RIPPOWAM CORPORATION
REGULAR BOARD MEETING
November 20, 2024
6:45 P.M.
Agenda

To: Richard Ostuw
Ronice Latta
John Coff

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a. Call to Order

b. Approval of the Board Meeting Minutes from October 23, 2024

c. Discussion of COC Resolution No. 24-38:
Adoption of Inducement Resolution for Issuance and Sale of Multifamily Housing Revenue Notes Not Exceeding Aggregate Amount of $30,100,000 for the Augustus Manor Project

d. November Development Update

e. Board Training: Capital Funds for Development – Identification, Structuring, and Application Process (briefing sheet in BoardPaq)

f. Other business

g. Adjourn

RIPPOWAM CORPORATION

Meeting Minutes of the Board of Directors

October 23, 2024

The Meeting of the Board of Directors of the Rippowam Corporation (the "Corporation") was held at 40 Clinton Avenue, Stamford, Connecticut and on the Zoom remote connection meeting platform on Wednesday, October 23, 2024.

Director Ostuw called the meeting to order at 6:45 p.m.

Attendees

Board Members:	Rich Ostuw John Coff	Absent: Ronice Latta
COC Board Members:	Lester McKoy Divya Malhotra	Absent: Alexandro Morris
Advisory Board:	Bianca Shinn-Desras	
Present:	Vin Tufo Jon Gottlieb Natalie Coard Lisa Reynolds Sam Feda Beth Janney Ken Montanez Jan Tantimonico Raul Gomez Megan Shutes Karen Coquillon Michele Tarulli Chris Warren Darnel Paulemon Christine Young	

1. **Approval of Minutes of Previous Meetings**
   Meeting Minutes for September 25, 2024, were approved unanimously on a motion by Director Ostuw, seconded by Director Coff.

2. **Development Update** – Mr. Gottlieb, Ms. Shutes and Ms. Tarulli provided the October Development report update.

3. **Real Estate Development Training – Review Subject Areas** – Mr. Gottlieb described the sequence of steps in the development process.

4. **Executive Session**
   There was no Executive Session.

5. **Adjournment**
   At 7:21 p.m., after a motion duly made by Director Ostuw and seconded by Director Coff, the Board meeting was adjourned.

Respectfully submitted by:

Vincent Tufo, President

The undersigned, being all of the Directors of Rippowam Corporation, do hereby affirm and consent to each and every resolution duly adopted, and action duly taken by the Directors of the Corporation at this Meeting.

Ronice Latta

Rich Ostuw

John Coff

THE ABOVE BEING ALL OF THE DIRECTORS
OF RIPPOWAM CORPORATION

HOUSING AUTHORITY OF THE CITY OF STAMFORD
D/B/A CHARTER OAK COMMUNITIES
22 CLINTON AVENUE
STAMFORD, CONNECTICUT 06901

Board Meeting Date:	**November 20, 2024**
Resolution Number:	**24-38**

RESOLUTION

Subject:	**Adoption of Inducement Resolution for Issuance and Sale of Multifamily Housing Revenue Notes Not Exceeding Aggregate Amount of $30,100,000 for the Augustus Manor Project**
Background:	See attached resolution and project description containing details of the proposed issuance by COC of tax-exempt bonds to fund the renovation and refinancing of Augustus Manor, a 105 unit deeply affordable senior housing development located at 101 Main Street. The owner is Related Companies. COC will incur no financial exposure, expenses, or repayment obligation as a result of issuing the bonds, and COC will receive a total issuance fee of 1% of the bond issue, or $301,000.
Resolution:	**Be it resolved by the Commissioners of the Housing Authority of the City of Stamford that the Resolution prepared by Bond Counsel authorizing issuance and sale of multifamily revenue housing notes not exceeding $30,100,000 for the Augustus Manor Project be approved and that the Executive Director or CEO of the Housing Authority of the City of Stamford be authorized to execute and implement the agreement.**

Jonathan Gottlieb
Staff Member Submitting Report

RELATED

August 20, 2024

Keisha Palmer
Robinson & Cole LLP
280 Trumbull Street
Hartford, CT 06103

Re: Affordable Housing Preservation Opportunity
Augustus Manor – Stamford, CT

Dear Ms. Palmer:

