



**Standalone Clean Energy Initiative (SCEI)  
Term Sheet for Preservation  
Funded with Climate Friendly  
Homes Funds**

**Standalone Clean Energy Initiative Program:** The Housing Trust Fund Corporation’s (HTFC) and Housing Finance Agency’s (HFA, collectively referred to herein as HCR or the Agency), Standalone Clean Energy Initiative (“SCEI”) program provides funding for decarbonization work for regulated affordable housing. As part of New York State’s commitment to reduce greenhouse gas emissions aligned with the goals outlined in the Climate Leadership and Community Protection Act of 2019, this capital funding will be available through the Climate Friendly Homes Fund program with additional funds available from the Long Island Power Authority (“LIPA”) where regionally appropriate.

**Funding for decarbonization is available for existing buildings who comply with the terms described below.** SCEI funding is available for properties that have an existing regulatory agreement with the State or a Federal Agency. Final award amounts are subject to recommendation by program staff and approval by the HCR Credit Committee, HTFC and/or HFA Board, as applicable.

Applicants are strongly encouraged to apply for only the funding necessary for the financial feasibility of the project. HCR reserves the right to allocate funding to ensure that the broad range of statewide housing needs are met.



<p>Program Description</p>	<p>The Climate Friendly Homes Fund is making \$75,000,000 available consistent with the requirements set forth herein. Applicants who are successful in their application and meet the terms and conditions described herein will receive an award letter and be eligible for funds.</p>
<p>Program Goal</p>	<p>Provide direct funding to qualified multifamily properties that replace existing inefficient space heating and/or domestic hot water heating systems with all-electric high efficiency equipment aligned with New York State’s Climate Leadership and Community Protection Act of 2019, and as specified in the term sheet herein. The program is designed to reduce carbon emissions in existing multifamily residential buildings throughout New York State.</p>
<p>Eligible Applicants &amp; Eligible Properties</p>	<ol style="list-style-type: none"> <li>1. Except as otherwise approved by the HCR, Eligible Properties will be multifamily buildings with an existing regulatory agreement with a state or a federal agency with priority for a remaining affordability term of 6 years or more at the time of construction completion for CEI related work as outlined in this term sheet.</li> <li>2. Properties in Long Island Power Authority (LIPA) territory that are seeking financing from the agency are eligible to apply for SCEI funding alongside their HCR financing application. SCEI funding may only be paired with agency financing for properties located within LIPA territory.</li> <li>3. The Agency will further screen each property for eligibility based on:             <ol style="list-style-type: none"> <li>a. The existing property conditions use either fossil fuel oil, propane or electric resistance for the primary space heating;</li> <li>b. Existing building envelope performance; either via an existing I/PNA or a Property Condition Assessment completed by a consulting engineer engaged by the Agency to perform services in connection with Program and aligned with the State’s decarbonization goals;</li> <li>c. Existing energy efficiency; based on average annual energy usage of most recent past 2 years;</li> <li>d. Existing owner and tenant meter structure; and</li> <li>e. Date and scope of last major renovation and/or refinance.</li> </ol> </li> <li>4. Except as otherwise approved by the Agency, Eligible Applicants will be not-for-profit corporations or charitable organizations, or a wholly owned subsidiary of such corporations or organizations, or private for-profit developers.</li> <li>5. Ownership is defined as holding a fee simple title as evidenced by a warranty deed, bargain for sale deed, a quit claim deed to the Property or having an approved leasehold interest and improvement to be assisted. The deed must be recorded with the county, city, or appropriate local municipality.</li> </ol>
<p>Payment Structure</p>	<p>Property owners will receive funds in the form of a grant, or upon request a low interest loan, rate set forth below, if it is demonstrated that the financing requires it.</p> <p>Property owner shall enter into a Grant Agreement or loan documents as required by the Agency.</p>



