



New Jersey Housing and Mortgage Finance Agency

## Guide to NJHMFA ENERGY STAR Requirements

For instances when a funding program monitored by NJHMFA requires ENERGY STAR Certification

2011

This document was created as a handbook to explain the documents NJHMFA requires for successful completion of an ENERGY STAR Certification requirement. We acknowledge that not every residential construction project can participate in the ENERGY STAR Homes program. Pay for Performance (P4P) or Home Performance with Energy Star program address those projects that need an ENERGY STAR Homes equivalent. The requirements within this guide are specific to NJHMFA financed projects – although we encourage other New Jersey state agencies and local government entities to reference this document when setting up similar green building and energy efficiency requirements, in order to have consistency across the state.

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## **NJHMFA PROGRAMS REQUIRING ENERGY STAR CERTIFICATION:**

### **Low Income Housing Tax Credits 4% and 9%**

The NJ LIHTC Qualified Allocation Plan's ENERGY STAR requirement can be found in the following location:

*“5:80-33.12 Application to a cycle/eligibility requirements*

*(c) Applications shall meet all of the eligibility requirements listed in this section in order to be admitted into a cycle. NJHMFA reserves the right to contact the applicant if the need arises.*

*8. Successful participation in the Environmental Protection Agency's (EPA) ENERGY STAR Homes Program or equivalent . . .”*

### **Balanced Housing & Home Express**

Please reference the NJHMFA 'BH\_HE Green Requirements' document (found on the Green Homes Office website, [www.njgreen.gov](http://www.njgreen.gov), and within the UNIAP):

*“On July 2, 2007, amendments to the NJ DCA Balanced Housing program rules were adopted and will affect Balanced Housing and Home Express requirements. One of the changes includes green building requirements, outlined in Appendix M (see Appendix M within this document). The NJ Green Homes Office is located within the NJ Housing & Mortgage Finance Agency and has been tasked with confirming implementation of green requirements within projects that are funded by Balanced Housing or Home Express and NJHMFA. Please carefully read through the following notes to see if this document applies to you . . .*

*. . . ‘5:43 – 2.4 Eligibility requirements*

*. . . (l) All projects shall conform with the Balanced Housing Green Building Requirements pursuant to chapter Appendix M. . .*

*Appendix M*

***Balanced Housing Green Building Requirements***

*[EE-1] All units must adhere to current New Jersey Energy Star Certification requirements.’”*

Note: NJHMFA, for the Home Express program only, now offers a waiver to Appendix M.

### **Green Future**

The current Green Future Guidelines can be found on the Green Homes Office website, [www.njgreen.gov](http://www.njgreen.gov)

*“EE-1: All units ENERGY STAR Certified”*

### **CHOICE**

Please reference the CHOICE guidelines. All CHOICE projects are single-family new construction, gut rehabilitations or substantial rehabilitations. Single-family new construction and gut rehabilitation projects are eligible to participate in the EPA or NJ ENERGY STAR Homes programs. Substantial rehab programs are NOT eligible for the ENERGY STAR Homes program, and should participate in the Home Performance with ENERGY STAR Program.