Related Affordable is pleased to present a transformative affordable housing preservation opportunity to Charter Oak Communities ("COC"). We are seeking an issuance of tax exempt bonds in order to finance the purchase and rehabilitation of Augustus Manor (the "Property"). We believe the Property is an excellent candidate for preservation for the following reasons:

- Long-term preservation of 105 units of senior affordable housing in a desirable location, with a new 40-year income restriction commitment for a property.
- Extension of the Property's Section-8 HAP contract for a term of not less than 20 years from closing.
- Projected capital investment of approximately $5.9M (roughly $56K per unit) in needed physical improvements and upgrades.
- Improvements to energy efficiency via upgrades to the Property's building envelope, appliances, fixtures, and lighting.
- Modernization of existing resident community spaces and amenities including adding property-wide Wi-Fi paid for by landlord.
- Simple and efficient capital structure comprised of tax-exempt bond funded mortgage, equity from sale of 4% LIHTC's, and deferred developer fee, with no need for subsidy or soft financing sources.

To enable the preservation opportunity, Related Affordable is seeking from COC an allocation of tax-exempt bonds in an amount not to exceed $28,000,000. We also hope to collaborate with COC in order to structure a tax abatement with the City of Stamford that will preserve existing tax revenue for the City while also providing financial predictability for the Property.

Attached you will find more information about the Property as well as highlights of the rehab plan and a preliminary source and use. We look forward to meeting with you and answering any questions you may have about the Property and our preservation proposal.

Sincerely,

Sam Sjoberg

RIPPOWAM CORPORATION DEVELOPMENT UPDATE
NOVEMBER 2024

IN CONSTRUCTION

Megan: Lawnhill Terrace 4: Conversion to permanent financing is complete. We have one more equity payment pending for developer fee. This should be available to us after January of 2025. We have initiated legal action against Viking Construction and their plumbing subcontractor, a step required in order for Viking's insurance company to take action against the insurer of the sub-contractor that caused the flood. We are working in cooperation with Viking on this. Discovery information has been requested and delivered to counsel. We have received final approval from HUD regarding the $450,000 federal grant that will help to repay the construction loan. The money is now in the eLOCCS system and should be released once the draw request is processed. HUD is requesting additional environmental information regarding the LHT4 project prior to disbursement. We are working with HUD and the City, as the responsible entity for environmental clearance, to show all the needed documentation.

Megan, Chris, Michele: Oak Park 1: Early start work was completed. As of 8/27/24 Oak Park Phase 1 is closed, and demolition of the buildings closest to Cove Road has begun. Permits are being drawn sequentially for each building as the demolition and abatement activities complete. All ten existing buildings have been demolished. Building permits have been received for all buildings. Site work and tree removal are continuing. The amounts of soil to be abated on site remain under the worst-case scenario allowance numbers we had budgeted. The foundations for buildings 1.4 and 1.8 have been poured, and the foundation for building 1.7 is in process. The Affordable Housing Trust Fund Board has approved the contract for the $750,000 they have pledged to the project. We have passed that contract on to the investor and lender for final review and expect to have the agreement executed by the end of the month. Once this contract is approved the investor will release the developer fee portion of the first tranche of equity. The mayor approved and submitted our request to rename a portion of Ursula Place as Courtney Way to the Law Department, which is preparing the required submission to the Board of Representatives. We continue to monitor and review the tenants with priority to return to Phase 1 to understand if any will require off-site relocation due to changed family size or other circumstances, and to determine whether families initially relocated off-site with Section 8 vouchers will choose to return or to remain off-site.

Michele: Clinton Manor: The siding replacement project is complete except for minor punch list items and touching up around a window that was broken, which will be done after the replacement window is delivered and installed.

