

FISCAL IMPACT STATEMENT

DATE: May 28, 2026
FROM (Dept.): Economic Development Administration
CONTACT: Michael Piscitelli **PHONE** 203-946-2867

SUBMISSION ITEM (Title of Legislation):

ORDER OF THE BOARD OF ALDERS APPROVING A DEVELOPMENT AND LAND DISPOSITION AGREEMENT BY AND AMONG THE CITY OF NEW HAVEN, THE NEW HAVEN PARKING AUTHORITY AND WE 2 CHURCH STREET LLC FOR THE DEVELOPMENT AND DISPOSITION OF 2 CHURCH STREET TOGETHER WITH ALL SUCH ANCILLARY DOCUMENTATION AS MAY BE REQUIRED TO IMPLEMENT THE INNOVATION CLUSTER

List Cost: Describe in as much detail as possible both personnel and non-personnel costs; general, capital or special funds; and source of funds currently budgeted for this purpose.

GENERAL FUND	SPECIAL FUNDS	BOND FUNDING	CAPITAL/LINE ITEM/DEPT/ACT/OBJ CODE
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A. Personnel

- 1. Initial start up
- 2. One-time
- 3. Annual

See Below

B. Non-personnel

- 1. Initial start up
- 2. One-time
- 3. Annual

List Revenues: Will this item result in any revenues for the City? If Yes, please list amount and type.

NO
 YES

1. One-time

2. Annual:

The Developer and its successors and assigns are expected to pay all taxes and assessments assessed against the 2 Church Street Parcel, and the improvements thereon. The Developer is likely to take advantage of the as-of-right Assessment Deferral Program or Enterprise Zone program. The DLDA mirrors the 101 College Street treatment; in the event the Parcel becomes tax exempt, the DLDA stipulates that the Parcel shall be treated as taxable through a PILOT agreement for a compulsory tap period of 30 years. Although separate from the DLDA, the building is expected to support labs and research equipment which will generate personal property tax as well.

Other Comments:

See next page

2 Church Street & Innovation Cluster Program

The Board of Alders approved the City joining the Quantum & Bioscience Innovation Cluster for the purposes of applying for and accepting funding from CT DECD pursuant to LM 2025-0118, adopted April 7, 2025. Various grants have since been awarded to the City, or to project partners, and the City proposes to deploy both State and matching grant sources to implement the Innovation Cluster, primarily focused on the on- and off-site public improvements associated with the 2 Church Street Development and Land Disposition Agreement (DLDA).

As part of this effort, the City, Developer, CT DECD and CT DOT have worked in partnership to re-allocate the matching federal grants in a manner which (1) allows DECD to enter into a single assistance agreement with the Developer using both DECD and DOT funding streams; and (2) allows the City to construct the City’s Church Street Promenade and Arc Bridge with a blend of federal, state and local sources, all as noted below.

The Infrastructure Capital Plan listed below sets forth the sources of funding by project.

Investment Plan

Sources	New Haven Innovation Center ⁱ	2 Church St Public Infrastructure ⁱⁱ	Arc Bridge / Church Street Promenade ⁱⁱⁱ
CT DECD Innovation Cluster	\$1,350,000	\$21,700,000	
CT DOT LOTCIP		\$13,000,000	
US DOT TAP			\$2,920,000
US DOT TIP			\$3,840,000
Winstanley	\$700,000		
Capital- #3C262647; 3C262648	\$650,000		
Capital- #3C242452			\$690,000
Capital Redesignation- #3C222202			\$1,000,000
Total	\$2,700,000	\$34,700,000	\$8,450,000
Contingencies ^{iv}			
Grants as Necessary			
Downtown Crossing- #3C242452		\$600,000	
Winstanley		\$600,000	

See Project Notes on Following Page:

ⁱ **New Haven Innovation Center:**

As part of the overall Innovation Cluster, DECD has made a grant award of \$1.3M, subject to a 1:1 match which is split between the City and Winstanley, and is to create an ‘early-start’ innovation center at 101 College Street. This new 4,500 SF center will be the interim home of QuantumCT and the base of operations for workforce development, business start ups and ecosystem programs.

