



Multitenant Buildings and Federal Incentives

Why Providing Whole-Building Energy Data Is More Critical Than Ever

Funding Opportunities Require Whole-Building Data

A growing number of funding opportunities for improving building energy performance provide incentives to building owners based on their whole-building energy use, typically documented in EPA's ENERGY STAR® Portfolio Manager tool. However, in most of the country, owners of multitenant buildings can only access partial building data, because the energy used in their tenant spaces is billed separately to individual tenants. Obtaining consent from each tenant to access their energy use information is burdensome for owners and tenants alike, especially in large buildings that could have hundreds of tenants. As a result, these building owners often lack a way to access the complete energy use of their buildings, which is a prerequisite for many funding opportunities. Without this data, owners will face significant barriers to (or in some cases be barred from) participating in incentive programs that together provide billions of dollars of funding and incentives for improvements of these buildings.

The Potential Impacts Are Widespread

This issue affects owners of multitenant buildings, including office buildings, multifamily housing buildings (apartments and condominiums), warehouses, and more, as well as the tenants and residents in these buildings. Collectively, these property types constitute a large percentage of the floor area and energy use of commercial and multifamily buildings nationwide.

Multitenant Building Owners May Miss Out on Billions of Dollars of Funding

The Opportunities

The Inflation Reduction Act and Bipartisan Infrastructure Law include several funding opportunities for building upgrades. However, since many of these opportunities provide funding based on before-and-after measurement of whole-building energy usage, owners of multitenant buildings may be unintentionally excluded in places where this data is not readily available. The opportunities include, but are not limited to, the following:

- **179D Energy Efficient Commercial Buildings Tax Deduction Expansion.** Commercial and multifamily buildings demonstrating a measured post-retrofit reduction in whole-building energy use of 25% or more can receive a tax deduction of up to \$5 per square foot, with no cap on the total.
- **\$1 Billion HUD Green and Resilient Retrofit Program.** Affordable multifamily housing properties may be eligible for grants and loans from the U.S. Department of Housing and Urban Development for energy efficiency and resiliency projects. To receive funding, they will need to track pre- and post-retrofit whole-building energy performance.
- **\$4.3 billion Home Efficiency Rebate Program.** Multifamily properties demonstrating a measured post-retrofit reduction in whole-building energy use of 15% can receive rebates up to a maximum of \$400,000 per building.

See the appendix for examples of the amounts of incentives available for select sample buildings.

Key Highlights

- Most Inflation Reduction Act and Bipartisan Infrastructure Law funding opportunities for buildings require whole building data for measurement and verification.
- Multitenant buildings like offices and multifamily housing may be unable to access federal funding due to data access challenges.
- State and local governments, and utilities, can make this data available to building owners.

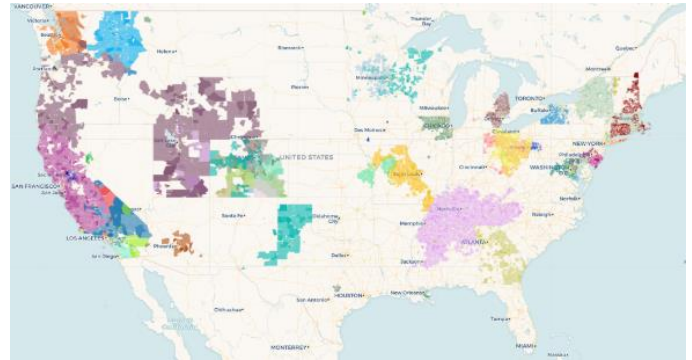
Equity Implications

Both the Inflation Reduction Act and the Bipartisan Infrastructure Law seek to drive significant improvements in building energy performance in historically marginalized communities. Whole-building energy data may increasingly become an equity issue, since building owners and communities without access to this data face barriers in benefiting from opportunities to upgrade their buildings and reduce energy use, costs, and burdens.

How States and Utilities Can Help Ensure Access to this Critical Data

States Can Help Utilities Overcome Challenges

In California, Washington, Colorado, New Jersey, Maryland, Massachusetts, Minnesota, and the District of Columbia, state legislatures and public utility/service commissions have worked to ensure access to whole-building energy consumption data by requiring that utilities in their state provide this data to owners upon request. Other state legislatures and commissions can take similar action, which will ensure that building owners in their states — and the tenants and residents in their buildings — can benefit from the billions of dollars of new funding available for building upgrades. IT solutions exist to solve the challenges that utilities face in making this data available (e.g., mapping energy meters to specific buildings when utilities have historically focused on meters and accounts). State requirements can help utilities overcome these challenges while offering other benefits, such as defining privacy requirements and creating a way for utilities to recover costs incurred to implement the IT solutions.



