



Inflation Reduction Act of 2022

Impact and Opportunities for the Housing Industry

On Aug. 16, 2022, President Biden signed [the Inflation Reduction Act \(IRA\)](#) into law. The IRA contains a number of initiatives aimed at putting the United States on a path to roughly 40% emissions reductions (below 2005) levels by 2030, among other goals.

To do so, it creates and/or refines a number of clean building and clean energy efforts that are designed to influence how new homes and communities are designed and built. Equally important, it includes several incentives intended to compel consumers to upgrade their existing homes to improve their energy efficiency and resilience to climate-related impacts.

The following is a brief overview of the programs impacting the single-family construction and remodeling industry.

Advancing Energy Codes

Grants to state and local governments to adopt energy codes that meet or exceed the 2021 International Energy Conservation Code (IECC) and additional funding if the adopted codes meet or exceed the IECC's zero energy provisions or an equivalent stretch code.

Clean Building Incentives

Consumer home energy rebates and tax credits for improving overall energy efficiency, appliance upgrades, and/or non-appliance upgrades, such as adding insulation, making ventilation improvements, or installing new doors or windows.

- **HOMES Rebate Program.** Funding for state energy offices to develop rebate programs to reimburse home owners \$2,000-\$4,000 for whole house energy improvements. (Cannot be combined with High-Efficiency Electric Home Rebate.)
- **High-Efficiency Electric Home Rebate.** Funding for state energy offices to develop rebate programs for qualifying electrification projects, such as appliance upgrades or other actions. (Cannot be combined with HOMES Rebate.)
- **Modified 25C Nonbusiness Energy Property Tax Credit.** Improves program to allow home owners to claim a credit of up to 30% of the cost of qualified products or equipment that help reduce energy use.

Clean Building Incentives (Cont.)

- **Modified 25D Residential Clean Energy Tax Credit.** Provides home owners with a credit for installing solar electric, solar water heating, fuel cells, small wind, biomass fuel stove and geothermal heat pumps and battery storage.
- **Modified 45L New Energy Efficient Home Tax Credit.** Provides single-family and multifamily builders with a tax credit for meeting specific energy efficient requirements

HUD Affordable Housing

Grants and loans to make affordable housing units more resilient and energy and water efficient. Funding for utility benchmarking.

IRA Implementation

The agencies are still determining how these programs will be implemented and how funding will be dispersed. NAHB will continue to provide additional resources as they become available. Visit nahb.org and search “Inflation Reduction Act.”

NAHB is providing this information for general information only. This information does not constitute the provision of legal advice, tax advice, accounting services, investment advice, or professional consulting of any kind nor should it be construed as such. The information provided herein should not be used as a substitute for consultation with professional tax, accounting, legal, or other competent advisers. Before making any decision or taking any action on this information, you should consult a qualified professional adviser to whom you have provided all of the facts applicable to your particular situation or question. None of this tax information is intended to be used nor can it be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer. The information is provided “as is,” with no assurance or guarantee of completeness, accuracy, or timeliness of the information, and without warranty of any kind, express or implied, including but not limited to warranties of performance, merchantability, and fitness for a particular purpose.