





NARdotRealtor







Inflation Reduction Act Tax Credits and Rebates

Cynthia Adams, CEO Pearl Certification September 13, 2023





Agenda

- Introduction
- Inflation Reduction Act Overview
- Tax Credits
- Rebates
- What IRA Means to Real Estate
- Resources

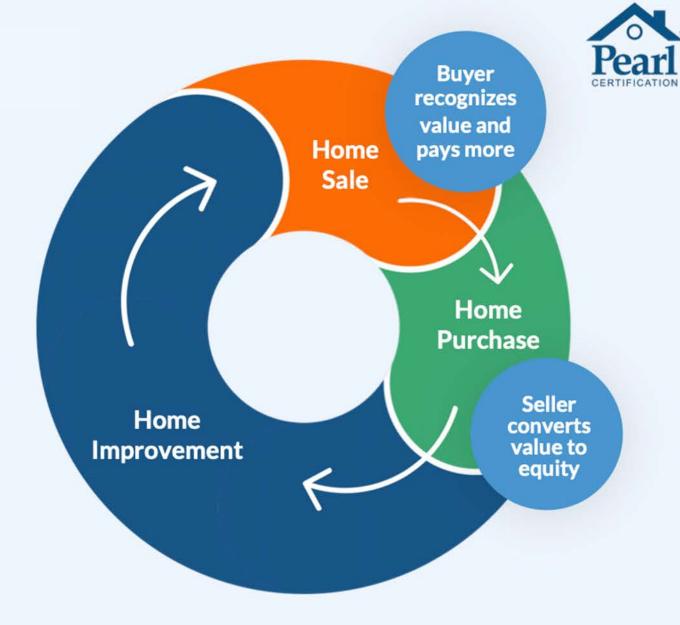


INTRODUCTION



Pearl and the Home Value Cycle

- √ Home BUYER "sees" highperforming features in Pearl's Certification Report and marketing materials.
- √ Home SELLER captures the value of the upgrade in the sale price.
- ✓ **DEMAND** for High-performing homes drives more improvements, completing the cycle.

