

SUBJECT TO APPROVAL

MEETING DATE: MONDAY, AUGUST 30, 2021
6:00 P.M.

MEETING PLACE: ZOOM ONLINE MEETING

BOARD OF SELECTMEN MEETING MINUTES

6:00 p.m. Regular Session

First Selectwoman Lyons called the Regular Session of Monday, August 30, 2021 to order at 6:03 p.m. Also in attendance were Selectwoman Duques, Selectman Goldberg, Selectman Murphy and Selectman Wilson.

1. Pledge of Allegiance.
First Selectwoman Lyons led the Pledge of Allegiance.
2. Approval of minutes – June 8, 2021, June 14, 2021 Special

MOVED by Selectman Wilson and seconded by Selectman Goldberg to approve Minutes of July 14, 2021 Special Meeting, July 19, 2021, August 3, 2021 Special Meeting, and August 21, 2021 Emergency Meeting.

VOTE: this motion was approved unanimously.

3. First Selectwoman's Updates.
The First Selectwoman provided an update which is attached to these minutes.
4. Liaison Reports / Selectmen Comments.

Erin Duques Ad-hoc Affordable Housing Advisory Committee

5. Citizen Comments.

Jim Ferency of Seaview Avenue stated his concerns regarding vehicle theft and other juvenile crimes. He gave an overview of types of ways that the Town and the Police Department in particular could start addressing these issues. The most obvious solution he stated was to increase the police presence in vulnerable neighborhoods.

6. Discuss and take action on proclaiming September 4th – 11th 2021 as a time of remembrance, a commitment to volunteerism and community pride in the Town of Madison.

Selectman Wilson read aloud the proclamation.

MOVED by Selectman Murphy and seconded by Selectman Wilson to approve proclaiming September 4th – 11th 2021 as a time of remembrance, a commitment to volunteerism and community pride in the Town of Madison.

VOTE: this motion was approved unanimously.

7. Discuss and take action on a Proclamation honoring the Healing Fields ceremony and the Madison Exchange Club.

Selectman Wilson read aloud the proclamation.

MOVED by Selectman Murphy and seconded by Selectman Wilson to approve proclaiming September 4th – 11th 2021 as a time of remembrance, a commitment to volunteerism and community pride in the Town of Madison.

VOTE: this motion was approved unanimously.

8. Discuss and take action to approve Proclamations honoring Eagle Scouts:
Erik Bernard
Alex Black
Rocky Mayer

MOVED by Selectman Wilson and seconded by Selectman Murphy to approve Proclamations honoring Erik Bernard, Alex Black, and Rocky Mayer.

VOTE: this motion was approved unanimously.

9. Presentation from the Hope Partnership / Caleb Foundation regarding Wellington at Madison and a Tax Abatement application made to the Town.

Liz Torres of Hope Partnership provided an overview of the project and the requests for the project to move forward. Ms. Torres presented a memo with more details which is attached to these minutes.

First Selectwoman Lyons stated that the process to move forward would be to bring the tax relief requests to the Board of Finance for approval and then to Town Meeting approval.

Selectman Goldberg asked if the tax relief passed on to a new owner if the property was sold; and the Board reviewed that this would have to be clarified by Town Counsel.

Selectman Wilson questioned if the property would be subject to revaluation as with other properties and Ms. Torres stated that the request would be for the taxes to increase only by 3% every tax year for 20 years and then after this time the property would be taxed at its valuation.

Ms. Torres stated that this is housing to help support the workforce; there are people who work in Madison but cannot afford to live in Madison.

10. Discuss and take action to approve a Donations as follows:

In the amount of \$5,000 from Neighbor to Neighbor to fund camp scholarships.

In the amount of \$2,000 from the Madison Exchange Club to fund camp scholarships..

MOVED by Selectman Murphy and seconded by Selectman Wilson to approve the above donations with gratitude from the Board.

VOTE: this motion was approved unanimously.

11. Discuss and take action to approve the following hires:

Erin Boucher to the position of Dispatcher in the Communications and Records department. The position is union (UPSEU). Rate of pay is Step 4 - \$28.30 per hour. The position is budgeted, not requiring an appropriation of funds. This position vacancy was created due to an internal transfer.

Amy De Lucia-Ferry to the position of Youth Development Coordinator I in the Youth and Family Services department. The position is non-union. Rate of pay is Grade 5, Step 3 - \$24.07 per hour. The position is budgeted, not requiring an appropriation of funds. This position vacancy was created due to a resignation.

Tyler Haskell to the position of Deputy Emergency Management Director in the Emergency Management department. The position is non-union. Rate of pay is a \$5,000 annual stipend. The position is budgeted, not requiring an appropriation of funds. This position vacancy was created due to a retirement.

MOVED by Selectman Wilson and seconded by Selectman Murphy to approve the above hires.

VOTE: this motion was approved unanimously.

12. Discuss and take action to approve retaining the services of Tyche Planning & Policy Group through January 31, 2022; and to authorize the First Selectwoman to sign an agreement of the same terms.

