Buildings and the IRA:

The New Incentives for Going Green

VB Parks + Recreation | LEED Certified | Photo: Yuzhu Zheng Photography

River Point | LEED Gold | Photo: Ray Cavacchio

Southwest Library | LEED Platinum | Photo: ©James Steinkamp Photography

$370B

$800B

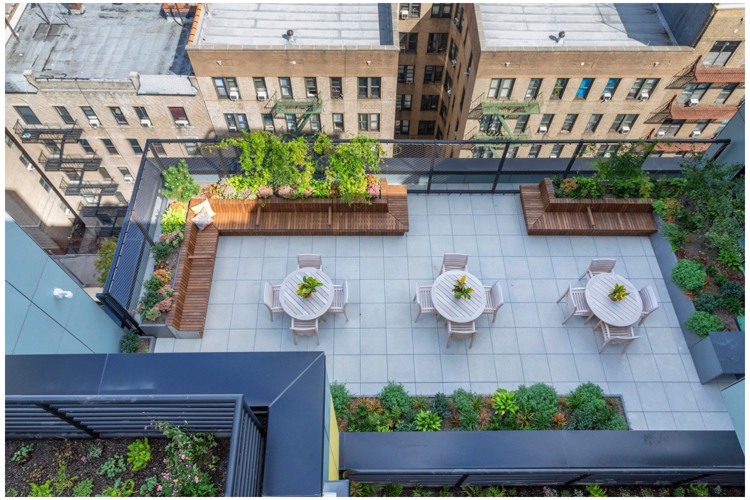
Largest climate investment in history

Estimated to reduce U.S. greenhouse gas emissions (GHG) by 40% by 2030 vs. 2005 baseline.

*Note: The information contained in this slide deck is provided as general guidance and does not constitute tax or legal advice, nor should it be relied on exclusively in determining IRA program eligibility.

Inflation Reduction Act + Green Buildings






Top Left: VB Parks + Recreation | LEED Certified | Photo: Yuzhu Zheng Photography, Bottom Left: Clarke Place | LEED Platinum | Photo: © David Sundberg for Esto,
Top Right: Southwest Library | LEED Platinum | Photo: ©James Steinkamp Photography, Bottom Right: Orenda at Othello Square | LEED Gold | Photo: Weber Thompson

- **Incentives for on-site renewables, energy storage, microgrids, EV charging, etc.**
- **Incentives & rebates for efficiency upgrades to new & existing commercial buildings, homes, multifamily, public buildings**
- **Grants for climate mitigation, environmental justice, coastal resilience, etc.**
- **Federal green building upgrades, technology**
- **Grants for affordable housing upgrades and building energy codes**
- **Funding for EPDs, procurement of low-carbon materials**

Primary IRA Buildings-Related Tax Incentives

- **Sec. 45L New Energy Efficient Homes Credit (IRA Sec. 13304):** Expanded homebuilder tax credit for new home construction, including multifamily, through 2032.

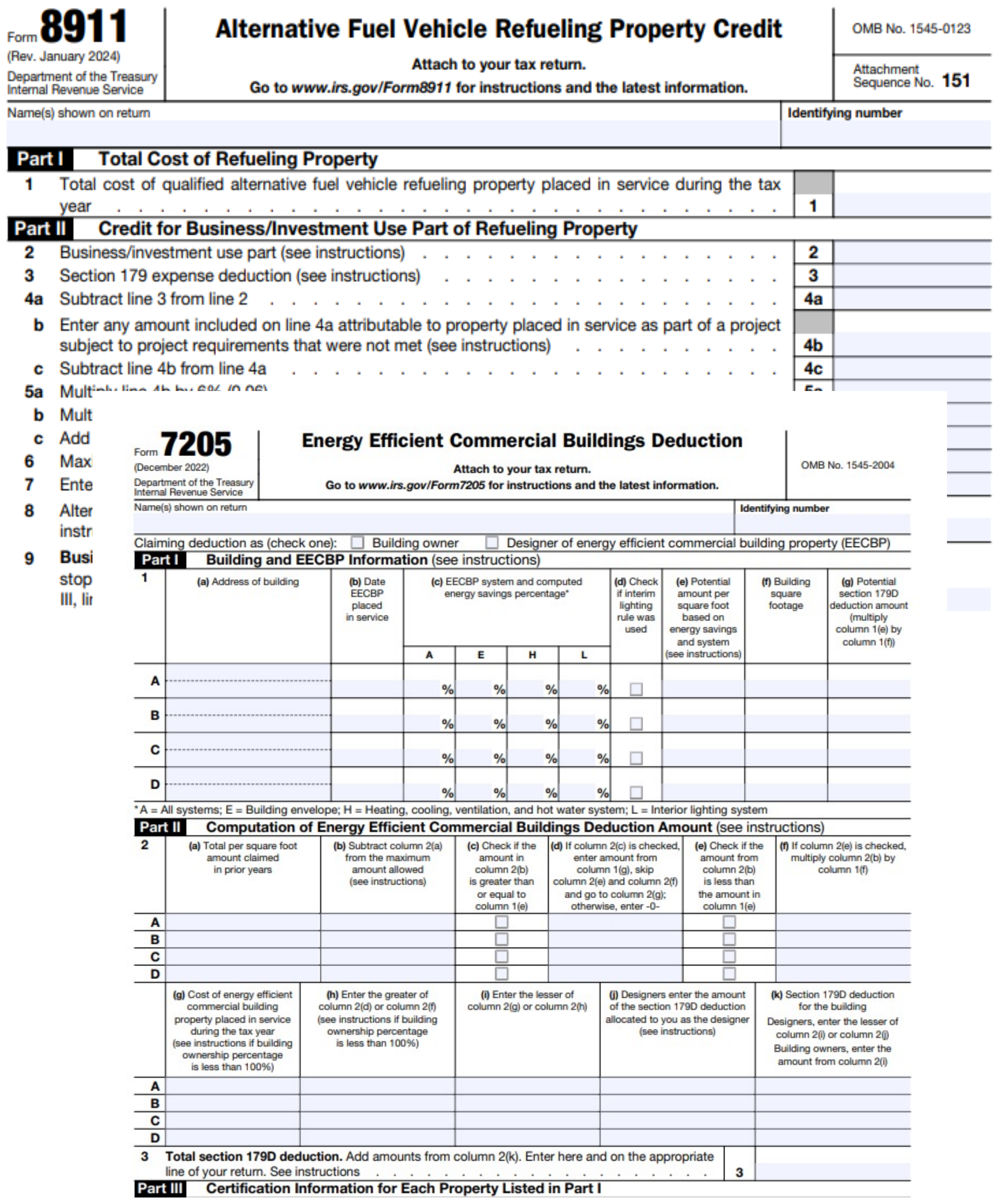
- **Sec. 48 Clean Electricity Investment Tax Credit (IRA Secs. 13102 & 13702):** Expanded ITC for clean energy investments such as rooftop solar, geothermal, CHP and storage extended for at least 10 years.

- **Sec. 30C Alternative Fuel Vehicle Refueling Property Credit (IRA Sec. 13404):** Expanded tax credit for EV charging systems and other alternative fuel vehicle infrastructure through 2032.

