



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



NHT'S APPROACH

NHT equips communities for a sustainable, equitable future by preserving and modernizing existing homes—and building new ones that stand the test of time. We want everyone—everywhere—to be proud of where they live.

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



North Canal Apartments, Lowell, MA

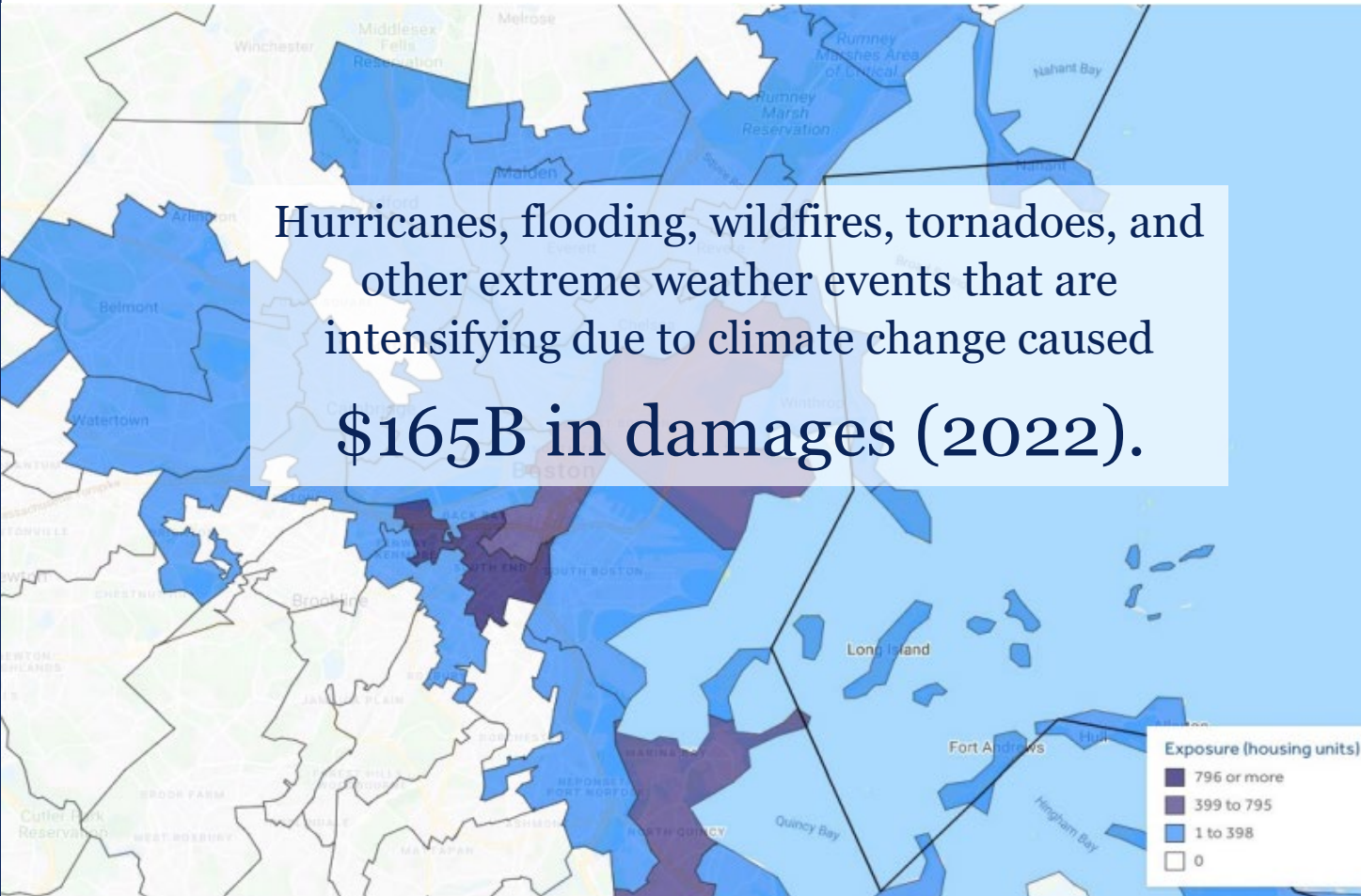
“Rooftop solar panels helping to stabilize operating costs and support renewable energy development in low-income communities.”