## IMPORTANT NOTES:

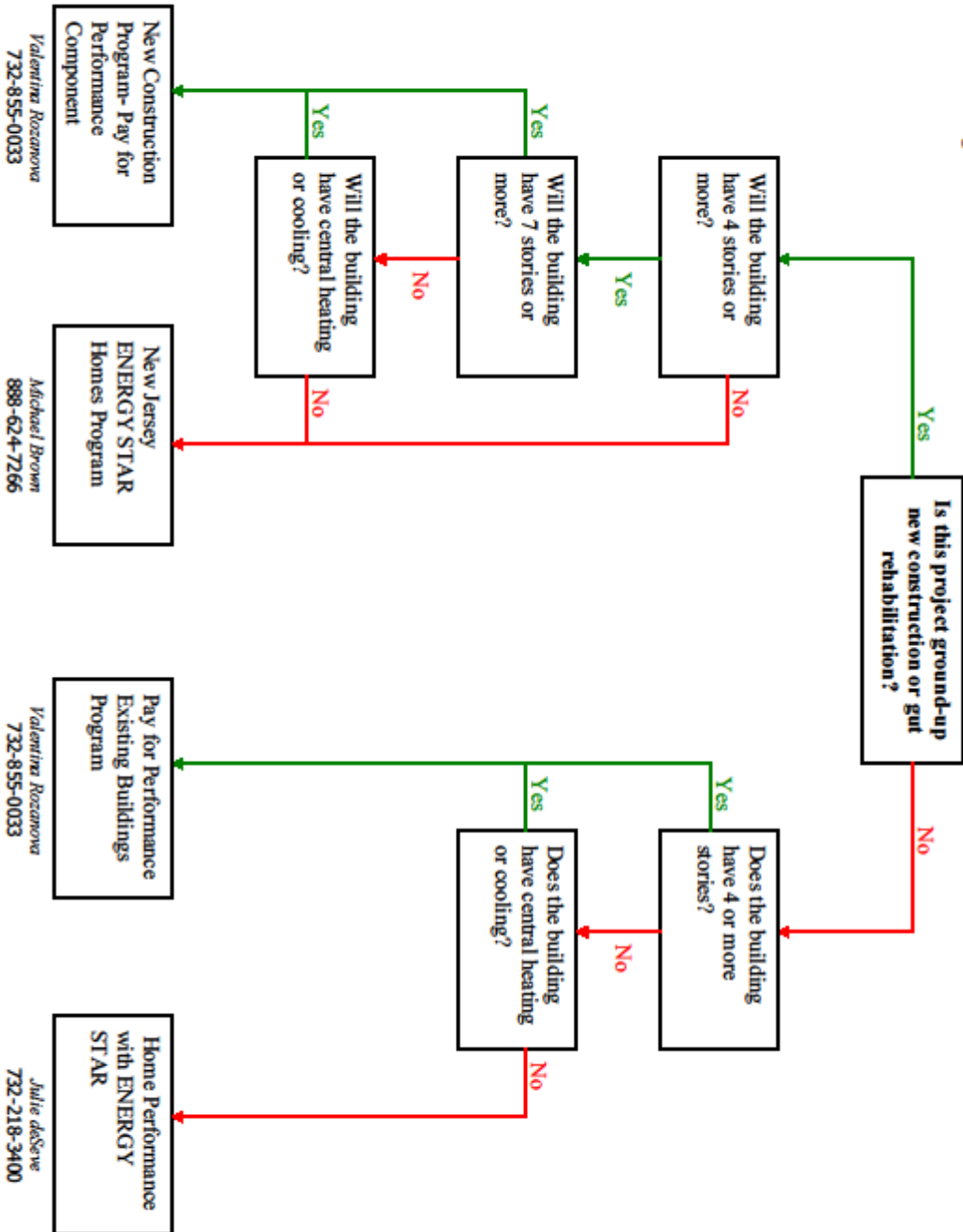
*The program chosen for compliance with NJHMFA's ENERGY STAR requirements must receive approval from the NJ Green Homes Office prior to submission of any NJHMFA funding application, unless able to participate in the EPA or NJ ENERGY STAR Homes program (most new construction or gut rehabilitation projects under 7 stories).*

- The first course of action is to see if your project can participate in the EPA or NJ ENERGY STAR Homes program. If not, then NJHMFA will require a letter from the NJ ENERGY STAR Homes Program Manager - or designated representative - stating why your project cannot participate. There are currently protocols within the NJ ENERGY STAR Homes program to address a range of residential building types.
- ***To determine the ENERGY STAR-compliant program for your project follow the Multifamily Logic Tree on the following page (Page 4).***
- The NJ Office of Clean Energy, administrator of the New Jersey Clean Energy Program, has expanded its ENERGY STAR programs. These changes began in 2009, and are continued in the current programs. The program changes expand options for high-rise, historic, and moderate rehabilitation properties.
  - **NJ ENERGY STAR Homes** now offers three Tiers to provide greater incentives for higher performing (more energy efficient) buildings.
  - **NJ Home Performance with ENERGY STAR** is working with multifamily buildings that are no more than three floors and have no elevator.
  - The **NJ Pay for Performance** program is a whole-building energy audit program that includes incentives for implementation and actual energy saving. This program accepts existing and new construction multifamily buildings that are too big to participate in ENERGY STAR Homes or Home Performance with Energy Star.
- These NJ Clean Energy programs are state-authorized, created by industry professionals, sources of third-party verification, and good alternatives for compliance with NJHMFA's ENERGY STAR requirements (if not able to participate in ENERGY STAR Homes).
- NJHMFA is not responsible for advising or monitoring for program compliance; we only look for checkpoints and final certification / completion.
- If you cannot find an equivalency program within this document that fits your project, contact the NJ Green Homes Office to set up a meeting and work out an equivalency agreement (see sample letter at the end of this document). The NJHMFA will be responsible for confirming ENERGY STAR Equivalency if you are not participating in an NJ Clean Energy Program.
- Manufactured housing must meet specific additional EPA ENERGY STAR requirements – check with the NJ ENERGY STAR Homes Program prior to contracting to get an ENERGY STAR certified manufacturer.

