

What's in It for Me?

*A Closer Look at Inflation Reduction
Act Incentives*

Welcome and Introductions

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Inflation Reduction Act of 2022

In August 2022, Congress passed, and the President signed into law, the Inflation Reduction Act of 2022 (IRA).

The IRA is a landmark tax, climate, and health care law.

Included in the IRA: (1) a long-term extension and expansion of the renamed Energy Efficient Home Improvement Credit (25C) tax incentive, (2) an expansion and lengthening the Section 25D residential tax credits for geothermal equipment, (3) new rebates for the purchase of electric appliances, (4) an expansion of the investment tax credit to include thermal energy storage technology and linear generators and (5) \$250 million in Defense Production Act funding for heat pumps.

Section 25C: Energy Efficient Home Improvement Credit

Old rules were retroactively extended through 12/31/2022

New Rules: 1/1/2023 through 12/31/2032

- Tax credit for 30% of installation cost on HVACR and water heating products up to:
 - \$600 air conditioner
 - \$600 furnace
 - \$600 boiler
 - \$2,000 heat pump
 - \$2,000 heat pump water heater
- Equipment must meet the highest CEE efficiency tier (but not advanced)

High Efficiency Electric Home Rebate Program

State-based rebate program funded by the federal government: \$4.5 billion for next 10 years

Many unknowns about this program

Provides a “point of sale” rebate to consumers for electrification projects

- “Point of Sale” means contractor in most cases
- Must confirm income eligibility

Start date for rebates depends on state energy offices, likely first half of 2023

Qualify based on area median income from Housing and Urban Development

Low-income household (<80% AMI): 100% of costs with a maximum benefit for items listed below

Moderate-income household (>80% and <150% AMI): 50% of costs with a maximum benefit for items listed below

- \$8,000 for heat pump HVAC
- \$1,750 for heat pump water heater
- \$4,000 for service center upgrade
- \$1,600 for insulation, air-sealing, and ventilation improvements
- \$2,500 for electric wiring changes
- Max rebate total: \$14,000

HOMES Rebate

State-based rebate program funded by the federal government: \$4.3 billion for the next 10 years

Many unknowns about this program

Provides a rebate for achieving modeled energy efficiency increase for single-family or multi-family homes

>20% modeled energy reduction
Lesser of \$2,000 or 50% of the project cost
(max \$200,000 for multi-family building)

>35% modeled energy reduction
Lesser of \$4,000 or 50% of the project cost
(max \$400,000 for multi-family building)

>15 measured energy reduction
Lesser of per kWh equivalence to \$2,000 for 20% reduction or 50% of project cost

Increased rebates for low- or moderate-income households

Potential Money Available

Households with income above 80% AMI	Efficiency	≥ 20% Energy saving – 50% costs up to \$2,000
		≥ 35% Energy saving – 50% costs up to \$4,000
	Electrification	50% project costs up to \$14,000 income < 150% AMI
Households with income below 80% AMI	Efficiency	≥ 20% Energy saving – 80% costs up to \$4,000
		≥ 35% Energy saving – 80% costs up to \$8,000
	Electrification	100% project costs up to \$14,000
Multifamily/rental housing building owner	Efficiency	≥ 20% Energy saving – \$2000/unit up to \$200,000
		≥ 35% Energy saving – \$2000/unit up to \$200,000
	Electrification	50% costs up to \$14,000 50%+ income <150% AMI
Multifamily/rental housing building owner 50% units < 80% AMI	Efficiency	≥ 20% Energy saving – 80% costs up to \$4,000/unit
		≥ 35% Energy saving – 80% costs up to \$8,000/unit
	Electrification	Lesser of 100% costs or \$14,000

State-Based Home Energy Efficiency Contractor Training Grants

\$200 million to provide financial assistance to states to develop and implement programs to provide training and education to contractors involved in the installation of home energy efficiency and electrification improvements

Summary of Home Energy Efficiency Training Grants

Energy Auditor Training	Bipartisan Infrastructure Law	\$40 million, fiscal years 2022 - 2026	Through the states	Grants to train individuals to conduct energy audits
Career Skills Training	Bipartisan Infrastructure Law	\$10 million available until expended	Through not-for-profits	Grants to programs that have classroom and OJT training for industry related certification to install energy efficient building technologies.
Contractor Training Program	Inflation Reduction Act	\$200 million available through 9/30/23	Through the states	Grants to train contractors involved in the installation of home energy efficiency and electrification improvements

New Energy Efficient Homes Credit

Home builder tax credit for construction of new energy efficient homes.

Period of Availability: 2023-2032

Retroactively extended with new rules effective for homes acquired after 2022.

Taxpayers claiming the Low-Income Housing Tax Credit do not have to reduce basis for 45L credits claimed.

\$2,500 for new homes - Energy Star
\$5,000 for zero-energy ready homes

Multifamily base amounts:

\$500 per unit - Energy Star

\$1000 per unit - zero-energy ready.

Multifamily base amounts times 5 when prevailing wage is used.

Energy Efficient Commercial Buildings Deduction

Provides a tax deduction for 179D energy efficiency improvements to commercial buildings.

New rules generally begin in 2023.

Owners and long-term lessees, designers, tax-exempt owners (guidance pending)

Base level: \$0.50-\$1 per square foot, depending on increase in efficiency, 4-year cap at \$1 per square foot. (Or deduct adjusted basis in “qualified retrofit plans” w/ minimum 25% saving.)

Bonus: 5 times the base amount if the project meets prevailing wage and use of registered apprentice requirements.

Green and Resilient Retrofit Program

Provide grants and loans to HUD-assisted properties.

The law provides up to \$4 billion in loan authority and \$837.5 million in grants.

Available until September 30, 2028.

- Improve energy or water efficiency,
- Enhance indoor air quality or sustainability,
- Implement the use of zero-emission electricity generation, low-emission building materials or processes, energy storage, or building electrification strategies, or
- Address climate resilience.

Details TBD

Green and Resilient Retrofit Program – Benchmarking

To conduct energy and water benchmarking of HUD-assisted properties.

The law provides up to \$42.5 million in federally funded third party contract support.

Available until September 30, 2028.

- Energy and water benchmarking,
- Associated data analysis and evaluation at the property and portfolio level, and
- The development of information technology systems necessary for the collection, evaluation, and analysis of such data.

Details TBD

Assistance for Latest and Zero Building Energy Code Adoption

To provide grants to states or units of local government to adopt updated building energy codes, including the zero-energy code.

The law provides up to \$1 billion in grants.

Available until September 30, 2029.

Adopt and implement building codes to

(1) adopt codes for residential buildings that meet or exceed the 2021 International Energy Conservation Code;

(2) adopt a building energy code for commercial buildings that meet or exceed the ANSI/ASHRAE/IES Standard 90.1-2019.

Questions?



Thank you!

