CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION FINANCING AUTHORITY

Informational Item – Report on Updates of GoGreen Home Interest Rate Buydown (IRBD) Campaign to Finance Heat Pump Installation Projects in Low Income/Disadvantaged Communities (LI/DAC)

Board Meeting Date: Tuesday, August 18, 2026

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On September 5, 2024, CAEATFA entered into a $30 million agreement with the CEC to provide Equitable Building Decarbonization Program funding, including $9.9 million for an Interest Rate Buy Down (IRBD) funds to the GoGreen Home Financing Program. The funding source is the Greenhouse Gas Reduction Fund through California Climate Investments administered by the California Air Resources Board (CARB). The Board approved the IRBD campaign in Jan 2025 which was intended to be spent to increase heat pump adoption via low interest rates in historically under-represented areas of the state, but traction has been slower than anticipated due to strict eligibility requirements. Participating lenders and contractors in the GoGreen Program have been hesitant to participate and were avoiding potential poor customer experiences. The Board approval of the initial IRBD program allowed the Executive Director to amend the IRBD parameters, with the agreement of the CEC, to meet market demands that are commercially reasonable to ensure effective implementation.

In July 2026, the CEC and CAEATFA agreed to reduce the total pass-through grant from $30 million to $20 million due to CEC budgetary restrictions. In accordance with this reduction, the IRBD funding was reduced from $9.9 million to $6.3 million.

Additionally, the CEC and GoGreen Program agreed upon a revision to the IRBD parameters which went into effect on July 31, 2026. Two major updates were made to participation requirements: income eligibility will be based on the borrower, rather than household, and annual borrower income must be at or below $150,000. The new parameters are expected to broaden participation statewide as income eligibility criteria has been expanded, more lenders are enabled to participate, and CAEATFA is able to more easily promote the program. CAEATFA and the CEC have agreed to the term sheet shown in Table 1 below:

Table 1: GoGreen Home IRBD Term Sheet	
Amount Available	$6,300,000
Interest Rates	Not to exceed 0% for terms of up to 10 years, or 2% for terms between 10-15 years
Maximum Cost of Project	$30,000
Maximum Payment to Lender	$10,000; not to exceed the amount required to reduce the customer's interest rate to 0% over 10 years or 2% over 15 years
Borrower Eligibility	• Attested income at or below $150,000 • Reside in a Low Income Census Tract or Disadvantaged Community
Measure Eligibility	Must include a heat pump HVAC system or water heater. Can include other measures listed in the CEC IRBD Concept, so long as total project costs financed do not exceed $30,000[1]
Lender Application Process	Participating Lenders submit application to CAEATFA that will outline verification measures for household income and geographic location of the prospective borrowers. Loan processing and enrollment shall proceed according to existing procedures
Payment Calculation	Present value of the amount of interest the customer would have paid under the terms of a standard GGH loan
Payment Disbursement	Once approved, payment will be made directly to lender accounts from EBDP holding account at Trustee Bank

[1] $330,000 in EBDP funding is to be set aside for financing Microloans under $5,000. These projects do not require a heat pump component, and the term is capped at 5 years.