

Green Affordable Housing

CRE HOUSING INTEREST GROUP MEETING (SIG PALOOZA)

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Inflation Reduction Act



HUD Green and Resilient Retrofit Program

Appropriates **\$837.5 million** through HUD for direct loans and grants to improve energy efficiency, water efficiency, and climate resilience

- **Administering Agency:** U.S. Department of Housing and Urban Development
- **Eligible Recipients:** Owners and sponsors of HUD-subsidized Section 202, 811, Project-based Section 8, and Section 236 properties that agree to an extended period of affordability
- **Funding Amounts and Purposes:** \$1B appropriations through September 30, 2028, including:
 - \$837.5M for the cost of providing grants and direct loans, including to subsidize up to \$4B in direct loans
 - \$60M to support HUD administrative activities
 - \$60M for contracts and cooperative agreements
 - \$42.5M to benchmark energy and water use for eligible properties
- **Eligible Uses:**
 - Improve energy or water efficiency, indoor air quality or sustainability
 - Implement the use of low-emission technologies, materials, or processes, including zero-emission electricity generation, energy storage or building electrification
 - Address climate resilience
 - Energy and water benchmarking
- Similar program in 2009 Recovery Act (Green Retrofit Program)
- Sept 2022 HUD RFI Notice:
<https://www.federalregister.gov/documents/2022/09/27/2022-20855/green-and-resilient-retrofit-program-request-for-information>
- Jan 2023 HUD RFI Notice, public comments due Jan. 23
<https://sam.gov/opp/936a6c0131da408797b21526fcb4c50d/view>

Inflation Reduction Act



**High-Efficiency Electric Home
Rebate Program**
HOMES Rebate Program

High Efficiency Electric Home Rebate Program (HEEHR)

- \$4.5B through FY2031
- New construction and retrofits
- Contractor incentive up to \$500/project
- Point of sale rebates for electrification upgrades
 - \$8,000 for heat pump, \$4,000 for electric panel upgrade, \$1,750 for heat pump water heater, \$840 for electric or induction

Home Energy Performance Based, Whole House Rebates (HOMES)

- \$4.3B through FY2031
- Savings based retrofit program
- **Increased rebates for low-moderate income households**
- Contractor incentive
- Rebates range from \$2,000 –\$8,000 depending on income and energy savings

