

**CITY OF BRIDGEPORT
ECONOMIC AND COMMUNITY DEVELOPMENT
AND ENVIRONMENT COMMITTEE
SPECIAL MEETING
APRIL 6, 2016**

ATTENDANCE: Milta Feliciano, Co-Chair; M. Evette Brantley, Co-Chair; Mary McBride-Lee; Aidee Nieves; Jeanette Herron; Tom McCarthy

OTHER: Atty. Mark Anastasi; Ken Flatto; Anthony Paoletto; Denese Taylor-Moye; Jose Casco; Bill Coleman; Scott Burns; Angel dePara; David Kooris; Todd McClutchy, AHM; Lee Byers, Executive Director of the Housing Authority; Anthony Gaglio, Viking Construction; Anthony Gaglio Jr., Viking Construction; Jack Banta

CALL TO ORDER

Co-Chair Feliciano called the meeting to order at 6:10 PM. A quorum was present.

90-15

(REF #55-14 & 29-15)

**PROPOSED RESOLUTION AUTHORIZING CAPITAL IMPROVEMENTS AND
ALLOCATION OF BONDS PROCEEDS FOR THE CRESCENT CROSSING PHASE 1B**

Mr. Flatto stated, to begin with, that the committee would be asked to consider an amendment to the item, incorporating language related to approved bonding issue, and that the item was written out as a full amended resolution to make it easier to follow.

Mr. Flatto stated that they are entering Phase 1B of the Crescent Crossing project, an affordable housing development to be located on the East Side of the City near the river. He stated that this is the former area of the Father Panic and Marina Village housing sites. He stated that what they have done is try to consider a way to finance the City's requested contribution in a different format from what was suggested last year during initial discussions. Mr. Flatto stated that the financial parameters for affordable housing development are difficult for numerous reasons, which include the fact that affordable housing has restrictions on revenue as the rates are controlled. He stated that in this project, the affordable units are slated to be a maximum of \$900 per unit, depending on the size of said unit. He stated that financing and construction costs are fairly heavy, and that as they go from construction into maintenance and management, these costs can start adding up. He further stated that it is common for developers to work in partnership with state governments and other communities in the interest of these projects.

Mr. Flatto stated that there are 3 main sources of funding:

1. The developer, who puts in some equity.
2. State and Federal funding, which offer the biggest affordable housing tax credits. Federally allowed tax credits can be incorporated, investors can buy these credits, and part of the proceeds are eligible to use for construction. The City did apply and get State approval for the tax credit portion.
3. The City.

Mr. Flatto stated that the proposal from last year requested a significant tax abatement as part of a way to finance the project, and when the new Administration came in, it was decided to look at different approaches. He stated that this was due to the long term revenue lost from tax abatements, as the tax revenues would effectively vanish, which doesn't help the tax pace or taxpayers for many years. He stated that someone brought to the table the idea of considering a piece of financing as a City capital contribution from capital bonding capacity. If they did so, the developer would forego a large tax abatement, and over the past month this became a consensus between the Administration and the project developer.

Mr. Flatto stated that a bond issue was approved in January, and over the course of this coming to fruition, they received some more bonding than anticipated. He stated that they approached the Council with this information, and they used some of this amount for the high school construction projects, for which they issued bonds for a little over \$20 million. When the underwriter and consortium who sold the bonds packaged them, in the interest of cost effectiveness, the packaging included a bond premium, which pays a little more upfront and gives the City more proceeds in return for slightly higher interest rates over the life of the bond. However, in order for the bond premium to be issued, they have to prove that this sells the bonds at an overall better cost saving total. With the refinancing, the City ended up with roughly \$2 million premium more than the \$20 million that had not yet been allocated by the City for capital projects. Mr. Flatto stated that the City has had premiums in past bond issues, but to his knowledge they never sought to go to the Council to allocate them, however, because this project is higher profile, they felt it was important to bring the item back to the Council if the amount were to be used for this project.

