

**Electrification of Institutionally Owned Affordable Housing
Notice of Funding Availability (NOFA)
Questions and Responses**

Update: January 13, 2023

1. Can this NOFA's application deadline be extended?

The application deadline is extended to Friday, February 17, 2023.

2. If the project that an entity applies for is part of a larger project, does being awarded funding under this NOFA trigger prevailing wage labor requirements for the portion funded under this NOFA only, or the whole project?

Prevailing wage labor requirements apply to the portion funded under this NOFA only.

3. If an entity uses funding from a restricted account designated to making improvements to units in its portfolio to help finance an electrification project under this application, can that funding be counted as match?

Yes.

4. If a project requires the temporary relocation of residents during construction, can the cost of said relocation be counted as match?

Yes.

5. What relocation standards apply to this NOFA?

Applicants should comply with the requirements of the Uniform Relocation Assistance and Real Property Acquisition Act (URA), including minimizing displacement and consultation with property occupants.

6. Would an application limited to replacing gas stoves with electric stoves be eligible for funding?

Yes.

7. How should applicants applying for improvements to multiple buildings at multiple addresses apply?

Each entity should bundle all proposed improvements into one application.

8. What are the Qualified Census Tracts in Providence?

Qualified Census Tracts (QCTs) are defined as any census tract (or equivalent geographic area defined by the Bureau of the Census) in which at least 50% of households have an income less than 60% of the Area Median Gross Income. QCTs are identified at the HUD website below:

https://www.huduser.gov/portal/sadda/sadda_qct.html

9. Please explain what is meant by a “case-study approach.”

A case study approach is one that is not driven strictly by cost-effectiveness (e.g. number of units electrified per dollar spent). The goal of a case-study approach is to test and develop best practices for the electrification of housing units. Examples include, but are not limited to:

- *Performing upgrades in similar units using different technologies to determine which has the greatest benefits to tenants to inform future electrification projects.*
- *Performing upgrades in more challenging or unique units that could inform best practices for similar units moving forward.*

Case study approaches should include an information sharing component where lessons learned are documented and freely shared with the City and other building owners to maximize the benefit of the case study.

10. Are units reserved for tenants at or below 65% AMI, but which fall outside of the Qualified Census Tracts, eligible for funding?

Yes. Any unit meeting the 65% AMI threshold is eligible, regardless of location.

Further, while units within Qualified Census Tracts, but above the 65% AMI threshold are technically eligible for ARPA funded projects, the City has made the decision to exclude those units from receiving funding under this NOFA.

11. Must applications include estimates provided by contractors or are other estimates acceptable.

Applications must be based on at least one contractor estimate.

Note that at least two contractor estimates are required prior to selecting a contractor (see below).

12. Do awarded applicants need to go through competitive procurement processes to select contractors?

With a maximum award of \$200,000 per applicant, applicants need to solicit at least two quotes. If an awardee solicited at least two quotes during the application process, no further competitive procurement is required.

If an awardee solicited only one quote during the application process, an additional quote must be solicited prior to selecting a contractor. In instances where a second or subsequent quote is less than the original quote that the application was based on, the City will (1) pay only for the actual cost of the project or (2) pay for additional electrification work up to the amount of the original award.

13. With regard to the following segment of the NOFA;

“A not-insignificant portion of the cost-savings resulting from program improvements must redound to tenants. For example, tenants directly paying utility bills will see a reduction in energy costs, tenants not directly paying utility bills see a reduction in rent or limitations on rent increases that would otherwise have occurred, etc.”

HUD essentially requires that HUD funded entities set rent and utilities at 30% of the tenants' income, making it hard to share savings with tenants. Under this structure, can applicants provide benefits to tenants in other ways, such as by reinvesting savings into the property?

Where regulatory circumstances make the sharing of energy cost savings with tenants infeasible, applicants should note this in their applications and describe how energy cost savings will be reinvested into the property to provide additional health, safety, or quality of life benefits to tenants. Applicants should be as specific as possible about the types of improvements that reinvested dollars will be allocated towards, and the benefits those improvements will provide to tenants. Applicants should provide an explanation of how they will track energy cost savings and reinvestments over time.

Further, for owners that provide utility allowances to tenants, if a utility allowance increases or decreases as a result of the replacement of an existing heating system with heat pumps, in no circumstance should a tenant end up paying more out-of-pocket for rent and utilities after the improvement than they were paying before. Applicants should provide an explanation of how they intend to ensure potential adjustments to utility allowances will not have a negative economic impact on their tenants.

14. If a development is not in a Qualified Census Tract, but serves predominantly people at 65% of AMI and below, but does allow admissions of people up to 80% of AMI and has a small number of tenants (say, less than 25% of total tenants) at those higher income levels, would it be eligible?

Where a proposed project includes a mix of 65% AMI and below tenants and 80% AMI or higher tenants, funding from this program can be applied to costs associated with the 65% AMI and below units. For example, for a four-unit structure with three tenants at 65% AMI and one tenant at 80% AMI:

- *Heat pumps can be installed in the 65% AMI units with program funding, but not the 80% AMI units.*
- *Building wide expenses associated with an electrification project (e.g. electric service upgrade) can be funded with program funding at 75% with the remaining 25% funded by other means.*

Where program funding is invested in units with 65% AMI tenants, those tenants should be retained. If the 65% AMI tenants move, the development owner must replace the tenants with other 65% AMI tenants, where possible. Only if there are no tenant applicants that are at 65% AMI or below, may the unit be rented to an 80% AMI tenant.

Similarly, if an electrification project includes 65% AMI rental units and an attached shelter, program funding may be applied to the electrification of the rental units only.

Note that the City's preference is for the whole building to be electrified as part of the project, not just the 65% AMI units. Costs associated with the electrification of LMI units not eligible for this program, or for an attached shelter, may be counted as match.

15. Is there a date by which funding must be fully expended?

Funding must be expended by December 31, 2023.