Both rebate programs administered by DOE/State Energy Offices

Inflation Reduction Act

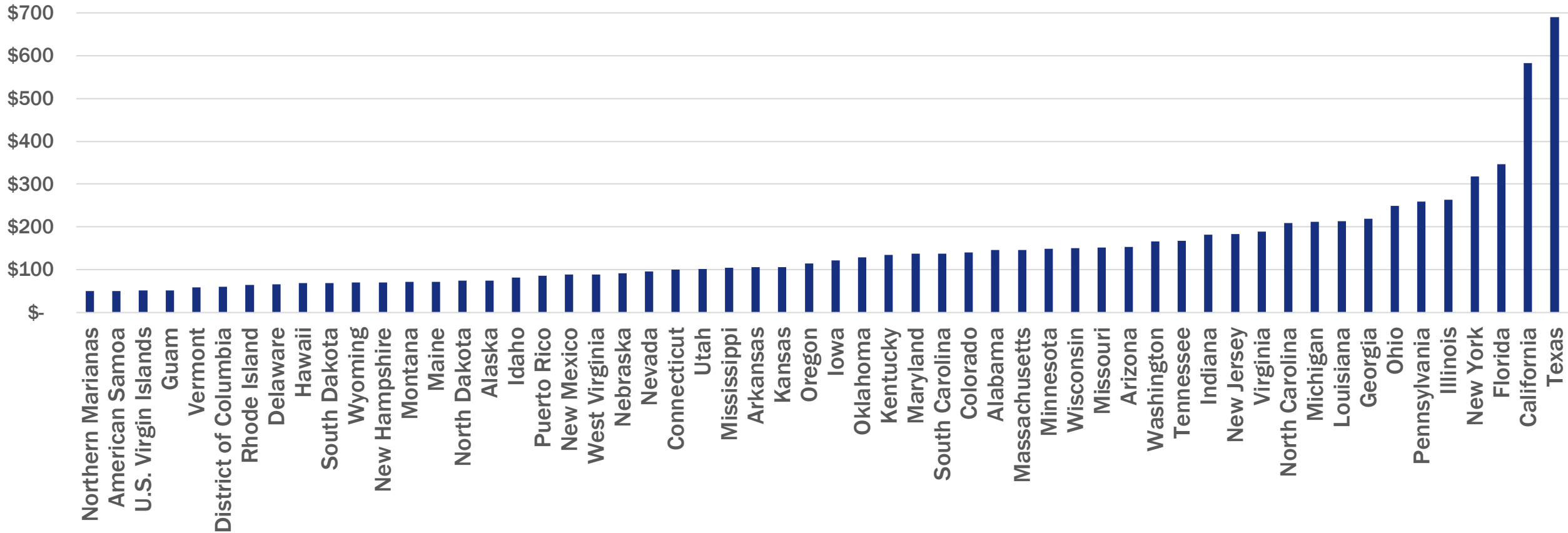


**High-Efficiency Electric Home
Rebate Program
HOMES Rebate Program**

High-Efficiency Electric Home Rebate Program Amounts	
Measure	Rebate Amount
Heat pump water heater	Up to \$1,750/appliance
Heat pump for space heating or cooling	Up to \$8,000/appliance
Electric stove, cooktop, range, or oven	Up to \$840/appliance
Electric heat pump dryer	Up to \$840/appliance
Electric load service center upgrade	Up to \$4,000
Insulation, air sealing, and ventilation	Up to \$1,600
Electric wiring	Up to \$2,500
Maximum rebate:	
- An eligible entity receiving multiple rebates	-Maximum allowable rebate- \$14,000
- Multifamily w/ 50% or more residents w/ incomes between 80-150% AMI	-Up to 50% of the cost of the electrification project
- Multifamily w/ 50% or more residents w/ incomes less than 80% AMI	-100% of the cost of the electrification project

State Allocations for DOE Rebates

TOTAL STATE REBATE ALLOCATIONS (\$M)



State allocations: <https://www.energy.gov/articles/biden-harris-administration-announces-state-and-tribe-allocations-home-energy-rebate>

State Allocations for DOE Rebates

TOP 20 STATE ALLOCATIONS

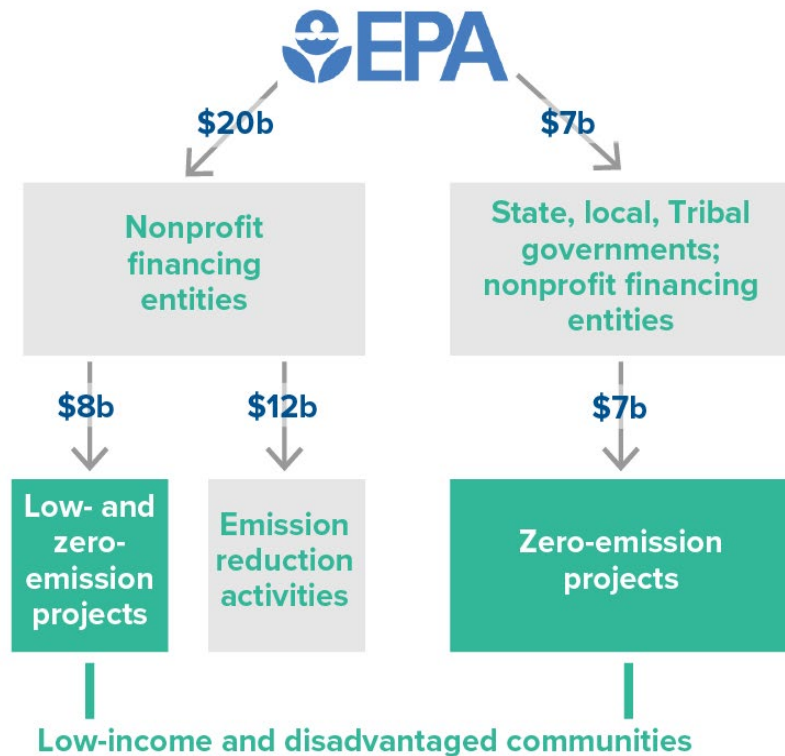
	State/ Territory	HOMES Rebate Allocations	HEEHR Allocations	Total Allocation
1	Texas	\$346,022,980	\$344,006,590	\$690,029,570
2	California	\$291,951,040	\$290,252,580	\$582,203,620
3	Florida	\$173,668,720	\$172,657,670	\$346,326,390
4	New York	\$159,338,380	\$158,415,850	\$317,754,230
5	Illinois	\$132,219,190	\$131,452,470	\$263,671,660
6	Pennsylvania	\$129,980,360	\$129,226,380	\$259,206,740
7	Ohio	\$124,875,180	\$124,150,970	\$249,026,150
8	Georgia	\$109,817,290	\$109,178,020	\$218,995,310
9	Louisiana	\$106,593,900	\$105,972,960	\$212,566,860
10	Michigan	\$105,904,990	\$105,291,160	\$211,196,150

