

HIGH PERFORMANCE BUILDING

Program Guidelines | January 2018



Table of Contents

Section I	Statement of Purpose	1
Section II	Eligibility	1
A.	Eligible Applicants	1
B.	Eligible Projects	1
C.	Eligible Uses of Funds	1
Section III	Program Requirements	2
A.	Matching Funds Requirement	2
B.	High Performance Building Requirements	2
C.	Post Construction Verification Requirements	3
D.	Other Requirements	3
E.	Fees	4
F.	Limitations	4
Section IV	Loans, Grants and Guarantees	4
A.	Loans	4
B.	Grants	5
C.	Guarantee	5
Section V	Application Process	5
A.	Application Procedures	5
B.	Application Evaluation	6
C.	Procedures for Accessing Funds	6
Section VI	Program Inquiries	7
Appendix I	Supplemental Information	8
Attachment I	Sample Letter	

Section I – Statement of Purpose

The High Performance Building Program (the Program) provides financial assistance in the form of grant or loan funds that will be used by eligible applicants to underwrite the cost premiums associated with the design and construction or major renovation of high performance buildings in the commonwealth. The Program is administered jointly by the Department of Community and Economic Development (DCED) and the Department of Environmental Protection (DEP), under the direction of the Commonwealth Financing Authority (CFA).

Section II – Eligibility

A. Eligible Applicants

The following applicants are eligible for grants/loans:

1. **A Small Business** – a for-profit corporation, limited liability company, partnership, proprietorship or other legal business entity located within the Commonwealth of Pennsylvania and having 100 or fewer full-time employees worldwide at the time of submission of the application.
2. **An Individual** – any person engaged in the construction or renovation of a dwelling that he or she currently occupies or will occupy as a primary residence.

B. Eligible Projects

High performance building projects that meet or exceed the standards identified in these guidelines will be eligible for consideration under this program.

Projects are limited to the construction or renovation of a building for the use of a small business and for construction of a building by an individual for use as a primary residence. Construction or renovation of a residential building for rental or lease purposes is not an eligible project under the High Performance Building Program.

The high performance standards adopted herein are intended to optimize the energy performance of buildings; increase the use of and demand for environmentally preferable building materials, furnishes and finishes; reduce pollutant and waste generation; select appropriate sites; improve environmental quality; promote good building operations practices and conserve natural resources in the commonwealth.

C. Eligible Use of Funds

Funds may be used by the applicant to pay for any of the following project costs associated with a high-performance building:

1. The acquisition of land and buildings, rights-of-way, and easements necessary to construct an eligible project.
2. The clearing and preparation of the land necessary to construct an eligible project.
3. The planning, designing, or modeling work necessary to construct or renovate a high performance building.

4. Fees for registration and certification of the project.
5. Construction or renovation of a high performance building.
6. Commissioning and enhanced verification of building performance.
7. Administrative costs of the applicant to administer a Program grant. Administrative costs include advertising, legal and audit costs, as well as documented staff expenses. Administrative costs shall not exceed 2% of the Program grant.

Ineligible costs include but are not limited to fees for securing other financing, interest on borrowed funds, refinancing of existing debt, and costs incurred prior to the approval of CFA financing. In addition, High Performance Building funds may not be used to procure lobbying services or pay fines or reparations resulting from lawsuits, citations, or regulations.

Section III – Program Requirements

A. Matching Funds Requirement

Matching funds means any new public or private investment which complements the proposed project made by an eligible applicant. Eligible applicants must provide evidence of a commitment of matching funds at the project site. The amount of the matching investment required must be at least \$1 for every \$1 of Program funds awarded by the CFA. Priority will be given to those projects with greater than a 1 to 1 match.

