

HDC / HPD Green Physical Needs Assessment (GPNA) FAQ for Borrowers and Firms Version 4

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General Questions

1. What is a Green Physical Needs Assessment (GPNA) and what does it entail?

A GPNA is a physical inspection that evaluates a building's existing conditions as well as its energy and water consumption patterns and energy improvement opportunities. The assessment will identify all physical improvements that are necessary to ensure the building's long-term physical viability and low-cost energy/water conservation measures that represent opportunities to save on utility expenses. HDC and HPD's GPNA combines a standard Physical Needs Assessment (PNA) or Capital Needs Assessment (CNA), often required by lenders to access financing, with an energy audit appropriate to the building size. Since the GPNA addresses not only immediate—but also long-term—building needs, it helps owners budget for long-term capital and maintenance requirements.

2. Why are HDC and HPD now requiring a GPNA instead of a standard Physical Needs Assessment (PNA) or Capital Needs Assessment (CNA)?

Building on Mayor de Blasio's comprehensive plans to improve the energy efficiency and affordability of New York City's most vulnerable housing stock, as outlined in *Housing New York: A Five-Borough, Ten Year Plan* and *One City: Built to Last – Transforming New York City's Buildings for a Low-Carbon Future*, HPD and HDC developed the GPNA tool to integrate cost-effective energy efficiency and water conservation (EEWC) measures into moderate rehabilitation projects financed by the City.

Streamlining and Adding Energy and Water Efficiency Scope Items

Currently, PNAs or CNAs are required by most lenders to access financing. However, they do not include an evaluation of energy or water consumption, or make recommendations for energy efficiency and water conservation measures. Similarly, energy audits generally do not include comprehensive capital needs planning tools. An owner interested in making improvements needs to get two assessments done and then try to interpret the recommendations to establish a scope of work. By creating a combined product, the City aims to reduce extra assessments, streamline recommendations and integrate energy efficiency and water conservation into all projects.

Financing Energy and Water Efficiency Scope Items

The specific format of the assessment tool is required to ensure that programs are financing specific items that meet the payback period described in the GPNA guidelines. The format is also critical for lenders seeking to underwrite savings. The template provides a clear scope of work and data that can be used for underwriting and tracking.

Each year the GPNA tool will impact hundreds of multi-family buildings of all sizes, helping the City reach its ambitious carbon reduction goal, assist building owners control their operating expenses, and preserve safe, healthy affordable housing.

3. Which HPD programs require a GPNA?

In general, all preservation programs that previously required a CNA now require the GPNA. At this time, the Housing Rehabilitation Program (formerly known as “8A”) projects require benchmarking in lieu of a GPNA in order to determine Energy Efficiency and Water Conservation (EEWC) scope items. Please see term sheets for details and consult program managers for specific questions.

HPD Loan Terms

4. What type of work will an HPD loan finance from the GPNA?

As of Fiscal Year 2016, HPD loans address moderate rehabilitation work, along with cost-effective energy efficiency and water conservation items using the information presented in the GPNA (GPNA RFQ, p. 19).

Examples of moderate rehabilitation work include the replacement of or improvements to:

- Boilers
- Windows
- Roofs
- Kitchens and bathrooms
- Plumbing

Examples of energy efficiency and water conservation improvements include:

- Efficient light fixtures
- Insulation
- Window sealants
- Low-flow water fixtures
- Efficiency controls on systems, such as boilers

5. Does HPD provide financing for the full cost of the GPNA?

Relevant program term sheets specify the following maximum GPNA costs that HPD is willing to provide financing: a base cost of up to \$5,000 plus up to \$250 per unit for the first 20 units in a project and up to \$125 per unit for all remaining units.

Borrowers may select firms that exceed the amount the HPD program is willing to pay; however, it is the borrower’s responsibility to pay the difference.

****NOTE FOR BORROWERS IN THE YEAR 15 AND HUD MULTIFAMILY PROGRAMS:*

Project reserves are not intended to cover the cost of the GPNA and require program approval in order to do so.

6. Will the energy cost savings that result from the efficiency work undertaken be incorporated into the underwriting of a project?

