City of Solana Beach

Heat Pump Rebate Program

Program Guidelines

Program Overview

The City of Solana Beach is offering electrification rebates for eligible heat pump appliances. By replacing natural gas appliances with all electric ones, you reduce greenhouse gas emissions and improve indoor air quality. Rebates are available for properties in Solana Beach. Eligible low-income applicants may qualify for additional funding. If a service panel upgrade is required, applicants may qualify for additional funding. Contractors are also eligible to receive rebates for the installation of heat pump systems in Solana Beach. Funding is limited and applications will be accepted on a rolling basis until funding is exhausted.

Program Requirements

- New electric heat pump equipment must replace existing gas equipment (except for new HVAC systems in existing buildings).
- Applicant must be a City of Solana Beach property owner and provide proof of ownership. If you are a renter or business owner, you must be able to provide expressed written approval from the property owner.
- Commercial property owners will be eligible to apply on February 18, 2027.
- Rebates will only be issued for existing buildings; new construction is not eligible for this program.
- Rebates can be applied to equipment and installation labor projects included in a Building Permit submitted on or after the program start date.
- Each applicant is eligible for one rebate per heat pump per address.
- Each contractor is eligible for one incentive per heat pump per address.
- Equipment must be installed by a licensed contractor who holds a City of Solana Beach business certificate and is verified through the Switch is On.
- Equipment must be permanently installed and fixed to the property.
- Rebates will not be distributed until after the Building Permit has passed a final inspection.

Additional Rebates

Additional funding for electric appliances may be found through The Switch is On or QuitCarbon. Applying for additional rebate programs is strongly encouraged for maximum savings.

Rebate Application Steps

1. Work with your contractor to submit a Building Permit.
    a. Projects involving a heat pump system installation must complete a Building Services Permit Application.
    b. Projects involving an electrical panel upgrade must also provide an SDG&E Workorder.
2. Review the heat pump program requirements and details to confirm eligibility. Complete the online rebate application here. The property owner may fill out the application or the contractor may do it on their behalf.
    a. You will be notified via email if your application is approved and your rebate funding has been reserved.
    b. Rebate checks will only be issued to the property owner or a tenant with expressed written approval from the property owner. You will need to submit a Vendor Application and W-9 for the property owner or designated payee - W-9 information must match IRS records.
        i. All rebates over $600 are considered taxable income by the IRS. As such, the City is required to collect W-9's from all participants, so that we can send 1099 Forms with the rebate information at the end of the year. The impact this will have on your specific tax liability depends on your personal situation and we recommend speaking to a tax professional to understand whether and how much your rebate may be taxed.
    c. Contractors are also eligible for an incentive. Contractors will need to submit a separate application (found here), a Vendor Application, W-9, Solana Beach business license, and Switch is On contractor verification.
    d. Income-qualified applicants must verify eligibility by uploading one of the following:
        i. A copy of your utility bill showing participation in the CARE or FERA discounted rate programs; or
        ii. Verification that the unit is deed restricted affordable housing; or
        iii. A copy of your tax returns.

3. Once permits have been issued and after the heat pump appliance has been installed, your contractor must schedule an inspection with the City's Building Services Division.

4. After your project has passed final inspection, submit the following documentation via email to receive the rebate check. Email Diana Jamaleddine at djamaleddine@cityofsolanabeach.ca.gov with the subject line: *Heat Pump Rebate – Final Docs, <insert Last Name>*
    a. Building inspection form
    b. Proof of payment (Paid invoice)
    c. W-9 form
    d. Filled Vendor Application form
    e. Photos of installed equipment including a nameplate photo showing the serial number, model number, and manufacture date
    f. Income verification form (if eligible)
5. Receive your rebate check
    a. The City will issue the rebate check to your designated payee.
    b. Please allow 2-6 weeks for your rebate check to be issued.
    c. Payee will receive a Form 1099-MISC.

Rebate Requirements and Amounts

Heat Pump Water Heater (HPWH)

Requirements:

- Must replace existing gas water heater (includes tankless or demand-type)
- Must be ENERGY STAR qualified
- Must meet NEEA Tier 3 Advanced Water Heater Specification or higher
- Must have a Uniform Energy Factor (UEF) of 3.0 or higher

Heat Pump HVAC System

Requirements:

- Appliance must be installed at a property without an existing HVAC system OR replace an existing gas, propane, oil, or wood stove heater/furnace. The previous appliance, if applicable, must be removed (cannot be inactive)
- For split systems, the condenser (outdoor unit) and air handler (indoor unit) must be new and installed simultaneously
- Compressor must be multi- or variable-speed compressors
    - Must be certified by the Air Conditioning, Heating, and Refrigeration Institute (AHRI)
    - Must be Energy Star Certified
- Note: equipment must show the "Compressor Staging" as two-stage or continuous to meet multi- or variable- speed compressor requirement.

Service Panel Upgrades

Requirements:

- Only eligible when installing another rebate-eligible appliance.
- Electrical service equipment shall be installed in accordance with the manufacturer's installation instructions, the current California Electrical Code, Article 230, and SDG&E rules and regulations.
- Must replace the home's main electrical service panel.
- Must include capacity in the panel to accommodate future electrification of the property including all appliances and an EV charger.

<u>Existing HPWH Rebate</u>

Note: Heat pump water heaters are generally $1,500 – 4,000

Equipment	Standard Rebate	Income Qualified Rebate
Heat Pump Water Heater	$500	$1,000
Service Panel Upgrades	+$500 (would have to apply to main panel and include capacity to accommodate future electrification)	

New Heat Pump HVAC Rebate

Heat Pump System		Standard Rebate	Income Qualified (+$500)
Geothermal		$1,500	$2,000
Ducted (Examples include: Packaged Thermal Unit, Standard HVAC, Mini-Split)		$1,500	$2,000
Ductless (Examples include: Mini-Split)	3-4 zones	$1,500	$2,000
	1-2 zones	$1,000	$1,500

Learn more (link): *Which heat pump is right for my home?*

Contractor Incentive

Incentive = $500/heat pump installation per address

Requirements:

- Contractors must have an active Solana Beach business license
- Verified contractor listed on the Switch is On
- One rebate per address

Rebate Program Terms & Conditions

Property owners must meet and agree to the following terms and conditions to be eligible to receive a rebate:

- Rebates are distributed on a first come, first serve basis until all funds are expended.
- Rebates are only available for the types of heat pump appliances listed above, and all electrical panel upgrades must be required for the installation of an eligible appliance.
- Income qualified applicants participating in the Heat Pump Rebate Program are eligible for a bonus rebate.
- To be eligible for the rebate, applicant must be a City of Solana Beach property owner. Commercial property owners will be eligible to apply on February 18, 2027.
- Applicant must provide proof of property ownership, equipment receipt or paid invoice, installation receipt or paid contractor invoice with contractor's license number, photos of installed equipment, and documentation of approved final

inspection. Product must be new, and installation must be issued a Building Permit by the City of Solana Beach.

- Limit of one rebate per heat pump appliance type per address. Rebates are issued as checks.

Questions

For more information or questions, please contact Diana Jamaleddine, Sustainability Management Assistant at djamaleddine@cityofsolanabeach.ca.gov or (858)720-2466.