

Request for Action
by
Board of Commissioners

**Approval of Funding Awards for Zero Energy for the Ocean State (“ZEOS”)
Demonstration Program**

1. Summary of Program

Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”), in partnership with the Rhode Island Office of Energy Resources (“OER”) and Rhode Island Energy (collectively, the “Program Partners”), administers the Zero Energy for the Ocean State (“ZEOS”) Demonstration Program to design and construct affordable energy efficient Zero Energy Building (“ZEB”) housing unit(s) to serve low- and moderate-income (“LMI”) residents in Rhode Island. The ZEOS Demonstration Program responds to the recommendations included in the Rhode Island Zero Energy Building Task Force’s Zero Energy Building Pathway to 2035 white paper. The white paper established a goal to create ZEB demonstration projects across building sectors in Rhode Island. For this third round of ZEOS funding, OER made available a total of \$250,000 to support the ZEOS Demonstration Program and the activities mentioned above, and RIHousing has budgeted \$250,000. RIHousing and Rhode Island Energy will provide technical support in the administration of the ZEOS Demonstration Program.

In March 2023, RIHousing issued a Request for Proposals (“RFP”) for the ZEOS Demonstration Project. The Program Partners solicited demonstration projects (the “ZEOS Projects”) that encompassed four primary activities – design, explore, inform, and assess – to create a pathway for scaling ZEBs in LMI residential sectors as a means of reducing greenhouse gas emissions. In response to the RFP, RIHousing received seven proposals requesting \$1,096,500 in ZEOS Demonstration Program funds.

Proposals were evaluated based on project team experience, budget, overall project approach, efficient use of funds, leveraging of funds, and the extent to which the proposed approach achieved the following objectives:

- a) Stimulates innovative, replicable solutions to deploying solar photovoltaic systems in combination with energy efficiency and air source heat pump technology to achieve the ZEB definition for LMI residents.
- b) Delivers the highest, long-term cost savings for residents (including both energy and non-energy impacts).
- c) Develops a user-friendly home that makes it easy for a customer to achieve zero energy consumption.
- d) Serves families at or below 120% AMI as defined by HUD.
- e) Creates a project that is readily replicable.
- f) Demonstrates an ability to complete all required deliverables.

After reviewing the application packages, a selection committee comprised of Program Partners and RIHousing staff recommends funding for four proposals. Funding these four proposals will allow the ZEOS Demonstration Program to provide financial assistance to projects across the state in Providence, Hopkinton and Tiverton, and serve as an excellent example of how to scale net-zero housing for a variety of housing types.

2. Recommendation

Staff recommends allocating up to \$250,000 for project funding under the ZEOS Demonstration Program for the Funding Recommendations set forth in Attachment A.

3. Attachments

- A. Funding Recommendations
- B. Resolution

Attachment A
Funding Recommendations

Entity	Development	OER ZEOS	RIHousing ZEOS Funding	Total ZEOS
Pennrose	Parcel 9	\$ 48,500.00	\$ 48,500.00	\$ 97,000.00
CrossroadsRI	Summer Street	\$ 125,000.00	\$ 125,000.00	\$ 250,000.00
Church Community Housing Corp	Sandywoods	\$ 17,000.00	\$ 17,000.00	\$ 34,000.00
Habitat for Humanity	Cardinal Lane Phases I & II	\$ 59,500.00	\$ 59,500.00	\$ 119,000.00
		\$ 250,000.00	\$ 250,000.00	\$ 500,000.00

The project recommendations are as follows:

Parcel 9 (Providence) – Pennrose, LLC is constructing a 66-unit new construction apartment building in the Providence I-195 District using low-income housing tax credits and other financing. All units at the development, known as Parcel 9, will be made available to individuals with incomes from 30% to 120% AMI. The building will be equipped with a solar array PV rooftop system offset by community net metering along with air source heat pumps and ERVs. The development includes a mix of studios, one-and two-bedroom units. The building is being designed to achieve RNC Tier II and to be certified under the EPA Energy Star Multifamily New Construction, Version 1.1 program, as well as the DOE Zero Energy Ready Homes standards.

Sources	Amount	Per Unit
		\$ -
ZEOS	\$ 97,000	\$ 1,470
Total Uses	\$ 97,000	\$ 1,470
Uses	Amount	Per Unit
Hard Costs	\$ 97,000	\$ 1,470
Total Uses	\$ 97,000	\$ 1,470

Summer Street (Providence) – Crossroads Rhode Island is developing 176 one-bedroom units in a project known as Summer Street (the “Development”). All units will be restricted to households with incomes at or below 30% of AMI. Crossroads will install a solar array PV rooftop system offset by community net metering along with air source heat pumps and ERVs. In addition, the project is enrolled in Rhode Island Energy New Construction Zero Energy Buildings Program with a targeted Energy Performance of 46% below the 2018 IECC Code which is designed to hit net zero.

