



Clean Energy Initiative Program: Existing Buildings – Moderate Rehabs

Clean Energy Initiative PROGRAM: HCR’s Clean Energy Initiative (“CEI”) program provides funding for 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.

Funding for decarbonization is available for existing buildings who comply with the terms described below. Projects receiving CEI funds must be applying for and ultimately awarded through either HCR’s LIHTC programs or through HCR’s Subsidy Financing. CEI funds can be applied for within the same tax credit application for eligible LIHTC programs, including HFA 4% LIHTC tax-exempt bond financing and HTFC/DHCR 9% LIHTC Request for Proposals (“RFP”). Projects receiving Subsidy Financing, where HCR subsidy is the sole source of project financing, will be required to submit a supplemental application for the CEI program. 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.

<p>Eligible Uses</p>	<p>Existing Building projects including Moderate Rehabilitation Levels 1 & 2, as defined in HCR’s Sustainability Guidelines, are eligible to apply for CEI Existing Buildings – Moderate Rehab funding when they are applying for either the HFA 4% LIHTC tax-exempt bond financing, HTFC/DHCR 9% LIHTC RFP, or Subsidy Financing and meet all program requirements accordingly.</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. Funding applications should include eligible hard costs related to reaching the selected CEI Goals outlined below.</p> <p>For projects applying through the HTFC/DHCR 9% LIHTC RFP, CEI funds can only be accessed as permanent financing. For projects applying for HFA 4% LIHTC tax-exempt bond financing and Subsidy Financing, both construction and permanent financing are available.</p> <p>CEI funds are sourced from utility System Benefit Charges (“SBC”). As a result, the project site must be in a territory served by a utility that pays into SBC.</p> <p><i>If a project is located outside of SBC territory, a limited amount of funding is available. Projects applying outside of SBC territory will be awarded on a first come first served basis, at the discretion of HCR, based on availability of funding. Projects should include this request at application to be considered.</i></p> <p>CEI awarded projects are not eligible to receive incentives from the following programs in conjunction with CEI funding:</p> <ul style="list-style-type: none"> • NYSERDA Buildings of Excellence for Demonstration • NYSERDA Multifamily Performance Program • NYSERDA Low-Carbon Pathways • NYSERDA RetrofitNY • Con Edison Affordable Multifamily Energy Efficiency Program (“AMEEP”) <p>At HCR’s and NYSERDA’s sole discretion, additional programs, beyond those listed here, may be identified as a duplicative source and would be ineligible for use on the same project.</p> <p>CEI funded projects may 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>Eligible Applicants</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>Program Funding</p>	<p>CEI Funding:</p> <ul style="list-style-type: none"> • Up to \$21,500/unit for projects that comply with all Existing Building “EB” Sustainability Guidelines Baseline Requirements and achieve at least one of the goals outlined below. • Up to \$1,000/unit of the awarded funding may be used for eligible soft costs, defined above in Eligible Uses. • <i>A project’s CEI funding is calculated by adding the total for each goal pursued.</i> <p>Moderate Rehab Level 1 & 2 projects are required to demonstrate through the project’s IPNA that any equipment being replaced as part of the CEI scope must have a remaining useful life of less than 10 years.</p> <p><u>Goal 1: Partial Electrification of Heating → \$13,500/unit x Percent Electrified (See below)</u></p> <p><u>Requirements:</u></p> <p>Electrification of Heating: Replace existing fossil fuel (e.g., gas, oil, propane fired) heating equipment or electric resistance baseboard systems with high-efficiency, all-electric heat pumps and meet the following requirements:</p> <ul style="list-style-type: none"> • Demonstrate electrification of heating would have a gap in funding without CEI funding¹ • Achieve partial electrification of heating, defined below • Demonstrate equipment complies with the Adaptive Reuse Baseline Requirements for Heating and Cooling equipment listed in Section 2 of the existing Building Sustainability Guidelines (p 26-27) • Provide a “Path to Electrification” for the project, via an electrification roadmap. For guidance on developing the electrification roadmap, refer to HCR’s Preservation Sustainability Guidelines, page 11. <p><u>Partial Electrification of Heating:</u> Projects must meet the following requirements:</p> <ul style="list-style-type: none"> • Implement a part-load electrification solution. Incentive may be claimed based on the percentage of the building’s peak heating load served by the all-electric equipment. <ul style="list-style-type: none"> ○ Calculate Heating Electrification Percentage <ul style="list-style-type: none"> ▪ <i>Electrification Heating Percentage = (Installed Heat Pump Capacity for Space Heating) / (Peak Full-Building Heating Load)</i> ○ Calculate Total Incentive <ul style="list-style-type: none"> ▪ <i>If Electrification Heating Percentage is between 50%-74%: Total Incentive = \$7,500 x Total Number of Units</i> ▪ <i>If Electrification Heating Percentage is between 75% - 90%: Total Incentive = \$10,500 x Total Number of Units</i>
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¹ Refer to **HCR Clean Energy Initiative Program: Cost Justification Guidance** resource on the HCR Clean Energy Initiative webpage for guidance.

- *If Electrification Heating Percentage is greater than 90%: Total Incentive = \$13,500*

Existing fossil fuel system may be used to provide the remainder of the heating load.

