Funding Process for REDi: EB Projects (for external use)

Context: In 2024, HPD launched the HPD's REDi: The Resilient & Equitable Decarbonization Initiative, a successor program to the HPD-NYSERDA Retrofit Electrification Pilot, designed to provide free technical support and to streamline funding to projects by "Directly Injecting" funds into projects to mimic HPD subsidy.

In 2025, the City launched the Affordable Housing Reinvestment Fund (AKA the "Offset Fund" or "GreenHOUSE Fund", in which buildings subject to LL97 can purchase offsets in lieu of penalties. Offset Funds flow through the REDi program – displacing NSYERDA funding in order to expand the REDi program to more HPD projects. A project participating in the REDi program may receive funds from NYSERDA, the Offset fund, or both. Together these will be considered "The REDi Funds" or "The REDi Incentive".

How REDi and Offset funding flows through projects:

1. **REDi Application:** Early in scoping process, an HPD Preservation project applies to the REDi program. The REDi Technical Assistance Provider (TAP) and HPD Sustainability (SUS) will issue a Proforma that outlines the REDi award amount based on proposed scope and project size. The agreed-upon Proforma must be signed by HPD Program.

2. **REDi Award:** A **Preliminary Incentive Offer Letter ("PIOL")** will be issued to the Owner after HPD program signs the Proforma and after owner submits the **signed Participation Agreemen**t and other required documents. The PIOL notes the REDi incentive amount (including which portion of the funding will come from Offsets, if any) and serves to "reserve" the funding for the project. The PIOL is necessary prior to the HPD Design Consultation.

3. **During the Design Process:** The REDi TAP provides technical assistance to the design team and reviews the design and specifications to ensure compliance w/ REDi's published Technical Requirements. The review coincides with the BLDS review.
    - If the REDi scope changes during design, the PIOL will be updated.
    - The project requires final sign-off by the TAP before bidding out the project.
    - Project team will underwrite to the appropriate HPD Electric M&O standards

4. **In Preparation for Closing, all required REDi Docs will be collected by TAP:** Documents outlined in the PA (Rider, Final Budget, etc.) are submitted by the Owner Team to the TAP before closing. REDi funds may not be distributed without receipt of these documents. This includes the REDi Rider and the REDI Budget & Requisition Workbook.

5. **The Final Incentive Award Letter (FIAL)** will be issued ~2-4 weeks before closing based on the final project scope**.** The FIAL will note the final REDi Scope, Final REDi Incentive amount, and will denote the final NYSERDA portion and the Offset Portion (if project includes Offset funding). If the REDi

project scope changes after the FIAL is issued (e.g., due to value engineering), the FIAL and all related budget documents (and the Expense Budget for REDi) will need to be updated.

6. **Loan Documents:** The loan documents (Commitment Letter and CLPA) will reference REDi and the funding source(s) that are in the PIOL. Note that REDi: EB funds match the terms of HPD subsidy.

7. **After Closing, the REDi Incentive funds will be placed into the project's servicing account** along with other sources, per the normal HPD process. Note that the REDi Funds are held separately in the Servicing Account, and are released upon TAP approval, pari-passu with other funding sources that cover REDi Scope Items.
    - If any pre-closing documents were not submitted prior to closing (e.g., a final budget), they will need to be submitted prior to release of any incentive funds.

8. **TAP Oversight:** The TAP will arrange and perform 3 or more site visits at key construction milestones, including joining the Construction Kickoff to ensure all parties (including owner, architect, contractor and relevant subcontractors) understand the key REDi requirements and milestones.

