

NEW HAVEN CITY PLAN COMMISSION ADVISORY REPORT

RE: **ORDINANCE** amending the New Haven Code of Ordinances for the purposes of (i) Classifying the 10 Liberty project as a property used for housing solely for low or moderate income persons or families, (ii) Providing an abatement of real estate taxes for the 10 Liberty project and (iii) Authorizing the mayor to enter into a tax abatement agreement with 10 Liberty Owners LLC in accordance with Conn. Gen. Stat. Sec. 8-215, annotated charter of the City of New Haven, Article IV, Section 6, and City of New Haven Code of General Ordinances, Section 28-4

Submitted by: Economic Development Administrator

REPORT: 1650-16
ADVICE: Approval

BACKGROUND

Project Summary Response

The 10 Liberty Project (the “Project”) is an 100% affordable housing development (the “Project”) and a transit oriented development (“TOD”) to be constructed in the Hill neighborhood of New Haven within walking distance to Union Station, downtown New Haven and the Medical District. The new five-story building will replace a former industrial complex that is currently vacant and dilapidated. When completed, the Project will provide 150 affordable apartments with tenant amenities, such as a gym and co-working spaces. Apartment sizes will vary from efficiencies to three-bedroom units, with many apartments enjoying views of Long Island Sound and downtown New Haven. Occupancy of the Project will be limited to tenants whose incomes range from 30% to 80% of the Area Median Income (“AMI”), with the average AMI calculated at approximately 60% of AMI.

Existing Conditions



Current view of 10 Liberty Street from the corner of Liberty and Spring Streets .View is looking west along Liberty Street

10 Liberty Street a/k/a 45 Spring Street (the “Site”) is 1.71 acres and currently includes four vacant, conjoined and dilapidated industrial buildings that were built between 1919-1930 as well as a surface parking lot. The buildings were formerly occupied by Electrix Lighting Company, a lighting design and manufacturing company, which was located at the Site for almost four decades until the Company vacated the premises at the end of December in 2020. The State Historic Preservation Office has reviewed the Project and determined that because the buildings have experienced “excessive alterations over time”, they “no longer possess sufficient historic integrity to be considered eligible for either the State or National Register”, and therefore, the Project, which involves the demolition of the buildings, will not affect any “historic properties.” (See Exhibit 18).

Project Description

The Project includes the demolition of the existing deteriorating industrial buildings and the construction of a five-story 150-unit apartment building (the “Building”). The square footage of the Building will be approximately 150,000 sf. There will be 136 at-grade parking spaces and bike storage for at least 45 bikes. The first floor of the Building will include a lobby and amenity spaces, including a coworking space and a gym as well as package, utility, trash/recycling rooms. The façade design of the Building, including its windows and site signage, is inspired by the Site’s industrial history, while respecting its context, as the Site is bounded by both commercial and residential uses.

Sitework includes a new stormwater retention system that involves the installation of four new bioswales, construction of new curbs and sidewalks along Spring, Liberty, and Putnam Streets, installation of 24 new street trees, and new lighting. Sustainable measures for the Building include, in addition to the bioswales, an all-electric HVAC system and solar panels.

Site Plan approval was granted by the New Haven City Plan Commission approval on February 16, 2022 (Exhibit 18). Additionally, the Office of State Traffic Administration (“OSTA”) issued an Administrative Decision letter confirming that the traffic that will be generated by the Project will not require any improvements to the adjacent roadways. (Exhibit 18). In addition, environmental remediation was undertaken by the current property owner in accordance with the Connecticut Transfer Act, which remediation permits residential development. A No Audit Letter was received from the Connecticut Department of Energy and Environmental Protection (“DEEP”) in December 2021. In connection with the Project, the City was recently awarded a \$995,600 Brownfields grant from the Connecticut Department of Community and Economic Development (“DECD”) to abate and demolish the buildings currently located on the Site, which work the Applicant will undertake (see Exhibit 7).

The Project is a Transit Oriented Development (“TOD”). Bounded by Putnam, Liberty and Spring Streets, the Site is proximate to multiple modes of transportation. A local bus stop is located adjacent to the Site at the corner of Liberty and Spring Streets, and the Site is two blocks (0.3 mile) from New Haven’s Union Station Transportation hub (Metro North commuter rail, Amtrak Northeast Corridor, public and regional bus service, the free Downtown shuttle, and the Yale Shuttle). The Site is also within .8 miles of Exit 46 off of I-95. The Site is walkable and within biking distance of downtown New Haven and its array of employers. Situated 0.5 mile from the corner of Cedar Street and Congress Avenue, the Site is within close proximity to the center of the Medical District, which includes Yale-New Haven Hospital (YNHH), Yale’s Medical school and other Yale-affiliated lab, clinical, academic, and administrative spaces. In addition, the Site is proximate to the 101 College Street and 100 College Street bioscience lab and office buildings and to the Ancora bioscience building to be constructed on the former Coliseum site. The Site is also located one block away (.1 mile) from the City of New Haven Bike Network on Church Street South.

