Clean Energy Financing: Collaboration in New York State

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Northeast Sustainable Energy Association (NESEA)
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New York State’s Clean Energy Initiative: Collaborating for greener affordable housing

Northeast Sustainable Energy Association Conference – September 15, 2022

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Home Leasing
New York’s Climate Act

Climate Act requires minimum 35%, with goal of 40% of clean energy spending directed to disadvantaged communities.

CLEAN ENERGY ECONOMY
over 157,000 clean energy jobs

RENEWABLE ENERGY
6,000 MW of distributed solar

by 2025

RESILIENT and DISTRIBUTED GRID
1,500 MW of energy storage

ENERGY EFFICIENCY AND BUILDING DECARBONIZATION
185 TWh end-use savings in buildings and industrial facilities

NEW YORK'S CLIMATE ACT

RENEWABLE ENERGY
9,000 MW of offshore wind

by 2035

RENEWABLE ENERGY/CLEAN ENERGY STANDARD
70% electricity from renewable energy

by 2030

GHG REDUCTION
40% reduction in greenhouse gas emissions from 1990 levels

by 2035

GHG REDUCTION
85% reduction in greenhouse gas emissions from 1990 levels

by 2050

CLEAN ELECTRICITY
100% zero-emission electricity

by 2040

CLEAN TRANSPORTATION
100% light duty zero-emission vehicle sales

by 2050

More than 200,000 new jobs added

10,000 MW of distributed solar*

*As announced by Governor Andrew M. Cuomo during Climate Week 2021, New York State has now set a successor distributed solar goal of at least 10 GW of solar by 2030, NYISO 2021 and NYSERDA 2021. Staff are now in the process of charting the path to 10 GW and beyond via a Whitepaper before the Public Service Commission (PSC).
Two Million Climate-Friendly Homes by 2030

Governor Hochul’s 2022 State of the State (SOTS)

• Directs NYSERDA, HCR, DPS and DOS to deliver:
  • an executable plan this year to reach 2 Million climate-friendly dwelling units by 2030
  • a funding proposal and strategies to leverage private capital

• The Action Plan must outline path and funding to achieve:
  • a minimum of 1 million electrified homes/apartments
  • up to 1 million electrification-ready homes/apartments
  • Ensure more than 800,000 (40%) low-to-moderate income households served with clean energy upgrades

Scale of homes adopting full-load heat pump systems for heating and cooling will need to increase 10X from ~20k homes/year to 200k+ homes/year by 2030
The Governor’s 2 Million Homes initiative recognizes critical policy instruments and interventions needed to achieve this target:

1. Changes in the **new construction code**, **benchmarking large buildings** including multifamily, and **appliance efficiency standards**

2. Efficiency and electrification integrated into **HCR’s 5-year Affordable Housing Capital Plan**

3. Changes in **Public Service Law** to level the playing field for clean energy alternatives and end the obligation to serve customers with natural gas, tailored to maintain affordability for LMI

4. Convening the **finance, mortgage and banking industries** to help align private capital to **support housing decarbonization**

5. Providing the training and workforce development programs/support to ensure that New York has the **skilled workforce to deliver these services**
Strong Legislative Tailwinds at all Levels

State
• New York City Public Housing Preservation Trust Act
• Advanced Building Codes, Appliance and Equipment Efficiency Standards Act
• Utility Thermal Energy Network and Jobs Act
• State Tax Credit for Ground Source Heat Pump installations

Local
• NYC’s Climate Mobilization Act including LL97; LL154 – All-Electric New Buildings Act
• City of Ithaca’s Green New Deal: Goal to achieve carbon-neutrality community-wide by 2030

Federal
• Infrastructure Investment & Jobs Act (IIJA) / Bipartisan Infrastructure Law (BIL)
• Inflation Recovery Act (IRA)
Transformative Partnerships with Affordable Housing

- NYSERDA has robust partnerships in place with HCR, HPD and NYCHA to help them achieve their ambitious sustainability goals.
- NYSERDA and HCR have a transformative long-term partnership to effectuate HCR’s sustainability leadership and make decarbonization core to developing and preserving NYS affordable housing.
- NYSERDA investment in HCR: $100M over 5 years.
  - Clean Energy Initiative: a flagship effort to create a streamlined, scalable model for integrating clean energy grants, technical assistance into financing process.
The State’s affordable housing agency, with a mission to build, preserve, and protect affordable housing and increase homeownership (single-family) throughout New York State.