<p>Program Funding</p>	<p><u>Electrification Funding</u>: Up to \$25,000 per unit for electrification of systems and other baseline efficiency measures including, but not limited to, the eligible uses of grant/loan proceeds as set forth in this term sheet, inclusive of administrative and soft costs directly related to performing the work.</p> <p><u>Solar Photovoltaic (PV) Adder</u>: Up to \$5,000 per unit for on-site solar photovoltaic (PV) system. The Solar PV Adder funding may only be claimed in tandem with the required Heating and Cooling electrification scope of work.</p> <p><u>Additional Electrification Enabling Upgrades</u>: Up to \$7,000 per unit for additional electrical service upgrades, electrical capacity upgrades, backup generation or other baseline efficiency measures including but not limited to the eligible uses of grant proceeds set forth in this term sheet, inclusive of administrative and soft costs, or as otherwise approved by Housing Trust Fund Corporation (“HTFC”) staff. This can only be added when pursuing Electrification Funding.</p> <p><u>Eligible Soft Cost Program Delivery Expenses</u>: Up to 20% of the total awarded SCEI amount. Delivery costs may include, but are not limited to, contractor fees, building permit filing fees, elevation certificates and other architecture and engineering services, home/building energy audits, loan closing fees, and legal fees. Eligibility to be determined by the Agency.</p> <p>The total program funding cannot exceed the cost of the eligible scope items defined above.</p>
<p>Maximum Award</p>	<p>The maximum Standalone CEI award per project, regardless of building size or configuration, will not exceed <b>\$10,000,000</b>.</p>
<p>Grant Agreement Term</p>	<p>10 years for projects with more than 15 units or grant amounts greater than \$375,000; and 5 years for projects 15 units or less or grant amounts less than \$375,000, unless explicitly stated otherwise.</p>
<p>Interest Rate</p>	<p>0%, as applicable for Loans</p>
<p>Reserves</p>	<p>Reserves for the required benchmarking fees, annual service contract for equipment installed as part of the eligible scope of work and servicing fee to be established at or before execution of grant documents or closing of loan, as applicable.</p>
<p>Credit Criteria</p>	<p>Borrowers must be in good standing with existing lenders, local government including housing agencies, and in compliance with all regulatory agreements, if applicable.</p>
<p>Construction and Management</p>	<ol style="list-style-type: none"> <li>1. Professional service contractors, such as but not limited to building contractors, engineers, plumbers, must be licensed with New York State.</li> <li>2. The Agency will make advances to Eligible Owners for payment to contractors based on 3 milestones: 1) Grant agreement execution design soft costs and hard costs for construction mobilization [10%], 2) Contractor</li> </ol>

	<p>bid executed contract approval by HCR [50%], and 3) Construction completion and approval by HCR [40%].</p> <p>3. Participating owners must contract with a qualified contractor to perform the electrification scope of work. A list of these contractors can be found at the following links:</p> <ul style="list-style-type: none"> <li>a. <a href="#">NYS Clean Heat   Find a Contractor</a></li> <li>b. <a href="#">Find a Participating EmPower+ Contractor - NYSERDA</a></li> <li>c. <a href="#">Choosing a Contractor - NYSERDA</a></li> <li>d. <a href="#">Multifamily Contractor Network   NYSERDA</a></li> </ul>
<p>Eligible Uses</p>	<p>Applicants must submit an electrification scope of work that complies with HCR Electrification Guidelines below:</p> <ol style="list-style-type: none"> <li>1. Conduct an energy audit, Property Condition Assessment, or IPNA (eligible expense under Building Electrification Fund or use one that was completed within 2 years of funding request) that demonstrate existing conditions to the Agency to confirm compliance with the term sheet             <ul style="list-style-type: none"> <li>a. Applicants will be responsible for the cost of any required energy audit, Property Condition Assessment, or IPNA. Applicants may be reimbursed for their out-of-pocket portion of these costs at the time of Standalone CEI closing for eligible properties.</li> </ul> </li> <li>2. <u>Electrification Funding:</u>              Eligible scope of work improvement areas for eligible projects must meet the applicable technical requirements outlined in <a href="#">HCR's 2025 Sustainability Guidelines</a> Section 2D: HVAC and include:             <ul style="list-style-type: none"> <li>a. <u>Heating &amp; Cooling Electrification (Required):</u> <ol style="list-style-type: none"> <li>i. Install high efficiency all electric mini or multi-split heat pumps, variable refrigerant flow (VRF) systems, or geothermal heat pumps;</li> <li>ii. Any specified equipment shall be Energy Star certified or equivalent OR listed on the Northeast Energy Efficiency Partnership (NEEP) Cold Climate Air Source Heat Pump Project List OR meet NEEP's Cold Climate Air-Source Heat Pump Specification;</li> <li>iii. Heat pumps must be capable of providing heating and cooling;</li> <li>iv. Cost-shifting of space heating operational costs, or changes to the structure of heating payments for tenants is NOT permitted under this program;</li> <li>v. If the heat pump units are wired to an owner-paid meter, projects may install a switch for summer months to enable tenant paid cooling only;</li> </ol> </li> </ul> </li> </ol>