- **Sec. 179D Tax Deduction for Energy Efficient Commercial Buildings (IRA Sec. 13303):** Expanded tax deduction for commercial building efficiency improvements

Key Resources:

- **USGBC Buildings Related IRA Slide Deck**
- **Treasury Department IRA Landing Page**
    - **More Detailed Treasury IRA Guidance**


Form 8911 (Rev. January 2024) Department of the Treasury Internal Revenue Service
Alternative Fuel Vehicle Refueling Property Credit
Attach to your tax return.
Go to www.irs.gov/Form8911 for instructions and the latest information.
OMB No. 1545-0123
Attachment Sequence No. 151
Name(s) shown on return | Identifying number
Part I Total Cost of Refueling Property
1 Total cost of qualified alternative fuel vehicle refueling property placed in service during the tax year . . . 1
Part II Credit for Business/Investment Use Part of Refueling Property
2 Business/investment use part (see instructions) . . . 2
3 Section 179 expense deduction (see instructions) . . . 3
4a Subtract line 3 from line 2 . . . 4a
b Enter any amount included on line 4a attributable to property placed in service as part of a project subject to project requirements that were not met (see instructions) . . . 4b
c Subtract line 4b from line 4a . . . 4c

Form 7205 (December 2022) Department of the Treasury Internal Revenue Service
Energy Efficient Commercial Buildings Deduction
Attach to your tax return.
Go to www.irs.gov/Form7205 for instructions and the latest information.
OMB No. 1545-2004
Name(s) shown on return | Identifying number
Claiming deduction as (check one): Building owner / Designer of energy efficient commercial building property (EECBP)
Part I Building and EECBP Information (see instructions)
1 (a) Address of building (b) Date EECBP placed in service (c) EECBP system and computed energy savings percentage* A E H L (d) Check if interim lighting rule was used (e) Potential amount per square foot based on energy savings and system (see instructions) (f) Building square footage (g) Potential section 179D deduction amount (multiply column 1(e) by column 1(f))
*A = All systems; E = Building envelope; H = Heating, cooling, ventilation, and hot water system; L = Interior lighting system
Part II Computation of Energy Efficient Commercial Buildings Deduction Amount (see instructions)
2 (a) Total per square foot amount claimed in prior years (b) Subtract column 2(a) from the maximum amount allowed (see instructions) (c) Check if the amount in column 2(b) is greater than or equal to column 1(e) (d) If column 2(c) is checked, enter amount from column 1(g), skip column 2(e) and column 2(f) and go to column 2(g); otherwise, enter -0- (e) Check if the amount from column 2(b) is less than the amount in column 1(e) (f) If column 2(e) is checked, multiply column 2(b) by column 1(f)
(g) Cost of energy efficient commercial building property placed in service during the tax year (see instructions if building ownership percentage is less than 100%) (h) Enter the greater of column 2(d) or column 2(f) (see instructions if building ownership percentage is less than 100%) (i) Enter the lesser of column 2(g) or column 2(h) (j) Designers enter the amount of the section 179D deduction allocated to you as the designer (see instructions) (k) Section 179D deduction for the building Designers, enter the lesser of column 2(i) or column 2(j) Building owners, enter the amount from column 2(i)
3 Total section 179D deduction. Add amounts from column 2(k). Enter here and on the appropriate line of your return. See instructions . . . 3
Part III Certification Information for Each Property Listed in Part I

Sec. 45L New Energy Efficient Homes Credit (IRA Sec. 13304)

Expanded Sec. 45L homebuilder tax credit for new home construction or substantial renovation through 2032, including multifamily projects:

Certification	Tax Credit Amount Per Unit
ENERGY STAR	$2,500
Department of Energy Zero Energy Ready Homes	$5,000

- Previously limited to multifamily buildings three stories or less, updates make it accessible to all multifamily at $2,500/$5,000 per unit.
- Agencies have released detailed guidance, including on which versions of ENERGY STAR and DOE Zero Energy Ready Homes programs apply when.
- Prevailing wage provisions apply only to multifamily projects, with reduced credit of $500/$1,000 if not meeting them. No apprenticeship requirement.
- Credit taken by contractor in tax year home is acquired (i.e. sold or leased).
- Does not include direct pay or transfer provisions. But the IRA made the credit available for use with Low-Income Housing Tax Credit (LIHTC) projects without reducing LIHTC basis, increasing its value for affordable housing.

Brightview Senior Living | LEED Gold | © Hord Coplan Macht

Sec. 48 Clean Electricity Investment Tax Credit (IRA Secs. 13102 & 13702)

Expanded through at least 2032 for clean energy investments such as rooftop solar, ground-source heat pumps and storage.

- For most projects, credit of 30% of investment if wage and apprenticeship provisions are met, dropped to 6% if not met. Projects smaller than 1MW not required to meet wage and apprenticeship provisions.

- Bonus credits available for meeting several criteria - maximum of 70% tax credit if all criteria met:
  - Additional 10% for meeting domestic content provisions.
  - Additional 10% if project is in a designated "energy community" such as census tract with shuttered coal operations or brownfield.
  - Additional 10% to 20% for qualified solar and wind projects serving low-income communities. (Limited allocation for this bonus credit.)

- New options for "direct pay" - also called "elective pay" - for government and nonprofit entities to use credit even without tax liability.

- Tax credit is taken the year equipment is placed in service.

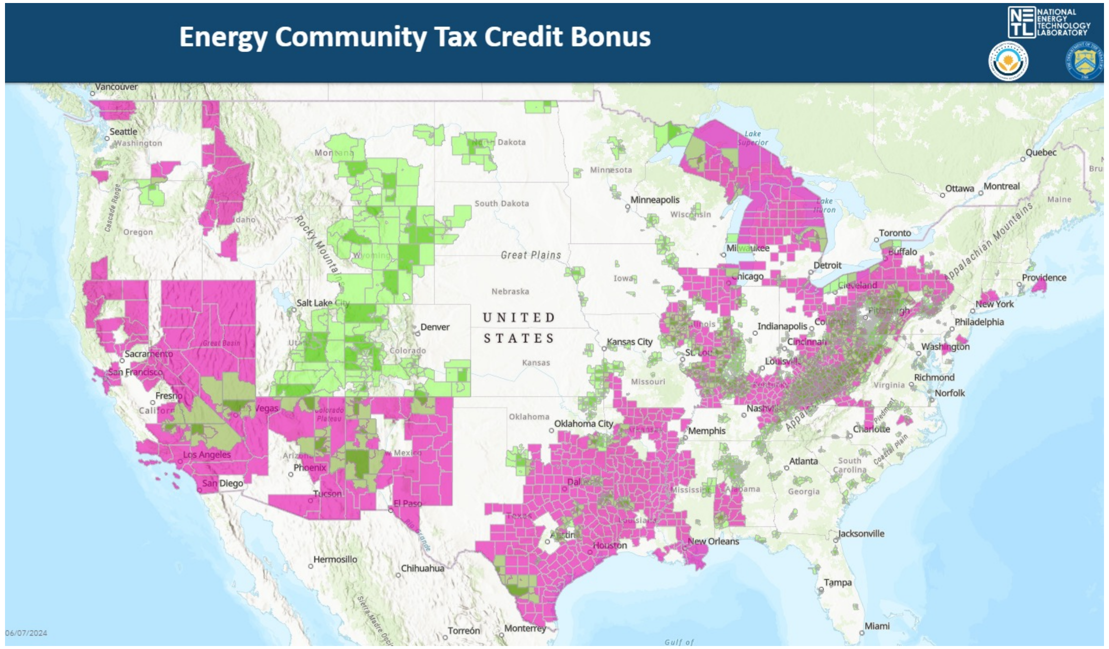
- In 2025, ITC converts to tech-neutral structure (Sec. 48E) open to other technologies deemed zero emission. Work to define eligible technologies pending. Initial guidance here.

Market One – Des Moines, Iowa | LEED Platinum | Photos: © Jared Heidemann

Bonus Credits for Sec. 48 Investment Tax Credit

10% Energy Community Bonus - Projects must be in designated “energy community” meeting one of the following criteria. See map for eligible tracts, which will change over time:

- Community with significant energy-related workforce/economy and above-average unemployment rate, or
- Census tract in which a coal mine has closed after 1999 or coal-fired utility plant closed after 2009, or
- Brownfield site



10% Domestic Content Bonus – Projects must meet domestic content requirements for project materials:

- 100% domestic content steel and iron
- Phased-in percentage of “manufactured products” as follows:
  - 40% for projects beginning construction in 2024
  - 45% for projects beginning construction in 2025
  - 50% for projects beginning construction 2026
  - 55% for projects beginning construction in 2027 or later

10%-20% Low-Income Bonus – Limited allocation of credits to be distributed on a competitive application basis annually. Only for wind and solar projects in communities meeting income/location criteria.

