

**NOTICE OF FUNDING AVAILABILITY**  
**Funding for Energy and Water Efficiency Improvements through the**  
**GREEN RETROFIT INITIATIVE**

*July 1, 2010*

**Issued by the Mayor's Office of Housing of the City and County of San Francisco**

**Available Funds: \$2,000,000**

---

**Application Deadline: January 15, 2011**

**I. Introduction**

The Green Retrofit Initiative (GRI) provides grant and loan funds to improve energy and water efficiency and address associated repair needs of San Francisco's multifamily affordable housing stock. Utilizing federal stimulus funds from the Department of Energy, coupled with CDBG and/or local funds and additional utility rebates and incentives, the GRI targets affordable multi-family buildings with acute needs for energy and water improvements and provides technical support to implement a "whole-building" approach to the retrofit.

The goals of the Green Retrofit Initiative are:

- A. Preserve affordability through reduced utilities and improved operations
- B. Improve habitability (such as indoor air quality)
- C. Channel new sources of funding – ARRA stimulus funds – to affordable housing
- D. Leverage non-City resources to address related building needs
- E. Prove viability of new financing mechanisms, including revolving loan funds financed through operational savings
- F. Create "green" jobs and provide training opportunities.
- G. Reduce green house gas emissions

Please see the attached Program Description for more information on the Green Retrofit Initiative.

***All Green Retrofit Initiative funds provided through this NOFA must be spent by February 29, 2012.***

**II. Threshold Eligibility**

The affordable housing development seeking funds must have all of the following characteristics:

- A. It must be located in the City and County of San Francisco.
- B. It must be owned and operated by a private entity capable of entering into a contract.
- C. It must currently be providing permanent or transitional affordable housing.
- D. It must have identified needs for energy efficiency and water improvements.
- E. It must consist of 15 or more affordable housing units.
- F. 66% of resident households must have incomes at or below 75% of state Median Income (reference the 2010 program guidelines <http://www.csd.ca.gov/Programs/EnergyIncomeGuidelines.aspx>), as evidenced by documentation required by the GRI program
- G. Priority will be given to buildings that are master-metered for space heat

The applicant for funding under this NOFA must be in full compliance with the terms of previous MOH or Redevelopment Agency financing agreements, including the timely submittal of Monthly Project Updates, Annual Monitoring Reports, project close out documentation, and payment of residual receipts. MOH will not proceed with a funding recommendation until the applicant is in compliance.

### III. Application Procedure, Evaluation and Timeline

Applications will be considered in the order in which they are received for completeness and eligibility. Mandatory attachments to the applications include:

- San Francisco Department of the Environment Energy Survey dated within six months of application<sup>1</sup>;
- Confirmation of tenant income eligibility to consist of a rent roll or other documentation showing tenant income, dated within six weeks of application;
- MOH Budget forms:
  - Preliminary scope of work and budget
  - Year One Operating Budget
  - 20-Year Operating Pro Forma

MOH reserves the right to change the order of consideration in order to meet deadlines for expenditure of ARRA funds. To this end, MOH may prioritize:

- Buildings with high utility costs
- Larger projects
- Projects with more substantial energy efficiency needs
- Project readiness
- Staff capacity to implement the project
- Projects that aggressively pursue leveraged resources

In keeping with ARRA, MOH will implement an accelerated performance schedule and expects construction to begin within four months of receipt of the application. Target dates are as follows:

<b>TASK</b>	<b>DATE</b>
Application submitted to MOH	Day 1
MOH Review Complete; execute preliminary Grant Agreement	Week 2
<i>If ineligible, inform applicant</i>	
<i>If eligible, order Energy Audit</i>	
Energy Audit complete	Week 5
Refer eligible projects to Green Retrofit Loan Fund <sup>2</sup>	Week 5
Owner to provide documentation of income verification to MOH	Week 5-8

<sup>1</sup> This initial survey is required to confirm the project’s need for energy efficiency improvements. It is available free of charge and requires three weeks to complete. Contact Lowell Chu at Lowell.Chu@sfgov.org to schedule the survey. Equivalent documentation of energy needs may be substituted; please contact MOH to confirm.

<sup>2</sup> The Green Retrofit Loan Fund, administered by Enterprise Community Partners and the Low Income Investment Fund, provides low interest, unsecured, 10-year loans to support energy improvements in affordable housing. Please see the Green Retrofit Initiative Program Description for more information.

MOH Assess scope, budgets, assemble sources	Week 5-8
MOH Issue award letter, amend grant agreement	Week 8
Develop scope of bidding, publish bid	Week 10
Bidding period	Week 12
Execute Grant Agreements as necessary	Week 14
Issue Notice to Proceed	Week 15

#### **IV. Funding Requirements and Guidelines**

Sponsors will be required to enter into a Grant Agreement with the City and County of San Francisco and to comply with all standard requirements thereof, some of which are listed below.

