Readiness - Action Steps for Decarbonizing Multifamily Housing

April 23, 2025

Purpose and Audience

This document is meant to advise affordable housing providers – meaning both developers of new affordable housing and owners of existing affordable housing – to prepare to strategically decarbonize their housing portfolios. It is intended for affordable housing providers pursuing sustainability resources and incentives including the Greenhouse Gas Reduction Fund (GGRF), housing tax credits, and other government or utility programs, as well as affordable housing providers motivated by compliance with local emissions reductions laws. This report is a product of the Housing Partnership Network (HPN) "Readiness" program that provided direct technical assistance to 24 nonprofit HPN member organizations, including 16 multifamily affordable housing developer-owners.

This document's intended audience is affordable housing providers who are in the early stages of their decarbonization journey: those who have not yet engaged with GGRF and who are still determining how such resources could be useful to properties in their portfolio. In contrast, affordable housing providers who are already engaged in the GGRF program are likely to have already advanced beyond the steps described in this document.

This document is published by HPN and was produced by Elevate, the lead consultant to HPN's multifamily "Readiness" program, with support from fellow members of the Relay Network, a mission-driven collective of decarbonization, sustainability, and resilience experts supporting America's affordable housing providers.

Introduction

Decarbonizing affordable housing can bring many benefits: reduced carbon emissions, lower utility bills, healthier homes, and improved resilience to disasters, among others. Whether or not these benefits can be realized on a particular property depends on the property's existing conditions and the scope of the decarbonization strategies that are put in place. Decarbonization strategies typically include energy efficiency and weatherization improvements, conversion of equipment that burns fossil fuels to electric equipment, and installation of solar panels.

Increasingly, public agencies and utilities are funding building decarbonization, encouraging it through tax credit allocations that prioritize projects with sustainability features, or in some cases, requiring building decarbonization through local regulations. This in turn has caused decarbonization to be of increasing interest to affordable housing providers.

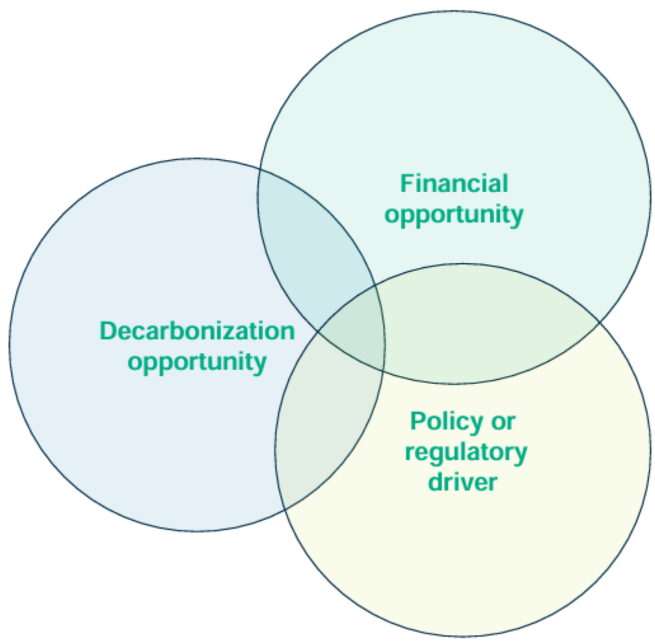
One notable source of financing for building decarbonization is the Greenhouse Gas Reduction Fund, or GGRF. That program is the focus of this document, but it is important to note that GGRF is not the only source of building decarbonization funding. Many states, cities, and utilities also fund elements of decarbonization. The steps described in this document apply to GGRF readiness but also prepare affordable housing owners to seek other funds.

GGRF is a new federal financing source designed to spur green lending for building decarbonization, solar installation, and transportation electrification. It consists of three distinct programs, including the $14 billion National Clean Investment Fund (the "National Green Bank" program), the $6 billion Clean Communities Investment Accelerator (deployed through hundreds of community lenders), and the $7 billion Solar for All program (grant-like resources to accelerate solar and storage deployment). This document focuses only on the National Clean Investment Fund (NCIF) and Clean Communities Investment Accelerator (CCIA) which are similar but have some important differences. Unlike most federal programs, NCIF and CCIA financing is available as loan products, not grant funding. As of the time of this writing, NCIF and CCIA remain likely to be viable financing sources, but are frozen due to a review by the Environmental Protection Agency (EPA), with a court challenge underway.