As described above, the Project will be 100% affordable. It is one of very few new 100% affordable housing development expected to be developed in the City. Despite the dramatic expansion of employment opportunities in the Biosciences/Medical District and adjacent area of downtown New Haven, comparatively few housing units have been constructed in the area. Newer residential projects offer predominantly luxury market rate units. In New Haven, about 57% of renter households and 26.6% of the owner households earn less than 50% of the AMI, totaling 23,859 households. These households often experience housing instability, may rely on housing assistance, and are typically spending more on housing as a percentage of their overall income. A recent market study completed by the real estate firm CBRE estimated that the demand for income-restricted affordable housing within the City of New Haven totals almost 27,000 units. There are currently only 3,600 such units. Existing units are fully leased with extensive waiting lists. The Project will help fill this greatly necessary need. It is located within a HUD Qualified Census Tract (140300), which as of the 2021 ACS five-year estimates, was characterized by a 35.7% poverty rate and a median household income of \$50,000. The Census Tract is in an Urbanized Area, a Qualified Opportunity Zone and is within the City’s Enterprise Zone.

The Project’s expected target population includes low and moderate-income tenants seeking improved quality of affordable housing and access to employment opportunities in the expanding Medical District and in other locations readily accessible from the Site’s multi-modal TOD connectivity. As stated above, the average AMI of the families living in the Building will be 60%, with all of the unit sizes being made available to families earning 30% AMI or lower. The finishes in all of the units will be of the same quality, and families with differing income levels will be disbursed throughout the Project. The Project will have

income deed restrictions (approximately 30 years) in accordance with the requirements of its funding sources.

Funding for the Project

Total construction costs are estimated to exceed \$60 million, as certified by the architect, and contained in the attached Exhibit 15 Funding will be provided from a variety of governmental and private sources. The sources include tax-exempt and taxable bonds for which Applicant has submitted a Consolidated Application to the Connecticut Housing Finance Authority (“CHFA”); proceeds from the sale of 4% Low-Income Housing Tax Credits, a CHFA Opportunity Fund grant; and a Connecticut Department of Housing (DOH) loan. In addition, Applicant has submitted an application to the City of New Haven’s Livable City Initiative Department for funding. Further, the City has been awarded a municipality grant from DECD of \$995,600 under the Brownfields Program for the Project for abatement and demolition of the current buildings on the Site. To assist in the funding for the Project, the Applicant will also defer a portion of its entitled development fees. See Exhibit 7 for Commitment Letters which includes the DECD Notice of Award.

However, the above potential sources, as well as the overall financial feasibility of the Project, is contingent upon a tax abatement. The Applicant is thus seeking under the LISHTA program a freeze on the assessment of the Site for two years and a subsequent tax abatement for the next 15 years of \$400/unit with a 3% escalator after the first year of the abatement. This abatement is comparable to other abatements granted by the Board of Alders and would enable the Project to move forward to secure funding in order to construct 150 sorely needed affordable housing units in an ideal location in the City.

TEXT

ORDINANCE AMENDING THE NEW HAVEN CODE OF ORDINANCES FOR THE PURPOSES OF (i) CLASSIFYING THE 10 LIBERTY PROJECT AS A PROPERTY USED FOR HOUSING SOLELY FOR LOW OR MODERATE INCOME PERSONS OR FAMILIES, (ii) PROVIDING AN ABATEMENT OF REAL ESTATE TAXES FOR THE 10 LIBERTY PROJECT AND (iii) AUTHORIZING THE MAYOR TO ENTER INTO A TAX ABATEMENT AGREEMENT WITH 10 LIBERTY OWNERS LLC IN ACCORDANCE WITH CONN. GEN. STAT. SEC. 8-215, ANNOTATED CHARTER OF THE CITY OF NEW HAVEN, ARTICLE IV, SECTION 6, AND CITY OF NEW HAVEN CODE OF GENERAL ORDINANCES, SECTION 28-4.

