

# HHS Office of Climate Change and Health Equity Inflation Reduction Act (IRA) Case Study

**Organization name:** La Clínica de La Raza, Inc.

**Organization tax status:** Tax-exempt not-for-profit

**Facility name:** La Clínica Vallejo

**Facility location:** Vallejo, California

**Brief description of facility:** Founded in 1971, La Clínica de La Raza, Inc. (La Clínica) is a non-profit Federally Qualified Health Center based in Oakland, California. La Clínica annually serves 81,000 patients in 31 locations in three neighboring counties in the San Francisco Bay Area. La Clínica provides medical, behavioral health, dental, vision, and health education services to a primarily Hispanic/Latinx and low-income patient population.

La Clínica has served the city of Vallejo for nearly 20 years. In 2021, La Clínica opened a newly renovated 26,000 square foot facility in downtown Vallejo. This facility, known as La Clínica Vallejo, is a comprehensive primary care clinic offering medical, dental, optometry, behavioral health, and health education services to approximately 11,000 patients a year. Approximately 43% of the patients served at La Clínica Vallejo identify as Hispanic/Latinx; 27% identify as non-Hispanic Black; 15% non-Hispanic White; 14% non-Hispanic Asian/Pacific Islander; and 1% non-Hispanic Native or more than one race. Seventy-seven percent (77%) had incomes at or below 100% of the federal poverty level guideline.



## The Project

### **Brief description of project partially financed by the IRA:**

La Clínica installed a high performance 47.6 kilowatt- Photovoltaic (PV) system on the roof top of its 26,000 square-foot health care facility in the city of Vallejo, California.

### **IRA funding mechanism(s):**

Investment Tax Credit for Energy Property with a potential Category 4 Low-Income Communities Bonus Credit (application pending)

### **Projected benefits of the project:**

Once in service, the system is anticipated to produce 64,663 kilowatt-hours in the first year of operation. This offsets about 16% of the building's total energy use and will result in an estimated \$14,000 saved on



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energy bills per year. The project cost about \$154,938 to install. Assuming a 30% direct payment (about \$46,481) through the Investment Tax Credit with a Low-Income Communities Bonus Credit, the project will take about eight years to break even. The 30% direct payment would increase to 50% if La Clínica receives the Category 4 Low-Income Communities Bonus Credit. Staff and Board were very enthusiastic about adding solar panels to the new facility. This investment in solar panels will not only be a selling point to prospective staff but also demonstrates to the city officials and the broader community La Clínica's continued contribution to the revitalization of downtown Vallejo.

## Advice and Guidance



### What influenced your organization's decision to pursue this project?

Being good stewards of our environment and community is a core value for La Clínica. So when we developed a new facility, La Clínica was interested in making it as energy efficient as possible. Renewable energy was a key strategy to make the facility more sustainable, but that wasn't financially viable at the time the project plan was developed several years ago. Discovering the available IRA incentives gave La Clínica the opportunity to advance this project objective.

### How did the IRA affect your decision-making about this project?

The opportunity to receive about 40% cost back through the Investment Tax Credit was a key factor in the Board of Directors' approval of the project, which will be initially financed by La Clínica's general operating funds. Solar power was considered during the construction of the facility but was not affordable in 2021. Having the opportunity to take advantage of the Investment Tax Credit allowed La Clínica to add solar panels post-construction, which will enhance the long-term financial sustainability of the facility's operations.

### Looking back, is there anything you wish you had known when you were starting to consider this project?

No. Working with Collective Energy, who served as our consultant/project manager, assisted us in understanding the process, including the IRA direct payment process. Through direct pay, we are receiving a payment equal to the full value of the tax credit for our investment.

### What advice would you give someone pitching a similar project to their leadership or board?

Understand the cost of the project by obtaining realistic estimates from a qualified contractor. We also recommend that you identify the potential funding sources to cover the project cost, which would include the IRA direct pay mechanism for the Investment Tax Credit. Finally, when presenting the benefits of the project, include the long-term operational cost savings, as part of the financial analysis.



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You can contact La Clínica de La Raza by emailing Anita Addison at [aaddison@laclinica.org](mailto:aaddison@laclinica.org).

For more information on the Investment Tax Credit and other IRA opportunities, please visit the [Quickfinder for Leveraging the Inflation Reduction Act for the Health Sector](#).