- HUD EDGE PD& R
Online Magazine



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)**.



National Housing Trust/Climate Central – Affordable Housing Risk

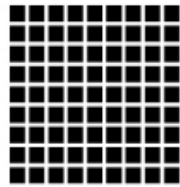
Trent Park, North Carolina, Hurricane Florence



Critical Interplay Between Emissions Reductions & Resiliency



Energy Efficiency



Renewable Energy



Building Electrification



Grid Integration + Storage + EV



Low Embodied Carbon Materials



Resiliency



HUD Green and Resilient Retrofit Program	\$837.5M for grants and direct loans, including up to \$4B in direct loans
45L Energy Efficient Home Credit (new or existing buildings)	Up to \$5,000 per unit
Electrification Rebate	Up to \$14,000 per unit
Energy Efficiency Rebate	Up to \$8,000 per unit
Solar and Wind Tax Credit	20% adder (on top of 30% tax credit)
EPA Greenhouse Gas Reduction Fund	\$27B



Maine Housing – Passive House

45L Tax
Credit,
Solar ITC



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)**





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



HUD GRRP, 45L
Tax Credit,
Rebate, Solar
ITC

Riseboro, Brooklyn 80% energy reduction



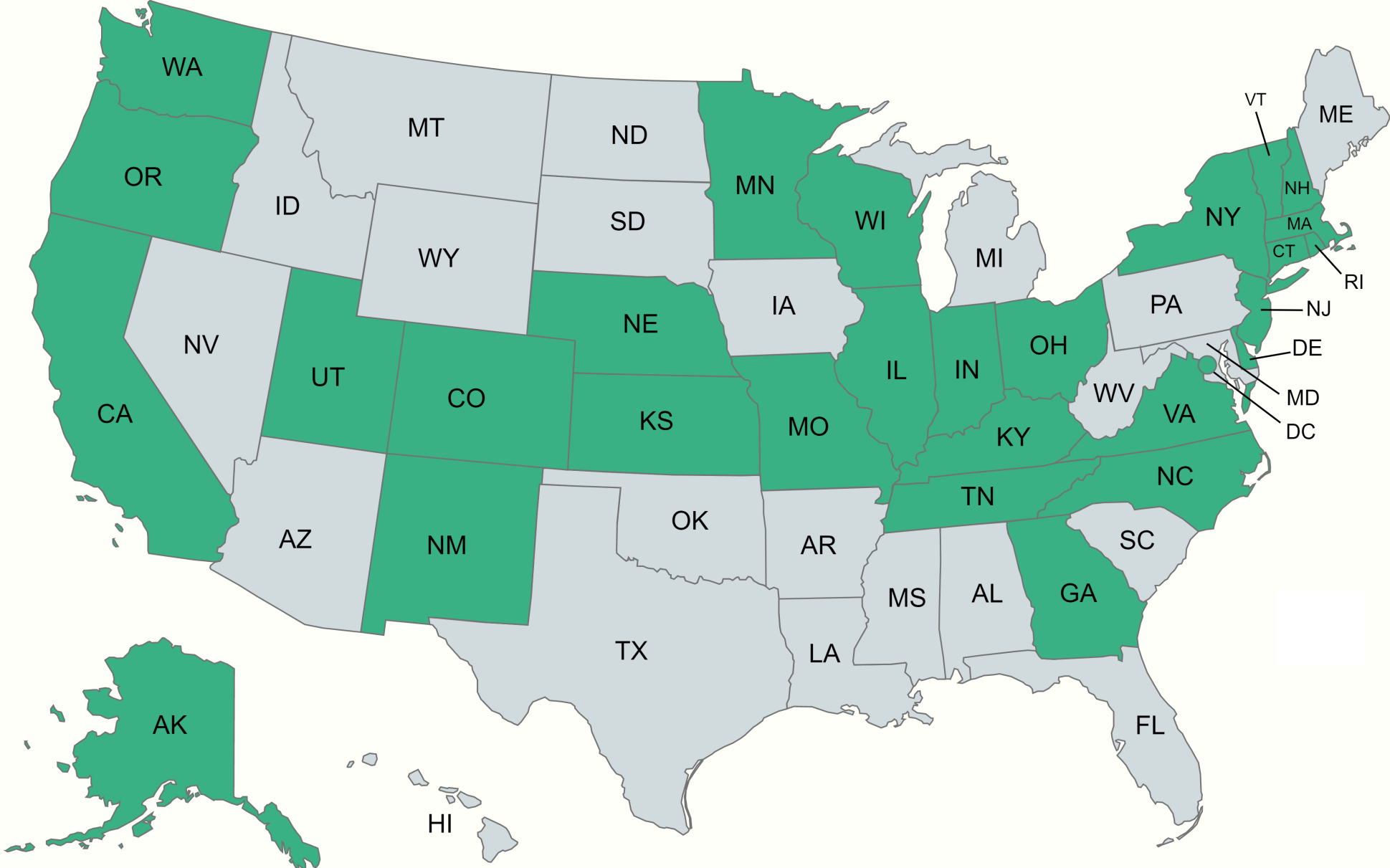
HFA and State Energy Office Partnership

AUGUST 27, 2021

**NEW YORK STATE ANNOUNCES \$7.5 MILLION
IN FUNDING AVAILABLE TO CREATE 600
ENERGY-EFFICIENT, ALL-ELECTRIC
AFFORDABLE HOMES**



HFA BOOTCAMP PARTICIPANTS



SETTING THE CONTEXT



12%

share of income spent on and utilities by low-income HH, on top of increasing rents



40%

of occupied rental housing in US located in areas at risk from climate disasters



33

state and local governments (representing 22% of the US population) have committed to mandating minimum building energy performance standards



30%

jump in the cost of producing affordable housing in recent years

HFA GOALS FOR IRA BOOTCAMP

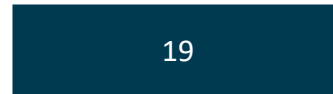
Understand the mechanics of leveraging different types of IRA resources in project financing.



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



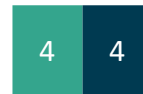
Engage other state agencies to ensure that IRA-supported programs best meet the needs of affordable housing providers and residents.



