



Public and Nonprofit Sector Buildings Provisions in the Inflation Reduction Act and Infrastructure Investment and Jobs Act

The Inflation Reduction Act (IRA) and Infrastructure Investment and Jobs Act (IIJA) contain an estimated \$450 billion in climate spending, with extensive new programs specifically for public and nonprofit buildings (many of which can be taken together for a given project):

- ❑ Expanded tax incentives for clean energy and energy efficiency investments made available for schools, municipal buildings, universities, hospitals etc.
- ❑ Grant programs for school improvements, federal buildings, community development, etc.
- ❑ Low-cost financing for greenhouse gas reduction activities



Hypothetical School Project

100,000 Square Foot High School Renovation

179D Deduction for Energy Efficiency: \$3.50 per square foot deduction for 35% improvement in building energy use intensity x 100,000 square feet:

\$350,000 tax deduction transferred to design firm (\$70,000 value at 20% tax rate)

30% Investment Tax Credit on \$400,000 investment in onsite solar:

\$120,000 tax credit paid directly to school system

30% EV charging tax credit on \$50,000 investment in charging infrastructure in eligible census tract:

\$15,000 tax credit paid directly to school system

Low-interest project financing through EPA Greenhouse Gas Reduction Fund green bank:

\$600,000 savings

DOE Renew America's Schools competitive grant award:

\$750,000 grant paid directly to school system

Total Benefit: \$1,555,000

***Not including long-term energy cost savings of \$60,000-\$80,000 annually**



Tax Incentives (IRA)

Sec. 179D Tax Deduction for Energy Efficient Commercial Buildings (IRA Sec. 13303)

The expanded Sec. 179D deduction for building efficiency improvements is available to public entities through an allocation provision that allows a school system, municipality or other public entity to transfer the deduction to the project designer. The IRA expands the allocation provision to allow nonprofits, tribal governments and others without tax liability to also use the deduction.

- Increased deduction from \$1.80 per square foot to sliding scale of \$2.50-\$5.00 per square foot for new construction projects achieving 25%-50% better performance than an evolving 90.1 reference standard (starting with 90.1-2007).
- Creates new pathway for retrofits of existing buildings to more easily access the deduction. Retrofits must demonstrate 25%-50% improvement over previous baseline EUI to receive similar sliding scale deduction of \$2.50-\$5.00.
- Receiving full credit requires meeting [prevailing wage and apprenticeship provisions](#). Deduction drops to \$0.50-\$1.00 if provisions not met.
- The deduction is permanent in law, with no expiration date, and will be adjusted annually for inflation.

IRS information on IRA tax incentives is [here](#).

Tax Incentives (IRA)

Sec. 48 Clean Electricity Investment Tax Credit (IRA Secs. 13102 & 13702)

The expanded Sec. 48 Investment Tax Credit (ITC) for clean energy property investments such as rooftop solar, CHP or geothermal and storage is now available as “direct pay” for government entities, tribal governments, nonprofits and other institutions that don’t have tax liability. This means those entities can receive direct payment from the Treasury for the value of the credit, which has also been expanded and extended for at least 10 years.

- For most projects, credit of up to 30% of costs if [wage and apprenticeship requirements](#) are met, dropped to 6% if requirements are not met. Projects smaller than 1MW aren’t required to meet labor provisions.
- Credit increased by additional 10% if domestic content requirements are met and another 10% if project is in a designated “energy community” such as a brownfield site or a census tract with shuttered coal operations.
- Additional bonus credits of 10% or 20% for qualified projects serving low-income communities, for maximum credit of 70% of investment for meeting labor, domestic content, energy community and low-income criteria.
- Starting in 2024, direct pay is phased out for projects larger than 1MW that do not meet domestic content requirements.
- Project eligibility is expanded to cover new technologies such as standalone energy storage, microgrid controllers and dynamic glass.
- In 2025, ITC converts to technology-neutral structure (Sec. 48E) that provides similar incentives tied to GHG reduction, in place through at least 2032.
- Note: IRA also allows private entities with or without tax liability to sell these tax credits directly to unrelated third parties, bypassing complex tax equity markets that have been used traditionally.

