

Green and Resilient Retrofit Program (GRRP)

US Department of Housing and Urban Development



HUD's Climate Action Plan

Reflects a comprehensive effort to reduce HUD's energy and carbon footprint by investing in more efficient, sustainable, and equitable housing infrastructure.

Overarching strategies:

1. Increasing climate resilience (e.g., better understanding of risk and capacity building for our residents, owners, and borrowers)
2. Reducing greenhouse gas emissions (e.g., energy benchmarking, energy standards, and incentives)
3. To pursue environmental justice (e.g., focusing on those communities historically overburdened by environmental and climate hazards)

Unified HUD commitment to addressing climate change

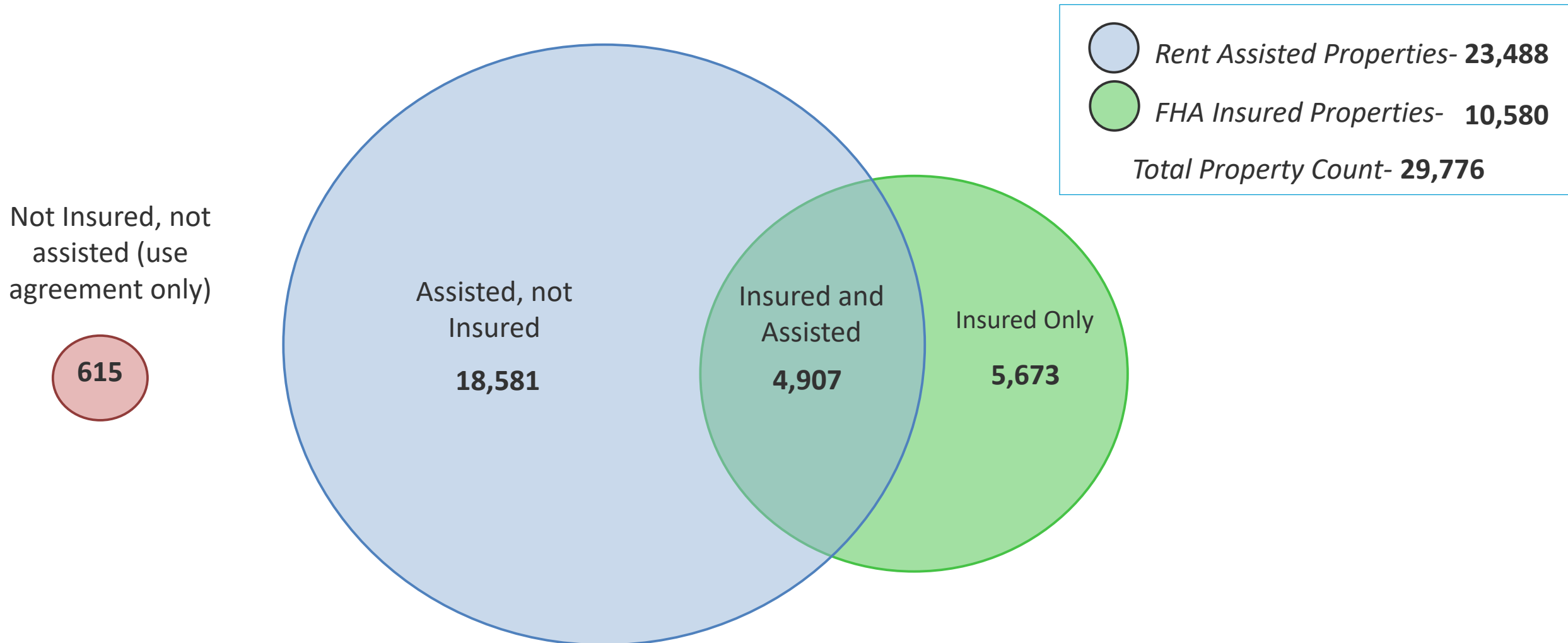
IRA Overview

- Inflation Reduction Act signed in August 2022
- Total \$370 billion in investments, clean energy tax incentives
- Focused on promoting green and climate-resilient solutions
 - Clean energy tax incentives
 - Accelerate private investment
 - Improve supply chains
 - Create more green jobs
- www.CleanEnergy.gov

HUD's Multifamily portfolio

- Nearly 30,000 properties across the country
- Property size from 4 units to over 2,800 units
- 1.4 Million rental assistance units
- Owned/operated by third party independent owners
- Properties can be involved with Multifamily in multiple ways
 - FHA-insured mortgages
 - Grants/loans for property development
 - Property-based rental assistance for low-income residents
 - Use Agreements