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

IRA BOOTCAMP EXPECTATIONS

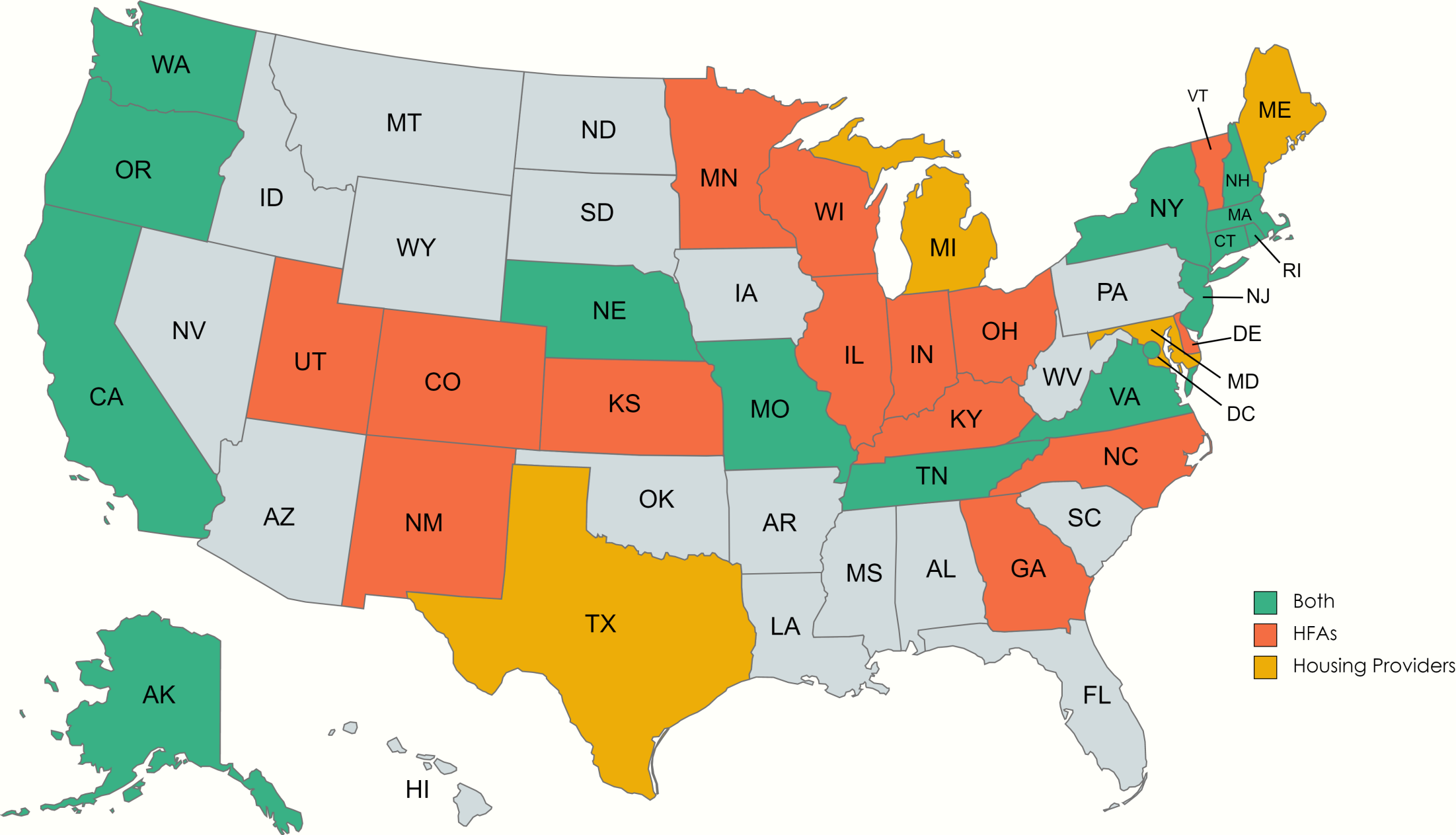
Program Components

- 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!

BOOTCAMP PARTICIPANTS





OVERVIEW OF IRA OPPORTUNITIES

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.



Green and Resilient Retrofit Program [HUD]



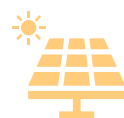
HOMES and High-Efficiency Electric Home Rebate Programs, aka “Home Energy Rebates” [DOE]



Greenhouse Gas Reduction Fund [EPA]



45L New Energy Efficient Home Credit



Bonus Solar Credit for ITC for Affordable Housing

IMPLEMENTATION MILESTONES

	Latest Milestone	Upcoming Milestones
HUD Green and Resilient Retrofit Program	Funding NOFOs released May 11	Rolling application deadlines; First deadline is June 29, 2023. https://www.hud.gov/grrp
DOE Home Energy Rebates	States can receive up to 2.5% of their allocation for planning	Detailed program guidance in July https://www.energy.gov/scep/home-energy-rebate-programs
EPA Greenhouse Gas Reduction Fund	Program framework released in April	NOFO to be released as early as June 2023 https://www.epa.gov/greenhouse-gas-reduction-fund
45L New Energy Efficient Home Credit		Guidance TBD https://www.irs.gov/inflation-reduction-act-of-2022
Low Income Communities Bonus Solar Tax Credit	Notice/initial guidance establishing program released in Feb	Further guidance expected shortly https://www.irs.gov/inflation-reduction-act-of-2022

