CITY OF NORWALK
REDEVELOPMENT AGENCY
REGULAR MEETING
FEBRUARY 9, 2010

ATTENDANCE:	Emil Albanese, Chairman; Commissioners Felix Serrano, Lisa Cooper and Lori Torrano
AGENCY COUNSEL:	Frank Bevilacqua, 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; and John Slovak, NRA Comptroller
OTHERS:	Tad Diesel, Director Marketing & Business Development; Ken Olson, President, POKO Real Estate and Management

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

a. Redevelopment Agency Meeting – January 13, 2010, Regular Meeting

** **MR. SERRANO MOVED TO APPROVE THE MINUTES OF THE JANUARY 13, 2010 REGULAR REDEVELOPMENT AGENCY MEETING.**

** **MS. COOPER SECONDED.**

** **THE MOTION PASSED UNANIMOUSLY.**

II. FINANCE

1. NRA Operating Financial Statements – December 2009
2. 2nd Quarter Statement

Mr. Slovak reported on the financial statements as follows:

Total revenues including interest income and miscellaneous revenues for fiscal year-to-date ending December 31, 2009 are $836,587. Revenues from developers are $72,344 less than the prior year.

Legal work for the NEDC of approximately $30,000 and marketing expenses of approximately $12,000 are one time charges that were not incurred in the prior year.

Total fiscal year-to-date expenditures are $915,941. This results in an actual December 31, 2009 net fiscal year-to-date operating deficit of ($79,354) for the first six months of the fiscal year. After using a $79,057 portion of the Deferred Revenues that were earned over the last 5 fiscal years to cover the ($79,354) operating deficit for the first six months, the result is an operating deficit 0f ($297) for fiscal year-to-date December 31, 2009.

A grant expense to capitalize the Norwalk Economic Development Corporation for $4 Million where the Norwalk Redevelopment Agency is the sole owner results in a net deficit of ($4,000,297).

Mr. Slovak said also included in the packet is the quarterly year-to-date P&Ls and balance sheets in both comparative and combining form.

Mr. Sheehan pointed out that the one-time charge of $12,000 for marketing was to update the Agency's website, and the one-time charge of $30,000 in legal fees was for the creation of the Economic Development Corporation. Subtracting those two items from the $79,000 deficit, the Agency is essentially operating under a $40,000 deficit for the year, which is extraordinary in today's market.

In response to a question by Mr. Albanese, Mr. Sheehan said there is limited activity going on with the Economic Development Corporation at this point, basically just salary being paid out. The plan is to have meetings on a quarterly basis and then make a determination if more meetings are needed. Obviously, the directors of the EDC can decide at any point in time that additional meetings are required, but for the first year the thought was to set them on a quarterly basis. That process is going to start in March, and because the Agency meetings are public by nature and the EDC is a private not-for-profit corporation, they would adjourn the Agency meeting and have the EDC meeting in the offices of the Redevelopment Agency.

** **MS. TORRANO MOVED TO ACCEPT THE FINANCE REPORT AS PRESENTED.**

** **MS. COOPER SECONDED THE MOTION.**

** **THE MOTION PASSED UNANIMOUSLY.**

III. BUSINESS

A. <u>Wall Street Redevelopment Plan</u>

1. Discussion with POKO Real Estate and Management President Ken Olson regarding the advancement of the Wall Street Place project.

** **MR. ALBANESE MOVED TO CLOSE THE MEETING AT 6:12 P.M. AND GO INTO EXECUTIVE SESSION DUE TO THE NATURE OF SOME OF THE UPDATES MR. OLSON WILL BE DISCUSSING.**
** **MR. SERRANO SECONDED THE MOTION.**
** **THE MOTION PASSED UNANIMOUSLY.**

(Executive Session)

** **MR. ALBANESE MOVED TO COME OUT OF EXECUTIVE SESSION AT 6:27 P.M.**
** **MR. SERRANO SECONDED THE MOTION.**
** **THE MOTION PASSED UNANIMOUSLY.**

III. 2. Update regarding the Agency's potential acquisition of the Globe Theater

Mr. Johnson said a week ago he and Mr. Sheehan, together with a structural engineer, an environmental engineer and a mechanical/electrical professional, met with representatives of POKO to look at the interior of the Globe Theatre. Their purpose was not a full due diligence investigation, which will happen when and if the Agency signs the purchase contract, but rather to take a "sneak peak" with professionals to identify any potential fatal flaws or red flags in the building. In particular, they were looking for structural damage, any missing major building systems, fire safety systems, or telltale signs of a problematic environmental nature.