##### *Funding Terms*

Funds will be provided as grants; however, in the event of uncorrected default under the grant agreement, interest shall be charged at the minimum rate of 10% per year from the date of the grant agreement and shall become immediately due and payable.

##### *Equal Employment Opportunities*

Project Sponsors selected under this NOFA will be required to comply with local and federal procurement requirements, including the provision of equal employment opportunities for contractors, local business consultants, architects, and contractors to participate in projects funded under this NOFA.

##### *Environmental Review*

Depending on conditions at the project site and on project plans, projects utilizing CDBG funds will be subject to review under the National Environmental Policy Act (NEPA), the National Historic Preservation Act (NHPA) and Section 106 historical resources preservation review. Review by the Department of City Planning may also be required.

##### *Prevailing Wages*

Projects selected for funding under this NOFA will be subject to the Davis-Bacon Act with regard to labor standards. Developers should take prevailing wage requirements and labor standards into account when seeking estimates for contracted work, especially the cost of construction, and other work to which the requirements apply, and when preparing development budgets overall.

##### *Employment and Training*

Projects selected for funding will be required to work with the CityBuild initiative of the Mayor's Office of Economic and Workforce Development to comply with local and federal requirements regarding the provision of employment opportunities for local and low-income residents and small businesses during the development of the project. MOH will work in collaboration with Citybuild's "Green Academy," a comprehensive training initiative that prepares participants with the necessary skills and certifications required to market and install energy efficiency measures.

*MOH reserves the express right to change or modify elements of this NOFA including but not limited to increasing or decreasing the amount of funds made available. For questions concerning this NOFA, call Dan Adams, Director of Program Development, at 415-701-5528 (email [daniel.adams@sfgov.org](mailto:daniel.adams@sfgov.org)), or Lydia Ely, Project Manager, at 415-701-5519 (email [Lydia.ely@sfgov.org](mailto:Lydia.ely@sfgov.org)).*

**MAYOR'S OFFICE OF HOUSING  
GREEN RETROFIT INITIATIVE  
PROGRAM DESCRIPTION**

**1. Introduction**

The Green Retrofit Initiative (GRI) provides grant and loan funds to improve energy and water efficiency and address associated repair needs of San Francisco's multifamily affordable housing stock. Utilizing federal stimulus funds from the Department of Energy, coupled with CDBG and/or local funds and leveraging additional utility rebates and incentives, the GRI targets affordable multifamily housing with acute needs for improvements and provides technical support to allow each project to pursue a "whole-building" approach to the retrofit.

The goals of the Green Retrofit Initiative are:

- A. Preserve affordability through reduced utilities and improved operations
- B. Improve habitability (such as indoor air quality)
- C. Channel new sources of funding – ARRA stimulus funds – to affordable housing
- D. Leverage non-City resources to address related building needs
- E. Prove viability of new financing mechanisms, including revolving loan funds financed through operational savings
- F. Create "green" jobs and provide training opportunities.
- G. Reduce green house gas emissions

*All ARRA funds provided through the Green Retrofit Initiative must be spent by March 30, 2011.*

**2. Eligible Program Activities**

The Green Retrofit Initiative provides grant and loan funds to improve energy and water efficiency and address associated repair needs of San Francisco's affordable housing stock.

The scope of energy and water efficiency upgrades will be based primarily on the results of an energy audit of each building's energy use. The audit will define those measures that have the best payback period, improve most significantly the utility performance of the buildings, and improve the comfort of the tenants and the habitability of the units by reducing drafts, overheating, street noise, etc.

Weatherization Assistance funds may only be used for those measure that improve energy performance such that the investment is less than or equal to the projected savings over the lifespan of the building. This Savings-to-Investment ratio, then, must average to 1.0 at a minimum for all measures conducted in a building. For those measures that show more limited energy improvements, matching funds such as those described below must be brought in to cover the gap.

The Green Retrofit Initiative may also provide funding for complementary measures required to improve energy and water efficiency, for example:

- associated plumbing and ventilation upgrades;
- new roof for projects installing photovoltaic panels; and
- upgrades to finishes at areas disturbed during energy efficiency retrofit activities.

Inclusion of complementary measures will depend on the availability of funds, including project reserves, to cover the scope of work.

### 3. Funding

Funding for the Green Retrofit Initiative includes Weatherization Assistance Program (WAP) grants, a revolving loan fund, and property replacement reserves, if available. As necessary, MOH will provide local and/or CDBG funds to projects up to a one-to-one match to the WAP funds. Additional potential leveraging sources are listed below, the applicability of which will vary from project to project. MOH will assist in assembling project financing using the multiple funding sources available through this NOFA. However, due to limited funding, it is possible that the full scope of work will not be funded through this NOFA.