	State/ Territory	HOMES Rebate Allocations	HEEHR Allocations	Total Allocation
11	North Carolina	\$104,918,280	\$104,307,840	\$209,226,120
12	Virginia	\$94,537,110	\$93,987,430	\$188,524,540
13	New Jersey	\$91,840,040	\$91,307,380	\$183,147,420
14	Indiana	\$91,302,840	\$90,772,430	\$182,075,270
15	Tennessee	\$83,877,940	\$83,390,060	\$167,268,000
16	Washington	\$83,266,580	\$82,782,050	\$166,048,630
17	Arizona	\$76,868,720	\$76,421,080	\$153,289,800
18	Missouri	\$75,807,060	\$75,366,640	\$151,173,700
19	Wisconsin	\$74,904,830	\$74,470,200	\$149,375,030
20	Minnesota	\$74,459,590	\$74,027,440	\$148,487,030

Inflation Reduction Act

Greenhouse Gas Reduction Fund

\$27 Billion Provided Through
Greenhouse Gas Reduction Fund



- Administering Agency: U.S. Environmental Protection Agency (EPA)
- Funding Amounts and Purposes: \$27B available through September 2024, including \$15B targeted to low-income and disadvantaged communities
- CDFIs are expected to be one of the primary nonprofit recipients
- Energy efficient newly constructed homes, transit-oriented affordable housing and energy retrofits are compelling targets for GGRF funding
- [Link to RFI: https://www.regulations.gov/docket/EPA-HQ-OA-2022-0859](https://www.regulations.gov/docket/EPA-HQ-OA-2022-0859)

Inflation Reduction Act



Sect. 48- Renewable Energy Investment Tax Credit (ITC), including Bonus Credit for Affordable Housing/Low-Income Communities with no LIHTC Basis Reduction

- Sect. 48 renewable energy Investment Tax Credit (ITC):IRA extends and modifies the ITC retroactively to 30% starting 1/1/2022 and through 12/31/2032 (with transition to tech neutral ITC on 1/1/2025)
- Facility financed must be less than 1 MW or meet labor standards providing prevailing wages and apprenticeship programs for facilities that start construction on or after Jan. 28
- 10% ITC domestic content bonus available 1/1/2023 according to this schedule:

Project Construction	Required % of Domestic Content	Required % of Domestic Content for Offshore Wind
If construction begins before Jan. 1, 2025	40%	20%
If construction begins on or after Jan. 1, 2025 and before Jan. 1, 2026	45%	27.5%
If construction begins on or after Jan. 1, 2026 and before Jan. 1, 2027	50%	35%
If construction begins on or after Jan. 1, 2027 and before Jan. 1, 2028	55%	45%
If construction begins on or after Jan. 1, 2028	55%	55%

