

New Hampshire Housing 2023 Multifamily Housing Conference

Green Dollars: The Inflation Reduction Act and Energy
Opportunities for Multifamily Housing Developers



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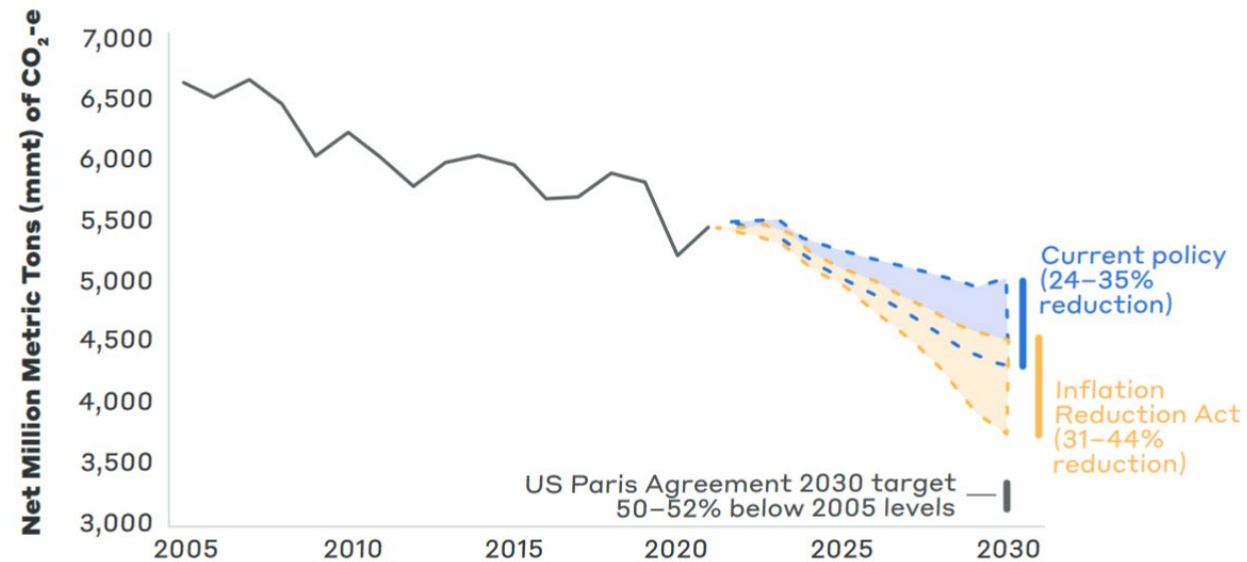
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The Inflation Reduction Act (“IRA”)

Figure 1: U.S. Greenhouse Gas Emissions



Source: [Rhodium Group](#). The range reflects uncertainty around future fossil prices, economic growth, and clean technology costs. It corresponds with high, central, and low emissions scenarios detailed in [Taking Stock 2022](#).

IRA Programs We Will Discuss Today

Programs

HOME Rebates Program (HOME) - §50121 of the IRA

High Efficiency Electric Home Rebate Program (HEEHR) - §50122 of the IRA

EPA Green House Gas Reduction Fund

- *National Clean Investment Fund*
- *Clean Communities Investment Accelerator*
- *Solar for All*

Tax Credits for Residential Energy Properties

Internal Tax Code 45L Tax credit extension

Department of Housing and Urban Development's Green and Resilient Retrofit Program

- *Elements Awards*
- *Leading Edge Awards*
- *Comprehensive Awards*

Inflation Reduction Act Programs for Multi-Family Housing and the New Hampshire Department of Energy

JOSH ELLIOTT

DIRECTOR, DIVISION OF POLICY AND PROGRAMS

NEW HAMPSHIRE DEPARTMENT OF ENERGY

Inflation Reduction Act (IRA) and the NH Department of Energy

- Two major formula programs managed by NH DOE:
 - Home Energy Performance-Based, Whole House Rebates (HOMES)
 - High Efficiency Electric Home Rebate Program (HEEHR)
 - Rumor that NH DOE is not going after these funds
 - FACT: NH DOE is applying for these funds
- One major Competitive Funding program for NH DOE:
 - EPA's Solar for All Program
- Major tax provisions for investments in energy efficiency projects and renewable projects
 - NH DOE staff ARE NOT tax professionals and we do not give tax advice
 - Check with your accountant or tax attorney for further details or advice on how to take advantage

HOMES Program

- **What is it?**

- Program provides rebates for residential energy efficiency projects

- **What we know:**

- The letter of the law outlining the program in the Inflation Reduction Act
- The funding amounts that New Hampshire will receive for this program: \$34,952,780
- The time to spend it down: September 30, 2031
- General provisions of the program

HOMES Program

- **Multi Family:**

- 20-35% Modeled Energy savings: \$2,000 per unit, \$200,000 per building maximum
- 35%+ Modeled Energy savings: \$4,000 per unit, \$400,000 per building maximum
- 15% minimum measured energy savings: payment rate per kwh saved, equal to \$2,000 for a 20% cost reduction for the state's average home, or 50% of the project total

