

Roadmap for Maximizing Energy and Cost Savings at Refinance

This roadmap is a step by step guide to incorporating utility and energy service provider technical support and incentives into a multi-family affordable housing refinance project. You may be eligible for up to 100% support for energy efficiency measures such as LED lighting, insulation, air sealing, or boiler replacement. Following this roadmap will allow you to:

- Increase energy savings and reduce operating costs
- Maximize incentive dollars provided to your project
- Have incentive dollars committed at underwriting
- Support a streamlined process for your development team
- Permit your energy savings to be underwritten
- Allow your contractor to implement incentivized energy efficiency measures as part of your construction phase

Step 1: Connect to Mass Save® while undergoing the “First Look” or initial discussions with your Finance Agency

- ➔ **Contact the Mass Save Low Income Multi-Family Retrofit Program (administered by the Low Income Energy Affordability Network, or LEAN) by completing an online application at leanmultifamily.org or by calling 617-348-6425, to determine eligibility and enroll your project.**
- ➔ **Discuss capital needs assessment (CNA), physical needs assessment (PNA) or possibly a “Green CNA” with your Finance Agency. Your lender will be able to tell you how they intend to coordinate project financing with a potential Mass Save incentive payment.**

Mass Save has two retrofit programs that may be appropriate for multi-family affordable housing refinance projects. Projects may only participate in, and receive incentives from, one of these programs:

1. The Low Income Multi-Family Retrofit Program: Available to projects where 50% of the units are at or below 60% of area median income. The Low Income Multi-Family Retrofit Program is jointly administered by the Mass Save Program Administrators (PAs) and LEAN. Visit leanmultifamily.org or call 617-348-6425.
2. The Market Rate Multi-Family Retrofit Initiative: Available to projects where 50% of the units are above 60% of the area median income.

All retrofit multi-family affordable housing refinance projects should initially apply to the Low Income Multi-Family Retrofit Program. If it is determined the project does not meet income eligibility requirements, the project will be referred to the Market Rate Multi-Family Retrofit Initiative. The Market Rate Multi-Family Retrofit Initiative will guide you through a similar process.

If your project is primarily new construction—not retrofit—**Mass Save has a New Construction Initiative** that is designed to serve new construction and 50% gut rehabilitation. Qualified projects may be eligible for one of two paths.

- a. High Rise/Master-Metered Path: for master-metered projects or projects with 5 or more stories.
- b. Low Rise Path: for individually metered projects with less than 5 stories.

Note that most multi-family affordable housing refinance projects will not be eligible for the New Construction Initiative because most will be qualified as retrofits, rather than new construction. If it is determined the project does not meet retrofit eligibility requirements, the project will be referred to the New Construction Initiative. Both New Construction Initiative paths utilize [Home Energy Rating System \(HERS\) raters](#) or multi-family verifiers who will guide your project through the process.

Step 2: Conduct a Mass Save Energy Assessment to inform your CNA

- ➡ **Mass Save will provide you with an Energy Assessment for your project that will outline cost-effective energy efficiency measures.**
- ➡ **Your Finance Agency will evaluate your Whole Building Energy Assessment in conjunction with your CNA and proposed scope of work.**

All Mass Save Energy Assessments are provided at no cost to your project.

1. When you contact the **Low Income Multi-Family Retrofit Program**, let them know this project is part of an affordable housing refinance.
2. If you have a **third-party audit, completed design work, and/or energy modeling** that provides information on potential energy efficiency savings, the Low Income Multi-Family Retrofit Program will utilize these as sources to help determine Program opportunities. ***Program auditors will still visit your property to verify conditions and determine if there are additional opportunities for cost effective savings.***

If the building has previously participated in Mass Save, the development project manager, your design team and/or your CNA/PNA consultants should be given the Mass Save energy assessment. If work was done, provide the final report of energy equipment and other conservation measures that were previously installed to the design team and CNA/PNA team.

Your Finance Agency will request all Mass Save reports when you apply for financing to ensure they can provide you with the best terms that will support the inclusion of the maximum energy savings for your retrofit. They may be able use this information to support underwriting of your projected savings.

Additional Tips:

- * ASHRAE audits and other engineering studies can be valuable in identifying additional water savings and operational savings opportunities. These water and operational opportunities are not the focus of the Mass Save Energy Assessment, and therefore may not be included.
- * If you want your General Contractor to eventually carry out the Mass Save incentivized installations, discuss this with your Mass Save project manager. Your Mass Save project manager can help get your team qualified to do the work. This process will take additional time and should be started at this phase of the process.