Each GGRF awardee – the lending institutions responsible for disbursing the funds – will define its own standards and terms. Two of the NCIF awardees, Community Preservation Corporation Climate Capital (CPCCC) and the Power Forward Communities coalition (represented by Local Initiatives Support Corporation (LISC) Green and Enterprise Community Partners), have published their standards and terms. These include predevelopment, construction, and permanent loans, offered at below-market rates – though please see the lenders' websites for the latest details. Community Development Financial Institutions (CDFIs) funded through the CCIA program, as well as state and local green banks, are expected to begin launching programs in 2025. These organizations will receive capital from other GGRF awardees and will design and roll out their own loan programs. No details for these are yet available.

GGRF and other sustainability financing sources are likely to be of most interest to affordable housing providers when a confluence of conditions comes together on their properties:

- Decarbonization opportunity – a property's planned design or retrofits incorporate decarbonization strategies such as energy efficiency, electrification, and renewable energy sources to substantially reduce carbon emissions.
- Financial opportunity – the property can take on additional debt as part of its capital stack, particularly if offered at a below-market rate.
- Policy or regulatory driver – while not a necessity, affordable housing providers have an additional incentive for action when the property is in a location that requires or encourages decarbonization through policies such as Building Performance Standards.

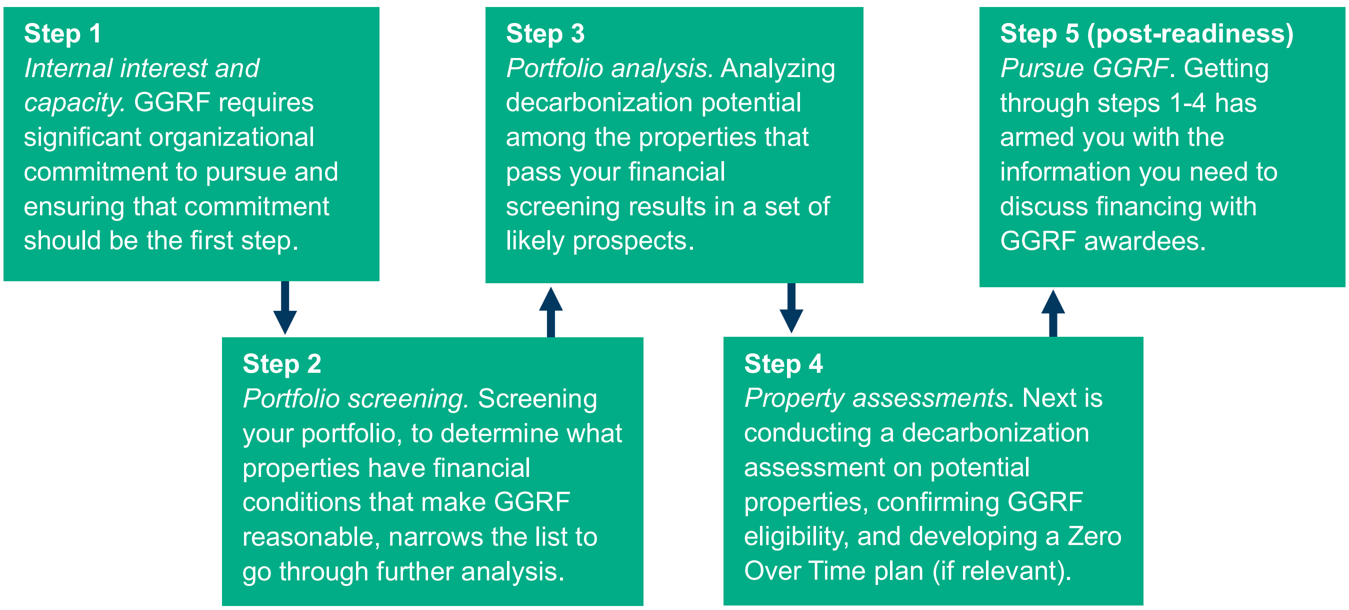


By evaluating each of these conditions, affordable housing providers can determine which of their properties are the best fit for available sustainability finance opportunities.