**DECISION TREE for All Projects with an ENERGY STAR Requirement:**

01/15/2010

**NJCEP Pay for Performance Multi-Family Logic Tree**  
 \*Please note: If you believe your project has fallen into the wrong category, please contact the TRC Market Manager.



## **EPA ENERGY STAR HOMES:**

[www.energystar.gov](http://www.energystar.gov)

[http://www.energystar.gov/index.cfm?c=bldrs\\_lenders\\_raters.pt\\_bldr](http://www.energystar.gov/index.cfm?c=bldrs_lenders_raters.pt_bldr)

“Homes that earn the ENERGY STAR must meet guidelines for energy efficiency set by the U.S. Environmental Protection Agency. ENERGY STAR-qualified homes are at least 15 percent more energy efficient than homes built to the 2006 International Residential Code (IRC), and include additional energy-saving features that typically make them 20–30% more efficient than standard homes.”

In order to receive EPA ENERGY STAR Homes certification, you will need to hire a certified HERS Rater to review your plans, conduct the necessary inspections, and issue an ENERGY STAR Certificate. The ENERGY STAR Homes program is geared specifically towards single-family homes and low-rise (up to 3 stories) new construction or gut rehabilitation projects.

## **PROCESS & SUBMITTALS:**

1. When applying for a commitment of funds include the following in your application:
  - A copy of your ENERGY STAR Partnership Agreement, available online through [www.energystar.gov](http://www.energystar.gov)
  - A Signed Letter of Intent, found within the appendices of this document
2. Prior to closing on construction financing and/or starting construction, submit the following documentation:
  - Signed Builder Upgrade Package (includes Upgrade Letter and Builder Acknowledgement form)
3. During the course of construction, make sure that your ENERGY STAR representative is at your first construction meeting and submit the following:
  - Copy of your “Passed” Pre-Drywall ENERGY STAR Inspection (including EPA Thermal Bypass Checklist)
4. At construction completion, prior to NJHMFA’s release of retention funds and/or closing for permanent financing, submit the following:
  - Copies of your EPA ENERGY STAR Homes Certificate(s)

## **NJ ENERGY STAR HOMES:**

New Jersey's Clean Energy Program

[www.njcleanenergy.com](http://www.njcleanenergy.com)

c/o MaGrann Associates, Residential Market Manager

1-800-NJ-SMART

The New Jersey ENERGY STAR Homes program is an EPA-verified ENERGY STAR program. NJ ENERGY STAR Homes is the same as the EPA ENERGY STAR Homes Program except for the following:

- NJ ENERGY STAR Homes provides financial incentives, the federal program does not.
- This program requires that at least one utility be individually metered, with individual heating and/or cooling systems for each dwelling unit.
- The Program includes a Pilot of the EPA ENERGY STAR Multifamily program.
- It also includes a Pilot Microload (New Jersey Climate Choice Homes) tier. A select few may participate – at the discretion of the program manager.

## **PROGRAM CHANGES - HIGHLIGHTS**

### **1. Transition to ENERGY STAR New Homes Version 2.5/3**

The current ENERGY STAR New Homes Version 2.0 is being phased out in 2011. The transition to Version 2.5/3.0, originally scheduled for January 1, 2011, has been delayed by the EPA, and is now scheduled to begin on April 1, 2011. More specifically, homes that are permitted prior to April 1, 2011 will be able to continue to complete under Version 2.0 – effectively extending the start of Version 2.5 by 3 months. Note that *completion* deadlines remain unchanged, as does the mandatory transition date to Version 3.0 (currently January 1, 2012). For more details, please see the attached EPA revised Version 3.0 Implementation Schedule. Note that both the permit date and the completion date for your home must comply with EPA's schedule.

### **2. Technical Requirements/Tiers/Rebates**

There will be two levels of participation: (1) EPA ENERGY STAR New Homes guidelines with New Jersey specific program requirements and (2) NJ Climate Choice Homes. For homes completing under ENERGY STAR New Homes Version 2.0, technical requirements have not changed. For homes completing under ENERGY STAR New Homes Version 2.5/3.0, qualifying homes must: Meet the EPA ENERGY STAR New Homes Standards in accordance with the published schedule (attached), which may be subject to changes made by the EPA. Multifamily buildings over three floors and up to six floors may be required to demonstrate compliance through the EPA ENERGY STAR for High-Rise Multifamily Buildings Standard (buildings over six floors may participate through New Jersey **Clean Energy** Program™'s C&I Smart Start Buildings (Pay for Performance) program);

