

Inflation Reduction Act: Implications for Real Estate

6.6.24 | 4:00 - 7:00 PM

123 S. Broad Street

AGENDA + SPEAKER BIOS:
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Welcome!



Kevin Moran
Executive Director
ULI Philadelphia



Rich Freeh
Executive Director
**Green Building
United**



Inflation Reduction Act:
Implications for Real Estate | 6.6.24

Welcome!

4:00 - 4:30 | Registration & Networking

4:30 | Convene and Welcome

4:35 - 4:55 | Opening Remarks

4:55 - 5:25 | *IRA 101: How the IRA works and ways to utilize it for your projects*

5:25 - 6:15 | *IRA In Action: Case studies and how it's used today*

6:15 - 6:30 | Audience Q&A

6:30 - 7:00 | Networking

7:00 | Adjourn

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Opening Remarks



Jamie Gauthier

Councilmember District 3
Chair of City Council's Committee on
the Environment

City of Philadelphia

Opening Remarks



Ben Evans

Federal Legislative Director

U.S. Green Building Council

IRA 101: How the IRA works and ways to utilize it for your projects



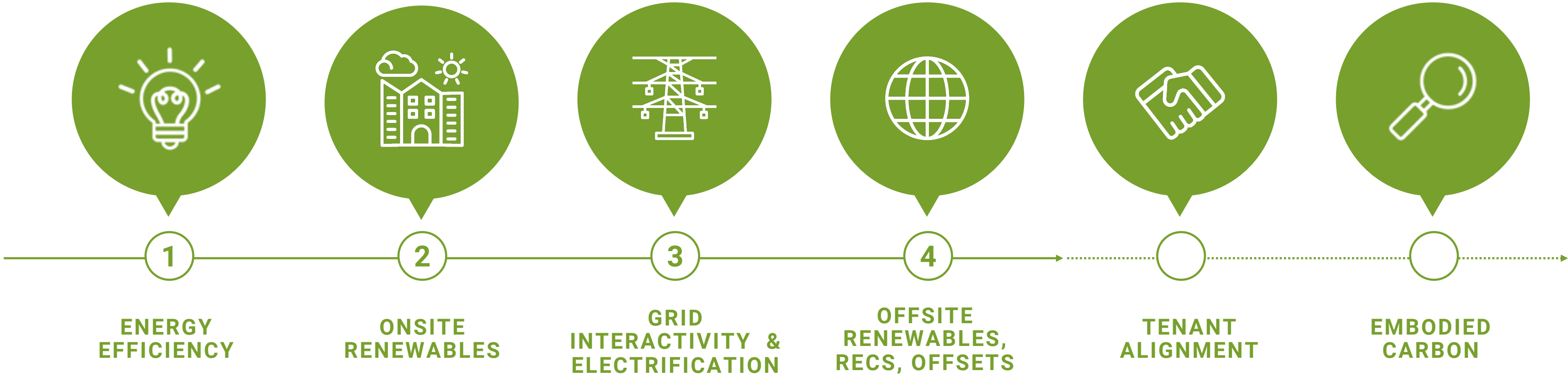
Kara Kokernak

Senior Director, Decarbonization
Randall Lewis Center for
Sustainability

Urban Land Institute

Real Estate's Journey to Net Zero

A net zero building portfolio is highly efficient and fully powered by on-site and off-site renewable energy sources and offsets



Why Decarbonization?

Significant Stakeholder Pressures

Buildings are responsible for 40% of global greenhouse gas emissions, and up to 70% of emissions in urban cities

- **Cities** across the globe are setting aggressive climate goals, and incorporating a path to net zero in their building codes and regulations
- **Investors** are including ESG in their real estate debt and equity considerations
- **Occupants** are seeking sustainable spaces as part of leasing decisions
- These stakeholders are looking to the **real estate sector** to make meaningful greenhouse gas reductions.
- *Real estate that rises to the challenge will reduce risk and see better long-term returns, while reducing their impact on the planet.*

Why Decarbonization?

The Value-add Opportunity



Financial Benefits

- Lower OpEx
- Lower M&R
- Increased NOI
- Increased Asset Value



More Investors



Increased energy
reliability/ grid resilience



Better Tenants



Regulation
Compliance

What is the Inflation Reduction Act?

A once-in-a-generation effort to spur private sector building decarbonization

- Section 179D: A deduction to help make commercial and multifamily buildings more **energy efficient**
- Section 48: Investment Tax Credit - A credit to encourage investments in **renewable energy generation and other “clean energy”** technologies sited at buildings and other facilities
- Section 30C: A credit to incentivize the installation of **EV charging** stations
- Section 45L: A credit to incentivize **energy-efficient new residential** construction, including multifamily

**\$370
Billion**

IRA 101: How the IRA works and ways to utilize it for your projects



Katie Bartolotta

Vice President of Policy and
Strategic Partnerships

Philadelphia Energy Authority

The Inflation Reduction Act in Philadelphia



CLEAN, EFFICIENT, AFFORDABLE

energy as a tool for impact

ECONOMIC development

Projects that move the needle on carbon reduction are bringing established companies, investors and entrepreneurs to the city.

CREATING jobs

Statewide, the number of clean energy jobs already outpaces the number of fossil fuel jobs.

ALLEVIATING poverty

Reducing the energy burden for Philadelphians means homes that are safe, warm, healthy and affordable for the long term.

IMPROVING public health

In public buildings, schools, homes and businesses, clean and efficient energy is a vehicle for improving the health of our communities.

