



HPD launches new Green Housing Preservation Program

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Building on Mayor Bill de Blasio's comprehensive plan for a sustainable and resilient city, "One New York: The Plan for a Strong and Just City," New York City Department of Housing Preservation and Development (HPD) Commissioner Vicki Been and New York City Housing Development Corporation (HDC) President Gary Rodney launched the new Green Housing Preservation Program to assist owners of small- to mid-sized multifamily properties across the city in undertaking energy efficiency and water conservation improvements as well as moderate rehabilitation to improve building conditions, reduce greenhouse gas (GHG) emissions, and preserve affordability. Based on a typical scope of work, it's anticipated that owners may see more than a 10% annual reduction in utility costs. The new program and related green preservation initiatives are funded with \$45 million in city capital provided by the Mayor in HPD's fiscal year 2016 budget. Additionally, the New York City Energy Efficiency Corporation (NYCEEC) created a fund that will be available to participating owners who need assistance in financing the predevelopment requirements necessary for participation in the program.

The new program also advances the goals of the Mayor's Housing New York: A Five-Borough, 10-Year Housing Plan, to create and preserve 200,000 units of affordable housing, and One City: Built to Last, the City's ten year plan led by the Mayor's Office of Sustainability to reduce GHG emissions from buildings by 30% below 2005 levels by 2025 in order to be on the pathway to an 80% reduction in citywide GHG emissions by 2050.

"Rising utility costs have played a significant role in the crisis of affordability threatening our city," said Been. "Many small building owners can't afford the energy efficient upgrades that would provide long-term savings to help reduce the cost of utilities, which often are passed on to tenants. Our new Green Housing Preservation Program helps to remove these barriers, offering owners the financial resources and technical expertise needed to make their properties more sustainable and energy efficient. I thank HDC, NYCEEC, and all of our partners for their valuable support and ongoing efforts to create a more affordable and sustainable city."

"The Green Housing Preservation Program delivers on one of the key commitments of the Mayor's Housing New York plan," said Rodney. "The city recognizes that the rising cost of utilities is a threat to the long-term viability of affordable housing. Undertaking retrofits to save energy and water can help owners control operating costs, maintain affordability, and achieve broader sustainability and health goals. We are grateful to HPD, NYCEEC, and our non-profit partners for their leadership in helping us to create not just a more sustainable city, but also a more equitable one."

"The New York City Council is committed to building a city resilient in the face of climate change and advocating bold policies that tackle this global issue head-on," said Melissa Mark-Viverito, New York City council speaker - District 8 (D). "New York City is a leader in worldwide efforts to combat climate change, and every New Yorker can play a part in ensuring a greener, sustainable future."

The Green Housing Preservation Program connects property owners with the tools and resources they need to make buildings energy-efficient and environmentally-consciousâ€”all while preserving the affordable housing our city so desperately needs."

"Green development has been a hallmark of my administration since day one. From requiring developers who seek capital funding from my office to build in environmentally-friendly ways, to the creation of our Bronx Green Development Fund--which will leverage public and private funds to retrofit older housing stock--we have always placed a heavy focus on cleaner, green development. This new program will not only help make our city cleaner, it will help keep rents affordable as well. A cleaner environment makes for a healthier, happier city, and I thank Mayor de Blasio, HPD and HDC for continuing to show their commitment to a greener New York through this new program," said Bronx borough president Ruben Diaz Jr.

The Green Housing Preservation Program was designed to address the triple threat of rising building costs, a growing affordable housing crisis, and the looming risks of climate change. Many owners of small- to mid-sized buildings are being squeezed by steadily rising energy and water costs and would benefit from weatherization and other efficiencies that would aid in reducing those expenses. Unfortunately, these owners may find it difficult to secure the financing necessary to perform the needed improvements.

Utility costs account for roughly 25% of the average operating budget of a rent-stabilized building - costs that have exacerbated the affordability crisis for both tenants and owners. As rents and utility costs have outstripped wages, the demand for affordable housing has grown dramatically, along with the number of New Yorkers suffering from rent burdens: 56% of households are rent burdened and paying more than a third of their income in rent and utilities. In addition, three in ten households are severely rent burdened, paying half or more of their income to rent and utilities. At the same time, almost 75% of NYC's greenhouse gas emissions come from buildings and 35% of emissions come from residential buildings. New York City is still recovering from the damage caused by Hurricane Sandy in 2012. This alone is powerful evidence of the risks posed by climate change and how high the stakes are for New Yorkers and for the world.

The Green Housing Preservation Program aims to achieve the following goals:

- * Ensure the physical and financial viability of properties by controlling operating expenses;
- * Preserve affordability by providing low- and no- cost financing in exchange for a commitment to affordability; and
- * Reduce emissions by encouraging buildings to undertake improvements.

Buildings across the five boroughs that have at least 5 units and fewer than 50,000 s/f (approximately 50 units) are eligible for the program. The Green Housing Preservation Program provides 0% interest, evaporating loans for energy efficiency and water conservation improvements and 1% repayable loans to help cover the costs of moderate rehabilitation improvements that go beyond the energy efficiency measures. The new program is projected to assist 475 units in the first year, and approximately 3,780 units will undergo moderate rehabilitation.

