CITY OF NORWALK
REDEVELOPMENT AGENCY
REGULAR MEETING
MARCH 13, 2018

ATTENDANCE: Felix R. Serrano, Chairman; Commissioners Lori Torrano, Tom Devine, Lisa Cooper (via teleconference) and LaTanya Langley (via teleconference).

AGENCY COUNSEL: Marc Grenier, Esq.

STAFF: Timothy T. Sheehan, Executive Director; John Slovak, Comptroller; Tami Strauss; Director of Community Development Planning; Tim Carney, Housing Development Project Manager, Sabrina Church, Community Development Planner

CALL TO ORDER
Chairman Serrano called the Regular Meeting to order at 5:35 PM

ROLL CALL
Chairman Serrano noted that a quorum was present.

PUBLIC PARTICIPATION
Shenton King and Richard Lindstrom from King Industries said they are there as observers.

I. <u>APPROVAL OF MINUTES</u>
A. February 13, 2018 Regular Meeting

** **MS. COOPER MOVED TO APPROVE THE MINUTES OF THE FEBRUARY 13, 2018 REGULAR MEETING OF THE NORWALK REDEVELOPMENT AGENCY.**
** **MS. LANGLEY SECONDED.**
** **THE MOTION PASSED (MS. TORRANO AND MR. DEVINE ABSTAINED).**

II. <u>FINANCE</u>
Mr. Slovak reported on the NRA Statement of Revenues and Expenditures and Balance Sheets for Year-to-Date January 31, 2018 as follows:

- Operating Fund 100 had revenues of $972,185 versus budgeted revenues of $1,024,272 with an unfavorable variance of $52,087. This is due to $27,107 in revenue no longer received for the Economic Development Director in City Positions.
- Actual operating expenditures are $860,410 versus a budget of $1,016,844 resulting in a $156,434 favorable variance of which $27,107 is due to no Economic Development Director salary expenses and the balance due to lower expenditures.
- There is an actual operating surplus of $111,775 versus a budgeted operating surplus of $7,429 resulting in a $104,347 favorable net operating variance. This favorable variance will be reduced in the coming months after elevating a part time employee to full time in March.

Mr. Sheehan noted that Sabrina Church, who has been with the Agency for some time, has just been made fulltime.

** **MR. DEVINE MOVED TO APPROVE THE FINANCE REPORT AS PRESENTED.**
** **MS. TORRANO SECONDED.**
** **THE MOTION PASSED UNANIMOUSLY.**

II.A RESIDENTIAL REHABILITATION LOAN PROGRAM GUIDELINES MODIFICATIONS

Mr. Carney said at a recent HUD training, it was recommended that the Agency review the Residential Rehabilitation Loan Program Guidelines at least annually and amend them as necessary. The last time we looked at them was in January of 2016, and we have recommended a couple of amendments to improve the program. The main item was to lower the interest rates based on other community's rates to 0% to 2% for owner occupied and 2% to 4% for investment properties. Currently our rates are 3.75% for owner occupied and 4% for investors, but the Agency hasn't made a lot of loans recently and HUD is looking to see why we aren't using the money. The mission of the program is to maintain and improve the condition of existing properties while keeping them affordable.

A new underwriting category was added for nonprofits and new marketing methods were discussed, including web presence, Constant Contact and flyers. HUD also requires a dispute resolution section in the guidelines, which has been added, and at the Agency's insurance company's recommendation, we have increased the contractors' liability insurance. We have never had the Davis Bacon Act in the guidelines, which is for properties with eight or more units and has to do with the prevailing wages set for people that do rehab work, and they have added that, as well as the requirement for contractors to be certified in EPA's Renovation, Repair and Painting as it applies to lead paint.

Mr. Carney explained that after the downturn in the economy around 2007/2008, nobody was looking to invest in their homes. We relied heavily on word of mouth for the program and that just stopped. We sent out about 200 letters this year to draw some interest, but no viable loans came out of it, so they hope that revising the guidelines with lower interest rates will help. The maximum that can be applied for is $75,000 per unit for families that qualify.