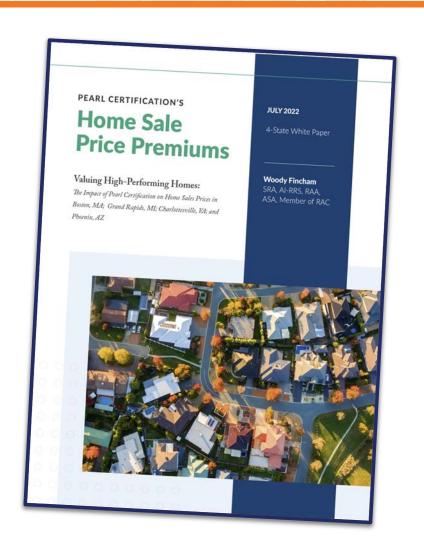


We Help Homeowners Increase Home Equity



Pearl Certified homes sell on average for 5% more*

*Verified by independent appraiser studies in four markets



Program and Standards Partners















Investor and Program Partner

Program Partner

Data and Program Partner

Licensing Agreement and Policy Partner

Data and Standards Partner



Data and Standards Partner



Standards and Program Partner



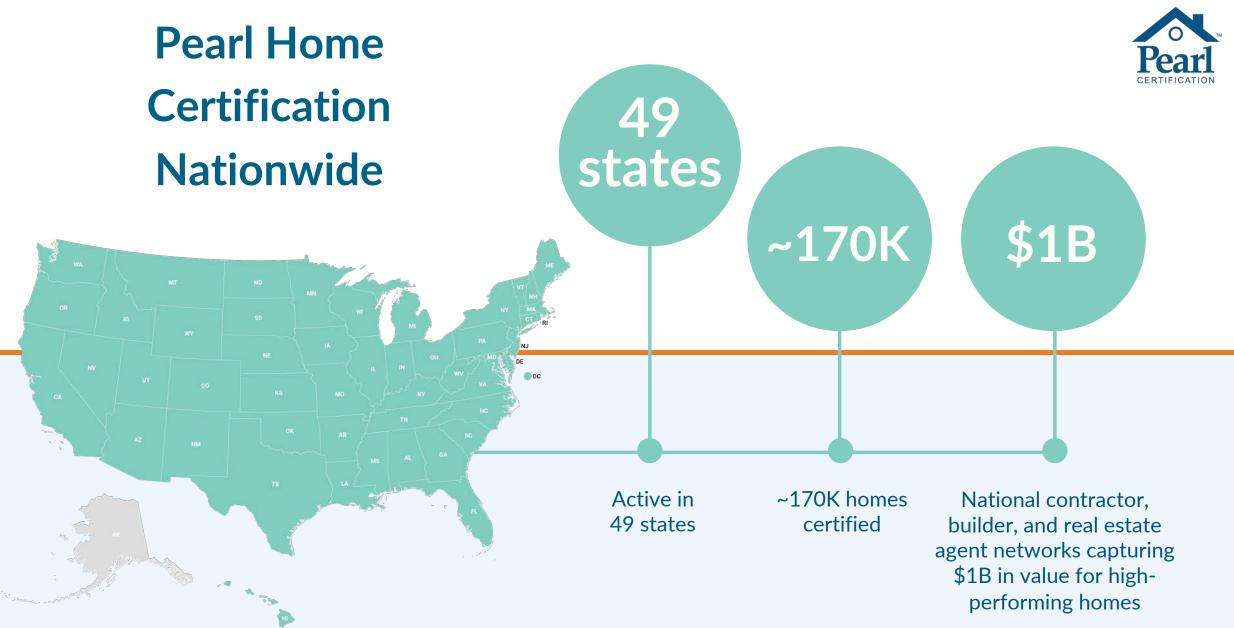
Contractor and Standards Partner



Program Partner



Agent Training
Partner



IRA Overview







The overarching goal of the Home Energy Rebate programs is to accelerate the transition to more affordable, efficient, resilient, and low carbon homes.

US Dept. of Energy estimates 70% of households will qualify for rebate programs...coming soon to a home near you!







OVERVIEW

- Provides tax credits through federal government
- Provides rebates for residential efficient electrification and energy efficiency upgrades through state energy offices
- Rebates are focused on low and moderate income homeowners 40% of US households eligible as low income



TAX CREDITS



45L New Home Tax Credit

- Homes built to ENERGY STAR standards \$2500
- Homes built to Zero Energy Ready standards \$5000



25C Energy Efficiency Home Improvement Tax Credit

For qualified improvements installed that tax year.

Limits apply: heat pumps have a \$2000 limit; everything else has a combined \$1200 limit; \$3200 is *total* limit for the year.

- Doors (\$250/door \$500), windows and skylights (30% of cost up to \$600); labor not included
- Insulation, air sealing (30% of cost up to \$1200); *labor not included*
- Home energy audits (30% of cost up to \$150)
- AC, water heater, furnace, boiler, electrical improvements (30% up to \$600 each)
- Electric or natural gas heat pumps and heat pump water heaters, biomass stoves and boilers



25C Additional Info

- Only existing homes and remodels, not new construction; must be owner occupied
- Doors and windows must be ENERGY STAR
- Insulation R-value must meet IECC code standard for two years prior
- AC, water heater, furnace, heat pumps, heat pump water heaters: meet or exceed CEE standard: https://www.ahrinet.org/certification/cee-directory/cee-directory/
- Oil furnaces and hot water boilers: ENERGY STAR
- Electric panels: meet NEC and be 200 amps or more



25C Additional Info

- Can't carry the energy efficiency credit forward (unlike renewable energy/solar credits)
- Can qualify for the max amount every year in which improvements are made
- Rebates cannot apply to same install, but a tax credit for same install can be combined with rebate
- Homeowners should make sure they get product literature or other documentation for efficiency rating of your installed system, cost of system, and date installed to submit for the tax credit



Clean Energy Tax Credit

Qualifying installations for up to 30% of the cost (new and existing homes), labor included, no dollar limit, carry forward allowed, owned systems only. Covers:

- Solar electric property (solar panels)
- Roofing shingles that serve as solar collectors
- Solar water heating property (solar water heaters)
- Fuel cell property expenditures (maximum credit of \$500 for each half kilowatt of capacity of the qualified fuel cell property)
- Small wind energy property expenditures (wind turbines)
- Geothermal heat pumps
- Battery storage technology



REBATE PROGRAMS



Rebate Programs Run Until 9/2031

7

Funding meant to be "braided"

State rebates can be combined with tax credits, utility rebates, manufacturer rebates, and some other grant programs.

