



# Green and Resilient Retrofit Program (GRRP) Department of Housing and Urban Development (HUD)

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## In This Resource

This resource is intended for states, local governments, retrofit program administrators, and community-based organizations (CBOs) looking to support HUD-assisted, affordable multifamily housing owners in pursuing energy efficiency and resiliency upgrades as part of their recapitalization projects.<sup>1</sup> Building owners participating in the Green and Resilient Retrofit Program (GRRP) will be required to cover all property rehabilitation costs not associated with the program, such as necessary capital improvements—or to secure this funding from non-GRRP sources.

The entities listed above may play a key role in encouraging building owners to apply for GRRP, helping owners obtain additional funding, providing technical assistance (in coordination with HUD’s technical assistance providers), and braiding this funding into larger or complementary retrofit programs. Such activities will not affect the rating factor HUD uses to select building owners as awardees, but they may facilitate or motivate building owners to undertake crucial energy efficiency upgrades they might not otherwise pursue.

### Eligible HUD-Assisted Properties

At least 50% of units must be assisted by:

- **Section 8** Housing Choice Vouchers
- **Section 202** Supportive Housing for the Elderly
- **Section 811** Supportive Housing for Persons with Disabilities

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<sup>1</sup> Here, recapitalization refers to altering the capital structure of an existing HUD-assisted property, i.e., major property rehabilitation, improvements, upgrades, or retrofits.

## Program Overview

Under the Inflation Reduction Act of 2022 (IRA), the Department of Housing and Urban Development (HUD) received \$1 billion to develop and implement the GRRP to support energy efficiency and improve indoor air quality and climate resiliency in privately-owned, HUD--subsidized multifamily properties.

The vast majority of the funds, \$837.5 million, are dedicated to **grants and direct loans** to owners of HUD-assisted multifamily buildings; part of the funds could subsidize up to \$4 billion in direct loans.<sup>2</sup> An additional \$42.5 million will support energy- and water-use benchmarking of eligible properties, and \$120 million is reserved for program administration. Property owners can use project funding and financing to **improve energy and water efficiency, address indoor air quality concerns, implement building electrification and renewable energy technologies, install low-emission building materials, and improve climate resilience.**

## Funding Lifecycle



Figure: Flow of GRRP Funding. HUD's Office of Recapitalization, within the Office of Multifamily Housing Programs, is responsible for creating the GRRP program guidance and distributing funding. Funding will directly flow to owners of HUD-assisted multifamily properties.

On May 11<sup>th</sup>, 2023, HUD released the Notices of Available Funding (NOFOs) that provide detailed GRRP program guidance (one [program-wide notice](#) and one for each of three cohorts, linked below). Owners of HUD-assisted multifamily properties have at least three application windows between summer 2023 and February 2024 to apply for funding for each of three cohorts (see Table 1 for a summary of the Elements, Leading Edge, and Comprehensive cohorts). If program funding remains, HUD may open a fourth application window.

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<sup>2</sup> GRRP received \$1 billion through the appropriations process. The legislative cap for this program is \$4 billion.

# Guidance for Retrofit Program Administrators and Advocates

States, local governments, retrofit program administrators, and community-based organizations (CBOs) can all play a role in identifying projects, encouraging building owners to apply, and adapting existing programs to best support GRRP projects.

## ACEEE Guidance to Support Applicants

- Support applicants in identifying which cohort is most applicable, as applicants **may only apply to one GRRP cohort for a given project.**
- Provide **application assistance** where possible, including identifying buildings undergoing recapitalization and supporting building owners in choosing which cohort best suits their recapitalization project.
- Ensure that new and existing **programs complement GRRP awards.** For example, existing state, local, or utility weatherization programs might prioritize financing for projects that are interested in applying for GRRP funds, or **work with building owners to identify funding gaps** that may be covered by utility incentives or other funding opportunities.

