

WRAP Implementation Review

Executive Summary

As of December 2024

The Weatherization Repayment Assistance Program (WRAP) is an innovative pilot program intended to help meet Vermont's thermal emissions reductions goals by enabling moderate-income Vermonters to participate in comprehensive home weatherization projects through on-bill financing. Vermont Housing Finance Agency (VHFA) manages the program through partnerships with Vermont utilities. The program has seen slow initial uptake, with only twelve projects financed through the end of 2024. Barriers to success identified in the pilot include changes in the incentive landscape, a constrained customer workforce, difficulty meeting energy savings requirements, and a lack of consumer interest in weatherization projects. The program has been extended through the end of 2025 and VHFA will continue to work with partners to increase customer awareness and smooth the enrollment process.

Program Progress

Program Design

WRAP uses state funds to help finance qualifying weatherization projects that households repay through a monthly charge on their utility bill that can be paid back over time. WRAP can also finance heat pumps, advanced wood heating systems, and health and safety measures, as part of a comprehensive weatherization project.

WRAP is the first pilot of its kind in the US, in that it includes multiple participating utilities and allows customers who use delivered (unmetered) heating fuels to participate, by paying off the cost of projects on their electric bills.

WRAP is offered through Program Administrator partners, which are the state's Energy Efficiency Utilities (EEU), Vermont Gas Systems (VGS), Efficiency Vermont (EVT), and Burlington Electric Department (BED). They connect participants with approved contractors and screen home projects for their incentives and WRAP compliance. VHFA covers the remaining upfront eligible costs of projects, then coordinates with five of the state's Distribution Utilities (DUs), Green Mountain Power (GMP), Ludlow Electric, Vermont Electric Cooperative (VEC), VGS, and BED to set up and administer the on-bill repayment on the customer's existing gas or electric bill.

More details about the program design are available in [VHFA's guide to WRAP for policy makers](#).

Program Launch

The initiative that would become WRAP began in 2020 with the collaborative vision of Vermont energy partners to find new, scalable solutions to finance the weatherization of roughly 120,000 Vermont homes by 2030. Their joint efforts ultimately led to the WRAP pilot being funded by \$9 million in State appropriations in the 2021 session. The program grant, overseen by the Agency of

Administration (AoA), was awarded to VHFA in March 2021, with an original end date of December 31, 2024.

VHFA went on to hire a consultant and later a full-time staff member to manage the pilot. After considerable time spent developing a program structure with the State, utilities, and other stakeholders, GMP, Ludlow Electric, VEC, and VGS submitted identical tariffs to allow them to offer an on-bill program. The tariffs were approved by the Vermont Public Utility Commission (PUC) in July 2022.¹ Program agreements between VHFA and the Program Administrators and the DUs were executed through the fall of 2022.

On December 7, 2022, VHFA joined utility partners and other stakeholders at the Statehouse to announce the launch of WRAP. The public announcement stated that the program would be launched to customers soon after, and the expectation among stakeholders was that the program would be fully operational on a large scale in time for the busy fall season for weatherization work.

However, WRAP began to receive projects for financing more slowly than expected, in part due to technical challenges. EVT initially planned to purchase project screening software license purchased from a company called Hancock, half of which was paid for by VHFA through the program grant. The Hancock software was intended to be available upon the program launch but was significantly delayed due to it producing incorrect screening results and other issues discovered by EVT when assessing it. In September 2023, VHFA authorized EVT to use an existing and simplified screening tool, QLoss, to proceed with projects and begin onboarding customers. EVT ultimately abandoned efforts to use Hancock for WRAP and returned the funds for the purchase to VHFA.

VHFA processed its first WRAP payment in May 2023, but did not receive a second project to finance until September 2023 (both VGS projects).

Widespread flooding also hindered WRAP deployment through summer and fall 2023. Program Administrators initially hoped WRAP could assist flood-impacted households, and VHFA collaborated with them to relax screening criteria for homes that could not receive a normal energy audit due to water damage. However, no flood-impacted households are known to have ultimately participated in WRAP, and the contractor workforce was overwhelmed with emergency repairs. This made it very difficult to connect other customers with approved contractors during the fall 2023 weatherization season.

Advertising

VHFA has advertised WRAP in the following forums:

- Ongoing social media campaigns, including paid Facebook and Instagram advertisements, and free advertising on VHFA's own channels.
- Four paid statewide Front Porch Forum campaigns.
- Promotion at Button-Up Vermont educational webinars
- Promotion at webinars for VECAN's Vermont Energy Committees
- [Flyers and social media graphics available](#), with printed copies mailed upon request.
- Bill inserts for Vermont Electric Cooperative customers

¹ BED submitted their tariff in December 2022, which was approved in January 2023.

