

Analysis of IRA Funding For Renters

Tenants are confronting egregious rent hikes, deferred maintenance in their units, growing utility debts and climate disasters right at their front door. Yet our climate policies are typically designed with homeowners and property owners in mind, the majority of whom are white. This leaves the 44 million households who rent their homes – who are disproportionately Black, Brown and on the frontlines of our climate crisis – with little support.

The federal Inflation Reduction Act (IRA) sets the stage for billions of dollars to flow toward electrifying and decarbonizing homes. However, the IRA falls woefully short of the deep and significant investments in permanently affordable rental housing and tenant protections we need to address the intertwining climate and housing crises. Without safeguards in place, IRA funds could be used to flip properties and displace tenants.

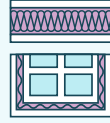
The IRA will bring new funding opportunities to communities and capture the focus of state and local officials over the next few years, so it is important to ensure that the implementation process bolsters – rather than harms – tenants' stability. Organizers and advocates can leverage this window of opportunity to:

-  Advance state-level rebate programs that prioritize and protect renters;
-  Win conditions on funding to ensure renters are not displaced;
-  Ensure that local governments leverage grants that prioritize rental upgrades;
-  Hold landlords accountable to using funds to improve tenants' building conditions; and
-  Set new, bold visions for housing and environmental justice, such as universal rent stabilization and green social housing.



IRA Rebates

Home Efficiency Rebates



Rebates for energy saving upgrades. Rebate amounts depend on household income and energy savings.

Home Electrification and Appliance Rebates







Rebates for high efficiency home appliances, ventilation, insulation, and wiring.



States and Tribes must apply for funding from the US Department of Energy by January 31, 2025. States programs can then award funds to property owners – and in some cases, renters – for energy efficiency upgrades. Single family homes, multifamily homes, and manufactured homes are eligible for rebates.

Rebate Tenant Protections

The federal rebate program requirements include some safeguards for low-income renters living in improved units. Owners/landlords must (for two yr):

-  Ensure units stay rented by a low-income tenant;
-  Not evict tenants or increase rents as a result of energy improvements;
-  Ensure protections transfer if the unit is sold;
-  Refund the rebate if noncompliant.

Concerns: Reaching Renters, Preventing Displacement

-  **The IRA program does not account for the split incentive program, which could dissuade participation.** The benefit of the investment (health upgrades or utility savings) does not accrue for the person paying for the upgrade (landlord).
-  **Fears of landlords retaliating against tenants who ask for improvements** – through harassment, lease nonrenewals, or evictions – can dissuade tenants from advocating for better conditions. Tenants may also struggle to identify who their landlords are given opaque ownership models.
-  **Rebates require individuals to have money up front for repairs,** and landlords could still pass on costs to tenants.
-  **Minimal rent regulations and tenant protections could put tenants at risk.** With only minimal federal protections, improvements could still be used as an excuse to hike rents, flip properties, or displace tenants.
-  **Tenants might not have a right to return to their property** – or might face new costs – after rehabilitation or improvements take place.

Flexible IRA Funding



Direct Pay Tax Credits

Allows cities, states, and tax-exempt orgs to receive tax-free, cash payments from the IRS for clean energy projects if certain reqs are met.



EJ & Climate Block Grants

Block grants to disadvantaged communities for pollution mitigation and climate adaptation needs; as well as improving EJ public engagement processes.



Green and Resilient Retrofits

Grants for multifamily, HUD-assisted property owners to reduce carbon emissions, make efficiency & resilience improvements, and incorporate renewable energy sources.



Green Gas Reduction Fund

Financial and technical assistance grants to localities, Tribal governments, and nonprofits to help deploy clean/ solar energy initiatives and technology.



Zero Bldg Energy Code Adoption

Funding for states and localities to adopt and/or enforce zero-energy codes with the goal of improving residential and decarbonization efforts through new construction and retrofits.



Climate Pollution Reduction Grants

Funding to state and local governments to develop and implement plans for reducing harmful air pollution.

Concerns: Community Access

The ways that local communities choose to use these IRA grant programs will vary widely, but the main challenges in program implementation will likely include:

-  **Prioritizing rental housing investments in larger, flexible IRA funding pots.** Programs like the Greenhouse Gas Reduction Fund and Direct Pay can be used for a range of investments, and there are no requirements that localities use them to improve living conditions for renters.
-  **Getting funding to tenants in private-market rental housing.** The vast majority of renters in the US live in unsubsidized housing, outside the reach of nonprofit housing providers and often with extensive deferred maintenance.
-  **Preventing displacement in Environmental Justice communities.** While low-income neighborhoods and Environmental Justice communities are prioritized in several of these IRA funding streams, Congress did not build in conditions on funding that would bar displacement practices.