IN PLANNING STAGE

Megan, Michele, Karen, Chris: Oak Park 2: Pre-development activities are under way for Oak Park 2, the second phase of redevelopment. The design team has been working on plans for several months and the selection of a construction manager for Phase 2 has been completed. Phase 2 drawings have been delivered to the construction manager for formal pricing for the Low-Income Housing Tax Credit application to begin. Those numbers are expected by mid-December. Evaluation of resident relocation needs and demographics is also underway, as are the other various application components. We are also pursuing additional funding sources such as the CT Community Investment Fund (CIF) and the Stamford

Affordable Housing Trust Fund (AHTF). The Mayor has recommended an allocation of $2 million in City Capital funds for Oak Park 2. A presentation was made to the Planning Board, which is the first step in the approval process. The City Tax Abatement Committee has approved the proposed tax abatement agreement and forwarded the agreement to the Board of Representatives for the required hearings. We are also beginning to prepare for relocation back to phase 1 and exploring any challenges with phase 2 relocation. Given the challenges in Phase 1, we expect to work with families that could be over or under-housed and possibly not meet the income qualifications for the completed phase of Oak Park. The Phase 1 Environmental Site Assessment has been ordered and the environmental consultant is preparing the submission.

Jon, Karen: RAD/Section 18 Blend Program: As a result of a recent court decision in Louisiana, HUD is required to modify the SVC program, and HUD is developing an alternative program.

HUD intends to issue a notice by year end for a new program allowing small housing authorities to process 10% of units being converted under the RAD program, and 90% as Section 18 dispositions. Program details are not yet finalized but there is one significant advantage to the new approach: For the 90% of units under section 18 disposition, we will receive Project-Based Vouchers at full value for each unit. Under SVC, residents of those units would receive Tenant-Based Vouchers, which would be lost to COC when a resident moves out. Having the subsidy attached to the building makes the underwriting of debt to finance renovations much easier. The 10% of units under RAD will also receive project-based Section 8 subsidy, but at lower, RAD rents. It will be necessary to amend the existing Agency Plan to reflect the switch from Streamlined Voluntary Conversion to the RAD/Section 18 Blend. Natalie is investigating simpler options for amending the Agency Plan when the proposed change is minor.

The new program rules provide an incentive to pursue the Stamford Manor conversion first, as a tax credit comprehensive renovation. Once Stamford Manor is converted, the total of 34 units in the five remaining sites can be converted as a single application with no required repairs. This approach is available when fewer than fifty public housing units remain. The five developments with small numbers of public housing units are tax credit projects with a small number of public housing units among a larger total, ranging from four to ten units.

Michele: Quintard Manor: Planning is under way for the installation of a second elevator. The existing single elevator is older and needs frequent servicing. This work has been on hold for two years due to the large number of other projects that require attention but is now being reactivated. An updated cost estimate has been ordered and we are reexamining options for either refinancing the existing debt or seeking a second mortgage to fund the elevator replacement and construction of an exterior stair tower. The previously estimated total cost was estimated to be $2.9 million. The alternates include a new entry canopy, signage and exterior lighting.

ASSET MANAGEMENT

Chris: Rippowam Manor: Refinance in process as staff work on providing documents and financials to the lender (Greystone). The refinance is projected to net $7M in cash which COC will receive a share of 20% or about $1.3M depending on interest rates. Closing of the refinancing is projected sometime in December. This refinance has taken additional staff time during an already busy period. The site has undergone several inspections to satisfy lending requirements and sign offs along with an appraisal. With each continued month of delaying the closing our staff is asked to update financials which is an additional burden during the budget season. We believe with the newer active partner that this process has taken longer and has been scrutinized more in depth than previous deals.

Chris: Security and Marketability of Various Properties: A website and branding for Rippowam Corp is in development in partnership with Rebel. Rebel currently provides web services for COC and will help Rippowam develop a logo and web page to assist with the marketing of market rate units. The goal of the project is to direct market rate applicant traffic to a web page designated for market rate units and showcase a competitive appeal in comparison to competing developments in the Stamford area. The development of the site is now in draft form with site design almost complete. We are working on editing and adding language to each page and selecting photographs. The Rippowam logo process is in final review and will be selected soon.

Chris: Leasing: Going forward, NewBridge Realty will advertise affordable units for which the waiting list has been exhausted or much reduced. All inquiries will be directed to COC, and COC staff will handle the entire process. This change will avoid confusion and result in reduced fees to NewBridge. Current market rate rents have continued to trend upward and continue to boost portfolio revenue.

