

MULTIFAMILY PERFORMANCE PROGRAM



GREEN AFFORDABLE HOUSING COMPONENT

The New York State Energy Research and Development Authority's (NYSERDA's) *Multifamily Performance Program* is a comprehensive Program that addresses the needs of the multifamily sector by working with Program Participants to improve the energy efficiency, health, safety, and security of residential buildings with five (5) or more residential units.

The Program consists of the *New Construction Component* and the *Existing Buildings Component*, serving all combinations of market-rate and low- to moderate-income projects through a common process and a varying schedule of incentives. The Program relies on a network of contractors, called Multifamily Performance Partners, who have demonstrated their ability to provide building performance services to program participants. The Program will work to achieve the following NYSERDA goals:

1. Create a market-based network of building performance specialists capable of delivering services to developers, building owners and their representatives;
2. Facilitate access to capital to fund energy and energy-related improvements to buildings;
3. Lessen the burden imposed by energy consumption and other utility-related costs, with a significant emphasis on providing this benefit to low- to moderate-income residents;
4. Package energy efficiency with other types of improvements such as advanced meters coupled with a real-time pricing or time-of-use electricity rate structure, distributed generation and renewable energy;
5. Reduce the multifamily sector's contribution to the system peak demand;
6. Promote the ENERGY STAR[®] label.

GREEN AFFORDABLE HOUSING COMPONENT OVERVIEW

Through a memorandum of understanding, the New York State Office of the Attorney General (OAG) has agreed to work with NYSERDA to administer funds awarded to the State of New York through a Clear Air Act lawsuit against Ohio Edison, a regulated utility in Ohio. NYSERDA will use these funds to spur the development of Green Affordable Housing across the state through its new Multifamily Performance Program. Over the next four years, \$4.77 million in funding is available for this effort (through calendar year 2010).

ELIGIBILITY REQUIREMENTS

The Green Affordable Housing Component will serve new construction projects that are comprised of five (5) or more residential units and house a low-income population. NYSERDA defines low-income buildings as those where 25% of the households in the building maintain an income level at or below 80% of New York State Median Income. NYSERDA allows for the use of proxies in determining income eligibility. For a list of these proxies, see the Multifamily Performance Program application.

PROGRAM REQUIREMENTS

The Green Affordable Housing Component is a subset of NYSERDA’s Multifamily Performance Program. It will address the needs of new construction projects by providing technical assistance to improve the energy efficiency, health, safety, and security of these projects as they are planned, designed, and constructed. Like all buildings participating NYSERDA’s Multifamily Performance Program, the Green Affordable Housings projects will be required to attain the ENERGY STAR® label for mid and high-rise buildings. In addition to receiving the standard incentives available to projects participating in the Multifamily Performance Program, projects in the Green Affordable Housing Component will receive additional incentives for the installation of green building features, and will be required to gain LEED Certification at the Silver level.

INCENTIVES

Because the Green Affordable Housing projects will be required to attaining the ENERGY STAR® label for mid and high-rise buildings, it incorporates all of the program procedures, rules, and requirements of the Multifamily Performance Program’s New Construction Component. Therefore, the Green Affordable Housing Component, like the New Construction Component, is structured in such a way that NYSERDA disperses four (4) milestone payments to the building owner or developer throughout the course of each project. The Green Affordable Housing Component will include the same milestone payment points as the New Construction Component, but will include added deliverables associated with attaining LEED Certification, and will provide increased incentive levels in order to cover additional costs associated with the expense of building a LEED Silver building. The augmented milestones as well as the unique incentive levels are depicted in the table below.

OAG AFFORDABLE GREEN BUILDINGS	
PAYMENT #1	\$30,000
Payable upon: 1. Receipt of the signed contract between the Developer and the Partner; 2. The registration of the project with the US Green Building Council; 3. The receipt of a draft proposed <u>Energy Reduction Plan</u> ; 4. Evidence that the developer has paid at least 75% of the design team's fees.	
PAYMENT #2	\$1.85/ghsf* + \$275/DU
Payable upon approval of the proposed <u>Energy Reduction Plan</u> that indicates achievement of a performance target of at least 20% by the proposed design, and the results of the LEED-H Provider's Preliminary Rating indicating anticipated achievement of LEED Silver Certification or better.	
PAYMENT #3	For LEED Silver Certification
	LEED Silver Certification... \$0.10/ghsf* + New Construction Payment #3 below
	LEED Gold Certification... \$0.25/ghsf* + New Construction Payment #3 below
	LEED Platinum Certification... \$0.50/ghsf* + New Construction Payment #3 below
NC Payment #3	For final Performance Targets within the following ranges:
	20-22%... \$0.25/ghsf* minus 10% retainage
	23-25%... \$0.35/ghsf* minus 10% retainage
	26% and up... \$0.50/ghsf* minus 10% retainage
Payable upon approval of the final <u>Energy Reduction Plan</u> confirming a performance target of at least 20% and LEED-H Provider's confirmation of completion and submission of all required documentation.	
PAYMENT #4	10% retainage held from Payment #3
Payable upon receipt of the Fuel Release Forms as detailed in the Participation Agreement + LEED Certification.	