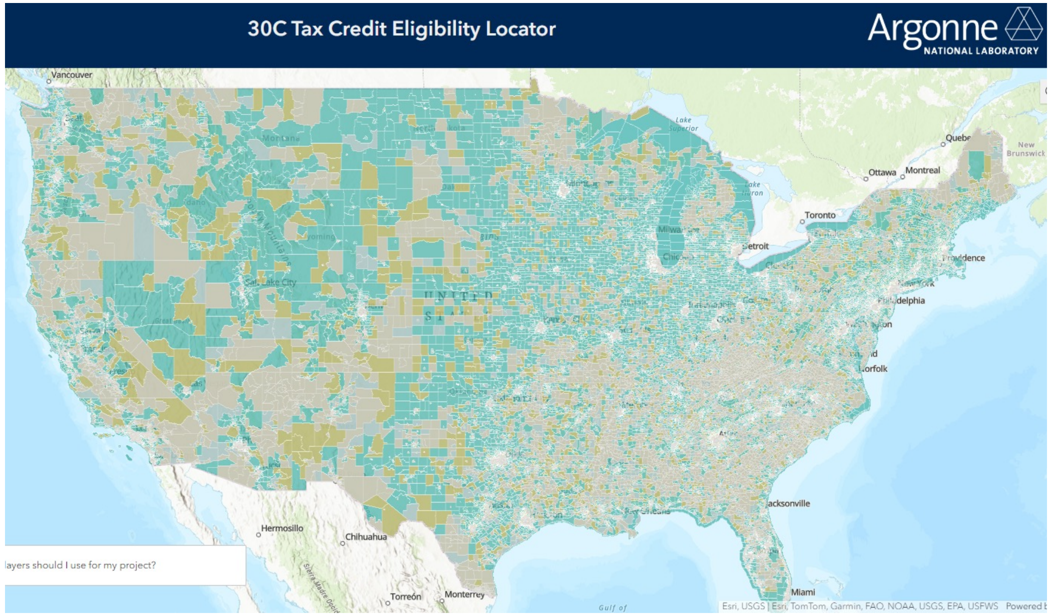
LOW-INCOME COMMUNITIES BONUS CREDIT PROGRAM 2024 CAPACITY LIMITATION

ELIGIBILITY DESCRIPTION	CATEGORY OR SUB-RESERVATION	TOTAL 2024 CAPACITY AVAILABLE INCLUDING 2023 ROLLOVER (IN MEGAWATTS)
Category 1: Located in a Low-Income Community 800 megawatts to facilities located in low-income communities	• **1a:** Eligible Residential Behind-the-Meter (BTM) • **1b:** Eligible Residential Behind-the-Meter (BTM) – Additional Selection Criteria • **1c:** Other Facilities • **1d:** Other Facilities – Additional Selection Criteria	• 250 • 250 • 100 • 200
Category 2: Located on Indian Land 200 megawatts to facilities located on Indian lands	• **2a:** Located on Indian Land • **2b:** Located on Indian Land – Additional Selection Criteria	• 100 • 100
Category 3: Qualified Low-Income Residential Building Project 224.8 megawatts to facilities that are part of federally-subsidized residential buildings	• **3a:** Qualified Low-Income Residential Building Project • **3b:** Qualified Low-Income Residential Building Project – Additional Selection Criteria	• 100 • 124.8
Category 4: Qualified Low-Income Economic Benefit Project 900 megawatts to facilities where at least 50 percent of the financial benefits of the electricity produced go to households with incomes below 200 percent of the poverty line or below 80 percent of area median gross income	• **4a:** Low-Income Economic Benefit Project • **4b:** Low-Income Economic Benefit Project – Additional Selection Criteria	• 400 • 500
TOTAL		• 2124.8

Sec. 30C Alternative Fuel Vehicle Refueling Property Credit (IRA Sec. 13404)

Expanded Sec. 30C tax credit for EV charging systems and other alternative fuel vehicle infrastructure through 2032:

- Credit of 30% of expenses, with maximum credit of $100,000 per charging/fueling unit on commercial properties, including retail, office, etc. (Past cap was $30,000 per property.)
- **Starting in 2024, eligible properties must be in defined rural or low-income census tracts.** See map here for eligible tracts, which will change over time.
- Must meet prevailing wage and apprenticeship program requirements or credit is reduced to 6%.
- Includes "direct pay" and transfer provisions.
- Credit taken in year property placed in service (i.e. made operational)
- Awaiting guidance on specific charging unit investments that qualify (i.e. electrical upgrades or wiring shared across units).



City of Coral Gables | LEED Gold | Photo: © City of Coral Gables

Sec. 179D Tax Deduction for Energy Efficient Commercial Buildings (IRA Sec. 13303)

Expanded tax deduction for commercial building efficiency improvements:

- Increases deduction from $1.80/square foot to sliding scale of $2.50-$5.00.
- Projects must achieve 25%-50% better performance than model commercial building energy code (ASHRAE 90.1) or demonstrate 25%-50% improvement in energy use intensity.
- Receiving full credit requires meeting prevailing wage and apprenticeship provisions. Deduction drops to $0.50-$1.00 if not met.
- Creates new pathway for nonprofit entities to access deduction by allocating it to project designer (as government entities have been able to do).
- IRS released new Form 7205 for claiming 179D. Awaiting guidance on filing.
- Unlike other incentives, 179D is permanent, and adjusts annually for inflation.

Southwest Library | Washington, D.C. | LEED Platinum
Photo: ©James Steinkamp Photography

Performance Pathways for Sec. 179D Tax Deduction for Energy Efficient Commercial Buildings

Existing Buildings: Must show 25%-50% improvement over pre-project baseline energy use intensity (EUI) to receive $2.50-$5.00 per square foot deduction (sliding scale).

25% EUI Sliding Scale 50% EUI

$2.50/sf $5.00/sf

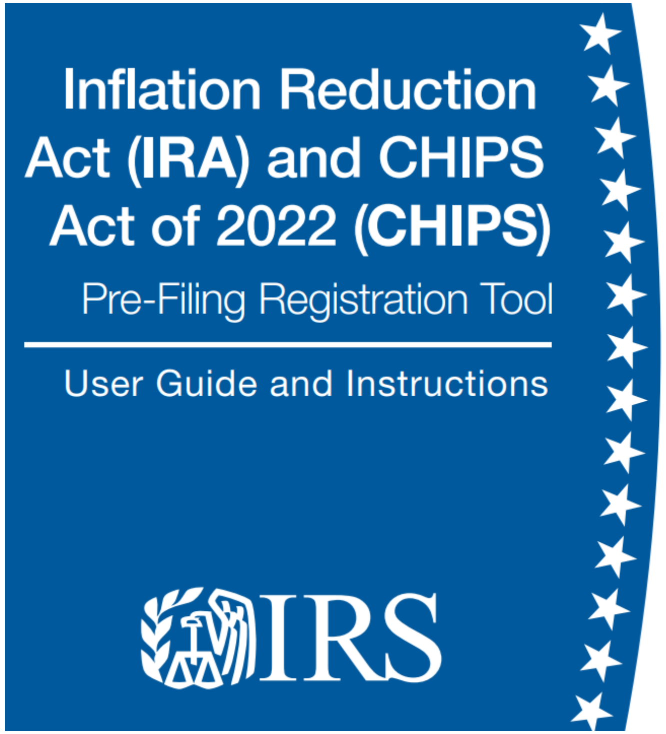
New Construction or Existing Buildings: Must show 25%-50% improvement over model commercial building energy code (ASHRAE 90.1) to receive sliding scale deduction of $2.50-$5.00 per square foot. Applicable ASHRAE 90.1 version updates as follows:

