This document details policies that EPA has adopted in support of implementation of the Section 45L New Energy Efficient Home Credit (§ 45L credit) by the Internal Revenue Service (IRS). These policies are solely for the purpose of the § 45L credit and do not modify the normal procedures of the ENERGY STAR New Construction programs nor the technical requirements that dwelling units must meet to earn ENERGY STAR certification.

Background: As part of the <u>Inflation Reduction Act</u> (IRA), the § 45L credit has been updated and extended through 2032. For eligible homes and apartments (referred to as dwelling units in § 45L) acquired on or after January 1, 2023, the tax credit is now specifically tied to certification to an eligible version of the relevant ENERGY STAR program requirements.

On September 27, 2023, the IRS issued Notice 2023-65, which contained <u>guidance for taxpayers on the § 45L credit</u> as amended by the IRA. Individuals or entities looking to claim the credit should consult with a tax professional to determine whether and how they can claim the credit and determine whether the credit can be used with other tax incentives or Federal incentives.

Abbreviations: This document uses the following abbreviations when referring to the ENERGY STAR New Construction programs:

- SFNH = ENERGY STAR Single-Family New Homes
- MFNC = ENERGY STAR Multifamily New Construction
- MH = ENERGY STAR Manufactured Homes

Program Requirements Effective Dates

Issue: Section 45L specifies that the determination of which version of ENERGY STAR program requirements are eligible for the § 45L credit depends, in part, on the version that was "in effect on" certain dates. EPA has not historically defined effective dates for program versions.

Resolution: To support the implementation of § 45L, EPA is defining effective dates for applicable program requirement versions, as detailed in the following tables. In general, the effective dates are defined as the first January 1 after the program requirements version's original release. For the three program requirement versions released in 2022 (SFNH National v3.2, MFNC National v1.2, and MH v3), EPA is defining the effective dates as January 1, 2024.

In the future, EPA will publish an effective date for any new program requirements at the time of release and update these tables accordingly.

Program Requirements	Defined Effective Date	
SFNH National v3.1	January 1, 2015	
SFNH National v3.2	January 1, 2024	
SFNH California v3.3	January 1, 2023	
SFNH California v3.4	January 1, 2024	
SFNH Florida v3.1	January 1, 2012	
SFNH Oregon and Washington v3.2	January 1, 2019	
SFNH Pacific v3	January 1, 2020	
SFNH Caribbean v3	January 1, 2020	

SFNH Effective Dates

MFNC Effective Dates

Program Requirements	Defined Effective Date	
MFNC National v1.1	January 1, 2019	
MFNC National v1.2	January 1, 2024	
MFNC California v1.3	January 1, 2023	
MFNC California v1.4	January 1, 2024	
MFNC Oregon and Washington v1.2	January 1, 2019	
MFNC Caribbean v1	January 1, 2022	

MH Effective Dates

Program Requirements	Defined Effective Date	
MH v2	January 1, 2020	
MH v3	January 1, 2024	

Deemed Certification of National and Regional Program Requirements

Issue: IRS Notice 2023-65 clarified that a dwelling unit built in a location where EPA has defined a SFNH or MFNC regional program requirement must meet both national and applicable regional ENERGY STAR program requirements to qualify for the § 45L credit. This guidance conflicts with EPA's prior policy that homes be certified to either the national program requirements or the applicable regional program requirements, but not both.

Resolution: To support the implementation of § 45L, EPA is reconciling ENERGY STAR program policies in the following manner for the two scenarios where regional program requirements have been developed:

1. Increased stringency of state code – In FL, OR, and WA, where regional requirements were developed to ensure at least 10% energy cost savings compared to state codes, partners have the option to certify using the regional requirements or a sufficiently stringent version of the national requirements, but not both. However, because the only difference between the two types of requirements is the stringency of the performance target, certification to a regional version can effectively demonstrate compliance with a national version, and vice versa.

Accordingly, for homes and apartments being certified to regional requirements in this category, EPA deems those units to also be certified under any national program requirement version(s) of equal or lesser rigor. Conversely, for homes being certified under the national program requirements, EPA deems the home/apartment to also be certified under any regional program requirement version(s) of equal or lesser rigor. The deemed certifications for all applicable program requirement versions in this category are summarized below.

