IRA BOOTCAMP KICKOFF
Housing Finance Agencies

NATIONAL HOUSING TRUST | MAY 24, 2023
WELCOME

Priya Jayachandran, CEO
National Housing Trust

• Nearly 40 years experience as policy leader, developer, lender, and provider of resident services and energy solution
• Based in DC, properties in mid-Atlantic, but with nationwide reach
AGENDA

- Welcome
  - Wells Fargo Foundation, NCSHA, White House
- Bootcamp Expectations and Goals
  - Danielle Arigoni, NHT
- Overview of IRA Programs and Opportunities
  - Todd Nedwick, NHT and Kate DeCramer, WSHFC
- Cohort Sharing
- Preview of Upcoming Sessions
- HUD GRRP Overview (optional)
WELCOME

John Moon  
Sustainability & Climate Resiliency Philanthropy Leader  
Wells Fargo Foundation

Stockton Williams  
Executive Director  
National Council of State Housing Agencies (NCSHA)

Heather Clark  
Director of Building Emissions  
White House Climate Policy Office
Stabilizing Operating Costs, Reducing Energy Burden

“Rooftop solar panels helping to stabilize operating costs and support renewable energy development in low-income communities.”

- HUD EDGE PD& R Online Magazine

North Canal Apartments, Lowell, MA
Urgency: Affordable Housing at Risk - Extreme Weather Events

Hurricanes, flooding, wildfires, tornadoes, and other extreme weather events that are intensifying due to climate change caused $165B in damages (2022).
Critical Interplay Between Emissions Reductions & Resiliency

- Energy Efficiency
- Renewable Energy
- Building Electrification
- Grid Integration + Storage + EV
- Low Embodied Carbon Materials
- Resiliency
<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
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<tbody>
<tr>
<td>HUD Green and Resilient Retrofit Program</td>
<td>$837.5M for grants and direct loans, including up to $4B in direct loans</td>
</tr>
<tr>
<td>45L Energy Efficient Home Credit (new or existing buildings)</td>
<td>Up to $5,000 per unit</td>
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<tr>
<td>Electrification Rebate</td>
<td>Up to $14,000 per unit</td>
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<tr>
<td>Energy Efficiency Rebate</td>
<td>Up to $8,000 per unit</td>
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<tr>
<td>Solar and Wind Tax Credit</td>
<td>20% adder (on top of 30% tax credit)</td>
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<tr>
<td>EPA Greenhouse Gas Reduction Fund</td>
<td>$27B</td>
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</table>
Maine Housing – Passive House

Village Centre, Brewer, ME

48 units, LIHTC
Passive House Certified - 60% less energy
3% Added Costs
Maine Housing & Efficiency Maine (State Energy Office) – Heat Pumps

Electrification Rebate (Energy Efficiency Rebate, Solar ITC)
Solar

Lincoln, Nebraska + Habitat for Humanity

District of Columbia’s Solar for All program – Savannah Apartments
Retrofits: Deep Energy and Emissions Reductions and Resiliency

Dunn Family Coop, Centerline, Michigan

Riseboro, Brooklyn 80% energy reduction

HUD GRRP, 45L Tax Credit, Rebate, Solar ITC
AUGUST 27, 2021

NEW YORK STATE ANNOUNCES $7.5 MILLION IN FUNDING AVAILABLE TO CREATE 600 ENERGY-EFFICIENT, ALL-ELECTRIC AFFORDABLE HOMES
### Setting the Context

<table>
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<th>Percentage</th>
<th>Description</th>
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<tr>
<td>12%</td>
<td>Share of income spent on and utilities by low-income HH, on top of increasing rents</td>
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<tr>
<td>40%</td>
<td>Of occupied rental housing in US located in areas at risk from climate disasters</td>
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<tr>
<td>33</td>
<td>State and local governments (representing 22% of the US population) have committed to mandating minimum building energy performance standards</td>
</tr>
<tr>
<td>30%</td>
<td>Jump in the cost of producing affordable housing in recent years</td>
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HFA GOALS FOR IRA BOOTCAMP

Understand the mechanics of leveraging different types of IRA resources in project financing.

Identify opportunities for HFAs to apply to administer IRA funding directly.

Engage other state agencies to ensure that IRA-supported programs best meet the needs of affordable housing providers and residents.

Learn from peers about advancing energy efficiency, decarbonization and/or climate resilience in affordable housing.

Provide feedback to inform federal agencies about program implementation design that best supports affordable housing.

% of respondents ranking as Goal #1 | % of respondents ranking as Goal #2
---|---
49 | 33
7 | 36
19 | 8
4 | 4
IRA BOOTCAMP EXPECTATIONS

Program Components

• 10-12 virtual sessions from May-December
• Optional in-person gathering during NCSHA’s Annual Conference in October
• Peer learning opportunities
• IRA program deep dives
• Hear from federal agency representatives

Participant Expectations

• Consistent participation
• Willingness to share with/learn from peers and other stakeholders
• There may be some homework!
IRA includes tax credits and at least $25B of funding that can be used to increase the energy-efficiency, water-efficiency, and climate resilience of affordable housing and benefit low-income households.

