CITY OF NORWALK
REDEVELOPMENT AGENCY
REGULAR MEETING
OCTOBER 9, 2018

ATTENDANCE:	Felix R. Serrano, Chairman; Commissioners William Speirs, David Westmoreland and Tom Devine (via teleconference)
AGENCY COUNSEL:	Marc Grenier, Esq.
STAFF:	Timothy T. Sheehan, Executive Director, John Slovak, Comptroller; Tami Strauss, Director of Community Development Planning
OTHERS:	Adam Bovilsky, Executive Director Norwalk Housing Authority, William Collins

CALL TO ORDER
Chairman Serrano called the Regular Meeting to order at 5:39 PM

ROLL CALL
Chairman Serrano noted that a quorum was present.

PUBLIC PARTICIPATION
No one came forward to speak.

I – A. <u>APPROVAL OF MINUTES</u>

A. Approve Minutes of September 11, 2018 Regular Meeting.

** **MR. WESTMORELAND MOVED TO TABLE APPROVAL OF THE MINUTES OF THE SEPTEMBER 11, 2018 MEETING.**
** **MR. SPEIRS SECONDED.**
** **THE MOTION PASSED UNANIMOUSLY.**

I – B. <u>FINANCE</u>

1. Norwalk Redevelopment Agency Operating Statement of Revenues and Expenditures for Year-To-Date August 31, 2018.

Mr. Slovak reported on the NRA Operating Statement of Revenues and Expenditures for Year-To-Date August 31, 2018 as follows:

- Operating Fund 100 had revenues of $239,722 versus budgeted revenues of $299,666 with an unfavorable variance of $59,944. This is largely due to $27,859 of undrawn salary and benefits for an open position.
- Actual operating expenditures are $255,844 versus a budget of $307,290 resulting in a $51,447 favorable variance of which $27,859 is similarly due to the open position. There is also a favorable variance of $16,554 for taxes and benefits expense mostly due to our switch from Anthem to the CTPP 2.0 City Medical Insurance Plan. There is an unfavorable $18,333 legal fees line item due to ongoing litigation.

- There is an actual operating deficit of $16,122 versus a budgeted operating deficit of $7,625 resulting in an $8,497 unfavorable net operating variance.

Mr. Sheehan asked with regard to the legal fees which were an unanticipated cost at the start of the fiscal year, does the Commission want to amend the Annual Operating Budget line item for legal so that you have anticipated that there is going to be costs going forward rather than running negative numbers? He would probably work with Attorney Joe Williams to get a sketch of what we potentially could be looking at and come up with a number from there, and then have that as a draw on deferred revenue. Chairman Serrano said so that would come back in November for approval.

** **MR. SPEIRS MOVED TO APPROVE THE AGENCY OPERATING STATEMENT OF REVENUES AND EXPENDITURES FOR YEAR-TO-DATE AUGUST 31, 2018 AS PRESENTED.**
** **MR. WESTMORELAND SECONDED.**
** **THE MOTION PASSED UNANIMOUSLY.**

II. DESIGN REVIEW

A. Approval of the final project site design for *1 Chestnut Street* as recommended by the Third Party Design reviewer, DeCarlo & Doll, in their final report as presented October 9, 2018.

Mr. Sheehan said he thought that we would have the Design Review ready to go this evening, but, unfortunately, there are a couple of outstanding issues, and tabling this for a month will allow them to have more completed plans with the changes fully reflected. Mr. Westmoreland asked if they could put a site plan in the package for next month.

** **MR. WESTMORELAND MOVED TO TABLE THE DESIGN REVIEW FOR 1 CHESTNUT STREET.**
** **MR. SPEIRS SECONDED.**
** **THE MOTION PASSED UNANIMOUSLY.**

III. CHOICE NEIGHBORHOODS

A. Approve Choice Neighborhoods Residential Façade Grant Projects.
B. Authorize Timothy T. Sheehan, Executive Director, to execute contracts for the Choice Neighborhoods Residential Façade Grant Projects.