Inflation Reduction Act



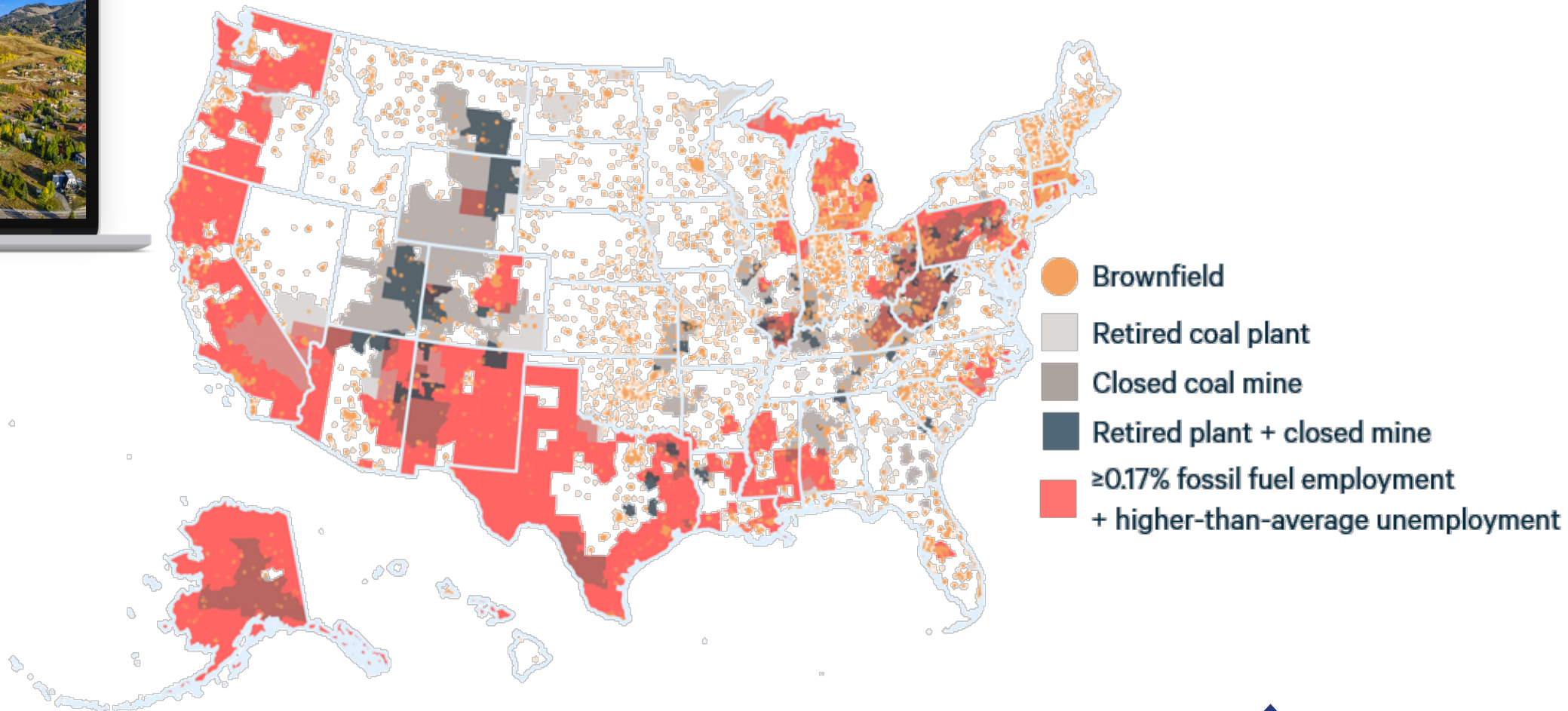
Sect. 48- Renewable Energy Investment Tax Credit (ITC), including Bonus Credit for Affordable Housing/Low-Income Communities with no LIHTC Basis Reduction

