

**RIPPOWAM CORPORATION
REGULAR BOARD MEETING**

**November 16, 2022
6:45 PM
Agenda**

TO: Richard Ostuw
Ronice Latta
Bianca Shinn-Desras

- a. Call to Order
- b. Approval of the Board Meeting Minutes for October 26, 2022
- c. Development Update
- d. Other Business
- e. Adjourn

Rich Ostuw

Bianca Shinn-Desras

THE ABOVE BEING ALL OF THE DIRECTORS
OF RIPPOWAM CORPORATION

RIPPOWAM CORP. DEVELOPMENT UPDATE
NOVEMBER 2022

IN CONSTRUCTION

Lawnhill Terrace 4: Progress continues at LHT4. We are still awaiting the arrival of Eversource on site to do the connection work for the gas and electrics, but we have received the gas installation schedule. As Eversource has also recently pulled the permit for this work, we are hopeful that work will commence soon. As we are still some time away from being able to turn on the utilities at the phase – although gas is scheduled, we are still pending electric – we have arranged for temp heat to be available at each unit. The process of installing the temporary heating units on site is underway. We are currently scheduled to pave in mid-November.

Rippowam Manor: Stolen plantings were replaced as required and the final Certificate of Occupancy was issued on November 3. The sale of the limited partner's 80% interest in the property to Forward Housing has been completed, and we received the balance of our developer fee for the renovations, in the amount of \$557,000. Rippowam Manor will be moved to the Asset Management category in future updates. Current focus is in completing leasing of vacancies, participating in annual operating budget development, familiarizing the new limited partner with the property, and identifying appropriate upgrades to the security system.

Glenbrook Manor: We continue to monitor leasing levels and ensure any warranty claims during the builder's warranty period are processed timely. A closing date of November 10 has been set but may be delayed by further HUD questions regarding the asbestos operations and maintenance plan. At closing, we will receive the balance of the new mortgage loan, approximately \$4.2 million. After the final close-out Glenbrook Manor will be moved to the Asset Management category.

IN PLANNING STAGE

Oak Park: The Design Development plan set is complete and was issued on October 21st. The Construction Manager has reviewed the DD set and updated its cost estimate. The new estimate, while not final and subject to change as plans advance further, is approximately \$2 million less than the previous estimate. The team is working on the 9% tax credit application to be submitted in January 2023. This complex process will continue through the submission date. Updates will be presented to the Board as the process advances. The City of Stamford has recommend an award of \$1.25 million for the Oak Park development effort from City capital funds. We continue to work with the City to ensure the final approval of these funds by the various boards whose approval is required. The schedule calls for 90% complete construction documents by mid-December.

Clinton Manor: During a recent high wind event, a portion of the exterior building siding detached and fell to the ground. After examination by an architect, engineer, and siding consultant, it has been determined that the siding on the two sides of the building that was not replaced during major renovations several years ago should now be replaced. The closing of the refinance of the existing loan and the supplemental loan to fund the siding repairs has been completed. The refinance of the existing debt at a lower interest rate will be effective immediately. The new loan to fund the repairs will be drawn down as work progresses. The advertisement to Bid was published in the Stamford Advocate on October 17th. A

pre-bid walk through of the site and proposed work was held on October 25th for those contractors interested in bidding the project. A bid addendum has been issued to address questions that arose during the site visit. Bids are due on November 17th, 2022. Depending on the bid results, the work will either proceed in the spring of 2023 or the project will be rebid at a future date to be determined.

Quintard Manor: Planning is under way for the installation of a second elevator. The existing elevator is older and needs frequent servicing. In order to avoid using existing residential space for the new elevator, we will utilize the area now occupied by a stairwell. A replacement fully enclosed stairwell will be added on exterior. The appraisal ordered by CHFA shows a value of \$9 million and maximum permitted debt of \$7.2 million. The existing debt is \$3.6 million, so we can borrow up to an additional \$3.6 million if necessary. Elevator Design Development (DD) drawings are in progress and anticipated to be completed for review around the first week of December 2022. A cost estimate of the DD drawing set will be issued in mid-December. Construction Document completion is estimated for late January 2023 with Bidding to follow in February and Construction Commencement in early Summer. After discussions with the City regarding the required Street Improvements for projects exceeding \$250k, the Planning staff offered to locate funding assistance for minor street improvements but have yet to confirm a funding source.

