



**UNCOMMON EXPERTISE.
UNMATCHED IMPACT.**

**Climate Friendly Homes Fund
(CFHF)**

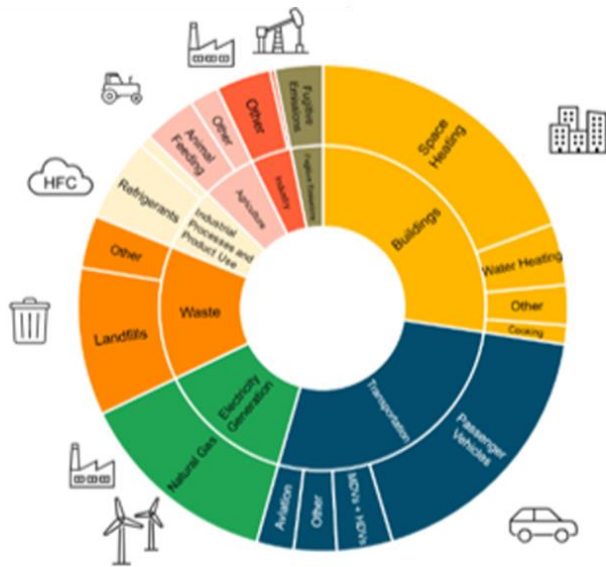
SAMANTHA PEARCE

VP, Sustainability
**New York State Homes and Community
Renewal**

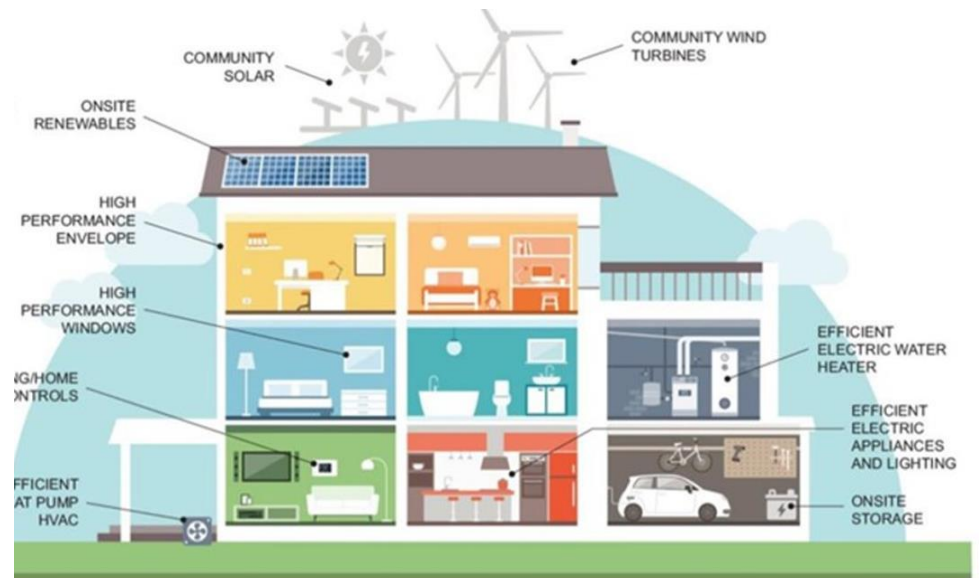


**Homes and
Community Renewal**

NYS CLIMATE LEADERSHIP AND COMMUNITY PROTECTION ACT (CLCPA)



*Draft 2020 results in line with DEC CLCPA accounting including upstream emission factors, 20-year GWP, and estimates from NY PATHWAYS





Join the Climate Friendly Homes Fund Notification List

Sign up to receive information on funding eligibility requirements, the application process, and additional program updates.

[Read More →](#)

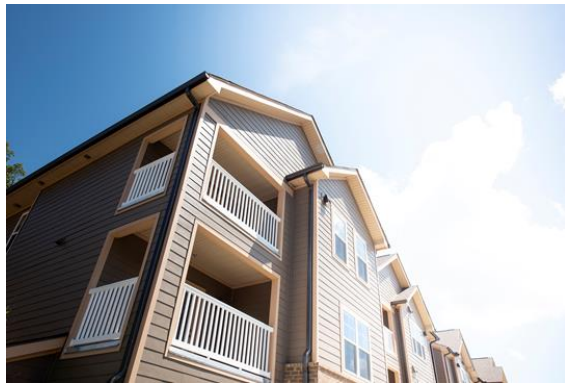
In order to maximize impact and the reach of the program, CPC has identified like-minded green lending institutions, CDFIs, and other community-based nonprofits to collaborate on the identification and screening of building retrofit opportunities across the State.

