

Intro to HUD's Green and Resilient Retrofit Program (GRRP)

Contains information and images from HUD's GRRP NOFOs and presentations.
Check out www.HUD.gov/GRRP for additional materials.



Overview

- ▶ What is the GRRP?
- ▶ What properties are eligible?
- ▶ How much funding is available?
- ▶ Overview of the GRRP “cohorts”: Elements, Leading Edge, Comprehensive
- ▶ Cohort summary comparison
- ▶ Application waves
- ▶ Ranking and selection of applications
- ▶ Anticipated cohort timelines
- ▶ Discussion/Recommendations



What is the Green and Resilient Retrofit Program (GRRP) for Multifamily Housing?

- ▶ Funded under the Inflation Reduction Act of 2022.
 - ▶ \$837.5 million for grants and up to \$4 billion in loan authority.
- ▶ The program has the following goals to benefit HUD-assisted multifamily properties:
 - To reduce energy and water use
 - To make properties more resilient to extreme weather events and natural disasters
 - To reduce greenhouse gas emissions
- ▶ GRRP retrofits will modernize properties to improve residents' quality of life and provide safer living environments by improving indoor air quality, maintaining comfortable living temperatures, and preparing buildings to keep residents safe through extreme weather events and natural disasters.



What is the Green and Resilient Retrofit Program (GRRP) for Multifamily Housing? Continued

- All GRRP awards will require extended affordability of 25 years (for grants)/15 years (for loans) or 5 years beyond the current use restriction, whichever is longer.
- Offers 3 “cohorts”, or paths, that owners can apply under: Elements, Leading Edge, and Comprehensive

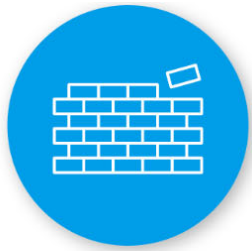


What properties are eligible?

- ▶ Section 202
- ▶ Section 811
- ▶ Section 236
- ▶ Properties assisted by the following types of PBRA HAP Contracts:
 - ▶ New Construction
 - ▶ State Housing Agencies Program
 - ▶ Substantial Rehabilitation
 - ▶ Section 202/8
 - ▶ Rural Housing Services Section 515/8 (including Section 8 Farmer Home Administration (FmHA))
 - ▶ Loan Management Set-Aside (LMSA)
 - ▶ Property Disposition Set-Aside (PDSA)
 - ▶ Rental Assistance Demonstration (RAD) PBRA Contracts executed on or before September 30, 2021
 - ▶ Pension Fund PBRA Contracts executed on or before September 30, 2021
- ▶ **Note: for the Leading Edge and Comprehensive cohorts, the assisted units in the property must constitute more than 50% of the total dwelling units in the property.**



Overview of Cohorts



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

Elements

- Provides modest funding to Owners for specific impactful investments, as identified in the NOFO and selected by the Owner in the application. Examples include:
 - Solar/On-site Wind Energy Generation/Geothermal Energy Generation
 - Electric Vehicle Charging Stations
 - Energy Star 7.0 Windows (GRRP funds 30%)
 - Electric heat pump rated at least 18 SEER or HSPF
 - Electric Domestic Hot Water heat pumps rated 3.3 UEF or greater
 - Improvements that address specific FEMA National Risk Index threats for the subject property (i.e. Hurricane, Tornado, Flooding, Strong Wind).
 - e.g. Floodproofing (for properties at risk of flooding), Wind resistant windows and sliding glass doors (for properties at risk of hurricanes or tornados)
- Elements Awards are designed for **in-progress recapitalization transactions** (i.e. FHA Firm Commitment app submitted) so owners can add green or resilient elements to existing scopes of work.
- Owner driven
- Maximum awards of up to \$750,000 per property, with a per unit cap of \$40,000