Multifamily Portfolio Distribution



GRRP Program History

- Engaged with Federal stakeholders on program design
 - HUD Offices – PD&R, OAMPO, OEE
 - Other Federal agencies – DOE, FEMA, EPA
- Request for Information released October 2022; received feedback from external stakeholders on:
 - Program Design
 - Cost-effectiveness
 - Fund leveraging
 - Equitable distribution of funding



RFI: Common Barriers to Address

- Reach properties in need with low capacity
- Support owner capacity for project management and staff training
- Remove HUD barriers to green investments
- Limit fossil fuel-fired systems and appliances
- Ensure resident engagement in project design; protect residents during construction
- Include health, safety, and carbon benefits in cost effectiveness screening
- Encourage or even require leveraged funding
- Pay for health and safety investments
- Ensure quality control and commissioning of construction and mechanicals

GRRP Program Overview

\$837.5 million and up to **\$4 billion** in loan authority provided through the Inflation Reduction Act (IRA)

GRRP is designed to fund retrofits to make properties more energy efficient, climate resilient, and healthy for residents through:

- Carbon emission reduction
- Enhanced energy and water efficiency
- Energy and water benchmarking
- Improved indoor air quality
- Climate resilience upgrades
- Building electrification
- Zero-emission electricity generation
- Energy storage
- Low-emission building materials or processes

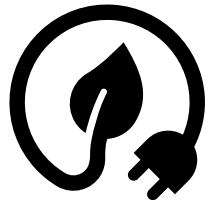
Who can apply for GRRP funding?

Owners or Purchasers of a property in one of the following HUD Multifamily Assistance programs:

- Most Project-Based Rental Assistance (PBRA) HAP Contracts
 - Including RAD PBRA HAP contracts executed on or before September 30, 2021
- Section 202 Direct Loans or Capital Advances
 - Including those anticipating a RAD conversion
- Section 811 Capital Advances or PRA contracts
- Section 236 properties still receiving Interest Reduction Payments (IRP)
- Other small programs listed in in Section 3 (Eligibility Information) of the NOFOs available on www.hud.gov/GRRP



What does GRRP pay for?



Utility Efficiency

- Energy Star 7.0 windows
- Electrical upgrades
- WaterSense fixtures
- HVAC and water heater heat pumps
- Efficient ovens and clothes dryers
- Air-seal testing
- Insulation
- Heat or Energy Recovery Ventilators



Climate Resilience

- Clean backup power
- Emergency shelter
- Emergency water access
- Storm shutters
- FORTIFIED certification
- Green or blue roof
- Floodproofing
- Permeable pavement
- Subsurface stormwater storage
- Wind- and impact-resistant windows
- Rainwater/greywater collection systems
- Fire resistant roof, windows, & fencing



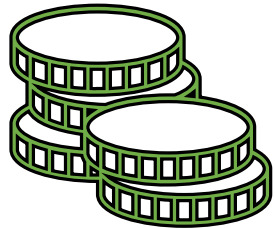
Carbon Reduction

- Rooftop or carport solar
- Wind energy generation
- Geothermal energy generation
- Renewable energy storage
- Electric Vehicle charging stations
- Responsibly sourced raw building materials

And more, including soft costs.

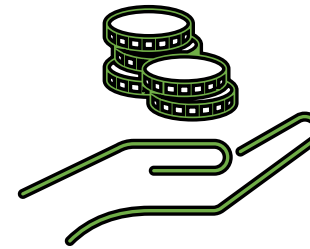
GRRP Award Types

Owners can select to receive funding in the form of a grant or surplus cash loan



Grants:

- Affordability restriction – 25 years
- No repayment needed if terms are met



Loans:

- Affordability restriction – 15 years
- Payment – 50% of annual surplus cash paid to HUD (*25% for Elements projects*)
- Term – longer of first mortgage loan term or 15 years
- Interest – 1%

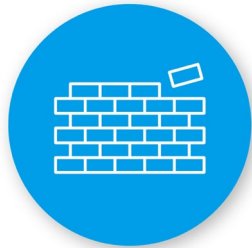
General GRRP Award Requirements

- ✓ Follow all required application and closing deadlines
- ✓ Follow resident notification, meetings, and rights requirements
- ✓ Create a property-specific disaster preparedness plan
- ✓ Participate in utility consumption benchmarking
- ✓ Extend project affordability commitment
- ✓ Complete a post-construction cost certification
- ✓ Follow Build America Buy America guidelines (unless exempt) and Section 3 employment opportunities for low-income persons; as well as Davis-Bacon for Leading Edge and Comprehensive



GRRP Awards: 3 Different Cohorts

Three award paths, or “cohorts,” take different approaches supporting properties based on stage of recapitalization, owner greening expertise, and property needs.



