

CHARGING UP COMMERCIAL REAL ESTATE: HOW THE RECENT FEDERAL GRANTS FOR EV CHARGING INFRASTRUCTURE WILL BENEFIT THE COMMERCIAL REAL ESTATE INDUSTRY

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Recent \$750+ Million in Federal Grants for EV Charging Infrastructure

In January 2024, the Biden-Harris Administration announced two grant awards totaling over \$750 million, focused on improving electric vehicle (EV) charging infrastructure throughout the country.

The first award, totaling \$623 million, will help fund the construction of approximately 7,500 EV charging ports in 22 states. Most of these ports will be located along major travel corridors and in high-traffic areas in urban and rural communities.

The second award, totaling \$150 million, will help improve the reliability of EV charging infrastructure by repairing or replacing approximately 4,500 existing EV charging ports in 20 states.

These grants derive from \$7.5 billion of funding made available in two EV-focused federal programs created under the 2021 Bipartisan Infrastructure Law. The grants are designed to facilitate the goal of building at least 500,000 publicly available EV chargers by 2030.

Practical Impact of the Recent Federal Grants

The EV-specific funding in the Bipartisan Infrastructure Law will help to put millions of new EVs on the road due to the increased availability and reliability of EV charging stations. As the popularity of EVs increases, finding available charging stations will become increasingly more complex, even with the increase in EV infrastructure intended to result from the Bipartisan Infrastructure Law. Therefore, the ability to locate available EV charging stations will increasingly become a factor when deciding where to work, shop, eat, or live. This scenario presents owners of commercial properties with a prime opportunity to bridge this gap in supply and demand by making an initial investment, or by increasing existing investments, in EV charging infrastructure.

How Commercial Property Owners Can Benefit from the Recent Federal Grants

The presence of EV charging stations at commercial properties is already benefitting commercial property owners in innumerable ways. EV charging stations attract large commercial tenants and their customers and are becoming an expected amenity for residents, tenants, and customers of a multitude of property types. Increased tenant stability, high foot traffic, and customer satisfaction are just some of the potential benefits of this amenity.

Commercial property owners can also take advantage of certain tax credits provided in The Inflation Reduction Act of 2022 to reduce the cost of installing EV charging infrastructure.

Of course, before installing EV charging stations, a complete analysis of the particular property and the market conditions surrounding that property should be undertaken to determine the anticipated demand for EV charging stations in the local area. Owners will also need to consider whether the layout of their property supports the installation and operation of EV charging stations, and whether the property's electric infrastructure can handle the increased electrical load incumbent to EV charging stations. Another consideration regards who will operate the EV charging station. A property owner who is interested in providing this amenity to its tenants but who does not wish to make the initial investment or to be involved in its operations has the option of leasing a portion of their property to the vendor who would develop the EV charging station on the owner's property and pay the property owner rent, a royalty, or a combination of the two, for that privilege. This analysis is vital at the onset as it will allow the property owner to determine how many EV charging stations, if any, should be installed on its property and where. It may also illuminate the most likely locations for future EV charging stations, whether on or off such property owner's property.

Parting Thoughts

The amount of federal funding for EV charging infrastructure in the Bipartisan Infrastructure Law will significantly impact the number of EVs on the road, leading to a constant and ever-increasing demand for EV charging stations. Prudent commercial property owners can proactively seize this opportunity as the nascent EV industry matures. If done correctly, this increasingly important, value-added amenity can differentiate one commercial property from another, yielding the many benefits described above. It may even become a source of unexpected revenue. Now that's something to get "charged up" about!

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