B. High Performance Building Requirements

High performance building projects must meet or exceed National Green Building Standards (NGBS), Green Building Initiative (GBI) Green Globes – 3 Globes standards or United States Green Building Council (USGBC) LEED Gold standards including any of the following:

1. **National Green Building Standard ICC 700** (for residential projects only)
2. **Green Building Initiative**
 - a. Green Globes for New Construction
 - b. Green Globes for Continual Improvement of Existing Buildings
 - c. Green Globes CIEB for Healthcare
3. **Leadership in Energy and Environmental Design (LEED)**
 - a. New commercial construction and major renovation projects (LEED-NC)
 - b. Existing building operations (LEED-EB)
 - c. Commercial interiors projects (LEED-CI)
 - d. Core and shell projects (LEED-CS)
 - e. Homes (LEED-H)

C. Post Construction Verification Requirements

1. Upon substantial completion of project, applicant must submit a copy of credits submitted to USGBC, NGBS or GBI for review/acceptance.
2. For individual residential projects, the applicant must submit final documentation that performance standards have been met as follows:
 - a. Verification of LEED or NGBS registration
 - b. Copy of LEED or NGBS certificate at project completion and final LEED or NGBS checklist
3. For small business projects, the applicants must submit final documentation that performance standards have been met as follows.
 - a. Verification of LEED or GBI Green Globes registration
 - b. Copy of LEED or GBI Green Globes Certificate at Project Completion and final LEED or GBI Green Globes Checklist.

D. Other Requirements

1. **Conflict of Interest Provision**

An officer, director, or employee of an applicant who is a party to or has a private interest in a project shall disclose the nature and extent of the interest to the governing body of the applicant, and may not vote on action of the applicant concerning the project, nor participate in the deliberations of the applicant concerning the project.
2. **Nondiscrimination**

No assistance shall be awarded to an applicant under this program unless the applicant certifies that the applicant shall not discriminate against any employee or against any person seeking employment by reason of race, gender, creed, color, sexual orientation, gender identity or expression, or in violation of the Pennsylvania Human Relations Act, which prohibits discrimination on the basis of race, color, religious creed, ancestry, age, sex, national origin, handicap or disability, or in violation of any applicable federal laws. All contracts for work to be paid with grant funds must contain the commonwealth's official nondiscrimination clause.
3. **Project Records**

The applicant must maintain full and accurate records with respect to the project and must endure adequate control over related parties in the project. The Authority requires access to such records, as well as the ability to inspect all work, invoices, materials, and other relevant records at reasonable times and places. Upon request of the Authority, the applicant must furnish all data, reports, contracts, documents, and other information relevant to the project.
4. **Pennsylvania Prevailing Wage Act**

All or a portion of the construction work associated with the project may be subject to the Pennsylvania Prevailing Wage Act, as determined by the Pennsylvania Department of Labor & Industry. It is the responsibility of the funding recipient to ensure that the Pennsylvania Prevailing Wage Act is followed if applicable.
5. **Proof of Notification**

The applicant must provide proof that the county and host municipality or municipalities have been notified about the intended project.

6. Project Audit

For projects receiving grant funds of \$100,000 or more, an audit from a Certified Public Accountant (CPA) licensed in Pennsylvania listing all project costs must be submitted to DCED within 90 days after expiration of the grant. In the opinion section of the audit, a statement shall be made certifying that commonwealth funds were disbursed in accordance with the terms of the grant agreement.

7. Guideline Provisions

The High Performance Building guidelines may be modified or waived by the CFA in consultation with DGS and DEP, unless otherwise required by law.

E. Fees

The Commonwealth Financing Authority charges a \$100 non-refundable application fee for High Performance Building applications. Application fee is due at the time of submission. There is a 1% commitment fee on all approved loans.

F. Limitations

1. The amount of funds that will be made available to individuals under the High Performance Building Program is limited to 10% (\$2,500,000) of the program allocated amount.
2. The amount of funds that will be made available in the form of grants under the High Performance Building Program is limited to 10% (\$2,500,000) of the program allocated amount.

Section IV – Loans, Grants and Guarantees

A. Loans

1. Loan Amount

- a. The maximum loan amount for high performance building projects for small businesses shall not exceed \$2 million. If the High Performance Building standards are not met within 180 days of completion of the initial independent verification report, the Authority will require the full amount of the loan to be repaid within 180 days after the CFA's formal notification that the High Performance Building loan is due and payable.
- b. The maximum loan amount for individual residential projects shall not exceed \$100,000.

2. Repayment Term

Loans may be amortized over a period not to exceed 25 years and will be repaid over a period not to exceed 10 years.

