

A close-up photograph of a woman and a young girl, both smiling and looking at a laptop screen. The woman is on the right, and the girl is on the left. They are both looking down at the screen with interest and joy. The background is softly blurred, suggesting an outdoor setting with greenery.

# HUD Green & Resilient Retrofit Program

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# HUD Green & Resilient Retrofit Program

*GRRP is the first HUD program to simultaneously invest in energy efficiency, greenhouse gas emissions reductions, energy generation, green and healthy housing, and climate resilience strategies specifically in HUD-assisted multifamily housing.*

- Goal: To amplify recent technological advancements in EE and to bring a new focus on preparing for climate hazards
- Grant/loan subsidy for \$837.5 million / \$4 billion in loan authority
  - \$837.5 million and \$2 billion identified in current NOFOs
  - Distributed in multiple tranches released over the next year (final application round 05.2024)
- The GRRP portfolio-wide investments seek to:
  - Reduce greenhouse gas emissions by 50%
  - Reduce modeled energy consumption by at least 25%

# Eligible Properties



Properties must be in good standing and demonstrate financial need

- PBRA
  - New construction
  - Substantial rehabilitation
  - RAD (executed before 10.01.21)
  - Rural housing - Section 515
- Section 202 (PRAC is eligible)
- Section 811 (PRAC is eligible)
- Section 236
- NOT ELIGIBLE: Public Housing, PBV, Mod Rehab Contracts

# Choose Your Own Adventure

Adventure	Allocation	Anticipated Awards	# Awards per Owner
The Elements	\$68M	200	4 per period, up to 16
The Leading Edge	\$160M	100	3 per period, up to 12
The Comprehensive	\$609.5M	300	5 per period, up to 20

- Properties can only apply under one pathway at a time.
- Properties can receive only one award.
- Properties can withdraw pending applications and reapply through other pathways.
- **Limitations on the number of awards per owner per Adventure.**

The Elements	The Leading Edge	The Comprehensive
<p>Maximum award: \$750k <b>per property</b>. \$40k per unit. Disbursed by draw requests curing construction period.</p>	<p>Maximum award: \$10M per property. \$60k per unit.</p>	<p>Maximum award: \$20M per property. \$80k per unit cap. Disbursed according to an Escrow Deposit Agreement.</p>
<p>Modest investment for <b>early-stage planned recapitalization projects</b>.</p>	<p>More significant investment for <b>early-stage planned recapitalization projects</b>. <b>Does not require extensive collaboration with HUD.</b></p>	<p>Investment to <b>initiate a recapitalization project</b>. Projects can be standalone or part of a larger recapitalization and will require <b>significant collaboration</b> with HUD and the contractor, who will drive the development of the scope.</p>
<p>Allow for upgrades or additions of greener or more resilient building components and systems to existing SOW.</p>	<p>Allow for ambitious upgrades that move towards net zero, resilience. Properties must <b>demonstrate at least 25% reduction of ENERGY STAR score</b>. <b>Scope should include achieving a “Qualifying Certification”</b></p>	<p>Allow for ambitious upgrades that move towards net zero, resilience. Properties must <b>demonstrate at least 25% reduction of ENERGY STAR score</b>. <b>Expect 40%+ reduction in emissions</b></p>
<p>Example applicant: The recapitalization project will replace the in-unit HVAC systems with higher-efficiency electric HVAC systems.</p>	<p>Example applicant: An experienced property owner is ready to move forward with Passive House certification financed by another funding source (e.g. LIHTC).</p>	<p>Example applicant: The property has high REAC scores and low capital needs, but is using older equipment dependent on fossil fuel sources. It is in an area of wildfire risk.</p>

# Financial Product/Structure

GRRP Assistance can be structured as a Grant or a Surplus Cash loan and in limited circumstances loans with fully amortizing debt service for Owner contribution on a Comprehensive transaction

- Grants

- Made to the property owner only
  - Affiliates NOT eligible
- Grants do NOT have to be repaid as long as all requirements met
- For Comprehensive awards, grants may be used with amortizing loans

- Surplus Cash Loans

- **Term:** later of 15 years or date of maturity of first mortgage
- **Interest:** not less than 1%
- **Priority:** May be subordinated to first mortgage, but must be superior to all other financing liens (waivers provided in the event other subordinate liens are held by govt.)
- **Payment terms:** Surplus cash must be distributed with priority for payments to HUD on the GRRP surplus cash note
  - 25% for elements, 50% for Leading Edge or Comprehensive
  - After payment to HUD remaining surplus cash distributed according to project documents

# Affordability

All participating projects will be required to execute a GRRP Use Agreement, which must be senior to all financial liens

- Grants- the longer of twenty-five (25) years from the date of execution of the GRRP Use Agreement or five (5) years beyond any existing use restriction regarding affordability running in favor of HUD
- Surplus Cash Loans- the longer of fifteen (15) years from the date of execution of the GRRP Use Agreement or five (5) years beyond any existing use restriction regarding affordability in favor of HUD

