



**Resilient & Equitable Decarbonization Initiative:  
Deep Energy Retrofit Program (REDi: DEEP)  
August 2025**

**Background:** To reach New York City and New York State’s ambitious climate targets and to reduce the barriers to decarbonize affordable housing, HPD’s REDi program provides funding to build capacity and scale up equitable decarbonization, beneficial electrification, and building resiliency within the HPD development pipeline. HPD makes this capital available through a long-term, multiyear partnership with NYSEDA.

The REDi: DEEP program is the second initiative to launch under the REDi program with a purpose of providing federal Inflation Reduction Act (IRA) funding to projects in HPD’s existing building pipeline. NYSEDA will provide an allocation of \$10 million of IRA funding to this program, with the option of expanding the program at its discretion.

<b>Resilient &amp; Equitable Decarbonization Initiative – REDi: DEEP Term Sheet</b>	
<b>Project Eligibility</b>	<p><b>HPD multifamily (5+ units) Sub/Gut Rehab projects in HPD’s pipeline receiving City subsidy through an HPD Multifamily Program, where &gt;50% of households have incomes &lt;80% Area Median Income (AMI) are eligible to apply for REDi: DEEP funding.</b></p> <p>Funding is sourced from the U.S. Department of Energy (DOE) through the Inflation Reduction Act – Home Efficiency Rebate (HER) program. Per DOE requirements, income verification is required to determine eligibility. This can be achieved either by manually verifying that at least 50% of households have incomes &lt;80% AMI or if the building can establish categorical eligibility as approved by DOE. Refer to <a href="#">IRA 50121 &amp; 50122 Home Energy Rebates Categorical Eligibility List</a> for further details.</p> <p>Project team must work with an approved Multifamily Residential Energy Pathways Participating Contractors – Energy Assessors (Participating Contractor – Energy Assessor).</p> <p>Buildings receiving this funding may not also receive incentives from the following programs (or successor programs) in conjunction with program funding: utility program funding (such as NYS Clean Heat), Climate Friendly Homes, other HPD REDi initiatives, or other federal grant and rebate programs.</p>

<b>Program Funding - Construction:</b>	<p><b>Up to \$20,000/unit and up to \$2.5 million per project</b> for projects that will reduce energy use by at least 35% with respect to existing conditions and that include significant envelope work.</p> <p><b>Projects</b> must be able to demonstrate that this funding plus other sources do not exceed the cost to implement the proposed scope.</p> <p>Funding will be committed to the project upon award of the Preliminary Incentive Offer Letter (PIOL) and will be paid out to the building owner during construction, upon the approval of Participating Contractor - Energy Assessor and NYSERDA in accordance with the terms of the Participation Agreement and the HPD loan documents.</p> <p>Funds will be delivered according to the following schedule:</p> <ul style="list-style-type: none"> <li>• Substantial Completion of project: 95%</li> <li>• Retainage: 5% upon completion of all IRA-related punch-list items and along with other project retainage</li> <li>• A bonus to the Participating Contractor of \$200/unit for projects in DACs will be available when project is completed and verified, per NYSERDA.</li> </ul> <p>Combined project incentives, from all NYSERDA sources, cannot exceed total project cost and NYSERDA incentives cannot exceed 80% of project cost.</p>
<b>Program Funding – Soft Costs:</b>	<p>An additional amount of funding that is 75% of the eligible soft costs up to \$25,000 is available to cover soft costs and will be available upon project closing once the scope of work and modeled energy savings have been approved by NYSERDA.</p>
<b>Program Priorities</b>	<p>The Program will prioritize HPD Sub or Gut Rehab projects designing to Passive House standards, particularly:</p> <ul style="list-style-type: none"> <li>• Large, single building Deep Energy Retrofit projects where REDi: DEEP funding limits are more favorable than REDi: EB</li> <li>• Buildings that do not pay into the System Benefit Charge that cannot be served by REDi: EB.</li> </ul> <p>All other projects are encouraged to apply to REDi: EB.</p>
<b>Base Scope:</b>	<p><b>Up to \$20,000/ unit for projects that can achieve 35% or more modeled site energy savings</b> with respect to existing conditions, as established by 12-24 months of historic, weather-normalized energy usage data.</p> <p>Project scope must include significant envelope work beyond air-sealing, roof work and window replacement to achieve deep energy reductions.</p> <p>Projects with 5 or more units with centralized mechanical systems must use DOE approved modeling software eQUEST, WUFI Passive and DOE-2.2. A simpler modeling approach may be available for smaller buildings 2-4 units or buildings with 2-19 units that have non-centralized mechanical systems and Participating Contractors should contact the program team to confirm eligibility.</p>
<b>Program Requirements:</b>	<p><b>Program Requirements:</b></p> <p>Funded projects will be required to sign and comply with the terms and conditions included in the NYSERDA Participation Agreement and add the applicable language to their standard regulatory agreements, Commitment letters and Construction Loan Participation Agreements.</p>

	<p>Awarded projects must comply with the following requirements:</p> <ul style="list-style-type: none"> <li>• HPD Design Guidelines Requirements and processes</li> <li>• REDi: EB Technical Requirements where applicable</li> <li>• Energy model will be reviewed by NYSERDA to ensure compliance with DOE requirements</li> <li>• The SOW will be reviewed by NYSERDA to ensure alignment with measure eligibility</li> <li>• Work with a Participating Contractor for applicable work scopes</li> <li>• Participants must be able to show at least 24 months of prior utility data within the past 7 years</li> <li>• Participants must also allow NYSERDA and its contractors to access and utilize past, current, and 120-month utility billing and consumption information/data</li> <li>• Participants are required to complete a Consumer Survey</li> <li>• Participants will receive a Post-Installation Certificate</li> <li>• Comply with requests for project information for a future program evaluation</li> </ul> <p>Buildings that are currently vacant on a temporary basis for planned major renovations may be eligible for this program and shall be considered for approval on a case-by-case basis.</p> <p><b>Data Sharing and Publication:</b></p> <p>Participants in REDi: DEEP are required to agree to publication of certain information, including but not limited to project scopes, scope costs, photographs, building and anonymized unit-level energy utility data, information on resident comfort and satisfaction which will be used in case studies to encourage market development of heat pumps in multifamily affordable housing.</p>
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*REDi awards are subject to availability of funding. HPD retains the right to revise this term sheet and to waive any requirement contained therein, subject to the applicable statutes and program regulations. All proposals must comply with all applicable federal, state, and local laws.*

## **APPENDIX A – REDi: DEEP Scope**

*The following items are considered the REDi: DEEP Scope:*

- Supply and Install of all Space Heating systems (“Systems”) where applicable
- Supply and Install of all Hot Water systems (“Systems”) where applicable
- Supply and Install of all Ventilation systems (“Systems”) where applicable
- Supply and install of all envelope components required to achieve REDi: DEEP energy reductions, broken out by assembly:
  - Wall and Roof Insulation
  - Windows, Doors, and Skylights
  - Blower Door Testing
  - Passive House Certification Fees, where applicable