ASSET MANAGEMENT

Security and Marketability Analysis of Various Properties: We are reviewing the security systems at all properties, both electronic and personnel, to determine which sites would benefit from additional cameras and/or entry systems, or additional or modified security staffing. We are assessing the “curb appeal” and marketability of all sites, especially those with residents that do not receive monthly rent subsidy through public housing or Section 8.

Capital Needs Assessments: Detailed physical needs assessments and multi-year cost projections have been completed for Taylor Street, Stamford Manor, Clinton Manor, and Post House. The written report for Street has been received and the others are expected in the coming weeks. These reviews will help us plan for long-term capital budget needs at each site and aid in decisions regarding refinancing and renovation planning. As part of the annual operating budget development process, we are working with the Finance Dept. to ensure that deposits to each project’s replacement reserve are sufficient to fund repairs called for in the needs assessments.

Project Operating Budgets: As part of the enhanced asset management function, we are participating to a greater extent than in previous years with Finance and Operations staff in the review of 2022 operating revenue and expenses and the development of operating budgets for 2023.

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 issues to be addressed and enable us to assist the Operations team.

Lawnhill Terrace 3: Awaiting final lender approval for conversion to permanent financing. All CHFA approvals are in place. JP Morgan Chase is delaying conversion due to elevated level of tenant delinquent rent. We are working on getting the tenants with outstanding rental balances through the legal process.

The majority of the remaining clients with outstanding balances are awaiting court dates to enter into repayment agreements. Once these agreements are in place we will be able to discuss further with the lender the length of time they will need to see active repayment before reevaluating the 'economic vacancy level caused by these outstanding owed amounts.

Park 215, (Phase IV Vidal Court Revitalization): Over half of the commercial space is leased and medical offices there are in operation. A letter of intent has been signed with a pediatric medical group based in Greenwich to lease the larger of the two remaining commercial areas (6,600 square feet). A proposed lease has been issued to the prospective tenant for review. After extensive discussion, the prospective tenant requested that we fund the full design and build out of the space and recapture the costs through higher rent payments. We have obtained a design proposal from the firm that designed the building and a cost estimate for the build out, on a per square foot basis. We are also speaking with lenders about borrowing the funds to cover design and construction costs. When presented with the likely rent cost and balloon payment due at the end of the initial ten year lease term, the tenant indicated a preference for the smaller of the two remaining spaces, containing approximately 3,900 square feet. We are revising cost estimates for this scenario and will discuss with the prospective tenant.

Summer Place – Siding Repair of Adjacent Building: 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. Supply chain issues have delayed the delivery of the finish siding material, which is not expected for several months. We will continue to monitor the condition of the wall that abuts our property in the interim

Conversion of COC Public Housing Portfolio: Applications for Rental Assistance Demonstration (RAD) conversion of Ursula Park Townhouses, Sheridan Mews, Lawn Avenue, and CT Avenue, and for the 33 public housing units at Fairgate to Section 8 project-based vouchers have received preliminary approval. Repairs which recent needs assessments call for in the first five years following RAD conversion must be done shortly after conversion. We estimate the cost of those repairs at approximately \$1.6 million for the four COC developments, which will be funded from either the proceeds of scattered site property sales or existing public housing reserves. Repairs at Fairgate will be funded from existing project reserves.

HUD has begun final processing of the RAD conversion application that covers Ursula Park and Sheridan Mews, and the application for public housing units at Fairgate. HUD has recently responded and requested revisions to the repair budgets for the Ursula/Sheridan application, which are under way. The application covering Lawn Avenue and CT Avenue will be eligible for final processing following completion of extensive site work at Lawn Avenue funded with HUD capital funds, which is now expected to be completed by year end. HUD estimates its timeframe for final processing to be 60 – 90 days.

For the remaining 249 units, which includes Stamford Manor (215 units), and the public housing units within Post House, Taylor Street, Palmer Square, Greenfield, and Park 215, we will pursue conversion to Section 8 under the Streamlined Voluntary Conversion program, which is available for portfolios under 250 units. The simpler streamlined process has two significant advantages: Full Section 8 rental assistance is provided for every resident household, and HUD does not require a specific program of repairs. The revenue increase would be quite large, allowing reserves to be built up and providing an ability to fund repairs and improvements over time.

