



GRRP “How To” Webinar for Leading Edge Awardees:

- ✓ Use HUD’s Greenlight System
- ✓ Prepare & Submit a Transaction Plan

September 18, 2024



Housekeeping



RECORDING

- Webinar is being recorded
- Will be posted to the GRRP YouTube channel in 1-2 weeks



QUESTIONS

- Please remain on mute during the webinar
- If you submitted a question when you registered, we will answer it at the end
- Please hold new questions to the end
- If we run out of time, email your GLS or grrp@hud.gov

Agenda

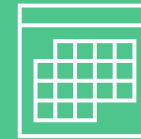
Your HUD GRRP Team



Leading Edge Award Timeline



Navigating & Using HUD's Greenlight System



Transaction Plan Requirements & Best Practices

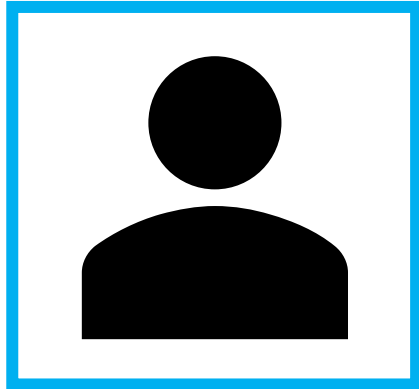


Q&A



Your HUD GRRP Team: Transaction Plan

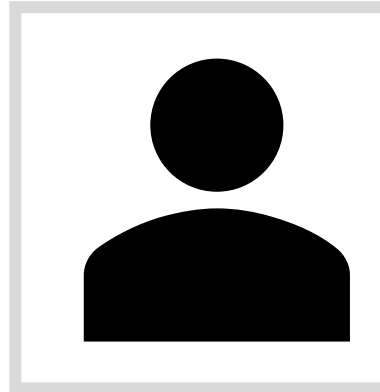
HUD's Office of
Recapitalization



**GRRP "Grant and Loan
Specialist" or "GLS"**

Your Primary Point of
Contact & HUD coordinator
for all things GRRP!

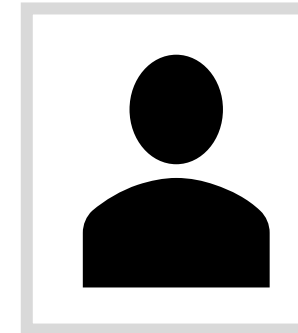
HUD's local
Multifamily Field
Office



**Assigned HUD Account
Executive**

If applicable: Performs
concurrent
reviews/approvals required
as part of larger
recapitalization event

