
Sweating to the Oldies: “GRRP” Battles a Lack of Planet Fitness

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Green and Resilient Retrofit Program “GRRP”

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Agenda

1. GRRP Overview
2. GRRP Programs:
 - Elements, Leading Edge & Comprehensive Awards
3. HUD's Role
4. 3rd Party Role
5. GRRP and FHA Financing
6. Timing
7. Questions

GRRP Overview

GRRP Overview - Goals



HUD expects properties participating in GRRP, to the greatest extent feasible, to:

- Improve **utility efficiency** and **reduce emissions**, including moving properties toward **net zero**, zero ready, or zero over time energy and emissions performance standards;
- **Address climate resilience**, including synergies that can be achieved between efficiency, emissions reduction, and resilience investments;
- **Enhance indoor air quality** and resident health;
- Implement the use of **zero-emission electricity generation** and energy storage;
- **Minimize** embodied **carbon** and incorporate low-emission building materials or processes; and
- Support **whole-building electrification**.

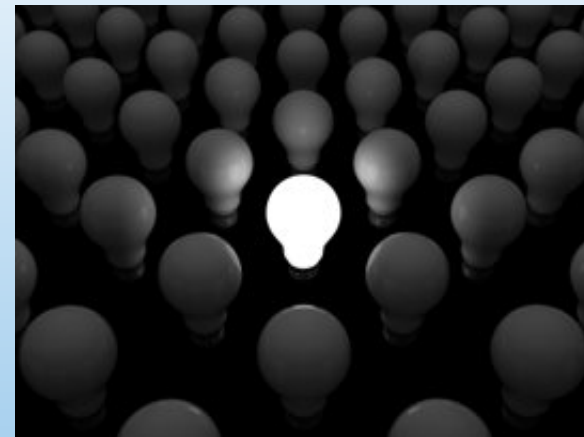
GRRP Overview - Eligibility

Eligible Properties include:

- Multifamily Project Based Section 8 Properties
- Section 202 Supportive Housing for the Low-Income Elderly
- Section 811 Supportive Housing for Low-Income Persons with Disabilities

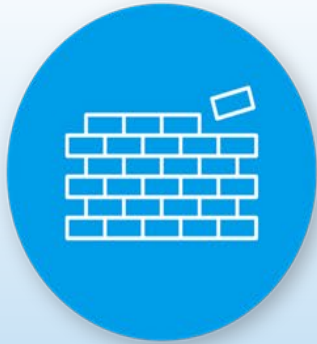
NOT Eligible:

- Section 8 Mod Rehab HAP contract
- Section 8 McKinney Mod Rehab SRO HAP Contract Properties
- Public Housing Properties, even if undergoing RAD conversion
- LIHTC only
- Market Rate Apartments



GRRP Awards: 3 Different Cohorts

Three distinct award paths, or “cohorts,” make up the GRRP & each take a diverse approach to meeting the needs of properties at different stages of recapitalization and with owners with varying levels of construction experience or greening expertise



1) Elements Awards

Modest awards for specific items
Max: \$750K per property / \$40k PU



2) Leading Edge Awards

Larger awards for ambitious certifications
Max: \$10M per property / \$60K PU

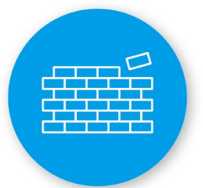


3) Comprehensive Awards

Largest awards for properties with highest need
Max: \$20M per property / \$80K PU

GRRP Award Application Timelines

Each cohort accepts applications quarterly over the course of 12 months



Elements

- June 29, 2023
- Sept 28, 2023
- Jan 4, 2024
- Mar 28, 2024



Leading Edge

- July 31, 2023
- Oct 31, 2023
- Jan 31, 2024
- Apr 30, 2024



Comprehensive

- Aug 31, 2023
- Nov 30, 2023
- Feb 28, 2024
- May 30, 2024

Elements Award – 1st Wave

- \$18 Million in funding 28 awards
- 15 Grants and 13 Surplus Cash Loans
 - Awardees can switch types prior to closing with HUD approval
- Average of \$642,857 per property, \$4,084 per unit
- Two 811 properties, three 202 Cap Advance and 23 PBRA

Proposed Awards by State

State	Projects	GRRP Funding	Assisted Units	Total Units
IL	5	\$ 3,463,120	577	734
NY	5	\$ 3,089,700	1,268	1,349
MD	4	\$ 2,231,101	289	501
OH	3	\$ 2,249,999	226	226
MO	3	\$ 1,849,738	399	470
KY	2	\$ 1,500,000	178	180
IN	1	\$ 353,873	102	102
TN	1	\$ 750,000	60	61
CA	1	\$ 331,635	12	12
MN	1	\$ 714,351	93	96
DC	1	\$ 750,000	50	151
CT	1	\$ 743,283	156	165
Grand Total	28	\$ 18,026,799	3,410	4,047



