



# The Inflation Reduction Act of 2022

**BRIGHT POWER**



# The Agenda



# Agenda

1. About the IRA
2. The broader policy context
3. Key IRA provisions for multifamily and commercial buildings



# About the IRA



- The single largest climate investment in our nation's history at \$369 billion
- Will drive national emissions 40% below 2005 levels by 2030
- Emphasis on “carrots” rather than “sticks” for the buildings sector



# IRA Funding Levels

	Estimated Funding Levels
179D Tax Deduction	\$360 million
45L Tax Credit	\$2 billion
HOMES Rebates	\$4.3 billion
HEEHRA Rebates	\$4.5 billion
HUD Grants	\$1 billion
GHG Reduction Fund	\$27 billion



# How Did We Get Here?

The IRA was shaped by several important policy parameters:

- The constraints of budget reconciliation
- The political calculus of the moderate wing

And also...

- The existing policy landscape for buildings



# The Changing Policy Landscape for Buildings

A lack of federal leadership on driving emissions reductions from buildings



State and local governments implementing their own energy regulations for buildings



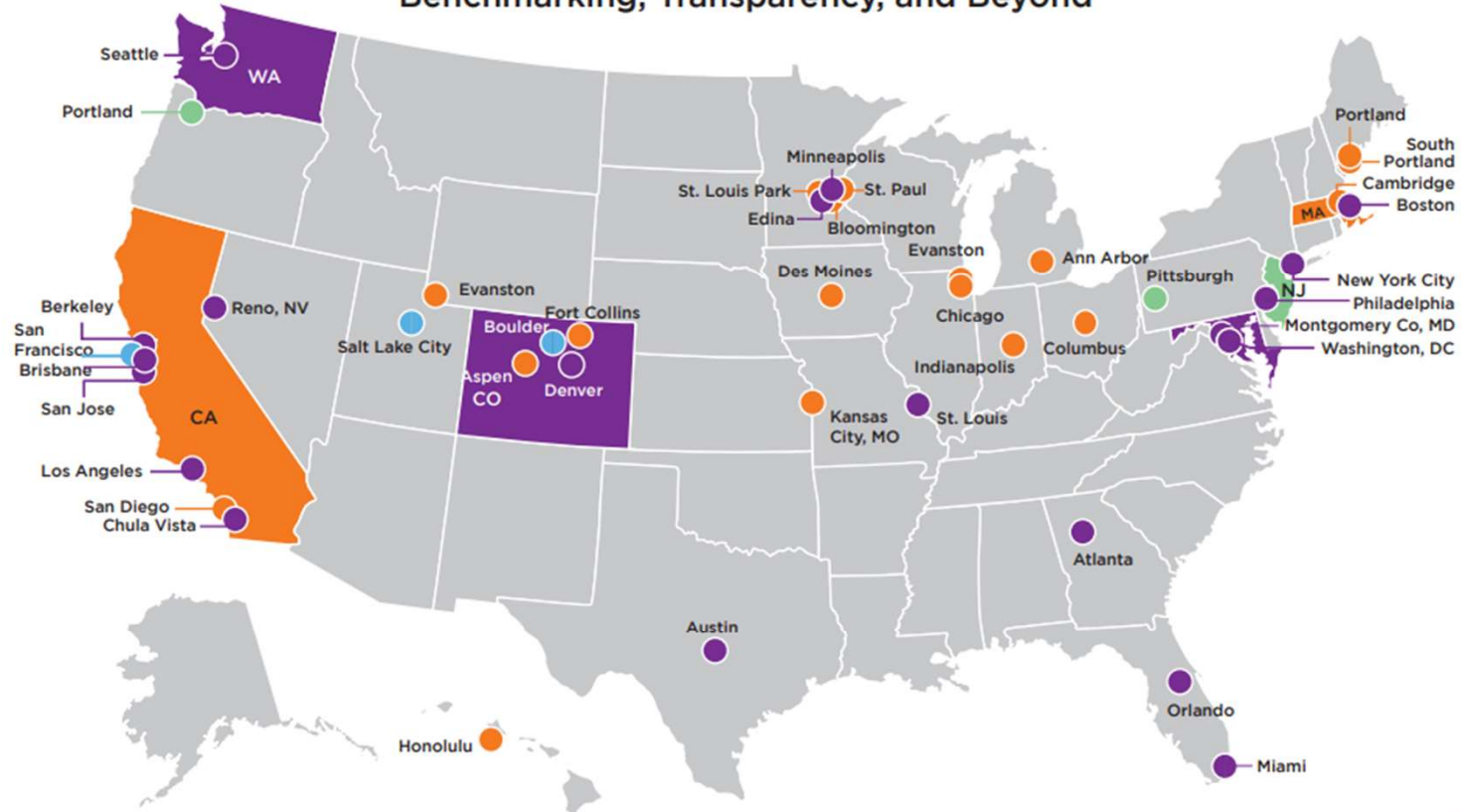
# State and Local Policy Breakdown

- 45 cities, counties, and states have benchmarking ordinances
- Approximately 15 jurisdictions have audit, disclosure, or retro-commissioning laws
- 10 jurisdictions have building performance standards now, and more than 30 could have them by 2024 via the National BPS Coalition
- Several dozen cities have natural gas bans





## U.S. City, County, and State Policies for Existing Buildings: Benchmarking, Transparency, and Beyond



● Benchmarking required for public and commercial buildings

● Benchmarking and additional actions required for public and commercial buildings

● Benchmarking required for public, commercial, and multifamily buildings

● Benchmarking and additional actions required for public, commercial, and multifamily buildings



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# The Changing Policy Landscape for Buildings

The IRA brings the  
“carrots”



Local compliance  
requirements bring  
the “sticks”

Which results  
in good policy!





# Key IRA Provisions for Multifamily and Commercial



# ITC Extended and Expanded

- Increased rate from 26% to 30%, backdated to Jan 2022
- Addition of stand-alone energy storage projects
- Several new adders including 10-20% bonus for qualifying low-income solar
- Direct pay & transferability of tax credits
- Prevailing wage & apprenticeship requirements for projects above 1 MW



# EV Charging Tax Credit (30C)

- Officially dubbed the “Alternative Fuel Vehicle Refueling Property Credit”
- Expired in 2021, will get an upgrade starting in 2023
