

GBBN'S IRA CALCULATOR: Finding Funds for Sustainability

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Big Bucks to Cut Carbon and Elevate Equity

The Inflation Reduction Act (IRA) provides hundreds of billions of dollars to decarbonize the economy and buildings. But its ability to fund sustainable development remains a mystery for some. GBBN studied the legislation to identify key priorities and project criteria that translate into financial opportunities for developers, building owners, and institutions. For those already committed to sustainability, the IRA can help overcome funding gaps. For others, it can help foster sustainable design.

A Simplified Tool Made Public

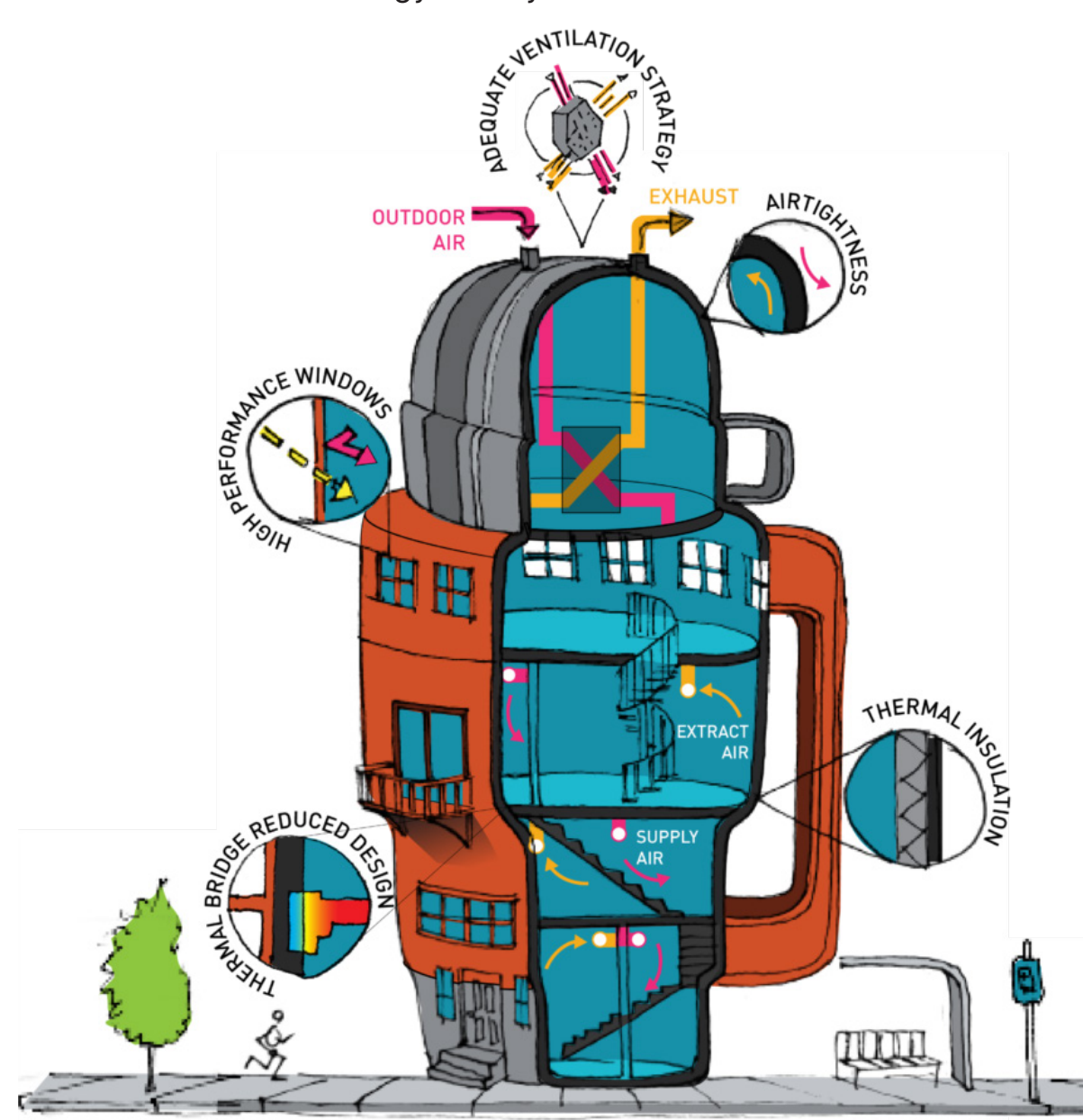
We partnered with engineering firm, CMTA to create a quick, easy-to-use tool to assess the financial impact of different sustainability strategies. To expand its impact, we developed a simple interface for public use. By answering a few questions about the sustainability features your project may have—for example, does it include renewable energy, high-efficiency HVAC systems, or affordable housing—you can discover potential funding opportunities.