Taylor Street: An owner-occupant that previously rented out their unit in violation of deed restrictions has moved back in. The legal case remains open in pursuit of significant fines, although that owner has now admitted to being absent for an extended period. Taylor Street is approaching the end of its fifteen-year tax credit compliance period (12/2022). We have concluded discussions with April Housing, a subsidiary of Blackstone, which purchased AIG's limited partnership interest effective in January 2022 regarding their exit from the partnership now that the 15-year required participation period is ending. April Housing has agreed to sell us their 99.9% interest in Taylor Street for \$1.00. State transfer tax liability is expected to be approximately \$10,000.

Leasing of Higher End Affordable Units: Eligibility under the Low-Income Housing Tax Credit Program (LIHTC) extends through households earning up to 60% of the area median income (AMI). In Stamford, the maximum income for a family of four is currently \$108,000, (60% of the Area Median). While there is almost always significant demand for LIHTC units in the separate category for households under 25% of AMI, there are fewer applications submitted by households at the higher end of the 26% - 50% AMI category, and within the 51% - 60% AMI category. We use a private leasing agent, NewBridge Realty, to aid the marketing of affordable units reserved for the 50% - 60% AMI range, and COC has strengthened its marketing effort to this income category, as well. The recent increase in the AMI of almost 20% is much larger than the typical annual increase. This will increase the maximum eligible income in each income tier and allow higher rents to be charged if landlords choose to impose them, and if the market will support such increases.

Year 15 Tax Credit Project Planning (Post House and Taylor Street): As tax credit projects approach their fifteenth year of operations, it is necessary to prepare for the exit of the investor limited partner, which typically exits between years thirteen and fifteen of operations. Taylor Street and Post House are the two oldest tax credit developments in our portfolio. Both are currently in year 15. Discussions are under way with the limited partners of both sites, although talks have advanced further regarding Post House. The Post House limited partner has agreed to exit in return for a payment of \$300,000. We have agreed on a two-step process for the transfer of the limited partner interest. The attorney for the exiting limited partner has issued a revised partnership agreement amendment and purchase and sale agreement, which is under review. The proposed closing date for the transfer of 49.9% of the limited partner interest is December 15. This will hopefully exempt the transfer from State taxation. Because of the very large pre-payment penalties associated with refinancing we have decided to keep the existing first mortgage in place and pay the limited partner exit fee and State transfer tax from Rippowam Corp funds. The existing Post House mortgage balloons in 2028 and will be refinanced at that time with no pre-payment penalties. Discussions with the Taylor Street limited partner have resumed and the exiting limited partner has agreed with our position that no fees should be paid to the exiting partner.

UPCOMING TRANSACTIONS AND TASKS

Rent Arrearage: Address higher than anticipated rent delinquency levels. Assist COC and Stone Harbour in addressing chronic delinquency issues

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. Determine appropriate use for space previously planned for medical clinic for residents. Work with Inspirica to utilize the growing balance in the supportive services reserve.

Park 215: Continue marketing effort to obtain tenants for remaining available commercial space. Attempt to negotiate agreement with current prospective tenant. Coordinate commercial tenant fit-out process.

Glenbrook Manor: Coordinate final close-out of construction and new financing.

Lawnhill Terrace 3: Complete project close-out.

Lawnhill Terrace 4: Oversee renovations, leasing of units upon completion, and project close-out.

Oak Park: Coordinate work of selected design team, engage with residents and land use approval boards, and prepare 9% tax credit comprehensive plan.

Clinton Manor: Review bids for siding repair and select contractor if any responsible bids are close to available funds for the work.

Quintard Manor: Complete design and cost estimating, determine if funds available for the work are sufficient.

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.

Year 15 Preparation: Conclude discussions with investor limited partners for Taylor Street and Post House regarding the investor's exit from the limited partnership.

PORTFOLIO PERFORMANCE

Market rate occupancy levels continue strong, with larger than usual rent increases for new tenants and lease renewals. A significant amount of unpaid rent resulting from the Covid pandemic has been recaptured through the COC and State rent relief programs. Demand and occupancy continues strong at the fully affordable developments in the Rippowam Corp. portfolio: Post House, Taylor Street, Clinton Manor, Quintard Manor, Summer Place, Rippowam Manor, Glenbrook Manor, and Lawnhill Terrace 1, 2 and 3, although unpaid rent remains significant at some sites, especially Lawnhill Terrace 2 and Oak Park. Rippowam staff work very closely with property managers from COC and Stone Harbour Management, and with Family Centers, which provides supportive services for all sites in our portfolio.