Sources	Firm	
	Amount	Per Unit
RIH First Mortgage	\$10,450,000	\$59,375
RIH HOME Loan	\$1,500,000	\$8,523
Capital Magnet Fund	\$1,000,000	\$5,682
Building Homes Rhode Island	\$4,000,000	\$22,727
RIH Rebounds Fund	\$2,500,000	\$14,205
CRP Award	\$1,900,000	\$10,795
DAH - 2	\$4,000,000	\$22,727
Providence HTF (ARPA)	\$2,500,000	\$14,205
LIHTC Proceeds	\$37,884,471	\$215,253
RI Energy Performance Incentives	\$367,500	\$2,088
Providence HOME	\$1,000,000	\$5,682
Federal Appropriations	\$2,000,000	\$11,364
FHLB Award	\$650,000	\$3,693
OHCD - SLRF	\$10,000,000	\$56,818
RI Rewable Engery Grant	\$75,000	\$426
RI Digital Divide	\$61,940	\$352
ZEOS	\$250,000	\$1,420
DEM	\$350,000	\$1,989
Energy Credit Proceeds	\$1,177,021	\$6,688
Deferred Accrued Interest	\$782,627	\$4,447
Deferred Developer Fee	\$1,500,000	\$8,523
Total Sources	\$83,948,559	\$476,980

Uses	Firm	
	Amount	Per Unit
Construction	\$57,038,191	\$324,081
Contingency	\$5,549,081	\$31,529
Acquisition	\$850,000	\$4,830
Soft Costs	\$7,402,057	\$42,057
Financing	\$6,872,185	\$39,047
Developer Fee	\$4,600,000	\$26,136
Operating Reserve	\$1,328,926	\$7,551
Replacement Reserve Year 1 Deposit	\$57,200	\$325
Other Reserves	\$250,920	\$1,426
Total Uses	\$83,948,559	\$476,980

Sandywoods (Tiverton) - Church Community Housing Corporation has completed two net zero houses to date through the ZEOS demonstration program, with three additional net zero homes currently under construction. This award will add two more single family net zero houses in Tiverton. These homes will be made available to households with incomes below 80% AMI. Solar PV arrays and air source heat pumps will be utilized to achieve Net Zero.

Sources	Amount	Per Unit
Sales Proceeds	\$ 360,000	\$ 180,000
Zeos	\$ 34,000	\$ 17,000
Energy Incentives	\$ 13,051	\$ 6,526
HIF	\$ 145,000	\$ 72,500
BHRI III	\$ 145,643	\$ 72,822
Total Uses	\$ 697,694	\$ 348,847
Uses	Amount	Per Unit
Hard Costs	\$ 681,094	\$ 340,547
Soft Costs	\$ 16,600	\$ 8,300
Total Uses	\$ 697,694	\$ 348,847

Cardinal Lane (Hopkinton) –Habitat for Humanity for Rhode Island, South County, Inc. is constructing seven single family homes for households with incomes below 80% AMI. These homes will have individual solar PV arrays and air source heat pumps to achieve Net Zero.

Sources	Amount	Per Unit
BHRI III	\$ 818,568	\$ 116,938
Private Foundations	\$ 133,286	\$ 19,041
Sales Proceeds	\$ 686,000	\$ 98,000
ZEOS	\$ 119,000	\$ 17,000
Other Sources In Kind	\$ 105,000	\$ 15,000
Total Uses	\$ 1,861,854	\$ 265,979
Uses	Amount	Per Unit
Hard Costs	\$ 1,569,093	\$ 224,156
Soft Costs	\$ 292,761	\$ 41,823
Total Uses	\$ 1,861,854	\$ 265,979

Attachment B

Resolution of the Board of Commissioners of Rhode Island Housing and Mortgage Finance Corporation

Whereas: Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of RIHousing have promise of supplying well-planned, well-designed apartment units which will provide housing for low- and moderate-income persons or families, or the elderly, or others in locations where there is a need for such housing;

Whereas: RIHousing may authorize financing to promote the acquisition, rehabilitation or preservation of affordable housing;

Whereas: each of the applicants (“Applicants”) listed in Attachment A have submitted an application which meets the requirements of the Zero Energy for the Ocean State (“ZEOS”) Demonstration Program;

Whereas: staff of RIHousing have reviewed each of the eligible applications submitted and recommend that ZEOS Demonstration Program funding be awarded for the proposals listed in Attachment A;

Whereas: staff have determined that the recommended proposals qualify for financing under RIHousing’s enabling legislation, regulations, guidelines and policies; and

Whereas: RIHousing finds that:

(1) there exists a shortage of decent, safe, and sanitary housing at rentals or prices which persons and families of low or moderate income can afford within the general housing market area to be served by the proposed housing development;

(2) private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe, and sanitary housing in the general housing market area at prices which persons or families of low and moderate income can afford or to provide sufficient mortgage financing for residential housing for occupancy by those persons or families;

(3) the housing sponsor or sponsors undertaking the proposed housing development in this state will supply well-planned, well designed housing for persons or families of low and moderate income and that those sponsors are financially responsible;

(4) the proposed housing development to be assisted pursuant to the

provisions of this chapter will be of public use and will provide a public benefit;
and

(5) the proposed housing development will be undertaken, and the housing sponsor or sponsors regulated pursuant to the authority and within the restrictions provided for by the RIHousing enabling act, Chapter 55 of Title 42 of the Rhode Island General Laws.

NOW, THEREFORE, IT IS HEREBY:

Resolved: that RIHousing is authorized to commit funding in an amount up to \$250,000 in accordance with applicable RIHousing program guidelines for the Zero Energy for the Ocean State (“ZEOS”) Demonstration Program.

Resolved: that RIHousing be and hereby is authorized to approve commitment of ZEOS Demonstration Program funds to the proposals as recommended by RIHousing staff in Attachment A.

Resolved: that the Executive Director, Deputy Executive Director, and the Director of Real Estate Development, each acting singly, be and hereby are authorized and empowered to take any and all actions necessary or desirable to carry out the foregoing resolutions.