

# CLIMATE FRIENDLY HOMES FUND

The Climate Friendly Homes Fund (CFHF), administered by The Community Preservation Corporation, provides financing for existing, 5-150-unit buildings in New York State with a focus on replacing older and less energy-efficient systems with all-electric, high-performance heating, cooling, and hot water heating systems.

With \$250 million in New York State funding, CPC and New York State Homes and Community Renewal (HCR) aim to finance electrification retrofits in at least 10,000 units of multifamily housing that serve economically disadvantaged communities. These funds will empower small building owners to identify and execute a scope of work to improve the energy efficiency of their buildings and decrease their greenhouse gas emissions.

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

## Program Summary

<b>Program Size</b>	<b>\$250,000,000</b> for loan funds and program administration to address up to <b>10,000 multifamily rental units</b> .
<b>Property Eligibility</b>	Multifamily residential retrofits to achieve greenhouse gas emission reductions through the electrification of multifamily rental buildings, which are either: <ol style="list-style-type: none"><li>1. Regulated by HTFC/DHCR/HFA or another public agency <b>AND/OR</b></li><li>2. Located in a <a href="#">Low-Moderate Income Qualified Census Tract</a> as defined by the U.S. Department of Housing and Urban Development (HUD) <b>AND/OR</b></li><li>3. Located in a <a href="#">Disadvantaged Communities</a> as defined in the New York State's Climate Leadership and Community Protection Act.</li></ol>
<b>Other Eligibility Requirements</b>	<ol style="list-style-type: none"><li>1. <b>Ownership Requirement:</b><ul style="list-style-type: none"><li>• Ownership is defined as: holding a fee simple title as evidenced by a warranty deed, bargain for sale deed, a quit claim deed to the Property or having an approved leasehold interest and improvement to be assisted. The deed must be recorded with the county, city, or appropriate local municipality.</li><li>• Eligible owners include not-for-profit corporations or charitable organizations, or a wholly owned subsidiary of such corporations or organizations; or private for-profit developers.</li></ul></li><li>2. <b>Eligible Property Type:</b> Subject Property must be a multi-family rental property, defined as a five to one hundred fifty-unit property.<ul style="list-style-type: none"><li>• Properties containing multiple buildings may be considered, as long as each individual building contains <b>5-150 units</b>.</li><li>• This criterion may change as the program develops.</li><li>• Only residential units should be counted and considered for electrification upgrades.</li></ul></li><li>3. CPC or its Partners will further screen each property based on:<ul style="list-style-type: none"><li>• Utility profile: The existing property uses either fuel oil, natural gas, propane or electric resistance for the primary space heating.</li></ul></li></ol>

