DHCD 2021 Housing Innovation Partnerships (HIP) Grants

Available funding

$5.5 million for Fiscal Year 2022 (July 1, 2021 to June 30, 2022) to be awarded competitively. Maximum award is $2.0 million for large scale implementation ("deep energy retrofit") project grants. For large scale implementation grants, primary applicant must provide at least ten (10) percent of grant total in any combination of cash or in-kind match. Matching funds may not be other sources of DHCD funding, but may include other sources of public or private funding.

Subject to availability of funds, DHCD intends to offer a Spring 2022 round of the HIP grant program, with opportunities for up to $100,000 per applicant for planning, or $500,000 per applicant for planning/capacity-building/implementation grants. Please see additional details and examples on page 8.

Application deadline

Fall, 2021 (date TBD)

Eligible grant applicants

Local governments, federal- and state-recognized tribal governments, non-profit and community-based organizations, housing authorities, affordable housing developers (for-profit or non-profit), Weatherization Assistance Program (WAP) agencies and providers, building renovation contractors, building energy performance contractors or consultants, design and engineering firms, academic institutions, building product and equipment manufacturers, housing industry associations, utilities and electric cooperatives.

Organizations must have a demonstrated capacity to successfully manage grants as a grantee. Lobbying organizations or 501(c)(4) organizations may not apply. Applicants with outstanding audit findings, IRS findings, DHCD monitoring findings or other compliance issues will not be considered. Please note that although DHCD will work with all interested parties, where appropriate, to resolve findings and compliance issues, it will be the responsibility of the applicant to ensure good standing prior to applying.

All applicants must be registered in DHCD's Centralized Application and Management System (CAMS) and are required to submit one of the following financial documents: Financial Statement; Reviewed Financial Statement prepared by an independent Certified Public Accountant (CPA); Audited Financial Statement prepared by an independent CPA; or, an OMB A-133 Audit (Single Audit) prepared by an independent CPA.

Funding source and goals

DHCD's Housing Innovations in Energy Efficiency (HIEE) funding utilizes proceeds from Virginia's participation in the Regional Greenhouse Gas Initiative (RGGI), with the goal of advancing energy efficiency in affordable housing.

Virginia's General Assembly tasked DHCD with the goals below in administering the RGGI (HIEE) funding. The HIP grant program furthers work toward these goals:

1) Deep energy retrofits (exceeding energy code requirements) that complement existing affordable housing construction and rehabilitation incentives, to ensure lowest income population, and historically economically disadvantaged communities benefit from long term cost savings;

2) Incorporate innovative approaches that will overcome traditional barriers to building and retrofitting affordable housing at scale; and

3) Prioritize long-term sustainability/durability and occupant health (e.g. preventing moisture issues, integrating ventilation systems and/or improving ventilation system efficacy) along with energy efficiency upgrades.

Purpose

Aligning with the goals noted above, the Commonwealth must find new pathways, methods, and work processes for preserving, upgrading and maintaining existing affordable housing stock to significantly reduce energy burdens on low-income households, for both rental and owner-occupied housing units. The Housing Innovation Partnerships (HIP) grant program will provide additional resources and facilitate partnership opportunities to demonstrate innovative and scalable approaches to reducing energy use, carbon emissions and occupant energy burdens through deep energy efficiency retrofits of *existing residential buildings* physically located in Virginia and designated as affordable housing.

Income guidelines and other related requirements

Occupants in multi-family buildings must be at or below 80 percent of Area Median Income (AMI), with consideration given to buildings housing lowest AMI occupants. For detached single-family, townhouse or manufactured/mobile homes, households occupied by Weatherization Assistance Program (WAP)-eligible tenants (60 percent of State Median Income) will be the priority population, with households with incomes at or below 80 percent of AMI also being eligible. Buildings physically located in Historically Economically Disadvantaged

Communities (HEDCs)[1] will be prioritized for assistance, as well as targeting of buildings housing lowest-income residents or residents with highest energy burdens within a locality or region.

HIP grants may be used in addition to other sources of project funding, such as Low-Income Housing Tax Credits (LIHTC) and/or Affordable and Special Needs Housing (ASNH) funding. Retrofit approaches must minimize inconvenience and disruption to occupants. If tenants will be relocated, the project must comply with all Uniform Relocation Act requirements. All materials and systems must be commercially-available (not experimental). Projects shall comply with all applicable provisions of the most current version of Part II of the Virginia Uniform Statewide Building Code (USBC), also known as the Virginia Existing Building Code (VEBC).

Retrofit requirements

DHCD and Virginia Tech's Virginia Center for Housing Research have consulted studies and define deep retrofits as 50 percent or more energy cost savings post-retrofit on a weather-normalized, year-over-year basis.

