



October 26th, 2022

Jeffrey D. Little
General Deputy Assistant Secretary for Housing
US Department of Housing and Urban Development
451 7th Street SW, Room 10276
Washington D.C. 20410-0500

Request for Input: Green and Resilient Retrofit Program Docket No. FR-6350-N-01

Dear Secretary Little,

The Community Preservation Corporation (CPC) is 48-year old not-for-profit, and a certified Community Development Financial Institution (CDFI) whose mission is to provide financing and technical support to expand and preserve affordable and workforce multifamily housing. Additionally, CPC through its ownership of CPC Mortgage Company, is a nationally licensed Seller/Servicer for Freddie Mac, Fannie Mae, and Federal Housing Authority multifamily mortgage products. CPC is pleased to have the opportunity to comment on the Department of Housing and Urban Development's (HUD) Green and Resilient Retrofit Program (GRRP).

Even though GRRP is a newly created program, HUD should utilize processes that are currently in place under existing programs by incorporating the additional scope of work required under the GRRP into such existing programs rather than creating an entirely new process and program. This could decrease program development time and lower barriers to adoption, resulting in more efficient uptake of GRRP funds. For example, HUD could explore utilizing the annual Real Estate Assessment Center (REAC) process to conduct an energy audit for all HUD-assisted multifamily buildings, incorporating energy benchmarking into the existing standard. Additionally, HUD can review all HUD-assisted properties undergoing substantial building renovations that include systems overhaul and improvements and use GRRP resources to expand the scope of work to include deep energy efficiency and greenhouse gas reduction measures. While this would increase the scope of work, it would capitalize on these points of intervention, prevent multiple disruptions to tenants, and introduce economies of scale across renovations.

Building renovations and improvements supported by the GRRP should prioritize certain types of retrofits first and foremost:

- On-site energy generation and battery storage: This prioritization would help transition buildings away from fossil fuels and reduce greenhouse gas emissions while also building in resiliency through on-site energy production and storage. In particular, rooftop solar should be installed wherever feasible.
- Building envelope improvements and other energy conservation measures (ECM): in addition to reducing the carbon intensity of the energy sources used to run building systems by producing and storing clean energy, HUD-assisted properties should prioritize reducing internal loads to manage overall energy consumption and demand. The EnergyStar and DOE Zero Energy Homes standards are existing programs that provide reputable and reliable models that GRRP could adopt.

Responses to specific questions included in the Request for Information follow:

Question 1: *How might this program help prioritize and scale best practices for reducing energy consumption and carbon emissions, improving indoor air quality for residents, and strengthening climate resilience among affordable multifamily buildings?*

We urge HUD to make building systems investments that facilitate the deepest energy efficiency and resiliency possible given a property's specific climate-related physical risks. For properties located in states or municipalities where the electrical grid is already transitioning to renewable energy, the GRRP funds will be best deployed towards modernizing and increasing on-site electrical service and grid connections such that the properties can handle increased electrical loads. For properties in locations where the electrical grid remains deeply reliant on fossil fuels, the GRRP funds may be better spent towards envelope upgrades, heating and cooling system tuning and optimization, and installation of on-site renewable energy with backup storage, reducing overall energy consumption and reliance on the grid. GRRP funds should be flexible enough to accommodate local contexts and specific building needs while also incentivizing the deepest energy efficiency and decarbonization measures possible. Finally, HUD should prioritize making funds available to municipalities that have prioritized climate adaptation and the green economy in their regulations and laws. This will increase the overall impact of the funds for residents and communities, and incentivize states and municipalities to implement local regulatory changes.

Question 2: *HUD would like recommendations for designing the program to meet energy and emissions reduction goals as well as climate resilience. HUD seeks information on how to balance multiple goals.*

The GRRP's priorities of energy and emission reduction and climate resiliency can be mutually advanced and need not be in competition. To balance these goals and align with national and international climate goals, we recommend focusing on three core priorities:

1. Mitigation – slowing the rate of global warming through meaningful carbon reduction strategies
2. Adaptation – taking steps to live with the effects of climate change
3. Resilience – becoming better able to withstand the effects of climate change and natural disasters

Net zero and carbon neutral-ready buildings* allow for the efficient use of energy to run essential services and enable residents to comfortably shelter in place during major weather events, making them naturally more resilient. Investments in mitigation strategies and adaptation standards address both current and future risk factors, stretching funding further and preserving quality housing for decades to come.

We recommend including nationally recognized, third-party verified certification standards in GRRP criteria to guide meaningful and verifiable reductions in greenhouse gas emissions and energy consumption. These standards include LEED Zero, DOE Zero Energy Ready Homes, Living Building Challenge – Zero Energy, Enterprise Green Communities Plus, and Passive House.