- Another 10% ITC bonus available 1/1/2023 for facilities located in “energy communities”, which include:
 - Brownfield sites,
 - Census tracts (including adjacent tracts) where coal mines closed after 1999 or coal-fired power plants retired after 2009, and
 - Metro and nonmetro MSAs where fossil fuel industries contributed significantly to employment or tax base after 2009 and have unemployment rates higher than the national average
- Bonus ITC credit for facilities with maximum net output of 5 MW connected to low-income communities (10%) and affordable housing (20%)
- Bonus credit is available in 2023-2032 but is limited to 1.8 gigawatts in each calendar year with unused amounts carried forward
- Treasury must develop the procedures for allocating 1.8 gigawatt to eligible facilities within six months after the bill is enacted.

Inflation Reduction Act

www.resources.org/common-resources/what-is-an-energy-community/

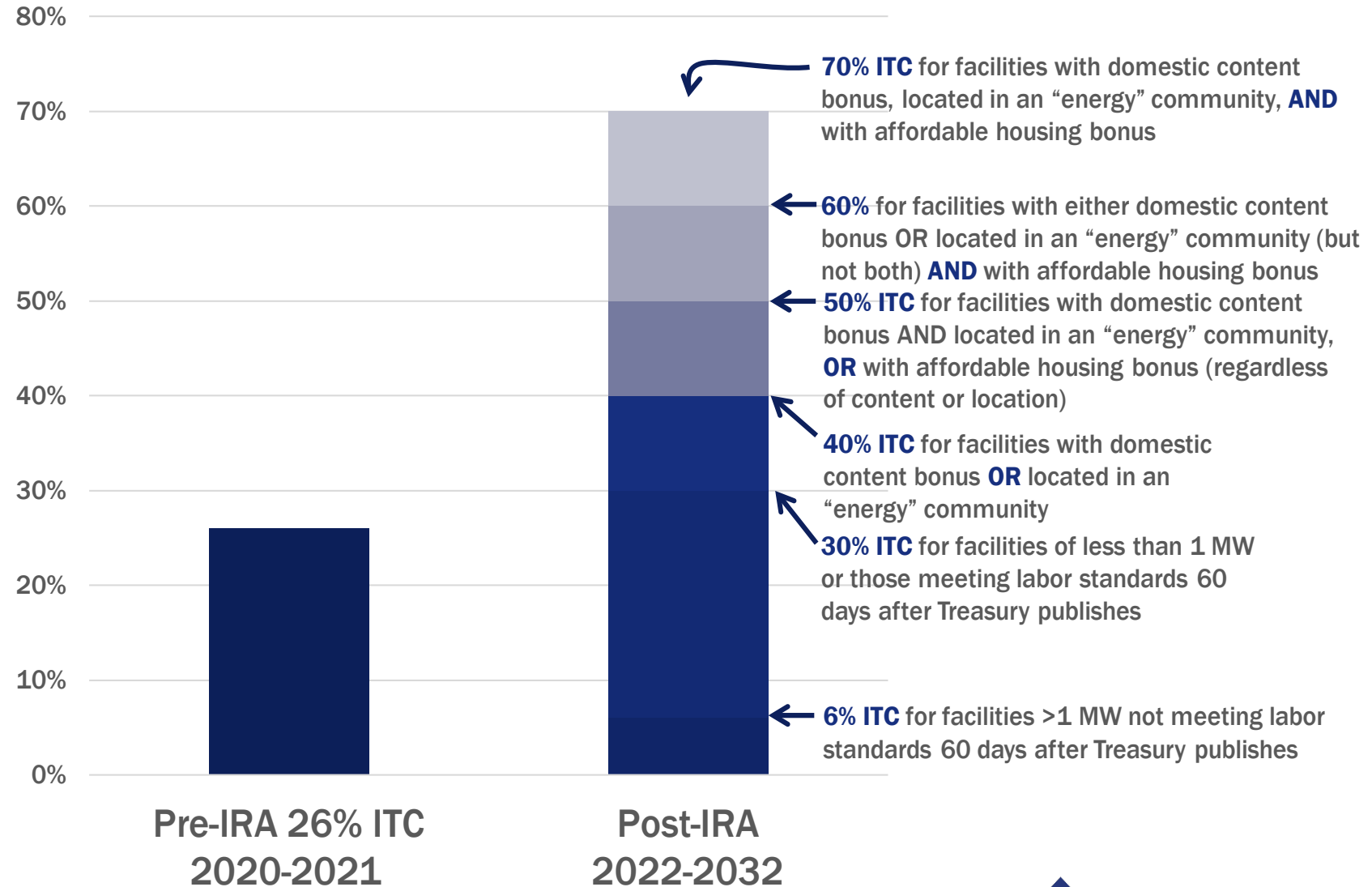
Estimate of “Energy Communities” as Defined by the Inflation Reduction Act



