air sealing	Windows & Doors
	Double-pane windows	Exterior doors
	Triple-pane windows	Roofing
Retrofit Packages	Wall package 1 - Deep retrofit	Flat Roof Package 2 - Light retrofit
Electrical Upgrade	Electrical service upgrade (above ground)	Electrical service upgrade (below ground)
	Electric Panel Upgrade and Wiring	
HVAC	Air-to-air heat pumps	Thermostats
	Air-to-water heat pumps	Bathroom ventilation
	Ground source heat pumps	Kitchen ventilation
	Whole house ventilation (ERV or HRV)	

Domestic Hot Water	HPWH – Heat Pump Water Heater	Solar Thermal
	Solar Assisted HPWH	
Appliances, Lighting, Fixtures	Low flow faucets and toilets	Heat pump clothes dryer
	LED lighting	Induction Range/Cooktop
Clean Energy Technologies	Solar PV	EV Charging Station
	Battery storage	
Site work/ Outdoor	Arborist-approved shade trees	Tree pruning

CLEAN ENERGY AND ELECTRIFICATION MEASURES

Once the 20% energy reduction requirement is met with eligible energy reduction measures, then Clean Energy & Electrification Measures and their eligible enabling measures can be financed. Site restoration measures will be reviewed by Abode on a case-by-case basis.

ELIGIBLE CLEAN ENERGY AND ELECTRIFICATION MEASURES:

- Solar PV Enabling measure(s) may include: electrical panel upgrades, roofing repairs or replacement, tree pruning or removal
- Battery storage enabling measure(s) may include: electrical panel upgrades
- Electric Vehicle (EV) charger enabling measure(s) may include: electrical panel upgrades
- Pre-wiring for future electrification, for example: EV Charger, induction stove, heat pump water heater

To learn more and find out if you are eligible, visit massclimatebank.com or scan the QR code below:



ENERGY SAVER HOME LOAN PROGRAM (ESHLP)

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Eligible Improvements Include:

- HVAC
- Appliances, Lighting, Fixtures
- Health and Safety Improvements
- Energy Efficiency/ Weatherization
- Domestic Hot Water
- Site Work
- Clean Energy Technologies





ENERGY SAVER HOME LOAN PROGRAM (ESHLP)

ESHLP IN CAPE COD

Residents of the Cape and Islands are eligible for the Energy Saver Home Loan Program if their primary resident is a single-family home or a 2-4 family property and they meet the following income limits:

INCOME LIMITS	
Barnstable County	Nantucket County
\$165,645	\$206,685

OVERALL ESHLP RESULTS

54%	average modeled energy savings	\$14,483	average estimated incentives
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14 Loans Closed	80% AMI	\$61,708 loan size	\$219.08 monthly payment
	135% AMI	\$66,258 loan size	\$357.32 monthly payment