## ACEEE Guidance for Project Measures

- **Pursue energy efficiency and water efficiency measures.** Robust energy efficiency measures such as insulation, air sealing, highly efficient doors and windows, and efficient appliances will reliably generate long-term benefits for residents and the environment, including lowering overall energy costs and emissions, and increasing home comfort and resilience. Maximizing building envelope efficiency will help right-size HVAC equipment and renewable energy generation.
- Leverage GRRP funds to **include resilience measures** and **use materials with low embodied carbon.** HUD encourages the inclusion of such measures, meaning that projects that do so (in addition to meeting minimum cohort requirements) will likely be prioritized in the selection process. Climate resilience measures will benefit owners by ensuring resident safety and improving building durability.
- Building owners are eligible to win awards for projects at multiple buildings. Applicants should consider **scaling retrofit strategies across multiple properties** (see each cohort NOFO for maximum number of awards).
- **Fill funding gaps with complementary funding streams.** Projects that receive GRRP funds may also use other federal, state, or local rebates, incentives, grants, loans (unless otherwise prohibited by the other assistance program). For example, newly released federal funding to states to provide [home energy rebates](#) may be leveraged to support electrification, or efficiency improvements not covered by GRRP awards.
- Applicants should consider **converting units to all-electric** appliances to reduce emissions and streamline energy bills. Pairing conversions with weatherization can help ensure that bills remain stable or decrease.
- **Consider adding green certifications.** Applicants that are not selected may withdraw and modify their applications. A project that adds a green certification will receive higher priority in HUD's selection process (see the Leading Edge section below for further information on certifications).

## Eligible Activities and Award Details

Building owners may apply for funding from one of three funding cohorts, depending on the scale of the work and planning phase of the recapitalization project (see table 1).

**Table 1. GRRP funds will be divided into three funding streams, or “cohorts.” Total funding represents the combined amount available for grants and loans.**

	(1) Elements Cohort	(2) Leading Edge Cohort	(3) Comprehensive Cohort
Purpose	Modest awards to "green" existing recapitalization plans	Larger awards to achieve green certifications as part of recapitalization plans	Larger awards to initiate deep retrofits with extensive HUD support
Project stage	For owner-driven projects in later planning stages	For owner-driven projects in earlier planning stages	HUD contractors initiate a suite of property assessments and integrative project design
Project scope	Building owner chooses from among measures specified in NOFO	Building owner achieves a net zero green building certification	HUD contractor develops comprehensive scope of work and guides project
Requirements	No modeled savings requirements.	Achieve 25% modeled energy use reduction and meet a green certification	Achieve 25% modeled energy use reduction and 40% reduction in emissions
Max project funding	\$40,000/unit and \$750,000/property	\$60,000/unit and \$10 million/property	\$80,000/unit and \$20 million/property
Total funding	\$140 million	\$400 million	\$1.47 billion

**Grants and loans:** Project awards for all three funding streams will be available as grants or as surplus cash loans, which are paid back with 25% (Elements) or 50% (Leading Edge and Comprehensive) of annual surplus cash from the property for a minimum of 15 years (with any remaining balance due at the end of the term).

**Affordability restrictions:** Both grants and loans for all three cohorts extend affordability restrictions on the units for 5 years beyond the current use restrictions regarding affordability up to a maximum of 25 years (grants) or 15 years (loans).

**Benchmarking:** All owners are required to benchmark energy and water use with ENERGY STAR® Portfolio Manager. Leading Edge and Comprehensive awards require that buildings achieve minimum modeled energy use reductions that will require one full year of pre- and

post-project benchmarking. HUD will provide either direct support or reimbursement for benchmarking costs up to \$2,500 per property.

## 1. Elements Cohort

The Elements cohort is designed to provide gap financing for “green” upgrades to recapitalization projects where financing is already secured and a third-party due diligence report is already completed (or substantially completed) but the project has not yet closed.