State	If certified to:	Deemed to also be certified to:
FL	SFNH Florida v3.1	SFNH National v3.1
	SFNH National v3.1	SFNH Florida v3.1
	SFNH National v3.2	SFNH Florida v3.1
OR, WA	SFNH Oregon and Washington v3.2	SFNH National v3.1
	MFNC Oregon and Washington v1.2	MFNC National v1.1
	SFNH National v3.2	SFNH Oregon and Washington v3.2
	MFNC National v1.2	MFNC Oregon and Washington v1.2

2. Differences in state code structure and/or building practices – In California and Hawaii, homes and apartments are not eligible to be certified using the national program requirements due to fundamental incompatibilities created by the state code (as in CA) or local building practices (as in HI). Therefore, in these locations, homes will continue to be certified using the applicable regional version, and EPA will address the Section 45L requirement by deeming such homes to also be certified to all current versions of the national programs eligible for the tax credit, as summarized below.

State	If certified to:	Deemed to also be certified to:
CA	SFNH California v3.3	SFNH National v3.1 and v3.2
	SFNH California v3.4	SFNH National v3.1 and v3.2
	MFNC California v1.3	MFNC National v1.1 and v1.2
	MFNC California v1.4	MFNC National v1.1 and v1.2
Н	SFNH Pacific v3	SFNH National v3.1 and v3.2

Note that EPA is not defining a deemed national certification in the following instances:

- For SFNH California v3.2 and MFNC California v1.2, because the minimum version required by 45L based on the effective dates defined above is SFNH v3.3 and MFNC California v1.3;
- For SFNH Caribbean v3 and MFNC Caribbean v1, because the IRS clarified that homes in U.S. territories (i.e., Puerto Rico and the U.S. Virgin Islands) are not eligible for the Section 45L tax credit; and
- For SFNH Pacific v3 outside of Hawaii, because the IRS clarified that homes in U.S. territories (i.e., Guam and the Northern Mariana Islands) are not eligible for the Section 45L tax credit.

Documentation of ENERGY STAR Certification

Issue: Section 45L specifies that an eligible contractor must obtain the required certification with respect to a dwelling unit before claiming the tax credit, per established program rules. IRS Notice 2023-65 further clarified this point by specifying that certification requirements for the program are provided on the program webpage.

Resolution: To support the implementation of § 45L, EPA is providing the following list of eligible documents that demonstrate proof of certification for the ENERGY STAR Residential New Construction programs for each sector. Eligible documents must originate directly from an EPA-recognized oversight organization (a <u>Home Certification Organization (HCO)</u>, <u>Multifamily Review Organization (MRO)</u>, or <u>Quality Assurance Provider (QAP</u>), depending on the sector and compliance path used); or be generated via approved rating software by an HCO-approved designee (i.e., an <u>energy rating company</u> performing third-party verification on the dwelling unit).

Eligible Documentation of ENERGY STAR Certification

Program	Document Title
SFNH	 ENERGY STAR Certificate RESNET Rated Home Label BSI 45L ENERGY STAR Report
MFNC	 ENERGY STAR Certificate ENERGY STAR Multifamily Whole Building Certificate RESNET Rated Home Label BSI 45L ENERGY STAR Report
мн	 SBRA ENERGY STAR Manufactured Home Certificate NEEM Certificate of Compliance

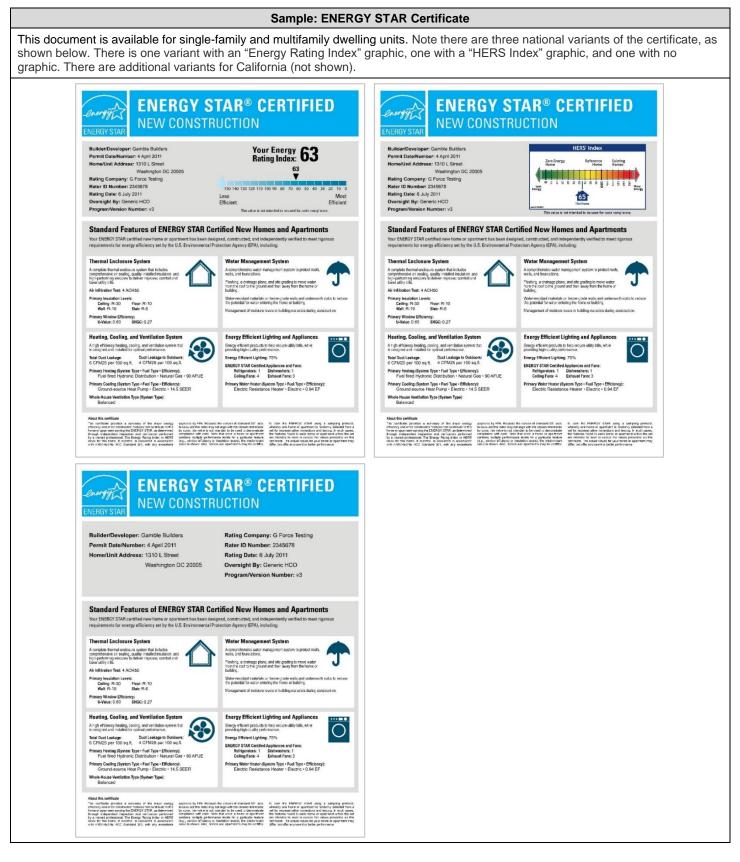
Note that IRS Notice 2023-65 references the date of certification, which is indicated in each document by one of the following terms: "certification date", "rating date," "date entered," or "date awarded."