Deal Characteristics

- Transaction total development costs range from \$4.6 Million to over \$120 Million
- 22 deals contain LIHTC for a total of \$316.9 Million in equity funding
- Total non-GRRP funding of \$1.01 Billion
- Sample of GRRP Improvements Proposed for Funding
 - Solar - \$4.0 Million
 - Heat pumps for HVAC or Hot Water - \$3.8 Million
 - Windows - \$2.2 Million (GRRP paying 30% of cost)
 - Insulation/building envelope - \$1.5 million
 - Cool roof/heat wave resilience measures - \$1.1 Million
 - Appliances - \$858,200 (GRRP paying 20% of cost)

Elements – Eligible Uses

The NOFA has a pre-approved list of Elements Program eligible items including but not limited to:

- Electric air source or ground heat pumps at least 18 SEER or HSPF,
- Sustainable building materials,
- Solar,
- Wind generation geothermal,
- Electric hot water heat pumps rated 3.3 UEF or greater,
- Energy star 7.0 rated windows,
- R-value insulation,
- Electric appliances if converting from gas,
- Clean backup power.

❖ Reference Housing Notice H 2023-05 and the Elements NOFA for full details.



Elements – Eligible Costs

- “Elements Eligible Costs”
 - All costs related to the incorporation of the Elements Investments into the Property
 - Includes labor, GC Overhead, profit and general conditions, and Elements Eligible Soft Costs.
 - All Elements Eligible Costs must be in accordance with applicable Financial Thresholds as set forth in Exhibit B of Housing Notice 2023-05 and in accordance with the Elements NOFO.
- “Elements Eligible Soft Costs”
 - Expenses related to incorporation of the Elements Investments that do not deal with the physical construction or incorporation of the Elements Investments
 - Includes Architect’s fees, financing fees, developer fee, legal costs, commissioning fees, application fees, and other due diligence costs.
 - All Elements Eligible Soft Costs must be in accordance with applicable Financial Thresholds in Exhibit B of Housing Notice 2023-05.
- Scope of Work refers only to the Elements Investments (investments selected for funding by the Owner in its NOFO application from list of investments eligible for funding under the Elements NOFO and approved by HUD).
 - ❖ Reference Housing Notice H 2023-05 and the Elements NOFA for full details.



Elements – Case Example

A 25-unit PBRA property whose owner is pursuing an **FHA-insured first mortgage** to conduct necessary rehab.

The property is in an area prone to **heat waves and drought**. The owner is a **Better Climate Challenge** participant.

Application & Selection:

Owner submits the GRRP Elements application with a copy of their Better Climate Challenge partnership agreement. Most of the due diligence is also required by other funding sources, absent GRRP.

Elements Investments:

The owner chooses to use GRRP award to increase the project's scope of work:

- A reflective coating on the roof to keep residents cool.
- A rainwater harvest system to cut landscaping-related water bills.
- A rooftop solar array, which was originally in the design but had to be cut due to rising construction costs.

Funding:

- Owner takes the max GRRP Elements award of \$750,000 in the form of a grant.



Leading Edge Eligible Uses & Eligible Costs

- A use is typically eligible for the Leading Edge Award if it is relevant to the property obtaining one of the Green Certifications listed in the Leading Edge NOFO.
- “Leading Edge Eligible Costs” refers to the costs related to the Owner’s Scope of Work to achieve the Leading Edge Qualifying Certification
 - Includes all costs of construction or rehabilitation and soft costs.
 - All Leading Edge soft costs must be in accordance with the applicable Financial Thresholds as set forth in Exhibit B of Housing Notice 2023-05.
- For the Leading Edge Program, Scope of Work refers to all work being done at the Property including both GRRP-funded and Owner-funded measures.

Leading Edge – Case Example

A 50-unit PBRA property was **last renovated 20 years ago** and is still using older equipment dependent on **fossil fuel** sources. It is in an area of **hurricane risk**.

The property owner wants to electrify, incorporate renewable energy, and fortify the building against high winds.

Application & Selection:

Owner submits the GRRP Leading Edge application and completed MBEST, plans to incorporate wind turbines, and commitment to pursue a PHIUS ZERO REVIVE certification for the property. The property's architect has certified that based on the proposed scope of work, the property achieving a PHIUS ZERO REVIVE certification is feasible.

Scope of Work:

Includes standard property upgrades, electric appliances and systems, electrical panel upgrade, wind turbines, FORTIFIED Silver roof upgrade, and high-impact windows. Scope is modeled to reduce energy consumption by 40%.

Funding:

- Owner takes the max GRRP Leading Edge award of \$60k PU (50 units X \$60k PU = \$3 million).

Comprehensive Program – Eligible Costs

Owner-Funded and Comprehensive Award-Funded Costs by GRRP Cost Category			
	Owner	Comprehensive Award	Applicable Constraints
Owner-Paid Items	Responsible for the actual cost	No Comprehensive Award contribution	N/A
Cost-Share Items	Responsible for the Standard Product Cost	Up to the difference between the Standard Product Cost and the actual cost of the greener or more resilient alternative	GRRP will fund no more than fifty percent (50%) of the maximum GRRP Award amount permitted under the NOFO for Cost-Share Items
High Impact GRRP-Paid Items	No required Owner share of the cost	Up to the actual cost	Twenty-five percent (25%) of the maximum GRRP Award amount permitted under the NOFO is reserved for High Impact GRRP-Paid Items
Transaction Costs	No required Owner share of the cost	Up to 30% of the total Comprehensive Award funding for Cost-Share Items and High Impact GRRP-Paid Items	No more than 15% of the total Comprehensive Award funding for Cost-Share Items and High Impact GRRP-Paid Items may be Owner's project management costs as identified in 5.5(D)(6). No more than actual costs for costs identified in 5.5(D)(1-5).
Total Development Costs	All costs in excess of the Comprehensive Award	The Comprehensive Award amount	Up to the maximum per unit and per project caps set forth in the applicable NOFO