Projects Completed

The original budget for WRAP project financing (\$6.3 million) had been projected as sufficient to cover roughly 1,000 household projects, which would average 500 projects per year in 2023 and 2024. However, no formal quotas or targets were established, given the inherent challenge of launching a new program approach in the aftermath of the COVID pandemic in an unpredictable weatherization market. It was understood among the program designers that most projects would be delivered through Efficiency Vermont (EVT), which has the largest market share among the EEU's, covering all areas of the state not served by VGS or BED.²

However, even after overcoming initial launch challenges, WRAP has seen very low adoption among customers. As of the end of December 2024, WRAP has had only **twelve home projects** with at least an initial payment disbursed by VHFA, with \$79,774 in financing and incentives paid on behalf of customers. Several more customers are currently in queue for screening but have not yet signed participation agreements.

Extension to 2025

Recognizing WRAP's slow launch and the challenge of reaching customers by the end of 2024, VHFA started discussions with the Agency of Administration (AoA) in December 2023 to extend the WRAP agreement to December 31, 2025. This extension was ultimately approved by AoA in July 2024.

As part of the agreement, VHFA agreed to return \$6 million of the original \$9 million grant to the State. The revised agreement retains \$3 million for both financing and administrative expenses.

This new budget can fund 300 total projects through 2025. This number was based on projections from EVT to send VHFA between 50 to 100 projects to finance in 2024, while VGS predicted 25 projects, with the hope that the pace could improve in 2025.

As of December 2024, VHFA is working with the DUs to extend the tariffs with the PUC and signing new agreements through 2025 with the Program Administrators. VHFA has made other adjustments to WRAP terms and delivery systems to encourage uptake, described in more detail below.

Market review

Reviewing the target market for WRAP financing is critical for understanding why the program has not seen more widespread customer uptake.

² BED will only offer WRAP to its customers that are not served by VGS. Less than 5% of BED customers are non-VGS customers.

Target demographics

WRAP was intended to assist Vermont households who earn above 80% of the area median income (AMI) who are ineligible for free weatherization through Weatherization Assistance Program (WAP) services, but who are still likely to be unable to access financing for weatherization projects.

Therefore, the program reserves 75% of overall funding to households under 120% AMI. Households over 120% are permitted to participate while funding is available but are eligible for fewer incentives from VHFA and the EEU's. To date, VHFA has not specifically marketed the program to low and moderate income (LMI) customers, electing instead to review general demand for the program before narrowing its market focus.

WRAP's program design is specifically intended to help households with limited access to credit or with poor credit history, who might not be able to afford significant upfront costs and who might be uncertain whether they may move before the end of the financing term.

Comparison of financing options

Understanding the different financing options available to moderate income Vermont households interested in home weatherization projects can help clarify the benefits and potential drawbacks to customers offered by the WRAP model, informing outreach strategies and potential adjustments to the program.

The [Home Energy Loan](#) is available through EastRise Credit Union and Cornerstone Housing Partners). Like WRAP, customers can access the Home Energy Loan through Vermont Gas and Efficiency Vermont, with work done through a network of participating contractors.

Financing approach	Self-financing	Home Energy Loan	WRAP
Benefits	<ul style="list-style-type: none">• No additional costs from interest or fees• Smoother/faster process with contractor	<ul style="list-style-type: none">• Interest rates as low as 0% for LI households)• Loan terms of up to 15 years• Finance up to 100% of the project• Quicker processing time• Does not require specific energy savings	<ul style="list-style-type: none">• Lower interest rates than conventional financing (2% plus fees)• Terms up to 15 years, with ability to move and keep the charge on the meter• Charge added to utility bill (no additional bill)• No credit checks required• EEU incentives are included in project financing and do not have to be fronted by customer• Access to additional VHFA incentives up to \$1,500
Challenges	<ul style="list-style-type: none">• Not feasible for many households	<ul style="list-style-type: none">• Lowest rates require shorter terms• Customers receive EEU incentives as rebates (requiring upfront payment)• Constitutes additional debt the	<ul style="list-style-type: none">• More paperwork and processing times required• Requires 10% cash flow positive energy screening to proceed (uncertain at start of project)• May require customer contribution that cannot be financed

		homeowner must pay in full even if they move	
Segments targeted	<ul style="list-style-type: none"> Higher income households Homeowners 	<ul style="list-style-type: none"> Moderate income households Homeowners 	<ul style="list-style-type: none"> Moderate income households Homeowners Renters

Recent historical trends in weatherization and financing

Reviewing the overall market for weatherization projects helps situate WRAP's progress in context.