Lending Partners will include LISC, Enterprise Community Partners, and Inclusive Prosperity Capital. In addition, local community-based organizations from across the state will provide outreach and originations support to the program.

As part of the 2022 approved Housing Plan 2.0, The CFHF was funded with \$250M to obligated by 2027. The Fund will provide up to \$25,000/unit for mid-cycle, regulated and unregulated affordable multifamily housing, between 5 and 50 units, for Full and Partial Electrification, including:

1. Replace existing fossil-fuel burning heating systems
2. Replace fossil-fuel burning domestic hot water heating systems
3. Improve building envelopes to retain indoor temperatures

Climate Friendly Homes Fund (CFHF)



Currently working on finalizing program design

Will be looking for pipeline development ahead of application phase

Mid cycle, small (5-50 unit) MF properties





**Community
Preservation
Corporation**



SADIE MCKEOWN

**President
The Community Preservation Corporation**



MISSION-DRIVEN SINCE 1974

- **CPC believes** housing is central to transforming underserved neighborhoods into thriving and vibrant communities.
- **CPC is a** nonprofit affordable housing and community revitalization finance company providing flexible capital solutions, fresh thinking and a collaborative approach to the complex issues facing communities.
- **CPC's belief** is that private capital can be the solution to scaling energy efficiency by incorporating better building upgrades and practices into the first mortgage process by underwriting actual operating expenses and savings.

Since 2015, CPC has financed over 10,000 units of environmentally sustainable housing.



Today, CPC uses its unique expertise in housing and finance and public policy to support our Meta Goals in order to achieve impact across our neighborhoods and communities. Our primary focus is low- and moderate-income and disadvantaged communities.



Expand housing access and seek new ways to lower the cost of producing affordable housing



Invest in closing the racial wealth gap, and increase diversity and equity in the development industry



Commit to and expand investment in the green economy and lessen the impacts of climate change



MEET THE CFHF TEAM



**Danielle
Donnelly**

AVP, Sustainability
Programs & CFHF
Program Manager



**Gabriella
Cavallini**

CFHF Program
Coordinator

CFHF is structured to specifically target decarbonization opportunities in low-moderate income areas and disadvantaged communities.

Key Goals of the CFHF:

- **HCR has allocated \$250 million to CFHF to electrify 10,000 units**
 - Aligns with Governor Hochuls' Climate Friendly Homes goal of 2 million electrified or electrified-ready homes by 2030
- **Target energy efficiency and electrification in LMI census tracts and DACs**
 - Meet goals of CLCPA CAC recommendations and make investments in DAC
- **Training and public awareness**
 - Educate owners, operators, & tenants about the benefits of heat pump technologies for heating/cooling and DHW
 - Continue to scale adoption of high-performance technologies by funding early transition effort