IRS information on IRA tax incentives is [here](#).

Tax Incentives (IRA)

Sec. 30C Alternative Fuel Vehicle Refueling Property Credit (IRA Sec. 13404)

Expanded Sec. 30C tax credit for EV charging systems and other alternative fuel vehicle infrastructure is now available as “direct pay” for government entities, tribal governments, nonprofits and other institutions that don’t have tax liability. This means those entities can receive direct payment from the Treasury for the value of the credit, which has also been expanded and extended for 10 years.

- Credit of 30% of expenses up to \$100,000 per charging/fueling unit on commercial properties, including retail, office, etc. (Past cap was \$30,000 per property.)
- Must meet prevailing wage and apprenticeship program requirements or credit is reduced to 6%.
- Eligible properties must be in targeted rural or low-income census tracts.
- Bidirectional charging equipment eligible starting in 2023.
- Slated to expire in 2032.

IRS information on IRA tax incentives is [here](#).

Tax Incentives (IRA)

Sec. 45L New Energy Efficient Homes Credit (IRA Sec. 13304)

Expanded Sec. 45L homebuilder tax credit for new home construction, including multifamily, does not have a direct pay or transfer provision for governments or nonprofits to use. However, the IRA made the credit available for use alongside the Low-Income Housing Tax Credit (LIHTC) without reducing LIHTC basis, making it significantly more attractive for **privately developed** affordable housing projects.

- Extended through 2032 and increased from \$2,000 currently for meeting outdated IECC reference to \$2,500 for meeting ENERGY STAR and \$5,000 for DOE zero-energy ready.
- Previously restricted to multifamily buildings three stories or less, the updates make it accessible to all multifamily at \$2,500/\$5,000 per unit.
- Full credit for multifamily projects requires meeting prevailing wage provisions. Otherwise credit reduced to \$500/\$1,000.

IRS information on IRA tax incentives is [here](#).

Funding/Policy for Federal Facilities – IRA, IIJA & Executive Actions

GSA Procurement and Technology (IRA Sec. 60503)

\$2.15B to GSA through 2026 to acquire and install [low-embodied carbon materials](#) and products for use in the construction or alteration of GSA facilities. Defines low-embodied carbon materials as those defined by EPA as having substantially lower levels of embodied carbon as compared to estimated industry averages.

GSA Emerging Technologies (IRA Sec. 60504)

\$975M to GSA through 2026 for [emerging and sustainable technologies](#) and related sustainability and environmental programs including [GSA's Green Proving Ground program](#), which is aimed at demonstrating innovative technologies in federal facilities to help drive down operational costs and stimulate market transformation.

Federal Buildings Fund (IRA Sec. 60502)

\$250M in FY22 for GSA's Federal Buildings Fund to convert GSA-owned or managed buildings to high-performance green buildings (as defined in section 401 of the [Energy Independence and Security Act of 2007](#) – see pg. 108.)

Federal Buildings AFFECT Program (IIJA Sec. 40554)

[\\$250M in FY22](#) for FEMP's Assisting Federal Facilities with Energy Conservation Technologies (AFFECT) grant program for federal building improvements, available until spent. DOE estimates applications opening by end of 2022. Program funding announcements/descriptions are [here](#).

GSA announced [first round of IRA/IIJA-funded projects here](#).

Note: These programs are being implemented in alignment with Biden administration executive actions aimed at strengthening the sustainability of federal facilities, including [White House Executive Order 14057 Federal Sustainability Plan](#), the [Federal Buy Clean Initiative](#), the [Federal Building Performance Standard](#), and DOE's [Clean Energy for New Federal Buildings and Major Renovations of Federal Buildings](#) proposal.

Grants and Support for School Facilities – IRA & IIJA

Public School Facilities Grants (IIJA Sec. 40541)

[\\$500M in DOE competitive grants](#) to schools and partner organizations (nonprofit and for-profit) over five years (2022-2026) for clean energy improvements at K-12 schools, with priority for schools with renovation/repair needs, lower-income schools, and schools using energy-related performance contracting.