WRAP Projects Financed as of December 27, 2024

Year	2023	2024
Total	4	8
EVT	2	6
Ludlow	0	0
VEC	0	2
GMP	2	4
BED	0	0
VGS	2	2

All Comprehensive Weatherization Projects – Efficiency Vermont*

Year	2019	2020	2021	2022	2023	2024
Total	795	1072	906	608	670	778
Low and moderate income (<=120% AMI)	279	611	462	263	275	434
Market rate	516	461	444	345	395	344

*A weatherization project can impact multiple housing units

Weatherization Projects in WRAP-Participating Utility Territories – Efficiency Vermont

Year	2020	2021	2022	2023	2024
Total	972	793	462	586	693
Ludlow	6	5	6	8	16
Moderate income	2	1	1	2	3
Market rate	4	4	5	6	13

VEC	116	106	54	63	72
Moderate income	89	57	33	36	51
Market rate	27	49	21	27	21
GMP	850	682	402	515	605
Moderate income	508	342	208	238	343
Market rate	342	340	194	277	262

Weatherization Projects Financed by a Home Energy Loan – Efficiency Vermont

Home Energy Loan	2018	2019	2020	2021	2022	2023	2024
Total loans	175	234	860	290	447	468	478
Weatherization as Primary or Secondary project type*	66	95	235	81	83	90	101
Weatherization Primary Project Type – LMI borrowers							
Low Income Borrowers	12	24	86	22	24	21	36
Moderate Income Borrowers	1	46	117	40	41	33	39
Weatherization Secondary Project Type - LMI borrowers							
Low Income Borrowers	0	3	1	2	2	0	2
Moderate Income Borrowers	2	4	4	3	3	7	3

*WRAP requires all projects to be accompanied by weatherization (Wx) work. The Home Energy Loan can finance equipment independently. The primary project type is the costliest measure in the home project.

The available data suggests that, to reach its original goal of 500 homes per year, VHFA would have either needed to capture a large share of the existing moderate-income weatherization market or substantially expand the number of customers participating in weatherization projects. When the program was developed in 2020 and 2021, EVT had seen an unusually high level of weatherization activity. This matches an overall trend of [pandemic-era home remodeling](#), which tapered off after 2021.

The recent Home Energy Loan data suggests significant challenges for widespread adoption of WRAP. Most of its loans are for projects that do not have weatherization as a primary or secondary measure, with most borrowers using the loans to finance equipment purchases like heat pumps. Even in its peak year of 2020, it made only 203 loans for weatherization to low or moderate income borrowers. Although WRAP does seek to expand upon the customer base for weatherization beyond the existing market, it would need to outpace annual Home Energy Loan lending for weatherization in the past two years by over a factor of five to reach its original goal of 500 projects per year.

WRAP project and customer demographics

Financing

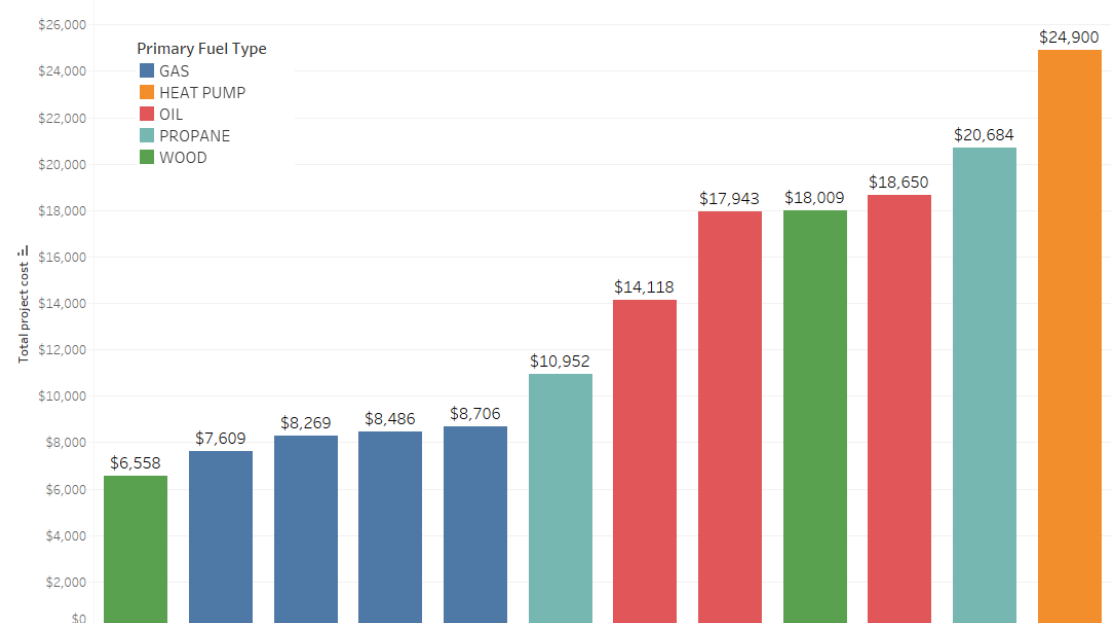
The average WRAP project has total project costs of \$13,740, with projects ranging in total cost from \$6,558 to \$24,900.