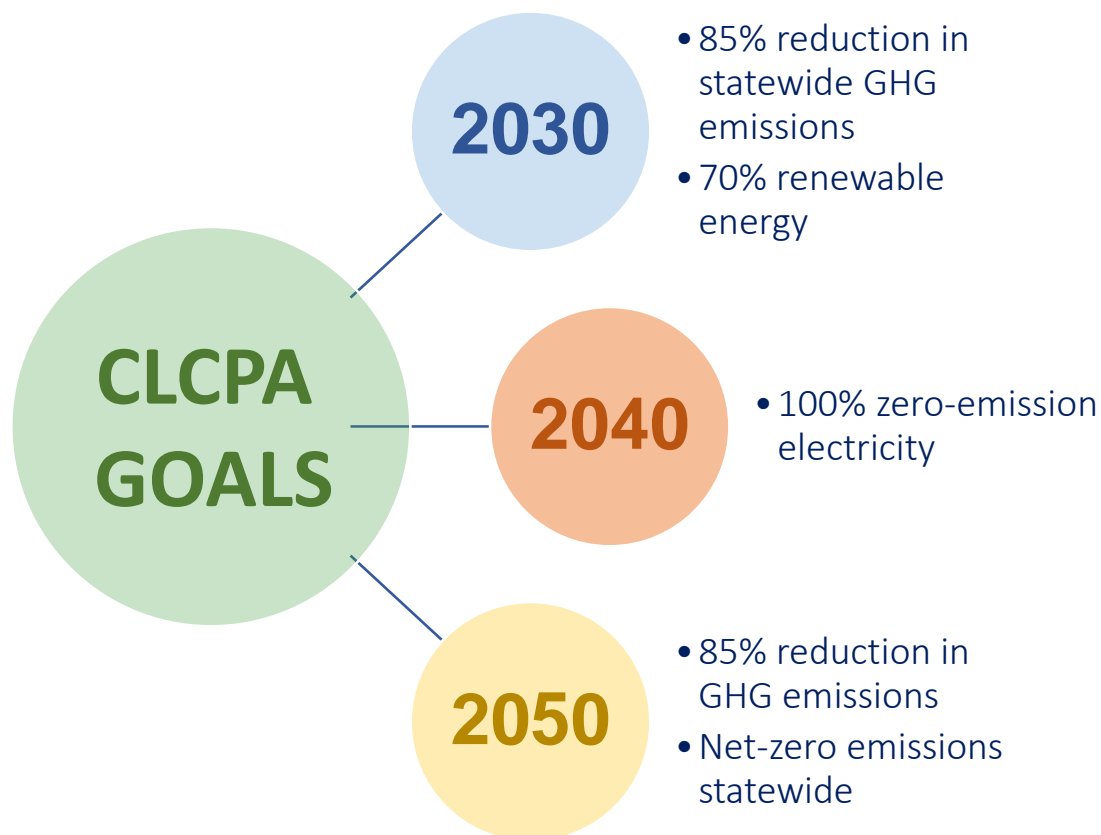
Eligible Building/Owner Types:

- Buildings in NYS 5-50 units
- Subsidized and unsubsidized housing is eligible
 - If unsubsidized, in a HUD LMI census tract OR Disadvantaged Community
- Only applies to mid-cycle retrofits (cannot be combined with traditional mortgage financing)

NYS CLIMATE LEADERSHIP AND COMMUNITY PROTECTION ACT (CLCPA)

The **CLCPA** was signed into law in 2019, setting a timeline for New York to reduce economy-wide greenhouse gas emissions 40 percent by 2030 and 85 percent by 2050 from 1990 levels.

The law created the Climate Action Councils charged with developing a scoping plan and recommendations to meet these targets and place the state on a path toward carbon neutrality.



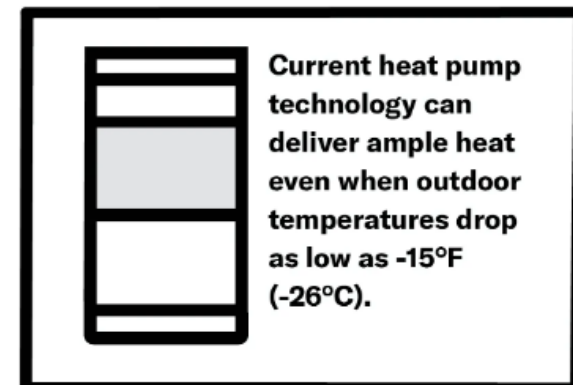
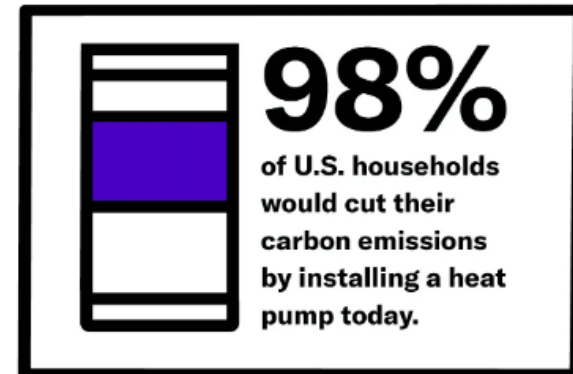
DEMAND FOR LOW CARBON BUILDINGS IS GROWING

The transition to a **low-carbon economy** is creating a regulatory and policy environment in which **high-performance will become the new baseline.**

- **Growing Pressure to Reduce Reliance on Fossil-Fuels**
- **U.S. Cities and States Rapidly Adopting Low-Carbon Goals**
- **Changes in Code**
- **Changes in Utilities and Infrastructure**
- **New Requirements of Capital Sources**
- **Risk Mitigation**