	<ul style="list-style-type: none"> <li>vi. All associated electric service, repair/patching, and health and safety mitigation related to installation are eligible expenses.</li> <li>b. <u>Domestic Hot Water Electrification</u> (Required, if feasible based on Program thresholds)<sup>1</sup>:             <ul style="list-style-type: none"> <li>i. Install all electric domestic hot water heat pumps. Acceptable technologies include:                 <ul style="list-style-type: none"> <li>1. Central Air to Water Heat Pumps (AWHPs)</li> <li>2. In-unit Heat Pump Water Heaters (HPWHs) if sufficient detail is provided to ensure proper airflow for heat extraction and to prevent cold drafts that impact tenant comfort. Projects must also provide details to mitigate noise concerns.</li> </ul> </li> <li>ii. All associated electric service upgrades are eligible expenses.</li> </ul> </li> <li>c. <u>Energy Efficiency Improvements</u> (Optional, and only eligible when done in conjunction with section 2(a) above):             <p>If the cost remains under the total \$25,000 per unit limit, projects may complete energy efficiency improvements including but not limited to:</p> <ul style="list-style-type: none"> <li>i. Air sealing in apartment units, at penetrations, in ductwork, at exterior walls, around windows;</li> <li>ii. Weather-stripping around windows and doors;</li> <li>iii. Insulation in attics and/or roofs;</li> <li>iv. Ventilation system balancing and tuning.</li> </ul> </li> <li>d. <u>Solar PV Adder</u> (Optional, and only eligible when done in conjunction with section 2(a) above):             <ul style="list-style-type: none"> <li>i. To access Solar PV Additional funding of up to \$5,000 per unit, Eligible Buildings must be deemed feasible using HCR’s Solar Evaluation Tool (SET). Use of program funds to cover solar PV remains at the discretion of the Agency.</li> <li>ii. The additional funding must be used for behind-the-meter “net metered” solar installations including residential rooftop solar, pole-mounted systems, and ground-mounted PV systems that deliver all the power generated from the facilities to existing multifamily buildings.</li> <li>iii. Solar installations must comply with <a href="#">HCR’s Solar Technical Requirements</a> and the <a href="#">2025 Sustainability Guidelines</a> Section 3E Solar. Funding will be sized using SET and will be used to fill</li> </ul> </li> </ul>
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<sup>1</sup> Domestic hot water heating system replacement is considered infeasible under this program if the installation costs exceed 51% of total available project costs, if resulting installations increase operational utility costs by 10% or more, OR if it is determined by the auditing engineer to be infeasible due to existing conditions at the building.

	<p>funding gaps <u>after</u> accounting for all available incentives.</p> <p>Projects must use SET to demonstrate intent to receive NY-Sun, the Investment Tax Credit (ITC) base incentive, and any applicable bonus incentives.</p> <p>3. <b><u>Additional Electrification Enabling Upgrades</u></b> (Optional, and only eligible when done in conjunction with section 2 (a) or (b) above):</p> <ul style="list-style-type: none"> <li>a. Ventilation <ul style="list-style-type: none"> <li>i. For natural ventilation (no existing mechanical system) install through wall exhaust fans when a project is improving the building envelope air tightness above NYS Energy Conservation Code requirements.</li> <li>ii. Install ERV and HRV systems when reaching Passive House building envelope design standards</li> </ul> </li> <li>b. Envelope <ul style="list-style-type: none"> <li>i. To access additional program funds to complete envelope efficiency scopes of work, Eligible Buildings must demonstrate the envelope scope of work will result in a building envelope that is at least 15% more energy efficient than 2020 Energy Conservation Construction Code of New York State (ECC), as applicable per project type.</li> <li>ii. Use of program funds to cover envelope work beyond the Required Scope remains up to the discretion of the Agency.</li> </ul> </li> <li>c. All associated electric service, repair/patching, and health and safety mitigation related to installation are eligible expenses</li> </ul>
<p>Ineligible Hard Costs</p>	<ul style="list-style-type: none"> <li>1. Reimbursement of costs for construction work previously incurred is ineligible.</li> <li>2. Reimbursement for construction costs or administrative costs not approved by HCR as a part of the approved scope of work.</li> </ul>
<p>Program Requirements</p>	<ul style="list-style-type: none"> <li>1. System Start Up requires: <ul style="list-style-type: none"> <li>a. Third party commissioning of all installed systems; and</li> <li>b. Provide an operational manual to all end users, including residents and operators for all installed 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> </ul> </li> <li>2. System Maintenance and Monitoring: <ul style="list-style-type: none"> <li>a. Applicants will be responsible for all costs associated with maintaining a service contract with installer or manufacturer for the term of the Program agreement; and</li> </ul> </li> </ul>



	<p>b. Applicants will be responsible for all costs associated with the account set up, historical benchmarking, and annual benchmarking, including solar production (if applicable) required by the Program for a total of 7 years. This includes 2 years of historical benchmarking to be collected at the time of application and 5 years of benchmarking data to be collected and monitored annually following construction completion.</p>
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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 its funds under this program. All proposals must comply with all applicable federal, state, and local law.