	<ul style="list-style-type: none"> <li>Existing building envelope performance; either via an existing I/PNA or a Property Condition Assessment completed by a consulting engineer engaged by Program Administrator to perform services in connection with Program and aligned with the States decarbonization goals.</li> <li>Existing energy efficiency; based on average annual energy usage of most recent past 2 years</li> <li>Existing owner and tenant meter structure</li> <li>Date and scope of last major renovation</li> </ul>
<b>Loan Amount</b>	<ul style="list-style-type: none"> <li>Up to <b>\$25,000 per unit</b>, which may cover the eligible scope of work and eligible program delivery costs (soft costs, closing costs, and administrative costs related to execution of the program).</li> </ul>
<b>Payment Structure</b>	<ul style="list-style-type: none"> <li>Property owners will receive funds in the form of a grant or forgivable loan. No payments of principal or interest; fully forgiven after the loan term.</li> <li>Property owner shall enter into a Promissory Note and Loan Agreement <b>OR</b> Grant Agreement.</li> <li>During the term of the loan, properties which are sold or refinanced may be subject to repayment of a portion of the funding, to be determined on a case-by-case basis by HCR and CPC.</li> </ul>
<b>Term</b>	<p><b>10 Years:</b></p> <ul style="list-style-type: none"> <li>Projects with 15+ units <b>OR</b></li> <li>Grant or loan amounts greater than \$375,000</li> </ul> <p><b>5 Years:</b></p> <ul style="list-style-type: none"> <li>Projects with less than 15 units <b>OR</b></li> <li>Grant or loan amounts less than \$375,000</li> </ul>
<b>Interest Rate</b>	N/A
<b>Loan Origination Fee</b>	<p>25 basis points of awarded grant or loan amount multiplied by number of years in servicing period (10 years, or for projects with either: 15 units or less or, loan amounts of \$375,000 or less, 5 years)</p> <ul style="list-style-type: none"> <li>Projects with 15 units or less or, loan amounts of \$375,000 or less: Servicing fee to be paid in full by borrower at closing (calculated based on discounted cash flow analysis).</li> <li>Projects with greater than 15 units or, loan amounts greater than \$375,000: Borrower to be given two options for payment: <ul style="list-style-type: none"> <li>Option 1: Servicing fee to be paid in full by borrower at closing (calculated based on discounted cash flow).</li> <li>Option 2: Servicing fee to be paid annually by borrower.</li> </ul> </li> </ul>
<b>Reserves</b>	<p>Reserves will be established at loan closing from funds provided by the eligible building owner for the following:</p> <ul style="list-style-type: none"> <li>Required benchmarking fees (2 years paid pre-closing to establish baseline and 3 years collected at closing to fulfill 5-year compliance obligation)</li> <li>Cost of annual service contract for equipment installed as part of the eligible scope (First year collected up front; billed annually, where applicable)</li> <li>CFHF Loan Servicing Fee (as detailed above)</li> <li>CFHF Loan Servicing Fee (as detailed above)</li> </ul>

<p><b>Credit Criteria</b></p>	<p>Borrowers must be in good standing with existing lenders, local government including housing agencies, and in compliance with all regulatory agreements, if applicable.</p>
<p><b>Construction and Management</b></p>	<ul style="list-style-type: none"> <li>• Professional service contractors, such as but not limited to, building contractors, engineers, plumbers, must be licensed with New York State.</li> <li>• CPC and/or its partners will recommend professional service providers from NYSERDA's pre-qualified list of contractors.</li> <li>• CPC will contract with a construction monitor and make advances to Eligible Owners for payment to contractors.</li> <li>• Participating owners must contract with a qualified contractor to perform the electrification scope of work. A list of these contractors can be found at the following links: <ul style="list-style-type: none"> <li>○ <a href="https://www.nyserda.ny.gov/ny/pumped/NYS-Clean-Heat-Contractors">https://www.nyserda.ny.gov/ny/pumped/NYS-Clean-Heat-Contractors</a></li> <li>○ <a href="https://www.nyserda.ny.gov/contractors/find-a-contractor/multifamily-building-solutions-network">https://www.nyserda.ny.gov/contractors/find-a-contractor/multifamily-building-solutions-network</a></li> <li>○ <a href="https://www.nyserda.ny.gov/ny/ahp-empower/Contractors">https://www.nyserda.ny.gov/ny/ahp-empower/Contractors</a></li> </ul> </li> </ul>
<p><b>Environmental Requirements</b></p>	<ol style="list-style-type: none"> <li>1. CPC and partners will work with owners on environmental requirements. Each project must comply with the following laws and regulations: <ul style="list-style-type: none"> <li>• The State Environmental Quality Review Act (SEQR) at 6 NYCRR 617;</li> <li>• Section 14.09 of the Parks, Recreation, and Historic Preservation Law (Historic &amp; Cultural Resources);</li> <li>• Floodplain Management Criteria for State Projects at 6 NYCRR 502;</li> <li>• NYS Agricultural and Markets Law Section 305(4) (Agricultural Districts);</li> <li>• Coastal Zones at 19 NYCRR Part 600;</li> <li>• Local Zoning Code/Special Use Permits;</li> <li>• Lead Based Paint – EPA Renovation, Repair and Paint Rule or HUD Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing;</li> <li>• Asbestos Containing Materials at 12 NYCRR Part 56. 2.</li> </ul> </li> </ol>
<p><b>Eligible Use of Loan Proceeds</b></p>	<p>Once an applicant's property passes the screening criteria, the consulting engineer will submit a proposed electrification scope of work to CDFI for review and approval. This electrification scope of work may include all or some of the measures below, but if a measure is selected, it must comply with HCR Electrification Guidelines below:</p> <ol style="list-style-type: none"> <li>1. Conduct an Energy Audit, Property Condition Assessment, and/or IPNA (eligible expense under Building Electrification Fund or can use one that was completed within 2 years of funding request) <ol style="list-style-type: none"> <li>a. Applicants will be responsible for 50% of the cost of any required energy audit, Property Condition Assessment, and/or IPNA. Applicants will be reimbursed for their portion of these costs at the time of closing.</li> </ol> </li> <li>2. Eligible scope of work improvement areas for eligible projects include:</li> </ol>