- **The only viable way to meet our climate goals is to electrify**
- **Heat pumps have the capacity to significantly reduce emissions** in the average household, even compared to the highest efficiency gas-fired equipment available
 - Even where the electricity grid is powered by coal and gas, heat pump emission intensity is **35% lower** on average
 - A [2020 study](#) by Sierra Club found that heat pumps cut both climate and health pollution in every state in the U.S.
- **Resiliency and Electrification**
 - Heat pumps provide inexpensive A/C to combat heat waves and rising global temperatures



Rewiring America, [Circuit Breakers](#)



Increased Opportunities for Resilience



Carbon Neutral-Ready



Energy Efficient



Support Statewide Climate Goals

Climate Friendly Homes Fund

To maximize impact and the reach of the program, CPC will partner with like-minded green lending institutions, CDFIs, and other community-based nonprofits to collaborate on the identification and screening of building retrofit opportunities across the State.

We will have two types of partners:

Lender Partners:

- Lender partners will engage and support building owners to electrify their building systems and improve energy efficiency through the loan funds. This will involve conducting outreach, originating and screening projects for feasibility, scoring applications based on standardized criteria, underwriting project costs based on engineering estimates, and submitting applications to CPC for review and approval.

Community Partners:

- Locally-based partners will perform outreach, originate and pre-screen prospects for program participation. Projects will be screened for program eligibility, property condition, and basic feasibility. If approved, project will move to Lender Partners for underwriting.

CFHF PARTNERS



Eligible Use of Funds

- CFHF **hard costs** will cover systems upgrades and limited energy conservation measures to support:
 - Heating system replacement with high-efficiency heat pumps for heating and cooling
 - DHW system replacement with high-efficiency heat pump water heaters
- CFHF funds can be used to cover associated **engineering/consultant costs**, **originations fees**, **closing costs**, and **legal fees**
 - Proposed cost share for energy audit and scoping ahead of loan closing
 - Projects that close and move to construction would be reimbursed for their share of audit costs
 - Borrower will be responsible for benchmarking fees for a total of 5 years
- **Estimated available funding to cover hard costs: \$18-\$22k/unit**

Ineligible Use of Funds

- Solar PV or other on-site renewables
- Health & Safety or deferred maintenance items
- Energy efficiency measures outside of designated scope
- Cannot be combined with mortgage financing to fund additional updates

Program staff and partners will work with participants to identify incentives, rebates, and other sources of capital to cover ineligible scope items that improve building operations and further reduce carbon emissions

Program Paid Costs

- Closing Costs
- Other related program delivery costs
 - Cost shared energy audit ahead of loan closing*
- Hard Costs related to:
 - Heating system replacement with high-efficiency heat pump
 - Hot water heating system replacement with high-efficiency heat pump hot water heater
 - Electrical service upgrades to support new HVAC and DHW systems
 - Energy Conservation Measures to support new systems (within budget) including but not limited to attic/roof insulation and air-sealing

Owner Paid Costs

- Benchmarking fees - ~\$600/annually
- Loan servicing fee
- Equipment service contracts
- Owner's Rep (if necessary)

Costs Shared

- Energy Audit
- Property Condition Assessment

Other Sources May Cover:

- Additional energy efficiency beyond CFHF budget
- Appliance electrification
- Ventilation system upgrades
- Solar PV

CFHF Greenlight Eligibility Checklist

Affordability (Check at least one)

- Does the building have a current HCR regulatory agreement or similar agreement from another agency?
- Is the Building located with a HUD Census Tract Area?
- Is the building located within a NYSEDA Disadvantaged Communities area?

Building Condition

Details on current building systems, including:

- Heating, Ventilation, Air Conditioning (HVAC) Systems (Specify system type/fuel)*
- Domestic Hot Water (DHW) System (specify system type/fuel)*
- Metering configuration and fuel source for above listed building systems?*

Basic Building Information

- Year Built*
- Year last renovated (if applicable)*
- Number of Units*
- Number of Bedrooms*
- Age of Building Systems (HVAC, DHW, Roof, Windows/Envelope)*
- Integrated Physical Needs Assessment (IPNA) or ASHRAE L2 energy audit completed within 24 months (if available)
- Is the Building/Site historically protected?
- Is the Building located in a flood plain/flood risk area?