** **MS. TORRANO MOVED TO APPROVE THE MODIFICATIONS AS PRESENTED TO THE RESIDENTIAL REHABILITATION PROGRAM'S GUIDELINES.**
** **MS. COOPER SECONDED.**
** **THE MOTION PASSED UNANIMOUSLY.**

II.B HOMEOWNERSHIP PROGRAM

Ms. Strauss said four years ago the Commissioners approved a program for the Agency staff to purchase, rehab and sell small multi-family homes in and around the South Norwalk Train Station for low and moderate income homeownership and rental. We had approximately $2M to fund the program and anticipated we would be able to purchase between eight and ten homes and revolve the proceeds into sales, but since that time we have only been able to purchase and rehab two houses; 68 Lexington Avenue, which sold in 2016, and 24 Haviland Street, which is still on the market. It was a test and has ended up being very capital intensive and time intensive, and we are not reaping the reward that we wanted. We have looked at over a dozen properties but it was determined that they were not well suited for the program, so staff is recommending ceasing the program and reprogramming the remaining funds into our existing Residential Façade

Improvement Program where we have had great success and have a waiting list of people wanting façade improvements. Based on the remaining balance of our Homeownership Program money, as well as CHFA, Choice Neighborhoods, Department of Housing and some CDBG money, we will have about $2M to do more façade improvements in the Choice Neighborhood and within about a half mile of the Train Station. The beneficiaries of the program would remain the same, i.e. low and moderate income households, so we are achieving the same objectives of improving property and living conditions for the people that live in those houses and making the neighborhood look better. It would also bring the houses up to code on the outside, and we will pair it with the Residential Improvement Program, and with the lower rates, hopefully people will be able to afford any interior rehab that is required as well as lead remediation, which HUD requires.

Chairman Serrano said he thinks we are still keeping within the spirit of what we were trying to achieve of rehabbing the existing housing stock in the area and bringing it up to code and improving the neighborhood.

** **MR. DEVINE MOVED TO APPROVE CLOSING DOWN THE SOUTH NORWALK HOMEOWNERSHIP PILOT PROGRAM AND AUTHORIZE STAFF TO ADVANCE A REPROGRAMMING REQUEST OF ANY REMAINING SOUTH NORWALK HOMEOWNERSHIP PILOT PROGRAM FUNDS INTO THE AGENCY'S RESIDENTIAL FAÇADE IMPROVEMENT PROGRAM.**

** **MS. COOPER SECONDED.**

** **THE MOTION PASSED UNANIMOUSLY.**

Ms. Strauss said as to 24 Haviland Street, we contracted with a broker and had the first open house on Sunday. Eleven people came and two have filed an application with the Housing Development Fund for income eligibility and counseling. The asking price is $378,515.

II-C. INNOVATION DISTRICT

Mr. Sheehan said the Planning Committee of the Common Council has been working for over a year on advancing the Innovation District in the Wall Street and West Avenue Corridor. The purpose of the Innovation District is essentially to move what were the traditional business parks that were out in the suburbs into more urban areas and to capitalize on the synergy that already exists within the District between the businesses that are there now and new businesses coming in and to bring about job creation and ensure that any incentive that was provided was reflective of job creation coming out of the business that was locating in the district. The committee believes that they have advanced an appropriate framework for the District and have referred to the Redevelopment Agency the incentives for the Commissioners' review and comment. There are six tax incentives proposed for the Innovation District to attract new development, businesses and jobs to the area: Infrastructure Investment Incentive; Real Estate Development Incentive, District Commercial Preservation Incentive, Small Business Incentive, Skilled Job Creation Tax Credit, and B Corp Tax Incentive.

The Planning Committee anticipates taking this up at their April meeting and advancing it to the Common Council for approval at the Council's first meeting in April. They have asked us to consult with the City's Finance Director and the Tax Counsel for the city, and those meetings have taken place and we are getting feedback from each of those. They want the Commissioners' comments and feedback, but the Redevelopment Agency is not part of the approval process for this. It will be involved in the approval process associated with any application that comes forward. There is an Innovation District Committee that will not only be reviewing applications that come in, but will be the management committee as to what is happening in the District and ensuring that the needs of the District are met from an infrastructure standpoint, both physical and technological, and that the needs of the existing businesses in the District are being heard and responded to appropriately, as well as the needs of the new businesses coming in. The Council will approve the formation of the application and the committee, which will be a mix of private and elected folks that represent industry, tech, finance and legal.