ⁱⁱ **2 Church Street Site and Traffic Improvements:**

As part of the overall Innovation Cluster, DECD has committed \$21.7M in funding to support eligible public infrastructure at 2 Church Street (see attached commitment letter). Eligible improvements are set forth in the DLDA and include the public tunnels, service drives, sidewalks, and plazas associated with the project. Under DECD’s anticipated implementation framework, Innovation Clusters assistance will be provided directly to Winstanley or an affiliated project entity, with payment requisitions submitted to DECD and reviewed and approved by the City prior to payment. In the original application for the Innovation Cluster, the City proposed federal TIP funding for the 1:1 match. However, given a mix of federal and state funding would add time and complexity to the 2 Church Street project, the City worked with DOT and DECD to make two adjustments - (1) reallocate the \$4.2M in Innovation Cluster funding awarded for the Arc Bridge to the 2 Church Street project; and (2) apply for a CT DOT LOTCIP grant for \$13.0M. In doing so, the City and Winstanley have commitments for \$34.7M from the State of Connecticut for the 2 Church Street Site and Traffic Improvements.

ⁱⁱⁱ **Church Street Promenade and Arc Bridge:**

As per the Innovation Cluster application, the City will construct the Arc Bridge as an extension of the Church Street Promenade. In addition, the City will likely carry out associated improvements to integrate and close out the long-term Downtown Crossing project. Under a separate communication, the City has proposed a redesignation of unencumbered capital funds to bring the Church Street/Arc Bridge project budget into balance.

^{iv} **Contingencies and Gap Financing if Necessary:**

At the time of the Innovation Cluster application, the Site and Traffic Improvements carried an estimate of \$37.5M. Since then, the concept has been refined significantly and the Developer is preparing a preliminary design and cost estimate. As per the DLDA, the City and Developer have agreed to a process to assess the estimated cost based on current pricing and, in turn, address any funding gap. The DECD also has recognized the need for a contingency process and will continue to work with the City and the Developer as per above-referenced letter. This process, which is found in Section 4.1(F)(6) of the DLDA, includes value engineering, scope and plan review, additional applications for federal and state funding. If these routes are not successful in bringing the budget into balance, the City will commit the next \$600,000 towards the gap and then the Developer will commit the following \$600,000 towards the gap. Any remaining gaps following the Developer’s contribution, including any change orders, are the responsibility of the City.

May 28, 2026

The Honorable Justin Elicker
Mayor, City of New Haven
165 Church Street
New Haven, CT 06510

Re: Innovation Clusters Program — 2 Church Street Funding Commitment and Implementation Framework

Dear Mayor Elicker:

On behalf of the Department of Economic and Community Development (“DECD”), I am writing to supplement DECD’s September 25, 2025 award correspondence for the Quantum and Life Science Innovation Cluster and to clarify the State’s anticipated funding and implementation framework for the 2 Church Street project.

DECD previously confirmed a \$50,500,000 Innovation Clusters Program commitment in support of the Quantum and Life Science Innovation Cluster. That commitment included \$17,500,000 for public infrastructure improvements, \$13,500,000 for development fund gap financing, \$4,200,000 originally identified for the Arc Bridge and Church Street Promenade, \$10,000,000 for QuantumCT, \$3,000,000 for BioCT, \$1,300,000 for the Innovation Center, and \$1,000,000 for Predevelopment. The purpose of this letter is to clarify how DECD expects those commitments to be implemented under the revised funding structure now being advanced by DECD, CTDOT, the City, and the Developer.

Under the current implementation framework, DECD expects the Innovation Clusters assistance to be provided directly to Winstanley Enterprises or an affiliated project entity (“the Developer”), with payment requisitions submitted by the Developer to DECD and reviewed and approved by the City before submission or payment.