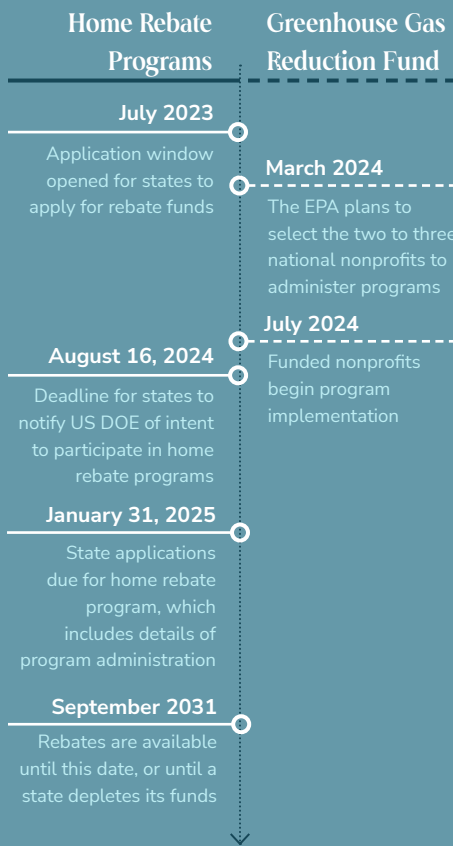
Tribal Electrification Program

Funding for clean energy household electrification projects that benefit Tribal communities.

Opportunities for Organizing

1

IRA implementation is underway, and the coming year presents organizers, advocates and policymakers with a key window of opportunity to influence implementation, direct money toward tenants who most need repairs and retrofits, and ensure that the safeguards tenants need are in place.







Attempting to invest in climate resilience in a real estate market that prioritizes profit over people's safety will not provide the racially just, healthy, and affordable living situations that everyone deserves. Without tenant protections, rent control, and community-controlled housing, getting the resources for deep retrofits into the hands of renters so that they can improve their living conditions is challenging.

Digging into the IRA decarbonization programs demonstrate the need for a broader tenants rights agenda in the face of increasing climate threats. It also underscores the importance of tenant organizing as a direct path to winning building condition improvements outside the policy or legislative realm.

Advocate for State Energy Offices to design implementation plans that will protect renters and direct IRA rebates to those most in need.



This could include:

-  Conditions on rebate funds to ensure long-term rent stabilization, just cause eviction protections, and enforced anti-retaliation measures.
-  Require relocation fees and a right to return after rebate-funded upgrades.
-  Prioritize rental housing in rebate dissemination and discourage means testing or limiting resources based on tenants' immigration status.
-  Work with tenant organizers, labor unions, and community organizations to proactively determine where rebate funds will most benefit vulnerable tenants.

2

Push for state and/or local legislation that creates new guardrails and directives for IRA funding to better support tenants.



In the coming year, budget cycles will include opportunities for advocates to advance new requirements on IRA funding that better serves the needs of renters, including:

-  pushing local ordinances conditioning all IRA funding to buildings on a set of tenant protections — like good cause eviction & anti-rent gouging rules — to limit displacement.
-  pushing for state law requiring "Know Your Rights" outreach and enforcement for tenant protections.

3

Hold landlords accountable to using IRA rebate funds to improve tenants' building conditions.



Landlords have the power to leverage rebate funding, or ignore it and pass repair costs onto tenants. Given fears around landlord retaliation, it is important for coalitions of housing advocates to:

-  join in solidarity with tenants to demand repairs, and
-  get these important needs into the public eye as a form of accountability.

4

Advocate to your local or county governments for Direct Pay initiatives that prioritize healthy housing upgrades for renters.


The "Direct Pay" provisions in the IRA allow local governments to get reimbursed for climate resiliency upgrades, including within the residential building sector. Advocates can push for:

-  localities to prioritize healthy housing upgrades for renters and program safeguards against tenant exploitation.
-  priority of Direct Pay projects in lower-income/vulnerable communities, to lower utility bills and limit pollution.

5

Engage with your state or local green banks on questions around equitable building decarbonization.






As of 2021, there are 21 Green Banks across the country ([you can find a Green Bank here](#)). Many green banks are receiving IRA funding that can be used to further housing justice. Green banks' priorities varies significantly by state.

-  Green banks could funnel money into a sustainable affordable housing fund to do retrofits in low- and moderate-income households, in place of household-level financing.

6

Leverage the context of & roadblocks to the IRA to shift the window of opportunity for housing and enviro justice.

This includes:

-  Pushing for green social housing outside of the market;
-  Universal rent stabilization measures that prevent climate crisis costs from being passed on to vulnerable renters;
-  Good cause eviction protections that limit the risk of displacement and eviction following green investments;
-  A tenants' bill of rights that includes habitability and healthy living standards with strong enforcement hooks; and
-  Advancing state climate plans that center the needs of renters.

Learn More:

Visit the [Climate + Community Project](#) for the full *Decarbonization Without Displacement* report.

If you have any questions, please reach out to Ruthy Gourevitch at [Climate and Community Project](mailto:rgourevitch@climateandcommunity.org) (rgourevitch@climateandcommunity.org).