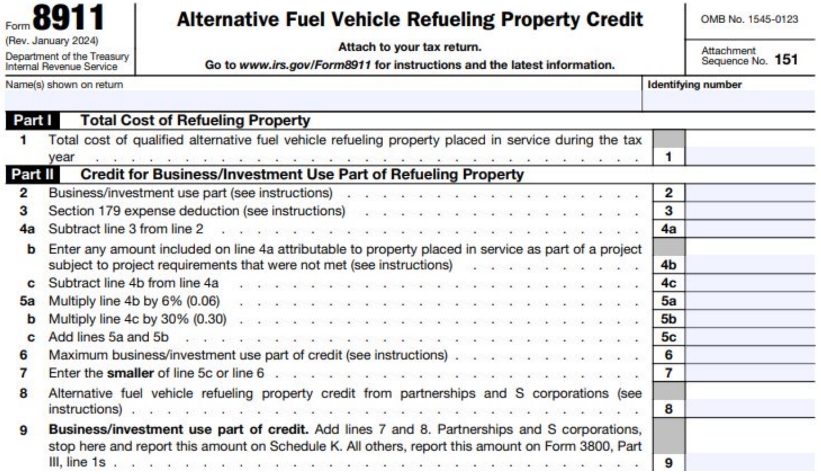
Year Project Placed in Service	*Performance Requirement*
From 2023-2026	25%-50% > ASHRAE 90.1-2007
From 2027-2028	25%-50% > ASHRAE 90.1-2019
From 2029 until TBD	25%-50% > ASHRAE 90.1-2022

Direct Pay for Public and Nonprofit Entities

- "Direct pay" - also called "elective pay" - allows government and nonprofit entities (schools, universities, nonprofits, municipalities, state governments, etc.) to take tax credits even without tax liability.
  - Also streamlined transferability for private entities to sell credits.
- Applies to 12 IRA tax incentives, including the Sec. 48 Investment Tax Credit and the Sec. 30C Refueling Property credit.
- ***Starting in 2024, direct pay for the Sec. 48 ITC is phased down for projects larger than 1MW that don't meet domestic content provisions,*** as follows:
  - 90% of credit in 2024 if not meeting domestic content
  - 85% of credit in 2025 if not meeting domestic content
  - 0% in 2026 and beyond if not meeting domestic content

  Note – There are exemptions if meeting domestic content is either not available or increases project costs by 25% or more.
- IRS recently opened a registration portal where filers can set up their accounts – the first step to claiming direct pay and credit transfer.
- Tax credit taken for tax year project is placed into service.





Form **8911** (Rev. January 2024) Department of the Treasury Internal Revenue Service

Alternative Fuel Vehicle Refueling Property Credit

Attach to your tax return.

Go to *www.irs.gov/Form8911* for instructions and the latest information.

OMB No. 1545-0123

Attachment Sequence No. **151**

Name(s) shown on return	Identifying number

Part I Total Cost of Refueling Property

1	Total cost of qualified alternative fuel vehicle refueling property placed in service during the tax year	1	

Part II Credit for Business/Investment Use Part of Refueling Property

2	Business/investment use part (see instructions)	2	
3	Section 179 expense deduction (see instructions)	3	
4a	Subtract line 3 from line 2	4a	
b	Enter any amount included on line 4a attributable to property placed in service as part of a project subject to project requirements that were not met (see instructions)	4b	
c	Subtract line 4b from line 4a	4c	
5a	Multiply line 4b by 6% (0.06)	5a	
b	Multiply line 4c by 30% (0.30)	5b	
c	Add lines 5a and 5b	5c	
6	Maximum business/investment use part of credit (see instructions)	6	
7	Enter the **smaller** of line 5c or line 6	7	
8	Alternative fuel vehicle refueling property credit from partnerships and S corporations (see instructions)	8	
9	**Business/investment use part of credit.** Add lines 7 and 8. Partnerships and S corporations, stop here and report this amount on Schedule K. All others, report this amount on Form 3800, Part III, line 1s	9	

Inflation Reduction Act Prevailing Wage Provisions

IRS Guidance, Department of Labor Website

The Department of Labor defines prevailing wage as “the average wage paid to similarly employed workers in a specific occupation in the area of intended employment.”

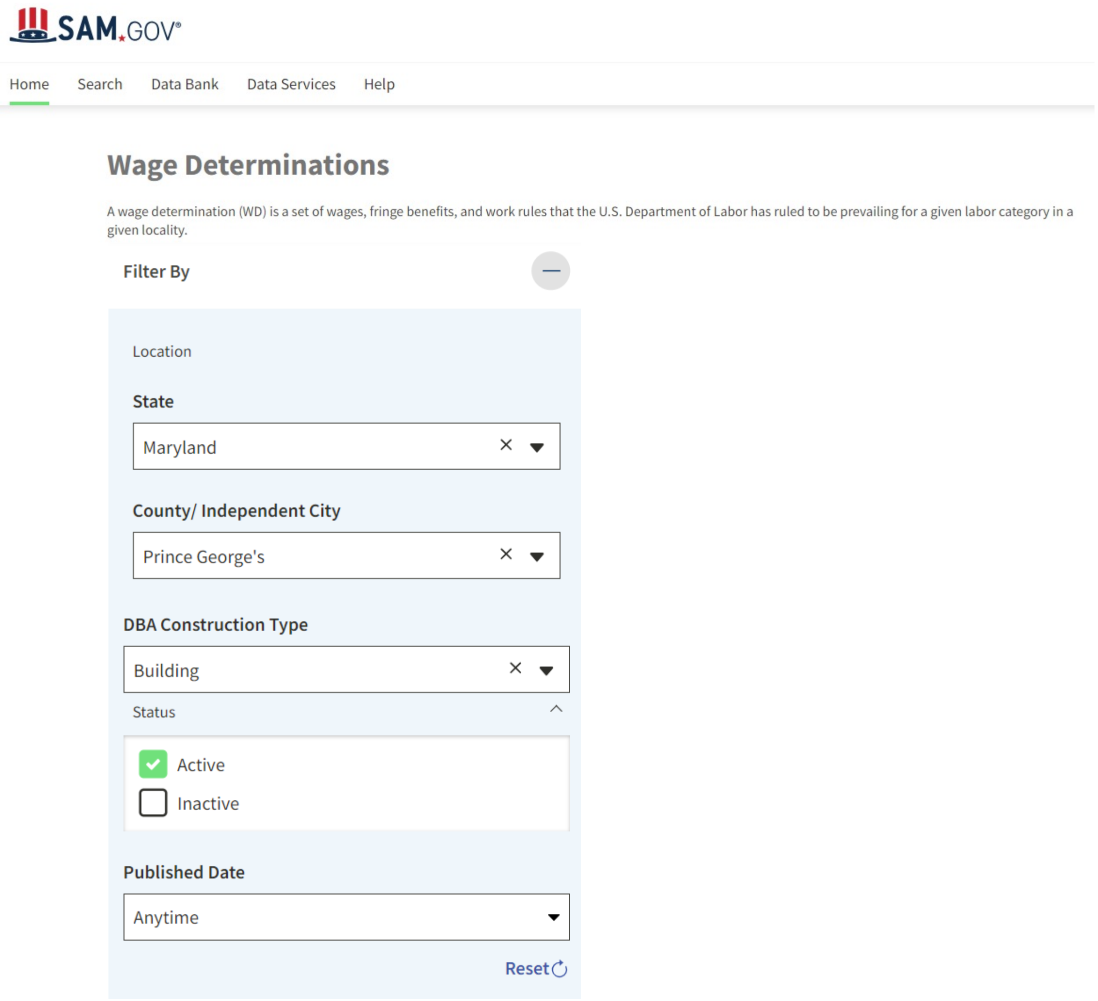
To meet the prevailing wage requirements under the IRA, “the taxpayer shall ensure that any laborers and mechanics employed by the taxpayer or any contractor or subcontractor in—(i) the construction of such facility, and (ii) with respect to any taxable year, for any portion of such taxable year that is within [the 10-year period beginning on the date the qualified facility is originally placed in service], the alteration or repair of such facility, shall be paid wages at rates not less than the prevailing rates for construction, alteration, or repair of a similar character in the locality in which such facility is located.”