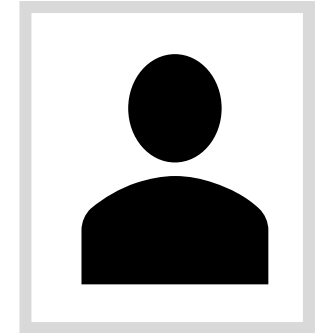
*HUD's Office
of
Production*



***FHA Underwriter and
FHA Closing
Coordinator***

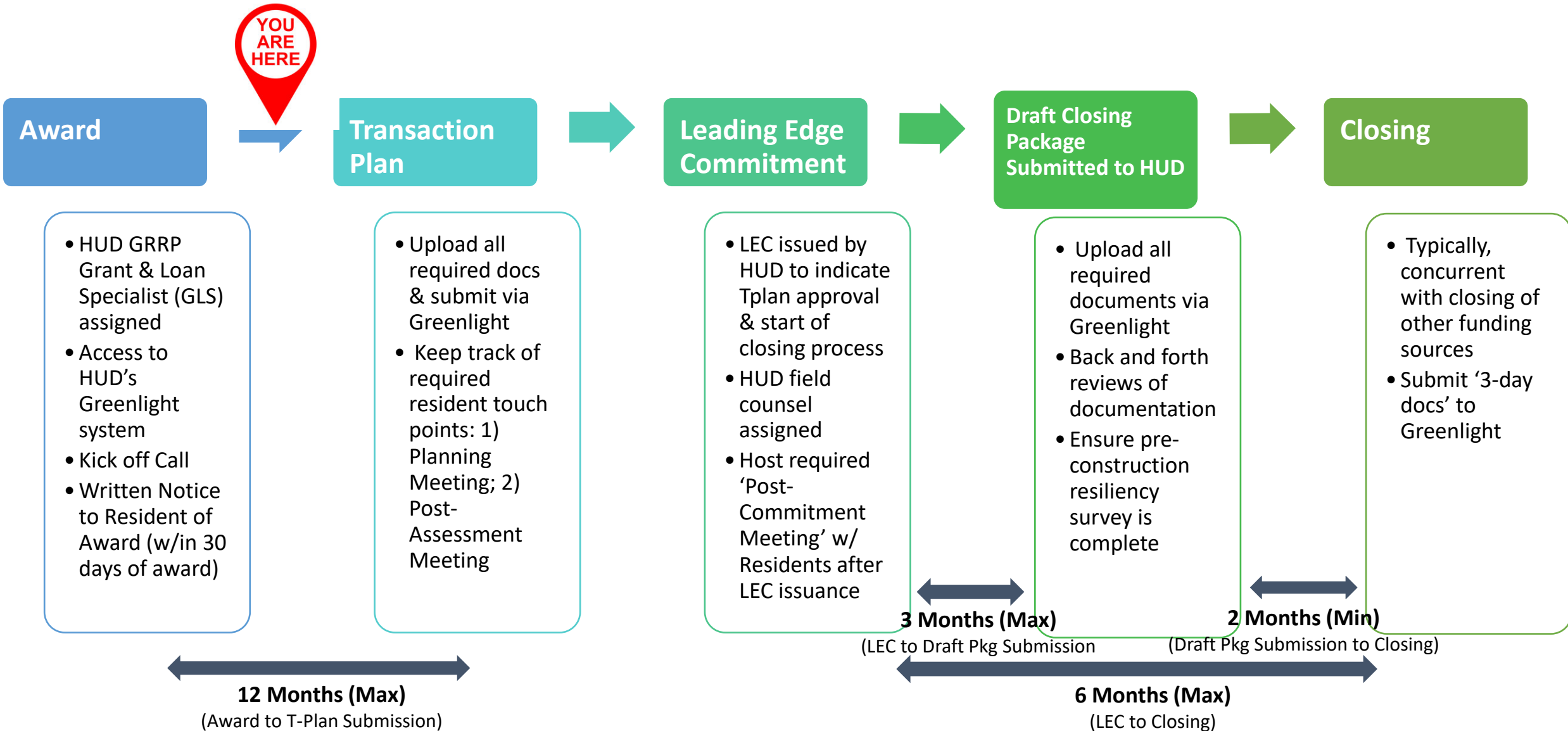
*If applicable: Performs
concurrent FHA review
+ closing*

*Other HUD
Offices?*



*Depending on your
financial transaction,
other HUD offices might
be involved /
coordinated with*

Leading Edge: Processing Timeline



Leading Edge: Post-Closing Processing Timeline

3-Day Docs & Final Closing Docket

- 3-Day Docs uploaded to Greenlight
- Upload to GL within 30 days of closing
- Upon GLS approval of final docket, awardee can begin draws

Draw Requests

- Submit draw requests via GL for eligible LE incurred costs
- GLS will review the submission

Scope of Work Complete / GRRP Completion Certification

- Submit the GRRP Completion Certification via GL within 45 days of SOW Completion
- Provide evidence that the process for securing the Qualifying Certification is in process

Leading Edge Qualifying Certification Received

Using Greenlight



GREENLIGHT



Submission Requirements of the Leading Edge Transaction Plan



Transaction Plan Requirements



Key Document	Notes
Evidence of Capital Needs Assessment (CNA) eTool	<ul style="list-style-type: none">• The CNA must be completed in the CNA eTool according to Appendix 5, Section A.5.7 of the MAP Guide.• The CNA must be completed by a qualified, independent third-party professional as required by the MAP Guide.• Upload evidence that the Tool has been completed and submitted to HUD
Scope of Work (input via Greenlight)	<ul style="list-style-type: none">• Scope of Work is generated via the eTool• Input the Scope of Work via the “Scope of Work” tab in Greenlight and check the items that will be paid for by the Leading Edge Award (Leading Edge Eligible Costs)
Scope of Work Supporting Documentation	<ul style="list-style-type: none">• Upload supporting documentation re: SOW costs and/or actual bids• Upload timeline for completion of the SOW
Certification from Licensed Architect or Engineer	<ul style="list-style-type: none">• Signed certification from property’s architect or engineer that the property will achieve the selected green certification if constructed in accordance with the proposed plans + specs.

Transaction Plan Requirements



Key Document	Notes
Sources & Uses (input via Greenlight)	<ul style="list-style-type: none">• Input the Sources and Uses via the corresponding tabs in Greenlight. A PDF will generate and appear on the document uploader.• Must meet the Financial Thresholds in Ex. B of the GRRP Notice
Letters of Commitment for Other Financing	<ul style="list-style-type: none">• Provide funding commitment letters for all Sources shown in the S&U