Inflation Reduction Act



Sect. 48- Renewable Energy Investment Tax Credit (ITC), including Bonus Credit for Affordable Housing/Low-Income Communities with no LIHTC Basis Reduction



Inflation Reduction Act



Sect. 45L- New Energy Efficient Home Credit Extension and Increase with no LIHTC Basis Reduction

- Retroactively extends the credit from 1/1/2022 through 12/31/2032
- Building must meet the national and regional requirements of the most recent ENERGY STAR New Construction standards starting in 2023
 - In 2022, energy standard is 2006 IECC and credit amount is \$2,000/unit (\$1,000/unit for manufactured homes). Only residential buildings of three or fewer stories are eligible.
 - All residential buildings (single-family and multifamily) are eligible for 45L starting in 2023
- Tax credit amounts vary depending on the level of building energy performance and whether prevailing wage requirements for building construction are met

		MEETS PREVAILING WAGE?	
		Yes	No
ENERGY STANDARD	ENERGY STAR New Construction	\$2,500 per unit	\$500 per unit
	DOE's Zero Energy Ready Homes	\$5,000 per unit	\$1,000 per unit

Inflation Reduction Act



Section 179D Modification of Energy Efficient Commercial Buildings Deduction

- Applies only to buildings of four stories or more above grade
- Modifies the formula for computing the maximum amount of the energy-efficient commercial buildings deduction
 - Increases the deduction amount if new wage and apprenticeship requirements are met
 - Modifies the energy efficiency standard
 - Eliminates the partial deduction for property that does not meet the certification standard
 - Provides an alternative deduction for energy-efficient building retrofit property
- Deduction still reduces LIHTC basis
- Generally applies to taxable years beginning after 2022.
- Deduction for energy efficient retrofit property applies to property placed in service after 2022
- Link to updated 179D energy standard:
<https://www.irs.gov/pub/irs-drop/a-23-01.pdf>

Inflation Reduction Act



Extension and Modification of Sect. 30C Alternative Fuel Vehicle Refueling Property Credit

- Extends the alternative fuel vehicle refueling property credit through 2032, lowers the credit rate from 30% to 6% if the refueling property is depreciable.
- Increases the credit limit to \$100,000 per item of depreciable refueling property and \$1,000 per item of nondepreciable refueling property.
- Includes bidirectional charging equipment and electric charging stations as credit-eligible property if requirements are met.
- Quintuples the credit amount for any depreciable **qualified alternative fuel vehicle refueling property** that is part of a refueling project that begins within a specified time period and meets wage and apprenticeship requirements.
- Requires alternative fuel refueling property to be placed in service in a **low-income community** or in a nonurban area.
- Generally applies to property placed in service after 2022. Extension of credit applies to property placed in service after 2021.

