



## Clean Energy Initiative Program: Existing Buildings

**Clean Energy Initiative PROGRAM:** HCR’s Clean Energy Initiative (“CEI”) program provides gap financing for the decarbonization work aligned with HCR’s Sustainability Guidelines Stretch Goal standards. As part of the State’s commitment to reduce greenhouse gas emissions aligned with the goals outlined in the Climate Leadership and Community Protection Act of 2019, HCR makes capital available through a partnership with NYSERDA for improved decarbonization scopes of work.

Projects receiving CEI funds must be applying for and ultimately awarded through the HFA 4% Bond financing, HTFC 9% competitive application process, or CIF LIHTC programs, but CEI funds can be applied for within the same tax credit application for those applications. Final award amounts must be recommended by HCR staff, NYSERDA staff, and approved by HCR Credit Committee, the HTFC and/or HFA Board as applicable.

<b>Eligible Uses</b>	<p>Existing Building projects including <b>substantial rehabilitation, or moderate rehabilitation levels 1 or 2</b> are eligible to apply for CEI funding when they are applying for either the Multifamily Finance 4% HFA Tax-Exempt Bonds and Subsidy Financing, Multifamily Finance 9% LIHTC RFP, or Multifamily Finance Open Window CIF Stand-alone Financing Programs, and meet all program requirements accordingly. Please reference the Existing Buildings (EB) Sustainability Guidelines for full definitions of these construction types.</p> <p>The awarded funding can be used for eligible decarbonization work, including up to \$1,000/unit of the total award in soft costs for design, certification, or measurement and verification, and should include eligible hard costs related to reaching the selected CEI Goals outlined below.</p> <p>For projects applying through the Multifamily Finance 9% LIHTC RFP, permanent financing only. For projects applying for Multifamily Finance 4% HFA Tax-Exempt Bonds and Subsidy Financing, both construction and permanent financing available.</p> <p>CEI funds are sourced from utility System Benefit Charges (SBC). As a result, the project site must be with a utility that pays System Benefit Charges (SBC). <b>CEI awarded projects are not eligible to receive incentives from the following programs in conjunction with CEI funding:</b></p> <ul style="list-style-type: none"><li>• <b>NYSERDA New Construction - Housing</b></li><li>• <b>NYSERDA Buildings of Excellence for Demonstration</b></li><li>• <b>NYSERDA Multifamily Performance Program</b></li></ul>
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	<ul style="list-style-type: none"> <li>• <b>NYSERDA Low-Carbon Pathways</b></li> <li>• <b>NYSERDA RetrofitNY</b></li> <li>• <b>ConEdison Affordable Multifamily Energy Efficiency Program (AMEEP)</b></li> </ul> <p><b>At HCR’s and NYSERDA’s sole discretion, additional programs, beyond those listed here, may be identified as a duplicative source and would be eligible for use on the same project.</b></p> <p>CEI funded projects <b>may</b> pursue NYS Clean Heat incentives but are required to demonstrate that CEI funding plus NYS Clean Heat incentives do not exceed 100% of the costs to perform the CEI scope of work. Projects must clearly demonstrate in their application that they intend to receive NYS Clean Heat funding in addition to CEI funding.</p>
<p><b>Eligible Applicants</b></p>	<p>For-profit and not-for-profit corporations or charitable organizations, or a wholly owned subsidiary of such corporations or organizations, cooperative boards, or limited partnerships/limited liability corporations.</p>
<p><b>Program Funding</b></p>	<p><b>CEI funding:</b> Up to \$25,000/unit for projects that comply with all Existing Building (EB) Sustainability Guidelines Baseline Requirements <u>and</u> select at least one of the goals outlined below. The project’s CEI funding should be calculated by adding up the total for each goal selected, for example a project pursuing goals 1 and 2 would receive \$12,500/unit in CEI funding, where as a project pursuing goals 1, 2 and 3 would receive \$25,000/unit in CEI funding.</p> <p>Up to \$1,000/unit of the awarded funding can be used for eligible soft costs defined above in Eligible Uses.</p> <p><b>Moderate Rehab Level 1 and 2</b> projects are required to demonstrate through the project’s IPNA that any equipment being replaced as part of the CEI scope of work must have a remaining useful life of less than 10 years.</p> <p><b>Goal 1: Electrification of Heating – \$8,500/unit maximum</b>          Replace existing fossil-fuel (e.g., gas, oil, propane fired) based heating equipment or electric resistance baseboard systems with high-efficiency, all-electric heat pumps and meet the following requirements:</p> <ol style="list-style-type: none"> <li>1. Project must demonstrate electrification of heating is cost prohibitive without CEI funding.</li> </ol>