Elements Awards

Investments selected from
Elements menu

Max: \$750K per property / \$40k PU



Leading Edge Awards

Pursue ambitious
green certification

Max: \$10M per property / \$60k PU



Comprehensive Awards

Deep retrofits for properties
with highest need

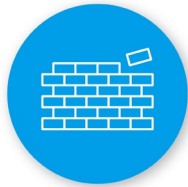
Max: \$20M per property / \$80k PU

Enhance efficiency and climate
resilience in owner-driven
recapitalization transactions

Focus on properties with significant
need, considering both energy
consumption and climate risk

GRRP Award Application Timelines

Each cohort accepts applications quarterly over the course of 12 months



Elements

- June 29, 2023
- Sept 28, 2023
- Jan 4, 2024
- Mar 28, 2024



Leading Edge

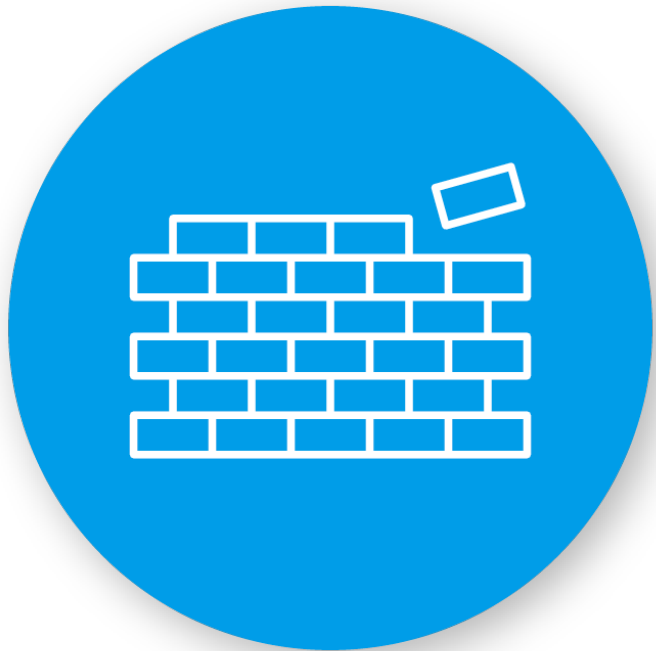
- July 31, 2023
- Oct 31, 2023
- Jan 31, 2024
- Apr 30, 2024



Comprehensive

- Aug 31, 2023
- Nov 30, 2023
- Feb 28, 2024
- May 30, 2024

Elements Cohort



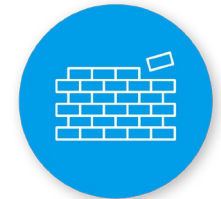
Elements Awards

- Modest awards (<\$750K)
- Owner driven selections of HUD specified investments

Elements Cohort: Overview

Elements Awards:

- Provide gap financing to add or preserve greener and/or more climate resilient items to existing transactions
- For HUD-assisted multifamily property owners who are materially advanced but not yet closed in a recapitalization effort
- Provide owner choice from among a pre-approved list of eligible items such as heat pumps, sustainable building materials, and clean backup power



Elements Cohort: Eligibility & Selection

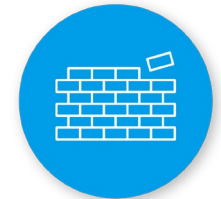
- Eligibility:
 - Rental assistance under eligible program
 - Owners that are materially advanced but not yet closed in a recapitalization effort
 - Includes, for example, receipt of a tax credit reservation, submission of a complete FHA Firm Application, or a recent Section 811 or 202 Capital Advance awardee
- Selection:
 - Based on priority categories:
 1. Green Certification
 2. Whole-building Electrification
 3. Better Climate Challenge
 4. Priority Energy Community
 5. Better Buildings Challenge
 6. All other applicants
 - Subject to HUD region and non-metro set-asides
 - Not to exceed 16 awards per owner or its affiliates



Elements Cohort: Submission

Included in Application Submission:

- ✓ Application form in Excel including pro forma and Sources & Uses demonstrating need for GRRP funds
- ✓ Narrative description of proposed work
- ✓ Third party reports: Capital Needs Assessment, environmental due diligence, bids for each Elements investment, and information about other financing sources
- ✓ Environmental Review documentation



Elements Cohort: Example Property

A 25-unit PBRA property whose owner is pursuing an **FHA-insured first mortgage** to conduct necessary rehab. The property is in an area prone to **heat waves and drought**. The owner is a **Better Climate Challenge** participant.