Electrification and Energy Efficiency rebates may NOT apply to the same installation. 2

States' grants will be gated

States must have approved application, Implementation Blueprint, Market Transformation Plan, Data/QA plan, AND meet minimum lowincome targets to secure tranches of funding.

3

Requires energy modeling

For both bill impacts (Electrification Rebate) and savings threshold requirements (Energy Efficiency Rebate), contractors will have to model projected bills.





- Point of Sale rebate reduces out of pocket costs
- Requires owner be <150% area median income to access
- Covers 100% of cost for households <80%
- Covers up to 50% of cost for 80% 150% AMI

\$4.5B for Electrification Rebates



Product Rebates					
Upgrade Type	Qualified Product	Rebate Amount Not to Exceed			
Appliance	Heat Pump Water Heater	\$1,750			
	Heat Pump for Space Heating or Cooling	\$8,000			
	Electric Stove, Cooktop, Range, Oven, or Heat Pump Clothes Dryer	\$840			
Building Materials	Electric Load Service Center	\$4,000			
	Insulation, Air Sealing, and Ventilation	\$1,600			
	Electric Wiring	\$2,500			
Maximum Rebate		\$14,000			

\$4.5B for Electrification Rebates



- No income qualification and no owner-occupant requirement
- Energy modeling tool must be BPI 2400 compliant (utility bill calibration)
- Requires 3rd party certification of project to access rebate

\$4.3B Home Efficiency Rebates



Single-Family					
Modeled Energy Savings	Income Level	Rebate Amount			
20%-34%	Less than 80% AMI*	Lesser of \$4,000 or 80% of project cost			
	80% AMI and greater	Lesser of \$2,000 or 50% of project cost			
35% and greater	Less than 80% AMI*	Lesser of \$8,000 or 80% of project cost			
	80% AMI and greater	Lesser of \$4,000 or 50% of project cost			

\$4.3B Home Efficiency Rebates



MARKET TRANSFORMATION PLAN

25% of states' Electrification and Energy Efficiency rebate programs funding is tied to an approved "Market Transformation Plan," which must:

Describe how the State program will enable the market to recognize the value of homes that have been upgraded through the Home Energy Rebates, including at time of sale/rental. At a minimum, the plan must include a strategy for aggregating home data from the home assessment and/or home certification and making such data available to real estate stakeholders.



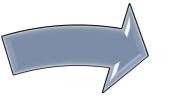








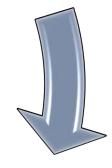




Buy Home







Improve Home



Own Home





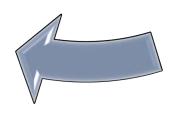






Improve Home's

Energy Efficiency





Own Home









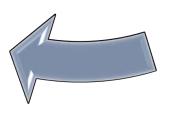


MARKET TRANSFORMATION



Improve Home's

Energy Efficiency



Own Home



CONSUMERS WANT EFFICIENCY

Looking ahead, here are the top 10 major investment projects homeowners tell ANGIE they intend to pursue in the next five years:

- 1. Bathroom remodeling, 35.93%
- 2. Solar panels, 29.41%
- 3. Outdoor work, 26.89%
- 4. Basement refinishing, 26.43%
- 5. HVAC upgrade, 23%
- 6. Build home office, 22.77%
- 7. Build a new addition, 21.85%
- 8. Add a bathroom, 20.94%
- 9. Convert garage to gym, 20.48%
- 10. Other, 5.49%