HCR is comprised of the following agencies:

- The State of New York Mortgage Agency (SONYMA)
- Housing Finance Agency (HFA)
- Housing Trust Fund Corporation (HTFC)
- Affordable Housing Corporation (AHC), and
- Division of Housing and Community Renewal (DHCR)
NYSERDA & HCR Partnership

Five Key Work Areas

- **Capacity Building**: Create a process for NYSERDA/Energy funding to be utilized as a source (aka directly injected) into HCR pipeline
- **Technical Support**: Provide TAP support for both new construction and existing buildings (preservation and adaptive reuse)
- **Process**: Roll out a set of Guidelines for Sustainability within HCR
- **Data & Research**: Create a process for carbon accounting with HCR. Support HCR with research and developments of new decarbonized technologies.
- **Strategy**: Ensure the HCR roadmap is aligned with the State's Carbon Reduction goals as defined in the CLCPA and 2 Million Homes Action Plan

**SUSTAINABILITY GUIDELINE REQUIREMENTS**

This booklet is divided into three sections:

1. **Section 1: Core Sustainability Requirements**
2. **Section 2: Building Performance Requirements**
3. **Section 3: Additional Sustainability Requirements**

**Institutional Capacity Building**
- Integrate sustainability into HCR’s ‘new normal’ across all business lines.
- Track the passage of policies that will HCR/NYSERDA, implement/communicate policies, and conduct research in order to programs.

**Policy & Research**
- Use data to inform decision-making, HCR’s portfolio, & report GHG reductions for HCR.

**Data**
- Coordinate between HCR, NYSERDA, OTIS, OPI, and other agencies/organizations to advance sustainability goals across the state.

**Interagency Coordination**
- NYSERDA providing up to $100M in funding over 5 years
Overview: NYS Clean Energy Initiative (CEI)

On August 2021, NYS Homes and Community Renewal (HCR) and the NYS Energy Research and Development Authority (NYSERDA) announced the availability of state funding for a new Clean Energy Initiative, designed to create energy-efficient, all-electric affordable housing units.

1. Promote ease of access to affordable housing owners/developers through one application and source
2. Minimize issues with incentive-based payments
3. Inject clean energy funding within the capital stack
<table>
<thead>
<tr>
<th>Phase</th>
<th>Phase 1A ($7.5M)</th>
<th>Phase 1B ($25M)</th>
<th>Long Term CEI Program</th>
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<tbody>
<tr>
<td>Hard Cost funding</td>
<td>$10,000/unit to offset the incremental capital costs of pursuing the scope of work</td>
<td>Up to $22,500/unit - EB Up to $10,000/unit - NC</td>
<td>Split funding: NC, NC Boost: $X,X00/Unit, Adaptive Reuse: $X,X00/unit, EB: Max (all three scope items): $XX,000/unit</td>
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<tr>
<td>Soft cost funding</td>
<td>$2,500/unit to fund integrated design</td>
<td>Up to $2,500/unit not to exceed $150,000/project</td>
<td>Loading... In process</td>
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<tr>
<td>Requirements</td>
<td>All projects must pay into SBC Cannot receive NYSERDA MPP, NC-H, or BOE funding for construction</td>
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Sustainability Guidelines

TERMINOLOGY: BASELINE REQUIREMENTS AND STRETCH GOALS

**BASELINE REQUIREMENTS**

Baseline Requirements outline mandatory criteria that are required on every project.