- One round of grants expected to be released each year (2022-2026). [First round of funding \(\\$80M for FY2022\) opened](#) in late 2022, with concept papers due Jan. 26, 2023, and full applications due April 21, 2023. Funding announcements expected June 2023.
- Those receiving grants must report how funding was used, including estimated cost savings and use of performance tracking such as ENERGY STAR or LEED.

Addressing Air Pollution at Schools (IRA Sec. 60106)

\$37.5M in grants and other activities through EPA to monitor and reduce air pollution and greenhouse gas emissions at schools in low-income and disadvantaged communities, with an additional \$12.5M in technical assistance to schools to address environmental issues and air pollution and to develop school environmental quality plans that include standards for building, design, construction, and renovation.

Financing/Grant Programs Open to Public Facilities & Communities (IRA & IIJA)

Greenhouse Gas Reduction Fund (IRA Sec. 60103)

\$27B to EPA for a wide-ranging national climate financing initiative with flexible project eligibility, divided into three categories of programs to provide loans, grants, technical assistance and other support.

- \$7 billion for low-income and disadvantaged communities to utilize zero-emission technologies.
- \$11.97 billion for projects that reduce or avoid greenhouse gas emissions.
- \$8 billion for low-income and disadvantaged communities for climate-related activities.

More information [here](#).

DOE Loan Programs Office (IRA Sec. 50141)

\$40B available until 2026 for loans from DOE [Loan Programs Office](#) under Section 1703 of the [Energy Policy Act of 2005](#). Loans intended to support the commercial deployment of cutting-edge clean energy technologies.

GHG Planning and Implementation Grants (IRA Sec. 60114)

\$5B in [Climate Pollution Reduction Grants](#) to states, municipalities and other public entities to develop plans for addressing GHG pollution. Calls for \$250M for planning grants, with EPA directed to award one grant to each state for the costs of developing a plan to reduce GHG. Balance of \$4.6B for implementation grants awarded on a competitive basis. Information about eligible entities, activities and other information [here](#).

Financing/Grant Programs Open to Public Facilities & Communities (IRA & IIJA)

Environmental and Climate Justice Block Grants (IRA Sec. 60201)

\$3B through EPA for grants of up to three years to local governments, universities or community-based nonprofits (or partnerships of those entities) for a variety of environmental projects benefiting disadvantaged communities. Eligible activities include community-led pollution monitoring, prevention, and remediation; low- and zero-emission resilient technologies and related infrastructure; workforce development tied to GHG reduction; mitigating climate and health risks from urban heat islands; climate resiliency and adaptation; and reducing indoor air pollution.

- [Administration announced](#) the initial \$100M in grant opportunities in January 2023 seeking grant applications for the [Environmental Justice Collaborative Problem-Solving \(EJCPS\) Cooperative Agreement Program](#) and the [Environmental Justice Government-to-Government \(EJG2G\) Program](#).

Neighborhood Access and Equity Grants (IRA Sec. 60501)

\$3 billion for a neighborhood access and equity grant program at the Department of Transportation to help states and local governments make walkability, safety, affordable transportation access, and other improvements including by removing existing transportation infrastructure that adversely impacts communities.

Port Air Pollution Reduction Grants (IRA Sec. 60102)

\$3B in competitive grants and rebates through EPA for ports to purchase or install zero-emissions port equipment and technology, and to develop climate action plans. \$750 million reserved for ports located in areas designated as nonattainment for air pollution.

Financing/Grant Programs Open to Public Facilities & Communities (IRA & IIJA)

State Energy Program (IIJA Sec. 40109)

[\\$500M in FY22](#) formula grants for the [State Energy Program](#) for energy efficiency and clean energy activities. DOE estimates first round of grants to be released Q2 2022.

EECBG Grants (IIJA Sec. 40552)

\$550M in FY22 for grants to states, local governments and tribal governments under the [Energy Efficiency and Conservation Block Grant Program](#), remaining available until spent. Applications process open now for \$430M in funding – [details here](#).