- Comply with the EPA-mandated checklists in accordance with the published schedule as applicable (new checklists will be phased-in over the course of 2011);
- Comply with all EPA mandatory additional requirements (including proper HVAC sizing and duct leakage limits) according to the schedule as applicable;
- Install ENERGY STAR qualified HVAC equipment (or highest available alternative);
- Fully duct all HVAC supplies and returns and fully seal all duct system joints and seams with mastic compound (no tapes) as applicable;

- Install ENERGY STAR qualified mechanical ventilation with automatic 24-hour control, as required by ASHRAE 62.2 compliance as applicable;
- Install ENERGY STAR labeled CFL bulbs in at least 60% of all light sockets (including exterior fixtures) or comply with the EPA Advanced Lighting Package (ALP);
- Install only direct or power vented space heating, water heating and/or fireplace combustion appliances, when present.

Your Rating Company can assist you with understanding the new checklists, sizing and testing requirements being phased in under ENERGY STAR New Homes Version 2.5/3.0.

**Table 1: 2011 Financial Incentives per Unit**

| Building Type                            | 2011 ENERGY STAR New Homes Version 2.0 <sub>1</sub> | 2011 ENERGY STAR New Homes Version 2.5/3.0 <sub>2</sub> | 2011 NJ Climate Choice Home <sub>3</sub>   |
|--|---|---|--|
| Single Family                            | Tier 1: \$1,800<br>Tier 2: \$2,800                  | \$3,500   | \$10,000 to achieve a HERS index of 50, plus \$800 per index point below 50 (maximum incentive is \$26,000/unit) |
| Multiple Single Family ("Townhouse")     | Tier 1: \$1,300<br>Tier 2: \$1,800                  | \$2,625   | \$7,000 to achieve a HERS index of 50, plus \$500 per index point below 50 (maximum incentive is \$17,000/unit)  |
| Multiple-Family Building ("Multifamily") | Tier 1: \$1,000<br>Tier 2: \$1,200                  | \$1,750   | \$4,000 to achieve a HERS index of 50, plus \$400 per index point below 50 (maximum incentive is \$12,000/unit)  |
| Design Progress Payment                  | \$300 Per Design                                    | \$0   | \$0  |
| Pre-Drywall Progress Payment             | \$300 Per Unit                                      | \$0   | \$0  |
| Final Progress Payment                   | \$600 Per Unit                                      | \$0   | \$0  |

**Note 1:** These incentives are in effect until ENERGY STAR New Homes Version 2.0 sunsets according to the EPA ENERGY STAR New Homes Version 3 implementation schedule.

**Note 2:** These incentives are in effect upon within 30 days of implementation date of Versions 2.5/3.0 by EPA. Progress payments will be consolidated with the incentive payment, which is paid out following ENERGY STAR qualification of the unit/building. All 2011 ENERGY STAR New Homes Version 2.5/3.0 incentive payments will be made upon completion and certification of unit.

**Note 3:** These incentives are in effect as of 1/1/2011. The Climate Choice Homes program has a limited budget and the Market Manager will cease making commitments when the budget is fully expended or committed. All committed incentives will be honored.

**Table 2: Climate Choice Home Staged Incentive Payment Schedule1**

| <b>Building Type</b>                     | <b>At Completion of Enrollment (Sign-In)<sup>2</sup></b> | <b>At Completion of Pre-Drywall Inspection(s)<sup>2</sup></b> | <b>At Final Certification</b> |
|--|--|---|-------------------------------|
| Single Family                            | \$3,000  | \$3,000   | Balance                       |
| Multiple Single Family ("Townhouse")     | \$2,000  | \$2,000   | Balance                       |
| Multiple-Family Building ("Multifamily") | \$1,000  | \$1,000   | Balance                       |

*Note 1: NJ Climate Choice Home incentives will be updated upon review of the forthcoming release of EPA Concept Home guidelines.*

*Note 2: Failure to complete the project, or to meet NJ Climate Choice Home minimum specifications and/or performance goals, will result in repayment to the Program of incentives paid, less any applicable incentives for meeting all lower tier qualifying level requirements. In this circumstance, the Market Manager will generate a letter to the appropriate party requesting any monies due.*

**3. High-Rise Multi Family Projects transition to the Open Rater Market**

New Jersey ENERGY STAR Homes will continue to support the ENERGY STAR for Multifamily Building (new construction) program for eligible buildings over three floors, based on the ASHRAE 90.1 modeling methodology rather than the Home Energy Rating System. Beginning in 2011, implementation services (project review and verification) will be provided by the open market for rating services and certification. The program will provide oversight through quality assurance activities within this program area. Incentives listed in Table 1 (Version 2.0/multi-family building/tier 1 only) apply. All applicable requirements and guidelines established by EPA for this program must be met, in addition to any NJ ENERGY STAR Homes- specific requirements.