9. **Requisitions Process**: REDi funds will be paid out as part of the requisitions process
    - Prior to construction starting, the contractor submits itemized G703s and completed/ updated REDi Budget & Requisition Workbook (see Appendices B and C). This will serve as the basis for the requisitions process for REDi Scope items.
    - The contractor submits requisitions with REDi scope itemized, and cc's the TAP only when requisitions contain REDi scope items.
    - The TAP reviews these in parallel with the architect and/or bank engineer, using the REDi Budget & Requisition Workbook (see Appendix C).
        i. Additional documents may also be requested by the TAP as needed (e.g., receipts, photos, etc.) to document the progress.
        ii. Per the PA and Rider, there are milestone events/ deliverables that must be met before TAP can sign off on certain progress payments (e.g., shop drawings, the Rough-In and Final inspections, staff training). See Appendix D.
        iii. If the TAP finds major discrepancies in the amount of REDi: EB funds being requested or with the construction of REDi: EB Scope items, the TAP will flag those items and reserves the right to deny or adjust the amount of REDi: EB funds distributed.
    - Once approved, the TAP will send a signed copy of the REDi Requisition Approval Form noting the % approved of the REDi Scope Items and the amount of NYSERDA and Offset funds that can be released. This can be used in the G702.
    - Per the Participation Agreement and Rider, the final retainage related to REDi: EB scope will be released upon TAP approval of successful Commissioning/ Required Testing of the REDi systems and proof that all outstanding documents required by the REDi program have been provided to the TAP.

i. TAP sign-off of retainage will be noted on the REDi Requisition Approval Form

REDi: EB Resources: Always find the most up-to-date information on the REDi webpage, including:

- The REDi: EB Participation Agreement
- The REDi: EB Rider
- The REDi: EB Term Sheet
- The REDi: EB process steps

Appendix A: Sample FIAL noting both sources. The PIOL is similar.

Dear Applicant,

Your application to participate in the Resilient & Equitable Decarbonization Initiative ("REDi: EB") administered by NYSERDA and the New York City Department of Housing Preservation and Development ("HPD"), is hereby accepted. Together, this Final Incentive Award Letter and the executed Participation Agreement form the final legally binding agreement (Agreement) between the Applicant and HPD.

This Letter signifies that as of the date noted above, the project team has submitted all required documentation and has been confirmed as eligible for the REDi: EB incentives and, if noted, Local Law 97 Affordable Housing Reinvestment Offset Funds ("Offset Funds") in the amount(s) outlined below.

Building Address:	Current Fuel	# SRO/ Studio	# 1-BR units	# 2+-BR units	REDi Scope	Offset Eligible
984 Greene Ave	Oil	0	1	15	2	n/a
988 Greene Ave	Oil	0	1	15	2	n/a
*Maximum Offset Eligibility (based on deemed tons of GHG emissions)**					*$500,000*	
Total Estimated Incentive for this Project (based on final approved scope and REDi: EB limits)					**$886,760**	
Portion of funding from AHRF Offsets:*					*$86,760*	
Portion of Funding from NYSERDA:*					*$880,000*	
**Note that buildings subject to LL97 Article 320 are not eligible for Offset Funds. Buildings that do not pay into the SBS are not eligible for NYSERDA funds.*						

Upon closing, REDi: EB incentive and Offset Funds (collectively the "REDi: EB incentives") will be placed into the Owner's servicing account and drawn on through the standard requisition process as outlined in the Participation Agreement. REDi incentives are payable upon the Applicant satisfying the requirements listed in the Participation Agreement and are contingent upon Applicant implementing the full scope of work approved by NYSERDA and HPD. The owner acknowledges that any changes to the REDi: EB Scope must be reviewed and approved by HPD, the TAP and the Senior Lender, if any. If scope items are not completed and/or revised during construction, NYSERDA and HPD reserve the right to reduce the total incentive amount listed in this award letter pursuant to the process laid out in the Participation Agreement
HPD has the right to terminate the Agreement and will not make payment in the event any deliverables are not submitted in accordance with the Participation Agreement.

Signature: ____

Jennifer Bloom Leone, Assistant Commissioner | Chief Sustainability Officer

Date: ____

Appendix B: Sample G703, showing how REDi Scope Items must be itemized on the G703s, and G702 showing how REDi NYSERDA/ Offset Funds would be shown on applicable G702

INSTRUCTIONS: All items on each building's G703 should be clearly articulated as "REDi" and highlighted as shown in the example below. All REDi items should be entered in exactly the same format/ same values on the normal G703s and in this worksheet.

CONTINUATION SHEET
AIA DOCUMENT G703 (Instructions on reverse side)

PROJECT: *Sample Project*
ADDRESS:

AIA Document G702, APPLICATION AND CERTIFICATE FOR PAYMENT,
containing Contractor's signed Certification, is attached.
In tabulations below, amounts are stated to the nearest dollar.
Use Column I on Contracts where variable retainage for line items may apply.