Building on HPD and HDC's Green Preservation Initiatives, the City is working with the lending community to bring energy efficiency improvements to scale, including the practice of underwriting energy efficiency savings. The data provided through the GPNA is critical to this effort. All participating Green Housing Preservation Program (GHPP) lending partners have committed to underwriting a portion of the savings and other financial institutions may be adopting this practice, including those working in conjunction with other HPD Preservation Finance programs.

Green Physical Needs Assessment

Selecting a Firm

7. Who conducts the GPNA?

The New York City Housing Development Corporation (HDC) pre-qualified a list of firms that are capable of conducting the GPNA, using a template developed by HPD and HDC. Borrowers may select any firm from this list to undertake the GPNA. To qualify the firms, HDC released a Request for Qualifications (RFQ) in February 2015, which is open on a rolling basis.

The list of HDC pre-qualified firms can be accessed here: <http://www.nychdc.com/Current%20RFP>

8. The GPNA RFQ states that there is a start-up period for firms. How long is the start-up period and what does it entail?

All pre-qualified firms are subject to a preliminary start-up period during which staff inspectors from HDC's Engineering and/or HPD's Building and Land Development Services (BLDS) department will participate in the first three assessments undertaken by each firm, subject to availability, and review reports prior to finalization (GPNA RFQ, p. 8). Firms must notify HPD and HDC when an assessment has been scheduled and provide reports to HPD and HDC during their start-up period. If firms hold more than two inspections without notifying the City and sharing reports, HDC/HPD will place a hold on the firm's qualification status.

9. During the start-up period, if firms are required to revisit a building to verify information or re-test any equipment, are they required to notify HDC/HPD?

No, firms do not need to notify HDC/HPD when they need to revisit a building after an assessment was completed to verify information or re-test any equipment.

10. Can a borrower select a firm other than those on the qualified list to complete the GPNA?

Borrowers must select a firm on the qualified list to complete the GPNA. Borrowers may solicit price quotes from multiple firms before selecting a firm to work with. However, if a borrower is interested in working with a firm that is not on the qualified list, they may encourage that firm to respond to the HDC GPNA Rolling RFQ. At this time, the process for qualifying a firm takes between 2 to 6 weeks, subject to availability of HDC/HPD staff. The HDC GPNA Rolling RFQ can be accessed here: http://www.nychdc.com/content/pdf/RFP/GPNA%20RFQ_ROLLING%20RFQ.pdf

11. What services can a borrower expect from a firm besides an assessment?

Depending on the HPD program a borrower participates in, they may be eligible to receive additional services beyond the GPNA. Most borrowers will solely receive a GPNA from the qualified firm.

Borrowers that participate in the Green Housing Preservation Program (GHPP) will receive technical assistance services in addition to the GPNA (GPNA RFQ, pp. 3-5, 61-64). The technical assistance services include:

- Development of the scope of work
- Facilitation of the contractor bid process
- Owner's representative services during construction
- On-site training on existing and newly installed systems and general maintenance practices to residents, property management staff, and building owners
- One year follow up report after construction completion to evaluate building performance and identify any issues

For more information on the technical assistance services borrowers in the GHPP can receive, please contact your project manager or read our Technical Assistance FAQ, which can be accessed here: [insert link]

The Assessment

9. What guidelines should firms use when assessing the physical conditions and energy and water consumption patterns of a building?

The provider should make recommendation about energy measures to be included in the scope based on the building analysis and payback period. Specific EEWC measures with a simple payback of 1-7 years and/or an SIR of at least one (1) should be included in the scope (GPNA RFQ, p. 19). Capital measures with longer paybacks may be recommended by the firm; however, reasoning for the measure should be included in the narrative of the report. All measures contained in the EEWC Measure Checklist, found in Appendix 3 of the GPNA RFQ (pp. 53-59), should be considered and correspond with specific specifications acceptable to HPD BLDS.