Multifamily - An American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) Level II audit is required to establish pre-retrofit baseline energy performance for buildings, and standardize the scope of work development and cost savings estimate methodology. If a building owner/operator has recently (within the prior year) benchmarked energy use data, this may serve in lieu of ASHRAE audit for establishing pre-retrofit baseline. Post-retrofit energy performance must be measured and verified (M&V) for one year to demonstrate improvement versus actual pre-retrofit energy use baseline. M&V must be performed by firms with proven experience and appropriately credentialed personnel[2], and protocols must follow industry standards best suited to residential buildings, such as Option B of the International Performance Measurement and Verification Protocol (IPMVP).

Single Family - For scattered-site single-family projects or projects with multiple owner-occupied or renter-occupied homes in a development, pre-retrofit energy use must be established via energy audits and mechanical testing following Building Performance

[1] "Historically economically disadvantaged community" means (i) a community in which a majority of the population are people of color or (ii) a low-income geographic area. "Low-income geographic area" means any locality, or community within a locality, that has a median household income that is not greater than 80 percent of the local median household income, or any area in the Commonwealth designated as a qualified opportunity zone by the U.S. Secretary of the Treasury via his/her delegation of authority to the Internal Revenue Service.

[2] At minimum the individual(s) performing the M&V must hold one of more of the following credentials:

- Professional Engineer (PE)
- Certified Energy Manager (CEM)
- Residential Building Energy Analyst (licensed by VA DPOR)
- ASHRAE Certified Energy Auditor
- Certified Measurement and Verification Professional (CMVP)

Institute (BPI) standards, and post-retrofit energy use for a representative sample of units must be collected/measured and reported using a statistically-reliable approach.

Retrofit approaches may vary based on building size and configuration, primary construction materials, or metering configuration, but will generally include energy-related components such as building envelope, lighting, heating, ventilation, and air-conditioning (HVAC) equipment, associated metering and control systems, and water heating equipment. Energy modeling software with appropriate capability for buildings size and configuration should be utilized to predict energy savings and develop the scope of work for the project.

Eligible building configurations

- Multi-family buildings of any size (renter tenants)
- Groups of detached single-family or attached townhomes (owner-occupied, or rentals with landlord's permission)
- Groups of manufactured or mobile homes (owner-occupied, or rentals with landlord's permission)
- Group homes or facilities providing housing and services for special needs or vulnerable populations, such as treatment and recovery.

HIP primary focus areas

- Use of proven but emerging technologies and/or innovative project delivery approaches, where wider deployment and scale can provide significant energy savings and carbon reduction benefits for residents of affordable housing developments or low- to moderate-income households
- Use of materials and equipment to enhance indoor air quality, increase durability and extend building useful lifespan, and reduce overall environmental impacts and greenhouse gas emissions

Eligible and ineligible costs

Allowable expenditures include hard (materials and equipment) and soft (audits, engineering and design, planning, outreach and education, and project management) costs associated with the innovation component of the retrofit project. Grantees may use up to five percent of award amount for grants management, accounting related to grant, preparing reports to DHCD, and staff training.

Property acquisition, site and soils remediation, and hazardous material abatement costs are not eligible. Renewable energy systems (such as solar and wind) are not eligible. Grant lead partners

may subcontract associated work but assume all liability for subcontractor activities and performance.

Period of performance and agreement structure

Grant period of performance will be up to two (2) years from the date of contract execution. Primary grant partners will be reimbursed for allowable expenditures for successfully completing milestones under the grant agreement with DHCD. Allowable expenditures and milestones will be clearly delineated in grant agreement and Statement of Work. Funds will be released upon satisfactory completion of milestones, as follows: 30 percent at contract agreement, 60 percent at project substantial completion, and 10 percent at grant closeout. Grant period of performance may be extended on a case-by-case basis upon agreement between DHCD and primary grant partner, if sufficient progress is demonstrated. DHCD will closely monitor progress on grant deliverables. Grant agreement may also be terminated on agreement by the parties, and unspent funds allocated to subsequent HIP grant opportunities or otherwise repurposed by DHCD.

Application materials and evaluation criteria

Lead grant partner/applicant must provide a HIP grant application in DHCD's Centralized Application Management System (CAMS). Project details and required documents shall include:

- Detailed written narrative of the proposed project and description of innovative approaches for meeting the desired outcomes and metrics (below) within the two-year period of performance (four pages maximum).
- Relevant experience and qualifications (one page resume) for key personnel for all grant partners.
- Pro forma budget for the project, with secured and proposed funding sources. Documentation of other funding sources for project, and matching/in-kind commitments, must be provided if already secured.
- Letters of support may also be provided with applications, but will not be determinative in scoring.