APPLICATION NO.:
APPLICATION DATE:
PERIOD TO:

A	B	C	D	E	F	G		H	I
			WORK COMPLETED						
ITEM NO.	DESCRIPTION OF WORK (For simpicity, we recommend only including Pilot/ REDi Scope Items that require TAP Oversight)	SCHEDULED VALUES	FROM PREVIOUS APPLICATIONS	THIS PERIOD	MATERIALS PRESENTLY STORED (NOT IN D OR E)	TOTAL COMPLETED AND STORED TO DATE (D + E + F)	% (G / C)	BALANCE TO FINISH (C - G)	RETAINAGE (TYP. 5%)
	Division 02 - Existing Conditions								
		-	-	-	-	-		-	-
	Division 05 - Metals								
		-	-	-	-	-		-	-
	Division 07 – Thermal & Moisture Protection								
	REDi Wall insulation - 1" rockwool at inside face of brick	100,000.00	-		-	-		100,000.00	-
	Parging cellar walls	50,000.00	-		-	-		50,000.00	-
	New flashings at roof	25,000.00							
	Division 08 – Doors & Windows								
	Interior wood doors	**30,000.00**							
	REDi Windows - Triple Pane casement windows	100,000.00	-	-	-	-		100,000.00	-
	Division 22 – Plumbing			-		-		-	-
	REDi Supply and install Electric Heat Pump DHW System	250,000.00			-	-		250,000.00	-
	New sanitary risers	45,000.00			-	-		45,000.00	-
	Division 23 – HVAC								
	Replace rooftop fans	23,000.00			-	-		23,000.00	-
	REDi Supply + Install complete new Electric Space Heating system for residential spaces	1,000,000.00			-	-		1,000,000.00	-
	Division 26 – Electrical								
	Provide new electrical raceway for commercial office space	10,000.00			-	-		10,000.00	-
	REDi Provide power wiring to all HVAC equipment	15,000.00			-	-		15,000.00	-
	Subtotal	**1,648,000.00**	**#REF!**	**#REF!**	**#REF!**	**#REF!**		**#REF!**	**#REF!**
	% Markup (Gen'l Conditions, O&P, Insurance, Bond, etc.)	20.00%	20.00%	20.00%	20.00%	20.00%		20.00%	0.00%
	Total Markup	329,600.00	#REF!	#REF!	#REF!	#REF!		#REF!	#REF!
	Total with Markup	**1,977,600.00**	**#REF!**	**#REF!**	**#REF!**	**#REF!**		**#REF!**	**#REF!**

Appendix C: REDi Budget and Requisition Workbook showing the Requisition Approval Form & sample G702 showing NYSERDA & Offset payments once approved (see below)

REDi: Requisition Approval Form

Department of Housing Preservation & Development
nyc.gov/hpd

PROJECT NAME:	Sample Project
UNIT COUNT (TOTAL)	25050
APPLICATION/ INVOICE NO.:	3
APPLICATION DATE:	1/1/2026
PERIOD TO:	12/31/2025

Project Cost and Incentive Breakdown, for reference:

Item		Total $	% of Total	Split
REDi Scope Hard Cost		$6,465,000.00	100.00%	
Adjusted REDi Incentive*		$3,000,000.00	46.40%	100.00%
NYSERDA Portion*		$2,500,000.00	38.67%	83.33%
LL97 Offset Portion		$500,000.00	7.73%	16.67%