Application & Selection:

Owner submits the GRRP Elements application with a copy of their Better Climate Challenge partnership agreement and evidence that they have submitted a complete application for an FHA Firm Commitment.

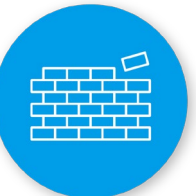
Elements Investments:

The owner chooses to use GRRP award to add the following to the project's scope of work:

- A reflective coating on the roof to keep residents cool
- A rainwater harvest system to cut landscaping-related water bills
- A rooftop solar array, which was originally in the design but had to be cut due to rising construction costs

Funding:

Owner takes the max GRRP Elements award of \$750,000 in the form of a grant



Leading Edge Cohort



Leading Edge Awards

- Medium size awards (<\$10M)
- Owner driven selections of investments
- Obtain a green certifications

Leading Edge Cohort: Overview

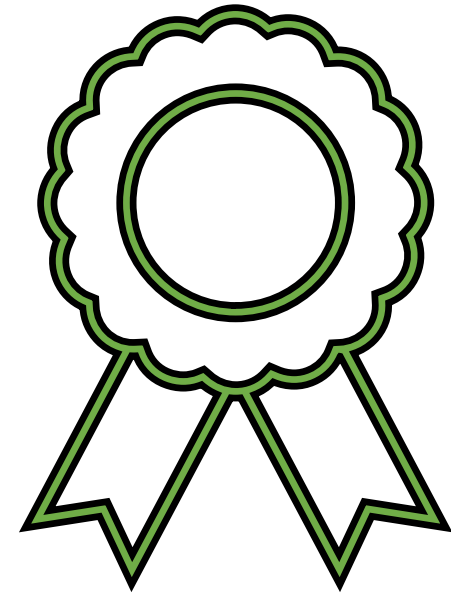
Leading Edge Awards:

- Designed for HUD-assisted multifamily property owners with the capacity to achieve a high-level green certification
- The owner may be at the preliminary or more advanced stages of planning a recapitalization of the property
- Receipt of full GRRP award requires the property achieving a green certification



Leading Edge Cohort: Qualifying Green Certifications

- Detailed in the GRRP Leading Edge NOFO on hud.gov/GRRP
- Eligible certifications include high-impact offerings from organizations such as:
 - EarthCraft
 - Enterprise Green Communities
 - Greenpoint
 - International Living Future Institute
 - LEED
 - National Green Building Standard
 - Passive House
 - PHIUS
 - U.S. Department of Energy
 - U.S. Environmental Protection Agency



Leading Edge Cohort: Eligibility & Selection

Eligibility:

- Rental assistance under eligible program
- Owners that will commit to achieving a Leading Edge certification
- Properties that have more than 50% assisted units at their property

Selection:

- Based on the property's current energy efficiency as measured by MBEST
- Subject to HUD region and non-metro set-asides
- Not to exceed 12 awards per owner or its affiliates



Leading Edge Cohort: Submission

Included in Application Submission:

- ✓ Application form in Excel including pro forma and Sources & Uses demonstrating need for GRRP funds
- ✓ Narrative description of proposed work
- ✓ Team member identification and demonstration of team capacity and experience with green certifications
- ✓ Architect and/or engineer's initial determination that the proposed project can be designed to meet the qualifying green building standard selected by the owner
- ✓ Multifamily Building Efficiency Screening Tool (MBEST)
- ✓ Environmental Review documentation



Leading Edge Cohort: Example Property

A 50-unit PBRA property was **last renovated 20 years ago** and is still using older equipment dependent on **fossil fuel** sources. It is in an area of **hurricane risk**. The property owner wants to electrify, incorporate renewable energy, and fortify the building against high winds.

Application & Selection:

Owner submits the GRRP Leading Edge application and completed MBEST, plans to incorporate wind turbines, and commitment to pursue a PHIUS ZERO REVIVE certification for the property. The property's architect has certified that based on the proposed scope of work, the property achieving a PHIUS ZERO REVIVE certification is feasible.