Criteria	Evaluation Elements	Points Available
Innovation	Novel or innovative uses of materials, components and/or integration of systems to meet 50 percent energy cost reduction goal; project delivery plan reduces time and cost; occupant education and engagement strategy will contribute meaningfully to successful outcomes	40

Need	Building(s) physically located in an HEDC; building occupants experience very high energy burdens (greater than 10% of income); retrofit will substantially improve indoor environmental quality and address issues to extend building usable lifespan	30
Feasibility	Experience and qualifications of team; identified candidate building(s); extent to which other funding sources are identified; support of building owner/management is provided; retrofit approach is clearly articulated and builds upon successfully applied strategies for past projects	30
	Total	**100**

Desired outcomes and deliverables

1. Energy Use Reduction and Building Performance:
    - Demonstrated reduction in energy use/bills with a goal of meeting or exceeding 50 percent cost savings
    - Enhanced indoor environmental quality including humidity control and fresh air ventilation in all units[3]

2. Occupant Education, Comfort and Satisfaction:
    - Improved occupant comfort (short, standardized occupant satisfaction survey shall be conducted pre- and post-retrofit; survey to be provided by Virginia Center for Housing Research)
    - Occupant satisfaction or health and safety concerns post-retrofit must be addressed to fullest extent possible by lead grant partner, or its representative/subcontractor, where these concerns are legitimately related to the retrofit work
    - Creative and effective occupant education and interaction strategies including but not limited to materials or platform developed (e.g. social media page explaining the benefits of the work being done on the building and what occupants need to know about the benefits)

3. Outreach and Technology Transfer:
    - Case study or video describing successes and lessons learned

[3] "Enhanced indoor environmental quality (IEQ)" specifically: retrofits that enable 1) year round humidity control of interiors spaces between 40-60% relative humidity (RH) 2) HVAC designs that comply with provisions of ASHRAE 62.1-2019, section 5.10 so that the system is capable of maintaining a maximum indoor dew point of 60°F at all times, including unoccupied hours, whenever the outdoor dew point is above 60°F.

- Potential presentation(s) at 2022 Governor's Housing Conference and/or other housing industry forums
- All funded project teams will conduct post-project debrief with DHCD and Virginia Housing staff to establish lessons learned and how these may be applied for future program improvements
- Successful approaches are applied at scale to other affordable housing projects

Application Submissions

Housing Innovation Partnerships (HIP) grant applications must be submitted through DHCD's Centralized Application and Management System (CAMS). Applicants should carefully follow all instructions for submission. Applications submitted with incorrect or missing information will be reviewed "as is."

An applicant organization must have a registered CAMS organizational profile in order to apply for pilot funding. Once an organization has an approved profile, individual users may be given access to CAMS by the organization's profile manager.

Applicants may submit applications at any time prior to the deadline. DHCD will only review applications submitted in CAMS prior to the established deadline.

Application status

Applicants may allow multiple users to edit and review application materials. Please note that applicants are fully responsible for controlling security access to CAMS when the application is submitted to DHCD.

Once the applicant begins work on the application CAMS will save the application as Incomplete. The applicant may return repeatedly to CAMS to work on the application. Please be sure all work on the application is saved in CAMS. The application will remain in an incomplete status until the applicant chooses to submit the application. Once the application is submitted the status will change from Incomplete to Pending.

DHCD review process

DHCD will conduct reviews of all applications submitted by eligible applicants through CAMS.

Applicants with unresolved findings from previous DHCD monitoring, audit findings or other compliance issues will not be eligible for a funding commitment.

Spring 2022 applications - Planning grants:

The focus of the first round (Fall 2021) of HIP grants will be implementation grants that pilot new deep energy retrofit approaches for affordable housing that are scalable.

DHCD intends to offer an additional $5 million in planning and implementation grants in Spring 2022 through the HIP program to help develop and incubate new ideas and concepts for future HIEE funding uses.

Planning grants will be capped at $100,000 per applying organization, and capacity-building/implementation hybrid projects will be offered up to $500,000 to all eligible HIP grant partners, and to state agency partners to plan new programs or pilot new energy efficiency concepts. The planning grants will be limited to program planning and design activities only, while capacity building/implementation projects could include components such as hiring staff and pilot program implementation activities.

Several examples are provided below:

- Community-based organization planning for locally-led energy efficiency program connected to Environmental Justice (EJ) efforts, and facilitating outreach and listening sessions to address local priorities focused on energy efficiency awareness and improvements for lowest-income residents.
- Capacity building/implementation grant for program offering new avenues to reach and actively engage residential building owners and occupants in HEDCs through outreach and community-driven initiatives or community-based social marketing campaign on the benefits of energy efficiency, and availability of resources. Outcome could be to drive and demonstrate increased participation in energy efficiency programs (state, utility, etc.) in an HEDC by helping stakeholders better understand how energy efficiency programs work, and overcome barriers to participation.
- Planning grant for localities on updating comprehensive plans and zoning regulations to facilitate more innovative opportunities for affordable housing developments which include advanced energy efficiency and greenhouse gas emissions reduction as a central focus.
- Capacity building/implementation grant for new construction project techniques focused on innovative technologies that lower construction costs and increase highly energy efficient housing product delivery to low-income Virginians (such as modular construction or 3D printed homes).