WHEREAS, the 10 Liberty Project is a 150 unit multi-family affordable housing project for which Site Plan approval was granted by the New Haven City Plan Commission on February 16, 2022 (CPC Report 1602-04); and

WHEREAS, the building to be developed for the 10 Liberty Project (the “10 Liberty Building”) will be constructed on property that currently contains vacant industrial buildings that will be demolished and a surface parking lot, which property is located at 10 Liberty Street a/k/a 45 Spring Street (the “10 Liberty Property”) in the Hill neighborhood of New Haven; and

WHEREAS, the 10 Liberty Building will be five stories high, contain approximately 150,000 square feet and be comprised of 150 apartments (including studios and 1-3 bedroom units) as well as amenity space that includes a gym, a co-working space and a storage area for bicycles; and

WHEREAS, all of the residential units in the 10 Liberty Project will be set aside for individuals and families whose income on average is 60% of the Area Median Income (“AMI”) of persons and families living in the New Haven/Meriden area, as established by the United States Department of Housing and Urban Development; and

WHEREAS, there is a shortage of affordable rental units in New Haven, and the construction of the 10 Liberty Project will create additional affordable housing units needed in the City; and

WHEREAS, 10 Liberty Owners LLC (the “Applicant”) is the contract purchaser of the 10 Liberty Street Property; and

WHEREAS, the Applicant has applied to the Connecticut Housing Finance Authority for 4% Low Income Housing Tax Credits and to the Connecticut Department of Housing and the City of New Haven for loans to assist in the development of the 10 Liberty Project; and

WHEREAS, the Applicant has also applied to the City of New Haven’s Board of Alders (the “Board of Alders”) for a tax abatement for 15 Grand List years in the amount of \$400 per unit plus a 3% annual increase after the first year of the tax abatement as well as a freeze on the assessment of the 10 Liberty Property during the first two years of the construction of 10 Liberty Project under the City of New Haven's program for Tax Abatement for Low Income Multi-Family Developments (the “LISHTA Program”) (the “Application”); and

WHEREAS, the Applicant has provided all of the information and materials required by the Board of Alders to make a determination regarding the Applicant's eligibility for the tax abatement requested; and

WHEREAS, the Applicant requires the tax abatement requested in the Application in order to develop the 10 Liberty Street Project; and

WHEREAS, the tax abatement requested by the Applicant is similar to tax abatements granted by the Board of Alders for comparable projects; and

WHEREAS, the Board of Alders finds that the tax abatement requested by the Applicant will be used to (i) reduce rents below the levels which would be achieved in the absence of the abatement and to improve the quality and design of the 10 Liberty Project, (ii) effect occupancy of the 10 Liberty Project by persons and families of varying income levels and (iii) provide necessary related facilities and services for the 10 Liberty Project; and

WHEREAS, the Board of Alders has the authority to grant the Application for a tax abatement pursuant to Conn. Gen. Stat. Sec. 8-215, the Annotated Charter of the City of New Haven Charter, Article IV, Section 6 and the City of New Haven Code of General Ordinances, Section 28-4.

NOW THEREFORE, BE IT ORDAINED that the Application for a tax abatement is hereby approved.

AND BE IT FURTHER ORDAINED that the City of New Haven (the “City”) and the Applicant shall enter into a tax abatement agreement (the “Tax Abatement Agreement”) which shall provide that the Affordable Unit Component will be entitled to a tax abatement for 15 consecutive Grand List years following a two year freeze of the assessment of the Property and which Tax Abatement Agreement shall further provide that the taxes levied during the abatement period shall be \$400 per housing unit, which amount shall be increased by 3% for each year subsequent to the first year of the abatement period.

AND BE IT FURTHER ORDAINED that the Tax Abatement Agreement shall also provide that the City will conduct an Annual Compliance Review of the 10 Liberty Project regarding its compliance with the affordability requirements of the LISHTA program and related matters and that the Tax Abatement Agreement shall be filed on the land records of the City.

AND BE IT FURTHER ORDAINED that the Mayor of the City be and hereby is authorized to execute and deliver on behalf of the City the Tax Abatement Agreement together with such ancillary documents as may be necessary to implement the intent of this Ordinance and the City's LISHTA program.

PLANNING CONSIDERATIONS

The 10 Liberty development is a major step towards creating transit-oriented development in the Hill neighborhood and within walking distance to Union Station. Site Plan approval was granted by the New Haven City Plan Commission on February 16, 2022 (CPC Report 1602-04). The project will provide quality housing and tenant amenities. The Comprehensive Plan of Development has the goal of building, “Transit-oriented developments with reduced parking requirements and appropriate densities in suitable locations to facilitate further transit use” (Section xxiii). This proposal fulfills that goal while also providing affordable housing that is desperately needed in New Haven.

ADVICE

The new development meets many of the city’s overall goals from both an affordable housing and neighborhood development perspective. While the tax agreement will be further reviewed by the appropriate city entities, the Commission lends its support to the ordinance as highly consistent with the Comprehensive Plan of Development.

ADOPTED: May 15, 2024
Leslie Radcliffe
Chair

ATTEST: _____
Laura E Brown
Executive Director, City Plan