Comprehensive Program – Eligible Costs

- “Comprehensive Eligible Costs” refer to all costs related to completing the Cost-Share Items, the High Impact GRRP-Paid Items, and the Transaction Costs in the Scope of Work but excluding the Owner’s share of any Cost-Share Item.
- *Refer to the “Additional Resources” section of this presentation for the Comprehensive Eligible Uses.

Comprehensive Program – Case Example

A 100-unit HUD-assisted property was **last renovated 20 years ago** and is still using older equipment dependent on **fossil fuel** sources. It is in an area of **high flood risk**.

Application & Selection:

- Owner submits GRRP Comprehensive application with Portfolio Manager benchmarking. Property is selected due to high energy consumption and flooding risk.
- Almost no pre-application due diligence is required other than a simple application and energy screen shot.

Scope of Work:

- HUD-provided contractor assesses property's needs and proposes scope of work for up to \$20M / (\$80k/unit)
- SOW: Standard property upgrades, HVAC and DHW electrification and relocation above flood elevation, electrical panel upgrade, solar panels & battery storage, rain garden.
- Cost share: Owner contribution for building components past useful life and for the cost of standard HVAC replacement; totals \$1 million

Funding:

- Owner takes surplus cash loan for GRRP award and funds owner contribution through Reserve for Replacement account and CDBG funds.
- Applicants that choose benchmarking in Portfolio Manager as their energy screen can be reimbursed for up to \$2,500 in pre-application benchmarking costs regardless if they are selected for a GRRP award.





HUD's Role

Underwriting and Closing Process

- Elements
 - Closing Package only – 60 days to review.
 - Closing within 12 months
- Leading Edge
 - Transaction Plan and Closing Package
 - Transaction Plan package due within 12 months
- Comprehensive
 - HUD assigns MAC
 - HUD approves Scope of Work and Comprehensive Commitment

3rd Party Vendor Role



3rd Party Elements

- Before Award:
 - Capital Needs Assessment
 - HEROS Review
 - Replacement Reserve Analysis
 - Green Certification Implementation Plan*, or
 - Better Climate Challenge Agreement
 - Statement of Energy Performance and Water Scorecard
- After Award:
 - Verification & Certification Services
 - Statement of Energy Performance within 18 months

3rd Party Leading Edge

- Before Award
 - Multifamily Building Efficiency Screening Tool (MBEST)
 - Green Building Certification Feasibility Analysis
 - HEROS Review
- After Award
 - Analysis for exact improvements required
 - Verification and Certification Services
 - Statement of Energy Performance within 18 months



3rd Party Comprehensive

- Before Award*:
 - Statement of Energy Performance & Water Scorecard, or
 - Multifamily Building Efficiency Screening Tool (MBEST)
- After Award**:
 - Capital Needs Assessment
 - HEROS Review
 - ASHRAE L2 Energy Audit
 - Renewable Energy Assessment
 - Climate Resilience Assessment
 - Statement of Energy Performance within 18 months



Timing

Timing

- **Elements Program.** For Shovel Ready Projects that need minor gap funding and can close within 6 – 9 months of receipt of funding. In this case, their primary funding applications have been submitted prior to applying for Elements funding.
- **Leading Edge Program.** Should apply for funds when the Project is in the early design stage. Best for proposals that will leverage other sources of funds such as LIHTC, FHA, etc.
- **Comprehensive Program.** Should apply very early on, prior to getting the initial 3rd party reports. HUD will offer development services or "Multifamily Assessment Contractors," to help guide owners through the Process.



Timing

- Each Program will have 4 rounds of applications.
- HUD's goal is to review and award funding within 60 days.
- Elements Funding should be ready to close within 6 – 9 months of receipt of funding.
- Leading Edge and Comprehensive Awardees will have until 2028 to expend the funds.
 - Leading Edge must submit a Transition Plan to HUD within 12 months of the award, explaining the timeline to close.

How does GRRP work with FHA Financing



Can GRRP work with FHA Financing?

Do GRRP and FHA Financing Work Together:

- Yes, GRRP Can Work with FHA Financing.

Each Project is Unique:

- Important to work with the Owner to identify the GRRP Program that will best address the needs of the Project.

