



Homes and Community Renewal

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CLIMATE FRIENDLY HOME FUNDS NOFA FREQUENTLY ASKED QUESTIONS

Q: Could the selected lender include operating reserves when underwriting projects where CFHF does not cover the cost of all work or the building has (limited) capital needs that must be addressed outside of the CFHF scope? How should reserves be included as a source?

A: The intent is for the CFHF to cover the full cost of the intended scope of work, but if the owner/lender chooses to expand the scope and invest their funds in reserves that would be permissible.

Q: Is there a preference for Upstate vs. Downstate originations? Should NYC be included in originations targets?

A: There are no regional targets, but we do expect there to be distribution across the state and would be open to targeting DAC using the working definition of the CAC.

Q: Can developments with more than 50 units total be considered eligible if each individual building is still 50 units or smaller (ex. 300-unit development split into six buildings 50-units each)?

A: The goal of the program is to limit eligible projects' sizes to less than 50 units. If this limitation proves too restrictive after the first year of the program, HCR would consider revisiting this criteria with the selected CDFI.

Q: What third-party reports are required to close on a CFHF grant? Appraisal? Title? Survey? Phase I?

A: At this time, we believe that basic due diligence would be required. A list of those documents generally required for closing can be found in the HCR Legal documents manual as well as the closing design requirements that may include, but not limited to Phase 1 environmental reports, mechanics liens AIA G706 and G706a.

The awarded CDFI will work with HCR staff to finalize these requirements. Most likely, a limited title search to identify violations, mechanics liens, or judgments against the property will be required. An appraisal will not be required in most cases. Phase 1 environmental reports could prove useful, though it may be possible to rely on previously completed Phase 1s. Surveys will most likely not be required, unless the originating CDFI recommends them.

Q: Will Closing Counsel from HCR be involved?

A: No, HCR counsel will not be involved in each closing. Initially, HCR counsel will collaborate with the CDFI to approve the form closing documents.

Q: Does the Borrower need counsel? If so, are these eligible soft costs?

A: Yes. And yes.

Q: What are the requirements for lead-based paint and ACM surveys? Can we limit testing to areas where envelope or interior might be disturbed to complete electrification work?

A: Lead testing must be done in compliance with EPA Renovation, Repair and Paint Rule, or HUD Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing.

Q: Is the entire \$250M available immediately? How will the CFHF be transferred and housed for the duration of the program?

A: The CDFI should submit their proposed payment schedule in their budget proposal. It is not HCR's intent to release the full \$250M upfront in one payment to the selected CDFI but, it is thought, that disbursements will be based on target milestone-based disbursements.

Q: Has the \$25k/unit been tested in the current market? Was this initial budget and scope confirmed by installers or NYSERDA?

A: Yes. HCR collaborates with NYSERDA with other market professionals.

Q: Confirming the target number of units: "at least" or "up to" 10,000 units to be electrified using CFHF? (Both referenced in the NOFA).

A: Our Housing Plan Goal (by March 31, 2027) is to electrify, or partially electrify 10,000 units through the CFHF. As we develop the final program terms with the selected CDFI we will finalize these numbers.

Q: **Will key staff bios suffice or does HCR require full and detailed resumes for a proper review of our submission?**

A: We are asking for resumes of key staff. Personal contact information and home addresses can be redacted.

Q: **Can an alternative audit take the place of a traditional IPNA in this program?**

A: HCR would be open to an equal alternative to the IPNA that focuses on ensuring properties are good candidates for electrification based on current existing conditions and performance. We would ask you include details of what approach this alternative audit process will take to identifying needs, timing for completion, and any proposed additional administrative costs in your application.

Q: **Can Climate Friendly Home Funds be used for 5 - 50 units?**

A: Yes.

Q: **Will the program cover condos and co-ops?**

A: The program covers rental units only.

Q: **Will the funds cover mini/multi-split systems or PTHPs as a heating/cooling electrification solution or only centralized systems?**

A: The systems are not specified. However, they must be highly efficient and cold climate. HCR does not want to put confines on the program to allow for probable solutions.

Q: **Are funds disbursed from HCR to the property owner?**

A: The CDFI will issue the funds to the property owner. Usually, a UCC will be filed. The loan or grant should not conflict with the funding of the project.

Q: **Can CFHF funds only be used for retrofits, or can they be combined with construction financing to fund electrification items?**

A: The program funding is not designed to be combined with other financing.

Q: **Building owners are required to have service contracts for equipment installed through this program. Is there a minimum length of time these contracts need to be maintained?**

A: HCR and the CDFI will determine the length of the contracts.

Q: **Are you looking for 100% electrification?**

A: No, but that is our preference. The chosen CDFI will hopefully work with a partner to determine what makes the most sense regarding the scope of work for a project.

- Q:** **Applicants must maintain a system to track post-construction energy consumption and report carbon reduction metrics. Is there a minimum length of time required for this tracking and reporting?**
- A:** The length of time is not specified. However, it would need to be at least two (2) years. The CDFI would determine the length of time for tracking and reporting.
- Q:** **What is the requirement for envelope energy reduction?**
- A:** Energy envelope reduction should be 15% better than the energy code. This is typically determined through energy modeling.
- Q:** **If buildings have health and safety issues, like knob and tube wiring, pests, or mold from leaking roofs, can remediation of these issues, which can be expensive, be covered under this program?**
- A:** There may be cases to direct an owner to a different rehab program. Not every building will be the right candidate for this program.
- Q:** **Is there any consideration for coupling electrification with community solar or rooftop solar to achieve carbon reduction goals as part of this program?**
- A:** Solar, while a great option, will not be funded through this program.
- Q:** **What is HCR's goal in calling this a loan? Is it a revolving loan?**
- A:** Having a loan option is meant to facilitate the program for some owners with a 0% loan instead of a grant. HCR is hoping to reach parts of the market that aren't otherwise being served.
- Q:** **Can projects make use of low-carbon pathways incentives alongside the grant/loan funds? Like NYS Clean Heat rebate incentives?**
- A:** Currently, there is no Clean Heat funding. That would need to be discussed with the chosen CDFI.
- Q:** **Can NYSERDA incentives be included along with the grant funding?**
- A:** That would need to be discussed with the chosen CDFI to determine the benefit for the project.
- Q:** **Viewing this as a grant program with the exception where a loan makes sense to the existing capital stack, how is it financed? The goal is not to figure out the minimum amount of subsidy to be leveraged with the financing. Correct?**
- A:** Correct. The goal is to incentivize the funding for the ongoing support that would be required to run the program. Leaving it open, based on what the CDFI feels would be best for the project.