As always, we monitor market conditions and consult with NewBridge, our leasing agent. We are also monitoring the success of additional exposure on apartments.com and other third-party sites that we can access at no additional cost. We hope that this additional exposure will drive more opportunities for market rate units from cost consciousness consumers looking to escape the high cost and additional fees of properties at Harbor Point and similar developments.

Chris: Other Asset Management Activities: Researched possible alternatives to the current process for acquiring possession of a unit in which the sole resident becomes deceased and has no emergency contact or family document in their tenant files. Met with Operations to describe findings and options. Discussion is ongoing. After further meetings with counsel and internally, two approaches have been identified to reduce vacancy time in these situations. Further discussion is under way to determine which approach is most beneficial.

We are working with Stone Harbour on improving response time to residents for general inquiries and work orders. SH is adding an additional staff member to help with tenant relations so other staff can focus on legal matters and tenant retention. We are also discussing ways to keep driving residents to the rent café application that is available on Yardi, which SH currently uses. The application provides a direct link to message management, review of accounts and initiating work order requests. We believe this is the preferred method of communication as it provides real time tracking of communication between residents and staff.

Continue to coordinate efforts to minimize the non-payment period time during legal actions. Delays at the final step: (Court Clerk issuing execution order) have been identified as a major cause of delay. Several documented instances confirm the result in higher write-offs. Working with Operations, the plan is to approach the court administrators to seek relief. Discussions continue with all parties to reduce rent delinquency and avoid delays in resolution.

Reasonable Accommodation coordination: The Asset Management team is now being notified of all reasonable accommodation requests when they are filed. Asset Management has the option to request additional information, contact the applicant or anyone providing evidence in support of the request, if the application appears questionable.

We are coordinating with Operations in preparing guidance regarding the oversight, direction, and evaluation of service contractors, such as those providing landscaping, snow removal, janitorial, and litter patrol services. Working on capital repairs ate Post House (roof) and Taylor Street. Continuing to review performance and reporting of resident service coordinators.

Monitoring Capital Improvements and Major Repairs: The Post House roof replacement is under way, and a roofing consultant has been retained to monitor the work.

Capital Needs Assessments: An RFP for engineering services has been issued and we expect proposals from several firms that we currently work with or have recently worked with. The selected firm will assess the major building systems for all portfolio development for which we do not have sufficient current information, including Glenbrook Manor, Clinton Manor, Taylor Street, Post House Stamford Manor, and Clinton Manor. The assessments will include long-term projections of capital needs as well as cost estimates. The selected architect, Carmelo Rosa has begun the assessments with his engineers and are currently wrapping up with first report on Stamford Manor. We have received the final draft of the study for Stamford Manor and are using this study to help analyze the potential costs for repairs when we convert the building out of public housing using the RAD/Section 18 Blend program. An additional study of unit interiors will be commissioned to complement this completed assessment of major systems and components of the building. We expect to review drafts for Taylor St and Post House soon which will help our forecasting of expected costs beginning in 2025 and beyond.

Project Operating Budgets: As part of the enhanced asset management function, we are participating with Finance and Operations in evaluation of 2024 operating performance and preparation of 2025 operating budgets. We are also preparing the Taylor St Condominium budget and expect a small common charge increase to keep current with insurance rates and inflation. This budget cycle has shown an increased need in capital expenditures as properties age and technology changes.

Property Inspections and Reviews: Another aspect of the enhanced asset management role is a more frequent presence at each site in the Rippowam and COC portfolios. This will help to identify and monitor issues to be addressed and enable us to assist the Operations team. We continue to hold discussions with Taylor Street condo unit owners to plan repairs and capital budgets, since these decisions will affect monthly common charges paid by the eight condo unit owners.

Michele: Park 215, (Phase IV Vidal Court Revitalization): Over half of the commercial space is leased and medical offices there are in operation. We have exchanged offers and counteroffers with a potential commercial tenant – a substance abuse counseling organization. Discussions are on hold until the organization receives a Certificate of Need from the State, although the tenant believes this will occur in the near future. The prospective tenant (behavior therapy group for children) mentioned in the last monthly report has not responded to our broker regarding further interest in the space. However, Dr. Green, the existing tenant adjacent to the vacant space, reached back out with a renewed interest in expanding his space and signing a new 10-year lease. We continue to negotiate with Dr. Green regarding the amount we would contribute to the build-out of the additional space. Agreement has ben reached regarding the rent per square foot and additional security deposit, with the build-out contribution the only outstanding issue.