3. Interest Rate

The interest rate for the loan will be fixed at the time of approval of the loan and remain fixed for the duration of the repayment term. Interest rates are subject to change based on market conditions. The current interest rate for High Performance Building projects is the 10-year Treasury plus 250 basis points. The interest rate will be updated on a quarterly basis. The rate will be set at the beginning of each quarter and based upon the average of the previous week 10-year Treasury. Contact DCED for the current interest rate.

4. **Security**

All loans are to be secured by a lien on the asset financed. The Authority may require additional security as necessary, including but not limited to, a pledge of additional assets or securities or dedicated revenues.

B. Grants

The maximum grant amount for any eligible project shall not exceed \$500,000 or 10% of the total eligible building construction/renovation costs, whichever is less. An eligible applicant may apply for a grant or a loan, but not both for the same building project. If the High Performance Building standards are not met within 180 days of completion of the initial independent verification report, the Authority will require the full amount of the grant to be repaid within 60 days after the CFA's formal notification that the High Performance Building grant reimbursement is due and payable.

C. Guarantees

The Authority may award grants to applicants that would serve as a guarantee for the financing in the project. The guarantee is subject to the following conditions:

1. The grant will be in the form of a standby letter of credit and issued directly to the business or individual.
2. The grant funds may only be drawn upon in the event the grant recipient defaults on its financing and there is a deficiency in collateral for the lending institution to collect upon.
3. The term of the grant will not be for more than 5 years.
4. The amount of the grant shall not exceed \$2 million for a business and \$100,000 for an individual.

Section V – Application Process

A. Application Procedures

To apply for funding, the applicant must submit the electronic on-line Department of Community and Economic Development Single Application for Assistance located at www.esa.dced.state.pa.us. Once submitted, please print nine (9) copies of the application, and send with the required supplemental information (please see Appendix I of these guidelines) via US Mail along with the signature page. Please reference the Web ID number on any documents sent with the signature page. Applications must be received at least 60 days prior to the next scheduled Authority meeting at which High Performance Building Program applications will be considered. An application review schedule for the Authority meetings can be found at dced.pa.gov.

B. Application Evaluation

All applications for financial assistance will be reviewed by the Department of Community and Economic Development and the Department of Environmental Protection under the direction of the CFA to determine eligibility and competitiveness of the proposed project. Projects will be evaluated using the following criteria:

1. The level of non-CFA matching investment in the project. Priority will be given to those projects with greater than a 1 to 1 match.
2. The number and quality of the jobs to be created or preserved by the project. Priority will be given to those projects with an identified company who will occupy the building and create jobs (small business only).
3. The technical and financial feasibility of the project.
4. Project readiness.
5. The level to which the project exhibits principals of sound land and water use.
6. Environmental benefits arising from the project.
7. The project is located in an existing developed area of the community.
8. The project site is a brownfield or previously utilized site.
9. The nation and state of origin of building materials or products used to qualify the building as a high performance building.

C. Procedures for Accessing Funds

1. Application must be submitted prior to final building permit issuance and preferably in pre-design or schematic design.
2. Upon approval of an application by the Authority, a commitment letter will be issued to the applicant explaining the terms and conditions of the loan or grant. The commitment letter must be signed and returned to the Authority within 45 days of the date of the commitment letter or the offer may be withdrawn by the Authority.
3. Following the acceptance of an offer by the applicant, a loan closing will be scheduled or, if applicable, a grant agreement will be sent to the applicant for execution. Loan documents will be accompanied by a list of closing requirements that must be met before a loan closing can be scheduled. Such requirements will include that the applicant shall utilize the services of a professional engineer or architect licensed in Pennsylvania who will certify to the CFA during construction that the expenses were incurred and were in accordance with the plans approved by the CFA. The CFA will release funds to the applicant at not less than 30-day intervals, with a maximum of twelve disbursements over the life of the project.

Section VI – Program Inquiries

Program inquiries should be directed to:

PA Department of Community and Economic Development
Center for Business Financing – Site Development Division
High Performance Building Program
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225

Telephone: (717) 787-6245
Fax: (717) 772-3581
E-mail: ra-dcedcbf@pa.gov

These guidelines can also be accessed online at dced.pa.gov.