Mr. Flatto stated that they negotiated the amount to less than the developer initially wanted, and are requesting \$1.25 million to be allocated from the bond premium extra and that the amount be defined for this project. He stated that this won't take funds away from any other project, and in addition, the resolution requests that the Council approve an amendment in the capital plan that would allow the Council to consider this an addendum to the plan for an additional \$700,000, should they choose to bond out in the coming year. The intent is, if the item is approved, that that amount would be allocated for the next bond issue.

Mr. Flatto passed out a document to the committee. He stated that they have laid out the cost for what the \$9 million will be over the life of the bonds, and that total, with all of the interest shows that roughly shows there is, over the 20 years, \$2.9 million out of the budget to finance the \$1.95 million bond. On the flip side, they calculated, with a growth factor of 3% to account for the anticipated change in mil rate, that the amount in tax revenue for the City over time is roughly \$12 million over a 30 year period. After comparing the abatement (which was also considered for a 30 year period) at full value, the result was a great deal more revenue over the years when the bond premium was utilized instead of the abatement. He further stated that they didn't focus too heavily on the abatement, as it was no longer a viable option.

Mr. Coleman expressed his enthusiasm for the high number of Council Members present in the meeting, and commended them for their presence, particularly during budget season.

Mr. Coleman stated that the way Crescent Crossings is being done introduces a new trend to Bridgeport urban development that has been previously seen in New Haven. Mr. Coleman highlighted the following factors of importance for Council Members, in relation to the development:

1. The 84 units will be a mix of incomes.
2. $\frac{1}{3}$ of the units will be devoted to affordable public housing.
3. The project will pay full taxes to the City.
4. A select number of units will be reserved for veterans at the most affordable rates.
5. The developer will be contracted to comply with the City's minority business and community hiring/business ordinances.

Council Member Brantley stated that she is very much in favor of the project, but that she would like something in writing that ensures the developer will not sell the project back to the City or Housing Authority. She stated that she would be amenable to the site (in future) being sold to another developer. Mr. Coleman stated that she has a valid point, and that in most contracts they execute, there are prohibitions against sale back to a tax exempt entity. Mr. McClutchy stated that the development will be privately owned and managed, though it will technically be constructed on Housing Authority property. Mr. McClutchy stated that the company has been involved in projects of this nature for 40 years, and that they have never sold one of their affordable or mixed income developments, as they are a long term investment for their company as well as the community. Mr. McClutchy further stated that they would be comfortable making any commitments the committee requested.

Council Member Brantley further asked for assurance that the building, as it is mixed income, would not be striated by the incomes, but instead see the different economic levels mixed. She cited an instance in Washington D.C. where several new housing developments requested the lower income families in the mixed income buildings enter through the back of the building. Mr. McClutchy stated that he is familiar with those sorts of examples, and assured her that their

developments are committed to varying incomes being spread across floors, creating an economically integrated building.

Council Member McBride-Lee asked for clarification regarding the unit pricing. Mr. McClutchy stated that \$900 is technically the lowest income unit, though some of them will likely receive Section 8 vouchers, making the price effectively lower. Council Member McBride-Lee asked how many units this comprises, and Mr. McClutchy stated that he believes they are doing 21 units, but definitely not more than 28.

Council President McCarthy asked if the units set aside for veterans would count as part of the units allotted as part of the Marina Village replacement, should those Marina Village residents happen to be veterans. Mr. Coleman stated that there is specific language regarding the Marina Village replacement, though there was the potential for overlap in those two categories.

Council Member McBride-Lee asked if the low income units must be from Marina Village, and Mr. Coleman answered in the negative, stating that no more than $\frac{1}{3}$ of the units can be for the Marina Village resident replacement. Council Member McBride-Lee inquired about the difference between the abatement and tax credits. Mr. Coleman stated, in the case of the abatement, the developer pays less on property tax, whereas tax credits are given to the developer from investors, who receive the credit from a federal level, which has nothing to do with Bridgeport funding. Mr. Coleman stated that the City will put in some capital, but that there will be no tax deal. Council Member McBride-Lee asked if there is a certain amount set aside for Phase B. Mr. Flatto stated that they are requesting approval for the amount through this resolution, and that there is basically money available, and that this asks to utilize those funds for this project. Mr. Flatto stated that the funds are not in the regular budget, but rather the capital bond account. Mr. Flatto stated that, in the past, there have been provisions for 'land management bonding', a line item in budgets to approve money for land management and acquisition, which OPED has used to spur housing development. Mr. Flatto stated that, in this case, instead of treating the right to approve the resolution as a right, they felt it was important to get permission. Council Member McBride-Lee asked how Bridgeport benefits financially from the project. Mr. Flatto stated that the site has been vacant for a number of years and has been receiving no tax revenue. The development of this property gives the City a chance to earn tax revenue permanently for generations, particularly if it continues under private ownership, and the amount they gain will be much more than the upfront amount. Mr. Flatto stated if the development was regular housing, not affordable, they likely wouldn't recommend this, however, because it serves a public purpose and it is in keeping with the City's construction goals, they do.