OVERVIEW OF IRA OPPORTUNITIES

- Green and Resilient Retrofit Program [HUD]
- HOMES and High-Efficiency Electric Home Rebate Programs, aka “Home Energy Rebates” [DOE]
- Greenhouse Gas Reduction Fund [EPA]
- 45L New Energy Efficient Home Credit
- Bonus Solar Credit for ITC for Affordable Housing
# IMPLEMENTATION MILESTONES

<table>
<thead>
<tr>
<th>Implementation Milestones</th>
<th>Latest Milestone</th>
<th>Upcoming Milestones</th>
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<tbody>
<tr>
<td><strong>HUD Green and Resilient Retrofit Program</strong></td>
<td>Funding NOFOs released May 11</td>
<td>Rolling application deadlines; First deadline is June 29, 2023. <a href="https://www.hud.gov/grrp">https://www.hud.gov/grrp</a></td>
</tr>
<tr>
<td><strong>DOE Home Energy Rebates</strong></td>
<td>States can receive up to 2.5% of their allocation for planning</td>
<td>Detailed program guidance in July <a href="https://www.energy.gov/scep/home-energy-rebate-programs">https://www.energy.gov/scep/home-energy-rebate-programs</a></td>
</tr>
<tr>
<td><strong>EPA Greenhouse Gas Reduction Fund</strong></td>
<td>Program framework released in April</td>
<td>NOFO to be released as early as June 2023 <a href="https://www.epa.gov/greenhouse-gas-reduction-fund">https://www.epa.gov/greenhouse-gas-reduction-fund</a></td>
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<tr>
<td>Programs</td>
<td>Solar for All - Greenhouse Gas Reduction Fund</td>
<td>Natl Clean Investment &amp; Clean Communities Accelerator - Greenhouse Gas Reduction Fund</td>
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<td>----------------------------------------------</td>
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<tr>
<td>Who is eligible?</td>
<td>Up to 60 states, local, tribal govs to support residential and community solar in low-income and disadvantaged communities</td>
<td>2-15 non-profit financing entities to finance green banks, CDFIs, etc. across the U.S.</td>
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<tr>
<td>New Construction and/or Sustainable Preservation?</td>
<td>TBD</td>
<td>Both</td>
</tr>
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<td>Administered by?</td>
<td>EPA</td>
<td>EPA</td>
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<tr>
<td>How much?</td>
<td>$7 billion in competitive grants for states, local, tribal govs, and nonprofit financing entities for solar in low-income and disadvantaged communities</td>
<td>$20 billion in grants to nonprofit financing entities, who then revolve funds to sub-recipients to accelerate deployment of clean energy projects</td>
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<tr>
<td>When?</td>
<td>Apps open Summer 2023; grants awarded by Sept. 2024</td>
<td>NOFO expected late 2023; applications due early 2024</td>
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<td>Notes</td>
<td>Updated guidance is for residential and community solar and related upgrades, which could include roof replacements/repairs</td>
<td>$20b will split into $14b for 2-3 natl nonprofits that partner with private capital, and $6b for 2-7 HWB nonprofits to focus on community-focused investments that benefit low-income and disadvantaged communities</td>
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<tr>
<td>Tax Credits</td>
<td>Rebates</td>
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<tr>
<td><strong>Section 48 Renewable Energy Investment Tax Credit (Commercial Solar Tax Credit)</strong></td>
<td><strong>High-Efficiency Electric Home Rebate Program</strong></td>
<td><strong>HOMES Rebate Program</strong></td>
</tr>
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<td>Commercial developers, with steeper incentives for LIHTC developers</td>
<td>Multifamily developers of properties of any size; residential homeowners; owners of manufactured homes</td>
<td>The Commission’s 9% and 4% portfolio* and other multifamily building owners, developers, and homeowners</td>
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<tr>
<td>Both</td>
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<tr>
<td>IRS</td>
<td>30% base tax credit + 20% additional for LIHTC through IRS competitive application</td>
<td>6500 - $5,000 for meeting the ENERGY STAR Single Family New Homes Program or EER Zero Ready Home Requirements</td>
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<tr>
<td>2022 - 2032</td>
<td>To qualify, builders and developers will need to plan for the certification at an earlier stage in the development process because of inspections needed during construction. Tax credits are not transferable.</td>
<td>80% or below AMI for up to $14,000 per unit disseminated as point-of-sale rebates for electrification upgrades</td>
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<tr>
<td>Roles:</td>
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<tr>
<td>Dept. of Commerce Direct Role</td>
<td>Commission Exploring Direct Role</td>
<td>Commission Indirect Role</td>
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POLL QUESTION

Which of these programs are you most interested in learning about?

• DOE Home Energy Rebates
• EPA Greenhouse Gas Reduction Fund
• HUD Green and Resilient Retrofit Program
• IRS Low Income Communities Bonus Solar Tax Credit
• IRS 45L Tax Credit (Energy Efficient Home Credit)
• Other
• Don’t know enough yet to say
HFA PEER SHARING

What does your agency need to evaluate and prepare for IRA opportunities?