Note: Repair work generally refers to improvements to a facility. It does not include routine or recurring maintenance. For more information, see Department of Labor’s FAQ.

Inflation Reduction Act Prevailing Wage Provisions

Online Wage Library

Use the Online Wage Library search tool at SAM.gov to find prevailing wage rates for labor categories in your area:

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                                    Rates          Fringes

LABORER (Pipelayer).............$ 23.24           22.10
----------------------------------------------------------------
 LABO0710-001 04/01/2022

                                    Rates          Fringes

LABORER (Mason Tender - Brick)...$ 21.06           6.06
----------------------------------------------------------------
 PAIN0051-002 06/01/2023

                                    Rates          Fringes

GLAZIER.........................$ 34.76           13.85
----------------------------------------------------------------
 PAIN0051-003 06/01/2023

                                    Rates          Fringes

DRYWALL FINISHER/TAPER..........$ 27.46           11.56
----------------------------------------------------------------
 PLUM0005-002 08/01/2023

                                    Rates          Fringes

PLUMBER.........................$ 49.00           22.21
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Inflation Reduction Act Apprenticeship Provisions

IRS Guidance

To meet the apprenticeship requirements taxpayers shall ensure that, with respect to the construction of any qualified facility, not less than the applicable percentage of the total labor hours of the construction, alteration, or repair work (including such work performed by any contractor or subcontractor) with respect to such facility shall, subject to § 45(b)(8)(B), be performed by qualified apprentices:

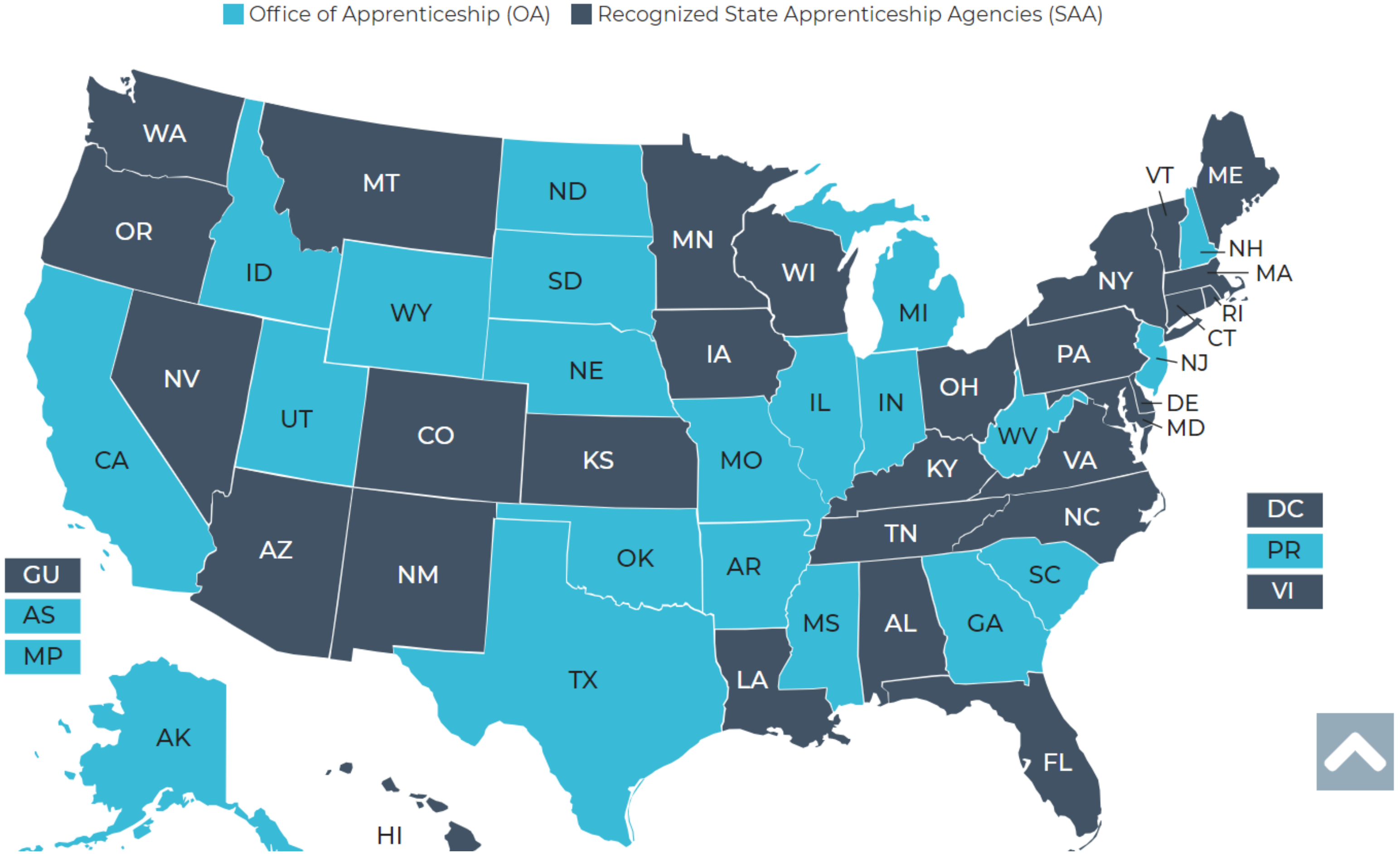
i. in the case of a qualified facility the construction of which begins before January 1, 2023, 10 percent,
ii. in the case of a qualified facility the construction of which begins after December 31, 2022, and before January 1, 2024, 12.5 percent, and
iii. in the case of a qualified facility the construction of which begins after December 31, 2023, 15 percent.

Inflation Reduction Act Registered Apprenticeships

Apprenticeship USA

Use the Apprenticeship USA website for resources on finding registered apprentices in your state:

Map of OA and SAA States



Department of Energy (DOE) Home Energy Rebates (IRA Sec. 50121 & 50122)

- $8.8 billion in funding for Home Energy Rebates, comprised of two programs:
    - $4.3B Home Efficiency Rebates
    - $4.5B Home Electrification & Appliance Rebates
- Emphasis on serving low- and moderate-income households.
- State Energy Offices are responsible for setting up programs. See state-by-state funding allocations here.
- DOE released detailed guidance for states in July 2023. States have until August 2024 to accept or decline the funds, and until January 2025 to submit a full application. Find out where your state is in the application process using this tracker.

River Point | LEED Gold | Photo credit: © Ray Cavacchio

Photo credit: © David Sundberg for Esto.

Home Efficiency Rebates (IRA Sec. 50121)

- $4.3 billion in funding for Home Efficiency Rebates for energy-saving projects in existing homes and multifamily buildings.
  - Rebates typically range from $2,000-$8,000 for individual household or multifamily unit, depending on energy savings and income thresholds met.
  - Available to households of any income, but households below 80% of Area Median Income are eligible for higher cost share. A multifamily building qualifies for higher cost share when at least 50% of households meet the income threshold.