Leading Edge

- Provides funding for retrofit activities to achieve ambitious outcomes, including net zero, renewable energy generation, use of building materials with lower Embodied Carbon, and climate resilience investments.
- The funded project **must** achieve one of the identified Leading Edge Qualifying Certifications (i.e. LEED, Passive House) and result in a reduction in energy consumption of at least 25%.
- Leading Edge funding is provided during the **early planning stages of a recapitalization effort**. Complements an Owner's existing financing strategy, allowing them to design the recapitalization to the highest standards of energy efficiency, emissions reductions, and climate resilience.
- Selection based on the property's current energy efficiency, as measured by MBEST.
- Owner driven. No extensive scope collaboration with HUD. Must have a development team member with demonstrated experience with selected green certification.
- Maximum awards of up to \$10,000,000 per property, with a per unit cap of \$60,000



Comprehensive

- Provides funding for a comprehensive energy efficient and resilient scope of work based on a suite of property assessments to identify each property's greatest opportunities and needs for green and resilient upgrades.
- Comprehensive Awards are designed for the widest range of properties, including those that have not yet developed a recapitalization plan.
- **Comprehensive Awards prioritize properties with high need for investments in energy efficiency, emissions reductions, and climate resilience.**
- The construction funded by a Comprehensive Award will be informed by a series of assessments that will identify the property's specific capital needs as well as property-specific opportunities to meet GRRP objectives.
- **Owner has the help of a HUD hired Multifamily Assessment Contractor (MAC),** who will make recommendations regarding the Comprehensive Scope of Work and conduct certain oversight activities on HUD's behalf with respect to the implementation of the Scope of Work.
- Maximum awards of up to \$20,000,000 per property, with a per unit cap of \$80,000



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Cohort Summary Comparison

Cohort	Max. Awards Per Property	Overall Awards	Description	Considerations
Elements	\$40k/unit; \$750k/property	200 awards; \$140M funding (avg. size \$700k)	Projects that are already in the process of a recap transaction	Must have a major source of financing, completed 3 rd party reports, can include eligible Elements investments into an existing rehab project.
Leading Edge	\$60k/unit; \$10M/property	100 awards; \$400M funding (avg. size \$4 MM)	Ambitious retrofits to achieve advanced green certification. Properties in planning stages of recap effort. Complement existing financing strategy.	Organizations that have significant capacity to rehab with advanced green certification. Demonstrate utility efficiency needs, development team capacity to achieve selected green certification, Architect/Engineer verification that selected green cert is achievable.
Comprehensive	\$80k/unit; \$20M/property	300 awards; \$1.47B funding (avg. Size \$4.9MM)	For properties with the highest need for climate resilience and utility efficiency upgrades.	No current recap plans but want to improve utility efficiency/resilience to climate hazards. Demonstrate utility efficiency needs/face significant risk from climate hazards. Work with a HUD contractor to assess needs, develop SOW and create a financing plan.

Application Waves

- ▶ 4 waves of applications are being accepted for each cohort.
- ▶ How quickly can you submit under each cohort?
 - ▶ **Elements**- must have submitted FHA firm commitment application to apply.
 - ▶ **Leading Edge**- can submit early in the process, but must present proposed scope of work and green building standard in initial funding application.
 - ▶ **Comprehensive**- can apply at any time (early stage of project)
- ▶ HUD has indicated they expect to issue awards 60-90 days after each wave.



Elements

- June 2023
- Sept 2023
- Jan 2024
- Mar 2024



Leading Edge

- July 2023
- Oct 2023
- Jan 2024
- Apr 2024



Comprehensive

- Aug 2023
- Nov 2023
- Feb 2024
- May 2024

Ranking and Selection of Applications

- ▶ Elements ranking order:
 - ▶ Applicants with a signed certification re: green certification
 - ▶ Properties switching from gas or oil to full electrification
 - ▶ Applicants that submit their BCC Sponsor's Better Climate Challenge partnership agreement
 - ▶ Properties located in a Priority Energy Community
 - ▶ Applicants that submit their BCC Sponsor's Better Buildings Challenge partnership agreement
 - ▶ All other eligible applications
- ▶ Leading Edge ranking order:
 - ▶ Lowest to highest MBEST score for utility inefficiency.
- ▶ Comprehensive ranking order:
 - ▶ Combined total of:
 - ▶ Average of state and national risk as set forth in FEMA's National Risk Index (NRI)
 - ▶ Efficiency score from MBEST or EPA's Portfolio Manager