	<p>2. Equipment must comply with the Adaptive Reuse Baseline Requirements for Heating and Cooling equipment listed in Section 2 of the Existing Building Sustainability Guidelines (p 26-27).</p> <p><b>Required Building Envelope Conditions</b></p> <p>1. A high-performance envelope is required when electrification of heating is being pursued. Project teams are required to submit comprehensive information about existing envelope conditions and planned improvements and comply with one of the following options:</p> <ul style="list-style-type: none"><li>○ Option 1: Demonstrate existing envelope or envelope with planned improvements will comply with 2020 NYSECC prescriptive values.</li><li>○ Option 2: Demonstrate existing space heating load is less than 8 Btu/HDD/ft<sup>2</sup>.</li></ul> <p><b>Goal 2: Electrification of Domestic Hot Water – \$4,000/unit maximum</b> Replace existing domestic hot water systems with high performance all-electric heat pump system and meet the following requirements:</p> <ol style="list-style-type: none"><li>1. Project must demonstrate electrification of DHW is cost prohibitive without CEI funding.</li><li>2. Equipment must comply with the Adaptive Reuse Baseline Requirements for Domestic Hot Water equipment listed in Section 2 of the Existing Building Sustainability Guidelines (p 30).</li></ol> <p>In addition, high efficiency designs that utilize the following measures should include a description of the measures in the CEI application. Projects that incorporate these measures will be prioritized for funding, where possible:</p> <ul style="list-style-type: none"><li>● Centralized DHW heat pump approach</li><li>● Solar thermal systems</li><li>● Ground source heat pumps that operate independently or in conjunction with heat pumps or instantaneous hot water heaters</li><li>● Other high-efficiency design measures not mentioned above</li></ul> <p><b>Goal 3: Advanced Envelope and Ventilation – \$12,500/unit maximum</b> Projects pursuing this goal should have been planning envelope improvements in their original scope of work. CEI funding is intended to cover the incremental costs to reach more advanced envelope and ventilation standards than originally planned. All envelope components included in the scope of work must comply with the 2020 Energy Conservation Construction Code of New York State (ECC) prescriptive values as part of the base building design.</p> <p><b>Envelope:</b> Pursue Envelope Stretch Goals listed in Section 2 of the Existing Building Sustainability Guidelines (p23-24) including:</p>
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	<ol style="list-style-type: none"> <li>1. Envelope improvements that contribute to an overall building envelope that is at least 15% more energy efficient than 2020 Energy Conservation Code of New York</li> <li>2. Achieve envelope performance beyond ECC and as close to a passive-house building envelope as feasible within the maximum incentive amount provided</li> </ol> <p><b>Ventilation:</b> Pursue Ventilation Stretch Goals listed in Section 2 of the Existing Building Sustainability Guidelines (p31) including:</p> <ol style="list-style-type: none"> <li>1. Implementation of an engineered natural ventilation system in compliance with ASHRAE 62.1 Section 6.4 Natural Ventilation Procedure</li> <li>2. Existing buildings with natural ventilation systems installing through-wall exhaust fans in kitchen and bathrooms</li> <li>3. Installation of energy recovery ventilator (ERV) or heat recovery ventilator (HRV) equipment</li> </ol>
<b>Maximum Award</b>	The maximum CEI award per project, regardless of building size or configuration, will not exceed \$5,625,000.
<b>Interest Rate and Loan Terms</b>	<p>HFA-financed projects:</p> <p>0.25% interest-only paid during construction and permanent.</p> <p>0.25% servicing fee paid during construction and permanent.</p> <p>Projects funded through the 9% LIHTC RFP:</p> <p>0.25% interest-only paid during permanent.</p> <p>0.25% servicing fee paid during permanent.</p> <p>All projects: Minimum of 30 year term, maximum of 50 years.</p>
<b>Priorities</b>	Existing Building projects able to meet full electrification and incorporate on-site solar systems or geothermal systems as part of the proposed scopes of work to reach deep decarbonization.

<b>Program Requirements</b>	<p>Funded projects will be required to add the following language to their standard regulatory agreements for 4%, 9%, or CIF funding.</p> <p>Project must report requested data related to the CEI scope of work to HCR including but not limited to:</p> <ol style="list-style-type: none"><li>1. Benchmarking data submitted on an annual basis either through Energy Staff Portfolio Manager account as designated by the HCR agency, or also submitted through shared aggregated utility data directly from the utility company, as determined or requested by the agency.</li><li>2. Construction cost data: The awarded projects will submit incremental decarbonization scope cost data to the agency before construction closing, and then again at construction close out before conversion to permanent financing.</li><li>3. Provide operational cost data related to servicing and repairing electrified HVAC systems over time to the asset management unit assigned to the property.</li><li>4. Provide an operational manual to all end users including residents and operators for all HVAC equipment as applicable. This should include but not be limited to servicing requirements, control setpoint guidance, operational instructions, and guidance on repair requests and service requests.</li></ol>
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*HCR retains the right to revise this term sheet from time to time and to waive any requirement contained therein, subject to the applicable statutes and program regulations. HCR also retains the right to not award any or all of its funds under this program. All proposals must comply with all applicable federal, state and local laws.*