- States can choose a Modeled Energy Savings and/or Measured Energy Savings program approach (note, in July 2024 DOE released new guidance on modeled savings for multifamily buildings):

Multifamily		
Modeled Energy Savings	**Income Level**	**Rebate Amount**
20%-34%	A building with at least 50% of households with incomes less than 80% AMI*	Lesser of $4,000 per dwelling unit or 80% of project cost
	A building with at least 50% of households with incomes 80% AMI and greater	$2,000 per dwelling unit up to $200,000 per building
35% or greater	A building with at least 50% of households with incomes less than 80% AMI *	Lesser of $8,000 per dwelling unit or 80% of project cost
	A building with at least 50% of households with incomes 80% AMI and greater	$4,000 per dwelling unit up to $400,000 per building

Multifamily		
Measured Energy Savings	**Income Level**	**Rebate Amount**
15% or greater	A building with at least 50% of households with incomes less than 80% AMI	kWh, or kWh equivalent, payment rate equal to $4,000 for a 20% reduction of energy use per dwelling for the average multifamily building in the State or 80% of project cost*†
	A building with at least 50% of households with incomes 80% AMI and greater	kWh, or kWh equivalent, payment rate equal to $2,000 for a 20% reduction of energy use per dwelling for the average multifamily building in the State or 50% of project cost

Source: Department of Energy

Home Electrification & Appliance Rebates (IRA Sec. 50122)

- $4.5 billion in funding for Home Electrification and Appliance Rebates for specific high-efficiency electric home appliances and equipment provided at point of sale and/or as part of invoice.
  - Exclusively for low- and moderate-income households below 150% of AMI (including for owners of qualifying multifamily projects where at least 50% of residents must meet the income qualification threshold).
  - Covers 50% of expenses for incomes 80%-150% of AMI and 100% for incomes below 80% of AMI.

- States have option of making rebates available for new construction as well as existing building retrofits.

Product Type	Rebate Amount
ENERGY STAR electric heat pump for space heating & cooling	Up to $8,000
Electric load service center	Up to $4,000
Electric wiring	Up to $2,500
ENERGY STAR electric heat pump water heater	Up to $1,750
Insulation, air sealing, and ventilation	Up to $1,600
ENERGY STAR electric heat pump clothes dryer, ENERGY STAR electric stove, cooktop, range, or oven	Up to $840
Total Potential Rebate Per Household/Multifamily Unit	**Up to $14,000**

Greenhouse Gas Reduction Fund (IRA Sec. 60103)

$27B in IRA funding to seed a national network of nonprofit financial institutions financing tens of thousands of clean energy and energy efficiency projects and create residential solar programs, with an emphasis on low-income and disadvantaged communities. Buildings projects are a priority area of investment in first two programs below, with a wide array of eligible projects from single-family residential improvements to commercial new construction and renovation.

$14B National Clean Investment Fund

Funding awarded to three large national nonprofit financial institutions focused on scaling access to capital to execute clean technology projects nationwide.

$6B Clean Communities Investment Accelerator

Funding awarded to five “hub” nonprofit financial institutions to provide funding and technical assistance to local green banks, credit unions, CDFIs and other community lenders working in low-income and disadvantaged communities.

$7B Solar for All

Funding awarded to about 60 entities to invest in residential rooftop solar and community solar, with energy efficiency qualifying as an enabling upgrade.

Greenhouse Gas Reduction Fund (IRA Sec. 60103)

Net-zero emissions buildings are cited as one of three priority funding areas for the $14B National Clean Investment Fund and $6B Clean Communities Investment Accelerator:

“Net-Zero Emissions Buildings: Projects, activities, and technologies that either (1) retrofit an existing building, making a substantial contribution to that building being a net-zero emissions building and as part of a plan for that building achieving zero-over-time, or (2) construct a new net-zero emissions building in a low-income and disadvantaged community.”

Project examples include grid-interactive appliance electrification in affordable multifamily housing alongside energy efficiency, indoor air quality improvements, and solar; school building space and water heating grid-interactive electrification and energy efficiency; replacement of backup diesel generators with battery storage, including paired with distributed power generation; and community facility retrofits with on-site solar, storage, and charging infrastructure.

Greenhouse Gas Reduction Fund (IRA Sec. 60103) – Selected Applicants

In April 2024, EPA announced 8 selections totaling $20B under the GGRF National Clean Investment Fund (NCIF) and Clean Communities Investment Accelerator (CCIA) competitions:

NCIF:

1. Climate United Fund - $6.97B award → *67% targeted for buildings*
2. Coalition for Green Capital - $5B award → *34%+ for buildings (esp. commercial)*
3. Power Forward Communities - $2B award → *78% for buildings (esp. residential)*

CCIA:

1. Opportunity Finance Network - $2.29B award → *50% targeted for buildings*
2. Inclusiv - $1.87B award → *targeting 1.6M buildings retrofits*
3. Justice Climate Fund - $940M → *450K+ buildings projects*
4. Appalachian Community Capital - $500M → *60% for buildings*
5. Native CDFI Network - $400M → *100K+ buildings projects (primarily residential)*

Timeline: EPA targeting July 2024 for finalized agreements with the awardees, with program execution beginning shortly thereafter.

**Note, buildings targets are from applicant narrative proposals and are subject to change in the final workplans.*


Riverside North District | LEED Gold | Photo: © Cesar Rubio

Affordable Housing – HUD Green & Resilient Retrofit Program (IRA Sec. 30002)

Funding opportunities are open for nearly $1B in grants and up to $4B in loan authority through HUD's new Green & Resilient Retrofit Program for sustainability and resilience improvements to HUD-supported multifamily affordable housing. Eligible projects include energy or water efficiency; indoor air quality or sustainability; climate resilience; and low-emission technologies, materials, or processes such as zero-emission electricity generation, energy storage, or building electrification.

Three funding buckets:

- Elements: Up to $750,000 per property or $40,000 per unit for specific resilience or efficiency strategies, such as installing heat pumps, with $140 million in total funding.

- Leading Edge: Up to $10 million per property or $60,000 per unit for completing a multifaceted renovation that earns an ambitious green building certification such as LEED Zero, with $400 million in total funding.

- Comprehensive: Up to $20 million per property or $80,000 per unit for deep utility retrofits and climate resilience upgrades.

Includes $42.5M for energy and water benchmarking activities.

The final application deadline under GRRP is July 31, 2024. So far, HUD has announced eight rounds of awards across the three funding buckets, with four award announcements remaining. More information here.

San Francisco International Airport | LEED Platinum
Photo credit: © San Francisco International Airport

GHG Planning and Implementation Grants (IRA Sec. 60114)

$5B in Climate Pollution Reduction Grants to states, municipalities and other public entities to develop plans for addressing GHG pollution.

- $250M for planning grants, with one $3M grant for each participating state to develop plans to reduce GHG, along with smaller grants to the largest 67 metropolitan areas and to tribal governments. See list of state and local entities who have opted in to participate.
- EPA strongly encouraging and, in some cases, requiring regional collaboration. Also encouraging governments to incorporate strategies for taking advantage of other IRA and IIJA programs.
- In July, EPA announced 25 awardees for **$4.3B in competitive CPRG implementation grants**. $1.06B will go to buildings sector projects including efficiency measures in approximately 50 million square feet of commercial buildings, 700,000 residences, and 250 public buildings.

Information about eligible entities, activities and other information here.

Photo: qingwa

Federal Buildings Funding

GSA Emerging Technologies (IRA Sec. 60504)
$975M to GSA through 2026 for emerging and sustainable technologies and related sustainability and environmental programs including GSA's Green Proving Ground program, which is aimed at demonstrating innovative technologies in federal facilities to help drive down operational costs and stimulate market transformation. GSA announced plans for projects in June 2023.

GSA Procurement and Technology (IRA Sec. 60503)
$2.15B to GSA through 2026 to acquire and install low-embodied carbon materials and products for use in the construction or alteration of GSA facilities. Defines low-embodied carbon materials as those defined by EPA as having substantially lower levels of embodied carbon as compared to estimated industry averages. GSA announced plans for 150 projects across 39 states in December 2023. (Note related EPA program for embodied carbon materials.)

Federal Buildings Fund (IRA Sec. 60502)
$250M for GSA's Federal Buildings Fund to convert GSA-owned or managed buildings to high-performance green buildings (as defined in Sec. 401 of the Energy Independence and Security Act of 2007 – see pg. 108.)