The Agency is currently doing the restatement of the Wall Street-West Avenue Redevelopment Plan, and within that is formalized zoning that is going to be tied directly to implementing and enhancing the Innovation District and expanding opportunities. A number of different locations where the Innovation District is being utilized was looked at. One of the important things is you can't make it successful in areas that don't have an established private investment track record, so just adopting an Innovation District isn't going to bring that development to you, nor do incentives usually drive that. You have to have the bones of the district already in play and there's got to be interest within the private sector market for that geography, and they have seen over the last decade that development is happening within the West Avenue and Wall Street corridor, but the issue is you want balanced development and you can't balance all of the urban needs on just retail and residential. You want to have people that are working and creating within the physical environment that you've created and you want to indicate who is eligible for the incentives and have that identified right out of the box. The projects have to indicate that they have a purpose that is advanced health, science, design and technology and that they're located within the district. New mixed use developments that dedicate a minimum of 20% of the gross leasable floor area to an amenity package that supports what the district should be looking to accomplish would also be eligible. All of this is basically on a case by case. None of it is on an as of right entitlement, which was a specific issue coming back from the Council members.

Ms. Torrano asked how are we going to monitor compliance. Some companies have payroll departments that are in another country completely, so people aren't necessarily onsite. Mr. Sheehan said you want the synergy of the district and you want the people spending their time in the community and spending capital, so regional sales people or people in telecommuting jobs are not going to work for this. As to monitoring, there would have to be an ongoing dialogue with whoever is getting the incentive to ensure that their people are here. The pass through ultimately comes to the tenant, so the tenant is the business and they would certify that they are going to be in compliance. The property owner would not be able to do that. Ms. Torrano said they would have to recertify every year or whatever, because some of these credits are pretty generous.

Mr. Sheehan said this is advancing quicker than the Redevelopment Plan, but there is nothing in the Redevelopment Plan that doesn't support the objectives associated with this. If this were to get approved, you would have to deal with existing zoning. The ability to do light manufacturing in those districts is pretty limited, and we are looking to expand that. We are not anticipating that there is going to be a floodgate of applications that are going to be coming forward, probably not more than six applications in the first year. The budgeting is for $15M over five years, and he doubts within the first five years we are going to use the entire allocation, but the Council has the flexibility to come back at any point during the first five years, if the entire allocation was used, and increase that. There will be a full review of the program at the end of five years.

Mr. King asked when does this officially go through the approval process with zoning? Mr. Sheehan said that will be a separate process when the zoning becomes finalized and the Redevelopment Agency approves the referral of the zoning for the district to the Zoning Commission. At this time the proposal is being referred to the Redevelopment Agency for review and comment. Ms. Torrano said her concern is monitoring compliance. Mr. Devine said as a property owner in the area, anything that limits the ability for him or anybody in that area to do what they want with their property is a concern.

Mr. Sheehan said but that would not be this program, that would be the zoning. There are two issues. One is that the restatement of the Redevelopment Plan itself has objectives and the Innovation District has objectives. The underlying zoning for the area will attempt to meet the objectives of both. At this point there is no intention to change zoning in that area.

Attorney Grenier said he would suggest that if you have any proposed comments or any questions on specific points after you have had time to digest this, to email Mr. Sheehan and he will take up the issues as they come in and articulate it better.

Chairman Serrano noted that this was just for review and comment, so there is no action.

IV. <u>NEW BUSINESS</u>

None.

V. <u>OLD BUSINESS</u>

None.

ADJOURNMENT

There being no further New or Old Business, upon motion of Ms. Cooper and second of Ms. Langley, the Norwalk Redevelopment Agency meeting was adjourned at 6:30 P.M.

Respectfully submitted,
Karen Pacchiana