Council Member Paoletto stated that he would like to see the 3 units for veterans counted separately from the Marina Village Units. Mr. Coleman stated that they were amenable to this. Council Member Feliciano seconded this request. Mr. Flatto stated that he imagined the

development will also likely appeal to empty nesters and seniors, so the number of veterans may in fact exceed just the designated 3 units.

Council Member Herron asked who oversees management during the change in stages. Mr. McClutchy stated that JHM and Richmond oversee the long-term management.

Council Member Brantley asked how the remaining units are filled. Mr. McClutchy stated that the remaining units are opened up to a general waiting list, and that they already received inquiries for Phase 1A, and that they anticipate the same for Phase 1B. Council Member Brantley asked where people could apply for applications, and Mr. McClutchy directed her to www.crescentcrossings.com.

Council Member Feliciano stated that there was an item in the newspaper with the wrong information for the waiting list regarding this project list. Mr. Byers stated that he would look into this.

Mr. Byers stated that this type of mixed income development is the future, designed to provide higher quality, next generation communities. He stated that there are to be 21 project-based units, and that the waiting list is being opened up because they have 250 vouchers to unleash on the community. He acknowledged the Housing Authority's colorful history in Bridgeport, and stated that they are moving into a new model of management and proceedings. Mr. Byers stated that the development will be indistinguishable from the other buildings on the street, and will raise property values, and that this will attract more developers and builders to the City in the future. In regards to the abatement, he stated that this wouldn't be a bad thing in future if it attracts more people to spend tax dollars, however on the flipside, with more people investing in Downtown, they could go after a Choice Neighborhood grant. He stated that Marina Village didn't receive the anticipated tax credits, and that when discussing the next layers of projects, they can move towards working together to transform the inner city and parts of the community. Mr. Byers stated, with any luck, over the next 20 years, Bridgeport will begin to look more like Stamford, if not better.

Council Member Brantley stated that she is in support of the improved Housing Authority properties and asked if there was a target ethnic makeup ratio for the project. Mr. Byers stated that while they had no real authority to determine the ethnic makeup, they are committed to a healthy mix of incomes and other factors. Mr. Byers stated that they currently have a total of 7 developments in the queue. Council Member Brantley asked if the rents would be stabilized, and expressed her concern that lower income individuals would eventually be pushed out. Mr. McClutchy stated that the project is predicated on the different incomes, so forcing them out based on those reasons would not be possible. Mr. Byers stated that, as there are income requirements, they can stay in the building even if they exceed their previous qualifying income, though they may have to pay a higher amount if they no longer maintain an amount that allows

them to have a voucher. Mr. Byers further stated that they pair with the Human Development Council to provide job preparation and readiness.

**** COUNCIL PRESIDENT MCCARTHY MOVED TO ADD THE DOCUMENT DESIGNATED AS 'CITY OF BRIDGEPORT CONNECTICUT AMENDED RESOLUTION' AS EXHIBIT #90-15-4616.**

**** COUNCIL MEMBER BRANTLEY SECONDED THE MOTION.**

**** MOTION PASSED UNANIMOUSLY.**

**** COUNCIL PRESIDENT MCCARTHY MOVED TO ADD THE DOCUMENT DESIGNATED AS 'CRESCENT CROSSING CAPITAL DEBT SERVICE VS. ABATEMENT COMPARISON' AS EXHIBIT #90-15-4616-2.**