Ms. Strauss said Agency staff had a successful completion of Phase I of the Choice Neighborhoods Residential Façade Improvements completing improvements to eight houses on Hanford Place and South Main Street in the Choice Neighborhood, and they are ready to launch Phase II and proceed with two of the contracts for homes on 22 Haviland Street and 26 Haviland Street. Per the Façade Improvement guidelines and HUD requirements, the contracts will be a three party contract between the owner, the contractor and the Agency. Any work performed on the houses beyond the eligible scope of work will be the responsibility of the homeowner. The scope of work includes replacing siding, windows, fencing, lighting, fixing up porches, doing some landscaping and taking out dead trees. They do all sides of the house that are visible from the street. The Agency uses its own contractor to work with each of the homeowners to put together a scope of work. The homeowner will eventually choose their own colors and finishes within budget, and per HUD requirements, the Agency will oversee the work and make sure that it is being done in accordance with HUD guidelines.

Mr. Sheehan said the requested action has been modified by the addition of "subject to Agency counsel review" right after "Residential Façade Improvement Program". They are using the standard HUD contract and it should have gotten Agency counsel review and approval before it was signed so that we are comfortable with all the points that are in it.

** **MR. WESTMORELAND MOVED TO APPROVE THE CHOICE NEIGHBORHOODS RESIDENTIAL FAÇADE GRANT PROJECT AS AMENDED.**
** **MR. SPEIRS SECONDED.**
** **THE MOTION PASSED UNANIMOUSLY.**

C. Approve CNI Program Income Allocation.

Ms. Strauss said we closed on 24 Haviland Street in September for a sales price $379,000. After net disbursements, the Agency realized $167,825 in Choice Neighborhoods program income. As approved originally by HUD and the Agency, program income from the sale of homes was to be revolved into subsequent purchases and rehabilitation projects, but in March of 2018 the Agency approved closing the homeownership and rehab program due to a lack of suitable inventory. HUD has approved that the Choice Neighborhoods program income can be used for any critical improvement program, which includes residential façade improvements and Ryan Park. Agency staff is requesting that $117,825 of program income be allocated towards residential façade improvements and $50,000 allocated to close out a short term funding gap of the remediation of Ryan Park. This allocation of program income has been approved by the ICC Committee, which is the Implementation Committee for the Choice Neighborhoods, and it will be presented to the Norwalk Housing Authority for their approval this month. These activities are included in the Critical Community Improvements Plan as previously approved by HUD, the Redevelopment Agency and the Common Council.

Chairman Serrano said 24 Haviland Street was part of our South Norwalk Home Ownership pilot program in which we were trying to impact the existing housing stock in the area, and shifting the income over to the façade improvement program will continue to meet that goal and spread out the impact even more in the area. Mr. Sheehan noted that 24 Haviland most likely would never have gone to an owner/occupant, it would have gone to an investor, so ultimately you are bringing a homeowner into the property as opposed to more investor ownership, which is the vast majority of ownership in that neighborhood.

Ms. Strauss said currently we have $413,000 in the residential façade improvement program. We are going to do the two houses that were just approved and we will do two more houses that will be going out to bid shortly. If the Commission approves the money after these four houses are done, we will launch a Phase III and send a notice out to 73 eligible property owners in the Choice Neighborhood and be able to allocate $25,000 per unit to applicants. We have a waiting list for three of the four houses on Hanford Place and two property owners on Elizabeth Street. The $50,000 was for some extra costs involved in the Ryan Park remediation that the $2M grant from DECD didn't cover.

Mr. Westmoreland said the last time he was at Ryan Park the walkway was built up about 4 to 5 feet above the grade, and he wondered if they had filled all that in. Ms. Strauss said part of the contract they have with Charter is to elevate it, but they can't fill it in until the remediation gets signed off on, which hasn't happened yet, but that is part of the Charter contract. Mr. Westmoreland said he just doesn't want the park to have this big wall down the middle because that is what we all didn't want. Mr. Sheehan said he will get an answer regarding the timeline for the fill coming in.