Michele: Summer Place – Siding Repair of Adjacent Building and Flooring Replacement: The two buildings on either side of Summer Place are built on the lot lines and are built out to the street frontage. Summer Place is set back from the street with its parking area in front. A significant amount of the exterior siding on one of the adjacent buildings (1010 Summer Street) has detached and fallen into our parking area. We provided the 1010 owner with a temporary license and indemnity agreement, allowing workers to access our property to make the required repairs while protecting us from liability. The initial phase of repair work has been completed and fencing removed, allowing us full use of our parking area. Because the repairs to the wall bordering our property have remained incomplete for an extended period, the City Blight Inspector has issued a notice requiring the repair to be completed. The owners of 1010 have recently submitted an application to convert the building from offices to apartments.

Michele: Conversion of COC Public Housing Portfolio: The Ursula Park Townhomes repairs have been completed, as have the repairs at CT Avenue. The Lawn Avenue Townhomes Roof work has been completed. Kitchen cabinets and entry doors/storm doors have been ordered for Lawn Avenue and are expected to be delivered soon, along with new kitchen and bathroom cabinets for Sheridan Mews. Work at Lawn Avenue and Sheridan Mews will commence when these items are received.

We will work closely with the Operations team to minimize disruption for residents since repairs will be performed with residents in place.

Michele: Stamford Manor: Four bids have been received for repairing two exterior stairways and for repairs to the concrete exterior walkways at each floor of the building. The low bid is for somewhat less than the previously estimated cost. While the two stairways will need to be replaced at some point, the repairs will extend the life of the stairways until they can be replaced as part of a comprehensive renovation of the entire development.

Year 15 Tax Credit Project Planning: With Rippowam Corp now the sole owner of Taylor Street, Post House and Fairgate, new, simpler partnership agreements are in place for each site and will be a model for future restructurings.

Chris: Facilities Management: We continue to coordinate closely with Maintenance and Property Management to facilitate effective and timely communication among all team members, improve workflow and assist in identifying responsible parties in various situations.

Taylor Street: A new EPA regulation beginning in 2025 dictates that all new air conditioning condenser units must be changed to a new more efficient refrigerant. This new refrigerant is mildly flammable which will require new fire rated protections for the piping of the refrigerant.

We have signed off on replacing all of the rental unit condensers and offered to assist in procuring the replacement and installation of new units for the homeowners at reduced cost. By doing this work now we expect savings of about 50% compared to doing this work once the new regulation goes into effect. We are also examining this issue at other sites and have identified Westwood to be potentially impacted by this change. We are working with Stone Harbour to address this and the cost implications.

Tax Exempt Bond Issuance: We are expecting our second bond issue for the Mozaic Senior Life project in early 2025, yielding a fee of $650,000. Discussions are under way the Related Companies for bond issuance for the refinance and repair of Augustus Manor, a 100% Section 8 senior development, with a fee of approximately $300,000.

PORTFOLIO PERFORMANCE

For market rate units: We continue to monitor market trends and adjust rents upon lease renewals and as vacancies arise.

UPCOMING TRANSACTIONS AND TASKS

Asset Management: Address higher than anticipated rent delinquency levels when these exist. Assist COC and Stone Harbour in addressing chronic delinquency issues. Prepare suggestions for improved A/R management and for coordinating work of service contractors. Coordinate major systems assessments.

992 Summer Street: Monitor repair work at the adjacent 1010 Summer Street. Continue to facilitate communication and coordination between COC property managers and Inspirica service provider team. Work with Inspirica to improve resident supportive services.

Park 215: Continue marketing effort to obtain tenants for remaining available commercial space. Continue to work with prospective tenants by providing information and design assistance. Coordinate repairs to upper parking deck and adjacent walkway.

Resident Services: Continue to monitor the level and quality of resident services, working closely with the Operations team.

