



Commonwealth of Massachusetts
**DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT**

Charles D. Baker, Governor ♦ Karyn E. Polito, Lt. Governor ♦ Janelle Chan, Undersecretary

Public Housing Notice 2018-22

To: All Local Housing Authority Executive Directors

From: Amy Stitely, Director, Division of Public Housing

Subject: Notice of Funding Availability (NOFA) for
Comprehensive Sustainability Initiative (CSI)

Date: November 21, 2018

1. Overview

The Department of Housing and Community Development (DHCD) is pleased to announce that capital awards are available through the new Comprehensive Sustainability Initiative, CSI. This program has three main objectives:

- To increase the impact of water conservation and energy savings through *comprehensive projects* addressing HVAC systems and/or building envelope tightness and durability, in addition to potential toilet/showerhead and lighting retrofits *at one development*; and
- To conserve water and/or energy to reach a total savings goal of 15% relative to the baseline prior to the project installation; and
- To reduce carbon emissions by reducing energy consumption.¹

DHCD intends to spend a total of approximately \$5M on CSI capital projects constructed during Fiscal Years 2019, 2020, and 2021 (FY19-21), with final completion of any project no later than June, 2021. DHCD plans to make initial awards in April, 2019. The LHA should be ready to add projects to their CIPs and begin project design shortly after award.

¹ Carbon emission reduction is a direct consequence of reducing gas or electricity consumption. The value of reducing gas usage is approximately 7 times that of reducing electricity usage.

To be eligible, at least 20 units must be affected by the retrofits. See 2. below for a full list of eligibility requirements.

All awards require that a LEAN (utility-paid) energy audit have been completed *on the proposed development* within the past four years. LHAs with a completed audit **for the development** should apply by January 31st, 2019. (See full description of the LEAN requirement at the bottom of Page 3). No measures which are likely to be funded in the future by the LEAN program will be allowed as a project for this award.

CSI awards are focused on reducing water usage and energy consumption, as well as improving the durability of the building envelope (including air, vapor and water infiltration). Therefore, specific projects will be those focused on conserving water, increasing air sealing and insulation, weatherization at doors and windows, improvements to higher efficiency heating/cooling equipment and domestic hot water storage, and high efficiency lighting replacements.

LHAs are encouraged to consider a comprehensive set of capital projects – including those existing projects a) where additional energy or water savings could be achieved by an increase in scope, and b) new projects not yet funded. An example of a project benefiting from an increase in scope would be a roof replacement project to which additional air sealing and insulation could be added to reduce *the energy consumption of the development*. However, capital projects which only anticipate very small energy and water savings, such as a Kitchen & Bath renovations with the replacement of 1-2 toilets per unit, are NOT acceptable candidates for funding. As described below, a large portion of the scoring will be based on the anticipated cost effectiveness of the projects measured by a) reducing utility costs (40 points); and reducing CO2 emissions (15 points).

2. Eligibility Criteria

DHCD is limiting the applicant pool according to the following criteria:

- Program: CSI awards are available for Ch. 667, Ch. 200 and Ch. 705 developments.

Ch. 689 and developments that have existing project-based Section 8 units are not eligible.

- Ability to track historical and future data: Tracking the water and energy savings and resulting CO2 impact of the capital investment is critical for this award. Therefore, the LHA will be responsible for providing both historical data (for one year prior to Date of Substantial Completion - CSC) and three years of future data (post CSC) on both water and energy use. The LHA must provide DHCD the CSC for each of the projects within this award, as completion of each project will vary. *Failure to provide DHCD with water and energy data will terminate the LHA's eligibility for receiving DHCD reimbursement for future projects within the CSI award.*

Note: 12 months of historical data will be shown by month in a small box on a current bill for both the electric and gas bill. This historical data must be presented at the time of CSC of the each project to ensure an accurate baseline.

