CITY OF NORWALK
REDEVELOPMENT AGENCY
REGULAR MEETING
MARCH 9, 2010

ATTENDANCE:	Emil Albanese, Chairman; Commissioners Felix Serrano, Lisa Cooper and Randy Napoletano
AGENCY COUNSEL:	David W. Stergas, Esq.
STAFF:	Timothy T. Sheehan, Executive Director; John L. Burritt, Jr., Assistant Director; Munro W. Johnson, Sr. Development Project Manager; Michael T. Moore, Sr. Community Development Project Manager; Timothy J. Carney, Housing Development Project Manager, and John Slovak, NRA Comptroller
OTHERS:	Tad Diesel, Director Marketing & Business Development; and interested residents

CALL TO ORDER

The Regular Meeting was called to order at 6:05 P.M by Chairman Albanese.

ROLL CALL

Mr. Albanese called the roll. A quorum was present.

I. APPROVAL OF MINUTES – February 9, 2010, Regular Meeting

** **MR. NAPOLETANO MOVED TO APPROVE THE MINUTES OF THE FEBRUARY 9, 2010 REGULAR REDEVELOPMENT AGENCY MEETING.**
** **MS. COOPER SECONDED.**
** **THE MOTION PASSED UNANIMOUSLY.**

II. FINANCE

1. NRA Operating Financial Statements – January 2010

Mr. Slovak reported on the financial statements as follows:

Total grant revenues for January are $113,780, total other revenues $8,674, total administrative expenses $5,152. The negative amounts are reclassifications of prior month's expenses to other areas. NEDC program expenses are $113,780, which is the exact number that is in the revenues for the various grants of $35,507, $23,002 and $55,271. That money is an expenditure for billing from the NEDC for the month. That exact number is shown in revenues in the NEDC statement. Total expenditures are $117,732 against revenues of $122,454, leaving $4,722 operating surplus for the month.

The next page shows year-to-date, and with the surplus against the $4,000,000 grant expense to NEDC from last month, there is a net deficit of $3,995,575.

The next page is the balance sheet. The cash position of the NRA is $5,343,640, and $1,542,782 of other assets. Total liabilities are $2,075,699, and the net year-to-date is $3,995,575. A big portion of that is the $4 Million that went to the NEDC as a grant.

** **MR. NAPOLETANO MOVED TO ACCEPT THE FINANCE REPORT AS PRESENTED.**
** **MR. SERRANO SECONDED THE MOTION.**
** **THE MOTION PASSED UNANIMOUSLY.**

III. BUSINESS

A. <u>**Reed Putnam Urban Renewal Plan**</u>
1. Discussion with 95/7 Ventures LLC regarding the project financing, potential tenancy and phasing (Executive Session)

** **MR. NAPOLETANO MOVED TO CLOSE THE MEETING AT 6:08 P.M. AND GO INTO EXECUTIVE SESSION TO REVIEW THE REED PUTNAM URBAN RENEWAL PLAN WITH THE REPRESENTATIVES OF SPINNAKER.**
** **MR. SERRANO SECONDED THE MOTION.**
** **THE MOTION PASSED UNANIMOUSLY.**

(Executive Session)

** **MR. SERRANO MOVED TO COME OUT OF EXECUTIVE SESSION AT 7:00 P.M.**
** **MR. NAPOLETANO SECONDED THE MOTION.**
** **THE MOTION PASSED UNANIMOUSLY.**

III. 2. Review of 95/7 LDA Obligations

Mr. Burritt pointed out that Reed Putnam continues to be an excellent development site and is of incredible importance to the future of Norwalk. As Mr. Morque mentioned in the earlier discussion, the list of challenges and obstacles to bringing the project to fruition is considerably shorter today than it was when Spinnaker first came into the picture.

Mr. Burritt characterized the Land Disposition Agreement as a road map that sets out the responsibilities and obligations of the City, the Agency and the Redeveloper, who are the three parties to the agreement. The memo contained in the packages breaks the LDA down into pertinent parts for the purpose of assessing the status of the project, i.e. Infrastructure, Property Acquisition & Conveyance, Environmental Remediation, Project Finances and Improvements. There have been three amendments to the LDA, the most important of which was the last, which changed the project from an all office project to a mixed use project.