Transaction Plan Requirements: Financial Thresholds



Debt Coverage Ratio	Any permanent, amortizing debt must have a debt coverage ratio (DCR) between 1.11-1.30 throughout a 15-year period. The DCR may be higher if required by the first mortgage lender (and documentation requiring such higher DCR is submitted to HUD), or if required following closing to maintain the DCR above 1.11 in later years.
Acquisition Proceeds/Cash-Out	Any Proceeds, exclusive of any payments of accounts payable or payments to third parties, to be paid to a seller under common Control with the Owner or any Affiliate of the Owner shall be included in the developer fee calculation.
Developer Fee	Total developer fee cannot exceed 15% of acquisition, hard, and soft costs, exclusive of reserves and developer fee. Further, if the Owner is proposing to utilize low-income housing tax credits and the allocating Housing Finance Agency allows a higher fee under the Qualified Allocation Plan, the deferred fee may equal the higher fee allowed by the Housing Finance Agency so long as the fee above 15% is contributed back to the Project through deferral or contribution.
Hard Cost & Soft Cost Contingency	Contingencies contained within sources and uses may not exceed 10% of hard construction costs (exclusive of contingency) and 5% of soft costs (exclusive of reserves, developer fee, and contingency) unless the transaction has low-income housing tax credits and a higher amount has been approved by the allocating Housing Finance Agency.
General Contractor Profit, Overhead, and General Conditions	Combined General Contractor fees on the hard construction costs may not exceed 14% of the hard construction costs, exclusive of contingency.
Replacement Reserves	Initial and Annual Deposits to the Replacement Reserve must match the Replacement Reserve Analysis submitted with the final CNA and reserve balances must stay positive through year 10 and meet the requirements of the MAP Guide as they apply for years 11-20
Operating Reserve; Operating Deficit Reserve	Operating Reserves cannot exceed 12 months of operating expenses and debt service, unless required by the investor or first priority lender. If a higher reserve is required, then such excess may not be released for distribution to the Owner for a 15-year period.
Operating Profit Margin	If there is no amortizing debt, Net Operating Income as a percentage of the gross adjusted income may not exceed 25%.

Transaction Plan Requirements



Key Document	Notes
20 Year Operating Pro Forma	<ul style="list-style-type: none">• Input via the “Operating Pro Forma” tab in Greenlight. A 20 year operating pro forma will then generate via Excel
Operating Pro Forma Supporting Documents	<ul style="list-style-type: none">• Upload the following:<ol style="list-style-type: none">1) discussion of the extent of energy and water savings that are anticipated as a result of the rehabilitation, the basis for those estimates and to what extent anticipated savings in utility costs have been included in the pro forma operating expenses;2) narrative to support all other sources of income or documentation that the provided income amounts do not exceed the average for the last 3 years;3) supporting documentation/quotes for insurance costs
Draw Schedule	<ul style="list-style-type: none">• Must include all sources and uses and show the projected draws of the Leading Edge Award in accordance with the Notice.• No HUD-prescribed format at this time

Transaction Plan Requirements: Draw Schedule

The Leading Edge Award may be disbursed for incurred Leading Edge Eligible Costs at the following milestones:

- A) Up to 30% of the Award after receipt and approval by HUD of the final closing docket.
- B) Up to 50% of the Award after the Owner achieves 50% construction completion as certified by the Architect.
- C) Up to 80% of Award after the Owner achieves 75% construction completion as certified by the Architect.
- D) Up to 90% of the Award after completion of construction at the Property and HUD receipt and approval of the GRRP Completion Certification
- E) All remaining Leading Edge Award funds upon receipt by HUD of evidence that the Leading Edge Qualifying Certification has been secured or other documentation of completion of the Scope of Work as may be acceptable to HUD. **In no event will HUD disburse an amount that would be greater than the total of Leading Edge Eligible Costs.**

Transaction Plan Requirements



Key Document	Notes
Evidence of Resident Engagement	<ul style="list-style-type: none">• Documentation to confirm that all required resident meetings have been held between award and submission of the transaction plan (planning mtg + post-assessment mtg)
Description of Planned Relocation Activities (if applicable)	<ul style="list-style-type: none">• If relocation is proposed, provide relocation plan acceptable to HUD Account Executive and GRRP GLS• GRRP Expectation of Continued Tenancy• If planning to utilize a pass-through lease structure, submit request to HUD MF Account Executive

Transaction Plan Requirements



Key Document	Notes
Development Team	<ul style="list-style-type: none">• Dev team’s “green” experience was reviewed with application – Owner must provide & disclose any changes (including if a different green cert is being proposed)• Must disclose any identity of interest (IOI) between the parties• If NC/Sub Rehab: Must use an experienced General Contractor
Evidence of Application for other required HUD Approvals (if applicable)	<ul style="list-style-type: none">• Owner must provide evidence that they have submitted the necessary documentation to their HUD AE for any required HUD approvals (change in ownership, 2530/APPS, bifurcation, change in management agent, pass through, etc).• Any outstanding approvals will become special conditions to the LEC
Evidence of Submitted Part 50 Environmental Review in HEROS	<ul style="list-style-type: none">• Upload a screenshot showing that the Part 50 Environmental Review has been submitted via HEROS for the property
GRRP Shared Savings Retainer (if applicable)	<ul style="list-style-type: none">• Owner must submit a request for a SSR which includes an analysis performed by qualified third party showing estimated utility consumption savings.• Copy of most recent assistance contract renewal• Copy of HUD Rent Schedule showing current utility allowances