Scope of Work:

Includes standard property upgrades, electric appliances and systems, electrical panel upgrade, wind turbines, FORTIFIED Silver roof upgrade, and high-impact windows. Scope is modeled to reduce energy consumption by 40%.

Funding:

Owner takes the max GRRP Leading Edge award of \$60k PU (50 units X \$60k PU = \$3 million) as a surplus cash loan and pairs it with 4% LIHTC bonds.



Comprehensive Cohort



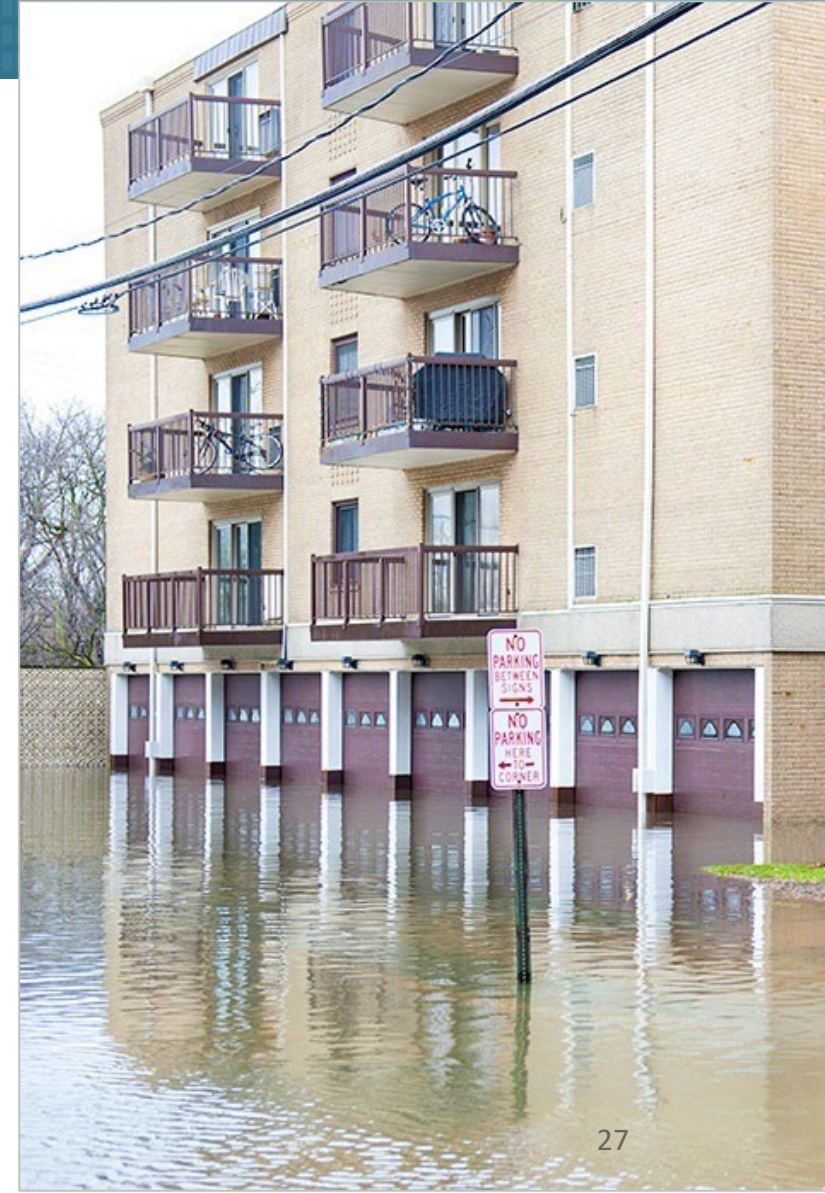
Comprehensive Awards

- Largest awards (<\$20M)
- HUD approved contractor to help Owners

Comprehensive Cohort: Overview

Comprehensive awards:

- Fund deep retrofits touching utility efficiency, renewable energy generation, carbon emissions reductions, and climate resilience
- Provide a property-tailored, integrated design team approach to scope of work development through collaboration with a Multifamily Assessment Contractor (MAC). This reduces costs to the owner and brings in expertise to help design an impactful project.
- Are applicable to all eligible HUD-assisted multifamily property owners regardless of construction experience or greening expertise