WSHFC MAP OF IRA OPPORTUNITIES

Kate DeCramer
Senior Sustainable Energy Analyst
 Washington State Housing Finance Commission

Roles:



Dept. of Commerce Direct Role








Commission Exploring Direct Role



Commission Indirect Role

	Programs			
	 Solar for All - Greenhouse Gas Reduction Fund	 Natl Clean Investment & Clean Communities Accelerator - Greenhouse Gas Reduction Fund	 Climate Pollution Reduction Grants	 Green and Resilient Retrofit Program
Who is eligible?	Up to 60 states, local, tribal govts to support residential and community solar in low-income and disadvantaged communities	2-15 non-profit financing entities to finance green banks, CDFIs, etc. across the U.S.	State and local agencies named in Gov. Inslee's proposal; the Commission is named and included	Owners and sponsors of HUD-subsidized Section 202, 811, Project-based Section 8, and Section 236 properties that agree to an extended period of affordability
New Construction and/or Sustainable Preservation?	TBD	Both	TBD	Preservation
Administered by?	EPA			HUD
How much?	\$7 billion in competitive grants for states, local, tribal govts, and nonprofit financing entities for solar in low-income and disadvantaged communities	\$20 billion in grants to nonprofit financing entities, who then revolve funds to sub-recipients to accelerate deployment of clean energy projects	Gov's office received a \$250 million planning grant to create a Priority Climate Action Plan; competitive implementation grant cycle of \$4.6 billion will open to eligible entities	\$837.5M total across three cohorts for the cost of providing grants and direct loans, including to subsidize up to \$48 in direct loans through three rounds of funding
When?	Apps open Summer 2023; grants awarded by Sept. 2024		NOFO expected late 2023; applications due early 2024	Four application waves for each program; Summer 2023 - Summer 2024
Notes	Updated guidance is for residential and community solar and related upgrades, which could include roof replacements/repairs	\$20b will split into \$14b for 2-3 natl nonprofits that partner with private capital, and \$6b for 2-7 hub nonprofits to focus on community-focused investments that benefit low-income and disadvantaged communities	Within the buildings sector, the Commission is listed as an eligible entity for electrification, efficiency, and renewable energy activities	To improve energy or water efficiency, indoor air quality or sustainability; address climate resilience; implement the use of low-emission technologies; and benchmarking.
Learn More	https://www.epa.gov/greenhouse-gas-reduction-fund		https://www.epa.gov/inflation-reduction-act/climate-pollution-reduction-grants	https://www.hud.gov/sites/dfiles/OCHCO/documents/2023-05hsgn.pdf