Lawnhill Terrace 4: Oversee conversion to permanent financing and receipt of balance of investor equity. Monitor lawsuit.

Oak Park: Monitor and oversee demolition and construction. Continue pre-development efforts for Oak Park 2.

Clinton Manor: Monitor re-siding and balcony repair of two sides of the building with the minimum amount of disruption and inconvenience for residents and COC staff. Coordinate with COC Operations team.

Quintard Manor: Finalize construction plans and new loan. Obtain contractor and initiate elevator and stairway construction.

RAD Conversion: Monitor and oversee required repairs at all four sites.

Stamford Manor: Procure contractor for repair of existing stairways and concrete walkways a Stamford Manor.

RAD/Section 18 Blend Conversion: Obtain HUD notice, when issued, apply for Stamford Manor first, assemble complex financial package to support comprehensive renovations.

Wait List Management Improvement: Working with COC, develop improvements in marketing and recruitment of applicants, in evaluating applicant eligibility, and in keeping applicants eligible and interested while on the waiting lists. Coordinate use of private real estate agents.

CAPITAL FUNDS FOR DEVELOPMENT
IDENTIFICATION, STRUCTURING AND APPLICATION PROCESS

POTENTIAL SOURCES OF FUNDS

Low-Income Housing Tax Credits (LIHTC): Credit against federal tax liability. Awarded to developer and then sold through intermediary syndicator to the credit buyer, usually a large bank or insurance company. Buyer benefits from tax credits and also accumulated operating losses due to deductions for accelerated depreciation. Credit is issued over ten years, with each year's credit amount equal to either 9% or 4% of eligible project costs, depending on which LIHTC program is used. 9% is competitive and only six to eight projects per year in CT are funded. 4% is not competitive but must be used with tax-exempt bonds, which are subject to an annual volume cap. 9% credits typically cover 43% - 50% of total project costs, while 4% credits cover 25% - 35% of costs. Applications are made to CHFA.

Housing Tax Credit Contribution (HTCC): Credit against CT State tax liability. Maximum amount per project is $500,000. Credits are typically purchased by local utility companies. We have received these credits in the past, but recent CHFA policies for awarding these credits do not favor our applications.

State Funding: The CT Department of Housing (DOH) awards State bond funds and passes through federal funds. For tax credit projects, application is made in conjunction with the tax credit application to CHFA. Funding limits are $4 million in State funds and $1.5 million in federal pass-through funds. DOH has other stand-alone funding programs available in smaller amounts for repairs.

Community Investment Fund (CIF): Staffed by the CT Department of Economic and Community Development (DECD), the CIF Board is composed primarily of State legislators and agency heads. Funding is awarded competitively based on periodic application rounds, with significant weight given to support from State legislators.

First Mortgage Debt: All public funders require applicants to carry the maximum supportable amount of private debt. Loan amounts and terms are negotiated, typically with large national lenders (Chase, Bank of America, Citicorp) or larger regional banks (Webster).

City of Stamford Capital Funds: The City issues bonds annually to fund a variety of municipal projects and makes a smaller amount available for projects such as ours. Historically, COC projects have received between $500,000 and $1.5 million, although the mayor's recommended amount for Oak Park Phase 2 in the 2025 funding round is $2 million. Recommendations by the Mayor are reviewed by the Planning Board, Board of Finance, and Board of Representatives, and are subject to public hearings.

Stamford Affordable Housing Trust Fund (AHTF): Developers not wishing to meet their 10% affordable unit obligation within their new projects may seek Zoning Board approval to offset all or a portion of the 10% obligation by contributing to the AHTF, which has a Board comprised of City department representatives, elected officials, and private citizens. The Board receives applications and may award funding as it deems appropriate. There are no formal funding limits.

Stamford Fee-in-Lieu Funds (FIL): Prior to the creation of the AHTF a few years ago, developers could seek Zoning Board approval to offset a portion of their on-site affordable unit obligation by donating significant amounts to an affordable housing development effort. The amount of contribution is based on a city formula which considers the number of bedrooms and income targeting of the off-site units. Although the FIL program has largely been replaced by the AHTF, developers and affordable housing organizations may still submit proposals to the Zoning Board.