Building Energy Code Adoption (IRA Sec. 50131)

$1 billion for grants helping state and local governments adopt and implement building energy codes. Program overview is here with more detailed information here. This program consists of two phases of funding:

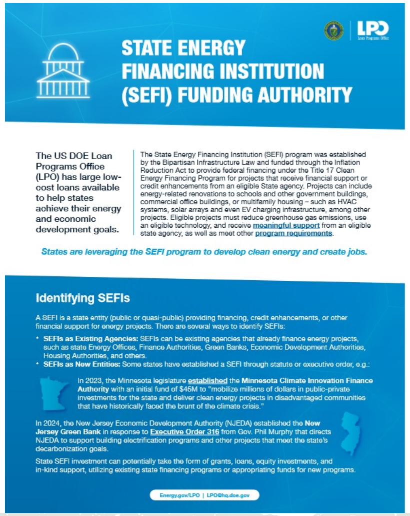
1. **$400 million in formula funding for states and territories**
   DOE released program guidance in September 2023. Letters of intent to reserve funds were due Jan. 31, 2024 with full applications accepted on a rolling basis until Sept. 30, 2025. *Eligible uses are:*
   - $240 million to assist in the adoption of the latest building energy code: the 2021 IECC for residential and ASHRAE 90.1-2019 for commercial
   - $160 million for meeting or exceeding the zero-energy provisions in the 2021 IECC or equivalent stretch code

2. **$530 million in competitive grant funding open to states, territories, and eligible units of local government**
   DOE released a funding opportunity announcement in December 2023. Two-page concept papers are required in order to submit a full application. The deadline for Round 1 applications was April 30. Round 2 concept papers were due May 31 with full applications due Sept. 13, 2024. A third round is expected in Fall/Winter 2024 if funding remains available.
   Eligible uses are:
   - Adoption and implementation of the latest model energy codes or eligible zero energy codes (for local governments only).
   - Adoption and implementation of the latest model energy codes or eligible zero energy codes with amendments if they achieve equivalent or greater energy savings compared to the original code (for states and local governments).
   - Adoption and implementation of innovative building energy code approaches, including building performance standards (BPS) and stretch codes, if they achieve equivalent or greater energy savings compared to a latest model energy code or zero energy code (for states and local governments).

Note that the Bipartisan Infrastructure Law of 2021 also provided $225M for codes support.

DOE Loan Programs Office (IRA Sec. 50141)

$40B in additional loan authority available until 2026 for DOE Loan Programs Office (LPO) for the Title 17 Clean Energy Financing Program (under Section 1703 of the Energy Policy Act of 2005) generally intended to support the commercial deployment of cutting-edge clean energy technologies.



STATE ENERGY FINANCING INSTITUTION (SEFI) FUNDING AUTHORITY

The US DOE Loan Programs Office (LPO) has large low-cost loans available to help states achieve their energy and economic development goals.

The State Energy Financing Institution (SEFI) program was established by the Bipartisan Infrastructure Law and funded through the Inflation Reduction Act to provide federal financing under the Title 17 Clean Energy Financing Program for projects that receive financial support or credit enhancements from an eligible State agency. Projects can include energy-related renovations to schools and other government buildings, commercial office buildings, or multifamily housing – such as HVAC systems, solar arrays and even EV charging infrastructure, among other projects. Eligible projects must reduce greenhouse gas emissions, use an eligible technology, and receive meaningful support from an eligible state agency, as well as meet other program requirements.

States are leveraging the SEFI program to develop clean energy and create jobs.

Identifying SEFIs

A SEFI is a state entity (public or quasi-public) providing financing, credit enhancements, or other financial support for energy projects. There are several ways to identify SEFIs:

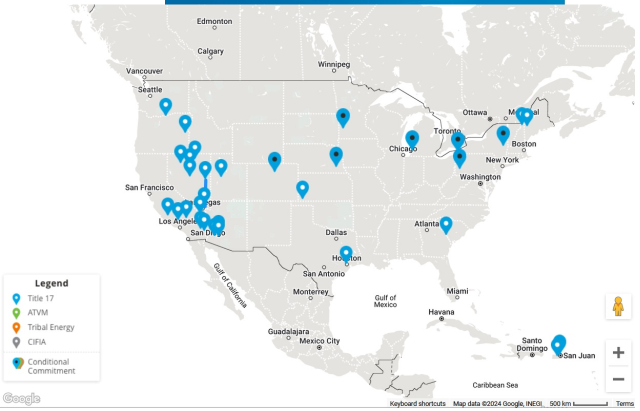
- **SEFIs as Existing Agencies:** SEFIs can be existing agencies that already finance energy projects, such as state Energy Offices, Finance Authorities, Green Banks, Economic Development Authorities, Housing Authorities, and others.
- **SEFIs as New Entities:** Some states have established a SEFI through statute or executive order, e.g.:

In 2023, the Minnesota legislature established the **Minnesota Climate Innovation Finance Authority** with an initial fund of $45M to "mobilize millions of dollars in public-private investments for the state and deliver clean energy projects in disadvantaged communities that have historically faced the brunt of the climate crisis."

In 2024, the New Jersey Economic Development Authority (NJEDA) established the **New Jersey Green Bank** in response to Executive Order 316 from Gov. Phil Murphy that directs NJEDA to support building electrification programs and other projects that meet the state's decarbonization goals.

State SEFI investment can potentially take the form of grants, loans, equity investments, and in-kind support, utilizing existing state financing programs or appropriating funds for new programs.

Energy.gov/LPO | LPO@hq.doe.gov



New opportunities for state energy financing institutions:

- The Bipartisan Infrastructure Law previously expanded eligibility under the Title 17 Clean Energy Financing Program to projects receiving financial support or credit enhancements from a state energy financing institution (SEFI) and exempted those projects from the innovation requirement. New IRA loan authority is open to SEFI-backed projects. (Examples of SEFIs include state green banks or a financing authority established by a state.)

- LPO has launched a SEFI toolkit with resources on how to engage and a portal where SEFIs can publish SEFI project opportunities that could align with LPO financing.

Types of projects:

- Eligible projects under the Title 17 program may include deployment of energy efficient and grid-interactive equipment in buildings, distributed solar and storage, smart EV charging infrastructure, or other combinations of distributed energy resources and Virtual Power Plant software.

- LPO maintains a public database of its portfolio projects which includes those that have received loans, loan guarantees, and conditional commitments.

Riverside North District | LEED Gold | Photo: © Cesar Rubio

Grant and Loan Programs

Low-Embodied Carbon Materials, ESG and EPD (IRA Secs. 60112, 60111, 60116, 60506)

- $250 million for the EPA to provide grants and other support to manufacturing companies for the development, standardization, and transparency of environmental product declarations (EPDs), along with $5 million for similar efforts around corporate climate commitments.
  - EPA announced $160 million awarded to 38 grant recipients in July 2024 to support development of EPDs.
- $100 million for the EPA to work with the Department of Transportation and GSA to develop a program to identify and label low-embodied carbon construction materials and products. Note, GSA separately receiving $2.15B and the Department of Transportation receiving $2B for procurement of low-carbon materials for use in federal projects.
  - EPA issued a draft approach for the label program in February 2024.

Neighborhood Access and Equity Grants (IRA Sec. 60501)

$3 billion for a Neighborhood Access and Equity Grant Program at the Department of Transportation to help states and local governments implement walkability, safety, affordable transportation access, and other improvements, including by removing existing transportation infrastructure that adversely impacts communities.

Grant and Loan Programs

Environmental and Climate Justice Block Grants (IRA Sec. 60201)
$3B through EPA for grants of up to three years to local governments, universities, or community-based nonprofits (or partnerships of those entities) for a variety of environmental projects benefiting disadvantaged communities. Eligible activities include community-led pollution monitoring, prevention, and remediation; low- and zero-emission resilient technologies and related infrastructure; workforce development tied to GHG reduction; mitigating climate and health risks from urban heat islands; climate resiliency and adaptation; and reducing indoor air pollution.