Average total cost	\$13,740
Average incentives (EEU, DU, VHFA)	\$5,855
Average WRAP financed cost	\$6,312
Average monthly payment	\$45.91
Average WRAP payment term	159 months

Projects in homes using natural gas had an average total cost of \$8,268, while all other fuel types had an average cost of \$16,447.

The average project has projected annual savings of \$635.54 (before the WRAP charge). The average WRAP financed amount is \$6,312. WRAP monthly payments range from \$17.70 to \$132.97 per month, with an average \$45.91 monthly payment.

Total Project Cost by Fuel Type



Project characteristics

Most WRAP projects are clustered in the northwest part of the state (Chittenden, Franklin, and Grand Isle County), although this may reflect the impact of VGS's service territory. Homes have tended to be older, with the average home built in 1932. Most WRAP projects are in single family detached homes, although two have been in condominiums. Project homes have used a range of fuel sources as the primary fuel type (natural gas, oil, propane, wood, heat pump, and electric baseboard).

Although WRAP can finance heat pumps, electric water heaters and advanced wood heating systems, alongside comprehensive weatherization, to date only two projects have financed heat pumps in conjunction with weatherization. This could increase in the coming year as the state rolls out moderate-income heat pump rebates through the [DOE Home Energy Rebates Program](#).

Program targeting

All WRAP participants have been homeowners to date. Although the program can serve renters with landlord permission, no renters to date have financed projects with WRAP. Several landlords have approached the Program Administrators with an interest in using the funds to renovate an ADU on

their properties but ultimately proceeded with other financing options. In VHFA's opinion, if WRAP cannot yet find a customer base among homeowners, who have a more direct financial interest in improving their homes, it is not realistic to expect renters to adopt the program at scale.

VHFA has often been asked by policy makers about the possibility of packaging home energy lending with its mortgage loans to first-time borrowers. VHFA has made energy loans in the past to buyers, without significant success, although [home energy mortgages](#) continue to be available through other lenders. Today, due to extremely high Vermont home prices, most VHFA borrowers are at the limit of their loan to value ratio permitted by secondary mortgage purchasers like Fannie Mae and Freddie Mac and cannot immediately take on additional debt.

Based on information publicly available on Zillow, VHFA has observed that many WRAP borrowers purchased their home in the last year or two. This suggests that while customers who have moved relatively recently may be more interested in investing in efficiency, these households may need to live in the home for a long enough period of time to understand their weatherization needs, and/or develop some additional budget capacity to contemplate a large home project. This leaves open the possibility that energy lending could serve the refinance market in Vermont but does not suggest an immediate path forward to serving the primarily first-time buyers that VHFA's homeownership programs serve.

Barriers to success

Complicated enrollment process and customer uncertainty

A complicated program delivery system makes it challenging to advertise and help customers navigate the program. VHFA attempts to craft WRAP advertising to send customers directly to the Program Administrator EEU serving their area. However, EVT customers must then connect with a participating contractor to complete an audit.³ EVT encourages participating contractors to market the program directly to customers interested in weatherization, but it is difficult to monitor the extent to which this is occurring. Once the audit is completed, customers must work with EVT to complete several pages of program enrollment forms.

VHFA does not interface with customers directly and works with the Program Administrators to approve projects after a customer is already enrolled. This role can make it challenging for VHFA to understand whether advertising strategies are impactful and where customers are encountering barriers to participation.

