

MULTIFAMILY ENERGY EFFICIENCY IMPROVEMENT PILOT (MEEIP)

PROGRAM GUIDELINES

New Jersey Housing and Mortgage Finance Agency

Revised February 2011

| | |
|---|---|
| <p>Program Overview</p> | <p>The Multifamily Energy Efficiency Improvement Pilot (MEEIP) is an American Recovery & Reinvestment Act program; more information on the source of funds is provided in the Application documents. MEEIP permits eligible multifamily property owners to borrow funds to improve existing NJHMFA properties. The intent of this Pilot program is to provide low interest loans for multifamily housing improvements that increase properties' energy efficiency and conserve resources thereby preserving the quality of housing for residents and reducing property operating expenses.</p> <p>This loan can be used to finance the balance of the cost of energy efficiency improvements that are not covered by the incentives from the NJ Board Of Public Utilities' SmartStart "Pay for Performance" program and other State and Federal Government programs such as the federal Energy Efficiency Commercial Buildings Tax Deduction, among others.</p> <p>Applications will be reviewed based upon date of receipt of a complete application, as indicated in program application instructions, with all supporting documentation as determined by NJHMFA at its sole discretion.</p> <p><i>Rents paid by tenants shall not increase as a result of this program.</i></p> |
| <p>Eligible Applicants</p> | <p>Eligible applicants must meet all of the following:</p> <ol style="list-style-type: none"> (1) Own a multifamily building (5 units or more) that has an existing primary permanent mortgage (First Mortgage) with NJHMFA or proposed rental housing project to be renovated with an NJHMFA primary permanent mortgage (First Mortgage) or a multifamily property that has NJ Low-Income Housing Tax Credits through HMFA (2) Be eligible for participation in the NJ Clean Energy Program 'Pay for Performance' program (3) Projects participating in the NJHMFA Weatherization Assistance Program or PSE&G Residential Multifamily Housing Program are not eligible (4) Certify that the applicant has no outstanding state or federal tax liens (5) Will start construction within 60 days of the award of this energy efficiency loan (6) Will pass final inspections of energy efficiency improvements, expend all funds and satisfy post-closing requirements by December 31, 2011 |
| <p>Eligible Property</p> | <p>Eligible buildings must meet all of the following requirements:</p> <ol style="list-style-type: none"> (1) Up-to-date on NJHMFA project reporting requirements; and (2) Priority will be given to projects that can achieve energy savings of greater than 25%; and (3) Meet NJHMFA standards for affordability; and (4) Have no outstanding health and safety issues: unless there is an NJHMFA approved plan in place to correct the issues. |
| <p>Eligible and Ineligible Uses of MEEIP Funds</p> | <p>In closing this loan, the applicant shall comply with NJHMFA's standard closing requirements. Loan proceeds are limited to making energy conservation improvements that are necessary to enhance energy conservation. The Internal Rate of Return (IRR) on improvements must be equal to or greater than 10%. In addition, insulation, air sealing and weatherstripping must be completed if an owner undertakes a heating and/or cooling system replacement or upgrade. Proposed measures and equipment must be ranked in order of expected payback and pre-approved by the NJ CEP 'Pay for Performance' program and the NJ Housing & Mortgage Finance Agency.</p> <p>Borrowers will pay administrative costs; administrative expenses are not covered by MEEIP</p> <p>For rehabilitation projects that are coming in for an NJHMFA primary permanent mortgage, MEEIP will only fund the difference between the cost of a conventional system or component and the cost of a substitute or supplemental energy efficiency component.</p> <p>Energy improvements may include, but are not limited to:</p> |

| | |
|---|--|
| | <ul style="list-style-type: none"> • Insulation, air sealing and weather stripping (required if replacing an HVAC system) • HVAC system improvement and/or replacement (including alternative fuel sources and excluding cogeneration) • Solar Domestic Hot Water system installation • ENERGY STAR-rated windows and lighting fixtures • Common space auto-cutoff controls and programmable thermostats • Ventilation and moisture controls <p>NATIONAL ENVIRONMENTAL POLICY ACT (NEPA) REQUIREMENTS have been amended specifically for this program. The following measures have been <i>categorically excluded</i> by the Department of Energy from these requirements and will <i>not</i> require NEPA review:</p> <p><i>“Efficient lighting, HVAC measures, occupancy sensors, variable speed drives, programmable thermostats, refrigeration measures, domestic hot water reduction measures, pipe insulation, energy star boilers and furnaces, barometric dampers, high efficiency cooling systems, high efficiency water heating equipment, efficient appliances, ground source heat pumps (10 tons capacity or smaller), windows, doors, insulation and other building shell improvements, clean and tune (furnaces), solar thermal hot water (appropriately size units for multifamily buildings), low flow aerators/showerheads/toilets, combined heat power systems (sized to boilers appropriate to the buildings in which they are located), chillers, motors and pumps, controls, building management systems, exhaust air heat recovery, and exhaust fans/air handlers/ventilation fans.”</i></p> |
| Leveraging | <ul style="list-style-type: none"> • The sum of the MEEIP loan, Pay for Performance Incentives and other funding sources will not exceed 100% of the cost to make the upgrades. • To participate in this loan program, projects must apply to and participate in the NJ ‘Pay for Performance’ program. • Projects participating in the NJHMFA Weatherization Assistance Program or PSE&G Residential Multifamily Housing Program are not eligible. |
| Maintenance Staff Training | Operations & Maintenance staff and Managing agency must be provided with a training manual that promotes efficient use of energy. Manual should include operating instructions for any new equipment or appliances. |
| Repayment | 25% of cash flow remaining after payment of operating expenses, required reserves and amortized debt. |
| Loan Terms and Interest Rate | <p>This low-interest loan (2% interest rate, compounded annually) is subject to the following terms:</p> <ul style="list-style-type: none"> • Loan will be co-terminus with existing mortgage with a balloon payment obligation at the end of the loan term, or repayment. • Loan may be refinanced if the borrower cannot meet balloon payment obligation at the end of the term. • Balance must be repaid ahead of ROE payout. <p>Loan limited to \$2,000/unit – not to exceed \$500,000</p> |
| Prepayments | The loan may be prepaid after August 1, 2012. Prepayment restrictions of existing loans will remain in force. |
| Program Funding, Monitoring and Reporting Requirements | <p>The NJ Green Homes Office at NJHMFA will monitor funds received and expended for the Multifamily Energy Efficiency Improvement Pilot. Applicant shall comply with all State and Federal reporting and funding requirements, such as Davis-Bacon, etc.</p> <p>All applicants must participate in the NJ Green Homes Office’s Energy Benchmarking project. This shall include (1) signing data release forms for all meters, utilities, and sub-utilities; (2) assisting in the gathering of utility release forms from tenants; and (3) providing building data as needed.</p> |