- **Multi Family with 50% occupied by LMI households:**

- 20-35% Modeled Energy savings: \$4,000 per unit or 80% of project costs, whichever is less
- 35%+ Modeled Energy savings: \$8,000 per unit or 80% of project costs, whichever is less
- 15% minimum measured energy savings: payment rate per kwh saved, equal to \$4,000 for a 20% cost reduction for the state's average home, or 80% of the project total

HOMES Program

- **What we do not know:**

- Is there a per building maximum for those LMI multi-family units?
- Will rebates be available retroactively? And if so, how far back?
 - Though probably not...
- Can rebates be used for new builds?
- Are there only certain types of energy efficiency projects that would qualify?
- How strict is the prohibition on mixing rebates?
 - Is it a total ban, or can two funding sources not take 'credit' for the same improvement?
- How does the payment rate per kwh saved work?

HEEHR Program

- **What is it?**

- Program provides rebates for residential electrification projects

- **What we know:**

- The letter of the law outlining the program in the Inflation Reduction Act
- The funding amounts that New Hampshire will receive for this program: \$34,749,580
- The time to spend it down: September 30, 2031
- General provisions of the program
 - Rebates for appliance purchases and non-appliance upgrades
 - Means tested program- up to 150% of area median income
 - Increased incentives for up to 80% of area median income
 - Required option for point of sale

HEEHR Program

- **General Provisions:**

- Appliances (max benefit amount)
 - Heat Pump hot water heater: \$1,750
 - Heat Pump for space heating and cooling: \$8,000
 - Electric stove, cooktop, range, or oven, or heat pump clothes dryer: \$840
- Non-appliances (max benefit amount)
 - Electric load service upgrade: \$4,000
 - Insulation, air sealing, and ventilation: \$1,600
 - Electrical wiring: \$2,500

- **Limitations, Multi-Family:**

- Benefit Amounts Multipliers:
 - 50% or more of the households in the building make less than 80% of area median income: 100%
 - 50% or more of the households in the building make 80% - 150% of area median income: 50%

HEEHR Program

- **What we do not know:**

- Will rebates be available retroactively? And if so, how far back?
 - Although probably not...
- How strict is the prohibition on mixing rebates?
 - Is it a total ban, or can two funding sources not take 'credit' for the same improvement?
- Does the \$14,000 cap apply in cases of multifamily housing?
- If it does, is it a per unit cap?
- What happens if you have a multifamily housing unit with an even number of units, and 50% are 80%-150% AMI and 50% are below 80% AMI?
- Can it be used for new builds?
- How can we do income verification AND point of sale that works at all retailers?

How do I get the funds?

- The ALRD is critical to NH DOE in determining program design
- Applications have been submitted for early administrative funds to hire staff to do program design
- Our goal is to try to leverage existing delivery systems as much as possible rather than design a new one
- No need to reinvent the wheel AND it will make these funds available sooner
- As this process develops, NH DOE will communicate how to access these funds through our website and other channels

EPA Solar for All Program

- What is it?
 - Grants to “expand the number of low-income and disadvantaged communities that are primed for investment in residential and community solar enabling families to access affordable, resilient, and clean solar energy”
- \$7 billion in competitive funding available from the EPA
- 60 awards made nationwide, with at least one per geographic territory
- What the Notice of Funding Opportunity (NOFO) looks like will dictate who the lead agency (NH DOE vs NH DES) for New Hampshire
- Like IRA programs, guidance will be critical to what NH’s proposes in our application
- EPA has placed a heavy emphasis on leveraging outside funds
- NOFO released “Summer 2023”, Applications due Fall 2023, Awards from EPA must be finalized by September 30, 2024

Inflation Reduction Act Programs for Multi-Family Housing

Presented by Dana Nute, President

RESILIENT BUILDINGS

— GROUP —

Superior energy performance



HUD Green and Resilient Retrofit Program	\$837.5M for grants and direct loans, including up to \$4B in direct loans
45L Energy Efficient Home Credit (new or existing buildings)	Up to \$5,000 per unit
Electrification Rebate	Up to \$14,000 per unit
Energy Efficiency Rebate	Up to \$8,000 per unit
Solar and Wind Tax Credit	20% adder (on top of 30% tax credit)
EPA Greenhouse Gas Reduction Fund	\$27B

HUD's Green and Resilient Program (GRRP)

- ▶ Invests in energy efficiency, greenhouse gas emissions reductions, energy generation, healthy housing, and climate resilience strategies in HUD-assisted multifamily housing
- ▶ Grant/Loan subsidy for \$837.5 million / up to \$4 billion in loan authority
- ▶ Distributed in multiple tranches released over the next year
 - ▶ First application round deadline is June 29, 2023
 - ▶ Final application round deadline is May 30, 2024
- ▶ The GRRP portfolio-wide investments seek to:
 - ▶ Reduce greenhouse gas emissions by 50%
 - ▶ Reduce modeled energy consumption by at least 25%

HUD Green and Resilient Retrofit Program

Overview

GRRP provides owners of HUD-assisted multifamily housing with capital resources to reduce carbon emissions, make utility efficiency improvements, incorporate renewable energy sources, and make properties more resilient against the effects of climate hazards, HUD has three paths (cohorts) of funding available to meet the needs of properties at all stages of redevelopment.