Transaction Plan Requirements



Key Document	Notes
Selection of Labor Standards Compliance Method	<ul style="list-style-type: none">• Owner must select compliance method• If another source of funding requires Davis Bacon, Davis Bacon applies• If Davis Bacon isn't triggered by another funding source, Owner has two options:<ul style="list-style-type: none"><input type="checkbox"/> Submit a project labor agreement applicable to the SOW that has been executed by the local building trade unions and the General Contractor.<input type="checkbox"/> Select that the Davis-Bacon prevailing wage requirements apply to the Scope of Work identified in the Transaction Plan to the extent that such Scope of Work qualifies as development. "Development" encompasses remodeling that alters the nature or type of housing units at the property, reconstruction, or substantial improvement in the quality or kind of original equipment and materials, and is initiated within the construction period set form in the LEC. Owner should uploaded a statement confirming this selection.

Transaction Plan Requirements




Key Document	Notes
Consent to Participate in GRRP from existing lien holders	<ul style="list-style-type: none">• Written acknowledgement from existing lien holders of property's participation in GRRP and requirements• HUD provided template can be used
Other	<ul style="list-style-type: none">• Upload any additional documentation as needed

Document Uploader	Sources Entry Form	Uses Entry Form	Base Year Operating Pro Forma Entry Form	Scope of Work	Finalize
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Property Representative: Submit required documentation. Mark when complete. Select Complete Step. You may use the Save buttons if you want to save your in-progress submission.

By checking this box, I certify that the Scope of Work addresses the immediate needs of the property, and that the Replacement Reserve addresses 20-year needs.

Complete



Transaction Plan Best Practices



Transaction Plan: Best Practices



1. Communicate with your assigned GRRP Grant & Loan Specialist (GLS)!
 - They are here to help! Ask questions, provide updates on submission timing, etc.
 - Be proactive about communicating transaction changes and timelines
2. Review Exhibit D of the GRRP Notice and prepare the Transaction Plan documents
 - Not all documents will apply to every Awardee
3. Be cognizant of items that have long lead times & plan accordingly!
 - Part 50 Environmental Review via HEROS
 - CNA E-tool
 - Other HUD approvals (2530/APPS, TPA, Pass Through Leases, etc.)
 - Third party energy study for Shared Savings Retainer (SSR) if applicable

Transaction Plan: Best Practices



4. Get comfortable with Greenlight and what requires a document upload versus an input
 - In addition to uploading the required documents, there are three Greenlight tabs you must complete: S&U, Operating Pro Forma, Scope of Work with LE Eligible Costs identified
 - Can take some time, and vitally important to get right!
5. Leading Edge Qualifying Certification
 - Ensure your transaction plans and SOW remain compliant with achieving the selected LE Qualifying Cert!



Leading Edge Awardee Resources



➤ **Leading Edge Transaction Plan Checklist**

- Attached to award letter
- Outlines all required Transaction Plan documents
- Exhibit D of GRRP Notice

➤ **GRRP Notice & Leading Edge NOFO**

➤ **GRRP Participant Resources Webpage**

- <https://www.hud.gov/grrp/participantresources>
- Greenlight Training Recording on GRRP YouTube
- Templates and Guides linked

➤ **Ask your assigned Grant & Loan Specialist any questions!**

➤ **Sign up for the GRRP Newsletter**

- <https://public.govdelivery.com/accounts/USHUDFHA/subscriber/new>

Leading Edge Transaction Plan Questions



Q: What is the proper formatting for the itemized list of eligible costs and the scope of work narratives?

A: *In Greenlight you will see the options to click a box that identifies a Scope of Work item as a Leading Edge eligible cost. This feature is being finalized in Greenlight by the end of the month.*

Q: How should we prepare CNA e-tools in the future?

A: *Awardees must use the CNA etool for the creation of the Scope of Work. To create the import file from the etool, open the eTool, select “Export this CNA” from the Options menu, then select the “Repair Needs” under the CNA Review Data and hit the Export button. Afterwards you may edit, add, or delete scope items manually. After entering your Scope of Work click the Submit to HUD Review button to generate the PDF.*

Wrap Up + Q&A

➤ Questions?

- Email your GLS or grrp@hud.gov if you are not sure who your GLS is
- View GRRP Program FAQs: <https://www.hud.gov/GRRP/FAQs-GRRP>
- Recording and slides will be available on www.hud.gov/grrp in 1-2 weeks

Thank you for joining us today!