WSHFC MAP OF IRA OPPORTUNITIES

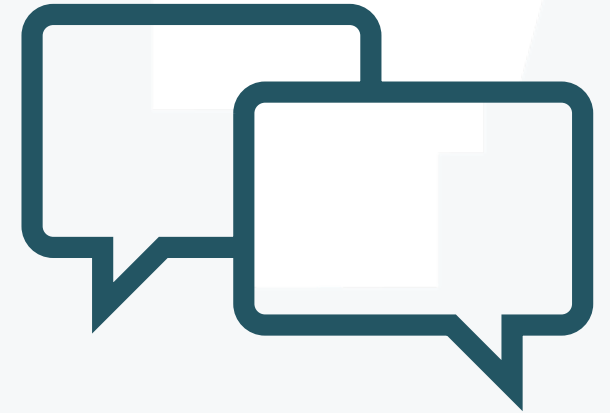
Tax Credits		Rebates	
 Section 48 Renewable Energy Investment Tax Credit (Commercial Solar Tax Credit)	 Section 45L (Energy Efficient Home Credit)	 High-Efficiency Electric Home Rebate Program	  HOMES Rebate program
Commercial developers, with steeper incentives for LIHTC developers	Multifamily developers of properties of any size; residential homebuilders; owners of manufactured homes	The Commission's 9% and 4% portfolio* and other multifamily building owners, developers, and homeowners	The Commission's 9% and 4% portfolio*
Both	Both	Both	Preservation
IRS		State Depts of Energy via formula funding. WA State's Energy Office (Commerce) will receive \$166 million total.	
30% base tax credit + 20% additional for LIHTC through IRS competitive application	\$500 - \$5,000 for meeting the ENERGY STAR Single Family New Homes Program or DOE Zero Ready Home Requirements	80% or below AMI qualifies for up to \$14,000 per unit disseminated as point-of-sale rebates for electrification upgrades	80% or below AMI multifamily qualifies for \$4,000-\$8,000 per unit depending on energy savings achieved, up to 80% of costs
2022 - 2032		2023 program design; 2024 anticipated rollout through 2031.	
The ITC is earned immediately upon Placed in Service and no longer is removed from LIHTC eligible basis. Tax credits are transferable.	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.	Qualified projects include heat pump water heaters and HVAC systems, electric cooking appliances, heat pump clothes dryers and upgraded circuit panels, insulation, air sealing, ventilation and wiring.	Energy savings can be modeled or measured. HOMES rebate program cannot be combined with the HEEH rebate program, but can be combined with other tax credits and incentives.
https://www.irs.gov/inflation-reduction-act-of-2022		https://www.commerce.wa.gov/growing-the-economy/energy/federal-funding-for-buildings/	

Roles:	
	Dept. of Commerce Direct Role
	Commission Exploring Direct Role
	Commission Indirect Role

POLL QUESTION

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

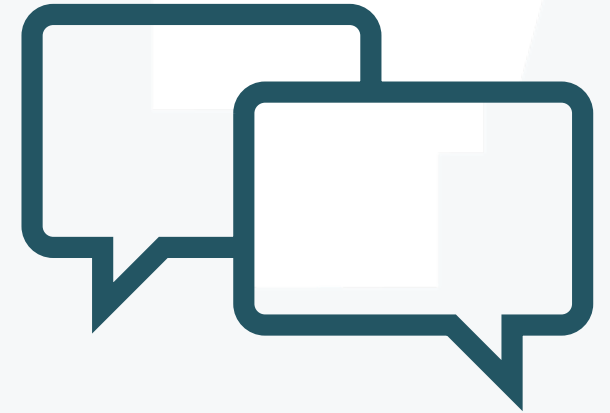
- DOE Home Energy Rebates
- EPA Greenhouse Gas Reduction Fund
- HUD Green and Resilient Retrofit Program
- IRS Low Income Communities Bonus Solar Tax Credit
- IRS 45L Tax Credit (Energy Efficient Home Credit)
- Other
- Don't know enough yet to say



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





Session dates and topics are subject to change

Please complete and return the survey

<i>Upcoming Sessions</i>	
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

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

	ELEMENTS	LEADING EDGE	COMPREHENSIVE
Funding	\$140M/approx. 200 awards	\$400M/approx. 100 awards	\$1.47B/approx. 300 awards
Scope of Work	Owner-driven specified investments designed to enhance efficiency and climate resilience in owner-driven recapitalization transactions	Owner-driven ambitious initiatives designed to enhance efficiency and climate resilience in owner-driven recapitalization transactions Measures must achieve a Qualifying Certification and 25%+ reduction in energy use	Comprehensive assessments commissioned by HUD via Multifamily Assessment Contractors (MACs) to determine scope of work Measures must achieve 40%+ emissions reductions; net zero, zero energy ready, or zero over time; climate resilience
Selection Priorities	Achieving a green certification, converting from oil or gas to all-electric, and committing to the Better Climate Challenge	Ranking based on the property's current utility inefficiency. Rehabilitation cost/unit and census tract poverty rate also considered	Eligible applications will be scored and ranked considering both climate hazard risk and energy inefficiency

