



**FEMA**

January 30, 2024

MEMORANDUM FOR: FEMA Regional Administrators  
Regions 1-10

ATTENTION: Federal Coordinating Officers  
Regional Recovery Division Directors  
Regional Mitigation Division Directors  
Consolidated Resource Center Directors

FROM: William C. Hagmaier  
Assistant Administrator  
Recovery Directorate, Office of Response and Recovery

Derrick Hiebert  
Assistant Administrator for Mitigation  
Hazard Mitigation Directorate, Resilience

SUBJECT: Implementation of Inflation Reduction Act Section 70006(2) for  
FEMA Public Assistance and Hazard Mitigation Assistance Programs

The purpose of this addendum is to announce FEMA’s implementation of Section 70006(2) of the Inflation Reduction Act of 2022 (IRA) for the Public Assistance (PA), Building Resilient Infrastructure and Communities (BRIC), Pre-Disaster Mitigation (PDM) and Hazard Mitigation Grant Programs (HMGP) and HMGP Post-Fire.<sup>1</sup>

On March 28, 2023, FEMA published the memorandum titled ‘Implementing the Inflation Reduction Act Section 70006(1) for FEMA Public Assistance and certain Hazard Mitigation Assistance Programs’<sup>2</sup> delineating the definitions necessary to support the use of “low-carbon materials.” Section 70006 of the Inflation Reduction Act (IRA) authorizes FEMA to provide financial assistance under sections 203(h), 404(a), and 406(b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) for: “(1) costs associated with low-carbon materials; and (2) incentives that encourage low-carbon and net-zero energy projects” through September 30, 2026.

The purpose of this addendum is to provide definitions for “net-zero energy projects” to facilitate the implementation of IRA Section 70006(2). These definitions, provided below, are applicable to Public Assistance (PA), Building Resilient Infrastructure and Communities (BRIC), Pre-Disaster Mitigation (PDM) Program, and the Hazard Mitigation Grant Program (HMGP) and HMGP Post-Fire. Programs will conduct training to implement this provision. For PA, FEMA Net-Zero Energy

<sup>1</sup> Inflation Reduction Act of 2022, Pub. L. No. 117-169, § 70006, 136 Stat. 2087, *available at*: <https://www.congress.gov/bill/117th-congress/house-bill/5376/text>.

<sup>2</sup> FEMA ‘Implementing the Inflation Reduction Act Section 70006(1) for FEMA Public Assistance and certain Hazard Mitigation Assistance Programs,’ *available at*: [fema\\_inflation-reduction-act-implementation-memo\\_032023.pdf](https://www.fema.gov/inflation-reduction-act-implementation-memo_032023.pdf)

projects will be funded at the same cost-share rate as other permanent work projects. For BRIC, PDM, HMGP and HMGP Post-Fire, FEMA Net-Zero Energy projects will be funded at the same cost-share as other mitigation projects as long as the project is cost effective and all other eligibility criteria are met.

For otherwise eligible PA and HMA projects, the increased costs of designing projects to be net-zero over traditional methods is allowable. While funding is not available solely for the purpose of implementing net-zero energy projects, without a tie to disaster recovery or mitigation, FEMA encourages applicants to incorporate net-zero activities into their otherwise eligible recovery and mitigation projects.

For Public Assistance any federal disaster declared after Aug. 16, 2022, applicants may now use FEMA financial assistance for unobligated projects under these programs to take advantage of this opportunity.

The BRIC Program published the [Fiscal Year \(FY\) 2023 Notice of Funding Opportunity](#) that may apply to projects that are subject to higher costs due to incorporation of net-zero energy projects. Refer to future Notices of Funding Opportunities for more information.

For the PDM Program, refer to future Notices of Funding Opportunities for more information.

For HMGP and HMGP Post-Fire, this is applicable for major disaster declarations after August 16, 2022, with open application periods as of the issuance of this memorandum, or for major disaster declarations declared after the issuance of this memorandum, provided all other program requirements are satisfied.

To support implementation of IRA Section 70006(2), FEMA consulted with the U.S. Department of Energy (DOE). Given DOE feedback received, FEMA will encourage “net-zero energy projects” on HMGP, HMGP Post-Fire, BRIC, PDM, and PA building projects to best capture the capabilities and characteristics of a net-zero energy project.

For a FEMA project to be determined eligible as a net-zero energy project, each project must meet applicable program eligibility requirements. For new construction, major renovations, reconstruction, or code updates to be identified as net-zero energy, the following requirements will be taken into consideration to allow for additional costs, or other program or grant benefits:

New construction and major renovations projects:

1. Are defined as new buildings or complete overhauls of existing buildings to salvage existing core structural elements, historical facades, etc. without any functional floor area being preserved in the process.
2. Must produce buildings that meet or exceed the energy performance thresholds and renewable generation requirements specified in the zero energy appendices of the 2021 International Energy Conservation Code (IECC), appendix CC and RC for commercial and residential, respectively. Code specifications or standards that are equivalent to or more stringent than the IECC require the project engineer, design professional, or other project professional to identify the energy requirements of such local code specifications or standard as equivalent to or more stringent to the IECC.
3. Must comply with these requirements using the methodology and requirements outlined in these IECC Appendices, or subsequent, more recent versions, or other

versions of zero energy building codes as they may emerge and be specified by FEMA or Department of Energy (DOE) as eligible.

Existing buildings that are transitioning to net-zero energy projects:

1. Are defined as existing buildings which are eligible for FEMA funding that undergo an alteration, modification, or other retrofit.
2. Alterations, modifications, or other retrofits affecting part but not all of an existing building must meet or exceed the requirements outlined in Chapter 7 and Normative Appendix B (if applicable) in the 2021 or most recent version of the International Green Construction Code (IgCC). These construction and procurement requirements ensure that high performance equipment and materials are installed in the facility, even if the facility as a whole, will not meet the energy performance targets specified in the IECC Zero Energy Appendices. Code specifications or standards that are equivalent to or more stringent than the IgCC require the project engineer, design professional, or other project professional to identify the energy requirements of such local code specifications or standard as equivalent to or more stringent to the IgCC.
3. The project must procure renewable energy generation in an amount equivalent to or greater than the annual energy consumption of the alteration, modification, or other retrofit of the existing building. The amount of renewable energy generation required for the project can be calculated using the methodologies outlined in the IECC Zero Energy Appendices. Pairing this renewable generation with high performance equipment and materials will enable partial-building projects for existing buildings to achieve net-zero standards.
4. Compliance with these requirements will be performed using the methodology and requirements outlined in the IECC Zero Energy Appendices and the IgCC where specified above throughout the construction process.

Jurisdictional code updates regarding net-zero energy projects:

1. Are defined as building code adoption, implementation or enforcement by the authority having jurisdiction.
2. Must produce buildings that meet or exceed the energy performance thresholds and renewable generation requirements specified in the zero energy appendices of the 2021 International Energy Conservation Code (IECC), appendix CC and RC for commercial and residential, respectively.
3. Must comply with these requirements using the methodology and requirements outlined in these IECC Appendices, or subsequent, more recent versions, or other versions of zero-energy building codes as they may emerge and be specified by FEMA or DOE as eligible.

If you have questions about the content of this memo, please contact Robert Pesapane, Director, Public Assistance Division, at [robert.pesapane@fema.dhs.gov](mailto:robert.pesapane@fema.dhs.gov) or Gerilee Bennett, Acting Director, Hazard Mitigation Assistance Division, at [gerilee.bennett@fema.dhs.gov](mailto:gerilee.bennett@fema.dhs.gov).