*ghsf = gross heated square footage of residential space based on the proposed Energy Reduction Plan or as revised in the final Energy Reduction Plan.

The above table shows milestone payments based on project size as well as the level of “green-ness” each project achieves. NYSERDA will use LEED certification as the indicator of “green-ness.” Each project will be required to achieve Silver-level LEED Certification through the US Green Building Council. Mid-rise buildings will be required to use the LEED for Homes rating system. High rise buildings seven stories or more will use either LEED for Homes or LEED NC v2.2. As depicted above, projects that attain LEED Gold and LEED Platinum levels of certification will receive a larger performance-based grant from NYSERDA.

GREEN AFFORDABLE HOUSING COMPONENT PROCESSES

1. Enroll in Multifamily Performance Program - New Construction Component

Projects seeking funding for green building measures through the Affordable Green Housing Component must enroll in the Multifamily Performance Program’s New Construction Component. For more information on the New Construction Component please visit NYSERDA’s [getenergysmart.org](http://www.getenergysmart.org) website at:

<http://www.getenergysmart.org/buildingowners/newconstruction/overview.asp>

On the [getenergysmart.org](http://www.getenergysmart.org) website, interested parties can access documents that describe all of the New Construction Component’s rules, requirements, and procedures as well as an application to the program.

2. Submit Supplemental Application

Applications for the Green Affordable Housing Component will be considered through a ranking process using a NYSERDA-developed evaluation tool that applies a numeric value to various elements of the application submission materials. Examples of evaluation criteria include: developer experience with green building, presence of LEED accredited professionals on the development team, project financing and budget projections, project complexity, project replicability, level of energy efficiency, etc.

NYSERDA will assemble an evaluation panel to review applications every two weeks, as needed, until all available funds are committed. The first such evaluation panel will convene on July 13, 2007 and will continue to convene every other Thursday thereafter. Applications will be accepted on a rolling basis and are due 10 business days prior to the meeting of the evaluation panel. Projects will be notified as to their status no later than one week after evaluation.

3. Selected Projects Meet with LEED and NYSERDA Team Members

After a project has been selected to participate in the Green Affordable Housing Component the development team must hold an initial project meeting with:

- A Northeast Regional LEED for Homes Provider;
- The development team’s Partner;
- The development team’s LEED AP(s);

NYSERDA staff.

This meeting will be held at NYSERDA's Albany or New York City Office. The purposes of the meeting are to:

1. Bring the development team together with NYSERDA and the Northeast Regional LEED for Homes Provider to discuss the project;
2. Understand the goals of the project;
3. Clarify the role of each team member as it relates to NYSERDA's programmatic requirements;
4. Create a plan including a timeline that describes the generation and submission of all program deliverables.

Ongoing Meetings

The above team members must meet at least once every six (6) months for the duration of the project. These ongoing meetings will offer a chance for all interested parties to share information on any barriers to project success and, if necessary, discuss potential solutions.

ADDITIONAL REQUIREMENT

In addition to the administrative steps involved in gaining LEED certification, there are an additional program requirements unique to the Green Affordable Housing Component: the submission of a "LEED Cost Sheet" to NYSERDA. This deliverable must be submitted in conjunction with the final Energy Reduction Plan, which triggers the payment of incentive #3.

LEED Cost Sheet

All projects participating in the Green Affordable Housing Component will be required to submit a detailed analysis of the identifiable incremental costs associated with the project's green workscope and LEED-H certification costs. This document must contain information about each green measure, the costs associated with it, an incremental cost analysis of implementing each green measure, and a brief narrative describing the methodology used to pursue each green measure if applicable. The narrative should include information about obstacles encountered in the course of implementing each green strategy.

DISCLAIMER REGARDING PROGRAM REQUIREMENTS

In addition to the above program processes NYSERDA's Multifamily Performance Program and the LEED for Homes Pilot Rating System each carry additional procedures and requirements. All Green Affordable Housing projects must comply with both of these programs' rules and regulations in order to receive NYSERDA funding.

APPLICATION AND SUBMISSION REQUIREMENTS

INTRODUCTION/OBJECTIVE

New York State Energy Research Development Authority (“NYSERDA”) is seeking proposals for the Green Affordable Housing Component of the Multifamily Performance Program.

The primary goal of this program is to spur the development of affordable housing that is both energy efficient and environmentally sustainable, and promotes human health through improved indoor air quality.