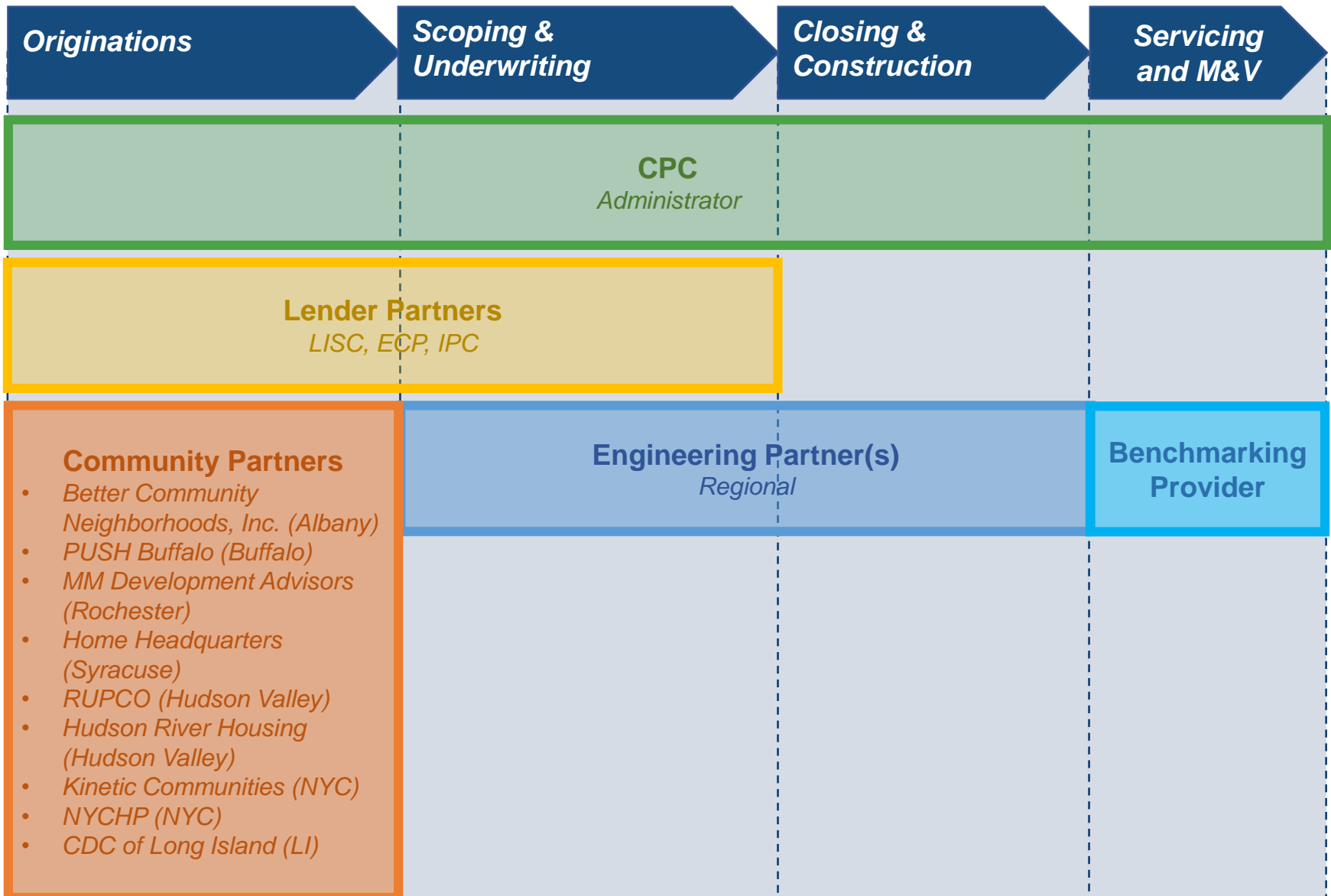
Existing Debt/Financial Condition

- Most recent mortgage statement
- Mortgage Agreement
- Building Income and Expenses (for the last 2 years)
- Rent Roll, including arrears for the previous 90 days
- Borrower Certification
- Non-Mortgage Debt, Covenants, and/or Restrictions

Structure and Terms

- **Funds to be committed as 0% interest, forgivable loans, in most cases.**
- **Participating buildings (both regulated and unregulated) will be subject to a restrictive covenant for the term of the loan/grant**
 - Term to be determined
 - All participating buildings will be subject to reporting requirements to maintain compliance with restrictive covenant
 - Borrowers will be responsible for reporting benchmarking data 3 years post-construction
 - Properties which are sold, moved, demolished or materially altered before the end of the loan term without prior written consent from HTFC may trigger repayment of CFHF funding