GRRP in Real Life

- 221(d)(4) Sub-Rehab of early 1970's apartment complex pursuing Leading Edge
 - Environmental Considerations
 - Pre-Award - HUD performs a Preliminary Environmental Review at the Leading Edge application stage
 - Initial asbestos screening to help determine if mitigation should be included in the Scope of Work
 - Lead Based Paint
 - Radon
 - Post-Award and Prior to Leading Edge GRRP Award Closing – HUD performs Full Environmental Review
 - Full destructive asbestos testing once the Scope of Work is known
- ❖ NOFO References: A GRRP award constitutes preliminary approval of an application; A GRRP award does not constitute an approval of the site. Site approval only occurs only upon completion of HUD's environmental review (post-award); and HUD finds the site environmentally acceptable.
- ❖ If HUD finds the site acceptable but only with mitigation and the mitigation requirements cannot be met, or if HUD determines that even with mitigation the site is unacceptable, the GRRP commitment letter will be terminated. Therefore, it is extremely important that applicants evaluate the site prior to application submission to ensure that it meets HUD's environmental requirements.
- ❖ Any adverse environmental conditions that can't reasonably be mitigated will result in application rejection. Examples include a project that: a) proposes a Risk Based Corrective Action Plan or Complete Clean Up Plan, but lacks likely regulatory authority approval; b) would result in destruction of a valuable wetland; c) is located in a Superfund area without an EPA comfort letter; d) is located in a flood channel/floodway; e) a noise barrier to reduce noise to acceptable levels appears to be necessary but is not proposed in the application and/or does not appear to be achievable.

GRRP in Real Life

- 221(d)(4) Sub-Rehab of early 1970's apartment complex pursuing Leading Edge
 - Scope of Work Considerations
 - Defining a Scope of Work for the Leading Edge Application submission
 - The Owner's Architect can define the Scope of Work (may have input from GC)
 - The CNA can define the Scope of Work (although a CNA is not required with the Leading Edge application submission)
 - ❖ NOFO Reference: A CNA must be submitted with the Leading Edge Transaction Plan and must have been completed no earlier than twelve (12) months prior to submission of the Leading Edge Transaction Plan, except with HUD's approval.
 - Discussion Topic: "As-Is" CNA eTool and "As-Renovated" CNA eTool
 - The "As-Is" CNA eTool (for the "as-is" condition of the property) must be completed at the GRRP Leading Edge Transaction Plan submission (not at the GRRP Leading Edge Application submission). Per the Leading Edge Transaction Plan, "the CNA eTool contains two major components which will be used to develop the Scope of Work – the narrative description of each component and its condition".
 - The "As-Renovated" CNA eTool (for the "as-renovated" condition of the property) must be completed for the HUD 221(d)(4) SR.

GRRP FAQ's & HUD Resources

- **HUD FAQ:** <https://www.hud.gov/GRRP/FAQs-GRRP#grrpgoal>
- **GRRP 2023-05 Housing Notice:** https://www.hud.gov/sites/dfiles/Housing/documents/H-2023-05_GRRP_Notice_issued_2023-05-11.pdf
- **HUD NOFA Elements:** https://www.hud.gov/sites/dfiles/Housing/documents/GRRP_Elements_NOFO_FR-6700-N-91B.pdf
- **HUD NOFA Leading Edge:**
<https://www.hud.gov/sites/dfiles/Housing/documents/updatedGreenandResilientRetrofitGRRPLeadingEdgeFR-6700-N-91C.pdf>
- **HUD NOFA Comprehensive:** https://www.hud.gov/sites/dfiles/Housing/documents/GRRP_Comprehensive_NOFO_FR-6700-N-91A.pdf



Questions??

Thank you for your time.



Additional Resources



GRRP Program Requirements

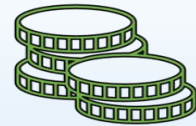
- Achieve green certification (*Requirements for Elements & Leading Edge*).
- Accomplish at least 25% modeled energy reduction (*Requirements for Leading Edge & Comprehensive*).
- *Achieve 40% or greater reduction in Emissions. (Comprehensive only)*.
- Engage with residents to ensure their needs are met (*Required for all 3 Programs*).
- During rehab, comply with the following:
 - Build America, (*Requirements for Elements & Comprehensive*).
 - Buy America requirements (*Requirements for Elements & Comprehensive*).
 - Davis-Bacon prevailing wage rates for all construction work (*Requirements for Leading Edge & Comprehensive*).
 - Section 3 (Low-Income) employment requirements (*Required for all 3 Programs*).
 - Complete post-rehab utility benchmarking (*Required for all 3 Programs*).
- ❖ All owner commitments are detailed in Housing Notice H 2023-05



GRRP Grants or Surplus Cash Loans

GRRP Award Types

Will provide funding to Owners in the form of a grant or surplus cash loan



Grants:

- Affordability restriction – 25 years
- No repayment needed if terms are met



Loans:

- Affordability restriction – 15 years
- Payment – 50% of annual surplus cash paid to HUD (25% for *Elements projects*)
- Term – longer of first mortgage loan term or 15 years
- Interest – 1%

Subordination & 1st Mortgage Debt. The Surplus Cash Loan may be subordinated to a 1st Position senior mortgage lien, including HUD insured or HUD held mortgages, subject to HUD approval of such senior debt.

GRRP: Extended Affordability

GRRP Funding will Extend the Affordability Period:

- **Grants**. Grants are the greater of 25 years from the GRRP Use Agreement, or 5 additional years from a HUD Use Agreement.
- **Loans**. Surplus Cash Loans are the greater of 15 years from the GRRP Use Agreement, or 5 additional years from a HUD Use Agreement.
 - HAP Renewals must be accepted during the term of the GRRP Use Agreement.