Appendix I – Supplemental Information

High Performance Building Program

In addition to completing the Department of Community and Economic Development Single Application for Assistance, please include the following items when applying for a loan/grant under the High Performance Building Program:

- Exhibit 1:** Provide a description of the project and project user which discusses all of the following: (a) a brief executive summary describing the project; (b) the specific location of the site and project characteristics, such as the total acreage and/or square footage of the project; (c) any characteristics of the area in which the site is located that demonstrate a need for economic development; (d) the historical and proposed use of the site; (e) the specific costs and improvements to be paid for with Program funds; (f) the nation and state of origin of building materials used to qualify the building as a high performance building; (g) the estimated start and end dates of construction; (h) a description of how the project will save energy; (i) the estimated energy benefits and the method used to reach the estimate; (j) the estimated environmental benefits of the project such as water consumption avoided, avoided waste products, and the method used to reach the estimate and; (k) impacts on the availability and price of energy resources including the reduction of grid congestion.
- Exhibit 2:** Funding commitment letters from all other project funding sources, if applicable (including equity commitments). Letters should include the term, rate, and collateral conditions, and must be signed and dated.
- Exhibit 3:** A statement of the amount and type of assistance requested. If requesting a loan, a description of the proposed repayment terms.
- Exhibit 4:** For individuals, attached the most recent two years of federal tax returns. For businesses, attach audited financial statements of the business, parent company, and any other proposed guarantors, if any, for the last three years of operation. Financial statements should include balance sheets, income statements, cash flow statements, and notes to financials. Start-up companies must provide three years projected financial statements. For public sector or non-profit applicants, provide the most recent audited financial statements of the applicant. Businesses that do not have financial statements should include the most recent two years of federal tax returns.
- Exhibit 5:** For loans, identify the collateral that will be offered to the CFA as security for the loan. If the proposed collateral is real estate, provide two completed as-is appraisals or one appraisal prepared by either a Member of American Institute of Real Estate Appraisers (MAI) or a PA State Certified Appraiser. The appraisals must be no more than six months old. If a personal guarantee is being offered as security, attach personal financial statements for the proposed guarantor and their spouse. The personal financial statements should not be more than six months old and must be signed.
- Exhibit 6:** A color-coded map or plot plan detailing the location of the project, overlaid with the corresponding zoning of the project area.

- Exhibit 7:** A statement as to the estimated cost of the project. The estimate must be prepared by an engineer, architect, or other qualified professional and should be accompanied where appropriate by copies of the signed bids/quotations, contractor estimates, or sales agreements that verify project cost estimates.
- Exhibit 8:** A letter from the appropriate planning agency certifying that the proposed project is in compliance with the comprehensive land use plans and zoning and subdivision codes, if applicable.
- Exhibit 9:** A completed LEED, NGBS or GG scoring sheet indicating project certification goals.
- Exhibit 10:** A letter from the applicant identifying the standards to be met (see attached Attachment II Sample Letter)

Send 9 copies of completed application with all supplemental information and attachments to:

PA Department of Community and Economic Development
Center for Business Financing – Site Development Division
High Performance Building Program
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225

If you have any questions on completing the application, please call the Center for Business Financing at (717) 783-6245.

ATTACHMENT I

[Applicant Letterhead]

Date
Applicant Name
Applicant Address
Applicant Address
Applicant City, PA, Zip Code

Project Name
Project Address
Project Address
Project City, PA, Zip Code

To the Board Members of the Commonwealth Financing Authority:

[**APPLICANT NAME**] is requesting financial assistance under the Commonwealth Financing Authority's (CFA) for a High Performance Building (HPB) Program. The [**PROJECT OR BUILDING NAME**] is located at [**ADDRESS**] in the Commonwealth of Pennsylvania, and will comply with all required CFA HPB program guidelines and will achieve one of the following standards or higher:

- USGBC LEED Gold
- GBI Green Globes, Three Globes
- NGBS Gold Certification

The [**APPLICANT NAME**] will utilize the [**NAME AND VERSION OF RATING SYSTEM**] in the design and construction of the building. We fully understand and agree with all terms and conditions of the High Performance Building Program, hereby acknowledging that if the above listed level of certification, or higher, is not achieved [**APPLICANT NAME**] will not receive CFA funding under this program.

Applicant Signature

Date