10. Are firms required to produce their own template for the GPNA report?

Firms may use individual internal methods for recording findings from the assessment, but must include all of the components outlined in the GPNA RFQ (pp. 14-20), listed in the report template and complete the Scope and Preliminary Cost Estimates and Replacement Cost Schedule in the excel template developed by HPD and HDC, which can be accessed here: <http://www1.nyc.gov/site/hpd/developers/private-site-preservation.page>.

HPD and HDC created the template as a way to standardize the data it receives so that agencies and borrowers can budget for buildings’ long term capital and maintenance needs.

11. What if a building has completed a GPNA for another lender?

HPD will review projects on a case-by-case basis for GPNAs completed within the last two years. Borrowers should contact relevant program directors directly to make this request.

12. What is the required sampling population for diagnostic testing? What if there is difficulty in gaining access to tenant units?

Firms are required to sample 10% of the dwelling units for diagnostic testing (GPNA RFQ, pp. 50-51). Inspections should be coordinated closely with the borrower to minimize accessibility issues in occupied units. However, if access into occupied units proves to be an issue, even after coordinating with the borrower on the best time to conduct the inspection, then vacant units should be tested and noted in the report.

The Energy Audit & Benchmarking

13. What level of ASHRAE standards is required for the energy audit specifically?

Buildings that are 50,000 square feet or greater will perform ASHRAE Level 2 audit as per Local Law 87.

Buildings that are below 50,000 square feet are required to perform an energy audit, however, certain requirements contained in ASHRAE Level II are not required for these building sizes, as described on Page 3 of the GPNA RFQ and in the chart below:

The audit component must adhere to a Level 2 audit as described in *ASHRAE Procedures for Commercial Building Energy Audits*. However, for buildings measuring 50,000 square feet or less, calculations of measure-specific energy and cost savings with supporting documentation will be used in lieu of a comprehensive building analysis, simulation and/or model in order to reduce the cost of audits for smaller buildings, except as otherwise requested by lender.

Process	ASHRAE Level 1	GPNA	ASHRAE Level 2	LL87	ASHRAE Level 3
Conduct Preliminary Energy Analysis (PEA)	X	X	X	X	X

Conduct walk-through survey	X	X	X	X	X
Identify low-cost/no-cost recommendations	X	X	X	X	X
Identify capital improvements	X	X	X	X	X
Review M&E design, condition and O&M practices		X	X	X	X
Measure key parameters		X	X	X	X
Analyze capital measures (savings & costs including interaction)			X	X	X
Meet with owner/operators to review recommendations		X	X	X	X
Conduct additional testing/monitoring					X
Perform detailed system modeling					X
Provided schematic layouts for recommendations					X

14. What if a building has recently completed an energy audit?

Energy audits completed within the last four years will be accepted and may be incorporated into the GPNA report by the provider. The energy audit must cover all items addressed in the GPNA template (GPNA RFQ, pp. 38-41).

15. Are firms required to use one of the HDC pre-qualified benchmarking platforms for the GPNA report?

Firms may use one of the HDC pre-qualified benchmarking platforms to provide the energy and utility data for the GPNA report, but are not required to do so. However, if a borrower is already benchmarking with one of the HDC pre-qualified platforms, data from the platform should be used.

16. Are borrowers required to benchmark after the GPNA is conducted?

Starting in January 2016, all borrowers will be required to benchmark their buildings for the term of the loan or length of the restriction period, whichever is longer. Preservation projects must complete this requirement prior to construction loan closing.

17. When are borrowers expected to enroll in an HDC pre-qualified benchmarking platform?

It is up to the borrower whether they want to enroll in an HDC Pre-Qualified Benchmarking Software platform before or after the GPNA is completed, but they must enroll in one prior to loan closing. If a borrower is already benchmarking with one of the HDC pre-qualified providers or would like to enroll with one prior to the completion of the GPNA, data from the platform should be provided to the firm completing the assessment.

18. What if a building is already using a benchmarking platform?

As of February 1st, 2016, all HPD and HDC Preservation Finance projects are required to begin benchmarking and tracking utility usage for heating, electric and water prior to loan closing using one of the HDC Pre-Qualified Benchmarking Software Providers. The list of pre-qualified providers can be accessed here: <http://www.nychdc.com/Current%20RFP>.