Elements

Elements

- Designed to provide **minor gap** financing to add or preserve green and/or more climate resilient items to existing transactions that are essentially **shovel ready**.
- Approximately 200 awards / \$140 Million / \$40K per unit or \$750K Max per Project.
- Selection Priority for projects with:
 - Green Certifications
 - Electrification
 - Better Climate Challenge
 - Priority Energy Communities
 - Better Buildings Challenge



Elements – App Due Dates and Process

Application Dates:

- June 29, 2023 (*closed*)
- September 28, 2023
- January 4, 2024
- March 28, 2024



Application Process:

- Elements App form, including Property Info, Sources & Uses, Operating Proforma and Selected Elements Investments.
- Narrative Describing the Proposed Work.
- Documentation of the Recapitalization Transaction status, i.e. verification of funding commitments / applications.
- Verification of 3rd Party Reports and Assessments.
- Bids Substantiating the requested Elements Funding.
- Phase I & HEROS Review, if not completed for other funding sources.

HUD Web Materials: https://www.hud.gov/sites/dfiles/Housing/documents/GRRP_Elements_FactSheet.pdf

Elements: Requirements

Elements is for HUD-assisted multifamily **property owners who are materially advanced, approaching the closing phase of the recapitalization effort**, including **one** of the following:

- A tax credit reservation or LOI from LIHTC Investor, or
- TPA application or HAP Assignment, or
- Submission of a complete FHA Firm Application, or
- Section 811 or 202 Capital Advance awardee, or
- Submission of a post conversion RAD Transfer of Assistance, or
- Submission of a substantially complete Waiver of Due on Sale or Refinance
- Funding commitment for construction or permanent debt from a commercial lender. Government construction or permanent debt is eligible if in coordination with bonds and underwritten by a commercial underwriter.



Elements – Green Certifications

Elements Program HUD Recognized Green Certifications:

- DOE Zero Energy Ready Home;
- Zero Energy Ready Multifamily;
- National Green Building Standard – Silver, Gold, or Emerald;
- LEED V4.1;
- Enterprise Green Communities Plus,
- Greenpoint Gold or Platinum;
- Earthcraft Gold or Platinum;
- Passive House;
- International Living Institute;
- Well Building Standard;
- RELi;
- FORTIFIED Silver or Gold.



Elements & Leading Edge – Underwriting Criteria

- Amortizing loan DSCR 1.11x - 1.30x / 15-year period.
- Developer fee max is 15% of acquisition, hard, and soft costs, excluding reserves and developer fee.
 - LIHTC deals are exceptions, if the HFA approved a higher fee under their QAP.
- Acquisition / Cash Out must be included in the developer fee calculation.
- Max hard cost contingency of 10% - exceptions on LIHTC.
- Max soft cost contingency of 5% - exceptions on LIHTC.



Elements & Leading Edge – Underwriting Criteria (Continued)

- GC Profit, Overhead and Conditions:
 - Max is 14% of hard costs, excluding contingency.
- R4R Initial and Annual Deposits:
 - Must meet the MAP Guide requirements.
- Max Operating Reserve of 12 months:
 - Exceptions for LIHTC or 1st Mortgage lender requirements. If higher than 12 months, may not be released for distribution for 15 years.



Elements Closing Requirements

- Owners must acknowledge acceptance of the Elements Award and all conditions contained in the commitment letter and return to HUD within 30 Days of issuance.
- HUD expects due diligence reports and other pre-development planning documents generated for the recapitalization transaction's other sources of funding to satisfy HUD's due diligence requirements, and these documents must be submitted for review as part of the Elements Closing Package.
- Submit Elements Closing Package at least sixty (60) Days prior to Closing on an Elements Award, but no later than nine (9) months following the Award Date.
- Closing must occur within twelve (12) months of the Award Date.



Elements Fund Disbursement

- Up to 80% upon HUD approval of the final closing docket.
- Upon approval of the Completion Certification, HUD shall disburse the remaining Elements Award funds.



Leading Edge



Leading Edge - Overview

- Designed to provide funding to achieve **ambitious energy reduction goals** to **experienced Owners** who won't require extensive technical assistance from HUD.
- Approximately 200 awards / \$400 Million / \$60K per unit or \$10 Million Max per Project.
- More than 50% of the units at the property must be HUD-assisted.
- Receipt of full GRRP award requires the property achieving a green certification.
- Selection Priority for projects with lowest MBest Score. Consideration for:
 - Green Certifications.
 - Electrification.
 - Better Climate Challenge.
 - Priority Energy Communities.
 - Better Buildings Challenge.



Leading Edge App Due Dates and Process

Application Dates:

- July 31, 2023 (*closed*)
- October 31, 2023
- January 31, 2024
- April 30, 2024

Application Process:

- Leading Edge application form, including property information, proposed sources and uses and operating proforma, and selected green certification.
- Use of MBEST "Multifamily Building Efficiency Screening Tool"
- Submission of Environmental Due Diligence, i.e Phase I & HEROS
- Architect/engineer's determination that the selected green certification is achievable.