- Credit is limited to projects located in a qualifying low-income community or in a non-urban census tract
- Base credit rate of 6%
- Increased to 30% credit for projects that meet prevailing wage and apprenticeship requirements during construction



# Energy Efficient Home Tax Credit (45L)

- Multifamily affordable & market-rate new construction (no commercial properties)
- Tax credit rates
  - \$500/dwelling unit for properties meeting Energy Star Multifamily New Construction Regional & National requirements
  - \$1,000/dwelling unit for properties meeting Zero Energy Ready Home Program requirements
  - Meets prevailing wage requirements – increases to \$2,500 & \$5,000 per dwelling unit respectively
- Taxpayers claiming LIHTC would not have to reduce their basis for credits claimed under this section



# Energy Efficient Commercial Building Deduction (179D)

Site EUI Reduction	25%	26-49%	50%
Without Prevailing Wage and Apprenticeships	\$0.50/Sq ft	An extra \$0.02/Sq ft	\$1/Sq ft
With Prevailing Wage and Apprenticeships	\$2.50/Sq ft	An extra \$0.10/Sq ft	\$5/Sq ft



# Home Owner Managing Energy Savings (HOMES) Rebates

Tier	Market Rate (lesser of)	Affordable Housing (lesser of)
Modeled energy savings 20-34%	\$2,000/dwelling unit or \$200k/building	\$4,000/dwelling unit or 80% of the project cost
Modeled energy savings 35%+	\$4,000/dwelling unit or \$400k/building	\$8,000/dwelling unit or 80% of the project cost
Measured building or portfolio energy savings	A payment rate per kWh saved up to \$2,000 for a 20%+ reduction in energy use per dwelling unit for the avg multifamily building in the state or 50% of the project cost	A payment rate per kWh saved up to \$4,000 for a 15%+ reduction in energy use per dwelling unit for the avg multifamily building in the state or 80% of the project cost



# High-Efficiency Electric Home Rebates (HEEHRA)

Appliance	Incentives
HPWH	\$1,750
Heat pump space heating	\$8,000
Electric stoves, cooktops, ranges, ovens, electric HP clothes dryers	\$840
Electric load service center upgrade	\$4,000
Insulation, air sealing, and ventilation	\$1,600



# HUD Grants

- \$1 billion
- Grants and direct loans to HUD subsidized properties
- Eligible uses include but are not limited to:
  - Zero-emission electricity generation
  - Electrification
  - Energy Storage
  - Energy and water efficiency
  - IAQ
  - Resilience
  - Benchmarking



# GHG Reduction Fund

- \$27 billion for EPA to run this program
- Designed to provide financing and direct funding for low and zero emissions technologies
- EPA set to release the rules in February and pick award winners no later than two years after





# Thank you!

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