Collecting and submitting data needs to be done in two different ways, according to who pays the utility bill:

- i. For developments where the LHA pays the utility bill, monthly water and energy data should be entered into the HAFIS energy database on a timely basis (within 60 days of receiving a bill).
This data must also be scanned and sent directly to DHCD to ensure quality control of data entry.
- ii. For developments in which the tenant pays the electric and gas bill, the same one-year monthly historical and three years forward usage and cost data (relative to CSC) must be obtained from the tenants and submitted to DHCD. Tenants should be reassured that *in no case will information on payment or non-payment of the bill will be collected or used against the tenant in any way.*

There are two methods of collecting utility bills from tenants:

- a.) The LHA can manually collect tenants' bills (typically by mail). 60% of tenants must provide these bills, both historically and into the future, per the above criteria. To the extent possible, the LHA should attempt to gain the participation of tenants who are likely to remain in the LHA for three years after capital installations.
 - b.) The LHA may obtain signed release forms from 60% of the tenants to allow the LHA and DHCD to have electronic access to their electric and gas bills both historically and into the future. Again, attempting to gain the participation of tenants who are likely to remain at the LHA for three years is important.
- Unit count: ***Projects must affect 20 or more units.*** Note: if there are 20 units in the development, but the proposed projects will only impact one-half of the development, these 10 units don't qualify.
 - Past Awards: Developments are not eligible if within the past 2 years they were awarded more than \$200k in Sustainability Funds.
 - LEAN (utility-program) recent energy audit: Developments must have had an energy audit performed by the LEAN program (typically ABCD, Action, Inc., ClearResult or Community Action (western MA) within the past four years.

For those proposed developments which have not had a recent LEAN energy audit, LHAs should complete an application for the audit via the website: www.leanmultifamily.org. Once the audit is complete and the utility has determined which, if any, energy-saving measures will be installed

by the LEAN program, the LHA is encouraged to submit a CSI application. These applications do not need to meet the January 31st deadline. They will be considered in the order in which they are received until this NOFA funding is depleted.

No measures which are likely to be funded in the future by the LEAN program will be allowed as a project for this award.

An exception is made for LHAs within a municipal light district which doesn't provide a free electric audit or provide free electric-based retrofits. However, if the development is gas-heated, it must have had a current **gas** energy audit performed by a LEAN Administrator.

3. Funding Availability and Award Limits

A total of \$5M in funds will be available for FY19-21. The maximum award will be \$25,000 per unit, capped at a \$750,000 maximum. The minimum award will be \$250,000. The award size will be based on the points earned as indicated in Attachment B. Notices to Proceed (NTP) with construction will be staggered to meet anticipated funding availability by fiscal year.

Approximate Funding Availability by Fiscal Year		
FY19	FY20	FY21
\$750,000	\$2,250,000	\$2,000,000

All construction must take place within one development, and only one application per LHA is allowed. DHCD anticipates making between 7 and 10 awards.

All projects must be anticipated to be completed by June 30, 2021. If the accepted project is an increase in scope to an existing project, design must immediately incorporate the changes into the original project.

Use of Funds

Attachment C includes line-by-line examples of projects and the % water or energy cost savings associated with each example. If the LHA wishes to fund a project not in the list of examples, it should propose that project via email to Betsy Harper at betsy.a.harper@mass.gov. Betsy will provide the anticipated % water or energy cost savings associated with that project. The four categories and a sample of appropriate projects include:

- a) **Water conservation:** Low flow toilets and showerheads replacement;

- b) **Building envelope improvements:** – roof and siding replacements which include air sealing (including at windows and doors) and insulation; exterior door replacements; air sealing and insulation installation in attics, walls or basement ceilings;
- c) **HVAC system replacements;**
- d) **Lighting retrofits:** fixtures & bulbs replacements with LEDs; installation of occupancy sensors.

Given the goal of comprehensive retrofits, projects must include:

1) **either** substantial building envelope upgrades (door replacements can be included, but aren't considered substantial) **and/or** HVAC system replacements (Domestic Hot Water replacements can be included, but don't qualify as a full HVAC system replacement); **and**

2) at least one other category – either water conservation or lighting retrofits.

All work must comply with [DHCD Design and Construction Guidelines & Standards](#), and DHCD strongly encourages project scopes that have 20 years of useful life.

Projects should include designs which take into consideration resiliency concerns – i.e. locating HVAC equipment higher than local flood risk. In addition, materials used should include the following sustainability preferences: no or low VOCs or other toxins; high recycled content, and locally sourced materials.

CSI awards *may not* be used for developing *new* public housing units, as these projects should already include water conservation and energy saving designs.

For proposals to improve any energy measure (i.e. excluding water), the applicant will certify that these components cannot be updated with LEAN utility funds. LEAN utility funds **can** be counted as leverage if combined with other proposed projects to be funded through this grant round. Please contact Betsy Harper if you have questions about your development's eligibility for the LEAN program.

