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Clean Energy Initiative Program: Existing Buildings – Substantial 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 apply for and ultimately be awarded funding through either HCR's LIHTC programs or through HCR's various subsidy financing sources, HCR Subsidy Financing, which includes various entities within the HCR umbrella including but not limited to the Housing Finance Agency (HFA), the Division of Housing and Community Renewal (DHCR), and the Housing Trust Fund Corporation (HTFC). CEI funds can be applied for within the same tax credit application for eligible LIHTC programs, including HFA 4% LIHTC tax-exempt bond financing, HCR Subsidy Financing, where HCR Subsidy Financing is the sole source of project financing, and HTFC/DHCR 9% LIHTC Request for Proposals ("RFP"). Final award amounts are subject to recommendation by HCR and NYSERDA staff and approval by the HCR Credit Committee, HTFC and/or HFA Board, as applicable.

Eligible Uses	Existing Building projects classified as substantial rehabilitation and Adaptive Reuse with historic designation by SPHO, as defined in HCR's Sustainability Guidelines, are eligible to apply for **CEI Existing Buildings – Substantial 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. 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. For projects applying through the HTFC/DHCR 9% LIHTC RFP, permanent financing only. For projects applying for HFA 4% LIHTC tax-exempt bond financing and Subsidy Financing, both construction and permanent financing available. 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. *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.* **CEI awarded projects are not eligible to receive incentives from the following programs in conjunction with CEI funding:** • NYSERDA Buildings of Excellence for Demonstration • NYSERDA Multifamily Performance Program • NYSERDA Low-Carbon Pathways • NYSERDA RetrofitNY • Con Edison Affordable Multifamily Energy Efficiency Program ("AMEEP") • NYS Clean Heat program **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.**
Eligible Applicants	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.

Program Funding	**CEI Funding:** • Up to $35,000/unit for projects that comply with all Existing Building "EB" Sustainability Guidelines Baseline Requirements and achieve at least one of the goals outlined below.[1] • Up to $1,000/unit of the awarded funding may be used for eligible soft costs, defined above in **Eligible Uses**. • *A project's CEI funding is calculated by adding the total for each goal pursued*. **<u>Goal 1: Electrification of Heating → $13,500 - $22,000/unit</u>** *Projects may select either the baseline incentive ($13,500/unit) or enhanced incentive ($22,000/unit)*. <u>Baseline Incentive Requirements</u>: ($13,500/unit) **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: • Demonstrate electrification of heating would have a gap in funding without CEI funding[2] • Achieve full electrification of heating systems • 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) • **Envelope Improvements:** Projects must meet one of the following envelope conditions. *CEI funds may be used to incorporate these improvements*: o Option 1: Demonstrate existing envelope or envelope with planned improvements will comply with 2020 NYSECC prescriptive values. o Option 2: Demonstrate existing space heating load or space heating load with planned envelope improvements is less than 8 Btu/HDD/ft2.[3] <u>Enhanced Incentive Requirements</u>: ($22,000/unit) **Electrification of Heating:** Meet the Baseline Incentive Requirements AND the following requirements: • **Enhanced Envelope Improvements:** Projects must meet the following envelope conditions. *CEI funds may be used to incorporate these improvements*:

[1] This amount includes $5000/unit of state appropriated funds, made available through the Climate Friendly Homes Fund program.

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

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

	○ Demonstrate existing building envelope or envelope with planned improvements is at least 10% more energy efficient than 2020 NYSECC. Optional Scope for Goal 1 • Projects may also utilize Goal One funding for ventilation work in addition to the requirements above. Pursue Ventilation Stretch Goals listed in Section 2 of the Existing Building Sustainability Guidelines (p31) including: ○ Implementation of an engineered natural ventilation system in compliance with ASHRAE 62.1 Section 6.4 Natural Ventilation Procedure ○ Existing Buildings with natural ventilation systems installing through-wall exhaust fans in kitchen and bathrooms ○ Installation of energy recovery ventilation (ERV) or heat recovery ventilation (HRV) equipment. **Goal 2: Electrification of Domestic Hot Water → $4,000/unit maximum** Requirements: To receive Goal 2 funding, projects must: • Demonstrate electrification of DHW would have a gap in funding without CEI funding[4] • Achieve full electrification of DHW • Demonstrate equipment complies with Adaptive Reuse Baseline Requirements for Domestic Hot Water equipment listed in Section 2 of the Existing Building Sustainability Guidelines (p30) **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 to exceed $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

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

	Goal 3: Additional Decarbonization Support → $5000/unit[5] Requirements: Projects that pursue one of the following Stretch Goals will be eligible for additional funding. Projects should include this request at the time of application to be considered. • Ground-source heat pumps serving heating and domestic hot water • Energy recovery ventilation (ERV) serving dwelling units • EnerPHit certification • Enterprise Green Communities Plus certification
Maximum Award	The maximum CEI award per project, regardless of building size or configuration, will not exceed **$10,500,000**.[6]
Loan Terms	0% during construction (only available for HFA 4% LITHC tax-exempt bond financing) and permanent All projects: Minimum of 30-year term, maximum of 50 years. *NOT eligible for HCR Construction Completion Payment (9% LHTC RFP only)
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	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. Project must report requested data related to the CEI scope of work to HCR including but not limited to: • 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. • 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. • Provide operational cost data related to servicing and repairing electrified HVAC systems over time to the asset management unit assigned to the property. • 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.

[5] This funding is state appropriated, made available through the Climate Friendly Homes Fund program.
[6] This amount includes $5000/unit of state appropriated funds, available through the Climate Friendly Homes Fund program.

CEI awards are subject to availability of funding. 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 its funds under this program and to not commit all awarded funds. All proposals must comply with all applicable federal, state, and local laws.