The anticipated funding structure is as follows:

1. DECD Innovation Clusters Public Infrastructure Commitment — \$21,700,000.
DECD expects to apply \$21.7 million of Innovation Clusters funding to eligible public infrastructure uses associated with the 2 Church Street project. This amount reflects the original \$17.5 million public infrastructure allocation, plus the \$4.2 million Innovation Clusters allocation previously identified for the Arc Bridge and Church Street Promenade. Eligible improvements are expected to include 2 Church Street public improvements, including sidewalks and plazas, public tunnels, and service drives.

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2. **Arc Bridge / Church Street Promenade Funding.**
DECD supports redirecting the \$4.2 million Innovation Clusters allocation previously identified for the Arc Bridge and Church Street Promenade to eligible 2 Church Street public infrastructure costs. It is DECD's understanding that the Arc Bridge and Church Street Promenade would instead proceed as City-run federally funded transportation projects, using applicable federal transportation funding and required local or state match.
 3. **CTDOT LOTCIP Contribution — \$13,000,000.**
DECD is coordinating with CTDOT regarding the proposed use of \$13,000,000 in LOTCIP funds, made available through the Whitney Avenue Phase 2 funding swap, as non-federal matching funds for the 2 Church Street public infrastructure package. DECD and CTDOT are preparing a memorandum of agreement ("MOA") under which CTDOT would make the LOTCIP funds available to DECD for administration through the 2 Church Street assistance structure.
 4. **Development Fund Gap Financing — \$13,500,000.**
The \$13.5 million development fund gap financing component of the Innovation Clusters commitment remains part of the overall 2 Church Street and broader cluster financing plan. DECD expects this funding to support development feasibility for the 2 Church Street project, subject to final assistance-agreement terms, eligible-cost review, matching requirements, and project readiness.
 5. **BioCT - \$3,000,000**
To serve the critical role in activating and sustaining the Quantum and Bioscience Cluster, a coalition of leading institutions and stakeholders including QuantumCT, Yale University, the University of Connecticut, Winstanley Enterprises, and the City of New Haven. The award supports Cluster activation programming, Community-building initiatives along with Support services and events that enhance visibility, engagement, and connectivity within the cluster.
 6. **Pre-Development Fund -\$1,000,000**
To facilitate planning, design, and early-stage development activities associated with the 2 Church Street parcel, which are central to the expansion of the innovation cluster.
 7. **New Haven Innovation Center- \$1,300,000**
To support the creation of a 4,500-square-foot "early start" activation space within 101 College Street, designed to foster collaboration among startups, researchers, and industry partners.

8. QuantumCT-\$10,000,000

To establish a quantum industry sector in Connecticut that will stimulate economic growth by attracting businesses, startups, and investments, ultimately leading to job creation and a boost in GDP.

This revised structure is intended to keep the 2 Church Street public infrastructure package non-federal, reduce delivery complications associated with developer-adjacent infrastructure, and allow the 2 Church Street infrastructure funds to be administered through a single DECD assistance structure rather than separately administered by both CTDOT and DECD.

DECD understands that the revised funding structure increases the Innovation Clusters public infrastructure commitment for 2 Church Street from \$17,500,000 to \$21,700,000. Together with the anticipated \$13,000,000 LOTCIP contribution, this structure is intended to provide approximately \$34,700,000 in non-federal public infrastructure funding for eligible 2 Church Street infrastructure costs.

DECD further understands that the current 2 Church Street public infrastructure budget identifies approximately \$37,500,000 in eligible public infrastructure uses, leaving an estimated \$2,800,000 project-cost gap. DECD is not committing additional funds through this letter but will continue to work with the City and the Developer to address the remaining gap.

This letter is intended to support the City's submission to the New Haven Board of Alders by confirming DECD's current funding framework and implementation intent for the 2 Church Street project. It does not replace the formal assistance agreement, interagency agreement, final budget exhibits, or any required state or local approvals.

Please feel free to contact me, or my team if you have any questions.

Sincerely,



Daniel H. O'Keefe
Commissioner
Connecticut Department of Economic and Community Development

cc:

Matt Pugliese, Deputy Commissioner, DECD
George Norfleet, Executive Director, DECD
Cowlis Andrews, DECD
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CTMakeItHere.com