WHICH INCENTIVES ARE RIGHT FOR YOUR PROJECT?

IRA PRIORITIES

Energy Efficiency

Reduce energy use and carbon pollution by creating a well-insulated, air-tight building envelope and high performance windows. Energy recovery mechanical units, LED lighting, and Energy Star appliances may help reduce energy use by more than 25% compared to a similar building designed to ASHRAE 90.1-2007 standards. This improvement qualifies for a tax deduction of \$0.50 to \$4.00 per square foot (see code section 179D), depending on scale of energy reduction and the use of prevailing wage or apprenticeship labor. Achieving an Energy Star or DOE Zero Energy Ready Home certification earns additional tax credits.



Prevailing Wage/Apprenticeship Labor

This is one of the biggest funding multipliers of the law (typically by 5 times) per incentive. The requirements follow the Davis-Bacon Wages and apply to all laborers performing manual or physical work on projects. It does not apply to administrative staff. Apprenticeship Programs have specific ratio and hour requirements that need to be met to qualify.



Home Type	Time	Energy Star	ZEHR	Credit Without Prevailing Wage	Credit With Prevailing Wage
Single Family	After 2022	<input type="radio"/>	<input type="radio"/>	\$2,500	N/A
Multi Family		<input type="radio"/>	<input type="radio"/>	\$500	\$2,500
		<input type="radio"/>	<input checked="" type="radio"/>	\$1,000	\$5,000

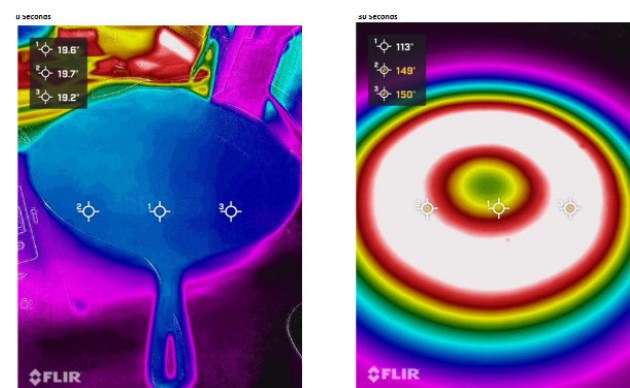
EUI % Reduction	Deduction/SF Without Prevailing Wage	Deduction/SF With Prevailing Wage
25%	\$0.50	\$2.50
30%	\$0.60	\$3.00
35%	\$0.70	\$3.50
40%	\$0.80	\$4.00
45%	\$0.90	\$4.50
50%	\$1.00	\$4.00

Building Electrification

The IRA incentivizes eliminating carbon polluting, fossil fuel combustion equipment and using all electric. This includes electric mechanical equipment, large household appliances, and EV charging stations (see list below). The HEEHRA incentives are point-of-sales rebates, to be applied for by the seller of the equipment. Qualification is contingent on a minimum of 50% of the residents to be at income levels below 80 AMI (100% incentive) or 150 AMI (50% incentive). A maximum of \$14,000 in rebates may be claimed per multifamily unit.

