



JOINT HPD-NYSEDA \$15 Million Future Housing Initiative for New Construction

Program Description

1. Overview:

The Future Housing Initiative will provide owners and developers of multifamily projects being financed through HPD New Construction Programs an opportunity to receive additional NYSEDA Incentives to fund the construction of high-performance all-electric multifamily buildings that will achieve Passive House Certification. The Program will have two application rounds. Round One, which will grant a total of \$7.5 million, is outlined in this document.

Eligibility: The Future Housing Initiative will be open to projects in HPD's New Construction Pipeline that are projected to close within 1-2 years of application to the program. Projects will be competitively selected through an application process.

Funding: Up to **\$10,000 per dwelling unit** is available to a select number of projects that can demonstrate a financing gap to achieve the program's performance goals. Projects may either be currently designed to meet this standard or in need of an "enhanced design". Funding will be capped at a maximum of **\$1,500,000** per project.

2. Background:

HPD is committed to working toward the City's goals of carbon neutrality by 2050, while focusing on the resiliency and health of our buildings and our residents. To achieve these goals, we have committed to fast-tracking equitable decarbonization and releasing Design Guidelines that will ensure that these goals can be met across our portfolio of projects. For buildings, this will mean replacing fossil fuel combusting equipment with efficient electric solutions in conjunction with dramatically improving building efficiency.

To achieve these goals while building capacity for our internal and external stakeholders, HPD has partnered with NYSEDA to pilot a streamlined approach for incorporating clean energy incentives and technical assistance to support the development of highly-efficient, all-electric new projects.

3. Funding Description:

A **total of \$7.5 million** will be available to projects in to HPD's New Construction Pipeline that will close within two years of acceptance into the Future Housing Initiative. Projects will be reviewed and scored by NYSEDA and HPD and will be selected based on the eligibility criteria outlined in this document.

Incentive levels will be based on the project's demonstrated need but cannot exceed the per/ dwelling unit and per/ project amounts outlined below.

Once selected, the project team will work with a NYSERDA funded Technical Assistance Provider to optimize the design and construction process. This provider **DOES NOT** replace the project's energy or HVAC consultants.

The base Future Housing Initiative funding will consist of up to **\$5,500 per dwelling unit** and up to **\$1,375,000 in total** per project. Projects may use incentives to cover both hard and soft costs. Projects may qualify for Boost funding which would provide up to an additional **\$4,500 per dwelling unit**.

A. Boost Criteria:

Projects who meet any of the following "Boost Criteria" can receive up to **\$10,000 per dwelling unit** and up to **\$1,500,000 in total** per project.

Boost Eligibility for difficult to develop project (up to \$2,000):

- Project is < 60 units or contains multiple buildings < 60 units.
- Project is > 20 stories above grade.
- Project is prevailing wage (HPD SARA projects).
- Project is on a difficult-to-develop site or has an extenuating situation that would make project more expensive (narrative required).
- No one on the project teams (among all Owners and Architects) have completed a certified Passive House project at the time of application.

Boost Eligibility based on scope (up to \$2,500):

- Project is not designing to Passive House levels of performance and/or is not All-Electric at the time of application.

B. Additional Innovation Funding:

Projects incorporating innovative technologies that significantly reduce energy costs may be eligible for funding above the per/DU and per/ project cap per NYSERDA. Project must demonstrate cost and benefit as part of the application process. Max additional funding would be at the discretion of NYSERDA. Criteria for evaluating innovative technologies are as follows:

- Annual GHG emissions reductions and/or utility cost savings beyond proposed Future Housing Initiative Scope
- Benefit(s) justifies cost over the item's life cycle.

4. Project Scoring Criteria:

Basic Eligibility: Projects must meet all of the following criteria to be eligible to participate in the program:

Projects are currently accepted into HPD's New Construction Pipeline

1. Applicants must meet ONE of the following below:

- a. Project design complies with the Future Housing Initiative scope (all-electric, passive house levels of performance) and **demonstrates a gap in financing**
- b. Project **requires an enhanced design** to meet the Future Housing scope (all-electric, passive house levels of performance), which will result in a gap in

financing

2. Projects must be **closing within 1-2 years of acceptance** into the Future Housing Initiative. Applicants will need to provide documentation from HPD as part of the application.
3. Commit to **underwriting 50% of the projected energy savings and 75% of the solar energy savings.**
4. Commit to applying for and recognizing as a source all applicable tax, **utility and solar incentives** that can be combined with Future Housing Initiative incentives. All incentives and tax benefits shall be included in the project application. Benefits and/or incentives can be estimates, as applicable.
5. A project must be, or be capable of and intend to be, a New York State electricity distribution customer of a participating utility company that pays into **the System Benefits Charge (SBC).**
6. The development team must **commit to achieving** the Future Housing Initiative scope.
7. The project team will commit to **work with NYSERDA's Technical Assistance Provider**, who will assist in:
 - a. Supporting an integrated design process for high-performance all-electric construction
 - b. Providing technical guidance, as needed, to project teams new to high-performance and/ or all-electric new construction
 - c. Measurement and Verification for two years post lease up.
 - d. Benchmarking as outlined in the regulatory agreement.
8. The development team will commit to **working closely with NYSERDA's Technical Assistance Provider and HPD's Program and Sustainability Units** as needed throughout design, construction, measurement and verification phases.
9. The development team will **directly provide data to HPD and NYSERDA** on projected and actual performance and incremental costs related to high-performance/ all-electric construction.
10. Provide an operational manual to all end users including residents, operators and HPD for all HVAC equipment as applicable. This should include but not be limited to servicing requirements, control setpoint guidance, operational instructions, and guidance on repair requests and service requests
11. The development team will consent to **participating in publicly available case studies**, including but not limited to release of project photos and cost/ performance data.
12. Project funding request (excluding a potential Innovation Funding amount) falls within the per unit and per project limits and no funding gap remains.
13. Building(s) are not subject to LL154 or any other codes and regulations that require incentivized scope items.