**STRETCH GOALS**

Stretch Goals are not mandatory, but projects should consider all Stretch Goals outlined in this document unless meeting those goals proves to be cost prohibitive to the project. Stretch standards can be met in whole or in part, meaning a developer can choose to achieve some Stretch Goals in one section but not another. Competitive projects can receive additional points for achieving some or all of the stretch standards as outlined in the applicable RFP.

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<tbody>
<tr>
<td>Stretch:</td>
<td>20% energy reduction</td>
<td>Path to electrification</td>
<td>20% energy reduction</td>
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Baseline:
- All-electric
- Choose from NYSERDA NC-H, 2020 EGC, LEED v4.1, Well or National Green Building Standard

**No IPNA Required**

- No IPNA Required

**IPNA Required**

- IPNA
- 20% energy reduction in project
- Retro-commission central plant systems
- Mandatory water and lighting efficiency (Section 2)
- Insulate existing DHW and HVAC

**Stretch:**
- LEED v4.1 BD&C Zero
- 2020 EGS Plus
- Passive House

**Baseline:**
- 20% energy reduction in project
- Choose from 2020 EGC or LEED v4.1

**Baseline:**
- IPNA
- 20% energy reduction in project

**Baseline:**
- IPNA
- Retro-commission central plant systems
- Mandatory water and lighting efficiency (Section 2)
- Insulate existing DHW and HVAC

**Stretch:**
- Passive House envelope
- Electrification
- 2020 EGC Plus or EnerPHit

**Stretch:**
- Passive House envelope
- Electrification
- 2020 EGC Plus or EnerPHit

**Stretch:**
- 20% energy reduction
- Path to electrification
- Electric ready
Role of Technical Assistance Providers (TAP)

- Provide direct support for Clean Energy work scope items
- Expertise in Passive House and high-performance building standards
- Compliance with the CEI Program
• Family Owned and Mission Oriented
• Development, Construction, Property Management
• New York, Pennsylvania and Maryland
• Specialize in Affordable Housing

• Project Types:
  o New Construction
  o Adaptive Reuse of Historic Buildings
  o Acquisition of Troubled Properties
  o Community Development
  o Integrated Supportive Housing

• 48 properties and 3,100 units managed.
• Pursuing WBE Certification
• Certified B Corp:
  o Approximately 5,000 companies worldwide.
  o High standard of social and environmental performance, transparency, and accountability.
Tailor Square—Adaptive Reuse of Hickey Freeman

• Community Development Goals:
  o Equity Investment in NE Rochester
  o Historic Preservation
  o 134 Senior Affordable Apartments
  o 43 Supportive Housing Units—People Inc.

• Economic Development Goals:
  o $84 Million Total Investment
  o 77,000 sq ft Manufacturing
  o 250 Jobs Preserved

• Climate Action Plan Goals:
  o Model for Existing Buildings in Distressed Markets
  o All Electric Housing
  o Geothermal
  o Solar (Onsite and Offsite)
Tailor Square—Adaptive Reuse of Hickey Freeman

• Green Building and Energy Incentives and Funding:
  o CEI—$1.675 million
  o RGE—$695,800
  o Solar Credits/Geothermal/NYSERDA—$230,000
  o LIHTC—30% of Cost
  o Federal Historic Tax Credits —15% of Cost
  o State Historic Tax Credit — 5% of Cost

• Lessons Learned and Perspectives:
  o Then and Now
  o Complexity Problem
  o Economic Rationale
  o Capital Costs
  o Operating Costs
  o Historic Standards and Energy Standards
Home Leasing Future Goals and Targets

- Advance CAC Goals
- Advocacy
- Policy Development Participation
- Prioritize Equity
- Transparency of Experience
- Affordable Housing Industry Priority
- All Electric
- Solar (Onsite and Strategic Use of Solar Farm)
- Update/Conversion of Existing Portfolio
- RetrofitNY Pledge
- Net Zero Modular
Panel Questions

A. Program
   A. What do you want us to consider in future program design, from an owner’s perspective

B. Policy/Design
   A. Do your agencies have a plan to help reduce cost and complexity of building or retrofitting to all-electric, high-performance standards?

C. Other Questions?
Thank you