

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 National Grid (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 second round of ZEOS funding, OER made available a total of Two Hundred Fifty Thousand Dollars (\$250,000.00) to support the ZEOS Demonstration Program and the activities mentioned above. RIHousing committed Five Hundred Thousand Dollars (\$500,000.00). RIHousing and National Grid will provide technical support in the administration of the ZEOS Demonstration Program.

In May 2021, 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 five proposals requesting \$1,240,000 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 three proposals. Funding these three proposals will allow the ZEOS Demonstration Program to provide financial assistance to projects across the state in East Greenwich, Providence, 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 \$500,000 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
Dakota Partners, Inc	Brookside Terrace II	\$ 85,000.00	\$ 165,000.00	\$ 250,000.00
Winn Companies	Lockwood Plaza	\$ 81,600.00	\$ 158,400.00	\$ 240,000.00
The Armory Revival Company	Bourne Mills III	\$ 85,000.00	\$ 165,000.00	\$ 250,000.00
		\$ 251,600.00	\$ 488,400.00	\$ 740,000.00

The project recommendations are as follows:

Brookside Terrace II – Solar installation to support the development of 48 garden-style apartments for households with incomes below 60% AMI, which are currently under construction in East Greenwich and being funded with low-income housing tax credits and other financing. The development includes one- and two-bedroom units. Dakota Partners, Inc. will be achieving the Passive House Institute US certification with the installation of the solar component.

Sources	Amount	Per Unit
BHRI	\$ 402,000	\$ 8,375
ZEOS	\$ 250,000	\$ 5,208
Housing Trust Fund	\$ 13,000	\$ 271
Total Uses	\$ 665,000	\$ 13,854
Uses	Amount	Per Unit
Hard Costs	\$ 652,000	\$ 13,583
Soft Costs	\$ 13,000	\$ 271
Total Uses	\$ 665,000	\$ 13,854

Lockwood Plaza – WinnCompanies intends to add a solar installation to four buildings with a total of 16 townhouse-style units in Providence. The plan is an excellent example of how to retrofit an existing brick building to reach net zero.

Sources	Amount	Per Unit
ZEOS	\$ 240,000	\$ 15,000
Sponsor Equity	\$ 526,585	\$ 32,912
NGRID Funds	\$ 109,600	\$ 6,850
Total Uses	\$ 876,185	\$ 54,762
Uses	Amount	Per Unit
Hard Costs	\$ 831,428	\$ 51,964
Soft Costs	\$ 44,757	\$ 2,797
Total Uses	\$ 876,185	\$ 54,762

Bourne Mill III - The Armory Revival Company (“TARC”) is constructing a 59-unit apartment building adjacent to the Historic Bourne Mill in the town of Tiverton using low-income housing tax credits and other financings. Forty-seven (47) units will be restricted to households with incomes below 60% AMI with the remaining 12 units restricted to households earning between 61% -120% of AMI. TARC intends to construct a solar-covered parking area that will result in a net-zero building.

Sources	Amount	Per Unit
First Mortgage	\$ 4,350,000	\$ 73,729
LIHTC Equity	\$ 11,942,706	\$ 202,419
Energy Investment Tax Credit	\$ 141,128	\$ 2,392
BHRI	\$ 2,332,300	\$ 39,531
ZEOS	\$ 250,000	\$ 4,237
Energy Incentives	\$ 413,113	\$ 7,002
Deferred Fee	\$ 29,072	\$ 493
Total Uses	\$ 19,458,319	\$ 329,802
Uses	Amount	Per Unit
Hard Costs	\$ 15,625,499	\$ 264,839
Acquisition	\$ 442,500	\$ 7,500
Soft Costs	\$ 2,275,220	\$ 38,563
Developer Fee	\$ 1,115,100	\$ 18,900
Total Uses	\$ 19,458,319	\$ 329,802

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 \$500,000 in accordance with RIHousing regulations and the 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 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.