**** COUNCIL MEMBER BRANTLEY SECONDED THE MOTION.**

**** MOTION PASSED UNANIMOUSLY.**

**** COUNCIL PRESIDENT MCCARTHY MOVED TO ADD THE DOCUMENT DESIGNATED AS 'CRESCENT CROSSING- PHASE 1B- ESTIMATED TAX REVENUE- PROPERTY TAX' AS EXHIBIT #90-15-4614-3.**

**** COUNCIL MEMBER BRANTLEY SECONDED THE MOTION.**

**** MOTION PASSED UNANIMOUSLY.**

**** COUNCIL PRESIDENT MCCARTHY MOVED TO AMEND THE ORIGINAL RESOLUTION 90-15 (REF #55-14 & 29-15) PROPOSED RESOLUTION AUTHORIZING CAPITAL IMPROVEMENTS AND ALLOCATION OF BONDS PROCEEDS FOR THE CRESCENT CROSSING PHASE 1B BY SUBSTANTIATION WITH THE AMENDED RESOLUTION ENTERED AS EXHIBIT ##90-15-4616.**

**** COUNCIL MEMBER BRANTLEY SECONDED THE MOTION.**

**** MOTION PASSED UNANIMOUSLY.**

Council President McCarthy asked for the language of the amendment to be used in the document. Mr. Coleman dictated the language as follows:

Page 2, Paragraph 6:

Resolved, that apart from and in addition to any units devoted to Marina Village replacement, the project shall dedicate at least three of the most affordable units for Veteran's Housing and shall dedicate at least 3 (three) of the most affordable units for Veterans housing.

Resolved, that the developer shall not sell this property to any tax exempt entity unless and until such entity enters into a written agreement with the City obligating it to pay to the City an amount not less than the full taxes due on the property.

Council Member Brantley expressed her approval for the language, which keeps the scope broad.

Mr. Byers expressed concern that the language may impact the Housing Authority's ability to collaborate with nonprofit organizations for larger developments in the future. Mr. Flatto stated that he respects Mr. Byers' concerns, however their paramount concern is bringing in revenue for the City. Mr. Kooris stated that mentioning this language upfront in the agreement would allow the purchasing party to be fully aware. Council Member Feliciano asked if they could create a separate agreement, and Mr. Kooris stated that they could theoretically do so, but by putting the language in the resolution, the parties involved will know they can't agree to any sale that doesn't meet the conditions.

Council President McCarthy stated that the item will go to the Budget and Appropriations Committee next. Mr. Flatto stated that the committee can amend the language if they so choose.

**** COUNCIL MEMBER BRANTLEY MOVED TO ACCEPT THE AMENDMENTS TO THE AMENDED RESOLUTION (EXHIBIT #90-15-4616).**

**** COUNCIL PRESIDENT MCCARTHY SECONDED THE MOTION.**

**** MOTION PASSED UNANIMOUSLY.**

Council Member McBride-Lee stated that this item is very important, and that the amendments set a precedent for this generation, as well as the next, and that they need the additional order provided by these provisions.

Council Member Feliciano asked how many units are currently in Marina Village, and Mr. Byers stated that there are 406 units, 128 of which have been demolished. In the next phase, 148 will be demolished and in the 3rd phase, the remaining balance of 117 units will be demolished. Council Member Feliciano asked how many more Marina Village replacement units will be put into place during the next phase in the Crescent Crossings project. Mr. McClutchy stated that each phase contemplates not more than $\frac{1}{3}$ of the units being devoted to Marina Village replacement units.

Council Member Feliciano asked what projects are coming to the City in the immediate future, apart from the Cherry Street development. Mr. Kooris stated that the Marina Village site is to be redeveloped as mixed income housing, 375 Main Street is being redeveloped, and beyond those projects, they have contemplated smaller scatter sites or floating vouchers for Marina Village residents. Mr. Kooris stated that POCO and BNT have been selected by the Housing Authority to provide some replacement units across the City, and that they have issued at least 135 vouchers, some of which have already been used to access units across the City. Council Member Feliciano asked how many Marina Village residents have been relocated so far, and Mr. Kooris stated that 135 units were demolished and those residents were relocated, in addition to several units vacated prior to their demolition, making the number anywhere from 135 to 200.