Some of the documents identified above abbreviate the version of the ENERGY STAR program requirements to which a dwelling unit has been certified. For reference, the following table lists common abbreviations for applicable program requirements versions:

Sample Program Requirements Abbreviations

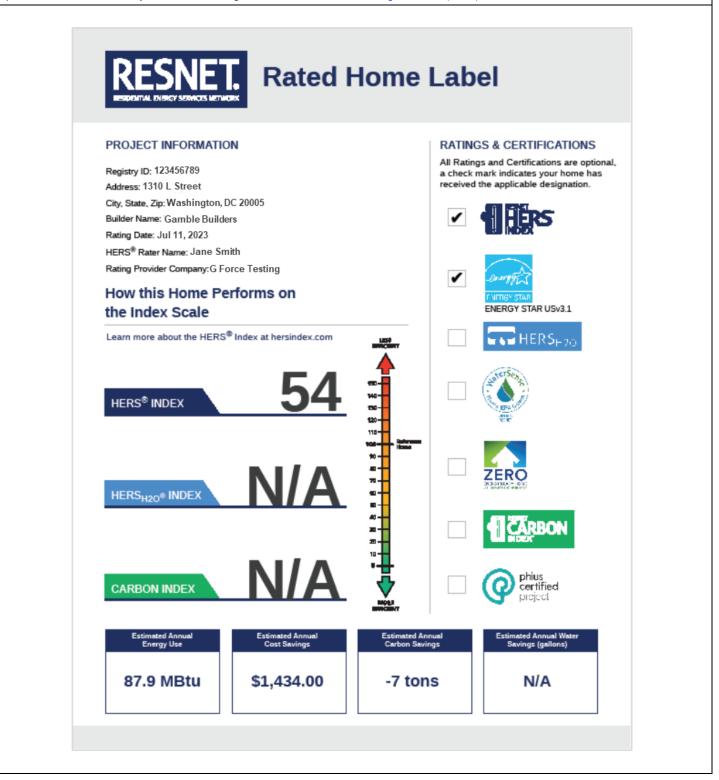
Program	Full ENERGY STAR Program Requirements Version Name	Abbreviation	Alternate Abbreviation
	Single-Family New Homes National Version 3.1	v3.1	USv3.1
	Single-Family New Homes National Version 3.2	v3.2	Usv3.2
	Single-Family New Homes California Version 3.3	CA v3.3	CAv3.3
SFNH	Single-Family New Homes California Version 3.4	CA v3.4	CAv3.4
	Single-Family New Homes Florida Version 3.1	FL v3.1	FLv3.1
	Single-Family New Homes Oregon and Washington Version 3.2	OR/WA v3.2	WAv3.2
	Single-Family New Homes Pacific Version 3	Pacific v3	GHPv3.0
MFNC	Multifamily New Construction National Version 1.1	MFNC v1.1	MFUSv1.1
	Multifamily New Construction National Version 1.2	MFNC v1.2	MFUSv1.2
	Multifamily New Construction California Version 1.3	CA MFNC v1.3	MFCAv1.3
	Multifamily New Construction California Version 1.4	CA MFNC v1.4	MFCAv1.4
	Multifamily New Construction Oregon and Washington Version 1.2	OR/WA MFNC v1.2	MFWAv1.2
МН	Manufactured Homes Version 2	MH v2	-
	Manufactured Homes Version 3	MH v3	-

