

CHECK LIST FOR ALDERMANIC SUBMISSIONS

X	Cover Letter
X	Resolutions/ Orders/ Ordinances
X	Prior Notification Form
X	Fiscal Impact Statement - Should include comprehensive budget
X	Supporting Documentation
X	Disk or E-mailed Cover letter & Order
	IN ADDITION IF A GRANT:
	Notice of Intent
	Grant Summary
	Executive Summary (not longer than 5 pages without an explanation)

Date Submitted: August 3, 2018

Meeting Submitted For: August 6, 2018

Regular or Suspension Agenda: Regular

Submitted By: Serena Neal-Sanjurjo, Executive Director

Title of Legislation:

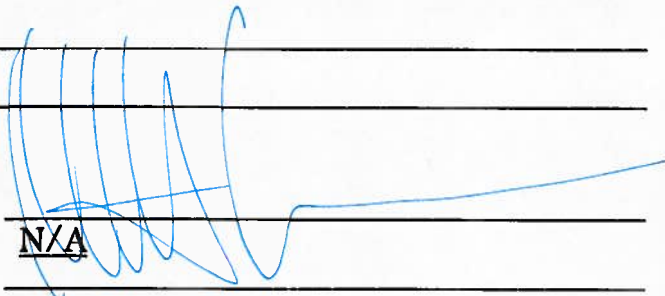
ORDER OF THE BOARD OF ALDERS OF THE CITY OF NEW HAVEN AUTHORIZING THE CITY OF NEW HAVEN TO ENTER INTO A STRUCTURED SETTLEMENT WITH BEACON COMMUNITIES AND THE NINTH SQUARE PARTNERSHIP IN CONNECTION WITH THE PURCHASE OF THE RESIDENCES AT NINTH SQUARE BY AN AFFILIATE OF BEACON COMMUNITIES FROM THE NINTH SQUARE PARTNERSHIP.

Comments:

Coordinator's Signature:

Controller's Signature (if grant):

Mayor's Office Signature:


N/A

Call 946-7663 with any questions.

****PLEASE NOTE CLEARLY IF UC (UNANIMOUS CONSENT) IS REQUESTED****

PRIOR NOTIFICATION FORM

NOTICE OF MATTER TO BE SUBMITTED TO THE BOARD OF ALDERMEN

TO : All

DATE: **August 3, 2018**

FROM: Department LCI
Person Serena Neal-Sanjurjo Telephone X 8436

This is to inform you that the following matter affecting your ward(s) will be submitted to the Board of Aldermen.

ORDER OF THE BOARD OF ALDERS OF THE CITY OF NEW HAVEN AUTHORIZING THE CITY OF NEW HAVEN TO ENTER INTO A STRUCTURED SETTLEMENT WITH BEACON COMMUNITIES AND THE NINTH SQUARE PARTNERSHIP IN CONNECTION WITH THE PURCHASE OF THE RESIDENCES AT NINTH SQUARE BY AN AFFILIATE OF BEACON COMMUNITIES FROM THE NINTH SQUARE PARTNERSHIP.

Check one if this an appointment to a commission

Democrat

Republican

Unaffiliated/Independent/Other _____

INSTRUCTIONS TO DEPARTMENTS

1. Departments are responsible for sending this form to the alderperson(s) affected by the item.
2. This form must be sent (or delivered) directly to the alderperson(s) **before** it is submitted to the Legislative Services Office for the Board of Aldermen agenda.
3. The date entry must be completed with the date this form was sent the alderperson(s).
4. Copies to: alderperson(s); sponsoring department; attached to submission to Board of Aldermen.

**FISCAL IMPACT STATEMENT
TO BE FILED WITH SUBMISSION OF ITEM TO BOARD OF ALDERMEN**

DATE: August 3, 2018

FROM: Serena Neal-Sanjurjo, Executive Director

ORDER OF THE BOARD OF ALDERS OF THE CITY OF NEW HAVEN AUTHORIZING THE CITY OF NEW HAVEN TO ENTER INTO A STRUCTURED SETTLEMENT WITH BEACON COMMUNITIES AND THE NINTH SQUARE PARTNERSHIP IN CONNECTION WITH THE PURCHASE OF THE RESIDENCES AT NINTH SQUARE BY AN AFFILIATE OF BEACON COMMUNITIES FROM THE NINTH SQUARE PARTNERSHIP.

I. List Cost: Beacon Communities will deed directly from the seller to the City of New Haven for a payment of \$80,000 the surface parking lots located at 31 and 39 George Street. This acquisition by the City will create the opportunity for a development parcel.

	<u>General</u>	<u>Special</u>	<u>Capital/Bond</u>	<u>Line Item Dept/Act/Obj. Code</u>
A. Personnel	N/A			
1. Initial start-up	N/A			
2. One-time	N/A			
B. Non-Personnel				
1. Initial start-up	N/A			
2. One-time	\$80,000			
3. Annual				

II. List Revenues: Will this item result in any revenues for the City? Please list amount and type.

 1. One-time \$2,000,000 Repayment

 Annual: \$660,000 per year for Twenty (20) years increasing every five (5) years by a percentage equal to the increase in adjusted gross revenue for the same period.