• Put your responses in the chat and/or come on camera to share
### Upcoming Sessions

<table>
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<tr>
<th>Date</th>
<th>Topic</th>
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| June 21, 2-3:30 PM ET | Opportunities for Energy Efficiency and Electrification  
                     + HUD GRRP Deep Dive                                                  |
| July 19, 2-3:30 PM ET | Home Energy Rebates: Understanding DOE Guidance  
                     + Working with your State Energy Office Counterpart                  |
| TBD           | Financing Opportunities from the Greenhouse Gas Reduction Fund        |
| TBD           | Renewable Energy Opportunities: Low-Income Bonus Solar Tax Credit and EPA’s Solar for All |
| TBD           | Opportunities for Resiliency in Affordable Housing                    |
| TBD           | Using the QAP to Leverage IRA Funding                                 |
| TBD           | Promoting Resident Agency                                             |

*Session dates and topics are subject to change*

*Please complete and return the survey*
HUD’s Green and Resilient Program (GRRP)

- Invests in energy efficiency, greenhouse gas emissions reductions, energy generation, healthy housing, and climate resilience strategies in HUD-assisted multifamily housing
- Grant/loan subsidy for $837.5 million/ up $4 billion in loan authority
- Distributed in multiple tranches released over the next year
  - First application round deadline is June 29, 2023
  - Final application round deadline is May 30, 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
GRRP Comprises Three Funding Cohorts

**Elements**
- Provide gap financing to incorporate green or climate-resilient measures
- Owners will have materially advanced but not yet closed in a recapitalization effort
- $40K per unit, up to $750K per property
- First application period deadline is June 29, 2023

**Leading Edge**
- Advance ambitious green and resilience goals as demonstrated through green certification
- Owners will be in the early planning stages of a recapitalization effort
- $60K per unit, up to $10M per property
- First application period deadline is July 31, 2023

**Comprehensive**
- Prioritize properties with high need for efficiency and climate resilience investments
- Owners will be planning a refinancing with rehab or a stand-alone renovation
- $80K per unit, up to $20M per property
- First application period deadline is August 31, 2023
# GRRP COHORT COMPARISON

<table>
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<tr>
<th>ELEMENTS</th>
<th>LEADING EDGE</th>
<th>COMPREHENSIVE</th>
</tr>
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<tbody>
<tr>
<td><strong>Funding</strong></td>
<td>$140M/approx. 200 awards</td>
<td>$400M/approx. 100 awards</td>
</tr>
<tr>
<td><strong>Scope of Work</strong></td>
<td>Owner-driven specified investments designed to enhance efficiency and climate resilience in owner-driven recapitalization transactions</td>
<td>Owner-driven ambitious initiatives designed to enhance efficiency and climate resilience in owner-driven recapitalization transactions</td>
</tr>
<tr>
<td></td>
<td>Measures must achieve a Qualifying Certification and 25%+ reduction in energy use</td>
<td>Measures must achieve 40%+ emissions reductions; net zero, zero energy ready, or zero over time; climate resilience</td>
</tr>
<tr>
<td><strong>Selection Priorities</strong></td>
<td>Achieving a green certification, converting from oil or gas to all-electric, and committing to the Better Climate Challenge</td>
<td>Ranking based on the property’s current utility inefficiency. Rehabilitation cost/unit and census tract poverty rate also considered</td>
</tr>
</tbody>
</table>
• Recipients can choose a **GRANT** or **SURPLUS CASH LOAN**
• Grants are not repayable if terms are met
  • Must be paid to the Owner- Affiliates cannot receive the grant on behalf of owner
  • Affordability period: at least 5 yrs of extended affordability and minimum 25 yrs total
• Surplus Cash Loan:
  • Affordability period: at least 5 yrs of extended affordability and minimum 15 yrs total
  • **Term.** 15 yrs or coterminous w/ first lien mortgage, whichever is later
  • **Interest rate.** Simple annual rate not less than 1%
  • **Security.** Lien subordinate to a first position senior mortgage lien.
    • *Comprehensive or Leading Edge* Award must be superior to all other financing liens
    • *Elements* Award can be subordinate to other liens if: (1) The principal balance exceeds the principal of the GRRP Loan; (2) The lender is a government agency, or a FHLB; and (3) The GRRP Use Agreement survives foreclosure of contingent debt

**HUD will consider future Surplus Cash Loan modifications if in the interest of HUD, in the interests of the residents, and/or in the interests of the preservation of affordable housing at the Property.**
GEOGRAPHIC DIVERSITY

HUD will use set-aside criteria across all funding categories properties and within each Application Period to ensure location diversity

- At least 5% of properties awarded shall be in each of the 10 HUD regions
- At least 15% of properties awarded shall be in non-metropolitan areas
FOR MORE INFORMATION

• HUD GRRP Website (https://www.hud.gov/grrp)
  • Funding Notice and NOFOs for each Cohort
  • Training videos
  • FAQ updated as HUD receives questions
  • Webinar recording and slides

• HUD Office Hours
  • Every Wednesday from 3-4pm ET until 6/28
Thank you!
Questions?