Step 3: Secure commitments to optimize your project's energy savings

- ➡ **Mass Save can provide a commitment letter that identifies an incentive amount that you may submit to your Finance Agency. This commitment allows you to list your MassSave incentive as a committed source in your budget and will allow you to coordinate the installation of Mass Save energy efficiency measures with the rest of your construction scope.**
 - ➡ **Your Finance Agency's lender reviews the CNA, Mass Save Assessment and Mass Save commitment letter as part of the underwriting process. The duration of your commitment from Mass Save will be designed in consideration of your lender's standard approval process, and will be timed to coincide with your anticipated loan closing date. Mass Save and your lender will work closely with you to troubleshoot any timing issues.**
1. The Mass Save energy consultant who provided you with your assessment will continue to work with you to determine eligible incentives.

- For the Low Income Multi-Family Retrofit Program, 100% of the cost of the eligible measures and installation can be covered.
 - If the Low Income Multi-Family Retrofit Program vendors complete the installation, there will be no charge to your project and no need for an incentive reimbursement.
 - If you are using your own team for installation, the incentive may not cover 100% of the price your designer or contractors submit as the cost for these measures. The costs to be covered will be determined as the cost the Low Income Multi-Family Retrofit Program would pay to purchase and install the comparable measure. *The Low Income Multi-Family Retrofit Program has this information available to share with your design team so they are aware of which energy conservation measures are eligible for an incentive and the approximate incentive levels.*
2. As the owner/developer you will always be provided an opportunity to decide on the energy savings measures to implement.
- Your team may use the assessment values as an initial estimate of energy savings and an incentive value in early plan submission to the Finance Agency. These values are a preliminary estimate only of the savings and incentive potential.
 - Design or specifications changes have the potential to change both the savings and incentives. The development team should keep in touch with Mass Save as changes are considered to determine the potential effect on eligibility for incentives.
3. When you have agreed with Mass Save on the eligible energy savings measures that you will implement and your development team has included them in the specifications, drawings, and budget, Mass Save can provide a commitment letter that identifies an incentive amount that you may submit to the Finance Agency.
- The commitment letter will include a requirement to allow the Mass Save program to do inspections and quality control for energy measures installed. The commitment letter will specify a period for which the incentive commitment will be honored.

If you plan to use your own general contractor for the incentivized energy efficiency installations, your Mass Save contract bid documents and the final contract must include specification that your contractor and all subcontractors installing the incentivized energy efficiency measures are **qualified** to work in Mass Save.

Step 4: Installing energy savings measures/renovation begins

- ➔ **[If using Mass Save contractors] Mass Save coordinates the installation schedule between the Program's vendors and your general contractor.**
- ➔ **During construction, the energy savings measures committed to will be part of the construction monitoring required by the Finance Agency.**
- If you have a general contractor and/or subcontractor(s) qualified to complete Mass Save incentivized installations, construction should move forward.
- If you prefer to use contractors through Mass Save, it is important to coordinate the schedule between the program's vendors and your general contractor.

- You must contact Mass Save with any questions or concerns before work starts.

Step 5: Mass Save incentive payment

➡ **Mass Save conducts quality control and verification and processes the incentive payment.**

Upon completion of construction the owner and development team must complete the close out process with Mass Save, which will verify the energy measure installation and process your incentive payment.

Step 6: Monitor performance to maintain savings

At the end of construction, it is critical that the energy savings measures and their specific operating requirements are communicated to the operations staff that will be responsible for maintaining systems. Educating residents can also be critical. This is the responsibility of the owner/developer.

Projects completing through the Low Income Multi-Family Retrofit Program will have their energy data entered into [WegoWise](#), a program for benchmarking and monitoring energy use. Mass Save provides, at no cost to you, the use of WegoWise for low income multi-family projects for one year. You will have the option to continue with WegoWise by subscribing directly for a fee after the year is over. Projects may also consider [Energy Star Portfolio Manager](#), which is provided at no cost by the U.S. Environmental Protection Agency, and also provides benchmarking and monitoring of energy use.

Tracking your energy use, especially in the first year of operations, will help ensure that all the energy measures are operating to deliver maximum savings. If you note major variances from the expected savings, reach out to Mass Save so the source of the issue can be resolved and your savings can be maintained.

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Massachusetts Department of Energy Resources (DOER), Mass Housing, Mass Housing Partnership (MHP), Mass Development, the Low Income Eligibility Network (LEAN), the Massachusetts Energy Efficiency Program Administrators (PAs) and other entities such as Homeowners Rehab (HRI), Preservation of Affordable Housing (POAH), and Local Initiatives Support Corporation (LISC), have worked together to align the multi-family affordable housing refinance process with energy savings planning, design and execution supported through Mass Save.

Mass Save® is an initiative sponsored by the Massachusetts' natural gas and electric utilities and energy service providers. We work closely to provide a wide range of energy efficiency services to help residents and businesses manage energy use and related costs. Mass Save is brought to you by Berkshire Gas, Blackstone Gas Company, Cape Light Compact, Columbia Gas of Massachusetts, Eversource, Liberty Utilities, National Grid and Unitil.

Please ask your Finance Agency or utility/energy service provider for additional information, including case studies.