Other Comments:

The City has negotiated these terms and conditions in conjunction with CHFA and Beacon Communities to ensure and preserve the affordable component at the Residences at Ninth Square and create opportunity for further development consistent with the Hill to Downtown Community Plan. The City will be acquiring the parking garage at 270 State Street through the New Haven Parking Authority("NHPA") for the sum of Three Million Six Hundred Thousand (\$3,600,000.00) Dollars paid over thirty (30) years at One Hundred Twenty Thousand (\$120,000.00) Dollars per year, which payments by NHPA will be guaranteed by the City



LIVABLE CITY INITIATIVE - CITY OF NEW HAVEN
CITY OF NEIGHBORHOODS

Serena Neal-Sanjurjo
Executive Director

CITY OF NEW HAVEN

Toni N. Harp, Mayor

LIVABLE CITY INITIATIVE

165 Church Street, 3rd Floor

New Haven, CT 06510

Phone: (203) 946-7090 Fax: (203) 946-4899



CITY OF NEW HAVEN
AN ECONOMIC DEVELOPMENT DEPT.

Matthew Nemerson
*Economic Development
Administrator*

August 3, 2018

Honorable Tyisha Walker
President - Board of Aldermen
City of New Haven
165 Church Street
New Haven, CT 06510

Re: ORDER OF THE BOARD OF ALDERS OF THE CITY OF NEW HAVEN AUTHORIZING THE CITY OF NEW HAVEN TO ENTER INTO A STRUCTURED SETTLEMENT WITH BEACON COMMUNITIES AND THE NINTH SQUARE PARTNERSHIP IN CONNECTION WITH THE PURCHASE OF THE RESIDENCES AT NINTH SQUARE BY AN AFFILIATE OF BEACON COMMUNITIES FROM THE NINTH SQUARE PARTNERSHIP.

Dear Honorable Tyisha Walker:

Over the past year, the City has participated in the negotiations with Connecticut Housing Finance Authority (CHFA) and Related Companies to ensure the purchase of the Residences at Ninth Square remain consistent with the City's commitment to preserving affordable housing and implementation of goals outlined in the Hill to Downton Community Plan. Based on a recommendation from BOA Leadership, we have remained steadfast in the process with CHFA to select a new Purchaser and meet the recommendations set forth by the City as a part of the acquisition. We are delighted to have negotiated a structured proposal for BOA approval that meets nearly all of the requirements outlined in the RFP issued by CHFA.

Accordingly, we respectfully request your honorable Board's favorable action on the attached Tax Agreement and Structured Settlement and approval enter into formal agreements as outlined in the attached proposal.

Thank you for your consideration of this matter. If you have any questions, please feel free to contact me at 946-8436.

Respectfully submitted,


Serena Neal-Sanjurjo
Executive Director

**ORDER OF THE BOARD OF ALDERS OF THE CITY OF NEW HAVEN
AUTHORIZING THE CITY OF NEW HAVEN TO ENTER INTO A STRUCTURED
SETTLEMENT WITH BEACON COMMUNITIES AND THE NINTH SQUARE
PARTNERSHIP IN CONNECTION WITH THE PURCHASE OF THE RESIDENCES AT
NINTH SQUARE BY AN AFFILIATE OF BEACON COMMUNITIES FROM THE
NINTH SQUARE PARTNERSHIP.**

WHEREAS, those properties currently known collectively as the Residences at Ninth Square (the "Property") are to be sold to an entity controlled by Beacon Communities (the "Purchaser");

WHEREAS, the Property consists (inter alia) of a mixed income community including over fifty (50%) percent affordable units and previously benefited from a tax agreement with the City of New Haven (the "City");

WHEREAS, the Property also includes a parking garage at 270 State Street and two (2) parcels of land at 31 and 32 George Street, the acquisition of which would be advantageous to the City;

WHEREAS, Beacon Communities and the Purchaser agreed to the acquisition of said portions of the Property by the City, and the City has agreed to enter into a twenty (20) year PILOT agreement with the Purchaser covering the remainder of the Property, all upon the more specific terms and conditions set forth in the Memorandum of Understanding ("MOU") attached hereto and made a part hereof.

NOW, THEREFORE, BE IT ORDERED, that the Board of Alders hereby approves the execution and delivery of such documentation as may be necessary or desirable to effectuate the entirety of the transaction described in the MOU, including (without limitation) the PILOT Agreement, the acquisition of the parking garage and additional parcels by the City, the forgiveness of debt, the renovation plans, the retention of current staff and the release of claims, all upon the terms and conditions therein described;

AND FURTHER BE IT ORDERED, that the Mayor of the City be and hereby is authorized to execute and deliver all such documentation on behalf of the City.