How can I prepare for GGRF?

Some affordable housing providers already have a strong sense of their priorities and already have begun discussions with GGRF awardees about potential loans. This document is intended for a different audience: housing providers who have heard about GGRF or similar finance options and are interested but are not sure where to start. For affordable housing providers who are still exploring this program, the sequential process shown in the flowchart below is recommended. Some affordable housing providers may be starting at step 1 while others may be able to jump in at a later step. If uncertain where to start, the Relay Network includes technical assistance providers across the nation who can assist with each step.

Readiness process flowchart



Step 1. Internal interest and capacity

The first step in GGRF readiness is to start conversations within your organization. Pursuing GGRF requires coordination across several teams, including asset management, design and construction, sustainability, finance, and real estate, as well as organizational leadership. While it can be difficult to prioritize exploring a new financing source in the midst of the other constraints and challenges facing affordable housing providers, this handout seeks to explain how GGRF can be relevant to your organization and inform this internal conversation.

The later steps described in this document require a solid understanding of property data, and assembling that data is another key element of readiness. Generally, affordable housing providers who have comprehensive building characteristics, track building energy performance in ENERGY STAR® Portfolio Manager® (a database of building performance data maintained by the EPA), and have developed multi-year capital plans, are well-prepared for GGRF; if these elements are lacking, the following steps can help achieve them.

Step 2: Portfolio screening

The purpose of portfolio screening is to identify a limited number of properties that are likely to be among your highest priorities for decarbonization. The screening identifies properties that have upcoming investment needs, lack restrictions on adding new finance sources, and have the financial ability to take on new debt. It also identifies properties in locations where the external regulatory environment pushes up the schedule for decarbonization; while a project anywhere can be viable, external factors like Building Performance Standards or generous local incentives can affect prioritization. Properties that have many of these conditions (though not necessarily all) are prospects for GGRF. The screening process does not focus on the physical characteristics of properties – this comes during Step 3, Portfolio Analysis.

These factors should be evaluated by asking several specific questions, listed below.

Portfolio screening questions

Category	Question
Investment plans and timing	Is this property expected to receive significant capital investment within the next several (3-5) years?
	Is this property likely to require one-off investments due to deferred maintenance, equipment replacement, or other needs, even if these are outside of the official capital plan?
	Is this property a recent acquisition and requires some investment?
Existing debt restrictions	How restrictive is your current first mortgage provider?
	Is the property in the midst of a compliance period for another funding source, such as Low Income Housing Tax Credits (LIHTC)?
	Are there other financial restrictions on this property, or a very complicated capital stack, that would make it difficult to add another financing source?
Financial operating information	Does the property have a positive cash flow situation?
	If cash flow is negative, could the cash flow problems be solved or reduced by a new decarbonization investment?
External regulatory environment	Does your state, county, or city have requirements for decarbonization, such as Building Performance Standards?
	Does your state, county, city, or utility have extensive rebate or incentive programs that further encourage decarbonization, or award points for sustainability features within the LIHTC Qualified Allocation Plan?
	Does your state, county, or city have requirements that discourage or restrict decarbonization projects?

This screening should be done with several teams at your organization: asset management, design and construction, real estate development, sustainability, finance, and others in leadership. Prioritization should be approached from a qualitative, rather than heavily quantitative, perspective, based on the existing knowledge of your staff teams. For example, your development team can provide information on what deals are in the active pipeline for development or rehab. The purpose of this exercise is to reduce the number of properties under consideration to a manageable number, allowing an efficient process of reviewing property characteristics in more detail.

Step 3: Portfolio analysis

Portfolio analyses provide a high-level prioritization of efficiency and decarbonization opportunities across several properties. Portfolio analyses aggregate building specific information on equipment, utility bills, and other related data points across multiple buildings in order to prioritize a subset of properties for retrofits.