ELEMENTS

Elements awards provide funding for owners to include proven and meaningful climate resilience and utility efficiency measures in projects that are already in the process of a recapitalization transaction. Examples of eligible Elements investments include, but are not limited to, installation of electric HVAC heat pumps, Energy Star windows, fire resistant roofs and clean energy generation systems. HUD expects to make approximately 200 awards with \$140 million in funding.

FUNDING OF
UP TO \$40K
PER UNIT OR
\$750K PER
PROPERTY

LEADING EDGE

Leading Edge awards provide funding for ambitious retrofit activities to achieve an advanced green certification. Best for properties in the planning stages of a recapitalization effort, Leading Edge awards complement the existing financing strategy, allowing projects to reach the highest standards of utility efficiency and climate resilience and be recognized under programs like LEED and PHIUS. HUD expects to make approximately 100 awards with \$400 million in funding.

FUNDING OF
UP TO \$60K
PER UNIT OR
\$10M PER
PROPERTY

COMPREHENSIVE

Comprehensive awards provide funding to properties with the highest need for climate resilience and utility efficiency upgrades, regardless of prior development or environmental retrofit experiences. Awardees will have access to support in commissioning property assessments to plan a redevelopment that meets the property's specific needs as well as GRRP retrofit objectives. HUD expects to make approximately 300 awards with \$1.47 billion in funding.

FUNDING OF
UP TO \$80K
PER UNIT OR
\$20M PER
PROPERTY

45L Tax Credit - Energy Efficient Home Credit for Developers

The energy efficient home credit (45L credit), which provides eligible contractors up to a \$5,000 tax credit for each energy efficient dwelling unit, is retroactively available for projects placed in service from 2020 to 2022, and through the end of 2032.

Project characteristics

- Must be three stories above grade or less (not including below-grade parking)
- Some energy efficient features*, such as: wall insulation R-13 thru R-19+, roof insulation R-38+, double/triple pane windows, vinyl low E windows, insulated exterior doors, reflective roofing materials, extra insulated foundations and slabs, air conditioning with SEER ratings 13+, 80 percent + efficiency gas furnaces, or hydronic heating systems.

Certification requirements

An eligible contractor must obtain certification from an eligible certifier before claiming the energy efficient home credit with respect to the dwelling unit. An eligible certifier is a person not related to the eligible contractor that has been accredited or otherwise authorized by the Residential Energy Services Network (RESNET) or an equivalent rating network. The certifier conducts computer modeling and on-site testing and prepares a certification package with declaration that under penalties of perjury the certifier believes that the facts presented in the certification are true, correct and complete. The fee for certification is typically charged on a per unit basis.

EPA Green House Gas Reduction Fund

- A \$14 billion National Clean Investment Fund competition to fund two to three national nonprofits that would partner with private capital providers to deliver financing to businesses, communities, community lenders, and others.
- A \$6 billion Clean Communities Investment Accelerator competition to fund two to seven nonprofits that have the capabilities to build financing capacity across specific networks of public, quasi-public, and nonprofit community lenders - including community development financial institutions (including tribal institutions), credit unions, green banks, housing finance agencies, and minority depository institutions.
- A \$7 billion Solar for All competition to provide up to 60 grants to states, tribal governments, municipalities, and nonprofits to expand the number of low-income and disadvantaged communities for residential and community solar investment.

IMPLEMENTATION MILESTONES

	Latest Milestone	Upcoming Milestones
HUD Green and Resilient Retrofit Program	Funding NOFOs released May 11	Rolling application deadlines; First deadline is June 29, 2023. https://www.hud.gov/grrp
DOE Home Energy Rebates	States can receive up to 2.5% of their allocation for planning	Detailed program guidance in July https://www.energy.gov/scep/home-energy-rebate-programs
EPA Greenhouse Gas Reduction Fund	Program framework released in April	NOFO to be released as early as June 2023 https://www.epa.gov/greenhouse-gas-reduction-fund
45L New Energy Efficient Home Credit		Guidance TBD https://www.irs.gov/inflation-reduction-act-of-2022
Low Income Communities Bonus Solar Tax Credit	Notice/initial guidance establishing program released in Feb	Further guidance expected shortly https://www.irs.gov/inflation-reduction-act-of-2022

Key Takeaways

- ✓ IRA aims to achieve carbon reduction goals through various renewable energy, energy efficiency, weatherization, and fuel switching programs that benefit multi-family housing developments.
- ✓ Additional incentives for projects that benefit underserved households.
- ✓ Some opportunities are already here. More opportunities are on their way!
- ✓ Hurry up and wait!

Questions and Contacts



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