Airport Terminal Program (IIJA Division J, Title VIII, pg. 990)

\$5B in Department of Transportation (DOT) competitive grants to airports through 2030 for new [Airport Terminal Program](#). In awarding grants, DOT is to consider projects that, among other criteria, “improve energy efficiency, including upgrading environmental systems, upgrading plant facilities, and achieving Leadership in Energy and Environmental Design (LEED) accreditation standards.” DOT [announced the first round of contract awards](#) for 90 projects totaling \$1B, with another \$1B application process opening in 2023 for the second \$1B round of funding.

Nonprofit Energy Efficiency Materials Pilot Program (IIJA Sec. 40542)

[\\$50M through 2026](#) for Department of Energy (DOE) pilot program providing nonprofits with grants of up to \$200k for building energy improvements, including windows, HVAC, lighting, insulation, etc. Various grant criteria, including “an effective plan for evaluation, measurement, and verification of energy savings.” Program to be established within one year of enactment, or by 11/15/22. DOE estimates opening applications in Q1 2023.

Financing/Grant Programs Open to Public Facilities & Communities (IRA & IIJA)

Building Resilient Infrastructure & Communities (IIJA Division J, Title V, pg. 958)

\$1B over five years (\$200M per year for FY22-26) for FEMA's [BRIC pre-disaster mitigation program](#), supporting states, local communities, tribes and territories with hazard mitigation projects to reduce risks from disasters.

- FY22 application process closed Jan. 27, 2023, with FY23 application process likely opening Fall 2023.
- FY 21 grant award information [here](#).

Electric Vehicle Charging Infrastructure (IIJA Sec. 11401 and Division J, Title VIII, pg. 993)

- **Sec. 11401:** [\\$2.5B over five years](#) (gradually increasing from \$300M for FY22 to \$700M for FY26) for competitive grants to states, local governments, etc. for publicly accessible charging and alternative fueling infrastructure, including EV, hydrogen, propane and natural gas. Half of funding reserved for Community Grants aimed at rural, low-income, and high-density areas for infrastructure on public roads, parking facilities at public buildings, public schools, public parks, etc., or in publicly accessible parking facilities that are privately owned or operated.
- **Division J., Title VIII:** [\\$5B in formula grants](#) to states from FY22-26 to strategically deploy EV charging infrastructure and collect data for the creation of a national EV charging network.

Reconnecting Communities Pilot Program (IIJA Sec. 11509)

\$500M over five years (FY22-26) for a pilot grant program allowing governments to study and carry out projects to remove or improve existing transportation facilities that create barriers to community connectivity, mobility, access or economic development. \$100M for planning grants and \$400M for construction grants. Maximum grant awards of \$2M for planning grants and \$5M for construction.

- More information on grant eligibility and timelines [here](#).

Financing/Grant Programs Open to Public Facilities & Communities (IRA & IIJA)

Coastal Communities and Climate Resilience (IIJA Sec. 40001)

[\\$2.6 billion](#) through the National Oceanic and Atmospheric Administration for direct expenditures, contracts, grants, and technical assistance to help coastal states, local governments, nonprofits, universities and others with projects to conserve, restore and protect coastal and marine habitats and resources, and prepare for extreme storms and other changing climate conditions, among other activities.

Healthy Streets Program (IIJA Sec. 11406)

\$500M over five years (\$100M per year for FY22-26) to create a new Healthy Streets competitive grant program at DOT. Grants of up to \$15M to states, cities, etc. – with option of partnering with nonprofits – to deploy cool pavements and porous pavements and to expand tree cover. Goal is to mitigate urban heat islands, improve air quality, and reduce impervious surfaces, stormwater runoff and flood risks, and heat impacts to infrastructure and road users. *Authorization only – requires funding through appropriations.*

Tribal Climate Resilience (IIJA Division J, Title VI, pg. 963)

\$216 million over five years (\$43.2M for FY22-26) through the Interior Department for tribal climate resilience, adaptation, and community relocation planning, design, and implementation projects. \$130M is for community relocation and \$86M is for climate resilience and adaptation projects. More information [available here](#) and [here](#).

Building Resilient Infrastructure and Communities (IIJA Sec. 70006)

Allows FEMA, under the Stafford Act, to use [BRIC funding](#) for low carbon materials and incentives that encourage low carbon and net zero energy projects, including an increase in federal cost share for such programs.

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