



## GREEN RETROFIT PROGRAM FOR MULTIFAMILY HOUSING



	Created by the American Recovery and Reinvestment Act of 2009, Implemented by Housing Notice H-09-02 published May 13, 2009:
<b>Objectives</b>	\$250 Million in loans and grants to for energy and green retrofits in the multifamily assisted housing stock. Create green collar jobs. Improve property operations by reducing utility expenses. Benefit resident health. Benefit the environment.
<b>Energy and Green Retrofit Investments</b>	Up to \$15,000 per residential unit (with an expected average of \$10,000/unit) to reduce energy costs (e.g., more efficient heating and cooling systems), reduce water use (e.g., low-flow faucets and toilets), improve indoor environmental quality (e.g., low-VOC products), and provide other environmental benefits (e.g., materials with recycled content, reflective roofing to reduce heat-island effects, etc).
<b>Program Volume</b>	Estimate funding about 25,000 units (approx 300-350 properties).
<b>Implementation</b>	Accept applications starting June 15, 2009, begin obligating funds by September 2009, and owners begin making improvements immediately thereafter (and owners must complete work within two years).
<b>Eligible Properties</b>	Must receive HUD project-based assistance: <ul style="list-style-type: none"><li>○ Section 8</li><li>○ 202-811 Elderly/Disabled Housing</li></ul>
<b>Funding Buckets</b>	Initial applications will be allocated to project categories for Section 202, Section 811, USDA Section 515, and other Section 8 projects based on a pro rata representation of each property type among the universe of eligible properties. Further, limitations will be placed on projects under common ownership or control and projects within any one of the ten HUD regions.
<b>Underwriting Criteria</b>	Applications must pass an initial feasibility based on underwriting criteria consistent with origination of each project type, that uses the last three years' financials, applies a vacancy/ rent loss factor, applies a common reserve deposit requirement, and requires a minimum debt service coverage and operating expense cushion. After passing initial feasibility, HUD will underwrite each project to determine feasibility.
<b>Processing Timeline</b>	HUD expects most Green Retrofit transactions to close within 120 days of being assigned for processing.
<b>Owner Incentives</b>	<ul style="list-style-type: none"><li>• Pre-Development Incentive: 1% of Green Retrofits not to exceed \$10,000</li><li>• Energy Efficiency Incentive: 3% of Green Retrofits not to exceed \$30,000</li><li>• Targeted Job Creation Incentive: (optional) up to \$25,000</li><li>• Incentive Performance Fee: 3% of collected revenue annually</li></ul>
<b>Owner Commitments</b>	<ul style="list-style-type: none"><li>• Use Agreement for 15 years beyond existing use restricted period</li><li>• Green Rehab and Green Replacements for life of Use Agreement</li><li>• Green Maintenance</li><li>• Recycling/ Hazardous Waste/ Landfill Diversion</li><li>• Discounts, Rebates and Commissions to Project Account</li><li>• Resident Involvement, Outreach and Incentive Plan</li><li>• Integrated Pest Management Plan</li><li>• Green Research Cooperation</li><li>• Green Property Management Training</li></ul>