In order to ensure that each Green Affordable Housing project incorporates comprehensive energy efficiency into its design and development, NYSERDA requires projects to receive the ENERGY STAR® Label for mid and high-rise buildings. Therefore, all participating projects must also enroll in the New Construction Component of the Multifamily Performance Program, which requires buildings to perform 20% better overall than a reference building built in accordance with ASHRAE 90.1 – 2004 and NYSERDA’s Simulation Guidelines (the minimum efficiency requirement needed to receive the ENERGY STAR® Label).

In order to ensure that projects embrace a holistic approach to sustainability, all projects will be required to attain LEED certification at the silver level as a minimum. Mid-rise buildings will be required to use the LEED for Homes rating system. High-rise buildings seven stories or more will use either LEED for Homes or LEED NC v2.2.

PROPOSAL REQUIREMENTS

Each application submission must contain the following elements:

A. Project Description

The project description should be a detailed narrative describing relevant aspects of the project, including, but not limited to: the size and number of new buildings; proposed uses of new buildings and their square footage, number of units, neighborhood character; and plans for traffic circulation, access, and security. The project description should clarify how and what entity (-ies) would manage the various components of the project upon completion.

The narrative should describe the proposed project’s sustainable design goals.

Using the LEED for Homes or (if seven stories or more) LEED NC v2.2 checklist, identify each credit your project will seek to achieve the minimum required level of LEED certification – LEED silver. Each narrative should describe steps that will be taken and proposed technologies the project team envisions using to gain LEED certification.

B. Site Plan & Architectural Design

Proposers should provide schematic plans and drawings for the development, including but not limited to: general exterior design, and a summary of the proposed building program with all square footages identified. Proposals should include a schematic site plan outlining the general building footprints, sidewalks, roads, driveways, landscaping, and other amenities.

C. Zoning Calculation

Proposers should provide a preliminary zoning analysis showing all calculations, including proposed use groups, proposed parking and identifying all special zoning requirements, permits and authorizations.

D. Financial Information

The financial information should include pro forma cash flows for development, ramp up, and project operation periods, including any as-of-right or discretionary real estate tax, energy, or other governmental benefits assumed in the model. The cash flows should include a section outlining all assumptions on which all calculations were based, including annual escalations, discount rates, rents, financing, enrollment, and minimum IRRs sought. The financial information should also indicate sources and uses of funds; an itemized construction budget defining specific hard and soft costs; detailed description of proposed equity investment and construction and permanent financing; cash flow from program and operations; and letters of interest and/or intent from lenders.

E. Respondent Description

Each proposal must include a description of the management and/or development team, including:

- The intended form and structure of any proposed partnership or joint venture must be clearly explained and a chart/diagram of the purchaser/and or development entity, showing structure (percentages) of ownership and investment must be included.
- Name, address, telephone number and qualifications of the development team, including all persons or entities that will design, develop, manage, or operate space in the facility, as well as the lawyer and other professionals, as appropriate, who will be involved in this project.
- Statement of experience of the applicable members of the team who will develop and implement the specific steps that will be taken to achieve LEED Silver Certification or better. The statement should describe the team's experience in the fields of energy efficiency and/or sustainable design and construction.
- At least one member of the development team must be a NYSERDA Partner and at least one member must be a LEED accredited professional who has demonstrated experience in the multifamily market.
- Respondents must provide the Federal EIN number of the development entity and the Social Security number of its principals.
- Background information on all members of the proposer's team, including the relevant experience of all principal members thereof.
- Any additional documentation or information evidencing the strength of the proposer's team and its ability to complete the project.

F. Construction Schedule

Respondents are required to provide a construction and development schedule for the proposed project.

SELECTION CRITERIA

NYSERDA will use the following criteria as a guideline to review submissions and select a proposal:

- *Relationship to Surrounding Community*
Building height, pedestrian access, landscaping, and other aspects of the proposed development's relationship to the surrounding community.
- *Design Plan for LEED*
A narrative of the proposed Plan to attain the LEED certification, including what measures will be implemented and why these particular measures should be considered for the green building incentives.
- *Financial Feasibility*
The applicant's demonstrated financial condition to complete the project; availability of identifiable funding sources to finance the project; and sufficient revenue to support operating expenses, capital costs,

and debt service;

- *Development Team Qualifications*

Experience, experience in energy efficiency and green building, development skills, and financial resources necessary to complete a high-quality project on time and within budget;

- *Schedule*

Demonstration of ability to complete the project in a timely fashion;

- *Energy Efficiency and Sustainable Design*

Demonstrated knowledge of: energy efficiency and/or fundamental building science, green building techniques; integration high performance measures and sustainable design practices;

- *Replicability*

As green building and sustainable design strategies are incorporated more frequently into government codes and programs, easily replicable demonstration projects become essential in providing the development community with affordable and proven strategies for success. Projects that include demonstrated, widely available, cost effective technologies to promote sustainability, health and safety will be given priority over projects that include complex, experimental, and expensive solutions to similar problems.

SUBMIT 3 COPIES OF ALL APPLICATION MATERIALS BY MAIL TO:

Shelley Allen
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