GRRP FINANCIAL PRODUCTS

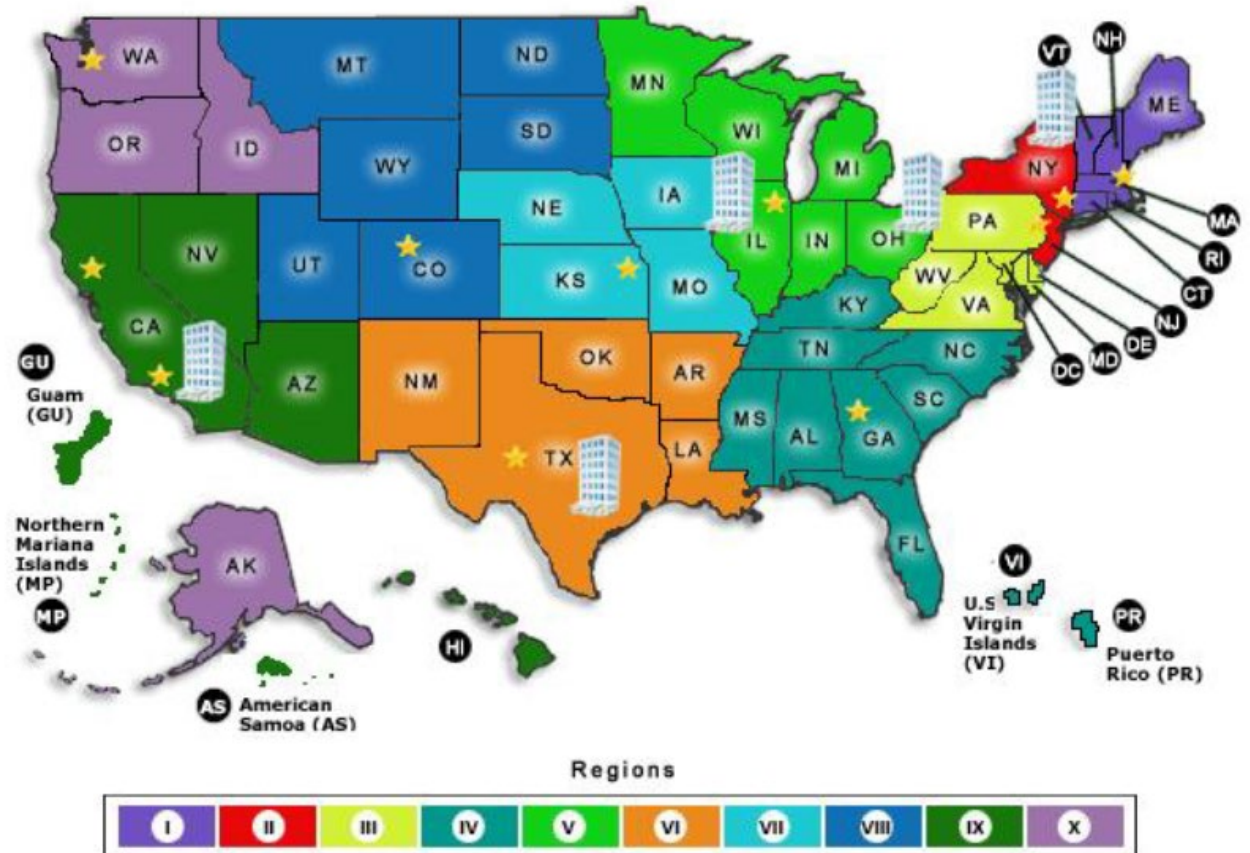
- Recipients can choose a **GRANT** or **SURPLUS CASH LOAN**
- Grants are not repayable if terms are met
 - Must be paid to the Owner- Affiliates cannot receive the grant on behalf of owner
 - Affordability period: at least 5 yrs of extended affordability and minimum 25 yrs total
- Surplus Cash Loan:
 - 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?