Preceding this step with Step 2, Portfolio Screening, is recommended to limit the number of buildings for which data collection is necessary. That said, portfolio analyses can also be done for an entire portfolio if the property owner wishes to be fully comprehensive. Key portfolio analysis outputs include:

- Prioritization of properties in terms of their potential for decarbonization retrofit projects, including energy efficiency improvements, electrification, and solar installation.
- First-cut scopes of work for recommended decarbonization improvements in each priority property, and rough cost estimates of these improvements.
- Estimates of utility use savings and carbon savings, which help determine whether a property can qualify for GGRF.

The table below shows a sample property prioritization matrix, which evaluates properties according to property specific opportunities for energy efficiency improvements, electrification, and addition of solar – all elements of decarbonization – combined into an opportunity score for decarbonization for each property. Higher decarbonization opportunity scores indicate properties that should be prioritized for decarbonization. This table also estimates the utility use savings and carbon savings that a decarbonization project is likely to achieve for each property.

Portfolio assessment sample

Property	Climate Zone	Energy Efficiency Opportunity	Electrification Opportunity	Solar Opportunity	Total Decarb Opportunity	% Utility Savings	% Carbon Savings
Property 1	4C	2.73	5.00	3.89	11.62	33%	40%
Property 2	5A	3.18	2.33	5.00	10.52	2%	43%
Property 3	4C	2.27	2.67	3.33	8.27	28%	57%
Property 4	4C	3.41	All Electric	3.89	7.30	33%	40%
Property 5	4C	0.00	4.33	2.78	7.11	31%	38%
Property 6	5B	2.73	1.00	3.33	7.06	6%	56%
Property 7	4C	4.77	All Electric	2.22	6.99	31%	38%
Property 8	5B	0.00	4.67	2.22	6.89	35%	40%
Property 9	4C	3.41	All Electric	3.33	6.74	31%	38%

These results from portfolio analysis can help to determine GGRF eligibility at a high level. Two of the major multifamily lenders, CPCCC and Power Forward, have released their technical requirements for participation in their program, including requirements for carbon savings – a key output of a portfolio analysis. Please consult the websites of CPCCC, LISC Green, and Enterprise for program details, though note that these standards may change over time, and that other GGRF awardees will likely develop and release standards that will differ from these.

As a general note, many buildings that are planning retrofits or equipment replacements, as well as most new construction projects, have potential to meet the published standards of these lenders. A recent portfolio assessment for a large multi-state affordable housing provider found that the vast majority of properties (over 75% of the portfolio) had decarbonization potential that would meet the standards of these lenders' programs.

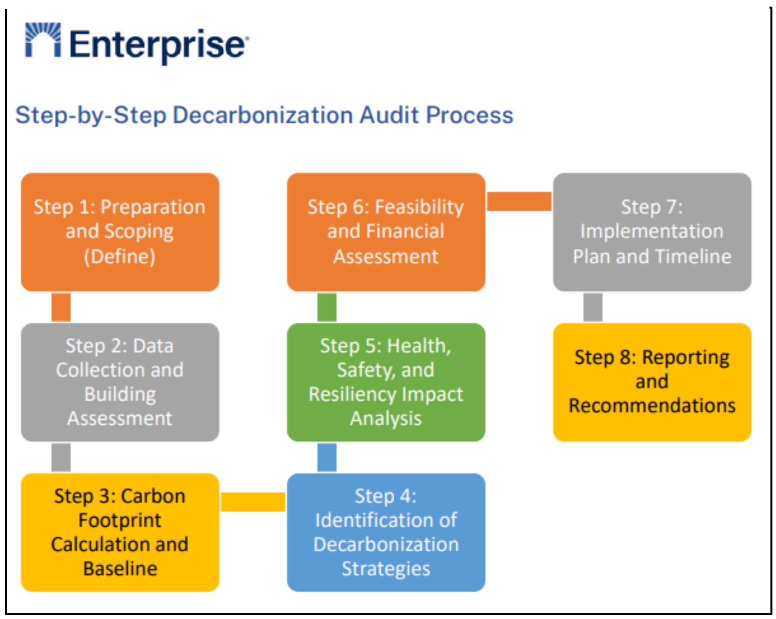
Step 4: Property assessments

This step advances beyond the portfolio analysis to develop a property-specific decarbonization plan via an onsite property assessment. GGRF-relevant property assessments are based on a modified version of ASHRAE Level 2 energy audits, with additional sections and analysis that address full decarbonization, including quantifying current carbon emissions and estimating initial carbon reductions from the recommended scope of work.