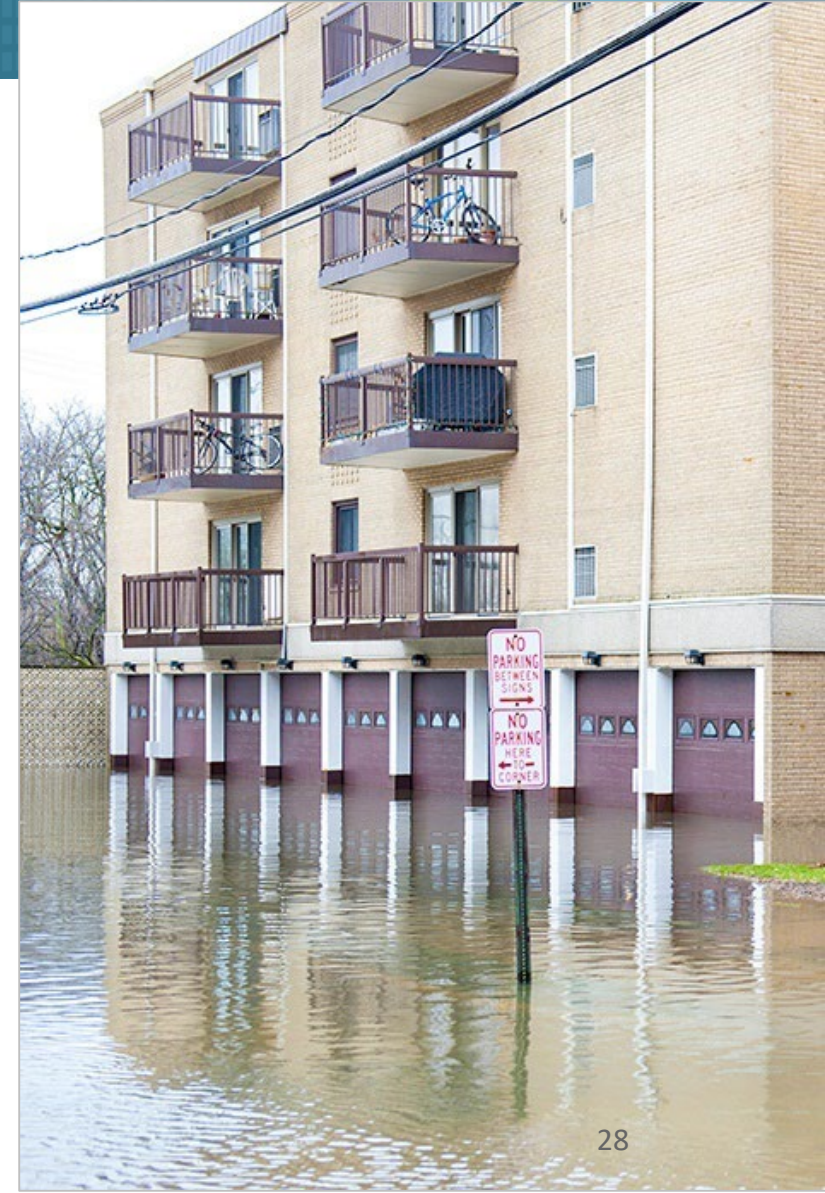
Comprehensive Cohort: Eligibility & Selection

Eligibility:

- Rental assistance under eligible program
- Properties that have more than 50% assisted units at their property

Selection:

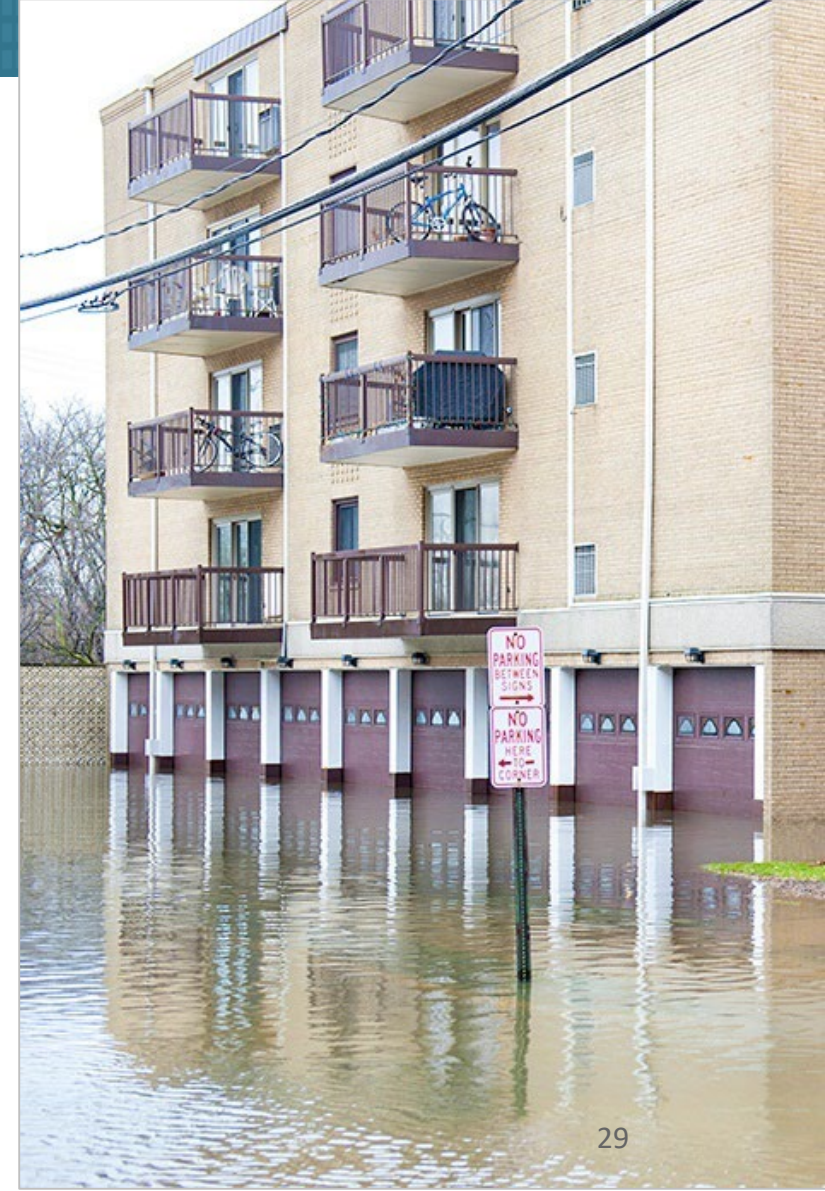
- Based on need as measured by
 - Climate Risk: FEMA's National Risk Index (NRI)
 - Energy efficiency: ENERGY STAR or MBEST
- Subject to ENERGY STAR set-aside
- Subject to HUD region and non-metro set-asides
- Not to exceed 20 awards per owner or its affiliates



Comprehensive Cohort: Submission

Included in Application Submission:

- ✓ Simple Excel-based application form
- ✓ Screen for energy efficiency:
 - ✓ EPA's Portfolio Manager ENERGY STAR score and Water Scorecard (cost reimbursement available) or
 - ✓ Multifamily Building Efficiency Screening Tool (MBEST)



Comprehensive Cohort: Assessment Suite

Properties will undergo a series of GRRP-funded assessments with support from a HUD-provided contractor to develop the scope of work including standard improvements and green features