HOME EQUITY IMPACT*

Rank	Remodeling Project	Job Cost	Value at Sale	Cost Recouped
	HVAC Electrification Conversion	\$17,747	\$18,366	103.5%
2	Garage Door Replacement	\$4,302	\$4,418	102.7%
3	Manufactured Stone Veneer	\$10,925	\$11,177	102.3%
4	Entry Door Replacement Steel	\$2,214	\$2,235	100.9%
5	Siding Replacement Vinyl	\$16,348	\$15,485	94.7%
6	Siding Replacement Fiber- Cement	\$19,361	#17,129	88.5%
7	Minor Kitchen Remodel Midrange	\$26,790	\$22,963	85.7%
8	Window Replacement Vinyl	\$20,091	\$13,766	68.5%
9	Bath Remodel Midrange	\$24,606	\$16,413	66.7%
10	Window Replacement Wood	\$24,376	\$14,912	61.2%



NOT A TREND - A TRANSFORMATION



Impacts MLS data

Buyer search, Green Fields, marketing





Impacts agent education

Training on: new products and features, programs to assist buyers and sellers



Impacts home valuation

CMAs, appraisals, lending rates, home insurance



WHAT DOES IT MEAN FOR YOU?

- How can you position your knowledge on IRA rebates and tax credits to differentiate?
- What education or training might you need to price and market homes that have these features?
- Can <u>you</u> tie benefits like comfort, indoor air quality, affordability of homeownership, sustainability, and home equity to energy efficiency and renewable energy features?
- What does this mean for your local association and any relevant initiatives? How the state's Market Transformation plan impact your business?



WHAT DOES IT MEAN FOR YOUR CLIENTS?

- What rebates and/or tax credits might your clients qualify for?
- What type(s) of housing stock exists in your area, and what needs does it have?
- What resources do you have/can you share with clients?



RESOURCES





WEBSITES

- Tax Credits: https://www.irs.gov/pub/taxpros/fs-2022-40.pdf
- Rebate programs: https://www.energy.gov/scep/home-energy-rebate-programs-frequently-asked-questions
- State allocations: https://www.energy.gov/articles/biden-harris-administration-announces-state-and-tribe-allocations-home-energy-rebate
- Area median income calculator: https://ami-lookup-tool.fanniemae.com/amilookuptool/
- Weatherization Assistance Program: https://www.energy.gov/scep/wap/weatherization-assistance-program
- Consumer information: <u>www.energy.gov/save</u>
- Consumer information on electrification: https://www.rewiringamerica.org/lRAguide
- Consumer information on rebates, tax credits, and creating a home investment plan:
 greendoor.app



PEARL IS YOUR PARTNER





Provide MLS's data through API

Populate listings with feature level data, potential revenue share for certified listings





Agent network and training

Online resources, webinars, free consumer app "Green Door" for custom rebate and upgrade information







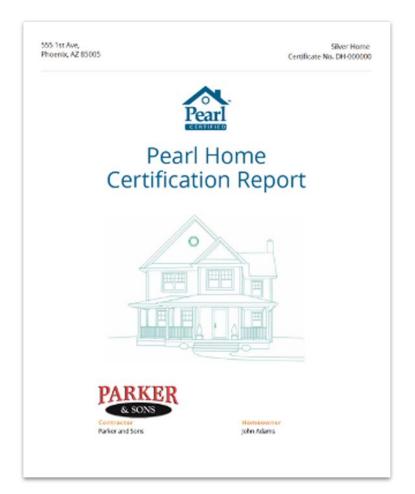
Certification and Equity Calculators

Report includes completed Appraisal Addendum and discounted cash flow for efficiency and solar