Mr. Burritt noted that the infrastructure is the most obvious piece of both the Agency's and the developer's obligations in terms of getting the site to a point where improvements can be constructed on it. The infrastructure work associated with the site is in excess of $25 Million. A substantial portion of the infrastructure work has been completed or is currently underway. The railroad underpass project is now essentially complete. Work recommenced on March 8th on what is known as the West Avenue/State Traffic Commission (STC) related improvements along West Avenue, including I-95 and Route 7 on and off ramp improvements. That work, which is about 15% completed, will continue for approximately 12 to 18 months and will cost approximately $7 Million.

The onsite infrastructure, which is the developer's responsibility, includes putting the utilities underground and laying out a new road network. Certain of the below grade utilities have been constructed, but the roadwork has not commenced because of the uncertainty with respect to development of the approved site plan. The developer has advanced the infrastructure to what staff considers a reasonable state given the economic conditions under which the project is progressing.

As to property acquisition and conveyances, most of the property has been acquired, and the developer has fulfilled its part of the obligation. There are a couple of remnant parcels that relate to excess property from rights-of-way acquisitions that need to be transferred, some that go to the City and some that go from the City and/or the State to the developer. Legal descriptions of those parcels are being written. The Connecticut DOT is onboard with the pieces that they are sending to the City, which the City in turn is sending to the redeveloper, all as stipulated under the LDA.

There is remaining environmental work to be done prior to the start of construction, which is the obligation of the developer. The cost for this work is estimated to be between $1-2 Million. Agency staff has been assisting the developer in obtaining grant funds and finding other resources to address the cost of the remaining environmental work. The developer has completed about $3 Million worth of environmental remediation to date.

As to project finances, Mr. Burritt said he doesn't think the developer could have been anymore forthcoming than they were in the prior meeting. Staff has their pro formas and they have their bids. The numbers are as they shared with the Commissioners.

The LDA is designed to get improvements on the site. The absence of vertical construction there today is indicative that the issues discussed earlier have had an impact on the project. Nevertheless, the work that has been done by all three parties, the City, the Agency and the Redeveloper, has advanced the outline set forth in the LDA to a point where they will ultimately have the most competitive site they can have when the market turns, and staff believes 95/7 will be ready for that from the standpoint of the physical improvements.

B. **Redevelopment Agency Affordable Housing**

1. Proposed loan restructure for Ben Franklin Gardens

Mr. Sheehan explained that the units at Ben Franklin Gardens have a land loan associated with them that is coming due. The tenants have indicated that the repayment of that debt is a potential constraint to many of the owners, and they have asked the Agency to propose a plan that would allow for some consideration with regard to the principal side of the debt. The Agency has done so and is bringing the proposal forward for the Commission's consideration.

Mr. Carney said Ben Franklin Gardens condos was built in 1990 as an affordable condominium complex with 39 units. To further the affordability of the units the Housing Site Development Agency gave original purchasers loans of $28,000 each to cover the cost of the land. Those loans will mature in 2010. The current deeded affordability restrictions are set to expire ten years later, in 2020. A recent letter from the condominium president indicated that the majority of the unit owners would be hard pressed to take on any additional monthly debt, so the Agency is offering the unit owners three options to retire the loans.

Option #1 is for the unit owner to pay off the loan, both principal and interest, on or before the note's due date with no modification to the existing deed restrictions.

Option #2 is for the Agency to forgive the interest if the principal due is paid. In exchange, the affordability deed restrictions will be modified to extend an additional 10 years and will be changed to follow the Affordable Housing Appeals Act model guidelines, using 70% of the area median income as the maximum allowable income for purchasers.

Option #3 is for the Agency to forgive the principal and interest in exchange for the affordability deed restrictions to be extended an additional 20 years and also follow the Affordable Housing Appeals Act guidelines, using 70% of the area median income as the maximum allowable income for purchasers. With the new restrictions the units will have a total of 50 years of restrictions with 30 years remaining.

Only unit owners with loan balances of $10,000 or more will be offered the options. The others will be asked to repay the notes when they become due. There are currently 27 unpaid loans, 20 of which will be offered the above options.