Property assessments also need to address Zero Over Time planning, which is fundamental to GGRF. For projects that initially only complete part of a comprehensive decarbonization package, GGRF lenders require a Zero Over Time plan to show how your property will further decarbonize in the future. Zero Over Time plans forecast carbon reductions into future years based on later phases of work and expected changes to the energy mix in your utility area. Each lender is individually defining the requirements for this plan.

Enterprise Community Partners, a GGRF awardee and longtime leader in green affordable housing, has released guidance on Zero Over Time planning, and now offers an Enterprise Green Communities Zero Over Time Certification. Projects that achieve Zero Over Time Certification with Enterprise Green Communities have demonstrated that their property has successfully met the three components of the National Definition of a Zero Emissions Building (as defined by Department of Energy) while ensuring a holistic approach to building sustainable, healthy, quality homes for people. Enterprise provides a wealth of resources on Zero Over Time planning on their Enterprise Green Communities Certification webpage, including a step-by-step audit process (shown below), a decarbonization audit protocol, recommended qualifications for the technical staff conducting the audit, and a road map for developing a Zero Over Time plan. In the coming days, stakeholders can expect to also see a sample Zero Over Time audit template and specific tool for initiating a Zero Over Time plan with Enterprise Green Communities.

Enterprise Green Communities Decarbonization Audit Process



Case Studies

While GGRF is a very new program, several affordable housing providers have taken an aggressive approach to using it within upcoming projects, described in the case studies below. These illustrate the various circumstances in which affordable housing providers have found GGRF to be a valuable financing source for their projects.

Case study: ACTION-Housing
ACTION-Housing, an affordable housing provider based in Pittsburgh, is pursuing a GGRF loan for an upcoming affordable housing development. The Ross Street Residences is a renovation and conversion of a 13-story office building in downtown Pittsburgh, which will create 68 affordable housing units as well as lower-floor space for nonprofit organization offices. The building will be renovated to be all electric utilizing heat pumps for heating, cooling and domestic hot water. ACTION-Housing is pursuing Enterprise Green Communities certification. Of a total project cost of $58 million, ACTION-Housing is seeking a GGRF loan of $3.5 million. *Source: ACTION-Housing*

Case study: The Community Builders
The Community Builders, a national affordable housing provider, is pursuing electrification, solar installation, and full decarbonization of two buildings at the New Franklin Park affordable housing community in Boston. The two buildings are piloting a retrofit of a larger campus, which contains 15 buildings and 219 affordable apartments. To meet a total project cost of $10 million, TCB has assembled funding from the city, state, utilities, and philanthropic funders, but is not intending to use Low Income Housing Tax Credits. GGRF is under consideration as one of the financing sources needed to close the remaining gap. *Source: TCB*

Case study: Vital Housing
In February 2025, Community Preservation Corporation Climate Capital (CPCCC) closed on the first multifamily loan financed through GGRF. The loan supported a reinvestment in Belmont Dairy Apartments and Lofts, a mixed-income development in Portland, Oregon, that faced the expiration of the affordability requirements of its Low Income Housing Tax Credits. The project includes installation of rooftop solar, installation of heat pumps, and appliance upgrades. Of a total project cost of $25.4 million, CPCCC's loan totaled $1.5 million, offered as a subordinate permanent loan at a 3% rate. *Source: CPCCC*

For more information, contact:

The Housing Partnership Network (HPN) is a membership organization of affordable housing owners, developers, and financial institutions. HPN funded the research that led to this product and contributed substantially to its content. Contact: Adam Meier, Director, Green & Healthy Communities, meier@housingpartnership.net.

Elevate is the lead consultant on this project, and was supported by the New Ecology, Green Coast Enterprises, and the Association for Energy Affordability. These organizations are all members of the Relay Network, a national coalition of mission-driven organizations who share a commitment to equity and climate action. Contact: Bob Dean, Principal Director of GGRF, bob.dean@elevatenp.org.

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