HUD Web Materials: https://www.hud.gov/sites/dfiles/Housing/documents/GRRP_LeadingEdge_FactSheet.pdf



Leading Edge App Due Dates and Process (cont'd)

Application Process (cont'd):

- Development team credentials:
 - Architect plus one of either the Owner, or Developer, or Consultant, or GC must have similar experience achieving a HUD recognized Green Cert with 1 project in past 10 years.
 - Owner/developer “completion” of:
 - At least 3 multifamily recapitalization transactions within the last 5 years using financing similar to Leading Edge proposed transaction with more than \$60,000/unit of hard construction costs.
 - "Completion" is defined as financial closing, construction completion, placed in service, final endorsement, or permanent financing conversion milestones, as applicable.

May be eligible for up to \$2,500 reimbursement for costs related to utility benchmarking.

HUD Web Materials: https://www.hud.gov/sites/dfiles/Housing/documents/GRRP_LeadingEdge_FactSheet.pdf



Leading Edge – HUD Recognized Green Certifications

- National Green Building Standard Green: Gold or Emerald, with Green+ Net Zero Energy or Resilience designation,
- EarthCraft Multifamily Renovation Platinum, with renewable energy capacity sufficient to offset expected annual energy consumption,
- Passive House (PHIUS+) ZERO or ZERO REVIVE,
- Passive House Institute EnerPHit,
- Energy Star® Next Gen with renewable energy capacity sufficient to offset expected annual energy consumption or emissions, plus GHG intensity (kgCO₂e/ft² /HDD) of 0, as measured through 12 months of actual post-retrofit Portfolio Manager benchmarking data,
- LEED v4 Gold or Platinum, with LEED Zero Carbon or LEED Zero Energy designation,
- LEED v4.1 Multifamily or Multifamily Core+Shell Silver or higher, with Zero Energy or Zero Carbon designation,
- Department of Energy Zero Energy Ready Multifamily, with renewable energy capacity sufficient to offset expected annual energy consumption,
- Enterprise Green Communities Plus 2020, complying with Criterion 5.4 Achieving Zero Energy,
- Greenpoint Gold or Platinum with Net Zero 100% offset designation,
- International Living Future Institute Zero Energy Certification, or
- International Living Future Institute Zero Carbon Certification



Leading Edge Closing Requirements

- Within 12 months of receiving the award, the Owner must submit a Transition Plan to HUD detailing the proposed closing timeline.
- HUD will issue a Leading Edge Commitment "LEC" once the Transition Plan has been approved.
- Owner should submit a closing package to HUD within 90 days of receiving the LEC, unless HUD approves an extension for good cause.
- Closing should occur within 6 months of the LEC.



Leading Edge Fund Disbursement

- Up to 30% upon HUD approval of the final closing docket.
- Up to 50% at 50% construction completion.
- Up to 75% at 75% construction completion.
- Up to 90% at completion.
- All remaining funds will be disbursed once the Leading Edge Qualifying Certification has been secured or other documentation that the scope of work has been completed and is acceptable to HUD.



Comprehensive



Comprehensive Program - Overview

- Funding for whole-building retrofits incorporating utility efficiency, climate resilience, renewable energy generation, and other high impact investments.
- \$1.47 Billion / Approximately 300 awards anticipated / Max \$20M per Property or \$80K/ unit.
- Engages properties at the assessment and concept stage of planning for investments.
 - Extensive support from HUD's Multifamily Assessment Contractors (MACs).
 - Green or Construction Experience NOT required.
- At least 50% of the units at the property must be HUD-assisted.

Application Dates:

- August 31, 2023 (Closed)
- November 30, 2023
- February 28, 2024
- May 30, 2024



Comprehensive – App Process

Application Process:

- Comprehensive Application Form inclusive of Property info, narrative, certification and statements w/ program requirements, completed checklist of required materials, and preliminary identification of plans.
- Benchmarking info through EPA's Portfolio Manager or the Multifamily Building Efficiency Screening Tool (MBEST).
 - 12 consecutive months of energy and water consumption data.
 - Energy Star Portfolio Manager SEP and EPA Water Scorecard from Portfolio Manager signed by an energy professional.
 - MBEST is an excel tool developed in Partnership with U.S. Department of Energy and Lawrence Berkeley National Laboratory.
 - Owners can be reimbursed up to \$2,500 for pre-app costs related to benchmarking in Portfolio Manager.

HUD Web Materials: https://www.hud.gov/sites/dfiles/Housing/documents/GRRP_Comprehensive_FactSheet.pdf



Comprehensive – Application Info

Award Process

• Selection:

- Based on need as measured by
 - Energy efficiency: ENERGY STAR or MBEST
 - Climate Risk: FEMA's National Risk Index (NRI)
- Subject to MBEST set-aside
- Subject to regional and metro/non-metro set-asides
- Not to exceed 15 awards per owner or its affiliates