WRAP projects require an extensive home energy audit to ensure they can achieve the required cash-flow positive savings for the customer. While contractor audit rates vary, the WRAP audit requires additional measurements and therefore is typically more costly than would be required for other types of weatherization work. The amount varies by contractor, but it typically costs around \$250. This audit cost can be rolled into WRAP financing; however, the customer will not know whether the project is eligible for WRAP and can achieve the required cost savings or how much they are likely to save before the audit takes place.

³ VGS customers work with an in-house screening team, who then subcontracts the work to a contractor.

Action considered

VHFA has explored the idea of guaranteeing audit fees, regardless of whether the project proceeds or not. However, the Program Administrators have cautioned that many participants may not move ultimately forward with the project and that this might divert limited contractor resources away from customers who are ready to proceed with a project.

Contractor shortage

An ongoing and severe contractor workforce shortage is also a significant barrier to the program's success. While WRAP has contractors available in every participating DU territory, availability and response time varies significantly by area. Currently, WRAP projects through EVT take around three to four months between the time when the initial down payment is released by VHFA and paid to the contractor, to the project completion date. This does not include the time it takes for a customer to find a participating contractor and have them perform an energy audit before they can enroll in WRAP. VGS reports that its customers are facing a three-month wait for an energy audit with its in-house staff.

VHFA's experience with WRAP aligns with other weatherization initiatives, including [Burlington's Weatherization Ordinance](#). Although the ordinance requires owners of highly inefficient multifamily buildings to weatherize, the city reports that most obligated landlords have failed to comply, purely due to long contractor waitlists.⁴

Lack of clean bill payment history

The original WRAP guidelines required customers to have no missed bill payments in the last 12 months, which is a common criterion for other on-bill programs. As WRAP does not perform credit checks on participants, nor will it pursue shut offs for non-payments, the bill payment history review is the only underwriting measure the program relies on. However, in the program launch it became clear that it is relatively common for customers to have missed a payment due to oversight or credit card problems, without it indicating a pattern of nonpayment.

VGS customers appear to be more likely than the electrical utility participants to miss payments in the winter and get caught up again over the following months.⁵

Action taken

VHFA initially responded by relaxing guidelines in fall 2023 to allow participants that have missed no more than one payment in the 12 months prior to enrollment to participate in WRAP, provided that that customer became current by the next billing cycle. However, EVT reported that out of projects that have started an application with EVT, about 25% still failed to meet the clean bill payment history requirement.⁶

VHFA responded by relaxing bill payment criteria again in fall 2024. Now, any customer served by a participating utility may enroll in WRAP as long as they are current on their electric/gas bill and have

⁴ WRAP also must compete with Burlington's Weatherization Ordinance for VGS's energy audit resources and Chittenden County weatherization contractors.

⁵ WRAP does not review customers' unregulated fuel use (e.g., propane, fuel oil), so those customers may have missed those payments without the program being aware of it.

⁶ This is difficult to assess, since some participants may have self-screened out when they reviewed the program guidelines.

not had electric service shut off during the past 12-month period (or for natural gas, has not had a shut-off order in place).

VHFA will continue to not pursue any shutoff action for any missed payments. This remains unusual among other on-bill programs, which tend to use shutoffs to secure against risk of nonpayment. Avoiding shutoffs and allowing customers with multiple missed payments to participate means that VHFA has relaxed underwriting beyond what most on-bill programs have traditionally allowed.

To accommodate this expanded risk, VHFA established a loan loss reserve equal to 2% of all financed amounts (regardless of the individual customer's history). VHFA has asked the Program Administrators to collect additional information about the customer's payment history when they confirm initial eligibility with the DU.⁷ While this information will not be used to screen customers, it may help VHFA better understand and predict risk of nonpayment in the future.

In the limited sample size of twelve projects to date (not all of which have yet started the on-bill repayment cycle), no customers have missed payments.

Changes in incentive landscape

One substantial change since the WRAP pilot was originally envisioned is the landscape of available incentives. EEU incentives for weatherization previously paid for around 30 to 50% of a project's cost. EVT's incentives increased from \$3,500 to \$5,000 in 2020 and increased again in fall 2023 to up to 75% of project costs, or \$9,500 for moderate-income households.⁸

In 2021, before the program was launched, VHFA estimated that the average project would cost \$12,000, with a \$5,000 EEU incentive and a \$1,000 VHFA incentive. However, the average WRAP project to date has total project costs of \$13,740. This increase is unsurprising given the increase in construction costs VHFA has observed statewide in the last several years. WRAP projects to date have received an average EEU incentive of \$5,855, although several moderate-income customers have received rebates of \$9,500 or more, as well as some DU incentives for heat pumps. The WRAP financed amount is \$6,312 on average.