**4. CFL Lighting reimbursement program discontinued**

The program will no longer offer reimbursement for CFLs purchased through the Builder Portal, or elsewhere.

**5. Project Application and Specification Submittal Forms replaced by one simplified Site Submittal Form**

In 2011 the procedure for submittals will change. Instead of submitting a Project Application and a Specification Submittal Form for every project, Raters will now submit a Site Submittal Form for *each unit to be rebated* by its individual specific address, with the exception of multifamily buildings which may be submitted on a per-building basis, along with a complete listing of all unit addresses. Further details for submission requirements will follow in a separate update.

PROCESS & SUBMITTALS for NJ ENERGY STAR Homes:

1. When applying for a commitment of funds include the following in your application:
  - A Signed Letter of Intent, found within individual program documents (such as CHOICE & LIHTC)
  - A copy of your ENERGY STAR Partnership Agreement, available online through [www.energystar.gov](http://www.energystar.gov)
  - If participating in Tier 3* – a letter from NJ ENERGY STAR Homes program manager stating that the project is approved to participate and on-track for this level.
  
2. Prior to closing on construction financing and/or starting construction, submit the following documentation:
  - Signed Builder Upgrade Package (includes Upgrade Letter and Builder Acknowledgement form)
  - Status update from MaGrann Associates for Tier 3
  
3. During the course of construction, make sure that your NJ ENERGY STAR Homes representative is at your first construction meeting and submit the following:
  - Copy of your Pre-Drywall ENERGY STAR Inspection (including EPA Thermal Bypass Checklist)
  - Status update from MaGrann Associates for Tier 3
  
4. At construction completion, prior to NJHMFA's release of retention funds and/or closing for permanent financing, submit the following:
  - Copies of your NJ ENERGY STAR Homes Certificate(s)

**NJ HOME PERFORMANCE WITH ENERGY STAR:**

New Jersey’s Clean Energy Program

[www.njcleanenergy.com](http://www.njcleanenergy.com)

c/o Conservation Services Group, Residential Market Manager

1-866-NJ-SMART

Through this program, contractors certified by the [Building Performance Institute](#) (BPI)<sup>1</sup> **OR** the Home Performance with ENERGY STAR program manager (Conservation Services Group) will conduct an energy audit on single-family homes and some low-rise buildings (up to 3 stories with no elevator) for \$125. This audit fee will be reimbursed if the building owner completes Tier 3 items totaling at least \$2,000 (see below). During the audit the inspector will (a) test for air contaminants and do a visual inspection (Tier 1), (b) if there are no carbon monoxide or other noxious gasses that need to be addressed, offer a free half-day air-sealing service (Tier 2) and (c) generate a list of measures that can be implemented to make the home more energy efficient (Tier 3). The audit will **not** include estimates of the cost to complete these measures.

Participating contractors in the New Jersey Home Performance with ENERGY STAR program are independent home improvement contractors who have been accredited and certified by the Building Performance Institute. The contractors who participate in the program warrant their own work and may charge different fees for services they provide, including the home assessment if additional testing is included. Any contractor in the state of New Jersey may apply to become BPI-certified.

The contractor will work with the owner to identify sources of wasted energy and help make money-saving improvements, such as insulation and air-sealing, windows and doors, lighting and appliances, and upgraded heating and cooling systems. Equipment incentives offered through this program cannot be combined with other Office of Clean Energy equipment incentives.

Select the Tier 3 package for compliance with HMFA ENERGY STAR requirements.

***In addition to minimum requirements outlined within this program, the following replacements are required for all moderate and substantial rehabilitation projects receiving NJHMFA financing that requires ENERGY STAR Homes (or equivalent) certification:***

*Owner shall complete Tiers 1, 2 and 3 and all items as recommended by BPI-certified contractor or Conservation Services Group auditor – extent of items to be approved by the NJ Green Homes Office. – NJ GHO*

**Customer Incentive Tiers and Requirements**

| Incentive Tier | Requirements  | Customer Incentive |
|----------------|---|--------------------|
| Tier 1         | Home Assessment: To be eligible for HPwES incentives, a homeowner must have a home assessment (audit) performed by a <a href="#">certified contractor</a> . | None               |

<sup>1</sup> The Building Performance Institute (BPI) is a national resource for building science technology that, among other things, sets standards for assessing and improving the energy performance of homes.

