CITY OF NORWALK
REDEVELOPMENT AGENCY
REGULAR MEETING
OCTOBER 14, 2009

ATTENDANCE:	Emil Albanese, Acting Chairman, Commissioners Felix Serrano and Lisa Cooper
AGENCY COUNSEL:	David W. Stergas, Esq.
STAFF:	Timothy T. Sheehan, Executive Director, Michael T. Moore, Senior Project Manager, Timothy J. Carney, Housing Development Project Manager, and John Slovak, NRA Comptroller

CALL TO ORDER

ROLL CALL

The meeting was called to order at 6:35 P.M by Acting Chairman Albanese.

I. APPROVAL OF MINUTES – September 9, 2009 Regular Meeting

** **MR. SERRANO MOVED TO APPROVE THE MINUTES OF THE SEPTEMBER 9, 2009 REGULAR MEETING.**
** **MS. COOPER SECONDED.**
** **THE MOTION PASSED UNANIMOUSLY.**

II. FINANCE

1. NRA Operating Financial Statements – August 31, 2009

Mr. Slovak reported that for the period ending August 31, 2009, there were $313,688 in revenues, $295,294 in expenditures, and $18,395 surplus for the first two months of the new fiscal year.

He noted that the increase in the miscellaneous line item of $11,000 year to date against $3,165 for the first two months last year was due to marketing expenses.

He said last year the Agency had $220,000 from developers, which they don't have this year, and that money was put into a deferred revenues account to be used to pay for operational expenses when needed.

Mr. Sheehan noted there is an outstanding invoice due to the Agency for approximately $200,000, which they anticipate receiving this fiscal year.

In response to a question by Mr. Albanese regarding tuition payments, Mr. Sheehan said that is for Mr. Moore and Sally Johnson.

Mr. Albanese congratulated the Agency for running at a surplus in a tough economic year.

2. Board Resolution on adoption of Conflict of Interest Policy for Norwalk Redevelopment Agency and North Walke Housing Corp.

Mr. Slovak said when the auditor did the audit he emphasized the importance that all organizations have a conflict of interest policy, and noted the absence of a written conflict of interest policy for the Norwalk Redevelopment Agency and North Walke. The law firm of Cummings & Lockwood has already written a standard conflict of interest policy for EDC, and he recommended that it be adopted for NRA and North Walke. He said attached to his report is the five point Conflict of Interest Policy written by the law firm of Cummings & Lockwood.

Mr. Sheehan noted that the conflict of interest policy will be signed by the employees annually and an updated signed copy placed in the employee personnel files.

** **MR. SERRANO MOVED TO APPROVE THE CONFLICT OF INTEREST POLICY FOR OFFICERS AND EMPLOYEES OF NORWALK REDEVELOPMENT AGENCY AND NORTH WALKE HOUSING CORPORATION. THIS CONFLICT OF INTEREST POLICY STATES THAT OFFICERS AND EMPLOYEES OF NRA SHOULD AVOID ENGAGING IN ANY BUSINESS OR TRANSACTION AND SHOULD REFRAIN FROM HAVING AN INTEREST, DIRECTLY OR INDIRECTLY, WHICH IS MATERIALLY IN CONFLICT WITH OR MATERIALLY INCOMPATIBLE WITH THE PROPER DISCHARGE OF THEIR DUTIES FOR NRA OR NORTH WALKE OR MIGHT OTHERWISE INFLUENCE OR IMPAIR THEIR INDEPENDENCE OF JUDGMENT AND ACTION IN THE PERFORMANCE OF SAID DUTIES FOR NORWALK REDEVELOPMENT AGENCY OR NORTH WALKE HOUSING CORPORATION. IN ADDITION, AN OFFICER OR EMPLOYEE OF NRA OR NORTH WALKE, IN PERFORMING HIS OR HER OFFICE OR POSITION OF EMPLOYMENT WITH NRA OR NORTH WALKE, SHALL NOT GRANT AND SPECIAL CONSIDERATION, TREATMENT OR ADVANTAGE TO ANY**

PERSON BEYOND THAT WHICH IS GENERALLY AVAILABLE TO THE PUBLIC.

** **MS. COOPER SECONDED.**

** **THE MOTION PASSED UNANIMOUSLY.**

III. BUSINESS

A. <u>AFFORDABLE HOUSING DEVELOPMENT</u>

1. Approve the Deed Restrictions to be filed on Land Records as Modified – 310 Ely Avenue

Mr. Carney noted that at the Agency's September meeting the Commissioners approved a $915,000 construction loan to Cutrone Properties for the construction of eight affordable units. As a condition of the loan, the Agency will record a Declaration of Restrictions on the City Land Records governing the maximum purchase price, income of the occupants and future resale of the units. These restrictions are essentially the same restrictions that were used and that the Commission approved for the ownership units at Maritime Yards with one minor change. Staff had a concern that the purchasers could go in and make a windfall profit, even with the restrictions in place, mainly because of the way the formula works. They could purchase the units for $240,000 and try to sell them for $305,000, and with the market hopefully improving, this could become a reality. Staff is therefore recommending additional language be added to Section 9 of the Declaration, which provides for a gradual phase-in of profit from a resale over a 5-year period. Additionally, a sample calculation will be added to the Declaration to show the maximum allowable sales price and how it should be calculated so as to avoid any confusion.