When a proposed project involves a complete building envelope upgrade, such as roofing, exterior siding, window and door replacement *and* the air sealing of these components, mechanical ventilation (including bathroom fans) must be evaluated to be included in the project.

4. Evaluation Criteria

The evaluation criteria and points system are described in more detail, with examples, in Attachment B.

Categories	Categories	Maximum Points
1. Scope – comprehensiveness of projects. Must include either Category II. or III., <i>plus</i> either I. or IV.	I. Water II. Building Envelope III. HVAC IV. Lighting	20
2. Leverage – use of previously approved FF and/or Third Party Funding		15
3. Water and Energy \$ cost savings and Years to Payback. Each project is entered line by line into Attachment C and then totaled for a Comprehensive score		40
4. Carbon Reduction – auto-populated in Exhibit Attachment C once projects are entered		15
5. Preventative Maintenance & Tenant Engagement		10
TOTAL		100

5. Application Process and Requirements

Applications are due by 5pm on Friday, January 31st, 2019. LHAs may only apply for one development. Each application must include a completed application form (**Attachment A**) and all required exhibits described below:

- i. **Cover Letter:** Cover letter explaining why proposal is a strong candidate for CSI (signed by LHA Executive Director and Board Chairperson);
- ii. **\$ Cost Savings and Year to Payback (Attachment C):** Excel spreadsheet with line-by-line project descriptions and TDC budgets;

- iii. **Preventative Maintenance Plan/ Checklist – for those items which pertain to HVAC and water:** existing plan/checklist. This will be expanded will be expanded to include new components as identified in the Application: Attachment A;
- iv. **Tenant Engagement:** any materials or meeting notices associated with previous tenant education about green, sustainable practices – including mandatory window & door closure during use of heating/cooling equipment; recycling program, etc. Attachment A will include any new tenant engagement efforts that will be initiated in concert with the proposed projects.
- v. **Commitment to providing water and energy usage data, historical and three years into the future:** Please attach a one or two-paragraph statement acknowledging the requirement to provide:
 - a. The date of Certificate of Substantial Completion (CSC) for each project;
 - b. 1-year of monthly historical data for the 12 months prior to the date of the CSC of each project;
 - c. 3-years of future monthly data, starting at date of CSC. This data must be both entered into the HAFIS Energy Database, as well as scanned and sent to DHCD in order to error-check data entry; and
 - d. If tenants pay their own utility bills, indicate which method will be used to obtain historical and future energy data, i.e. a) via paper copies via mail; or b) electronic access via tenant releases. This data must be collected for 60%+ of the tenants. Options are explained on Page 3.
- vi. **Board Vote:** A board vote of application approval, as evidenced by a certified extract from the minutes of the board meeting; and

Application Schedule		Dates/Time (EST)
1.	NOFA Issued	3:00 PM Wednesday, November 21st
2.	Question Deadline	12:00 PM Wednesday, December 12th
3.	Answer Deadline	12:00 PM Wednesday, December 19th
2.	Application Deadline	5:00 PM Friday, January 31st
3.	Anticipated Awards (estimated)	April, 2019

Questions should be submitted to Betsy Harper (betsy.a.harper@mass.gov) by Wednesday, December 12th. Responses will be published as addendum to the original PHN by Wednesday, December 19th.

The application (**Attachment A**) is created as a Word document so that LHAs may type responses within the answer boxes. A final version of the application should be saved as a PDF. LHAs must also include a

completed Attachment C as an Excel file. LHAs must email one electronic copy of the application and all exhibits/attachments to: dhcdsubmission@mass.gov

In the “Subject” line of the email, please write: “CSI Application - Name of Housing Authority.”

After DHCD has reviewed all applications, LHAs considered for award must host a review team site visit and respond to any follow up questions about the application. The total review process may take up to two months, depending on the number of applicants and the complexity of proposed projects. DHCD intends to grant awards by April, 2019.

Attachments to this NOFA:

Attachment A: Application

Attachment B: Evaluation Criteria

Attachment C: Project Detail to Determine \$ Cost Savings, Payback in Years, and CO2 Reduction. *The baseline data that is populated into this Excel spreadsheet is from the Energy Data Base (HAFIS).*