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June 1, 2021

New Haven Board of Alders  
Attention: Mr. Albert Lucas  
Office of Legislative Services  
165 Church Street Room 238  
New Haven, CT 06510-2010

**RE:** Application for Tax Abatement for New Production Affordable Housing - State & Chapel Street Development I  
New Haven, CT

Dear Alderpersons,

On behalf of Beacon Communities Services LLC, ("Applicant"), I am pleased to submit this application for tax abatement for the mixed-income, mixed-use affordable development proposed at State & Chapel Street in New Haven, Connecticut.

The redevelopment of State & Chapel will transform an historic city block only steps from the New Haven State Street Transit Station into a vibrant mixed-use, affordable housing community that restores the historic urban fabric including pedestrian connections to a revitalized commercial district. Currently a gap in the commercial street wall, the surface lot at 300 State Street abuts historic buildings at 742-760 Chapel Street. A new structure will be built at 300 State, of a type and scale compatible with the adjoining historic structures and connect to the rear façade of 742 Chapel to create one integrated mixed-use property. Careful design of the new construction will provide for new pedestrian connections from the train station and State Street to the revitalized Ninth Square commercial district. The new State Street building and upper floors of the Chapel buildings will consist of apartments at varying incomes. The ground floors at 742-760 Chapel will be dedicated commercial space. The project will create a total of 79 new affordable and market rate units and support approximately 23,000 of commercial space on a prominent, active street corner.

The project will include 16 units affordable to individuals earning at or below 30%, 33 units affordable at 50% AMI, 14 units affordable at 60% AMI, and the remaining 16 units will be unrestricted, market-rate units. This true mix of incomes will not only serve extremely low and low-income families but will work to promote economic integration and expand housing opportunities for households at every income band. Additionally, 20% of the overall units will be restricted as permanent supportive housing units serving vulnerable populations and will provide services in areas such as financial literacy programs, job education training, and technology education programs. The development will also include 10% fully accessible units for persons with mobile and sensory disabilities. The development's financing plan includes an allocation of 9% LIHTCs and soft debt from the Department of Housing. Slated for submission into the fall 2021 9% Low-Income Housing Tax Credit round offered by Connecticut Housing Finance Authority, a commitment of tax relief that would ensure long-term operational feasibility would demonstrate strong local support and additional readiness to proceed for the overall development plan. The tax abatement sought under this application is a critical element of the financing plan that will help bring this new affordable housing community to fruition.

Beacon Communities enjoys a 25-year history of developing and managing affordable housing, including many in the State of Connecticut. Our early work in New Haven included the Hope VI project, Monterey Place, and most recently can be seen in the ongoing renovation and revitalization of Ninth Square. We remain committed to acquiring and renovating existing affordable housing in New Haven but are especially enthusiastic about our first effort to produce new affordable units in the City. Assembling a feasible financing structure to support affordable development requires local economic support and allows the project to secure state and federal subsidies. This is especially true in the production of new affordable units, where the cost to produce is higher than preservation projects, and because restricted rents cannot support enough debt to successfully finance production, as is the case in traditional market rate deals. Restricted rents also restrict revenue for the long term and thus do not generate cash flow comparable to traditional market rate deals. As part of the LIHTC transaction, the project will enter into an Extended Low-Income Housing Commitment for at least forty 40 years, protecting the affordability and restricting rent levels of the affordable units for the duration. For these reasons, securing tax relief will ensure the viability of the project's operations and the availability of new affordable housing stock in New Haven for years to come. Our current model assumes a tax-abatement with fixed taxes at \$400 per affordable unit for twenty years. We understand this is in line with recent projects of similar levels of affordability that have gone before the LISHTA committee. Both the market rate units and the commercial portion of the project will pay taxes based on traditional assessments.

The development plans for State & Chapel include a four-story new construction building over podium connected to the rear façade of the existing Chapel building. The 79 units will include studio, one-, and two-bedroom units to address the greatest range of household sizes and to ensure opportunities for family housing. The building will also include common amenities for residents including a fitness center, laundry facilities, resident service offices and space for provision of wellness services. This intentional design and creation of wellness space will support the inclusion of our supportive housing units and the overall service programming for the building. The operational plan will include a comprehensive services program to ensure an enriched living experience for residents. Ideally situated in the heart of New Haven, this development will provide housing choice options with direct access to services and jobs, bringing economic opportunity to landlords, businesses, and residents alike. The site is located just over 600 feet from New Haven State Street Transit Station allowing for ease of commuter access to neighboring towns along the northeast corridor and travel along the New Haven-Springfield line. For more local access, the site is located a short 400 feet from the State & Chapel bus stop with service to the greater New Haven area.

Assuming a successful award of tax credits from the November 2021 round (announcements are typically made the following spring), the Applicant anticipates closing in fall 2022 and beginning construction immediately thereafter. The development projects a 16-month construction schedule, with completion in early 2024. The tax relief sought through this application represents a critical piece of the financial transaction that will allow this important affordable housing development to move forward. By providing operational security to generate a viable financing package for the proposed project, we will be able to demonstrate readiness to proceed in the State's competitive funding round. We look forward to working with the Board of Alders as we work to bring new, affordable housing opportunities to New Haven.

Thank you for your consideration of this important proposal. Please do not hesitate to contact me at [dkovel@beaconcommunitiesllc.com](mailto:dkovel@beaconcommunitiesllc.com) or 617-574-1114 should you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dara Kovel". The signature is fluid and cursive, with a large initial "D" and "K".

Dara Kovel, Chief Executive Officer  
Beacon Communities LLC