EPA offers an interactive map of utilities offering data access solutions. Not all provide whole-building data. Map is available at energystar.gov/utilitydata.

Utilities Can Develop Long-Term Solutions

In some cases, individual utilities have worked to provide this data in response to customer demand, absent requirements imposed by a state legislature or commission. Dozens of [utilities across the country](#)¹ have created a way for owners of multitenant buildings in their service territories to access whole-building energy data, thereby enabling their participation in the new funding opportunities. However, the vast majority of utilities across the country have not yet taken this action.

While utilities' cost-recovery methods (e.g., rate recovery or program-specific cost "riders") may entail ratepayer impacts, states and utilities may be able to eliminate or minimize any impact by leveraging new incentive opportunities to provide this data. Further, the magnitude of such utility costs — typically ranging from \$100,000-\$500,000 — should be significantly less than the benefits unlocked for building owners and tenants/residents (i.e., utility ratepayers) through the funding opportunities newly available to them. Utilities that develop solutions leveraging Portfolio Manager's web services application programming interface (API) will gain additional benefit beyond customer service, as their integrations with Portfolio Manager will unlock access to whole-building data and metrics that can be used to inform their programs and planning.

EPA Can Support You in Ensuring Access to this Data

EPA is available to advise and support states and individual utilities regarding data access requirements and technical solutions that reflect real-world experience and industry best practices. EPA can also provide model language for state legislatures and commissions wishing to consider a requirement for this data. To learn more, contact statelocal@energystar.gov.

¹ While most of the utilities on this map provide whole-building energy data, some do not provide it or provide it only for commercial buildings but not multifamily buildings. Interact with the map or contact a utility included on it to find out specific details.



Appendix: Example Financial Benefits for Hypothetical Buildings²

Please note that not all program details have been finalized. As such, these examples should be considered rough estimates that are subject to change. They are provided for illustrative purposes only to quantify the magnitude of the impacts that lack of access to whole building energy use data can have on building owners. Notably, the examples below *exclude* potential loans and grants available to affordable housing buildings through the HUD Green and Resilient Retrofit Program.

Savings for Example 100,000 ft² Office Buildings Under Different Scenarios

Energy Savings	179D Bonus Deduction Requirement Met?	179D Tax Deduction Amount	179D Financial Benefit
25%	Yes	\$250,000	\$64,500
25%	No	\$50,000	\$12,900
50%	Yes	\$500,000	\$129,000
50%	No	\$100,000	\$25,800

Savings for Example 100,000 ft², 75-Unit Multifamily Buildings Under Different Scenarios

Market Rate / Affordable	Energy Savings	179D Bonus Deduction Met?	179D Tax Deduction Amount	179D Financial Benefit	Home Efficiency Rebate Program Financial Benefit	Potential Total Financial Benefit
Market-Rate	25%	Yes	\$250,000	\$64,500	\$187,500 (\$2,500 per unit * 75 units)	\$252,000
Affordable	25%	Yes	\$250,000	\$64,500	\$375,000 (\$5,000 per unit * 75 units)	\$439,500
Market-Rate	25%	No	\$50,000	\$12,900	\$187,500 (\$2,500 per unit * 75 units)	\$200,400
Affordable	25%	No	\$50,000	\$12,900	\$375,000 (\$5,000 per unit * 75 units)	\$387,900
Market Rate	50%	Yes	\$500,000	\$129,000	\$375,000 (\$5,000 per unit * 75 units)	\$504,000
Affordable	50%	Yes	\$500,000	\$129,000	\$400,000 (program cap)	\$529,000
Market Rate	50%	No	\$100,000	\$25,800	\$375,000 (\$5,000 per unit * 75 units)	\$400,800
Affordable	50%	No	\$100,000	\$25,800	\$400,000 (program cap)	\$425,800

² NOTES:

- The “Bonus Deduction” under 179D is available for projects that meet labor standards that: (1) pay “prevailing wages” to laborers that “install” equipment and that (2) satisfy “apprenticeship” hiring requirements.
- Estimates for the “measured savings” pathway for the Home Efficiency Rebate Program assume that the rebate scales proportional to actual savings (versus a flat rebate), with a minimum savings of 15% required to receive the incentive. The maximum per-building rebate under the program is listed as \$400,000.
- The column “179D Financial Benefit” was calculated by multiplying the average corporate tax rate by the deduction amount, providing the avoided tax liability. [According to TaxFoundation.org](https://www.taxfoundation.org/average-corporate-tax-rate/), the average 2022 corporate tax rate in the U.S. was 25.8%.