A photograph of Philadelphia City Hall, a grand neoclassical building with a prominent central tower. A banner hangs from the front entrance that reads "Solarize PHILLY GO SOLAR NOW solarizephilly.org". The sky is blue with light clouds. In the foreground, there are green plants and a paved plaza.

Philadelphia Energy Campaign: A 10-year, \$1B investment to create 10,000 jobs

First 7 Years:
\$904MM invested
7,648 jobs created

**Investment in
2023 Alone**
\$524MM

Energy Campaign Programs & Projects

- \$91.2MM, **Philly Streetlight Improvement Project** to replace 130,000+ fixtures citywide with long-lasting, high-performing LEDs. 51% energy savings.
- **70MW solar PPA** to procure 25% of City's electricity in Adams County
- \$250MM of **school energy makeovers**, incl. lighting, boilers, windows, air conditioning across 23 schools
- \$57MM invested, 3000+ residential solar rooftops contracted through **Solarize Philly**, including 45% LMI homes
- 90,000+ households enrolled in **water and sewer protection program**, \$45MM+ in savings
- \$197MM of **C-PACE** projects financed to date (C&I)
- 300+ low-income home retrofits completed or underway in **Built to Last**
- Pairing programs and projects with workforce development - **Green Retrofit Immersive Training (GRIT)** for residential construction and **Bright Solar Futures** for solar
- Launched the **Philadelphia Green Capital Corp. (PGCC)** PEA's green bank affiliate in 2021



Philadelphia is
extremely well-positioned to receive funds
as a leader in building an equitable clean energy economy.



What's different about the IRA?

- Competitive grants have been highly technical, request cross-sector collaboration
- More than 2/3 of the IRA flows through the tax code
- Speed of deployment has put a premium on projects and programs with technical and financial details in hand

Philadelphia has an existing network of programs and partners to unlock the full potential of the IRA

- PEA focused on lending capacity, technical/financial expertise and leveraging partnerships to ensure Philadelphia maximizes federal climate funding

Phase I – Competitive Grants

Goal: Ensure Philadelphia does not miss any competitive funding opportunities

- \$2.6B+ in competitive and formula grants submitted statewide for energy projects by PEA and partners

<i>Awarded</i>	\$1,082,382,421
<i>Awaiting Response</i>	\$966,960,910
<i>Not Selected</i>	\$64,400,000
Total Requested	\$2,602,782,421
<i>Totals include both IRA and BIL energy awards</i>	

\$156M for Solar For All Awarded to Pennsylvania

- Joint application of Pennsylvania Energy Development Authority (PEDA) and Philadelphia Green Capital Corp. - the Commonwealth's government-affiliated green banks
- **Will provide solar to 14,000 low-income and disadvantaged households across PA**
- Focused primarily on single-family households unless community solar is enabled
- Builds on the success of Solarize Philly



EPA ANNOUNCES OVER \$156MM SOLAR FOR ALL AWARD TO PENNSYLVANIA

The award will be made to the Pennsylvania Energy Development Authority (PEDA) as the lead applicant of a two-member coalition that includes the Philadelphia Green Capital Corporation (PGCC).

PGCC will manage tens of millions of dollars for Solar For All in Southeastern Pennsylvania to deploy residential solar to thousands of households, bolster workforce development programs, and support PEDA in setting up a program to serve the rest of the Commonwealth.



National Clean Investment Fund (NCIF) and Clean Communities Investment Accelerator (CCIA)

- **EPA awarded \$20B across 8 recipients for NCIF and CCIA funds**
- PEA's green bank affiliate, the Philadelphia Green Capital Corp., supported 3 applicants and expects to request ~\$385M in funding from awardees
- Anticipated use of funds:
- Fill key market gaps
 - Attract private/philanthropic capital to clean energy projects
 - Mobilize lenders and community partners
- Example projects to be funded:
 - Solar for schools
 - Public access electric vehicle charging infrastructure
 - Technical assistance and financing for building decarbonization for residential, commercial, municipal, institutional, and industrial sectors

Climate Pollution Reduction Grant

- **\$200MM Climate Pollution Reduction Grant**
 - PEA led on implementation grant to support reducing GHG emissions from the built environment
 - \$500MM statewide application industrial-focused, \$200MM SEPTA application focused on regional transit improvements
 - Circulated an RFI to solicit projects and requests for scoping support from regional partners
 - **Received 100+ submissions totaling requests of more than \$700MM**
 - [Full project list](#)
 - Includes funding requests for commercial solar incentive, small business refrigerator replacement program

Phase II - Rebates and Tax Incentives

GOAL: Prepare market for rebate and tax incentives and how they stack with federal grants and financing

- Preparing for residential rebate deployment in early 2025
- Retain tax advisor to understand all aspects of available tax incentives and deductions, interaction with other funding sources
- Perform market analysis to inform NClF and CCIA financial offerings
- Devise market education strategy with key local outreach partners
- Provide technical assistance including project scoping for local government and nonprofit organizations

Contact

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Vice President, Policy and Strategic Partnerships

Philadelphia Energy Authority

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IRA In Action: Case studies and how it's used today



MODERATOR
Ariella Maron
Executive Director
DVRPC



Vidhi Anderson
Vice President of
Development
HumanGood



Lisa Shulock
Director of Commercial
Programs
**Philadelphia Energy
Authority**



Laura Slutsky
Director
Guidehouse

Thank You!



Kevin Moran
Executive Director
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