



CLIMATE FRIENDLY HOMES FUND – Frequently Asked Questions

GENERAL PROGRAM QUESTIONS

How is the Climate Friendly Homes Fund planning to measure and report out on the effectiveness of the program?

CPC, on behalf of HCR, will be collecting data on units completed and cost per unit, and will benchmark annual energy consumption. Additional data points may be tracked and reported through case studies during the duration and completion of the program

INFRASTRUCTURE AND NYS CLIMATE GOALS

Will the grid be able to sustain units coming online as New York State works to electrify existing and new homes?

The Program will assist owners in confirming adequate service with their local utility provider. Once an initial feasibility review of a project application is completed and an engineering partner is engaged, the engineering partner will ensure the building has adequate service both to the units and to the property to support the additional load proposed by installing heat pumps.

Investments in the electric grid in NYS are part of the Climate Leadership and Community Protection Act (CLCPA) decarbonization plan, both in capacity building and renewable energy targets to ensure reliability. The CLCPA commits to 100% zero-emission electricity by 2040, sets legally binding emissions reduction standards to get New York completely off fossil fuels by 2050, and mandates that 40% of state climate and energy funding be invested in disproportionately disadvantaged communities.

What steps are NYS agencies and utilities taking in order to manage this transition?

- [NYSERDA Carbon Neutral Buildings Roadmap](#)
- [New York State Climate Action Council's Recommendations](#)

How does the Climate Friendly Homes Fund align with the Community Leadership and Protection Act mandate for investments of disadvantaged communities?

The CFHF has been designed to specifically target buildings in Low-to-Moderate-Income (LMI) communities, NYSERDA identified disadvantaged communities (DAC), or those buildings serving LMI tenants under a current housing agency regulatory agreement. Through this eligibility framework, CFHF is able to target investments into communities that the Climate Action Council and the State of NY have determined to be high-priority in the transition to a green economy.

Over 70% of New York's GHG emissions come from buildings. Consequently, the only viable way to meet our state's climate goals is to electrify major building systems given the State's legislated commitment to a carbon-neutral electric grid by 2040. Heat pumps have the capacity to significantly reduce emissions in the average household, even compared to the highest efficiency gas-fired equipment available. Even where the electricity grid is powered by coal and gas, heat pump emission intensity is 35% lower on average.

However, electrification isn't just critical to addressing climate change and creating healthy communities, it also provides significant benefits to owners and tenants. An electrification retrofit of buildings can provide utility cost savings by improving heating/cooling efficiency, reduce maintenance and operation costs via improving performance of major building systems, increase quality of life and comfort for

tenants, protect rental affordability, and can aid owners in certain municipalities to avoid costly fines by complying with local carbon reduction goals.

PROGRAM TERMS AND APPLICATION

Which types of buildings and developments can participate in the CFHF?

- Buildings must have 5-50 residential units, and be located in New York State. Individual buildings must be sized 5-50 units but CFHF is able to serve larger developments where buildings are under 50 units but the entire development is over 50 units.
- Owners of regulated affordable and unregulated multifamily rental buildings in eligible locations may apply; Buildings must currently be subject to a regulatory agreement with a public agency or be located in one of the following locations:
- Low-Moderate Income Qualified Census Tract as defined by the U.S. Department of Housing and Urban Development
- Disadvantaged Communities as defined in the New York State Climate Leadership and Community Protection Act (CLCPA).
- Find out if your building location is eligible: See [HUD Qualified Census Tract Areas here](#) and view a map of [NYSERDA Disadvantaged Communities Areas here](#).

Are applicants able to combine Climate Friendly Homes Fund with funding that is not a traditional mortgage such as locality Community Development Block Grant (CDBG), HOME, or American Rescue Plan Act (ARPA) funds?

CFHF is meant to be stand-alone funding for electrification and decarbonization scopes of work. Incentives and utility rebates may be combined with CFHF funds where it will enhance the scope of work at a project beyond the CFHF scope of work, such as solar PV, additional weatherization, and appliance electrification, but will require consent from the Program Administrator in order to coordinate any additional electrification measures.

What types of electrification projects are eligible under the program?

Under CFHF, only heating and cooling, and domestic hot water where feasible can be paid for by the program funds. Please see the Program's term sheet for additional details on the eligible use of the program funds.

How many years of operational information will owners be required to report as part of this program?

Participating buildings will need to provide 24 months of income and expense information as part of their application as well as 24 months of utility billing and consumption data to establish an energy benchmark and aid the Engineering Partner in conducting the energy audit. Energy benchmarking is required both pre-retrofit to set this baseline as well as post-retrofit for 3 years following construction completion to monitor performance.

Buildings with fewer than 2 years of data will be evaluated for eligibility and feasibility on a case-by-case basis.

How do potential applicants get in touch with a program partner to apply?

Potential applicants may coordinate with participating CFHF partner organizations to submit an application. Community Partners and Lender Partners are listed on the [CFHF landing page](#) and may be listed as a referral source directly on the application.