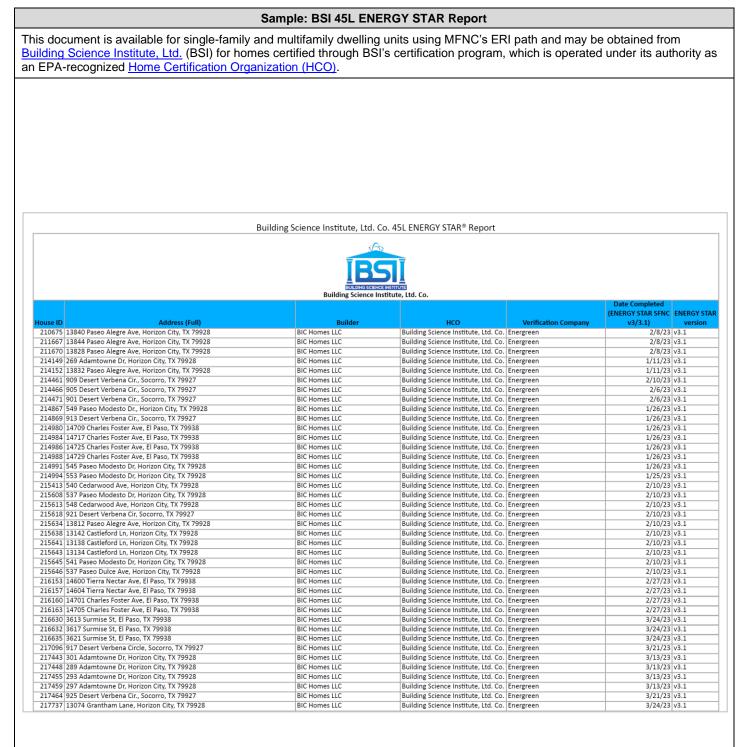
For reference, samples of each document are provided below. EPA will continue to evaluate partner needs and may consider creating or recognizing additional types of eligible documentation in the future.



Sample: RESNET Rated Home Label

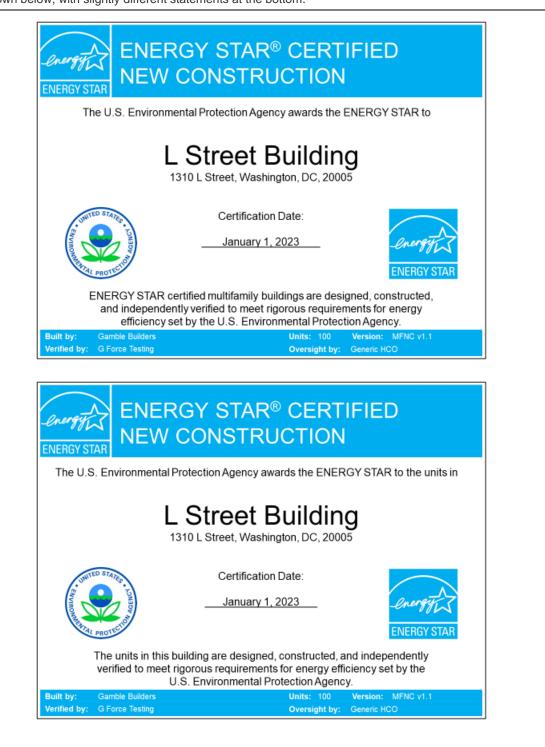
This document is available for single-family as well as multifamily dwelling units using MFNC's ERI path. The document may be obtained at <u>www.hersindex.com/hers-rated-home-search</u> for homes certified through <u>RESNET</u>'s certification program, which is operated under its authority as an EPA-recognized <u>Home Certification Organization (HCO)</u>.





Sample: ENERGY STAR Multifamily Whole Building Certificate

This document is available for multifamily buildings certified using the MFNC ASHRAE path. Note there are two variants of the certificate, as shown below, with slightly different statements at the bottom.



Sample: SBRA ENERGY STAR Manufactured Home Certificate

This document is available for manufactured homes and may be obtained from <u>Systems Building Research Alliance (SBRA)</u> for manufactured homes certified through its certification program, which is operated under its authority as an EPA-recognized <u>Quality</u> <u>Assurance Provider (QAP)</u>.

Note that, if the ENERGY STAR Manufactured Homes program requirement is not indicated (as in the sample document below), the certificate indicates compliance with MH v2. Certificates indicating compliance with MH v3 will include the version number.



An ENERGY STAR® Certified Home

This certifies that the home manufactured by

(Demo Manufacturer)

with Manufacturer's Serial #
SAMPLE123456

at Plant

Demo Plant

on

March 19, 2022

meets ENERGY STAR guidelines for energy efficiency as established by the U.S. Environmental Protection Agency. ENERGY STAR qualified homes protect the environment by using less energy.

www.energystar.gov

Sample: NEEM Certificate of Compliance			
This document is available for manufactured homes and may be obtained from <u>Northwest Energy Works</u> for manufactured homes certified through its certification program, which is operated under its authority as an EPA-recognized <u>Quality Assurance Provider</u> (<u>QAP</u>).			
certified through its ce	lable for manufactured homes and may be obtained from Northwest Energy Works for manu		
	Koon this desument as Resard of Branf		
	Keep this document as Record of Proof		