MOVED by Selectman Wilson and seconded by Selectman Goldberg to approve retaining the services of Tyche Planning & Policy Group through January 31, 2022; and to authorize the First Selectwoman to sign an agreement of the same terms.

VOTE: this motion was approved unanimously.

13. Discuss and take action to approve a Line Item Transfer request in the amount of \$18,000 to fund the services of Tyche Planning & Policy Group through January 31, 2022.

MOVED by Selectman Wilson and seconded by Selectman Murphy to approve a Line Item Transfer request in the amount of \$18,000 to fund the services of Tyche Planning & Policy Group through January 31, 2022.

VOTE: this motion was approved unanimously.

14. Discuss and take action to approve recommending to the Board of Finance the creation of a Coastal Resiliency Reserve Fund.

First Selectwoman Lyons stated that this fund would help to target projects to protect the shoreline. Graham Curtis of the Coastal Resiliency Commission provided a presentation of work the commission has done to determine what might be the first projects for the town to undertake.

The Board reviewed that this funding would be used to start the process on projects necessitated by the shrinking coastline. This is positioning the Town to seek state and federal aid and plan for much bigger projects. Finance Director, Stacy Nobitz stated that these projects would still be in CIP. By putting money into a reserve the fund would gain more interest earnings.

MOVED by Selectman Murphy and seconded by Selectman Goldberg to approve recommending to the Board of Finance the creation of a Coastal Resiliency Reserve Fund.

VOTE: this motion was approved unanimously.

15. Discuss and take action to approve a Special Appropriation in the amount of \$500,000 to fund the Coastal Resiliency Reserve Fund; pending Board of Finance and Town Meeting approval.

MOVED by Selectman Murphy and seconded by Selectman Wilson to approve a Special Appropriation in the amount of \$500,000 to fund the Coastal Resiliency Reserve Fund; pending Board of Finance and Town Meeting approval.

VOTE: this motion was approved unanimously.

16. Discuss and take action to re-authorize the Old Elm Street Historic District Study Committee through August 31, 2023.

MOVED by Selectman Wilson and seconded by Selectman Murphy to approve re-authorizing the Old Elm Street Historic District Study Committee through August 31, 2023.

VOTE: this motion was approved unanimously.

17. Discuss and take action to formally appoint the following members to the Old Elm Street Historic District Study Committee with terms to expire August 31, 2023:

Eric Berg
Thomas Boyle
Susan Cartledge
John Lind
Carol Snow

Alternates:

Eric Axberg
Peter Clement

MOVED by Selectman Wilson and seconded by Selectman Murphy to approve appointing the above members to the Old Elm Street Historic District Study Committee with terms to expire August 31, 2023.

VOTE: this motion was approved unanimously.

18. Appointments / Resignations:

Resignation of C. Thomas Paul from the Inland Wetlands Commission.

Resignation of Kenneth Kaminsky from the Board of Finance.

Resignation of Happy Marino from the Board of Education, pending acceptance by the Board of Education on September 14, 2021.

Appointment of Margaret Newcomb to the Shellfish Commission for a term to expire January 1, 2022.

Appointment of Ernest Lacore to the ZBA Alternates for a term to expire November 1, 2021.

Appointment of Happy Marino to the Board of Finance for a term to expire November 1, 2021, acceptance of her resignation from the Board of Education.

Appointment of Christine Maisano to the Board of Education for a term to expire November 1, 2021, pending acceptance of the resignation of Happy Marino by the Board of Education on September 14, 2021.

MOVED by Selectman Goldberg and seconded by Selectman Wilson to approve the above resignations and appointments with thanks from the Board.

VOTE: this motion was approved unanimously.

19. Review status of potential referendum projects.

First Selectwoman Lyons provided a brief overview which is attached to these minutes. Selectman Wilson stated that the Academy School proposal from the Ad Hoc Committee was for a Community Center; he asked if the plan was being changed or refined. First Selectwoman Lyons stated that the new plan would be to refine the community space and to include space for town departments now.

20. Discuss and take action to set a Public Hearing to solicit comment on an Ethics Code Ordinance.

The Board reviewed the language of the draft Ordinance and that the ethics concerns could involve elected or volunteer board members. Selectman Wilson cautioned that the public reading the Ordinance would not be attorneys and that the document should be easily read by legal laypeople. Selectwoman Duques questioned if the documents associated with the complaints would be confidential and Attorney Szerejko stated that the documents are exempted from FOIA until probable cause is found. She also asked if there was a procedure to support the Ordinance; for example, how meetings are held.

There being no objection the Board approved tabling this item until their next meeting.

21. Discuss and take action to approve a Charge of the Ad-Hoc Marijuana Legalization Advisory Committee.

MOVED by Selectman Goldberg and seconded by Selectman Wilson to approve the Charge of the Ad-Hoc Marijuana Legalization Advisory Committee.

VOTE: this motion was approved unanimously.

22. Discuss and take action to approve Round 3 ARP Funding schedule in an amount not to exceed \$282,359.00.

MOVED by Selectman Murphy and seconded by Selectman Goldberg to approve the Round 3 ARP Funding schedule in an amount not to exceed \$282,359.00.