Income Eligibility	Cost Covered
50% Min Moderate Income (80-150% AMI*)	50%
50% Min Low Income (<80% AMI*)	100%

*AMI: Area Median Income



Benefits of Induction cook tops:

- More even and faster cooking
- Less indoor air pollution
- No wasted heat
- Safer

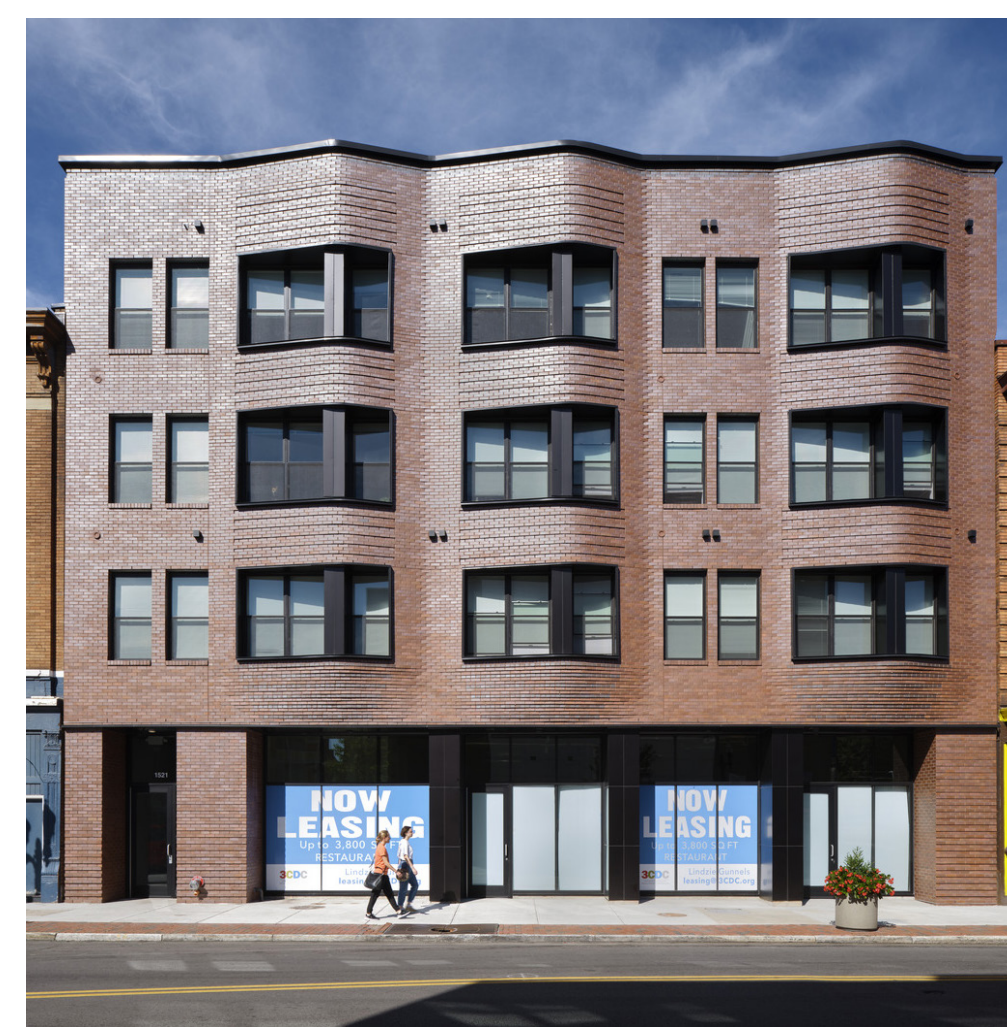
Rebates	Overall Incentives
Electric Stove/Cook-top	\$840
Heat Pump Clothes Dryer	\$840
Weatherization	\$1,600
Heat Pump Water Heater	\$1,750
Upgrade Electric Wiring	\$2,500
Upgrade Breaker Box	\$4,000
Heat Pump HVAC	\$8,000

*Maximum \$14,000 per unit

<https://www.renewamerica.org/justice/high-efficiency-electric-home-rebate-act>

Affordable Housing

Over \$25 billion is available for sustainable, affordable housing in low-income communities. Affordable housing is defined by Area Median Income (AMI), the midpoint of an area's income distribution. The IRA sets a threshold of 150% AMI, giving higher levels of funding for providing more units with less than 80% AMI.