Council Member Brantley exited the meeting at 7:16 PM.

Council Member Feliciano stated the importance of equally distributing replacement units for Marina Village throughout the City, and asked how many more are coming to the East Side in addition to the current 61. Mr. Kooris stated that Phase 1 of the Marina replacement will provide 40 units, 61 units will be provided by Crescent Crossings, and 90 units are slated for the South End. Mr. Byers said that those displaced have protected tenant vouchers, and that they can move into the marketplace. Mr. Byers stated that they have about a third subsidized, though this doesn't mean that they won't have different voucher holders applying to the Crescent Crossings development, as there are units that are market rate, subsidized ACC and Section 8 compatible. Mr. Byers stated that they need to spread the development across the City in order to offer a 1 to 1 replacement.

Council Member Feliciano expressed concerns about the movement of the Marina Village tenants affecting already overcrowded schools and asked how this will be accommodated. Mr. Coleman stated that he believed this to be a Board of Education decision, and that this project won't offer an unreasonable strain on the local schools. Mr. Coleman stated that he appreciated Council Member Feliciano's desire to get a full picture. Council Member Feliciano expressed her concern about the need to increase police presence with the increased population and stated that she did not feel these concerns, which were present from the beginning of the process, have been adequately addressed. Mr. Flatto stated that all of the units won't be family units, so the numbers likely won't explode. Mr. McClutchy stated that 40% of the 177 total units for Phases 1A and 1B are 1-bedroom. Mr. Byers stated that they would need to sit down with the School Board to get a more accurate read on plans to address expansion. Mr. Byers stated that the Housing Authority is sensitive to this issue, and at present he cannot give a total impact statement without the input of the School Board.

Atty. Anastasi stated that, under Mr. Byers, a cooperative partnership with the Housing Authority and city resources has formed, particularly in regards to Police Safety. He stated that they have a great working relationship and that he has raised great questions.

Council Member Feliciano expressed her concern regarding the cut transportation budget for the schools, as this may hinder busing relocated children to new schools. Mr. Byers stated that they do need to sit down with the City, but right now they are not terribly concerned as what they are currently helming are very small projects with a small numbers impact. Mr. Byers stated, with the shift, the 21 units should be absorbable, and in the future, they can anticipate better planning.

Council Member Taylor-Moye stated that the discussion brings to light a larger issue regarding demand for school and daycare enrollment slots. She further noted that as a mixed income development, it will also be a mix of schools and education choices. Mr. Byers seconded this, and noted that they currently have no idea how many children will be home schooled, enrolled in a private school, charter school or standard public school. He stated that the school system itself will not know the numbers until they see their enrollment rosters, and that they have time to do preparatory things.

Council Member McBride-Lee stated that one of her primary concerns is that enrollment is properly handled, particularly at the school where she works (Waltersville), though she isn't as concerned with the aspect of police presence, as they have been very attentive to Waltersville. Council Member Feliciano stated that the neighborhood has fought hard to maintain the environment they created following the Father Panic demolition, due in part to their constant contact with the Police Department. Council Member McBride-Lee stated that, even during the time where Father Panic was still operational, drug users and dealers would restrict their business to times when the neighborhood children were in school or in their homes.

Council Member Feliciano asked Mr. Gaglio to speak on the item.