- Awards based on property's climate risk and energy-efficiency need.
- Efficiency Score is inverted = either 100 minus the lowest MBEST score or 100 minus the SEP Energy Benchmark Score.
- Property's Climate Hazard Risk Score (CHRS)
 - Average of the state-based and national risk percentiles for the census tract of the property.
- Total Score is the CHRS + Efficiency Score
 - First Rank properties with CHRS of 75-100 and Efficiency scores of 75-100 based on the total score
 - Properties must have a minimum Total Score of 120 to be selected for Comprehensive Award
- Distribution:
 - 40% of funding for projects using MBEST
 - 60% of funding for projects using benchmarking
 - At least 5% of awards in each region
 - At least 15% of awards will be in non-metro areas



Comprehensive Program Requirements

Selected Properties will be subject to the following:

- CNA & E-Tool.
 - Must complete replacement of items that are broken or beyond useful life at the time of inspection or expected to be beyond the useful life within 1 year of the inspection date.
- Environmental Review – pursuant to ASTM Standard E1527-13 including vapor encroachment screening.
- Energy Audit – ASHRAE Level II.
- Renewal Energy Assessment – DOE ReOpt Tool.
- Climate Resilience Assessment – FEMA National Risk Index "NRI".

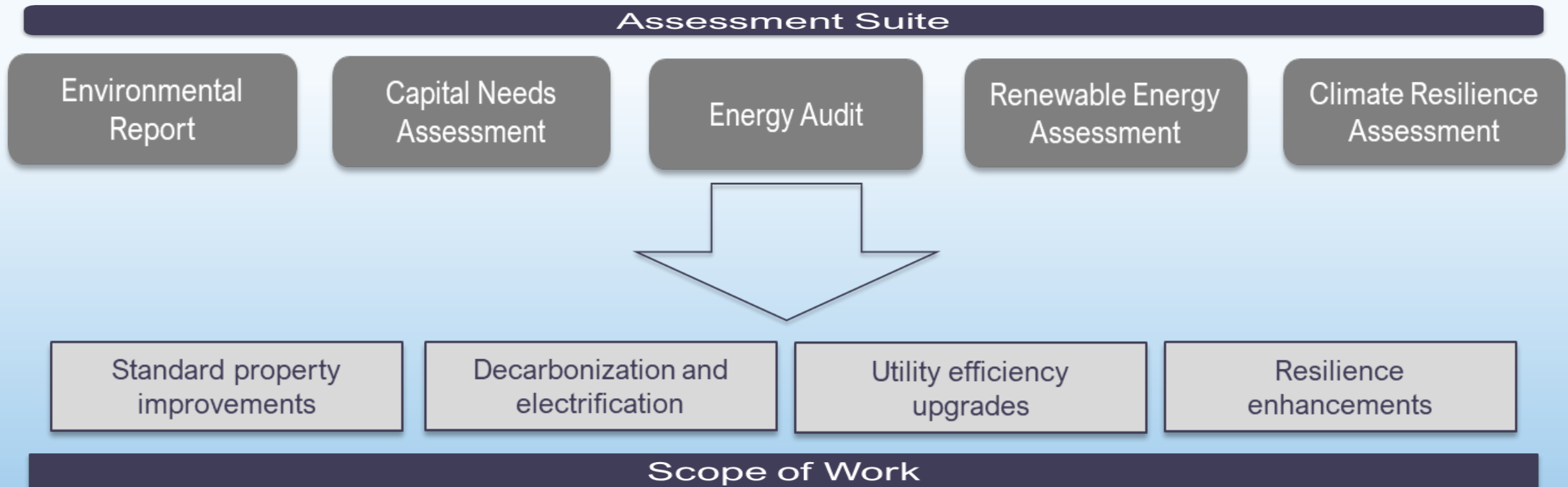
If owners have previously commissioned reports dated within the last year of the application date, they can submit the reports to HUD.

- ❖ Housing Notice H 2023-05 - https://www.hud.gov/sites/dfiles/Housing/documents/H-2023-05_GRRP_Note_issued_2023-05-11.pdf
- ❖ HUD NOFO - https://www.hud.gov/sites/dfiles/Housing/documents/GRRP_Comprehensive_NOFO_FR-6700-N-91A.pdf



Comprehensive Program - Requirements

- Properties will undergo a series of GRRP-funded assessments with support from a HUD-provided contractor to develop the scope of work including standard improvements and green features



Comprehensive Program Requirements

Must complete replacement of the following items:

- Deficient building components or those beyond useful life at the time of inspection or expected to be beyond the useful life within 1 year of the inspection date.
- Non-energy star appliances, including air purifiers, washer / dryers, dehumidifiers, dishwashers, freezers and refrigerators.
 - All appliances must meet the Energy Star standard.
- Non-Watersense toilets, showerheads, faucets, urinals, irrigation controls, irrigation sprinklers.
 - All water using products must meet the Watersense standard.
- Exterior and common area interior lighting with LED.
- Resilience measures identified in Climate Resilience.
- Mitigation of any environmental concerns identified by the Phase I / ESA.
- Retrofits to achieve compliance with Section 504.
- Replacement or new mechanical systems must be elevated to the highest level recommended by the Multifamily Climate Resilience Assessment Tool.
- ❖ All owner commitments are detailed in Housing Notice H 2023-05



Comprehensive Program – Eligible Uses

- Up to 50% of the funds must be used for high impact utility efficiency, carbon reduction, renewable energy generation and climate resilient investments, i.e. solar or wind power.
- Up to 30% of the funds can be used for retro fitting activities.
- The owner is responsible for various costs, pending the scope of work – this may be addressed through owner equity, LIHTC equity, a loan, or other viable sources.

