

05.18.23 | Alerts & Publications

## HUD Issues NOFOs, Implementation Guidance for Green and Resilient Retrofit Program



On May 11<sup>th</sup>, HUD launched its Green and Resilient Retrofit Program (“*GRRP*”) by issuing three Notice of Funding Opportunities (“*NOFOs*”) and HUD Notice H 2023-05 (“*Implementation Guidance*”). Funding for the GRRP was appropriated under the 2022 Inflation Reduction Act, which includes \$837.5 million in grant funding and \$4 billion in loan authority for HUD to make investments in energy or water efficiency, indoor air quality, zero-emission energy generation, low-emission building materials or processes, energy storage or climate resilience strategies in HUD Multifamily Assisted Housing.

Under the GRRP, owners of properties that receive HUD assistance under one of the following programs (each an “*Eligible Program*”) may be eligible for funding in the form of a GRRP Grant or Surplus Cash Loan:

- **Section 8 project-based rental assistance (PBRA) housing assistance payment contracts**
  - New Construction, State Housing Agencies Program, Substantial Rehab, Section 202/8, Rural Housing Services Section 515/8, Loan Management Set-Aside, Property Disposition Set-Aside
  - RAD and Pension Fund PBRA contracts executed on or before September 30, 2021
- **Section 202** (202/162 project assistance contract, 202 Capital Advance, 202 Direct Loans)
- **Section 811** (811 Capital Advance, 811 Project Rental Assistance)
- **Section 236** (properties receiving Section 236 Interest Reduction Payments)

Each of the three NOFOs is summarized on the following page. The Implementation Guidance includes additional information related to the award, scope of work, underwriting and closing, disbursements and completion of work under the GRRP. Requirements for GRRP funds include, among others:

- Use Agreement providing for an extended affordability period (25 years for grants/15 years or 5 years beyond any existing affordability for loans)
- Resident engagement, continued tenancy and program relocation requirements
- Disaster preparedness plan, signage, re-determination of tenant-paid utility allowances
- Cross-cutting requirements (among others, environmental clearance, Uniform Relocation Act, Build America Buy America, Davis-Bacon, Section 3, accessibility and civil rights requirements)



The Implementation Guidance also provides for certain innovative uses of GRRP funds including:

- To encourage owner investments in improvements that lower tenant utility costs, or lower property-paid utility costs for projects with budget-based rents, HUD is authorizing a “GRRP Shared Savings Retainer” under which the owner receives additional subsidy or rent equal to 75% of the projected utility cost reductions.
- GRRP may be used at properties receiving transfers of assistance under Section 8(bb), RAD, or Section 209, which permit subsidy to transfer to new location.

In addition to the funds being provided under the NOFOs, the 2022 Inflation Reduction Act also included \$42.5 million for a new HUD initiative which will launch later this summer to collect and assess energy and water usage data from assisted multifamily housing properties.

*This housing alert is intended as a source of information for clients and friends of Klein Hornig LLP. The content should not be construed as legal advice, and readers should not act upon information in this publication without professional counsel. This housing alert may be considered advertising under certain rules of professional conduct. Copyright © 2023 Klein Hornig LLP. All rights reserved.*

## Authors



Adam F. Cohen  
Associate  
[acohen@kleinhornig.com](mailto:acohen@kleinhornig.com)  
202.926.3415



Adam G. Norlander  
Partner  
[anorlander@kleinhornig.com](mailto:anorlander@kleinhornig.com)  
202.926.3410

## Related Services

- [Green Energy](#)