Project Evaluation: In addition to the basic eligibility criteria above, projects will be evaluated by a scoring committee comprised of HPD and NYSERDA staff. Projects will be equally scored on the following evaluation criteria:

1. Scope: Projects will be evaluated on the technical feasibility of the presented scope of work.
2. Budget: The request is reasonable and achievable.
3. Cost effectiveness: Projects will be evaluated based on the scope achieved compared to the funding request. Bonus points and boost criteria will be taken into account when evaluating cost effectiveness.
4. Overall feasibility: overall likelihood of the project to succeed in the given timeframe and

budget requested.

HPD programmatic considerations: At the discretion of the scoring committee, projects will be evaluated based on diversity of participating New Construction programs and populations served.

5. Future Housing Initiative Scope:

All-Electric, Passive House Level Performance:

The goal of the Future Housing program is to build **carbon neutral-ready affordable housing** (all-electric with passive house levels of performance). This means that projects exclude fossil fuels from all building systems and equipment and are designed and constructed with highly energy efficient building shell.

Projects that rely on a fossil fuel-fired generator for emergency use only may qualify if fossil fuel use is excluded from all other building systems and equipment. HPD, at its sole direction, will consider exceptions to the all-electric rule for on a limited, case-by-case basis based on technical infeasibility.

The Future Housing Initiative Specifically Requires:

To demonstrate compliance as all-electric with Passive House levels of performance, participating projects must:

- 1) Design **AND** certification to one of the Passive House programs below:
 - PHI Classic
 - PHIUS+ 2018 Core or PHIUS+ 2021
 - PHIUS Prescriptive
- 2) Include **ALL** the following in the project scope:
 - Electric high-performance heat pumps for space heating, cooling and domestic hot water
 - Electric induction cooking appliances
 - High-performance electric laundry equipment
 - Energy Recovery Ventilation (ERV)
 - Solar and/or green roof (unless granted an exception from HPD for technical feasibility)

Integrated Design:

Proposal must include a description of how the project will follow an integrated design process from design through commissioning in order to optimize cost-benefit.

At least one member of the team responsible for overseeing this work must have demonstrated prior success leading an integrated design process or have successfully completed and certified a multifamily Passive House project. *For teams new to this process, project may receive “boost” funding and additional support can be provided.*

6. Exceptions and Exemptions of the Use of Funds:

The funds are designed to fill financing gaps for projects to meet the Future Housing Initiative's defined scope. The scope does not require the applicant to include ground source heat pumps, embodied carbon reductions (from material selection or design improvements to reduce quantity of material), climate resiliency, EV charging or other innovative technologies not specifically mentioned. While those additional items are not required within in this scope, development teams are strongly encouraged to include those considerations where they can be included in the project scope cost effectively. **Projects who successfully incorporate these additional items will be granted bonus points to their application.**

Projects selected for Future Housing Initiative funding will be prohibited from receiving financial support from some other clean energy programs that support highly-efficient, all-electric (carbon neutral-ready) housing including HCR's Clean Energy Initiatives (CEI) program. If projects have already applied to a NYSERDA program, such as the New Construction – Housing Program or the Buildings of Excellence, acceptance of the demonstration funding shall be considered to supersede that previous funding allocation, and HPD, NYSERDA and the awardee shall work together to cancel the New Construction – Housing Award and/or Buildings of Excellence awards and remove its funds from the capital stack post award notification.

The project team is encouraged to comply with the [NYS Clean Heat](#) Program Requirements and apply for and receive all applicable Clean Heat Incentives if available. If Clean Heat Incentives are procured, these incentives must be recognized within the construction cost estimate.

Other programs, such as but potentially not limited to, the following programs shall be considered to be acceptable to use in conjunction with this award: [Real Time Energy Management Program \(RTEM\)](#), Charge Ready NY, and [NY Sun](#). Projects may also be eligible to receive federal or state tax credits for some aspects of their project. **HPD requires project teams to research and apply for all applicable eligible funding programs.**

7. How to Apply:

Email all application materials to futurehousing@hpd.nyc.gov.

1. Submit a Future Housing Initiative Pre-Approval Letter (draft available on HPD's FHI landing page) from HPD Program to confirm that project meets the program's eligibility requirements. Applicants are highly encouraged to request this Letter from Program by May 15th. This is to ensure Applicants receives the Letter on time for June 1st.
2. Complete the **Future Housing Initiative Program Application** which includes:
 - Scope information and details
 - Description of team members, design task schedule and budget
 - Description of integrated design progress
3. A narrative completed either by the owner or by the project's selected green/energy consultant that describes the project's current compliance with the Future Housing Initiative scope or the approach to achieving – not to exceed 2 pages, in PDF format.
4. Submit up to 3 renderings or other descriptive images showing building massing and facades, plus 1 building section. Images should be combined into a file no larger than 2 megabytes.

5. Submit a signed contract with a licensed or certified professional who is able to certify the project as Passive House.

*Applications must be consolidated into a zip file of no larger than 10 megabytes, and named: FutureHousing_ProjectName_HPDIID