- a. Heating and Cooling (Required)
    - i. Install high efficiency all electric cold climate heat pumps, central VRF systems, or geothermal heat pumps;
  - b. Domestic Hot Water Heating System Replacement (Required, if feasible based on Program thresholds).
    - i. install highly efficient (UEF rating over 2.75), all electric, domestic hot water heat pumps
  - c. All associated electric service upgrades are eligible expenses
3. Energy Conservation (Optional, and only eligible when done in conjunction with section (a) or (b) above):
- a. If the cost remains under the total \$25,000 per unit limit, projects may complete energy efficiency improvements including but not limited to:
    - i. Air-sealing in apartment units, at penetrations, in ductwork, at exterior walls, around windows
    - ii. Weather-stripping around windows and doors
    - iii. Insulation in attics or roofs
    - iv. Ventilation system balancing and tuning
4. To access additional program funds to complete envelope efficiency scopes of work, Eligible Buildings must demonstrate the envelope scope of work will result in a building envelope that is at least 15% more energy efficient than 2020 Energy Conservation Construction Code of New York State (ECC), as applicable per project type. Use of program funds to cover envelop work beyond the Required Scope remains up to the discretion of the Program administrator.
- a. Ventilation (Optional)
    - i. For natural ventilation (no existing mechanical system) install through wall exhaust fans when a project is improving the building envelope air tightness above NYS Energy Conservation Code requirements.
    - ii. Install ERV and HRV systems when reaching Passive House building envelope design standards
    - iii. All associated electric service, repair/patching, and health and safety mitigation related to installation are eligible expenses
5. System Start Up (Required) (when paired with electrification)
- a. Commissioning of mechanical systems
  - b. Training material for operation staff
  - c. Training material for tenant operators
6. System Maintenance and Monitoring (Required)
- a. Applicants will be responsible for all costs associated with maintaining the systems installed which may include entering into a service contract with heat pump installer or manufacturer for the term of the Program agreement.
  - b. Applicants will be responsible for all costs associated with the account set up, historical benchmarking, and annual

benchmarking required by the Program for a total of 5 years. This includes 2 years of historical benchmarking to be collected at the time of Greenlight Approval and 3 years of benchmarking to be collected at closing and monitored annually following construction completion.

**Ineligible Hard Costs:**

1. Reimbursement of costs for construction work previously incurred are ineligible.
2. Reimbursement or payment of costs for construction work outside of Program approved scope of work.

**Eligible Program Delivery Costs:**

Delivery costs may include, but are not limited to, contractor fees, building permit filing fees, elevation certificates and other architecture and engineering services, home energy audits, loan closing fees, and legal fees. Eligibility to be determined by HCR.

**Program funds are intended for mid-cycle retrofits and opportunities to combine with eligible weatherization and energy retrofit grants can be assessed to cover additional scope items to support electrification. Opportunities to combine CFHF with construction financing shall be evaluated on a case-by-case basis.**

*\*This document is subject to change and revision by the approval and written agreement of HCR and the Recipient/Program Administrator (CPC).*

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For more information,  
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**<https://community.com/climate-friendly-homes-fund/>**