Assessment Suite

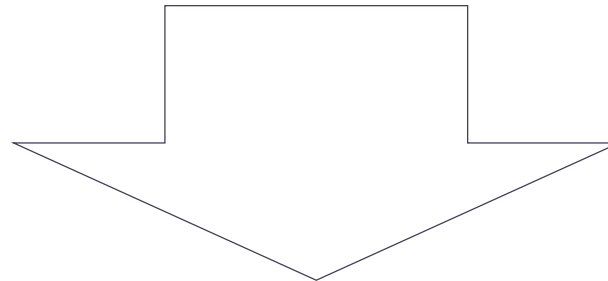
Environmental
Report

Capital Needs
Assessment

Energy Audit

Renewable Energy
Assessment

Climate Resilience
Assessment



Standard property
improvements

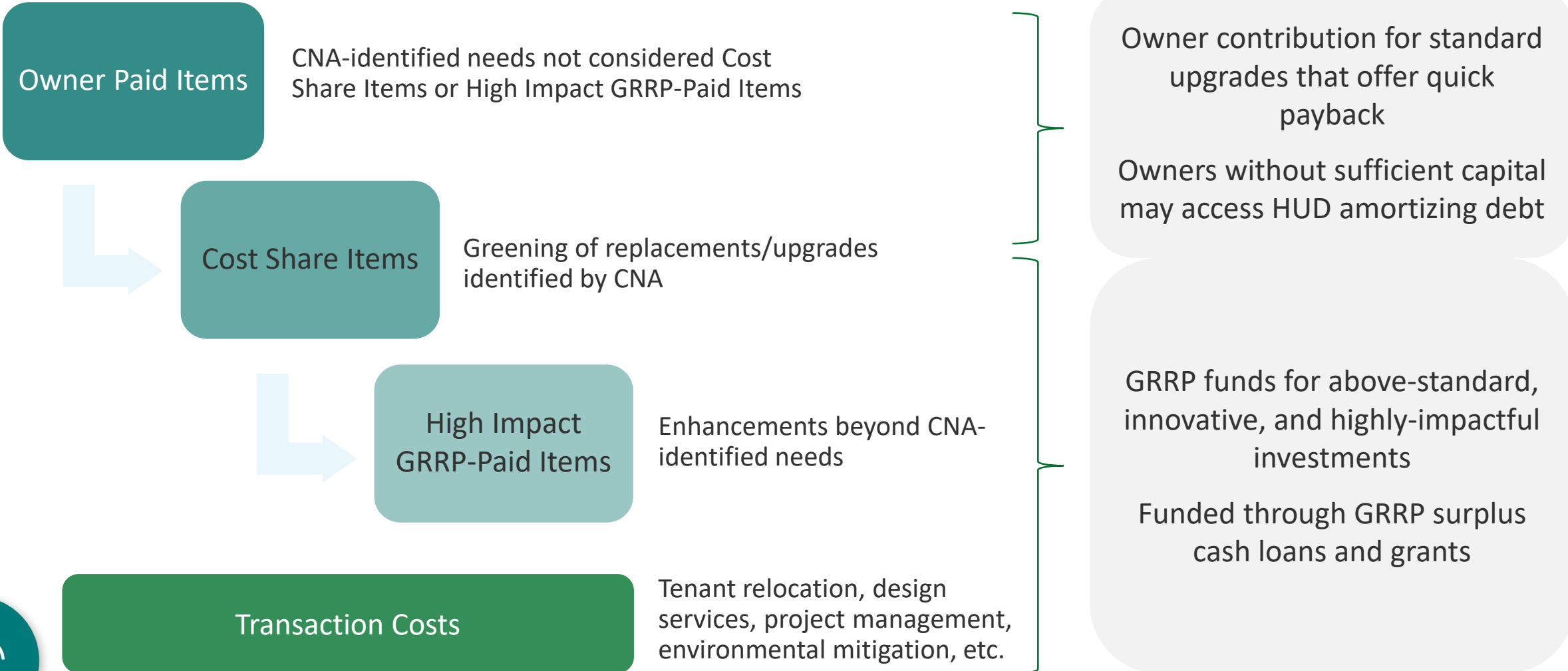
Decarbonization and
electrification

Utility efficiency upgrades

Resilience enhancements

Scope of Work

Comprehensive Cohort: Funding Structure



Comprehensive Cohort: Example Property

A 100-unit HUD-assisted property was **last renovated 20 years ago** and is still using older equipment dependent on **fossil fuel** sources. It is in an area of **high flood risk**.

Application & Selection:

Owner submits GRRP Comprehensive application with Portfolio Manager benchmarking. Property is selected due to high energy consumption and flooding risk.

Scope of Work:

HUD-provided contractor assesses property's needs and proposes scope of work for up to \$8 million in GRRP funding (\$80k/unit * 100 units).

- SOW: Standard property upgrades, HVAC and DHW electrification and relocation above flood elevation, electrical panel upgrade, solar panels & battery storage, rain garden.
- Cost share: Owner contribution for building components past useful life and for the cost of standard HVAC replacement; totals \$1 million

Funding:

Owner takes surplus cash loan for GRRP award and funds owner contribution through Reserve for Replacement account and CDBG funds.



Comprehensive Cohort: Example Property Funding Structure

\$8,000,000 GRRP Award

	Owner Paid Items	Cost-Share: Owner Paid	Cost-Share: GRRP Paid	High Impact GRRP-Paid	Transaction Costs	Total Retrofit
Development Cost Description	Standard retrofit costs	Cost of standard HVAC & DHW	Added cost of heat pump HVAC & DHW	Elevation of mechanicals, electrical panel upgrade, solar & battery, EV, rain garden	Resident relocation, architect, owner project management fee	
Amount (total)	\$1M		\$1M	\$6M	\$1M	\$9M
Funding Source	Owner's Replacement Reserve Account + CDBG		GRRP Surplus Cash Loan			

Additional Resources

- Read the NOFO and Notice
- Find FAQs, fact sheets, benchmarking resources, and much more on www.hud.gov/GRRP
- Email GRRP@hud.gov with questions
- Attend office hours (see website for timing)





Thank you