Examples of energy efficiency improvements include insulation, efficient light fixtures, weatherproofing windows, and the installation of efficiency controls on systems such as boilers and low-flow water fixtures. Based on a typical scope of work, buildings may reduce utility costs by approximately 10% or more annually. This represents an average savings of approximately \$1,500 for a 10-unit building and \$3,000 for a 20-unit building.

In exchange for city financial assistance, properties will be required to enter a regulatory agreement

to keep rents affordable. Additionally, the improvements will result in lower overall utility costs, which will further safeguard affordability and promote the sustainability of the city's housing stock.

HPD will provide direct financing, and encourage owners to leverage private financing and other incentive programs where feasible. This could include utility incentive and public programs for energy efficiency, and private funding through the Program's participating lenders - the Community Preservation Corporation (CPC), Enterprise Community Partners, the Low Income Investment Fund (LIIF), the Local Initiative Support Corporation (LISC), and the New York City Energy Efficiency Corporation (NYCEEC).

"We are pleased to support the City's sustainability and housing goals and partner with HPD on this exciting new initiative," said Susan Leeds, CEO of NYCEEC. "Our predevelopment loan fund advances NYCEEC's mission of providing financing solutions for projects that save money, conserve energy and reduce greenhouse gases. With a NYCEEC predevelopment loan, all eligible building owners can now overcome upfront cost barriers, and realize the benefits of the Green Housing Preservation Program."

"The Green Preservation Program will make energy efficient upgrades within reach of small landlords by providing low- to no-interest financing and technical expertise to assess their needs. In return, the city will help improve housing quality for the long term, keep rents stable and more affordable, and make progress on its goal to reduce carbon emissions," said Rafael Cestero, President and CEO, The Community Preservation Corp. "With two thirds of New York's 2.1 million rental apartments in buildings with 50 units or less, small multifamily buildings are an important source of housing. We commend Mayor de Blasio, HPD Commissioner Been, and HDC President Rodney on preserving these buildings to ensure they continue to be an affordable resource for generations of New Yorkers to come."

"Given the escalating price of energy and water, the Green Housing Preservation Program provides a model of collaboration among government, building science experts and affordable housing providers. This is an important step forward in connecting financial and environmental sustainability in affordable housing," said Sam Marks, executive director of LISC New York City.

"This public-private partnership will not only provide innovative financial tools to help transform affordable housing developments into energy-efficient and water-efficient homes, but is also a bold solution that will serve as a catalyst for health, economic, and environmental benefits to low-income New Yorkers," said Judi Kende, vice president and New York market leader, Enterprise Community Partners, Inc. "Investing in green housing is an investment in the future of New York City by helping to reduce high asthma rates, generate energy savings, create new jobs, and position New York as a leader in the fight against climate change. We commend the city, HPD, and HDC for their continued dedication to green housing solutions."

"The Low Income Investment Fund (LIIF) applauds Mayor de Blasio, the New York City Department of Housing Preservation and Development and the New York City Housing Development Corporation on launching the Green Housing Preservation Program," said Kirsten Shaw, LIIF's Director, Eastern Region. "The program enables LIIF to use its capital to address both housing affordability and sustainability in New York - issues that are core to our mission of creating healthy families and communities."

In conjunction with the launch of the Green Housing Preservation Program, HDC and HPD released a rolling Green Physical Needs Assessment (GPNA) Request for Qualifications (RFQ). The RFQ aims to identify a roster of qualified firms that will perform a comprehensive assessment of buildings'

capital improvement and energy needs. The initial ten firms for the pre-qualified list were released in early May.

This assessment tool will help simplify the process for building owners and consolidate the number of steps they need to undertake to secure public or private financing. Qualified firms will provide building owners in the program with technical assistance in addition to the comprehensive assessment. This will include scope of work development, help navigating the bid process, taking the project through construction, training managers and on-site staff in order to maintain improvements, and issuing a follow up report. This support can help owners achieve maximum energy efficiency savings.

In addition to supporting individual building owners assisted through the Green Housing Preservation Program, the GPNA guidelines and qualified firms will be used across all HPD and HDC preservation finance programs. It is projected that this will provide comprehensive assessments for up to 12,000 units a year. The agencies will also institute a benchmarking process to measure the success of the improvements in reducing energy consumption.

Thanks to the support from NYCEEC, the costs associated with necessary predevelopment work will not be a burden to building owners who are interested in participating in the Green Housing Preservation Program. The NYCEEC fund will provide favorable financing terms to help with predevelopment requirements that may include the GPNA, property appraisals and surveys, lead and asbestos testing, engineering studies and other activities as required by HPD or private construction and permanent lenders.

The new green program builds on existing HPD and HDC tools and initiatives that are already in place. Starting in 2011, all new construction and substantial rehabilitation projects that received funding from HPD have been required to comply with Enterprise Green Communities Criteria, the only comprehensive green building framework designed for affordable housing. This uniform green building policy provides proven, cost-effective standards for creating healthy and energy-efficient homes, and helps to ensure that the City's investment in affordable housing goes towards buildings that achieve deeper affordability through lowered utility bills and healthier living environments. HDC's Program for Energy Retrofit Loans (PERL) is a partnership between HDC and NYCEEC to finance energy efficiency improvements for eligible projects. NYCEEC's other programs also provide financing for these types of improvements.

For more information, visit <http://www1.nyc.gov/site/hpd/developers/private-site-preservation.page>

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