Mr. Gaglio stated that they started the project in August of last year, at which time the Council members expressed their desire for there to be an abundance of local hires. Mr. Gaglio then became involved with the Workplace, a federally and state funded program to provide various job trainings to local individuals, and that Viking works to solicit and train people in their specific types of jobs. He stated, in the past 6 months, they have given them 11 employees, and that their sister company, Engage, does payroll and benefit packages for their workers. Mr. Gaglio stated that all the workers are not necessarily still employed, for reasons ranging from termination to the job itself being completed. He stated that they currently have an open advertisement for laborers who specifically do underground pipe work. Mr. Gaglio stated that it is mandated as part of their CHRO to interview and give access and opportunities to disadvantaged individuals, including small businesses and minority and women owned businesses. He stated that they have done 2 community outreaches, the most recent on August 25th. He stated that they invited as many people as possible, and that about 100 showed up and engaged in a speed dating like format where they got to meet the owner, project manager and purchasing agent. He stated that some contractors can bid and some can't depending on their working capital, and that Viking provides them with all the requirements, and that they must be certified through the Department of Administrative Services, thus they are required to bid for jobs in their own concentration (i.e. no electricians going out for painting contracts and vice versa). Mr. Gaglio stated that they give 25% of their business to small businesses, and 25% of that number to minority contractors. He stated that they have had minority contractors doing jobs involving metalwork, environmental work, framing, drywalling, interior trim, steel and reinforcement. He stated that they focus majorly on local contractors and that they give 25% of their business to minority contractors rather than the required 6.5%. Mr. Gaglio stated that they will do subcontractor outreach prior to Phase 1B, and distribute the blueprints online.

Mr. Byers stated that all projects the Housing Authority engages in has mandatory requirements, and as such he is glad to have a partner who is sensitive to that in the form of Viking Construction. He stated that with community outreach and a plan for more participation, growth will continue and improve. He further commended Mr. Gaglio for his efforts in seeing things through on the ground.

Council Member McBride-Lee stated that she appreciates Mr. Gaglio's efforts to hire minority contractors. She further stated that she has seen Mr. Gaglio hire another African-American individual after parting ways with another African-American individual who worked in the same capacity, which she appreciates given that there can be a tendency in other hiring scenarios where the previous position holder's ethnicity can serve as a prejudicial factor when hiring new employees.

Mr. Gaglio thanked Mr. Byers and Council Member McBride-Lee. He stated that they go out of their way to provide an opportunity to the most qualified people. Mr. Gaglio stated that he firmly believes in a good day's work for a good day's pay, and if an individual is a good employee, he is happy to employ them for the next 20 years.

Council Member Feliciano asked where Richmond is run out of and Mr. McClutchy stated that company runs out of Greenwich. She asked if they will be hiring local people for management positions, and Mr. McClutchy stated that even though it will be on a smaller scale, they will do a similar type of outreach as previously mentioned. Council Member Feliciano asked how many people will be working and Mr. McClutchy stated that there will be roughly 4-5 full time workers. Council Member Feliciano asked that an email be sent out, so that the information could be offered to the NRZ once the process begins.

Council Member Nieves thanked Mr. Flatto for his diligence and for providing the Council Members with a thorough breakdown. She thanked Mr. McClutchy for addressing their concerns, and further asked that there be continued attention paid to insuring the development integrates the incomes appropriately, and that they may wish to emulate the Teacher's Village Initiative. She stated that she is glad the City has found extra money, and that this development will be great for the City. She further thanked them for the new information, which she will be able to provide to her constituents.

**** COUNCIL PRESIDENT MCCARTHY MOVED TO APPROVE ITEM 90-15 (REF #55-14 & 29-15) PROPOSED RESOLUTION AUTHORIZING CAPITAL IMPROVEMENTS AND ALLOCATION OF BONDS PROCEEDS FOR THE CRESCENT CROSSING PHASE 1B AS AMENDED AND PROVIDE A FAVORABLE RECOMMENDATION TO THE CITY COUNCIL & FAVORABLY REFER THE ITEM TO THE BUDGETS AND APPROPRIATIONS COMMITTEE.**

**** COUNCIL MEMBER HERRON SECONDED THE MOTION.**

**** MOTION PASSED UNANIMOUSLY.**

Council President McCarthy clarified that they had just approved the project, and in order to get the money, there needs to be a change to the capital plan, and an authorization to change said plan.

ADJOURNMENT

- ** COUNCIL MEMBER HERRON MOVED TO ADJOURN.
- ** COUNCIL PRESIDENT MCCARTHY SECONDED THE MOTION.
- ** MOTION PASSED UNANIMOUSLY.

The meeting adjourned at 7:50 PM.

Respectfully submitted,

Catherine Ramos
Telesco Secretarial Services