While everyone was surprised at how poor the maintenance and upkeep of the interior had been, the shell itself is in pretty good shape. On the inside, paint is peeling, chairs are missing, and the sub flooring needs repair, which are basically minor issues of just poor maintenance, but the basic structure is there, although it needs a lot of fixing up.

Mr. Sheehan said, to clarify, they were just doing a visual inspection because they can't really do the necessary down and dirty due diligence until the contract is signed.

Mr. Johnson said he thinks the juncture for decision making still lies before them after a fuller assessment and actual due diligence process as to the building's condition, as well as the cost to return the building to service.

As to the administrative process of the acquisition, the Council's approval to acquire the land was given on three conditions: (1) HUD's approval of the City's plans and instrument for the acquisition, which is the Section 108 loan; (2) Council's approval of the Letter of Intent; and, (3) Council's approval of the Memorandum of Understanding or LDA amendment with POKO for the financial terms and conditions of the building's incorporation into the larger project. Of these three conditions, the LOI has been satisfied, and numbers one and three are in the process.

Initially, HUD was very slow to respond to the Agency's Section 108 application, which was filed last June, because of other work it was involved with. In January the Agency managed to get HUD on task, at which time HUD decided that it had some eligibility questions. Mr. Johnson said he spoke with the representative of HUD that day, and his sense is that they will probably take another month or so before they are finished with their review and disburse the funds.

The Memorandum of Understanding or the LDA amendment with POKO will in large part be based on POKO's determination of how reasonably the building can be put back into service. POKO was at the walk-through with its team of engineers as well, and they also had someone experienced in rehabbing theatres. After the site visit, Mr. Olson advised that they were going to take a couple of weeks to look at some plans, consider the engineering issues of the building, and then get back to the Agency as to their willingness to enter into the terms that they have put forward for acquiring the theatre. The plan is that the Agency will acquire the theatre with a Section 108 loan, and then, through a master lease agreement with POKO, POKO's lease payments will pay the Agency's debt service. However, without knowing what renovations will be necessary to put the building back into service, POKO cannot commit to the acquisition.

When the three pieces of the Council's conditions are in place, the Council's approval for the acquisition will stand and the Agency will have the money to proceed with its due diligence.

Mr. Johnson said the seller's attorney put forward a proposed purchase contract which the Agency's attorney, George Walsh from Thompson Hine, has been looking at in conjunction with Agency counsel. They have proposed some edits and have prepared a redline of the contract, which is about to be sent back to the seller's attorney. Basically, the Agency wants to make sure that if it decides that, based on the due diligence, there are problems with the building, they can walk away from the deal. In response to a question by Mr. Serrano, Mr. Johnson said the Agency will have 75 days to complete the due diligence, with an ability to ask for an extension.

Mr. Albanese commented that the acquisition of the Globe Theater is a very important part of the Wall Street Development project, as well as important to the neighborhood. The Agency has come down a long road to just walk away from it. He noted that Mr. Olson indicated that the structure is in good shape, although it needs a lot of work. Sprucing things up is not that expensive, but putting in new headers to hold the roof up and things like that would be a large cost, and if the electrical needs to be changed, as Mr. Olson indicated, that would be a big number.

Mr. Johnson said, again, no major red flags, but the renovations will not be cheap, and they just have to figure out if there is a way to make ends meet on moving forward.

In response to a question by Ms. Torrano, Mr. Johnson said he believes the theatre was built in 1903 or 1910, but definitely after the turn of the century.

B. Urban Renewal Plan for South Norwalk Project #1

1. Authorization to undertake an update of the plan and approval to advance a contract for services between the Norwalk Economic Development Corporation and the Norwalk Redevelopment Agency to staff and manage the plan update in the amount of $22,000.

Mr. Burritt referred to an aerial photo and pointed out the area known as the Urban Renewal Plan South Norwalk Project #1. He said the Urban Renewal Plan is a very traditional 1960s style urban renewal plan that governed all of South Norwalk until the early 1980s when the SoNo area was removed from the Plan and given its own plan. The area within the limits of the Plan starts at the head of North Main and Martin Luther King Drive and follows Martin Luther King Drive down to the train station on one side, and then on the other side, follows North Main Street around to the Washington Street Bridge and then along the railroad tracks to the same point where they come back together.

Mr. Burritt noted that he was before the Commissioners in January with regard to the Avrick Building project, which is an excellent proposal that came before the staff in October. It should have been a very simple third party design review. The reason it took four months to get before the Commission was because the Urban Renewal Plan had to be amended to accommodate the very worthy uses that were being proposed as a mixed use for the project, that were not permitted under the existing Plan.