On-site Renewable Energy Production/Storage

There are various ways to generate and store on-site renewable energy that the IRA incentivizes: Solar Panels, Geothermal, Energy Storage Batteries, and others. Through tax code section 48, the IRA provides a tax credit for investment in renewable energy varying from 6% to 70% depending on the project. Using prevailing wages, apprenticeships, (partially) domestically produced materials, and building in low-income or energy communities, each adds increments of additional credits.

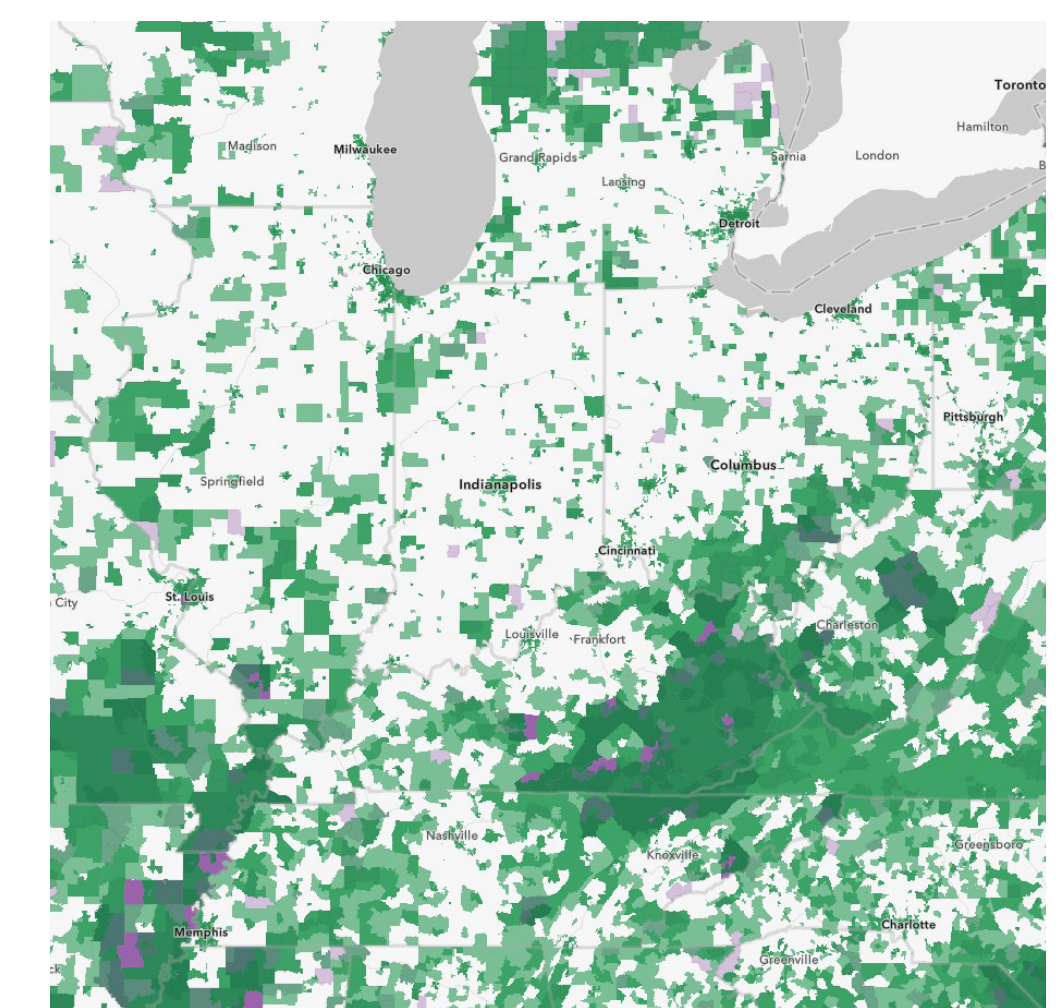
Time	Prevailing Wage	Base Credit	Bonus		Additional Bonus	
			10% Domestic Materials	Energy Community	Low-Income Community	Low-Income Residential
2023-2033	<input checked="" type="radio"/>	6%	2%	2%	10%	10%
	<input type="radio"/>	30%	10%	10%		