Owners must pay for the following "Cost Share" items, i.e. the cost of the standard (non-green version) of:

- Windows & Window Shadings
- Exterior doors / sliders
- Interior doors
- Skylights
- Exterior wall systems
- Roofing
- Wildfire Protection
- Hot Water Heaters & HVAC*
- Ventilation Systems*
- Flooring*

Cost Share Items are capped at 50% of the maximum award amount permitted under the NOFO.



Comprehensive Program – Eligible Uses

Hot Water Heaters & HVAC*Ventilation Systems*

- Cost Sharing. *Hot Water Heaters, HVAC and Ventilation Systems are considered Cost Sharing only if the PCNA indicates that the Property's current Hot Water, HVAC, or Ventilation system will be past its expected Useful life within the next 5 years and the greener alternative has an expected financial payback of less than or equal to half its standard useful life.
- High Impact GRRP Items. If the above is not true, then the replacement is considered a High Impact GRRP Item.
 - High Impact GRRP Items:
 - 100% covered by GRRP / up to 25% of the maximum amount permitted under the NOFO.
 - Electric Appliances or systems replacing gas appliances or systems, except for those listed in cost-sharing.
 - Electrical panel or wiring updates required for renewal energy, electric vehicle charging, installation of electric stoves, heat pumps, air sealing or insulation appropriate for the climate zone or auto light controls.



Comprehensive Program – Eligible Uses

- **High Impact GRRP Items:**

- 100% covered by GRRP / up to 25% of the maximum amount permitted under the NOFO.
- Electric Appliances or systems replacing gas appliances or systems, except for those listed in cost-sharing.
- Electrical panel or wiring updates required for renewal energy, electric vehicle charging, installation of electric stoves, heat pumps, air sealing or insulation appropriate for climate zone or auto light controls.
- Enhanced mechanical efficiency – energy recovery ventilation, heat recovery ventilation.
- Energy Management Info Systems.
- Renewal energy generation, including wind, geothermal, solar, or other technologies.
- Renewal better storage.
- Backup power and potable water storage.
- Resilient elevator systems.
- Emergency lighting with back-up power battery systems.
- Indoor air quality sensors and purifiers.
- Storm Water retention.
- Rainwater Capture Systems.



Comprehensive Program – Eligible Uses

- **High Impact GRRP Items Continued:**
 - Elevation of mechanicals.
 - Upgrades to roof replacement to increase resilience of roof system.
 - Storm protection measures.
 - Fire protection measures.
 - Flood proofing strategies.
 - Acquisition costs associated with a transfer of budget authority, the assistance contract or use agreement to a new property in response to risks identified in the Climate Resilience Assessment.
 - Electric vehicle charging stations.
 - Domestic hot water, HVAC and ventilation with useful life that will expire within the next 5 years or the greener alternative has an expected financial payback of less than or equal to half of its standard useful life.



Comprehensive Program – Eligible Uses

- Transition Costs = not to exceed 30% of the GRRP Funding Provided for Cost-Share Items and High Impact GRRP Items.
 - Tenant relocation, tenant counseling, tenant supportive services to mitigate the impact of construction or transfer of budget authority.
 - Mitigation of environmental concerns identified by the Phase I / ESA.
 - Architectural, engineering, or specialized consultant professional services.
 - Legal and financial advisory services.
 - Upfront costs of training the owner's or Property Manager's staff.
- Developer fee is capped at 15% of the GRRP Funding Provided for Cost-Share Items and High Impact GRRP Items.



Comprehensive Closing Requirements

- Within 30 Days of issuance of the Comprehensive Preliminary Commitment Letter (unless an extension is approved by HUD for good cause), the Owner must submit to HUD: The acknowledged preliminary commitment letter, Most recent audited or owner-certified Annual Financial Statements, FEMA Flood Map (FIRM) delineating the Special Flood Hazard Areas, the Base Flood Elevations and the risk premium zones applicable to the site, and any existing assessments the Owner proposes to be used for GRRP purposes.
- Within three (3) months of HUD's approval of the Scope of Work, the Owner must identify the Owner Contribution Sources and obtain letters of intent or relevant documentation from each Owner Contribution Source to demonstrate the availability of funds.
- Within 12 months of HUD approving the Scope of Work, submit a Comprehensive Transaction Plan to HUD.
- HUD will issue a Comprehensive Construction Commitment (“CCC”) once the Transaction Plan has been approved.
- The Owner must execute and return the CCC to HUD within fourteen (14) Days of issuance.
- Within ninety (90) Days of issuance of the CCC, the Owner must submit a Comprehensive Closing Package.
- The size of the Comprehensive Award (and the corresponding Owner Contribution) will be estimated once HUD has approved the Scope of Work, and this amount will be finalized at Closing.
- Closing should occur within 6 months of the CCC.



Comprehensive Fund Disbursement

- Up to 80% of the Comprehensive Award disbursed during construction with draw requests.
- Upon approval of the Completion Certification by HUD, the remaining Comprehensive Award funds shall be disbursed.