- Administration announced the initial $100M in grant opportunities in January 2023 seeking grant applications for the Environmental Justice Collaborative Problem-Solving (EJCPS) Cooperative Agreement Program and the Environmental Justice Government-to-Government (EJG2G) Program.

Building Resilient Infrastructure and Communities (IRA Sec. 70006)
Allows FEMA, under the Stafford Act, to use BRIC funding for low-carbon materials and incentives that encourage low carbon and net zero energy projects, including an increase in federal cost share for such programs.

City of Coral Gables | LEED Gold | Photo: © City of Coral Gables

Grant and Loan Programs

Port Air Pollution Reduction Grants (IRA Sec. 60102)
$3B in competitive grants and rebates through EPA for ports to purchase or install zero-emissions port equipment and technology, and to develop climate action plans. $750 million reserved for ports located in areas designated as nonattainment for air pollution.

Coastal Communities and Climate Resilience (IRA Sec. 40001)
$2.6 billion through the National Oceanic and Atmospheric Administration (NOAA) for direct expenditures, contracts, grants, and technical assistance to help coastal states, local governments, nonprofits, universities, and others with projects to conserve, restore, and protect coastal and marine habitats and resources, and prepare for extreme storms and other changing climate conditions, among other activities.

HFC Phasedown Grants (IRA Sec. 60109)
$38.5 million to EPA to phase down hydrofluorocarbons (HFCs), with $20 million for general implementation of the new phasedown legislation (AIM Act), $3.5 million for deploying implementation and compliance tools, and $15 million for competitive grants for reclaiming HFCs and innovative HFC destruction technologies.


Casa Aguila| LEED Platinum | Photo: © KNB Associates

Household Incentives & Rebates

Sec. 25D Residential Clean Energy Tax Credit (IRA Sec. 13302)

- Extends the full 30% credit for eligible expenditures for on-site residential clean power such as solar electric, solar water heating, fuel cell, small wind energy, and geothermal heat pumps through 2032. Expands eligible property to include battery storage.
- Credit phases down to 26 percent in 2033 and 22 percent in 2034, expiring at the end of 2034.

Sec. 30C EV Infrastructure Tax Credit (Sec. 13404)

- Extends through 2032 a credit of 30% of the cost, up to $1,000, for "qualified alternative fuel vehicle refueling property," including home EV chargers.
- Eligible homes must be in targeted rural or low-income census tracts starting in 2023

Sec. 25C Energy Efficient Home Improvement Credit (IRA Sec. 13301)

Expanded home efficiency improvement incentives <u>extended through the end of 2032</u>.

- Increased from 10% of eligible expenses up to $500 *per lifetime* to a credit of 30% of eligible expenses up to $1,200 *per year* for most projects, with a higher cap of $2,000 per year for heat pumps, heat pump water heaters, and wood stoves, for total annual maximum of $3,200.

- No lifetime cap - taxpayers can take the credit for insulation work one year, HVAC the next year, water heater the next, etc.

- Equipment/materials must meet specified performance requirements, with lower caps for some products, such as $600 for traditional HVAC and windows, $150 for energy audits, etc.

56-201 Kamehameha Hwy| LEED Platinum | Photo: © Adam Taylor

Hypothetical Multifamily Building – New Construction – 150,000sf/100 units

Sec. 45L Tax Credit for high-efficiency homes	$2,500 per unit for meeting ENERGY STAR X 100 units	**$250,000** tax credit
Sec. 179D Tax Deduction for commercial building energy efficiency improvements	$3.50 per square foot for building performance 35% above ASHRAE 90.1-2007 X 150,000 square feet	$525,000 tax deduction worth **$131,250** at 25% tax rate.
Sec. 48 Investment Tax Credit for clean energy investment	30% base tax credit on $400,000 investment in rooftop solar plus 10% low-income bonus credit	**$160,000** tax credit
Sec. 30C EV Tax Credit for EV charging infrastructure	30% tax credit on $100,000 investment in EV charging installations	**$30,000** tax credit
Greenhouse Gas Reduction Fund (i.e. Green Bank)	Low-interest project financing	**$600,000** in interest savings
Total Savings	Not including energy/operations cost savings or local/state incentives	**$1,171,250**

Hypothetical 100,000 sf Public Building Renovation

Sec. 179D Tax Deduction for commercial building energy efficiency improvements	$3.50 per square foot for 35% reduction in energy use intensity across 100,000 square feet	$350,000 tax deduction worth **$131,250** at 25% tax rate.
Sec. 48 Investment Tax Credit for clean energy investment	30% base tax credit on $400,000 investment in rooftop solar plus 10% low-income bonus credit	**$160,000** tax credit
Sec. 30C EV Tax Credit for EV charging infrastructure	30% tax credit on $200,000 investment in EV charging installations	**$60,000** tax credit
Greenhouse Gas Reduction Fund (i.e. Green Bank)	Low-interest project financing	**$600,000** in interest savings
EPA Climate Pollution Reduction Grant Program	Grant	**$500,000**
Total Savings	Not including energy/operations cost savings or local/state incentives	**$1,451,250**

Tax Incentives Available by Sector

Commercial Buildings	Residential/Multifamily Buildings	Public & Institutional/Nonprofit Buildings
Sec. 179D Tax Deduction for Energy Efficient Commercial Buildings	Sec. 179D Tax Deduction for Energy Efficient Commercial Buildings	Sec. 179D Tax Deduction for Energy Efficient Commercial Buildings
Sec. 48 Investment Tax Credit for On-Site Renewables, Storage, etc.	Sec. 45L Tax Credit for Energy Efficient Homes	Sec. 48 Investment Tax Credit for On-Site Renewables, Storage, etc.
Sec. 30C Tax Credit for EV Charging/Alt Fuel Infrastructure	Sec. 25C Tax Credit for Energy Efficiency Home Improvements	Sec. 30C Tax Credit for EV Charging/Alt Fuel Infrastructure
	Sec. 25D Tax Credit for Residential Clean Energy (Solar, Storage, etc.)	
	Sec. 48 Investment Tax Credit for On-Site Renewables, Storage, etc.	
	Sec. 30C Tax Credit for EV Charging/Alt Fuel Infrastructure	

Grants/Financing Available by Sector

Commercial Buildings	Residential/Multifamily Buildings	Public & Institutional/Nonprofit Buildings
*GHG Planning and Implementation Grants (IRA Sec. 60114) *Greenhouse Gas Reduction Fund (IRA Sec. 60103)	*GHG Planning and Implementation Grants (IRA Sec. 60114) *Greenhouse Gas Reduction Fund (IRA Sec. 60103) Green and Resilient Retrofit Program – MF only (Sec. 30002) Home Efficiency and Electrification Rebates (Secs. 50121 and 50122)	*GHG Planning and implementation Grants (IRA Sec. 60114) *Greenhouse Gas Reduction Fund (IRA Sec. 60103) Federal Building Funding (Secs. 60502, 60503, 60504)

*Indicates funds that will go to states and communities for programs in which buildings are expected to be among eligible projects.

IRA and IIJA Resources

USGBC Resources:

[USGBC Highlights Deck on Buildings in IRA]
USGBC Guide to the IIJA
IRA: New Commercial/Multifamily Buildings programs
IRA: Existing Commercial/Multifamily Buildings programs
IRA: Single Family Residential programs

Other Resources:

White House CleanEnergy.gov
White House Guidebook
IRS Information on IRA Tax Incentives
IRA Bill Text
Department of Energy Consumer Savings Hub

Ben Evans

Federal Legislative Director

U.S. Green Building Council

bevans@usgbc.org

Note: The information contained in this slide deck is provided solely for informational purposes and does not constitute tax or legal advice, nor should it be relied on exclusively in determining IRA program eligibility.