Elements- Estimated Timeline



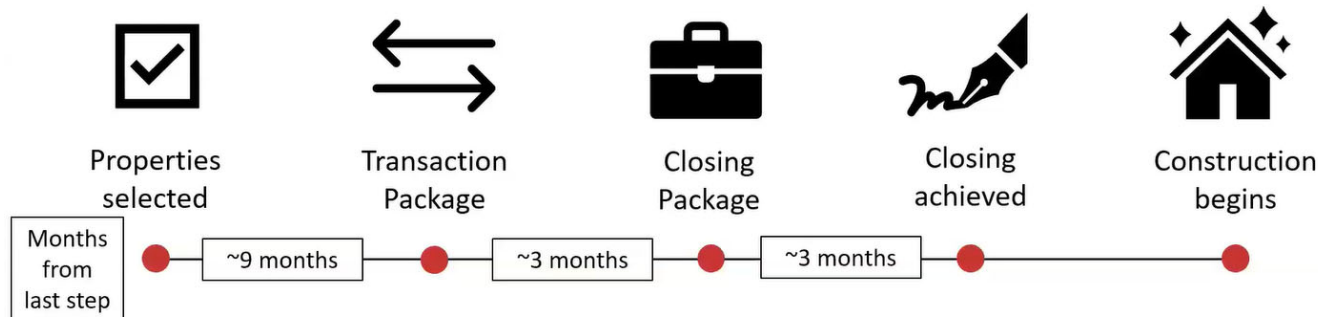
- ▶ Application submission
- ▶ 3 months for HUD to review and issue preliminary commitment
- ▶ 9 months to submit closing package (this is HUD's estimate, perhaps based on the requirement to close within 12 months- we hope this can happen sooner)
- ▶ 3 months to reach closing.

Estimated time from application submission to closing: 15 months (we hope this can happen sooner)



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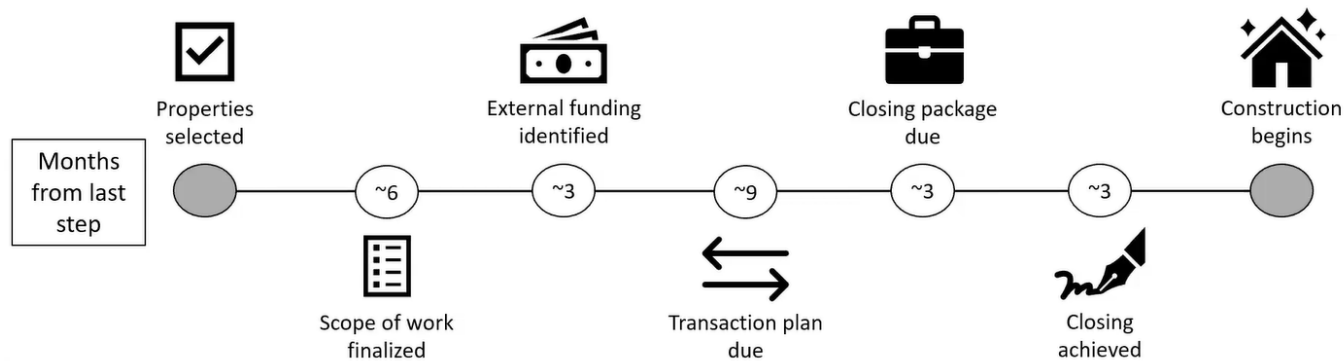
Leading Edge- Estimated Timeline



- ▶ Application submission
- ▶ 3 months for HUD to review and issue preliminary commitment
- ▶ 9 months to assemble transaction plan
- ▶ 3 months to submit closing package
- ▶ 3 months to reach closing.

Estimated time from application submission to closing: 18 months

Comprehensive- Estimated Timeline



- Application submission
- 3 months for HUD to review and issue preliminary commitment
- 6 months for assessments and scope of work to be finalized
- 3 months to line up additional funding
- 9 months to assemble transaction plan
- 3 months to submit closing package
- 3 months to reach closing.

Estimated time from application submission to closing: 28 months

Discussion/Recommendation

- Personalized for each project and including other relevant details that apply to the particular project/Sponsor we are talking to.