*Note: According to The New York State Energy Research and Development Authority's ([NYSERDA Carbon Neutral Buildings Roadmap](#)), carbon neutral building is one where the design, construction, and operations do not contribute to emissions of greenhouse gases that cause climate change. A carbon neutral or net zero building maximizes energy efficiency, has all electric building energy services, produces zero-emission electricity, has flexible loads and/or storage that can respond to grid conditions, features protective resiliency measures, and is designed with attention to embodied carbon and refrigerants.

Question 3: *How might HUD encourage or require applicants to leverage other funding for projects – such as owner equity, other federal, state, local, and/or utility grants, loans, rebates, tax credits, and incentives?*

Incentives, rebates, and tax credits should be coupled with GRRP investments wherever possible. Where there is existing state or local funding available, it should be leveraged in support of the mutual goals. NYSERDA provides a strong model that other states could look to. GRRP could also require that HUD-assisted multifamily properties contribute 10% equity to the project from their existing reserves so as to leverage multiple sources of funding.

Question 4: *While HUD seeks to maximize impact, how can HUD best ensure that funding is distributed equitably?*

While the RFI indicates that the \$837.5 million available to HUD through the Inflation Reduction Act can be deployed as loans and grants, we recommend that the GRRP be structured to deploy loans whenever possible. The loan terms should be favorably structured with low interest and in scale with the energy savings that will come as a result of retrofits. These loans could be recycled and redeployed, extending the impact of this funding across more properties.

While accounting for equitable distribution, HUD should be careful to avoid the pitfall of spreading GRRP funding too thinly. Bold, catalytic investment is needed and the GRRP should allocate funds in large enough quantities to match the scale of the problem at hand and the cost of improvements. Given these factors, baseline cost estimates for decarbonization and resiliency, allocation of funds should not fall below \$25K per unit, and will likely need to be higher, especially in high-cost areas. Depending on building condition, proximity to flood zones, and potential storm hazards and impacts, the need could be as much as \$75K per unit. It is anticipated that the costs for green retrofits will decrease overtime as technology advances and becomes more ubiquitous, therefore GRRP should have built in opportunities to update cost schedules over the course of the program in order to stay aligned with the market.

Question 5: *What role can HUD play to support greater access to utility data? What opportunities exist for HUD to engage utilities and/or public utility commissions to make this data readily available to our multifamily building owners? What incentives, financial support, and/or technical support would encourage owners to participate and get their properties benchmarked?*

Through the GRRP, HUD should require that every HUD-assisted property subscribe to annual benchmarking of their energy use. GRRP funds could pay for third-party benchmarking service providers;

the data could then feed into the EPA Portfolio Manager platform to create a broad public data source. Portfolio-wide benchmarking will also provide a valuable tool for HUD's use to prioritize properties for GRRP investment. Robust energy auditing and benchmarking would help to identify which buildings would benefit most from an energy retrofit, as well as those that would create the greatest utility savings for HUD. Inefficient and fossil fuel intensive properties could be encouraged to apply for GRRP funds to finance deep energy efficiency. This will ultimately result in cost savings for HUD as increasing energy efficiency reduces utility costs.

Question 6: *What equity considerations should HUD consider when implementing property retrofits and benchmarking?*

We recommend that HUD prioritize its least energy efficient properties that fall in the lowest income census tracts AND in an EPA or state determined Disadvantaged Community. Given the history of citing public housing properties in communities vulnerable to climate change and environmental justice issues, we anticipate that the location of many HUD-assisted properties will overlap closely with low income census tracts and designated Disadvantaged Communities.

Question 7: *How can and should HUD elevate resilience needs and the effectiveness of these interventions, considering the variety of natural hazards and that the effectiveness of many resilience strategies are truly tested only when a disaster strikes?*

Similar to the Biden administration's Unlocking Possibilities Program and the Housing Supply Fund grants which reward those that have already made zoning code reforms by giving them additional funding to boost housing affordability, the GRRP program could target resources to build on previous effective investments in resilience. HUD could structure the GRRP program to prioritize HUD-assisted properties in cities and municipalities that are already investing in climate resiliency, so as to reward proactive investment. HUD should also consider tracking, studying, and publishing outcomes of their properties before and after they are impacted by climate hazards. This will help HUD officials and residents understand the impact of their investments, and provide invaluable learning to the field.

On behalf of CPC, we deeply appreciate the opportunity to provide input on the design of the GRRP and look forward to the catalytic impact of this funding. Should there be any other support or technical assistance CPC can provide, please do not hesitate to reach out.

Sincerely,



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