

**New York City Energy Efficiency Corporation
New York City Housing Development Corporation**

Program:	Program for Energy Retrofit Loans (PERL)
Description:	<p>PERL is a partnership between the New York City Housing Development Corporation (HDC) and the New York City Energy Efficiency Corporation (NYCEEC) to facilitate eligible energy improvements and clean heat conversions in mixed income housing throughout the five boroughs. The Program will provide financing for capital improvements that assist building owners in their efforts to comply with Local Law 87 and DEP rules enacted pursuant to Local Law 43, which are essential components of PlaNYC’s Greener, Greater Buildings Plan. The PERL loans (the Loans) would be added on as subordinate position loans to eligible projects currently in HDC’s or HPD’s portfolio.</p>
Eligible Scope of Work:	<p>The majority of the loan proceeds, defined as greater than 50%, must be used for energy efficiency measures identified through the audit process including but not limited to:</p> <ul style="list-style-type: none">• Residual fuel conversions• Heating and cooling systems upgrades and replacement• Lighting replacement• Cogeneration facilities• Ventilation• Insulation• Installation of building management systems• Any required asbestos and lead remediation activities specifically related to the above work <p>The remaining loan proceeds, defined as less than 50%, may be used for other necessary building improvements based on current building condition that are not specifically related to energy efficiency improvements but are reasonable scope of work items as requested by the Borrower and approved by HDC.</p> <p>“In unit” upgrades are only eligible for (i) buildings that are master metered; or (ii) those “in unit” upgrades that directly impact the building owner’s energy cost. “In unit” appliance upgrades are not eligible improvements in either case.</p>
Eligible Uses:	Loan proceeds may fund hard and soft costs associated with the approved Scope of Work.

Loan Origination Procedures:	<p>Loans will be underwritten and originated by HDC according to HDC’s standard underwriting and approval processes. Loans failing to conform, in one or more respects, with the Program Underwriting Standards will be subject to review by NYCEEC.</p> <p>HDC shall reference NYCEEC’s <u>Technical Guidelines Manual</u> to inform the required auditing scope of work, commissioning, monitoring and verification processes. The NYCEEC <u>Technical Guidelines Manual</u> will be revised periodically by NYCEEC, with HDC’s input as applicable.</p>
Cost of Capital:	<p>Interest rate on the Loans will be approximately 4%. Principal and interest will be payable monthly in arrears.</p>
Origination Fee:	<p>0.5%-1.0% Origination Fee, depending on Loan size.</p>
Loan to Cost:	<p>Maximum 95% of the total hard and soft costs. Total soft costs include the costs of project engineering and audit reports.</p>
Borrower Equity:	<p>Borrower Equity may be used to cover the cost of capital improvements in excess of debt coverage limits. Sources of equity may include cash contributions, draw downs on replacement reserves, or incentive payments made by sources such as NYSERDA or Consolidated Edison.</p>
Term:	<p>Maximum term of 10 years depending on cash flow projections of the improvements. In certain circumstances such as when tied to a larger refinancing, Loans may be structured with a 12 year term. Loans will be self-amortizing, and will typically begin to amortize on their first day. For certain Loans with large scopes of work or other specific circumstances, a 6-month interest-only construction period may be included in the term of the Loan.</p>
Audit Requirement:	<p>Pursuant to the NYCEEC Technical Guidelines Manual, buildings will be required to conduct an ASHRAE Level II audit. Each audit must be completed by an auditing firm preapproved by NYCEEC and HDC. HDC and NYCEEC maintain a list of preapproved firms and Audit and Commissioning Guidelines.</p>

**Eligible Borrowers/
Eligible Projects:**

Existing borrowers and projects generally must meet the following criteria:

- HDC holds the first mortgage for the property and/or the property is participating in an HPD program, such as the Participation Loan Program (PLP) or the Article 8a Loan Program (8a);
- The property meets or exceeds a minimum historical Debt Service Coverage ratio. In some cases, at HDC’s discretion, excess reserves and/or a concurrent rent restructuring or other modification may be taken into consideration;
- General good standing with HDC and HPD with no defaults or delinquencies in the past 3 years;
- Demonstrated potential for at least 15% energy usage savings;
- A minimum pre-retrofit kBTU/sf, to be established¹; and
- The property’s heat and hot water payments are made by the building owner.

Energy Savings:

Loans will be made available only to projects that are projected to achieve a reduction in energy usage (measured in kBTUs) of at least 15% on affected building square footage. Water conservation will not be factored into savings projections but energy savings relating to hot water heating can be counted. For clarity, projects that incorporate clean heat conversions must also meet a 15% minimum projected reduction in energy usage.

Contractors:

The borrower will be responsible for securing all third party reports, preparing scopes of work in accordance with the audit recommendations, and selecting general contractors. General contractors will be subject to [disclosure](#) and approval by HDC during the underwriting process. Scopes of Work and construction contracts will be subject to the approval of HDC’s engineering department.

Commissioning:

All systems improvements must be commissioned by the project auditor. Other commissioning agents may be approved by HDC & NYCEEC. Commissioning requirements are set forth in the Technical Guidelines Manual.

**Energy Monitoring and
Verification:**

Monitoring and Verification requirements are detailed in the NYCEEC Technical Guidelines Manual and codified by the Loan Commitment for each loan.

¹ NYCEEC will recommend a minimum pre-retrofit kBTU/sf.