

**Purpose:**

The goal of the *Preservation through Smart Rehab Program* is to preserve Pennsylvania's affordable rental housing by reducing utility costs through the implementation of conservation measures identified by a comprehensive investment grade energy audit conducted by a certified auditor. One source of funding for program activities maybe Weatherization Assistance Program funds made available through the American Recovery and Reinvestment Act of 2009.

The program focuses on designing a scope of work for a specific facility that will increase the property's energy efficiency and conserve resources thereby preserving the comfort, safety and quality of housing for its low income residents and reduce property operating expenses, in particular, utility costs. Preservation of existing rental housing stock is crucial for many low income residents who do not need or have capacity for homeownership. Ongoing maintenance of healthy rental housing properties is increasingly strained by the raising costs of property operation (utilities, insurance, taxes, other fixed costs) while tenant rents and incomes are stagnant or declining. The *Smart Rehab Program* offers funding for energy efficiency improvements that are designed to be paid for by long term energy savings generated from the work.

***Tenants will not be subjected to rent increases unless those increases are demonstrably related to matters other than the Smart Rehab Program work performed.***

**Eligibility:**

1. The development must be located within the Commonwealth of Pennsylvania.
2. The development must, at a minimum, have 50 percent of the total units occupied by residents having incomes at or below 60 percent of median income for the area.
3. Consideration will be given to rehabilitation and improvement work having a payback period of ten years or less.
4. The applicant must be incorporated in the Commonwealth of Pennsylvania or a registered Pennsylvania limited partnership/limited liability company.
5. The applicant must be in good standing with PHFA and other entities (e.g. HUD, USDA Rural Development, etc.) when applicable, is a financially stable entity, and have strong property management.
6. The applicant and other development team members must have a demonstrated ability to successfully complete the proposed rehabilitation and improvements.
7. Owner and existing lenders must be willing to allow the recording of a mortgage in a subordinate position to any existing debt.
8. Applicants with letters of intent from other sources of funds may be given priority.
9. The owner must agree to the continuation of the property as affordable housing.
10. Applicants shall comply with all State and Federal reporting and funding requirements, such as Davis-Bacon, etc.

## **Eligible Uses**

Eligible uses of *Smart Rehab Program* funds may include the following or other reasonable expenses approved at the sole discretion of PHFA related to the following:

1. Rehabilitation and Improvement Costs
2. Building permits
3. Contractor Overhead and Profit.
4. Blower door guided air sealing to effectively locate and reduce air-leakage in the units.
5. Installation of insulation and ventilation to reduce energy loss.
6. HVAV system modification or replacement to increase the efficiency and/or safety of the system
7. Minor repairs, and/or health and safety measures to allow the safe and effective installation of the weatherization measures
8. Energy Audits
9. Education of tenants in the proper operation of any new equipment or other energy efficient measures.
10. Training of on-site staff in the proper operation and maintenance of new equipment.
11. Architectural/Engineering Costs
12. Legal Fees directly related to the closing of the loan

## **Selection of Properties**

Properties will be selected to participate based on age and physical condition of the development, development location (to provide statewide representation) and the financial condition of the property. Developments will be selected based upon the following criteria:

1. Evidence of the reduction in energy consumption as determined by the energy audit
2. Age and physical condition of development
3. Tenant occupancy (vacancy and wait list)
4. Financial strength of development
5. Development team experience

PHFA will determine which properties will be qualified for participation in *Smart Rehab* upon evaluation of the energy audit. Those developments which demonstrate a long term benefit from the energy conservation upgrade will be offered funding in an amount sufficient to perform the improvements.

## **Program Funding, Monitoring and Reporting Requirements**

The period from receipt of an application to construction completion should not exceed six (6) months. PHFA will monitor construction to ensure completion in accordance with the plans and specifications. Once the improvements are complete, PHFA staff will collect and review energy consumption data to determine if efficiencies have been maximized. The owner will be required to provide all necessary documents and/or releases incident to the collection of data including from tenants and utility providers.