Implementation Timeline

OCT 5, 2022

Treasury/IRS release of six IRA Notices: 2022-46, 47, 48, 49, 50, 51

NOV 4, 2022

Six Treasury/ IRS IRA Notice public comment due

NOV. 30, 2022

Treasury publishes labor guidance

JAN. 29, 2023

60-day clock for labor guidance ends

FEB 2023



1.8 GW Environmental Justice Solar and Wind Capacity Limitation Guidance released

FEB 2023



Greenhouse Gas Reduction Fund, EPA grants begin

Expect HUD to put out a NOFA for the HUD Green and Resilient Retrofit Program

AUG 2024



Home Rebate Programs, states submit spending plans

SEPT 2024



Greenhouse Gas Reduction Fund, EPA grants complete

2022

2023

2024

EARLY 2023



DOE to issue RFI on Home Rebate Programs

DEC 5, 2022



EPA GGRF RFI comment due

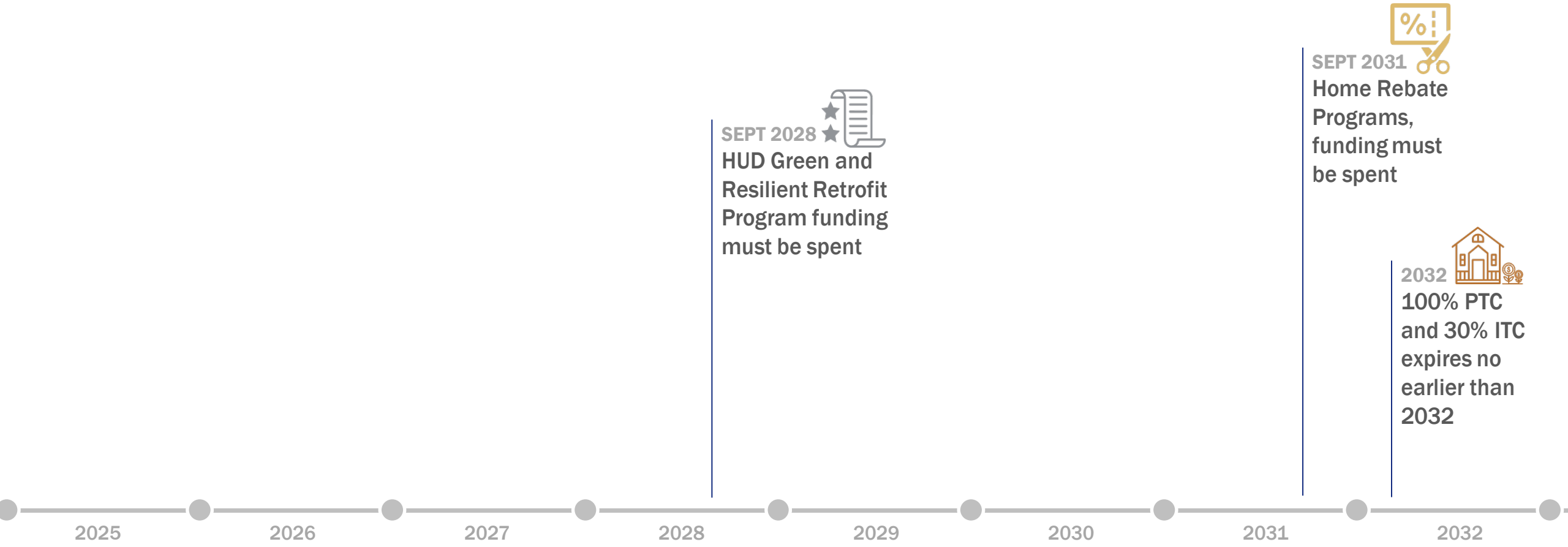
DEC 3, 2022

Three more comments due for RFI notices: 2022-56, 57, 58

OCT 27, 2022

HUD GRRP RFI comment due

Implementation Timeline



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Minimum Set-Aside

The final regulations completely remove the “Doomsday Cliff” in which a single noncompliant unit might jeopardize the ability to generate credits of projects that far exceed the 40% minimum set-aside threshold