|        |   |  |
|--------|---|--|
| Tier 2 | Estimated total energy savings (TES) of at least 10% and less than 20%: Install air sealing and/or insulation, with the option of installing duct sealing and duct insulation measures.                   | \$1,000 cash rebate, not to exceed 50% of cost of the measures used to calculate TES. No loan option available. Customers who receive an incentive at this tier can also receive incentives through the <a href="#">WARM</a> and <a href="#">COOLAdvantage</a> programs for any HVAC upgrades and conversions. |
| Tier 3 | Level 1 - Estimated TES of at least 20% and less than 25%: Install air sealing, insulation, HVAC, DHW and/or other eligible measures. (Measures NOT eligible are appliances, lighting, doors and windows) | \$3,000 cash rebate, not to exceed 50% of cost of the measures used to calculate TES,<br>And 0% interest loan up to \$10,000   |
| Tier 3 | Level 2 - Estimated TES of at least 25% or greater: Install air sealing, insulation, HVAC, DHW and other eligible measures. (Measures NOT eligible are appliances, lighting, doors and windows)           | \$4,000 cash rebate, not to exceed 50% of cost of the measures used to calculate TES,<br>And 0% interest loan up to \$10,000   |

PROCESS & SUBMITTALS for Home Performance with ENERGY STAR:

1. When applying for a commitment of funds include the following in your application:
  - A signed agreement/contract with the BPI contractor you will use (not provided by program)
  - A Signed 'ENERGY STAR Letter of Intent', found within individual program documents (such as CHOICE & LIHTC)
  
2. Prior to closing on construction financing and/or starting construction, submit the following documentation:
  - Data Collection Form – Initial Audit BA & Envelope
  - Data Collection Form – Initial Audit Heating & Cooling
  - Comprehensive Package List
  - Signed Contract with BPI certified contractor
  - Contractor Application for Consumer Financing/Rebate
  - Contractor Participation Agreement for Consumer Financing
  - Customer Credit Application
  - NJ Home Performance with ENERGY STAR financing confirmation letter
  
3. During the course of construction, ensure that your BPI-certified contractor is at your first construction meeting.
  
4. At construction completion, prior to NJHMFA's release of retention funds and/or closing for permanent financing and/or release of construction loan, submit the following:
  - Certification of completion of work from contractor
  - Confirmation of completion of work from NJ Home Performance with ENERGY STAR Program manager

## **NJ SMART START BUILDINGS:**

New Jersey's Clean Energy Program

[www.njcleanenergy.com](http://www.njcleanenergy.com)

c/o TRC Energy Services, C&I Market Manager

1-866-NJ-SMART

**This program is available to Multifamily Projects that do not qualify to participate in ENERGY STAR Homes or Home Performance with ENERGY STAR because they are too large for those programs.**

*Pre-approval is required for almost all energy efficiency incentives. This means you must submit the online Registration Form, program Application Form (and applicable worksheets) and receive approval before any equipment is installed or start of construction.*

## **IMPORTANT INFORMATION:**

Applicants should apply first through the **Smart Start: Pay for Performance program**. If not allowed to participate in this program (provide email or letter from program indicating such), then the Green Homes Office will work with the Smart Start market managers and the applicant team to put together an energy efficiency equivalency letter based on the following possible incentives also offered through the Smart Start Incentives program:

- Design Support for Larger Projects,
- Technical Assistance for Smaller Projects,
- Support for Custom Energy Efficiency Measures and
- Incentives for Qualifying Equipment and Projects.

### For all Smart Start programs: Smart-Growth Eligibility

Check to make sure your project is eligible for incentives.

Incentives for new construction are available only for projects in areas designated for growth in the NJ State Development and Redevelopment Plan. Customers, or their trade allies, can determine if a location is in a designated growth area by referring to the Smart Growth Locator available from the HMFA website (<http://www.nj-hmfa.com>) or check the [State Plan Quad PDF files](#) available from the NJ Department of Community Affairs

### Pay for Performance Program Eligibility

Existing large Multifamily affordable housing projects are eligible to participate in this program. The requirement that projects have a minimum 200kW baseload has been eliminated for multifamily affordable properties. To determine the appropriate energy efficiency program for a project, follow the Program Logic Tree on Page 4 of this Guide. An Energy Reduction Plan must define a comprehensive package of measures capable of reducing the existing energy consumption of your building by 15% or more. An approved Program Partner may be able to make a preliminary assessment of a project's ability to achieve a 15% reduction.

## INCENTIVES:

Pay for Performance incentives are awarded upon the satisfactory completion of three program milestones:

### Incentive #1

- Submittal of complete Energy Reduction Plan prepared by an approved Program Partner. Contingent on moving forward, incentives will be between \$5,000 and \$50,000 based on approximately \$0.10 per square foot, not to exceed 50% of the facility's annual energy expense.