** **MR. SERRANO MOVED FOR THE APPROVAL OF THE DECLARATION OF RESTRICTIONS FOR 310 ELY AVENUE TOWNHOUSES WITH THE ADDITION OF PARAGRAPH 9.3 (ii) AND SAMPLE MAXIMUM SALES CALCULATION AS ADDITIONS TO THE DECLARATION OF RESTRICTIONS.**

** **MS. COOPER SECONDED.**

** **THE MOTION PASSED UNANIMOUSLY.**

B. <u>NORWALK BROWN FIELDS INITIATIVE</u>

1. Authorization to apply for Brown Fields Assessment Grant from the United States Environmental Protection Agency

Mr. Moore said in 2006 the Redevelopment Agency received a $400,000 grant from the U.S. Environmental Protection Agency to inventory, prioritize and assess Brown Fields in Norwalk. Grant funding will conclude in this calendar year, and the Agency would like to apply for an additional $200,000. To do so they need authorization from the Commission permitting the Executive Director to submit the application. The Agency would be using that money to continue with the Norwalk Brown Fields initiative and invest in pre-development activities in and around the South Norwalk Train Station.

** **MR. SERRANO MOVED TO AUTHORIZE THE EXECUTIVE DIRECTOR OF THE NORWALK REDEVELOPMENT AGENCY TO SUBMIT AN APPLICATION TO THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY FOR $200,000 IN FISCAL YEAR 2010 BROWN FIELDS ASSESSMENT GRANT FUNDING.**
** **MS. COOPER SECONDED.**
** **THE MOTION PASSED UNANIMOUSLY.**

IV. OLD BUSINESS

A. **501 (c) 3 Non Profit**

Tabled.

B. **80 FAIR STREET**

1. Amendment to 80 Fair Street, LLC Agreement

Mr. Sheehan said construction of the 57 units of housing at 80 Fair Street has been completed. The Agency is working with New Neighborhoods of Stamford regarding the affordable housing component of the agreement, and there is an anticipated closing in early December with CHFA and also a grant agreement with the state through the Department of Economic and Community Development.

As part of CHFA's review of the Agency's agreement with the developer, a concern was raised regarding the standards that were utilized. The Agency was using the state's 8-30g affordability requirements, and CHFA was using section 42 of the United States Internal Revenue Code s in order to have the units treated as a low income housing tax credit deal. They are asking the Commission to consider amending the Agency's agreement so that either of those standards can be considered and thereby the project would be eligible to be structured as a low income housing tax credit deal.

Mr. Sheehan said it was always the Agency's objective to have the units placed into service as affordable and have them count as part of the City's 10% of affordable housing inventory. That objective has been met both by 80 Fair Street LLC and New Neighborhoods, who has indicated that they will have the units remain as affordable in perpetuity with the only exclusion being if there was a foreclosure action.

Mr. Sheehan said there is a difference in terms of the income standards between Section 8-30g-8 of the Regulations and Section 42 of the Internal Revenue Code. The income standards allow them to go a little higher with the low income housing tax credit, because they are using Stamford/Norwalk area median as opposed to 80% state median.

The rent structure is associated with the development is relatively low. One bedroom units are $1,034 and two bedrooms are approximately $1,200, which is substantially below market. The intent of New Neighborhoods is to reach a much more affordable clientele. He said if the deal is structured as a low income housing tax credit deal, it would be the Norwalk/Stamford median income that would be utilized.

At the recommendation of Attorney Stergas, the requested Action was amended to include language regarding the mortgage associated with the units.

** **MS, COOPER MOVED THAT THE REDEVELOPMENT AGENCY AUTHORIZE AGENCY COUNSEL TO AMEND THE REFERENCED AGREEMENT BETWEEN ITSELF AND 80 FAIR STREET, LLC DATED DECEMBER 4, 2006 TO ACCOMMODATE THE CONSIDERATION OF EITHER SECTION 8-30g-8 OF THE REGULATIONS OF CONNECTICUT STATE AGENCIES OR SECTION 42 OF THE INTERNAL REVENUE CODE OF THE UNITED STATES IN CONSIDERING THE QUALIFYING INCOMES FOR THE AFFORDABLE UNITS AT 80 FAIR STREET.**

FURTHER, THE AGENCY AUTHORIZES AGENCY COUNSEL TO AMEND THE AGREEMENT TO REFLECT AN EXEMPTION TO THE REQUIREMENT THAT THE AFFORDABLE UNITS AT 80 FAIR STREET REMAIN IN PERPETUITY. THIS SINGLE EXEMPTION REGARDING PERPETUITY SHOULD BE STRUCTURED ONLY TO ALLOW FOR A FORECLOSURE ACTION TAKEN BY A FINANCIAL INSTITUTION OR A TRANSFER IN LIEU OF FORECLOSURE TO A FINANCIAL INSTITUTION. BEYOND THIS SINGLE EXEMPTION, THE AGREEMENT AS STRUCTURED SHOULD REFLECT THE AGENCY'S INTENT THAT ALL THE CONSTRUCTED UNITS AT 80 FAIR STREET REMAIN AFFORDABLE IN PERPETUTIY.

THE AGENCY AUTHORIZES THE AMENDED AGREEMENT AND ANY MORTGAGE MODIFICATION AGREEMENT REFLECTING THE CHANGE TO THE AGREEMENT TO BE SIGNED BY ITS CHAIRMAN OR VICE CHAIRMAN.

** **MR. SERRANO SECONDED.**

** **THE MOTION PASSED UNANIMOUSLY.**

NEW BUSINESS

Mr. Sheehan pointed out that they are missing a member to the joint committee for CDBG. He said there is an issue that is coming up with regard to the consolidated plan, and he thinks there should be a full compliment. Mr. Albanese said he will appoint Randy Napoletano as a member to the CDBG.

ADJOURNMENT

There being no further Old or New Business, upon motion duly made by Mr. Albanese, seconded by Mr. Serrano, the meeting was adjourned at 6:55 P.M.

Respectfully submitted,

Karen Pacchiana