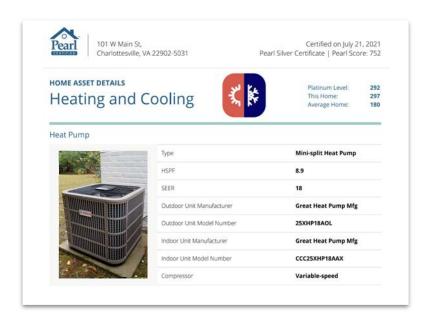


HOME CERTIFICATION PACKAGE









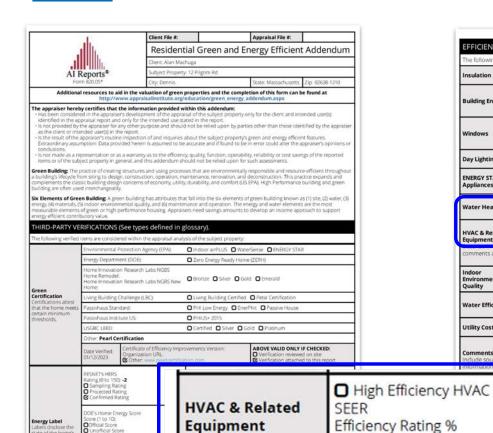


APPRAISAL SUPPORT

AFUE* %

Efficiency

*Annual Fuel-Utilization

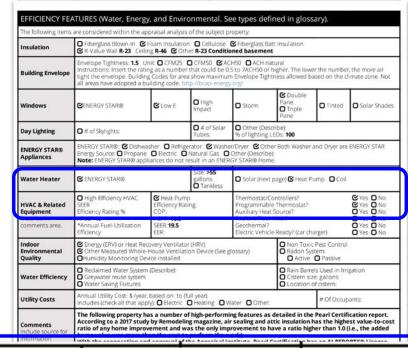


Describe in

comments area.

Other Energy Score: Pearl Sc Range (0 to 1200): 1102

Date Verified:



Geothermal?

C Heat Pump

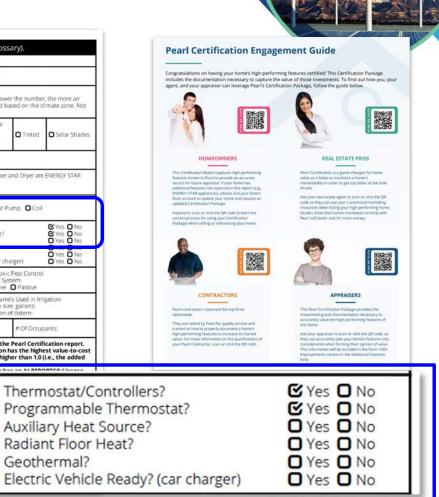
COP:

EER:

HSPF: 9.5

SEER: 19.0

Efficiency Rating:





RESO GREEN FIELDS REPORT + MARKETING PACKAGE



9960 NW Windover Ln, Kansas City, MO 64153-2806 Certified on February 03, 2023 Pearl Gold Certificate | Pearl Score: 982



Air Sealing: Top 3% of MO homes

Sooo many benefits with a well-sealed home: from a comfort perspective it's less drafty and has greater humidity control. Bonus: less dust and insects!

All homes should be air sealed to increase comfort, minimize air leakage and enhance the effectiveness of the insulation. This home's performance for air sealing is exceptionally high.

Air sealing typically includes using spray foam on the rim joists, areas where plumbing and electrical penetrations come through walls, around windows/doors, and other areas of the home.



9960 NW Windover Ln, Kansas City, MO 64153-2806 Certified on February 03, 2023 Pearl Gold Certificate | Pearl Score: 982



Filters: Hospital-grade

The filter for this home's filter cleans the air of mold, mildew, pet dander, pollen, and other particles that can impact allergies or asthma.

The American Lung Association has found that indoor air can be very polluted compared to the outside. This home's special air filter attracts and captures airborne articles and allergens, making for a hatter indoor environment.

These filters are likely to be nearly as effective as true HEPA (hospital grade!) filters at controlling most airborne indoor particles.



9960 NW Windover Ln, Kansas City, MO 64153-2806 Certified on February 03, 2023 Pearl Gold Certificate | Pearl Score: 982



Thermostat: Smart home feature

Save money and enjoy the convenience of wifi-enabled heating and cooling control with this high-quality thermostat.

This home's thermostat gives the owner broad control over the home's heating and cooling systems, helping to keep the home at the right temperature and save money.