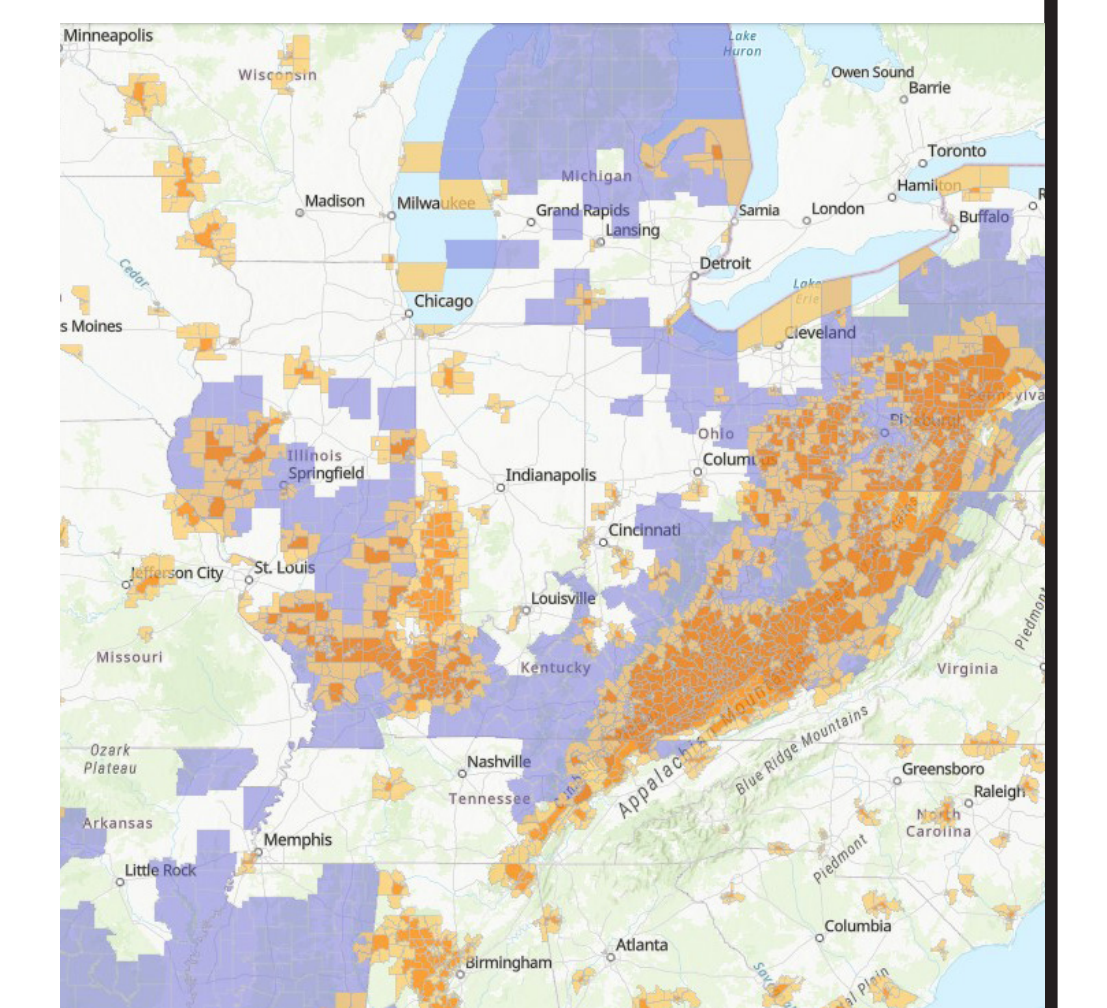
Energy & Low-Income Communities

Low-income Communities, having a poverty rate of at least 20%, and Energy Communities, those with negative health outcomes and environmental damage or that previously relied on the fossil fuel industry for employment and tax revenue are prioritized for investment. The U. S. Department of Energy census maps identify properties which are eligible for a 10% bonus tax credit for implementing renewable energy measures.

ENERGY COMMUNITIES



LOW-INCOME COMMUNITIES



<https://www.eia.doe.gov/energy.cfm?topic=infrastructure/inflation-reduction-act-of-2022-tax-credits>

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124 WORKFORCE/MARKET-RATE UNITS

- 92,000 SF building with 118 one-bedroom units or studios, out of 124 total units.
- No prevailing wage or apprenticeship labor is used.
- More than 50% of units are below 150% AMI, even at market-rate.

Applicable Incentives:

- 50% of Electrification Rebates for Heat Pump HVAC (\$4000 per unit), Electric stove/cook top (\$420 per unit), Insulation/Weatherization (\$800 per unit).
- Tax Deduction for Energy Efficiency - 25% more efficient than ASHRAE 90.1 2007: Continuous Insulation + Heat Pumps + LED lighting [\$0.5 per SF]
- Tax credit for Energy Star Certification (\$500 per unit)
- Tax credit for renewable energy via rooftop solar panels: 16%



42 AFFORDABLE UNITS BELOW 80% AMI

- 40,000 SF building with 100% affordable units within a low-income community.
- Prevailing wage and apprenticeship labor are used.

Applicable Incentives:

- 100% of Electrification Rebates for Heat Pump HVAC (\$8000 per unit), Electric stove/cook top (\$840 per unit), Insulation/Weatherization (\$1,600 per unit).