The table below summarizes potential funding and leveraged sources:

SOURCE	TYPE	Funding Limits	Total Funding	Notes	Eligible Uses
Weatherization Assistance Program (WAP) – stimulus	Grants	\$6,500 per unit	\$2.65 million	Households at or below 75% of state median income	Savings to Investment (SIR) ratio will determine eligibility
State Energy Program/Residential Retrofit – stimulus	Loans– regional focus	Loan amount determined by energy savings	\$2.93 million	Enterprise & Low Income Investment Fund to administer loan fund	Energy and water efficiency upgrades
CDBG	Grants	Up to one-to-one match for WAP	\$1 million	Requires NEPA review	Some soft costs, complementary measures, share of energy measures
Property Reserves	Replacement reserves	n.a.	varies	If adequately funded	Complementary measures, optional upgrades

### 4. Process

#### 1. Notice of Funding Availability (NOFA)

MOH will issue a NOFA for the Green Retrofit Initiative, which will include the Weatherization Assistance Program Funds and matching CDBG funds. The NOFA will:

- Focus on energy and water efficiency improvements in existing multifamily affordable housing projects.
- Refer applicants to San Francisco Dept. of Environment (SFE) resources, available at no cost to applicants, to assist with initial building energy survey. The SFE survey or equivalent will be a required attachment to submitted applications.

- Require maximum leveraging, and MOH’s active involvement in identifying complementary sources such as the Green Retrofit Loan Fund (see below).

Applications will be reviewed as they are received. All applications meeting basic eligibility thresholds will be eligible for funding.

## **2. Initial Building Assessment and Application**

Affordable housing providers interested in seeking funds from the Green Retrofit Initiative will:

- Conduct an initial building energy assessment using SFE resources, or provide an equivalent energy survey. To schedule an SFE survey, contact Lowell Chu at SFE, Lowell.chu@sfgov.org.
- Confirm that 66% of tenants meet the income eligibility requirements. HUD has developed a list of categorically eligible buildings; sponsors should check with MOH staff to determine whether the proposed project is on the list.
- Prepare a preliminary scope and budget, based on the results of the initial SFE energy assessment. Scope items may include limited complementary measures that are not directly related to energy efficiency, as described above.
- Submit application package to MOH.

## **3. Preliminary Selection**

MOH will review applications in the order they are received to ensure they meet threshold NOFA requirements. For applications that are eligible, MOH will:

- Review initial scoping and budget assumptions.
- Approve the project for an investment-grade energy audit. The project sponsors will choose from an approved list of qualified energy consultants.
- Allocate funding for the energy audit.
- Develop grant agreement to fund the energy audit.
- Refer projects to Enterprise Community Partners and the Low Income Investment Fund who are managing the Green Retrofit Loan Fund, a new revolving loan fund to support energy efficiency retrofits.

## **4. Energy Audit/Project Scoping/Bidding**

During the predevelopment period, MOH and the project sponsor will work collaboratively to develop a project scope and budget. Activities during this phase will include:

- Complete the investment-grade energy audit.
- Complete federal environmental review as required.
- Identify complementary measures to energy work.
- Identify sources to cover scope of work including WAP, CDBG, reserves, and others, if applicable.

- Bid work to confirm pricing assumptions. All scopes of work will be bid competitively in keeping with ARRA-stimulus requirements, including the Davis-Bacon Wage Act. Sponsors will be required to comply with all local hiring and workforce requirements. MOH will work with each project sponsor to identify employment opportunities for CityBuild's Green Academy graduates as part of the retrofit activities.
- Document tenant income levels in accordance with WAP guidelines.

## 5. Project Approval

Provider will submit to MOH for approval:

- Final sources and uses with construction costs
- Timeline for implementation

MOH will:

- Recommend projects to the Mayor for funding; Loan Committee approval will not be required.
- Amend grant agreement to include funding for energy measures.
- Authorize a Notice to Proceed.

## 6. Implementation

During construction, compliance and monitoring activities will include:

- Construction monitoring, in conformance with WAP and typical MOH-CDBG requirements.
- Verification of installation of energy improvements and performance monitoring over time, in conformance with WAP requirements.
- Construction draw process, in conformance with typical MOH process.
- Prevailing wage compliance reporting *weekly* (in contrast to typical *monthly* MOH process)
- LBE requirements and workforce development goals.

Following project completion, MOH or its consultant will provide technical assistance including training and education for property maintenance staff and tenants.