Despite the higher incentive environment, five out of twelve WRAP projects have required customer contributions, with most co-pays around \$3,000 for those that have required it. This included both moderate and higher income customers. A large project scope was the greatest predictor of requiring a co-pay, and to a lesser extent an older home.

From anecdotal reports from Program Administrators and prospective WRAP customers, it appears that contractors often give the customer a large list of all potential weatherization measures, and the customer must decide how to scope the project within their budget.

When there is a smaller gap needed for financing, it is possible that the WRAP financing option is less needed or attractive to participants, which could be driving down demand for the program. Since

⁷ In addition to confirming that the customer is current on their electric/natural gas bill and has not had a shutoff, the Program Administrators will ask the DU: "In the past 12-month period, this customer's bill payment history is best characterized as: Not at all late; Late once for less than 30 days; Late multiple times but none exceeding 30 days; Late once exceeding 30 days; Late multiple times exceeding 30 days".

⁸ As of December 1st, 2024, EVT offers weatherization rebates for 90% of project costs up to \$9,500 for low income customers, 75% of costs up to \$9,500 for moderate income customers, 75% of costs up to \$4,000 for higher income customers.

smaller projects have been more likely to not require co-pays, these customers may be choosing to self-finance projects. The Program Administrators anecdotally report that customers will often self-finance for smaller-sized projects and generally are reluctant to take on debt from WRAP if otherwise unavoidable.

On the other hand, customers may be using larger incentives either to absorb higher project costs or to pursue larger project scopes than they would have otherwise. Given this rapidly changing incentive market, it remains unclear to VHFA how customers are balancing whether to weatherize, how large the project should be, and whether they need financing to pay for the project.

Inability to achieve required savings

WRAP requires a positive cash flow for all projects it finances, which means that the estimated annual energy savings from the weatherization measures must exceed the annual cost of the WRAP repayment by at least 10 percent.⁹ Certified auditors collect property-specific data, and then Program Administrators input the data and current fuel prices into energy modeling software to estimate annual savings. A VHFA-developed spreadsheet screens projects to determine if savings exceed the cost of financing by the required 10 percent.