- Tax Deduction for Energy Efficiency - 25% more efficient than ASHRAE 90.1 2007: Increased insulation + Heat Pump HVAC + LED lighting [\$2.5 per SF]
- Tax credit for Energy Star Certification [\$2,500 per unit]
- Tax credit for renewable energy via rooftop solar panels: 50%



170 HIGHLY SUSTAINABLE & MIXED INCOME UNITS

- 164,000 SF, Passive House Certified building in a low-income and energy community.
- 50% of the units are below 150% AMI.
- Prevailing wage and apprenticeship labor is used.

Applicable Incentives:

- 50% of Electrification Rebates for Heat Pump HVAC (\$4000 per unit), Electric stove/cook top (\$420 per unit), Insulation/Weatherization (\$800 per unit).
- Tax Deduction for Energy Efficiency - 50% more efficient than ASHRAE 90.1 2007: Passive House levels of Insulation + Heat Pumps + Heat Recovery Ventilation Unit + LED lighting [\$4 per SF]

WHAT'S NEXT?

Current Projects/Existing Buildings

- Answer a few questions on our IRA Calculator to see what incentives apply to your project.
- Consider renewable energy and learn about funding.
- Non-profit organizations without tax liability can benefit from IRA Tax deductions through direct payment.
- Stay tuned, additional incentive programs roll out in 2024 and 2025.
- Speak to your tax advisor to learn more.

New Projects

- Answer a few questions on our IRA Calculator to determine performance goals and assess incentive value for your project.
- Use prevailing wage, create affordable housing, and develop in a Low-Income or Energy Community.
- Go all electric and eliminate combustion in your building.
- Speak to your tax advisor to learn more.



Check out our
IRA Calculator