The current Urban Renewal Plan has provisions for only moderate income housing in the entire geography. If someone wanted to do market rate housing, it could not be done without amending the Plan. Staff would like to keep moderate income housing in the Plan, but also help foster some market rate housing. Until last month, mixed use was not a concept that was permitted under the document.

Examples of other anachronisms are: the only provision for signage are signs that are parallel to or face the building, no hotels are permitted, the public use areas are limited to landscaped open space, which are really not plazas. All of the residential provisions provide for 25% lot coverage, which is one quarter of a lot in the City's downtown area, a 75' setback from the road and one and a half parking spaces per unit.

At the time the Urban Renewal Plan for South Norwalk was created, this was a deteriorating densely developed area of Norwalk, and suburban standards were perceived to be better than urban standards. The Plan was clearly well intentioned, but it is out of touch and out of step with planning practices and precepts for the 21st century.

There have now been 11 amendments to the Plan, and the Agency needs to address the "amend on demand" approach every time there is a project that doesn't conform to the Plan. The Agency needs to look at the Plan to see how it can fit with what the City would like to do in the area, and do that in a way that respects the goals and objectives of the original document. Staff is seeking authorization for the EDC to move ahead with an update of the Urban Renewal Plan of South Norwalk. They anticipate that this could probably be done for approximately $20,000 in today's environment, plus reimbursable costs.

Mr. Sheehan said he believes that if the update of the Urban Renewal Plan were handled outside of the EDC, it would cost significantly more than $22,000. The Agency has been allocated resources via the capital budget to cover the cost, and he thinks it is a cost effective way of doing the update. He said it is not appropriate to tell developers, as they come forward with projects, that they have to wait four months while the Agency amends the Plan.

Mr. Burritt commented that developers are fortunate if the process takes only four months, because if the amendment has to go before the full Common Council, which fortunately the last proposal did not, that would add at least another two months. The developer that came forward with the Avrick building proposal had a good plan, and the Agency shouldn't have had to tell them that they had to wait while they fix the Plan's limitations. The Agency needs to present a rational plan that is intelligible to developers and property owners and is a better guidance for the Commission. Currently the Plan provides that all buildings in the downtown of Norwalk be two stories or 35', unless they are an office building, in which case they can rise to 12 stories and 150'. There is some happy medium that is missing from the document.

** **MS. TORRANO MOVED TO ALLOW THE CHAIRMAN OF THE REDEVELOPMENT AGENCY TO EXECUTE AN AGREEMENT WITH THE NORWALK ECONOMIC DEVELOPMENT CORPORATION TO UNDERTAKE A REVIEW AND UPDATE OF THE URBAN RENEWAL PLAN SOUTH PROJECT #1 IN THE AMOUNT OF $22,000 INCLUSIVE OF ALL COSTS.**

** **MS. COOPER SECONDED.**

** **THE MOTION PASSED UNANIMOUSLY.**

C. **Community Development Block Grant**

1. Approval of Swiger Consulting, Inc. as the selected consultant to undertake the Analysis of Impediments to Fair Housing to Norwalk

Mr. Moore said the City, as the administrator of the local CDBG program, is undertaking two planning processes in the course of the winter and spring. The first is to create the City's new Five Year Consolidated Plan for Housing and Community Development, which has begun, and the other is to create the Analysis of Impediments to Fair Housing Choice which will help identify possible policies or practices within the City that prevent equal access to housing. Agency staff has circulated its Request for Proposals from consultants to undertake the Analysis of Impediments and have received three responses. Due diligence has been done in researching and interviewing the prospective consultants, and at this point staff would like to put forward the name of Swiger Consulting Inc. of Stroudsburg, Pennsylvania to undertake the document. Swiger represents the lowest qualified bid in this instance, which is in compliance with HUD's requirements, which is the funding source.

Mr. Moore explained that it is an important document to initiate this exercise considering legal action that was taken against Westchester County recently over the creation of its Analysis of Impediments and implementation of its fair housing policies. He is hoping to have the document approved and completed by the time the Consolidated Plan is in place in mid May.

** **MOTION WAS MADE BY MS. COOPER THAT THE EXECUTIVE DIRECTOR BE AUTHORIZED TO ENTER INTO A CONTRACT FOR PROFESSIONAL SERVICES WITH SWIGER CONSULTING, INC. OF UP TO $21,200 FOR THE COMPLETION OF THE CITY OF NORWALK'S NEXT ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE.**
** **MS. TORRANO SECONDED.**
** **THE MOTION PASSED UNANIMOUSLY.**

2. Approval of a loan in the amount of $345,000 from the Agency's Rehab Revolving Loan Fund to North Walke to ensure timeliness with HUD and consolidate Agency housing rehab resources under North Walke.