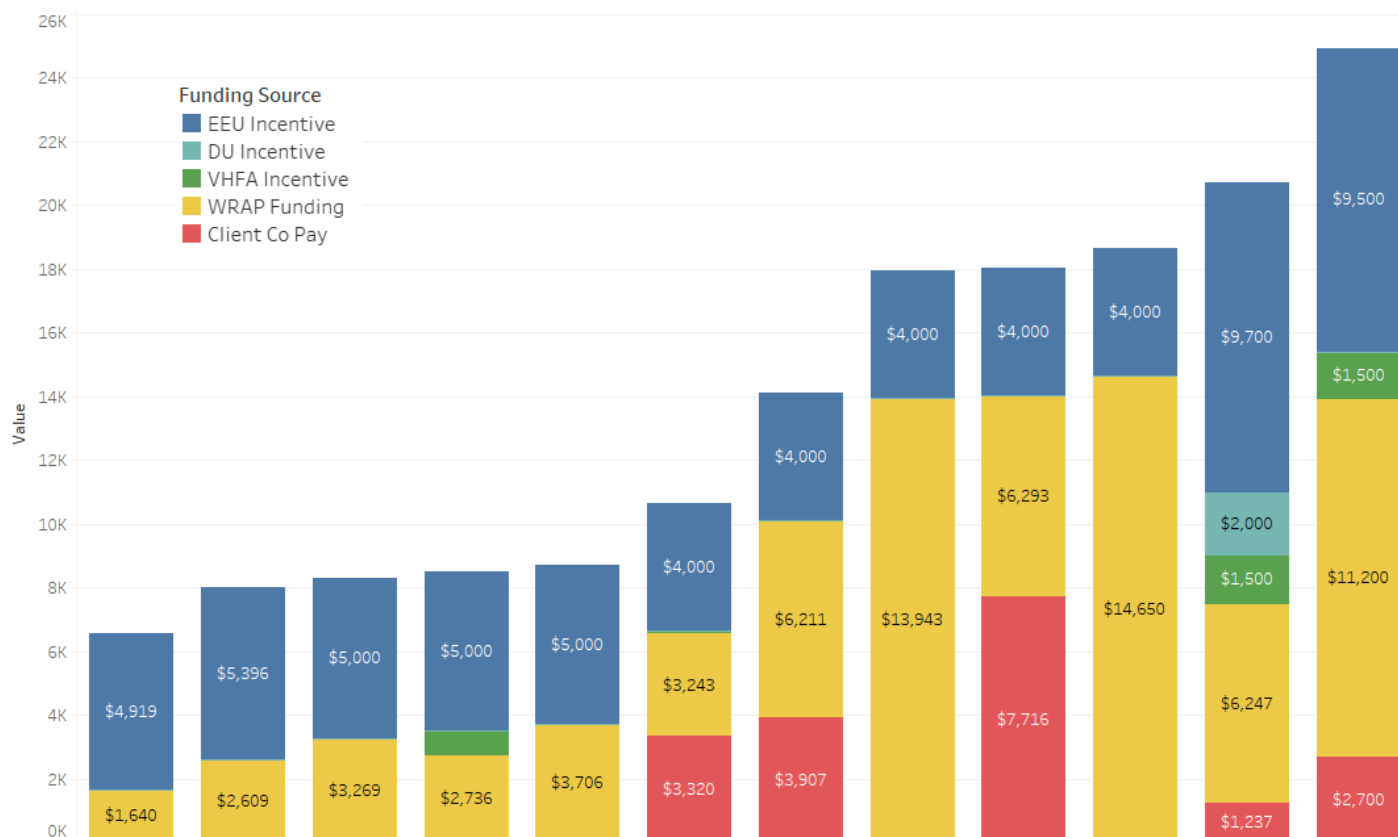
WRAP has only screened a limited number of projects; however, initial results suggest that the 10% savings requirement may be a higher bar to clear than originally anticipated. The Program Administrators report that many projects in homes heated with natural gas, and occasionally wood heating, cannot reach the 10% savings threshold and are not ultimately sent to VHFA for funding, leaving customers to seek other alternative financing. And VHFA has heard anecdotally from EVT that contractors may be avoiding screening projects for WRAP with expected modest energy savings and not pitching the program up front to those customers.

The 10% savings requirement, while intended to help customers see a return on investments, also appears to be increasing the amount that some customers must pay as an out of pocket contribution. No WRAP project has come close to reaching VHFA's WRAP financing limit of \$20,000 – the average financed amount is \$6,312 and the highest amount to date is \$14,650. However, five out of the twelve projects have required customer contributions ranging from \$1,237 to \$7,716 to screen. Since these projects are under the WRAP financing limit, the customer contribution comes from the project not offering enough savings, not the project costing too much overall.

⁹ it is important to note, however, that the savings are not guaranteed because factors such as future energy prices and changes in consumer behavior are outside of the program control.

As shown in the chart below, WRAP funding and client co-pay is loosely correlated to the size of the project overall, but there is significant variation depending on the project specifics.

Project funding source



As discussed, projects with customer contributions are more likely to be from customers above 120% AMI and have larger total project costs.¹⁰ However, two larger-sized projects using oil heating did screen without a co-pay. No natural gas projects have required customer co-pays to proceed. Those natural gas projects tended to have lower overall costs, although they may have been scaled down by the contractor before being sent to VHFA because they cannot take on a larger scale of work due to the lack of savings.

Action considered

VHFA recognizes that a savings analysis is important to ensure customers are actually benefiting from measures they install in their homes. However, out of pocket costs can discourage customers from taking on larger projects or from participating at all. It cannot consider potential future increases in fuel costs and does not put a value on the many non-monetary benefits of weatherization, including increased comfort in the home and concern for the environment.

It also complicates messaging. VHFA cannot promise that most customers using WRAP will have no upfront costs, unlike the Home Energy Loan, or other financing products. The amount that can be

¹⁰ But not necessarily higher amounts of the project financed, if the customer is eligible for larger incentives.

financed is unclear until a customer is fairly deep into the audit process with a contractor. At best, VHFA can suggest that WRAP can reduce or eliminate upfront costs, which does not have the same impact for potential customers.

VHFA has run sample project data through alternative scenarios and has determined that a cash-flow neutral, or break-even scenario, would reduce or eliminate many customers' out of pocket contributions.

In reviewing tariff updates in fall 2024, VHFA proposed moving to a cash-flow neutral model to the Public Service Department (PSD), which has reviewed the program in its role as public interest advocate before the Public Utility Commission. PSD declined to support this change at that time.