** **MR. SPEIRS MOVED TO APPROVE THE CHOICE NEIGHBORHOODS PROGRAM INCOME ALLOCATION.**
** **MR. WESTMORELAND SECONDED.**
** **THE MOTION PASSED UNANIMOUSLY.**

D. Approve Washington Village Phase II Promissory Note and Assignment of Note and Mortgage.

Mr. Sheehan said in November of 2017 the Commission approved a generalized set of terms for a $1M loan to the Housing Authority of the City of Norwalk in connection with Washington Village Phase II development. The approval recognized the intent associated with the loan was to leverage the small amount of funding traditionally available for affordable housing to create more affordable housing units by forward committing those resources over a five year window, and as such, the term of the loan previously approved was only for five years. That term allowed no room for any deviation in the grant funding anticipated on the part of the Agency and in turn provided that the Housing Authority repay the loan. Extending the term allows the Agency greater flexibility to extend out beyond the five-year window without the loan being categorized as in default, and allows us to make lesser payments if needed until the debt is retired. The extension of the loan term is a term modification advantaging the Agency. However, it is a change to the previously approved terms the Agency authorized and therefore the Commissioners' approval is required. The upfront interest being paid at the point of drawdown for up to five years is a clarification of the original term of the interest being prepaid over a five-year term, so those are the two points that they are being asked to consider.

We have no intention that this is going to be a 40 year note. We want to retire this in five years if at all possible, but if the flow of funds doesn't come in as anticipated, it gives us the flexibility to have a longer period of time in which to pay down the debt. Typically the Agency gets an annual grant award for affordable housing from City capital budget, which varies, but it is usually around $250,000 and has been a funding source at that amount for approximately 13 years. There is only so much that you can do with $250,000 in terms of unit generation and this gets us up to a much bigger impact with that money, but it also comes with the risk of having to forward funds and the Agency is ultimately assuming that risk. Half of the funding is currently in place, so we are really only looking for two more years of additional funding, and what we foresee is that everything is going to go as we have planned, which is $250,000 a year over two years. The 40 years just makes it consistent with other funding sources that are into the project. We would still anticipate that it might not be within the 5 year window, but his sense is that it is going to be less than ten. And the only reason that it is 40 is just to keep all of the lenders in line in terms of everybody having the same term.

Ultimately, the project is looking to close ASAP, and with their approval tonight, the capital stack will be complete.

The other issue is dealing with the negotiation that was on the million dollars, which is that it would be an upfront interest payment. There are two issues with that. One is that there is a 20% draw at closing. They shouldn't have to pay interest on what they haven't drawn down, so there is an interest payment that starts at that period of time on that 20%, and then the Commission wanted to ensure that before the remaining 80% of the loan was put into the project, that the project actually had a CO. The modification allows for a temporary or a permanent CO, but ultimately a CO on the project so you ultimately see something that is pretty much complete.

Mr. Bovilsky said if you choose to vote yes on this item, he is going to send an email to about 15 lawyers and we will be closed. Every document has been closed to his understanding, and they are just waiting for this final piece, and Trinity is saying they could have a crew out to start fencing for demolition as of Thursday of this week. This is the last remaining item.

** **MR. SPEIRS MOVED TO APPROVE WASHINGTON VILLAGE PHASE II PROMISSORY NOTE AND ASSIGNMENT OF NOTE AND MORTGAGE.**
** **MR. WESTMORELAND SECONDED.**
** **THE MOTION PASSED (MR. DEVINE ABSTAINED).**

** **MR. SPEIRS MOVED TO ENTER EXECUTIVE SESSION AT 6:15 P.M. AS SET FORTH IN ARTICLE V OF THE AGENDA.**
** **MR. WESTMORELAND SECONDED.**
** **THE MOTION PASSED (MR. DEVINE ABSTAINED).**

The Redevelopment Agency came out of Executive Session at 7:14 P.M. Chairman Serrano stated that no action had been taken.

VI. NEW BUSINESS
(None.)

VII. OLD BUSINESS
Mr. Westmoreland asked about the status of the Pinnacle project. Mr. Sheehan provided what he knew as to the conditions of financing and indicated that he would look into the status of the zoning violation.

ADJOURNMENT

There being no further New or Old Business, the Norwalk Redevelopment Agency meeting was adjourned at 7:20 P.M.

Respectfully submitted,
Karen Pacchiana