Plus with real-time control via a phone app, you can adjust the temperature settings no matter where you are - at the office, away on vacation, etc.



12379 Bevan Dr, Arlington, TN 38002-4889 Certified on September 23, 2022 Pearl Gold Certificate | Pearl Score: 891

Learn more about this Pearl Certified home's benefits: read the free report at www.pearlcertification.com/registry.

Pearl Certification is a national firm that provides third-party certification of **high-performing homes**: homes with "performance assets" that make them **healthy**, **safe**, **comfortable**, **energy and water efficient**. Pearl is an ENERGY STAR Partner.

This Pearl Gold home has verified high-performing assets for a number of features that enhance the quality of life for its owners. Pearl Certified: it's what value *feels* like.

What You Need to Know

This home has many high-performing features, including its heat pump, forced air ducts, attic insulation, attic hatch and filters.

This home will be healthier, more comfortable, cleaner and quieter, an cost less to operate, than most



Gold Certified: Special Performance Features of this High-Performing Home



Heat Pump: Top 2% of electricheated homes Forced Air Ducts: Ducts very wellinsulated

Attic Insulation: Top 5% of TN homes

Attic Hatch: Very Well-insulated Filters: Hospitalgrade Room Ventilation: Lower indoor humidity

Water Filtration System: Cleaner Water Air Sealing: Top 16% of TN homes LED Lighting: Very efficient lighting



Social Media Posts: 12379 Bevan Dr, Arlington, Tennessee

HEAT PUMP

12379 Bevan Dr, Arlington, TN 38002-4889 just hit the market, and one of the stand-out features is the high-efficiency heating and cooling system. When you consider that this accounts for almost half of a home's energy bills, this heat pump system is a huge value-add for any buyer. It's what helped the home earn Pearl Gold Certification and is one of many features that make this property worth a look. [Link to listing]



12379 Bevan Dr, Arlington, TN 38002-4889 Verified MLS Green Fields Listing Sheet (RESO Green Fields Report)

This property's home performance features map to the MLS fields below. Please see accompanying Pearl Home Certification Report for documentation of the features' technical specifications.

Green Marketing Group

Attic/Crawl Hatchway(s) Insulated

Insulation

Electric Water Heater

Lighting

Humidity Control

Humidity Control (Heating)

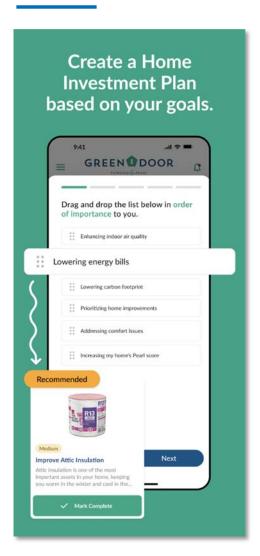
Carbon Monoxide Detector(s)

HVAC

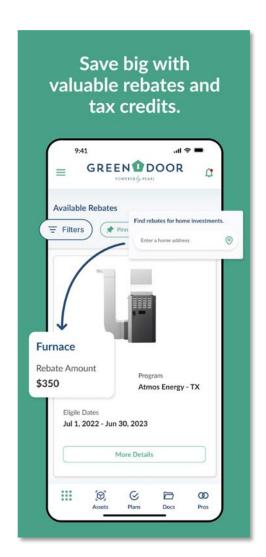
Forced Air

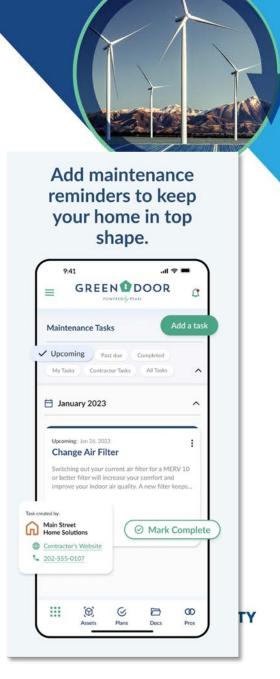


HOMEOWNER APP: GREEN DOOR









THANK YOU

cynthia@pearlcertification.com