** **MS. SERRANO MOVED (1) TO APPROVE THE PROPOSED OPTIONS FOR THE UNIT OWNERS AT BENJAMIN FRANKLIN GARDENS CONDOMINIUM, AND (2) TO AUTHORIZE THE CHAIRMAN OF THE NORWALK REDEVELOPMENT AGENCY TO EXECUTE THE USUAL AND CUSTOMARY DOCUMENTS TO EFFECTUATE THE PROPOSED DEEDED AFFORDABLE RESTRICTIONS FOR EACH UNIT THAT CHOOSES OPTION #2 OR OPTION #3.**

** MR. NAPOLETANO SECONDED.

** THE MOTION PASSED UNANIMOUSLY.

B. 2. Review and discussion regarding Norwalk's 8-30g exemption

Mr. Moore said he would like to talk about two elements regarding the Affordable Housing Appeals Act; the regulatory requirements associated with the Act and the impact of the Act on the affordable housing policies in Norwalk.

The Affordable Housing Appeals Act and the Affordable Housing Land Use Appeals process was started in 1990. The purpose of the process is to reverse the burden of proof in the event the municipality chooses to deny a developer's application to develop affordable housing within the City. In that event, the municipality assumes the burden of proof of proving that it was necessary to deny the project to protect the health and safety of the community. In the event the community can prove that 10% of its housing stock can be deemed affordable, meaning 10% of all units are accessible to households earning below 80% of the area median income, that burden of proof is reversed and is put on the developer to prove why the City's decision should be overridden and that it is necessary to have such a development to protect the health and safety of the community.

Mr. Moore said he, Mr. Sheehan and Mr. Carney did quite a bit of research to learn what goes into the calculation of the ratio used to determine whether a community is above or below the 10% threshold, and what will happen to Norwalk's ratio in the next five years. Since 1990, Norwalk has been over the 10% threshold. The ratio is comprised of a fraction, the numerator of which is all of the City's affordable housing properties divided by what the 2000 Census identifies as Norwalk's housing inventory. The denominator itself is only good until April of 2010 when the new Census counts are complete. At that point, the local Building Department will provide the U.S. Census with a number of residential permits pulled, and that number will become available in April. According to the 2000 Census, there are now 33,753 residential units in Norwalk, approximately 3,800 of which are affordable, so the ratio is in excess of the 10%. In April the number of housing units will jump by approximately 1,800 units to about 35,800 units. That will cause the ratio to go down from what it is at about 11.3% to about 10.5%, but the Agency does not envision falling below the 10% threshold over the next year, or over the next five years.

Mr. Carney has identified that within the next five years, 65 deed restricted units will come off the inventory of affordable units, but even if they do come off, the ratio will not fall below the 10% threshold. So the City is protected against the Land Use Appeals process, but the need for affordable housing still remains.

C. <u>Community Development Block Grant</u>

1. Request to schedule a public hearing for the City of Norwalk's Consolidated Plan on April 13, 2010

Mr. Sheehan noted that that particular meeting is no longer required.

E. **<u>Update 71 Wall Street / Globe Acquisition</u>**
(Executive Session.)
1. Update on Agency Due Diligence
2. Update on Sale Contract Negotiations

** **MR. NAPOLETANO MOVED TO CLOSE THE MEETING AT 7:30 P.M. AND GO INTO EXECUTIVE SESSION FOR THE PURPOSE OF DISCUSSING LAND NEGOTIATIONS ON THE ACQUISITION OF THE THEATRE.**
** **MR. SERRANO SECONDED THE MOTION.**
** **THE MOTION PASSED UNANIMOUSLY.**

(Executive Session)

** **MR. SERRANO MOVED TO COME OUT OF EXECUTIVE SESSION AT 7:55 P.M.**
** **MR. NAPOLETANO SECONDED THE MOTION.**
** **THE MOTION PASSED UNANIMOUSLY.**

III. NEW BUSINESS
(None.)

IV. OLD BUSINESS
(None.)

ADJOURNMENT

There being no further Old or New Business, upon motion duly made by Mr. Napolitano, seconded by Ms. Cooper, the Norwalk Redevelopment Agency meeting was adjourned at 7:56 P.M.

Respectfully submitted,

Karen Pacchiana