Pre-qualified providers are required to provide a scope of services that assist with data entry and data quality assurance. Pre-qualified benchmarking providers will also facilitate reporting to HPD on an annual basis and compliance with Local Law 84 for affected buildings. HPD will be updating its benchmarking protocol in the coming months to incorporate benchmarking into its financing requirements.

19. How far back does a borrower need to provide utility data for the GPNA report?

Borrowers will be required to provide at least 24 months of utility data to the firm for the GPNA report (GPNA RFQ, p. 18).

20. Should firms collect tenant utility data for the initial benchmarking phase?

Yes. If it is difficult to collect individual tenant data, firms should request aggregated tenant consumption data from Con Edison. Firms can download and complete the request form here: http://www.coned.com/energyefficiency/city_benchmarking.asp. It takes up to 15 days to receive the data from Con Edison.

21. Should the initial and ongoing benchmarking include water usage?

Yes, HPD is not only looking to assist building owners reduce their energy usage, but also their water consumption, as indicated in the GPNA RFQ (pp. 38-39).

22. Can a firm use a benchmarking report in lieu of completing the Summary Utility Data Analysis table found in Section 6: Energy and Water Audit of the GPNA template?

A firm may use a benchmarking report in lieu of the format outlined in Section 6 of the GPNA template. The benchmarking analysis should be done on a whole building basis and in a format readily transferable to Portfolio Manager at no additional cost. The analysis should reflect the heating, electric and water use for all owner and tenant paid utility accounts in the building.

Integrated Pest Management

23. Are firms required to conduct a pest management inspection?

Yes, firms are required to conduct a pest management inspection as part of the GPNA. HDC and HPD are looking to incorporate integrated pest management items and strategies into the scope of work for the project and on-going building maintenance practices to prevent pest issues and improve building conditions and resident health.

As of February 9th, 2016, HPD and HDC no longer require firms to conduct a glue trap test as part of the GPNA. However, firms must document the level of pest activity and recommend appropriate scope items and maintenance practices based on a visual inspection and documentation of existing pest management strategies, practices and outcomes.

Scope of Work Recommendations

24. What scope items should be included in the ‘Scope and Preliminary Cost Estimate’ table?

The items listed in the Scope and Preliminary Cost Estimate table will be used to develop the scope of work. All critical and short-term (as defined on pp. 14-15 in the GPNA RFQ) EEWC and capital needs items should be included in the ‘Scope and Preliminary Cost Estimate’ table.

25. What is the difference between ‘Basic Repair / Replacement In-Kind’ items, ‘EEWC Upgrade’ items and ‘EEWC-Only’ items?

Basic Repair / Replacement In-Kind Items are scope items that address repairs, replacements and significant deferred and other maintenance items, and that are not included solely for EEWC reasons. Examples of basic repair items are roofs, boilers, windows, and masonry.

EEWC Upgrade Items are the incremental EEWC measures to basic repair items. Examples of EEWC upgrade items are caulking around windows when window repair or replacement is recommended and roof insulation when roof repair or replacement is recommended.

EEWC-Only Items are the Low-Cost/No-Cost scope items that are not associated with a basic repair. Examples can include heating controls, low-flow fixtures, pipe insulation and efficient lightbulbs.

26. What scope items should be included in the ‘Replacement Cost Schedule’?

All critical, short term, and long-term EEWC and capital needs items should be included in the 'Replacement Cost Schedule'.

27. If a capital needs item is cost-prohibitive or an EEWC measure yields a greater than 7-year payback period, should it be included in the scope of work and replacement cost schedule?

All EEWC and physical needs items identified in the assessment should be included in both the 'Scope and Preliminary Cost Estimate' table and 'Replacement Cost Schedule', even if it may be cost-prohibitive or yield a greater than 7-year payback period for EEWC items. HPD will work with the borrower to determine financing options and level of need.

For further questions, please contact Laura Slutsky, Executive Director of Green Preservation Initiatives, at hpdgreen@hpd.nyc.gov or 212-863-8884.