

June 29, 2022

The Honorable Tyisha Walker-Myers  
President of the New Haven Board of Alders  
City of New Haven  
165 Church Street  
New Haven, CT 06510

Re: Tax Abatement Agreement for The Towers at Tower Lane

Dear Ms. Walker-Myers:

I am writing to request that the Board of Alders approve a tax abatement agreement for The Towers at Tower Lane, located at 18 Tower Lane in New Haven (the "Towers"). As the Board of Alders is aware, the Towers has been providing elderly independent housing and assisted living services for very low income, low income and moderate income seniors from diverse communities in New Haven for over fifty years. Their unique model of making available low cost housing in their 328 apartments together with supportive services, cultural offerings, and healthy meals for the elderly has created is a valued and important resource in our City.

The Towers is a Section 8 project based community, and 74% of its apartments are subsidized by HUD, which controls the rents that can be charged for these units. However, The Towers' costs have skyrocketed in these times of inflation, the pandemic and supply chain problems, including significant increases in the costs of insurance, utilities, payroll, and operation expenses, which the rents have not kept up with. As a result, The Towers is operating at a deficit and anticipates a shortfall of \$300,000 next year which will necessitate layoffs of its staff and a consequent cutback of its services to its vulnerable population.

Accordingly, our office is requesting that the Board of Alders approve a tax abatement for The Towers that is in line with the tax abatements recently approved for other low and moderate income developments. The proposed tax abatement would fix the taxes for 39 years at \$350 per unit with an annual escalator based on the percentage increase in rents that HUD permits the owner to charge for the subsidized units each year. It should be noted that The Towers currently has two tax abatement agreements, one for its Tower East building which will expire in March 2023 and the other for its Tower One building, which has not provided any tax relief to The Towers for at least 9-10 years. because that tax abatement is dependent upon the State of Connecticut reimbursing the City for the abated taxes, and this State program has not been operative since at least 2012-2013. We are asking that these existing agreements be terminated.

Attached please find a proposed Ordinance as required by Connecticut General Statutes, Section 8-215, a proposed Tax Abatement Agreement and an Application for a Tax Abatement submitted by The Towers.

Please let us know if you need any additional information. We are looking forward to presenting this application to the Board's Tax Abatement Committee and appreciate the Board's consideration of this request.

Respectfully submitted,

Michael Gormany  
Acting Controller

Attachment

cc: Patricia K. Solomon, Contract Compliance