# Important Dates

## Elements

06.29.2023

09.28.2023

01.04.2024

**03.28.2024**

First Round: \$14M,  
Remaining: \$18M

## Leading Edge

07.31.2023

10.31.2023

01.31.2024

**04.30.2024**

All Rounds: \$40M

## Comprehensive

08.31.2023

11.30.2023

02.28.2024

**05.30.2024**

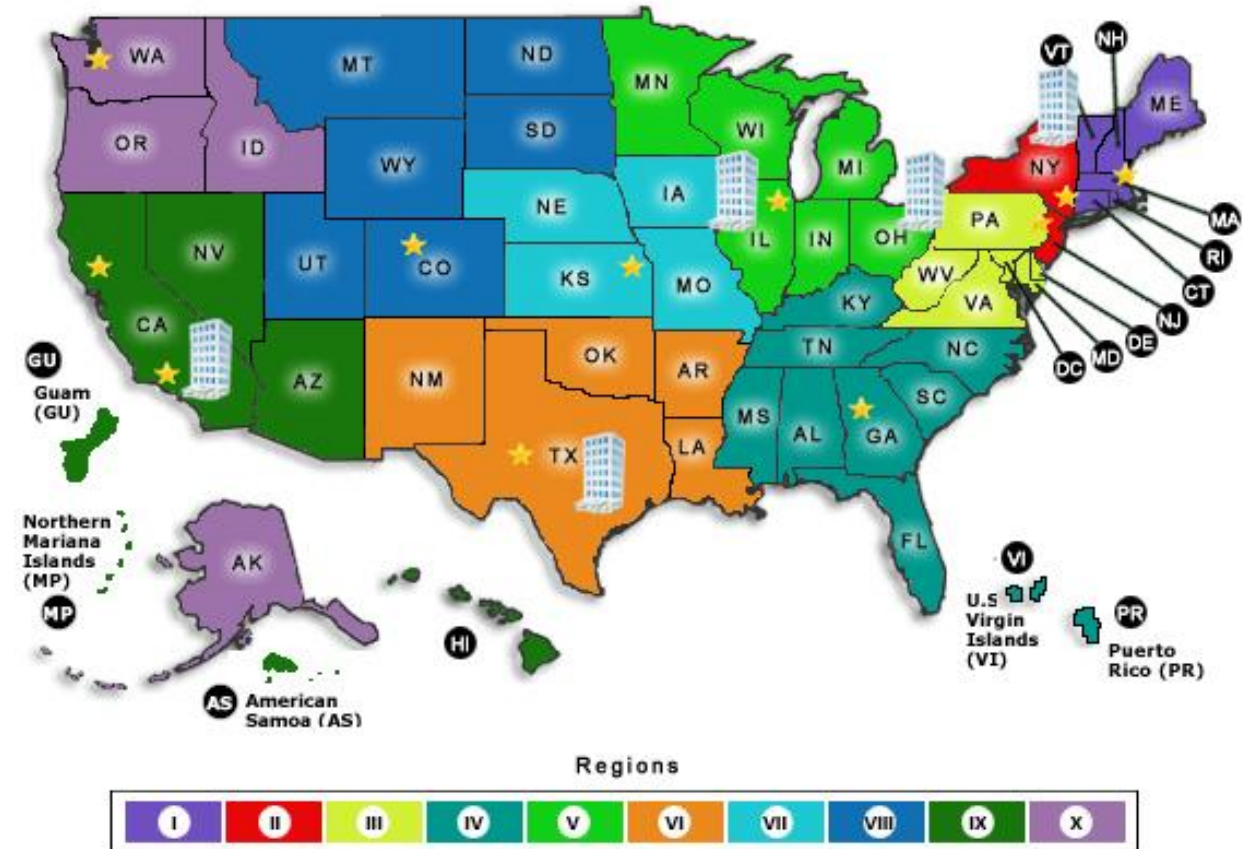
First Round: \$125M,  
Remaining: \$135M



# Time for a Road Trip Adventure

Geographic diversity for **each application round**:

- Each of the 10 HUD regions has at least 5% of projects
- 15% of properties are located in non-metro areas



# All Adventures Include... Part 1



- Award flexibility: grants or surplus cash loans.
- Project Requirements:
  - **Build America, Buy America - applicable to nonprofits, but not for-profit corporations affiliated with nonprofits. Silent as to limited partnerships and LLCs**
  - Section 3 employment for projects over \$200k
  - For Leading Edge and Comprehensive –
    - **Davis Bacon/prevaling wages**
    - **Pre-rehab** utility benchmarking
  - Post-rehab utility benchmarking for at least 5 years
- GRRP **will not fund** in-unit gas appliance and equipment repairs or upgrades.
- Permitted to receive other IRA funding, but no of funding for same measures

# Build America, Buy America

BAP Compliance Element	Compliance Effective Date
Iron and Steel	02.22.2024
Non-ferrous metals, lumber, composite building materials, and plastic and polymer-based pipe and tube.	08.23.2024
All other construction materials	08.23.2024
Manufactured products	08.23.2024

- All “The Elements” **Commitment letters** executed on or after dates above need to comply.
- All “The Leading Edge” and “The Comprehensive” **Precommitment letters** executed on or after dates above need to comply.
- HUD has indicated ability to apply for waivers, if necessary.

# All Adventures Include... Part 2



- Racial equity narrative
- Resident engagement
  - Notification of award within 30 days
  - Resident meetings
    - The Elements – must hold meeting if none held in last 6 months
    - The Leading Edge & Comprehensive – at least 3 meetings
  - Resident education/training for upgrades
- Utility allowance adjustments allowed – 75% shared savings model that is calculated by HUD.
- Project data submitted to HUD to measure GRRP impacts.

# Racial Equity Narrative



Applicants must submit a narrative demonstrating the following:

- You analyzed the racial composition of the persons or households who are expected to benefit from your proposed grant activities;
- You identified any potential barriers to persons or communities of color equitably benefiting from your proposed grant activities;
- You detailed the steps you will take to prevent, reduce or eliminate these barriers; and
- You have measures in place to track your progress and evaluate the effectiveness of your efforts to advance racial equity in your grant activities.



# Thank You!



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