Mr. Moore said the purpose of the loan is to have North Walke administer the local Residential Rehabilitation Revolving Loan Fund, and is done for two reasons. First, the Agency feels administratively it would be good to consolidate its affordable housing financial resources under the umbrella of North Walke so that that organization has a strong core of flexible resources to undertake their affordable housing activities. Second, the Agency is monitored by HUD to ensure that the City spends down not only their entitlement grant every year, but also their revolving loan funds, and this will help in that process.

The loan of $345,000, which has a ten-year term, will be effectuated as a loan to North Walke, and the repayment of the loan will consist of signing rehab loans back to the Agency at the time of closing, so paper will actually go back to the Agency.

Mr. Sheehan said the intent of the revolving loan fund is to put the money out on the street and make loans. The primary function in establishing North Walke was to actually do housing development in the City, and the Agency is ramping up and strengthening North Walke by making the loan. In addition, it will consolidate all of the housing resources into North Walke as opposed to having them isolated in the Redevelopment Agency.

** **MOTION WAS MADE BY MR. SERRANO THAT THE CHAIRMAN OF THE NORWALK REDEVELOPMENT AGENCY IS AUTHORIZED TO EXECUTE THE LOAN DOCUMENTS NECESSARY TO EFFECTUATE THE AGENCY ACTION CONTEMPLETED HEREIN.**
** **MS. TORRANO SECONDED.**
** **THE MOTION PASSED UNANIMOUSLY.**

D. **<u>Reed Putnam Urban Renewal Plan Area</u>**

1. Authorization for the Chairman to execute a grant agreement with West Avenue Associates, LLC in the amount of $50,000 for the mixed use project currently under development at 1-3 West Avenue.

Mr. Sheehan said when the project was presented to the Redevelopment Agency, they recognized how important that corner was to the overall redevelopment efforts in South Norwalk. The site is next to the now fully developed and improved O'Neill's and is an extension of that particular development effort in terms of its design that has been undertaken by M. F. DiScala. The project got extraordinary comment from the Commissioners as to the quality of the design, but as they moved forward into the recession, the impacts of the elements of design became problematic. The Agency staff felt those elements were critically important and indicated a willingness to participate with the developer in terms of providing some level of assistance to make sure that the elements were preserved throughout the construction process. The result is a spectacular achievement on the part of the developer and provides the Agency with a winning project to associate itself with. It is a five unit housing development, it is a mixed use component with office in the back, and will be a tremendous addition to the neighborhood.

In response to a question by Mr. Serrano, Mr. Sheehan said the $50,000 represents City resources that will provide for façade and development improvements with development plan areas. The project is ready to get its C/O, but obviously this funding is subject to contract. The developer understands that. As C/O is coming closer it was decided by staff to bring this item before the Commissioners now.

** **MOTION WAS MADE BY MS. TORRANO TO AUTHORIZE THE CHAIRMAN TO EXECUTE A FAÇADE AND DEVELOPMENT GRANT CONTRACT IN THE AMOUNT OF $50,000 WITH WEST AVENUE ASSOCIATES, LLC FOR THE MIXED USE DEVELOPMENT LOCATED AT 1-3 WEST AVENUE.**

** **MS. COOPER SECONDED.**

** **THE MOTION PASSED UNANIMOUSLY.**

III. NEW BUSINESS

Mr. Sheehan noted that there are some home ownership loans moving their way through. The Loan Committee is a little dated in terms of its membership, and he is looking for some direction from the Commissioners as to whether they want the loans to come up to the Commissioners or if they still want to operate with a separate Loan Committee. There was some concern that the loans, which are relatively small, were taking too much time away from the real projects. He said there are probably about 15 a year.

Mr. Albanese said his suggestion would be to keep the process as it is, which is the Loan Committee, instead of having them come before the Commissioners each time, as that is time consuming. He noted that he is the only one left on the Loan Committee.

Ms. Torrano said she doesn't remember it being a very cumbersome process, and she would volunteer to be on the Loan Committee. Mr. Albanese said he will stay on the Loan Committee, and Mr. Serrano said he will be on the Committee.

IV. OLD BUSINESS

(None.)

ADJOURNMENT

There being no further Old or New Business, upon motion duly made by Mr. Serrano, seconded by Ms. Cooper, the Norwalk Redevelopment Agency meeting was adjourned at 7:14 P.M.

Respectfully submitted,

Karen Pacchiana