Sponsor Loans: Cash contributed by the developer to close funding gaps. Reimbursable from net project cash flow after debt service and more senior debt obligations.

Deferred Developer Fee: Developers are permitted to defer up to 50% of the approved developer fee. At least 50% must be paid from available sources, with the balance having a senior claim on net cash flow until fully paid.

Seller Loan: In order to maximize the amount of available LIHTC, the value of existing buildings can be considered if the buildings will be renovated and retained. Building value is not considered for LIHTC purposes if the buildings are to be demolished.

Energy Conservation Rebates: Local utility companies provide small payments in return for the incorporation of energy saving features into construction and renovation plans.

Ongoing Operating Subsidy: The primary source of rent subsidy is the Project-Based Voucher (PBV) Section 8 program. Tenants pay 30% of income for rent and utilities and the HUD Section 8 subsidy pays the difference, up to annually adjusted maximum levels. Conversion of existing federal public housing to Section 8 under the RAD program provides PBVs, and housing authorities are permitted to convert a portion of their tenant-based vouchers to PBVs.

FINANCIAL STRUCTURE OF PARTNERSHIPS AND TRANSACTIONS

For LIHTC projects, which are the most complex and represent most of our work, a typical project would look like this:

A partnership is created to own the development. A General Partner (GP) entity owned by Rippowam Corp and created for only one project holds only a .01% ownership interest. The GP, in the form of the Rippowam Corp staff, is responsible for planning and completing construction and for ongoing operations of the development. The Limited Partner (LP) holds a 99.9% ownership interest and has input only on major decisions such as hiring a property manager, refinancing, and withdrawals from reserves. The LP is the buyer of the tax credits and holds the larger ownership interest because tax credits are awarded based on the percentage of ownership interest in the development. The Partnership is governed by a lengthy Limited Partnership Agreement (LPA) which sets out the role of each party and how issues are to be resolved, including sale of the property, defaults by either party, etc.

There is also a Development Agreement between the Partnership and Rippowam Corp, setting out the terms under which Rip Corp serves as the developer through lease-up and conversion from construction financing to the permanent mortgage. A Property Management Agreement is executed between the

Partnership and the contracted property management firm. For our sites, this is either COC or Stone Harbour Management. Because the GP entity we create has no other assets, Rippowam Corp is required to provide guarantees of project completion, as well as a guarantee against operating deficits for the first five years of operation. We are also responsible for ensuring compliance with LIHTC rules and the requirements of all funders.

The first mortgage lender is always in the senior position among the various mortgages and other funders. The State is in second position, with City capital funds and AHTF coming third and fourth in loan seniority. Sponsor loans and other internal loans follow. In a tax credit project, funds that we receive as grants (such as City capital funds) are made as grants to either COC or Rip Corp, and then loaned to the partnership because only loaned funds can be considered when calculating tax credit eligibility.

APPLICATION PROCESS
Various funders have different submission schedules and requirements, but the most comprehensive and detailed are the LIHTC and State funding applications. Because construction drawings that are 90% complete are required for a competitive LIHTC application, the design team must be procured and authorized to begin work a year before applications are due. The design package includes architectural, engineering, environmental testing, and cost estimating. This is the primary driver of pre-development expenses. We also procure the construction management firm as early as possible, to benefit from their input during the design process.

Much of the content of applications to other funding sources, such as the City and CIF, can be pulled from the LIHTC/State documentation, but all have their own formats for showing development and operating budgets, and all require different narrative sections.

We do an initial selection of the first mortgage lender and the tax credit syndicator because letters of intent from both are required for the LIHTC/State applications. Preliminary commitments from all funding sources must also be included in these applications, with a lot of time spent obtaining approvals or preliminary letters of intent. Once the tax credit application is approved by CHFA, we do a more formal competitive procurement for the primary lender and syndicator. Once selected, negotiations begin to finalize the terms of the limited partnership agreement and the first mortgage. This is a time-consuming process that involves many attorneys. Because each funder reviews the agreements with all the other funders, it can take quite a while to satisfy everyone.

It is typical for the closing of financing and start of construction to occur up to a full year after tax credits are approved. In general, we assume a year for preparation of applications and another year for negotiations, due diligence, and issuance of building permits.