APPLICANT PORTION: FILL IN ALL BLUE CELLS				TAP: FILL IN ALL GREEN CELLS			
A	B	C	D	E		F	G
Building Address & Scope Category	DESCRIPTION OF WORK for each building, from G703 Tabs. Include all REDi Scope Items and Scheduled Values. Must exactly match G703s for description and values.	SCHEDULED VALUES (Including Markup)	REDi Portion of Scheduled Value (All Sources) 46.40%	% Requested in this Invoice (No payments may be authorized before Meeting Milestone 1)	Milestone Flags/ Latest Milestone Signed off by TAP	Approved Amount (Based on progress. Should not exceed % listed below for Scope 1&2)	TAP Comments: (Fill in onlhy if not approving full amount. Note pending milestones)
100 First Avenue					Final Cx Report submitted	Retainage	
1	REDi Supply Electric Heat Pump DHW System	250,000.00	$ 116,009.28	100%	OK	90%	We can only approve up to 90%
1	REDi install Electric Heat Pump DHW System	250,000.00	$ 116,009.28	100%	OK		We can only approve up to 90%
2	REDi Supply + Install complete new Electric Space Heating system for residential spaces	1,000,000.00	$ 464,037.12	35%	OK	35%	
2	REDi Supply + Install complete new Electric Space Heating system for commercial spaces	250,000.00	$ 116,009.28	35%	OK	35%	
4	REDi Provide new service from the Con Edison service entry for all apartment and building requirements.	25,000.00	$ 11,600.93	35%	Per architect once specs are approved	35%	
4	REDi Provide power wiring to all HVAC equipment	15,000.00	$ 6,960.56	35%	Per architect once specs are	35%	
3	REDi Wall insulation - 1" rockwool at inside face of brick	100,000.00	$ 46,403.71	35%	Per architect once specs are approved	35%	
3	REDi Roof Insulation - R39 batt in attic	200,000.00	$ 92,807.42	35%	Per architect once specs are	35%	
3	REDi Windows - Triple Pane casement windows	175,000.00	$ 81,206.50	35%	Per architect once specs are	35%	
3	REDi Skylights	5,000.00	$ 2,320.19	35%	Per architect once specs are	35%	
3	REDi Supply + Install new ERV system for residential spaces	300,000.00	$ 139,211.14	35%	Per architect once specs are approved	35%	
-	**Building Subtotal**	**$2,570,000.00**	**$1,192,575.41**				
ws as needed							
	Total:	**$6,385,000.00**	**$2,962,877.03**				
	Approved to date, % of Total:						
	Paid To Date (from last Invoice):	$0.00	$0.00	TAP to fill in previous invoice information -->			
	Approved for this Invoice::	**$7,635,000.00**	**$3,542,923.43**				

TAP: FILL IN ALL GREEN CELLS		
	Approved NYSERDA Funds for Soft Costs*	$0.00
	Approved NYSERDA Funds for this Invoice**	$723,298.53
	Approved Offset Funds for this Invoice*	$144,659.71
	Total Approved REDi to Date (including this invoice)	$927,958.24
	% REDi Approved to Date (including this invoice)	30.93%
	TAP Name	Jen
	TAP Date	9/19/2025
	TAP Signature	Jen Signature

**May only be released after Milestone 1 is complete*
***Approved amount minus retainage*

FINAL RETAINAGE APPROVAL (Release after all Milestones & Cx Report submitted)		
Building	Status	TAP to fill in approval date
100 First Avenue	Final Cx Report submitted	
100 Second Avenue	Rough In Complete	
100 Third Avenue	Submittals Approved	
#REF!	Docs NOT yet submitted	
#REF!	Docs NOT yet submitted	

CONTRACTOR'S APPLICATION FOR PAYMENT

Application is made for payment, as shown below, in connection with the Contract.
Continuation Sheet, AIA Document G703, is attached.

1. ORIGINAL CONTRACT SUM.........................	$	50,000,000.00
2. Net change by Change Orders.......................	$	-
3. CONTRACT SUM TO DATE (Line 1 + 2)................	**$**	**50,000,000.00**
4. TOTAL COMPLETED & STORED TO DATE.......... (Column G on G703)	$	10,000,000.00
5. RETAINAGE:		
a. 5 % of Completed Work Only. 0% on General Conditions, Bond & Insurance (Columns D + E on G703)		
b. 5% of Stored Material		
Total Retainage (Line 5a + 5b or Total in Column I of G703)		
6. TOTAL EARNED LESS RETAINAGE (Line 4 less Line 5 Total)		
7. LESS PREVIOUS CERTIFICATES FOR PAYMENT (Line 6 from prior Certificate)................................	$	5,000,000.00
8. CURRENT PAYMENT DUE..............................	**$**	**(5,000,000.00)**
8a. Approved REDi Funding (NYSERDA)*	$	723,298.53
8b. Approved REDi Funding (Offsets)*	$	144,659.71