Potential applicants who do not have an existing relationship with a partnering organization may reach out to CPC or submit an application without a referral source. Applications that are submitted without a

referral source may be assigned to a CFHF partner if applications are incomplete or need additional information to be properly screened for eligibility. All approved applications will be assigned to a CFHF Lender Partner for guidance through energy and financial evaluation stages.

What is the timeline for participation in the Climate Friendly Homes Fund?

The Climate Friendly Homes Fund is open for applications as of February 2023. All CFHF loans must close by March 2027. Program funds will be available to eligible buildings through March 2027 unless they are exhausted prior to this date.

What is the anticipated timeline from application review to approval?

4-6 months.

ELIGIBLE USE OF FUNDS AND RETROFIT

What are the eligible construction costs covered by Climate Friendly Homes Fund?

Program Delivery Costs

Cost-shared energy audit and property condition assessment ahead of loan closing*

Closing Costs

Hard Costs related to:

- Heating system replacement with high-efficiency heat pump
- Hot water heating system replacement with high-efficiency heat pump hot water heater
- Electrical service upgrades to support new HVAC and DHW systems
- Energy Conservation Measures to support new systems (within budget) including but not limited to attic/roof insulation and air-sealing

** Applicant shall be reimbursed for their portion of the engineering expenses associated with program activities should a loan for the subject property close and move into construction under CFHF.*

How are retrofit budgets determined under Climate Friendly Homes Fund?

CFHF retrofit budgets are determined by the overall program funding – \$250MM over the course of the program – which must cover retrofits in at least 10,000 units of housing. The total per unit retrofit budget must cover all costs associated with:

- Program Delivery
- Origination Fees
- Engineering Partner fees
- Construction costs associated with Program approved scopes of work

Up to \$24,200 per unit may be made available to cover all associated program and construction costs to complete the required scope of work.

What are the shared costs or applicant paid costs?

CFHF approved applicants will be required to share 50% of costs* associated with:

- Energy audit and associated evaluation scope of work
- Property Condition Assessment and associated scope of work

Approved CFHF projects will be required to cover the following associated costs:

- Benchmarking set-up fees and 5 years of annual benchmarking fees (2 years historical + 3 years post-CFHF construction)

- Servicing fees to the Administrator associated with compliance and reporting to HCR for the duration of the loan term
- Annual mechanical service contract to ensure proper maintenance of newly installed systems for the term of the Restrictive Covenant

** Applicant shall be reimbursed for their shared portion of the engineering expenses associated with program activities should a loan for the subject property close and move into construction under CFHF.*

Will buildings utilizing electric resistance heating be eligible for retrofit assistance through the Climate Friendly Homes Fund?

Yes, converting electric resistance heating to high-efficiency heat pumps presents a clear energy efficiency and greenhouse gas reduction opportunity and these buildings will be eligible for retrofit assistance under CFHF, provided all other program eligibility and feasibility requirements are met.

ELIGIBLE BUILDING TYPES AND COMPLIANCE REQUIREMENTS

How do mixed-use buildings fit into the eligibility criteria?

Mixed-use buildings may apply for retrofit assistance under CFHF. Only the residential spaces will be eligible for electrification retrofit scopes but commercial spaces will be evaluated as part of the application to determine financial health and feasibility of individual projects.

How will the utilities for the newly installed systems be billed post retrofit? How will utility allowances be addressed?

Utilities for systems installed under CFHF will follow the same configuration post-retrofit as they did pre-retrofit. Where tenants paid for their own, directly metered heating and/or hot water heating costs, they will continue to pay those directly metered costs associated with the newly installed systems. In buildings where the owner paid tenant heating and/or hot water heating costs, the newly installed systems will be metered to the owner.

What is the benchmarking requirement for CFHF?

CFHF retrofit projects will be required to benchmark operations for a total of 5 years. The set-up fee and first two years of benchmarking fees will be collected during the approval process to facilitate Engineering Partner establishment of a historical baseline for use in the Program-funded energy audit. The following 3 years of fees will be collected at project closing and will cover annual benchmarking services post-construction per Program requirements.

CFHF PARTNERS, ENGINEERS, AND CONTRACTORS

How are contractors and subcontractors for CFHF selected?

CFHF contracted engineering partners will oversee contractor bidding and selection. Contractors must be NYS Clean Heat approved installers or NYSERDA approved contractors. Contractors outside of these approved lists must be assessed by CFHF Program and approved before they may submit a bid or be contracted for Program related activities.

Where can interested parties locate the list of contractors?

[NYSERDA Clean Heat Contractors List](#): Select 'Air Source Heat Pump Contractors'

Additional Resources for Heat Pumps and Electrification

- [Department of Energy: Heat Pump Systems](#)
- [Rewiring America: Heat Pump Air Conditioner/Heater Guide](#)
- [NEEP: Guide to Air-Source Heat Pumps](#)
- [Energy Star: How do Heat Pumps Work?](#)