Awards are available for up to \$40,000 per unit with a maximum of \$750,000 per property. Elements awards may be used to include—or substitute existing measures with—energy efficiency, renewable energy, or other carbon-reducing measures in a recapitalization project. [The NOFO](#) details a list of eligible investments and funding limits, which include but are not limited to:

- Energy efficiency measures such as insulation, air sealing, ENERGY STAR windows, heat pump HVAC, heat pump water heaters, and associated electrical upgrades
- Resilience measures such as cool roofs, energy or heat recovery ventilators, floodproofing, and fire-resistant materials
- Clean energy measures such as solar, wind, or geothermal generation, and renewable energy storage

The share of costs that GRRP funds cover will vary by measure. For example, 100% of costs associated with installing rooftop solar may be covered by GRRP awards, compared to only 30% of the installed costs of ENERGY STAR windows. State and utility incentives may be leveraged to cover the balance of any costs not covered by GRRP awards (though this will not make a GRRP application more likely to be selected by HUD). A complete list of eligible investments and funding limits can be found in Appendix III of the NOFO.

## 2. Leading Edge

Like the Elements cohort, Leading Edge awards support building owners in upgrading existing recapitalization plans. However, Leading Edge awards are intended for recapitalization projects that are earlier in their planning process (HUD expects the applicant to be at least in the early stages of planning), larger in scale, and targeted toward meeting one of a dozen “net zero green certifications”.

Awards are available for up to \$60,000 per unit and \$10 million per property. They may be used to support investments that minimize or eliminate emissions by meeting one of the specified green certifications, including ENERGY STAR Next Gen with renewables, Passive

### Elements Cohort Program Deadlines

**June 29, 2023** First Application Period Closed. (\$35 million)

**September 28, 2023** Second Application Period Closes (\$35 million)

**January 4, 2024** Third Application Period Closes (\$35 million)

**March 28, 2024** For all other applications (any remaining funding)

*See [Elements NOFO](#) for additional details*

House, or high LEED levels (see section D6 of the NOFO for a full list of eligible certifications) and that achieve a 25% reduction in modeled energy consumption.

### 3. Comprehensive

The Comprehensive awards provide the highest level of project funding and are designed to support deep retrofit projects with a high level of HUD technical assistance. All properties are eligible to apply. For selected applicants, a HUD-provided contractor will commission assessments, develop a scope of work with the owner, and support the owner throughout the project.

Awards are available for up to \$80,000 per unit and \$20 million per property. Properties are expected to reduce emissions by at least 40% and reduce modeled energy use by at least 25%. Owners are responsible for all costs identified as “normal repairs and upgrades” in an initial capital needs assessment (e.g., replacing equipment that is beyond its useful life). These costs may be covered by owners directly, or through alternate funding sources secured by the owner. The Comprehensive award will cover the incremental cost of green or resilient alternatives and the full cost of a list of “high impact” measures such as electric upgrades required to install renewable energy generation, replacing some gas systems or appliances with electric ones, air sealing and insulation, and various resilience measures, among others (see Section 5.5 of the program-wide notice for detailed lists of cost share and high impact measures).

#### Leading Edge Cohort Program Deadlines

**July 31, 2023** First Application Period Closes (\$100 million)

**October 31, 2023** Second Application Period Closes (\$100 million)

**January 31, 2024** Third Application Period Closes (\$100 million)

**April 30, 2024** For all other applications (any remaining funding)

See [Leading Edge NOFO](#) for additional details.

#### Comprehensive Program Deadlines

**August 31, 2023** First Application Period Closes (\$300 million)

**November 30, 2023** Second Application Period Closes (\$325 million)

**February 28, 2024** Third Application Period Closes (\$325 million)

**May 30, 2024** For all other applications. Available funding: any remaining.

See [Comprehensive NOFO](#) for additional details.

**Residential Retrofits for Energy Equity (R2E2)** is a partnership of the American Council for an Energy-Efficient Economy (ACEEE), Elevate, Emerald Cities Collaborative, and HR&A Advisors. This initiative provides technical assistance to state and local governments, community-based organizations, and other entities to jumpstart energy upgrades for single family and multifamily affordable housing across the country, especially in frontline communities.