

# Issue brief

The American Institute of Architects

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## Support a new approach to increase energy efficiency in buildings

### THE PROBLEM

The main federal policy that is meant to increase the energy efficiency of buildings is only positively impacting a small percentage of them.

### THE ASK

AIA urges Congress to support updating the federal tax code to increase energy efficiency in commercial and multi-family buildings by creating a new tax incentive to decrease the high costs of renovating and retrofitting existing buildings with energy efficient equipment and systems.

### FOR MORE INFORMATION OR TO WORK WITH AIA ON THIS ISSUE CONTACT

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### ANALYSIS

Congress passed Section 179D into the Internal Revenue Code in 2005. It was crafted as the main federal tax code provision that would increase the use of energy efficient technologies in all commercial and multi-family buildings. However, 179D has been more effective in encouraging their use in new construction, less so for renovations or retrofits to existing buildings. This is an issue because 95 percent of existing commercial buildings are more than a decade old and were built prior to 2008. Of all commercial buildings, 82 percent were built before 2000; prior to modern versions of building energy codes governing their design and construction. Therein lies the problem; the primary federal law meant to increase energy efficiency in buildings is only impacting a small percentage of them. Furthermore, the Tax Cuts and Jobs Act (H.R. 1), passed in 2017, has had the unintended consequence of disincentivizing building owners and developers to invest in property improvements that increase energy efficiency. Bottom line: increasing energy efficiency in America's existing building stock needs a fresh approach and a new public policy solution.

### THE SOLUTION

Amend the federal tax code to better target and incentivize the use of energy efficient technologies on existing commercial and multi-family buildings. Specifically, Congress should expand the current definition of what is considered "qualified improvement property", or QIP, to include energy efficient technologies. This change would allow building owners and developers to write off a certain percentage of depreciation costs if they install energy efficient technologies such as HVAC, mechanical insulation, lighting, windows, roofs, submeters, and other building management systems.

# AIA advocates for the profession

The American Institute of Architects (AIA) has been championing the essential role of architects—and architecture—in designing a better world. Our work, and the work of our members, turns houses into homes and makes the places where we live, work, and play more beautiful, healthy, and safe. As a professional membership organization, AIA advocates for the value of architecture and provides our 94,000 members with the community, advocacy, and knowledge they need to drive positive change through the power of design.

## Why do you need an architect?

People need places to live, work, play, learn, worship, meet, govern, shop, and eat. An architect is responsible for designing these places—whether private or public; indoors or out; rooms, buildings, or complexes.

Architects are professionals licensed by their state and trained in the art and science of building design who work closely with their clients to develop concepts for structures and turn those concepts into plans.

Architects create the overall look of buildings and other structures. But the design of a building involves far more than its appearance; buildings must also be functional, safe, and economical. Architects consider all these factors and more when designing.

## What does an architect do?

Architects are the lead in terms of the design of a building or structure. The architect will develop a design based on extensive conversations with the client and future occupants, taking into consideration issues such as appropriate adjacencies, emergency evacuation requirements and user comfort and productivity.

Throughout this process, the architect will work closely with a variety of specialists, including engineering and construction professionals, to identify suitable materials, explore modifications and alterations, and evaluate structural integrity.

Architects are often involved in all phases of a construction project, from an initial conversation with the client through construction administration and commissioning, through completion of the final structure. This work requires a team of individuals with specific skills—designing, engineering, managing, supervising, and communicating with clients, builders, and contractors. Architects work closely with their clients to understand their goals for the project and spend a significant amount of time working with engineers and other consultants to explain the client’s ideas and ensure that the final building meets their needs.

## Policy issues that architects impact

Sustainability	Housing
Procurement	School Safety
Diversity/equity	Building codes
Disaster preparedness and recovery resilience	Business and tax

## AIA: A policy resource for Congress

If it impacts buildings or communities, architects are an invaluable resource to members of Congress to address it. Please don’t hesitate to contact AIA’s federal relations team by emailing [jimbrewer@aia.org](mailto:jimbrewer@aia.org).



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