Goal 1 Mandatory Envelope Improvements: Projects must meet one of the following envelope conditions to receive Goal 1 funding. *CEI funds may be used to incorporate these improvements:*

- Option 1: Demonstrate existing envelope or envelope with planned improvements will comply with 2020 NYSECC prescriptive values.
- Option 2: Demonstrate existing space heating load or space heating load with planned envelope improvements is less than 8 Btu/HDD/ft².²

Goal 2: Partial Electrification of Domestic Hot Water → \$4,000/unit x Percent Electrified (See Below)

Requirements:

To receive Goal 2 funding, projects must:

- Demonstrate electrification of DHW would have a gap in funding without CEI funding³
- Achieve partial electrification of DHW, defined below
- Demonstrate equipment complies with Adaptive Reuse Baseline Requirements for Domestic Hot Water equipment listed in Section 2 of the Existing Building Sustainability Guidelines (p30)
- Provide a “Path to Electrification” for the project, via an electrification roadmap. For guidance on developing the electrification roadmap, refer to HCR’s Preservation Sustainability Guidelines, page 11.

Partial Electrification of DHW: Applicants must meet the requirements for one of the following:

- For projects pursuing a hybrid, part-load electrification solution for DHW, the applicable incentive amount per unit scales by the percentage of the *peak DHW heating load* served by the all-electric equipment.
 - Calculate DHW Electrification Heating Percentage
 - *DHW Electrification Heating Percentage = (Installed Heat Pump Capacity for DHW) / (Peak DHW Heating Load)*
 - Calculate Total Incentive
 - *If DHW Electrification Heating Percentage is between*

² Refer to **HCR Clean Energy Initiative Program: Space Heating Load Calculation Guidance** resource on the HCR Clean Energy Initiative webpage for guidance.

³ Refer to **HCR Clean Energy Initiative Program: Cost Justification Guidance** resource on the HCR Clean Energy Initiative webpage for guidance.

50 – 80%: Total Incentive = \$2,000 x Total Number of Units

- If DHW Electrification Heating Percentage is greater than 80%: Total Incentive = \$4,000 x Total Number of Units

Existing fossil fuel system may be used to provide the remainder of the heating load.

The following highest efficiency technologies will be prioritized where possible for Goal 2 funding. If included in the project's scope, please provide a description:

- DHW heat pump
- Solar thermal systems
- Ground-source heat pumps that operate independently or in tandem with heat pumps or instant hot water heaters
- Other high-efficiency design measures not mentioned above

Optional Adder to Goals 1 & 2 : Enabling Upgrades → \$4,000/unit Maximum

The Enabling Upgrades Additional Funding may only be claimed in tandem with Goal 1, Goal 2, or Both, not exceeding \$4,000/unit.

Requirements:

To receive Enabling Upgrades Funding, the applicant must submit a full list of enabling work proposed to support Goals 1 and/or 2. Enabling upgrades include, but are not limited to:

- Electrical Panel upgrades/replacement
- Electrical wiring to support electric equipment

Goal 3: Stretch Energy Goal → \$15,000/unit Maximum

Goal 3 is only available for Moderate Rehabs Level 1. For projects not planning MEP replacement as a part of their renovation scope, Goal 3 may be selected to support future electrification. Goal 3 funding may **not** be combined with Goals 1 and/or 2.

Requirements:

Projects must achieve the following. Applicants should submit a cost breakdown for the proposed use of funds and demonstrate that the proposed scope is cost prohibitive without CEI funds.

- **Energy Reduction & Envelope Improvements:**
 - Demonstrate with an energy model that planned envelope work will reduce energy consumption by at least 20% compared to the past 3 years of whole building utility data.
 - Demonstrate that the existing space heating load is less than 8 Btu/HDD/ft² based on utility data or will be after planned improvements as demonstrated by energy modeling.

	<ul style="list-style-type: none"> ○ Includes all envelope work or other efficiency upgrade beyond the project’s base renovation scope needed to meet the requirements above. <ul style="list-style-type: none"> ▪ Must include window replacement and attic insulation where applicable. ▪ May also include but not limited to air sealing, insulation, appliance upgrades, etc. ● Path to Electrification: Provide a “Path to Electrification” for the project, via an electrification roadmap. For guidance on developing the electrification roadmap, refer to HCR’s Preservation Sustainability Guidelines, page 11. ● Electrical Infrastructure: Include all enabling electrical work needed for full electrification. <ul style="list-style-type: none"> ○ Includes improvements and space for future electric equipment and electrical service.
Maximum Award	<p>The maximum CEI Award for a Moderate Rehab Level 1 Project (utilizing Goal 3), regardless of building size or configuration, will not exceed \$2,250,000.</p> <p>The maximum CEI Award for a Moderate Rehab Level 2 Project (utilizing Goals 1 and/or 2), regardless of building size or configuration, will not exceed \$3,225,000.</p>
Loan Terms	<p>0% during construction (only available for HFA 4% LITHC tax-exempt bond financing) and permanent</p> <p>All projects: Minimum of 30-year term, maximum of 50 years.</p>
Priorities	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.
Program Requirements	<p>Funded projects will be required to add the following language to their standard regulatory agreements for HFA 4% LIHTC tax-exempt bond financing, HTFC/DHCR 9% LIHTC RFP, or Subsidy Financing.</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"> 1. Benchmarking data submitted on an annual basis either through Energy Staff Portfolio Manager account as designated by the HCR agency or submitted through shared aggregated utility data directly from the utility company, as determined or requested by the agency. 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. 3. Provide operational cost data related to servicing and repairing electrified HVAC systems over time to the asset management unit assigned to the property. 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.
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CEI awards are subject to availability of funding. HCR retains the right to revise this term sheet 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 its funds under this program and to not commit all awarded funds. All proposals must comply with all applicable federal, state, and local laws.