PSD suggested that VHFA use its incentives to fill some of the project gaps currently met by customer contributions. VHFA currently offers up to \$1,500 in incentives for WRAP projects, which VHFA has chosen to limit to projects that need incentive funding in order to screen and restricts the incentives households under 120% AMI. To date, only three WRAP projects have received VHFA incentives. Two of these projects still required a customer co-pay after the \$1,500 incentive was applied.

VHFA ultimately decided not to proceed with increased incentives. While WRAP has the budget and the flexibility under the current grant to offer more incentives, VHFA believes that it undermines the sustainability of the program. EVT is currently offering weatherization incentives up to \$9,500, which are temporarily funded. Any future funding source VHFA could access for WRAP financing beyond the grant-funded pilot is unlikely to come with the ability to offer significant incentives. Flooding the market with incentives may achieve temporary results but does not offer a long-term path forward for the program.

One of the goals of WRAP, beyond assisting individual households, was to learn how Vermont can weatherize 120,000 homes by 2030, with on-bill financing as a vital tool. VHFA believes that an on-bill program for weatherization must be able to operate without deep incentives to be used over time and at scale.

Potential market misalignment

WRAP was intended to assist Vermont households who earn above 80% of the area median income (AMI) who are ineligible for free weatherization through WAP services, but who are still likely to be unable to access financing for weatherization projects. Therefore, the program reserves 75% of funding for households under 120% AMI. Households over 120% are permitted to participate while funding is available but are eligible for fewer incentives from VHFA and the EEU's. Of the twelve projects financed to date, five are customers earning over 120% AMI, accounting for roughly 55% of funding. They tend to have larger overall project costs.

WRAP's small sample size makes it difficult to determine whether the on-bill program is more appealing to higher-income customers or if the trend will reverse over time.

Overall, it remains unclear how many moderate income customers would be interested in pursuing WRAP financing, beyond those already served by the Home Energy Loan and self-financing. Despite the program's favorable financing terms and ability to serve households with poor credit history, many moderate income Vermont households are facing significant financial stress and may not have the

capacity or the interest to invest in optional expenses like home weatherization, even if it could save money over the long term.

Anecdotally, when VHFA has received calls from customers who have seen WRAP advertising, many of them have needs that are not well served by the program. These households are sometimes lower income but not aware of the WAP program. Some callers have been previously served by WAP and have additional needs related to window replacement or replacing failing heating systems. Many of these callers are not particularly interested in weatherization work and are only open to a project if it can help address other more immediate needs.

Although VHFA can use limited incentives for health and safety repairs needed to proceed with weatherization, the program is not designed to assist households with complicated home repair challenges or with emergency needs.

Analysis

In reviewing the WRAP program model changes that VHFA can make independently, VHFA feels that relaxing bill payment history requirements is the most impactful change it could make, and there are limited additional steps available within the program scope.

Any other substantial changes to the program design – such as allowing other types of energy lending outside of weatherization or eliminating the cash-flow positive requirement – exceed the scope of the approved WRAP design and would require buy-in from regulators, and potentially a change to the WRAP grant terms.

Other [successful on-bill programs](#) from around the country tend to be operated by utilities, which have a much more direct line to consumers, or can finance a wider range of projects, including equipment-only purchases.

This is not to say that on-bill financing cannot work successfully in Vermont. However, despite significant available incentives and more favorable financing terms than many other on-bill programs, WRAP has thus far failed to be adopted by its target customer base.

Next steps

In 2025, VHFA will focus on increasing awareness of WRAP among potential customers. Although the program has done widespread and sustained traditional advertising (described above), VHFA plans to explore promotion of WRAP through additional resources:

- Other types of online advertising (including Google search and YouTube ads)
- Advertising to reach households with limited online presence (including radio or print)
- More connections with community resource groups and community newsletters, including those serving renters.
- In-person events targeted at homeowners
- Campaigns in coordination with participating utilities

- Refreshed advertising campaigns, including testimonials from previous WRAP participants.
- Explore encouraging contractors to promote WRAP, through awareness, promotional materials, or incentives.

Once the EEU's launch moderate-income heat pump rebates through the DOE Home Energy Rebates Program, VHFA can explore a campaign promoting comprehensive projects combining heat pumps and weatherization, using WRAP financing as gap filler.

VHFA will continue to review the data to understand which customers choose to finance with WRAP. Once a sufficient sample size is available, VHFA could survey participants to better understand their thought processes and where they encountered barriers.