

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

By Adam Norlander and Adam Cohen – May 2023

On May 11th, 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.

Should you have any questions about this KH Housing Alert or require any further information, please contact [Adam Norlander](#) or [Adam Cohen](#).

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GRRP NOFO SUMMARIES

(hyperlinks to NOFOs in column headings below)

	Elements Awards	Leading Edge Awards	Comprehensive Awards
Purpose	Modest funding to add proven and highly impactful climate resilience and carbon reduction measures.	Retrofit activities to achieve ambitious outcomes, including net zero, renewable energy generation, use of building materials with lower Embodied Carbon, and climate resilience investments.	Recapitalization investments designed from inception around proven and innovative measures, including ambitious green building standards or measures, renewable energy generation, building materials with lower Embodied Carbon, and climate resilience investments.
Designed For	Properties already planning renovations so they can add green or resilient elements to existing scopes of work.	Projects that are in early stages of recapitalization planning that will achieve a high-level third-party green certification.	Properties that have not yet begun a rehabilitation transaction, have high need for energy efficiency and climate resilience investments, and need substantial funding to implement the work.
Eligible Applicants	Own or have an agreement/option to purchase or long-term ground lease property assisted under an Eligible Program; or Owner/sponsor of project with a Section 202/811 Capital Advance award that has not yet reached initial closing.	Own or have an agreement/option to purchase or long-term ground lease property assisted under an Eligible Program.	Own or have an agreement/option to purchase or long-term ground lease property assisted under an Eligible Program.
Eligible Activities	Construction/transaction costs for investments that provide higher energy efficiency, greater climate resilience, or reduced emissions. Eligible investments (and funding limits) can be found in Appendix III (page 45) of the NOFO.	Work/transaction costs necessary to achieve a modeled 25% energy consumption reduction and one of the Leading Edge Qualifying Certification set forth on page 16 of the NOFO.	Work/transaction costs designed to achieve a 40% or greater reduction in emissions and simultaneously protect the property and residents from natural hazards. Eligible cost categories are described on pp. 21-26 of the Implementation Guide.
Funding	<u>Total funding:</u> \$140 million <u>Maximum award amount:</u> \$750,000/project or \$40,000/unit. <u>Number of awards:</u> ~200	<u>Total funding:</u> \$400 million <u>Maximum award amount:</u> \$10 million/project or \$60,000/unit <u>Number of awards:</u> ~100	<u>Total funding:</u> \$1.47 billion <u>Maximum award amount:</u> \$20 million/project or \$80,000/unit. <u>Number of awards:</u> ~300
Application Deadlines	6/29/2023 - 1 st Application Period 9/28/2023 - 2 nd Application Period 1/04/2024 - 3 rd Application Period 3/28/2024 - All other applications	7/31/2023 - 1 st Application Period 10/31/2023 - 2 nd Application Period 1/31/2024 - 3 rd Application Period 4/30/2024 - All other applications	8/31/2023 - 1 st Application Period 11/30/2023 - 2 nd Application Period 2/28/2024 - 3 rd Application Period 5/30/2024 - All other applications