### Incentive #2

- Installation of all recommended measures. Incentives are based on the projected level of electricity and gas savings, which will be 'trued-up' after one year based on actual savings.

### Incentive #3

- Completion of Measurement and Verification Report. A completed report verifying energy reductions based on one year of post-implementation results is required. Incentives for electricity savings and natural gas savings will be paid based on actual savings, provided that the minimum performance threshold of 15% savings have been achieved.

## PROCESS & SUBMITTALS for Pay for Performance:

1. When applying for a commitment of funds include the following in your application:
  - A signed agreement/contract with the Program Partner you will use (pre-selected companies; a list can be found on [www.njclenenergy.com/ssb](http://www.njclenenergy.com/ssb) website)
  - A copy of your Pay for Performance Application Package
  - A copy of your Notice to Proceed, with Pay for Performance Case Manager noted
2. Prior to closing on construction financing and/or starting construction, submit the following documentation:
  - Copy of Energy Reduction Plan
  - Copy of your Benchmarking Report
  - Copy of request for Incentive #1
3. During the course of construction, your Pay for Performance Case Manager and Program Partner will monitor construction.
4. At construction completion, prior to NJHMFA's release of retention funds and/or closing for permanent financing, submit the following:
  - Copy of Substantial Completion Construction Report
  - Copy of request for Incentive #2
  - Copy of rebate/incentive receipt from Pay for Performance program

## **FOR THOSE WHO CANNOT PARTICIPATE IN A FORMAL PROGRAM**

- ❑ Submit letters or emails from Clean Energy Program managers (or applicable program(s)) stating that you cannot participate in their program(s).
- ❑ Submit the Letter of Intent included within the appendices of this document.
- ❑ Meet with the NJHMFA Green Homes Office PRIOR TO funds are awarded. We will review the project and draft an “ENERGY STAR Equivalent Letter of Understanding” (sample included within this document). This letter shall be signed prior to start of construction and/or close of construction financing.
- ❑ Submit photographs of all items in “Letter of Understanding” in the quantity to be determined by your NJHMFA Field Inspector to the Technical Services Advisor.
- ❑ The NJHMFA Field Inspector will confirm that items have been implemented satisfactorily prior to permanent financing.
- ❑ Green Homes Office will issue a letter confirming successful completion of the Equivalency requirements.

## **COMMENTS ON MASTER-METERED PROJECTS:**

Several policies to consider:

- NJHMFA strongly prefers that at least one utility (electric or gas) be individually metered. This will encourage demand-side efficiencies.
- NJ ENERGY STAR Homes requires that at least one utility (electric or gas) be individually metered or submetered. EPA ENERGY STAR Homes does not.
- For example, it is acceptable to have radiator heating on a common boiler and gas line while individually metering electric use, for cooling.

Examples of scenarios where a project might be master-metered:

- Special Needs project where the owner/manager will be paying all utility bills. Please keep in mind that for permanent placement housing and transitional housing projects, NJHMFA encourages tenants to pay for their own utilities. If a project wishes to master-meter a substantial argument must be made to NJHMFA financial officers and technical services division.
- A moderate/minimum-rehabilitation multifamily project that has an existing master-metered system and/or an historic project.

If applicable, consider participating in the NJHMFA Submetering Pilot program for existing buildings. Only NJHMFA financed multifamily projects are allowed to submeter in New Jersey.

## **COMMENTS ON ELECTRIC HEATING:**

- NJHMFA would strongly prefers that heating not be solely electric, especially if tenants are expected to pay their own electric bills. If the developer wishes to provide electric-only, individually-metered heating, submit documentation covering the expected costs to tenants, various alternate heating design scenarios/sketches, and construction costs for various systems, etc. A substantial argument must be made to NJHMFA financial officers and technical services divisions to gain approval.
- Electric resistance heating (except within some heat pumps) should be avoided and will almost always eliminate a project from compliance with ENERGY STAR due to the impact on projected energy consumption.