Toni N. Harp
Mayor

City of New Haven
Office of the Economic Development Administrator
165 Church Street
New Haven, Connecticut 06510



Matthew Nemerson
Economic Development
Administrator
Serena Neal-Sanjurjo
Executive Director LCI

Date: August 3, 2018

To: Dara Kovel, President, Beacon Communities Development LLC.

**From: Matthew Nemerson, Development Administrator & Serena Neal-Sanjurjo,
Executive Director LCI**

Re: Tax Abatement Application and Proposal, Ninth Square

Subject to the approval of the Board of Alders of the City of New Haven (the "City"), the following memorandum outlines the proposed agreement between the City of New Haven and Beacon Communities Development ("Beacon"):

In the event that Beacon or an entity controlled by Beacon (the "Buyer") shall complete the purchase of that group of properties in the City of New Haven known as Ninth Square, then the City and Beacon will agree to the following in exchange for a 20-year PILOT, fixing Ninth Square real estate taxes at \$660,000 per year (increasing every five (5) years by a percentage equal to the increase in adjusted gross revenue for the same period):

1. Continuation of Mixed Income Affordability

Beacon will commit to continuation of mixed income and affordability at Ninth Square. Beacon has proposed a tax credit preservation transaction that will create a new use restriction limiting rents to households with incomes at or below 60% Area Median Income for 56% of the units at Ninth Square, consistent with the affordability mix today and in compliance with the LIHTC program. The remaining 44% of the residential units will be market rate housing, again consistent with the affordability mix today.

2. Forgiveness of City Debt

Beacon will make a payment to the City of \$2,000,000.00 in return for forgiveness of all the City subordinated loans currently encumbering the property (principal and accrued interest). This \$2,000,000.00 payment will be paid by the Buyer to the City on the day of closing.



203. 946.2366 Phone / 203. 946.2391 Fax

3. Parking Garages (270 State Street)

Beacon will convey the 270 State Street garage (the "Garage") to the City of New Haven acting by and through the New Haven Parking Authority. Beacon anticipates that this will be done through a fee simple transfer of title directly from the current owner. Park New Haven will be responsible for the Garage without restriction including all revenue management, security, maintenance, and capital needs obligations for the garages as owner and operator.

The City will pay Beacon \$3,600,000.00 for the Garage in 30 annual payments of \$120,000.00. These payments will be guaranteed by the City. At the City's discretion, these payments may be replaced by a reduction in the PILOT payment, taking into account the fact that the PILOT is only for 20-years and the Garage payments are for 30-years.

The operation of the Garage will be subject to compliance with zoning, recorded agreements including the property's original development agreement. It is anticipated that such compliance will be achieved by giving Ninth Square residential tenants priority availability to park at the Garage. This will not prevent Park New Haven from charging residents the market rate for parking. In the interest of promoting the retail success of Ninth Square, Park New Haven will continue to honor parking for commercial tenants in an amount consistent with current leases through the period of these current leases.

4. Surface Parking Lot at 31 and 39 George Street (the "Lot")

Beacon will cause the surface parking lot at 31 and 39 George Street to be deeded directly from the Seller to the City of New Haven in exchange for a payment of \$80,000.00. Beacon and the Seller have disclosed that there are environmental hazards known at the Lot. The City will be responsible for any costs associated with the Transfer Act filing, clean-up, monitoring, and certification of the Lot.

Beacon proposes to connect the City with its environmental consultant, ACT Group, which has prepared a scope of work to ensure timely cleanup and filings. Any required Transfer Act or other environmental filings must occur prior to December 31, 2018.

Currently 12 of the 62 spaces in the Lot are leased to commercial tenants at Ninth Square. Beacon proposes to work with the City to relocate these 12 spaces to within the 81 George Street garage or the Garage.

5. Renovation Plans

As part of a Tax-Exempt Bond and LIHTC transaction with CHFA, Beacon is proposing to infuse Ninth Square with over \$13,200,000.00 of capital improvements. Beacon has been on-site with its Architect and General Contractor to create a scope of work. This scope will include upgrades to kitchens and bathrooms where appropriate and upgrades to more energy efficient HVAC systems where needed and financially feasible. Beacon will continue to explore upgrades to energy efficient windows which may or may not be possible due to the historic nature of some of the Ninth Square buildings.

6. Retention of Current Staff

Beacon will commit to hiring all property management and maintenance staff who have not been offered positions by the existing owners for a one-year period. During this one-year period staff will be provided the opportunity to demonstrate acceptable work performance in accordance with Beacon Communities' company standards.

7. Release of Claims

Seller will unconditionally release the City from all claims or liability of any nature which may have arisen or is alleged to have arisen with respect to any matter affecting Ninth Square. In exchange for this unconditional release, the Seller will require the City to release the current owner from all claims or liability of any nature which may have arisen or is alleged to have arisen with respect to any matter affecting Ninth Square.