



## JOINT HPD/NYSERDA RETROFIT ELECTRIFICATION PILOT: PROGRAM REQUIREMENTS

Revised September 2023

**Background:** To reduce the barriers to electrification on existing affordable housing projects, HPD and the New York State Energy Research and Development Authority (NYSERDA) developed a pilot program to scale up electrification retrofits within the HPD Preservation pipeline.

**Funding:** Grant funding is available to eligible building owners seeking HPD financing for rehabilitations of multifamily buildings up to 7 stories to cover the incremental construction cost to electrify domestic hot water heating (DHW) and/or space heating & cooling systems. Grant funding will be provided on a first come, first served basis, and will be additional to HPD’s maximum term sheet funding. Funding will be paid to the project by NYSERDA during the construction phase and in conjunction with HPD and private (if applicable) loan funds. This pilot will be open for three years, beginning in 2022, or until funding is exhausted. Because funding for this pilot is limited, grant funding may be capped on a per-project basis. Maximum funding on any project is limited to \$1 million. For multi-building projects comprised of oil-fueled buildings, NYSERDA and HPD may award up to \$2 million.

Scope	Required Scope Items	Targeted Buildings	Cost Covered by Pilot Grant Funding
<b>1: Electrify Hot Water Heating (partial or 100% load)</b>	<p><b>Required:</b> Heat pumps for DHW Production plus low-flow fixtures, pipe insulation,</p> <p><b>Recommended:</b> common area and exterior lighting upgrades, solar where feasible.</p>	<p><b>Required:</b> Buildings needing DHW replacement and that have adequate roof/outdoor space for equipment.</p> <p><b>Preferred:</b> Substantial Rehabs <math>\leq 7</math> stories and between 10-50 units that can support solar, buildings with oil or electric DHW and/or buildings in current or future flood zones.</p>	<b>Up to \$2,300/ DU</b> covers incremental costs for electrification of hot water system*
<b>2: Electrify Space Heating and, where feasible, Cooking</b>	<p><b>Required:</b> Heat pumps for space heating plus building envelope upgrades (roof insulation, high-performance windows, comprehensive air-sealing)</p> <p><b>Recommended:</b> Lighting upgrades, ventilation upgrades, insulation upgrades, solar where feasible, and electric stoves where economically feasible.</p>	<p><b>Required:</b> Substantial Rehabs needing full heating system replacement that are pursuing EGC or LEED, that have adequate roof/ outdoor space for equipment.</p> <p><b>Preferred:</b> 10-50 unit buildings <math>\leq 7</math> stories that use oil or electric heating and/ or are located in current or future flood zones, and projects where operational costs will be reduced post-retrofit.</p>	<b>Up to \$24,000/ DU</b> covers incremental costs for electrification of space heating, related scope items and electrification of cooking equipment where feasible*

\*See Appendix A for details.

**Program Description:** Projects will implement one or both of the two pre-defined electrification scopes below. The borrower’s development team will work closely with the pilot’s dedicated Technical Assistance Provider (TAP) to design and scope the electrification project, estimate project costs and energy savings, assist with bidding and procurement, monitor construction, and train building residents and staff on

system use and maintenance. In addition to electrifying hot water heating and/or heating systems, projects will be required to install the energy efficiency measures outlined in the chart below in addition to energy efficiency measures already standard for most HPD projects (e.g., lighting upgrades, air-sealing, envelope improvements, and solar where feasible). Projects implementing Scope 2 will be required to assess and implement appropriate ventilation strategies.