PROCESS AND ROLES



Utility Prices

- Many participants may not see savings unless they are replacing very inefficient systems
- New units with sub-metered electricity seeing high heating costs with electric
- Greenlight Screening includes 2 years of income and expense to assess current operations and capacity for electrification

Change of Service Request For Rent Stabilized Buildings

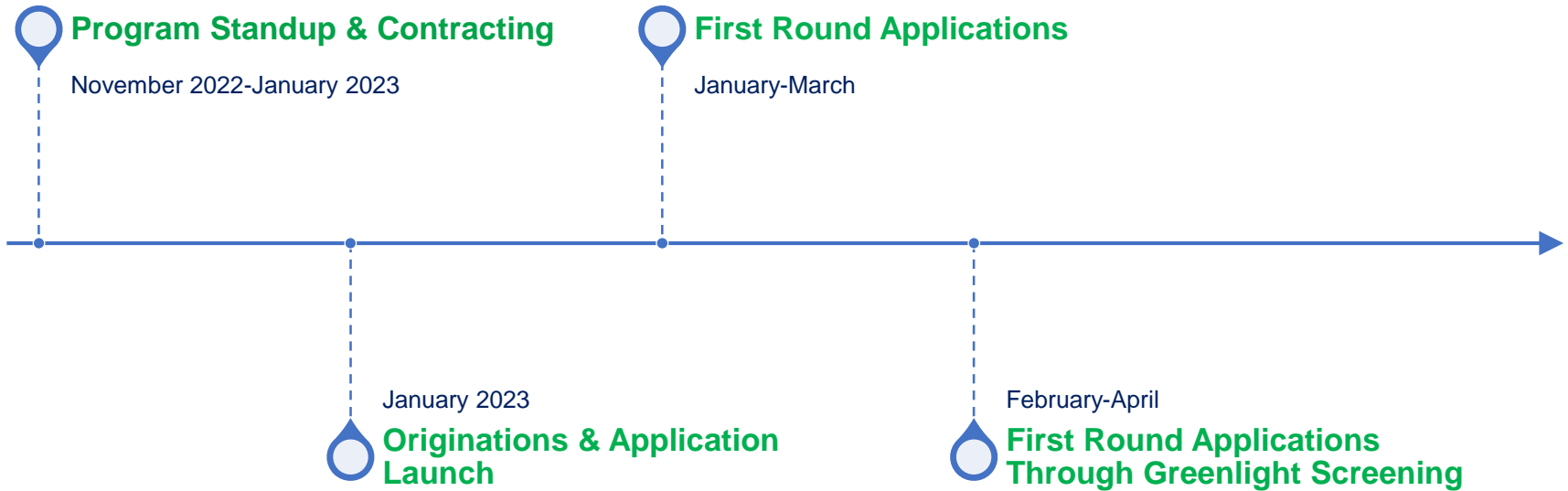
- Originators will have to identify issues with change of service requests in stabilized buildings early in the application process (primarily issue in NYC, Kingston and other municipalities that have stabilization laws)
 - Requests need to go through HCR's Office of Rent Administration

Tenant Engagement

- Early tenant notification and engagement will be key
- Construction timelines estimated at 6-12 months

Other Funding Opportunities for Excess Retrofit Work

- Additional incentive opportunities through NYSERDA and utilities
- Inflation Reduction Act tax credits and other incentives
- Program Staff will work to identify new sources to pair with CFHF as they become available
- We see a real opportunity for solar (or missed opportunity if not evaluated as part of project screening)



Program Timeframe for Commitment and Disbursement of Funds

- January 2023 – March 2027 all funds committed
- March 2027 – March 2028 construction and closeout
- All funds must be *committed* by March 2027

Progress to Date

- HCR publicly launched CFHF via [press release](#), announcing the designation of CPC and partner organizations
- CPC launched a [CFHF Website landing page](#) (on the CPC website) with applicant intake form, which includes referring organization
- CPC completed a series of industry partner convenings to assess opportunities and challenges
- CPC worked internally and with CFHF Lender and Community Partners to establish a program process for

Next Steps

- Engineering Partner selection process – December 2022-January 2023
- Application launch – Early 2023

Thank You!

Climate Friendly Homes Fund Resources



<https://bit.ly/climatefriendlyhomes>



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