New Jersey Housing and Mortgage Finance Agency  
2011 ENERGY STAR LETTER OF INTENT:

By signing this document, I certify the following (“we” refers to the applicant organization):

1. We understand that ENERGY STAR certification (or equivalent) is a prerequisite to participation in the Home Express / Green Future / Low-Income Housing Tax Credit / CHOICE (circle applicable) program(s), we agree to complete the ENERGY STAR certification process (or equivalent), and will comply with the submission requirements listed in the NJHMFA ENERGY STAR requirements document.
2. We understand that no projects are exempt from this requirement and have reviewed the alternative programs (if needed) for compliance - as indicated in the NJHMFA ENERGY STAR requirements document.
3. If requested we will allow the NJHMFA Green Homes Office, or designee, access to the project site pre, during and post construction for the purpose of but not limited to confirming ENERGY STAR compliance.
4. I am an authorized representative of the organization.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name of signer: \_\_\_\_\_

Title: \_\_\_\_\_

Project Name: \_\_\_\_\_

Organization: \_\_\_\_\_

NJHMFA ENERGY STAR Requirement Program most likely to participate in:

\_\_\_\_\_



## ENERGY STAR EQUIVALENT LETTER OF UNDERSTANDING:

New Jersey Housing and Mortgage Finance Agency  
For Compliance with ENERGY STAR requirements

Sample Letter of Intent for AnyProject, Anytown, NJ

By signing this document, I certify the following (“we” refers to the applicant organization):

We understand that our project is not exempt from ENERGY STAR requirements and that we have attempted and are unable to participate in one of the formal programs presented within the current ‘Guide to NJHMFA ENERGY STAR Requirements’ document. This project shall fulfill the threshold ENERGY STAR requirement for the purposes of the **Home Express / Green Future / Low-Income Housing Tax Credit / CHOICE (circle applicable) program(s)** by complying with the minimum standards set forth in (1) through (4) below. The minimum rehab project named \_\_\_\_\_, located at \_\_\_\_\_, \_\_\_\_\_, NJ, will comply with the following minimum requirements, which will be confirmed by the NJHMFA Green Homes Office.

1. Structural Work:
  - a. Specified new Tyvek is to be installed per manufacturer’s instructions that include taping at all seams – if siding is replaced.
  - b. If penetrations in exterior or inter-unit walls are exposed during renovation (from either interior or exterior sides), they are to be air-sealed with either foam or caulk sealant (Fiber Glass batts, Thermo-fiber or Rock wool is not acceptable).
  - c. If the moderate rehab requires/includes demolition of the walls/ceilings in contact with the exterior envelope, the following insulation levels will be installed:
  - d. Walls.....R-13
  - e. Roof/ceilings.....R-19 to R-30 (depending on joist/rafter sizes)
  - f. Unfinished basement.....R-10 walls; R-19 floor above
2. General Apartment Renovation:
  - a. All windows (other than Historic facades) will be replaced with energy efficient windows having a low-e coating. Windows to have maximum U-factor of 0.35 and a maximum solar heat gain coefficient (SHGC) of 0.39.
  - b. All appliances (refrigerators, ranges (electric) and range hoods) will be ENERGY STAR rated.
  - c. All light fixtures (interior and exterior building mounted) will be replaced with energy efficient fixtures having the ENERGY STAR label (excludes closets and unfinished basement areas). The closets and unfinished basement fixtures will have a screw-in compact fluorescent.
  - d. As much as possible floors, walls, and ceilings are to be air sealed with caulk or foam at any and all penetrations through sheetrock and/or floor (i.e., mechanical, electrical and or plumbing penetrations) or where one construction material meets another, (i.e., replaced window sills)
  - e. Flooring: if framing to sub-floor/flooring of perimeter of apartment is exposed during installation, seal at this joint with caulk to prevent exterior, inter-unit or unit-to-hallway infiltration.
3. Boilers, Heating & Plumbing Work:
  - a. If the existing hot air furnace is replaced, it will be replaced with 90% AFUE (efficiency) units.
  - b. If air conditioning is to be provided, it will be provided with SEER 13 and 11.0 EER (efficiency) units.
  - c. If the existing hot water heater is replaced, it will be replaced with  
gas efficiency: 40 gal = 0.61, 60 gal = 0.57;  
electric efficiency: 40 gal = 0.93, 50 gal = 0.92.
  - d. New thermostats will be specified/installed with ENERGY STAR qualified type.
4. All bathroom ventilation fans will be replaced with fan having a maximum 0.5 watts/CFM and 2.0 sones on automatic controls.

We understand that the requirements for minimum rehab projects include the following submissions to the NJHMFA Green Homes Office: Photographs will be submitted on each of the items above for a number of sites as determined reasonable by the project's designated HMFA Field Representative.

If requested we will allow the NJHMFA Green Homes Office, or designee, access to the project site pre, during and post construction for the purpose of but not limited to confirming compliance with the above requirements.

I am an authorized representative of the organization.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name of Signer: \_\_\_\_\_

Title: \_\_\_\_\_

Project Name: \_\_\_\_\_

Organization: \_\_\_\_\_

***Approval of NJ Green Homes Office***  
**FOR AGENCY USE ONLY**

Signed: \_\_\_\_\_ Date: \_\_\_\_\_