#### **Detailed Program Requirements:**

1. For projects to be funded in this pilot, projects and owners will first be evaluated against the eligibility criteria shown in the table above for each one of the relevant HPD programs. The project will then be assessed for pilot suitability based on the following characteristics:
  - a. Project: Project timeline, proposed scope, building's capacity to reasonably accommodate electrification equipment, electric capacity/availability as determined by Con Edison, and projects where electrification won't negatively impact operational costs.
  - b. Owner Team: Open to implementing either of the electrification scopes described below, willingness to work with the dedicated TAP from design through construction, and willingness to publicly share utility data and project information.
2. Applications should be submitted to the relevant HPD loan program using procedures found on HPD's website. Applications will be evaluated by HPD, NYSERDA and the Technical Assistance Provider to determine if projects meet the criteria above. Projects will be selected on a first-come, first-served basis until the fiscal year funding is exhausted. When fiscal year funding is exhausted, projects are transferred to the next fiscal year and will keep their place in the queue.
1. The Owner Team will be required to comply with the NYS Clean Heat Program Requirements and apply for and receive all applicable Clean Heat Incentives. These will be recognized as a source within HPD budgets. Projects that cannot claim these incentives will be considered on a case-by-case basis by HPD and NYSERDA. The Owner Team will be required to complete an Integrated Physical Needs Assessment (IPNA) and, for Scope 2 projects, certify with Enterprise Green Communities or LEED Gold or above.
2. Buildings receiving the Pilot incentive may not stack AMEEP incentives. For multi-building projects where not all buildings are receiving Pilot funds, AMEEP may be use on non-Pilot buildings.
3. The Owner must allow HPD to share all project information and data with NYSERDA and its contractors, including but not limited to project scope, costs, and pre/post construction utility data.
6. Buildings that participate in this pilot will be evaluated by an independent consultant engaged directly by NYSERDA, under terms of confidentiality.
7. Buildings in this pilot may be required to complete a post occupancy survey including questions about system performance, maintenance, and resident comfort and satisfaction, with an objective of a resident response rate of 30% or higher.
8. Participants in the pilot agree to share and allow the publication of the following information: building and anonymized unit-level energy utility data, information on resident comfort and

satisfaction, comprehensive project, construction and system maintenance costs, building photographs, which will be used in case studies to encourage market development of heat pumps in multifamily affordable housing.

**For projects wishing to be considered for this pilot, please contact [ElectrificationPilot@hpd.nyc.gov](mailto:ElectrificationPilot@hpd.nyc.gov)**

## **Appendix A: Covered Costs:**

*Certain incremental costs will be considered “covered costs” by the program, per the chart below. Items not included are scope items considered to be Business as Usual (BAU) scope items for HPD projects and will be covered by the HPD and/or private loan. Incremental hard costs covered by NYSERDA incentives will be limited to a maximum of \$2,300\* for Scope 1 and \$24,000\* per dwelling unit for Scope 2 due to program constraints – projects that have total incremental costs beyond the covered costs will not be considered by HPD and NYSERDA to be a good fit for the Pilot. \*Note that NYSERDA reserves the right to adjust the per dwelling unit limit at their discretion or to cover certain additional soft costs.*

- *Covered: Any scope item that is triggered specifically by Electrification will be covered, including but not limited to:*
  - *Dunnage/ support for heat pump equipment*
  - *Electrical service & distribution upgrades required specifically for the Electrification Scope*
  - *Parapet work if triggered by work related specifically to Electrification Scope that would not be necessary otherwise*
  - *Ventilation beyond typical HPD specifications*
  - *Electric stoves when considered feasible (e.g. does not trigger additional electric upgrades)*
- *Not covered: Items that are Business as Usual (BAU) scope items for HPD will not be considered “covered costs” including but not limited to:*
  - *Air Sealing*
  - *Lighting Upgrades*
  - *Solar (solar must be included on projects where feasible per HPD mandate)*
  - *Low flow fixtures*
  - *Pipe insulation*
  - *Refrigerator and appliance upgrades (unless specifically triggered by Electrification Scope)*
  - *Exterior doors & glazing*
- *Note that scope items that are BAU scope items for HPD projects will not be covered unless the Electrification Scope requires a higher performance specification. For these items, only the incremental costs beyond the typical HPD scope item cost would be covered.*
  - *Upgrade to heat pumps (incremental to BAU non-electric heating system scope)*
  - *Upgrade windows to higher performance (incremental to current HPD specification)*
  - *Upgrade roof to higher performance if triggered specifically for Electrification Scope*

*HPD reserves the right to modify this list at any point during the Pilot.*