VOTE: this motion was approved unanimously.

23. Discuss recommended priorities and objectives for the use of ARP Funding.

First Selectwoman Lyons provided an overview of the current obligations and funds remaining after these obligations. She also highlighted some priorities and asked that the Board continue the conversation at their next meeting.

24. Discuss and take action to approve a Charge for Ad-Hoc ARP Funding / COVID Taskforce Advisory Committee.

The Board reviewed the composition of the Committee.

MOVED by Selectman Wilson and seconded by Selectman Goldberg to approve a Charge for Ad-Hoc ARP Funding / COVID Taskforce Advisory Committee.

VOTE: this motion was approved with four votes in favor and Selectwoman Duques was opposed.

25. Review Building Code Appeals process.

There being no objection the Board tabled this item.

26. Tax Abatements / Refunds.

MOVED by Selectman Wilson and seconded by Selectwoman Duques to approve a Tax Abatements / Refunds totaling \$12,721.26.

VOTE: this motion was approved unanimously.

27. Citizens comments.

28. Adjournment.

There being no objection the Board adjourned at 8:35 p.m.

Respectfully submitted,

Lauren Rhines
Town Coordinator / Risk Manager

The Town of Madison does not discriminate on the basis of disability, and the meeting facilities are ADA accessible. Individuals who need assistance are invited to make their needs known by contacting the Town's ADA/Human Resources Director Debra Milardo at 203.245.5603 or by email to milardod@madisonct.org at least five (5) business days prior to the meeting.



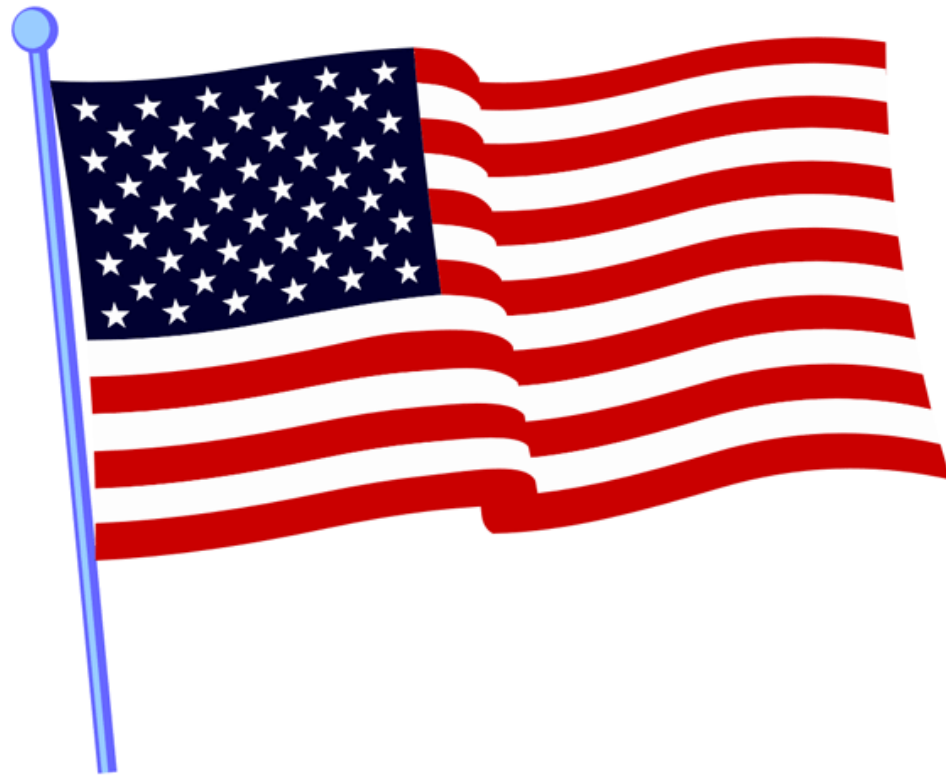
TOWN OF MADISON

CONNECTICUT

Regular Meeting – August 30, 2021

Board of Selectmen

Pledge of Allegiance



Agenda

1. Pledge of Allegiance.
2. Approval of Minutes
3. First Selectwoman's Updates.
4. Liaison Reports/Selectmen Comments.
5. Citizen comments
6. Discuss and take action on proclaiming September 4th – 11th 2021 as a time of remembrance, a commitment to volunteerism and community pride in the Town of Madison.
7. Discuss and take action on a Proclamation honoring the Healing Fields ceremony and the Madison Exchange Club.
8. Discuss and take action to approve Proclamations honoring Eagle Scouts
9. Presentation from the Hope Partnership / Caleb Foundation regarding Wellington at Madison and a Tax Abatement application made to the Town.
10. Discuss and take action to approve a Donations
11. Discuss and take action to approve the following hires
12. Discuss and take action to approve retaining the services of Tyche Planning & Policy Group through January 31, 2022; and to authorize the First Selectwoman to sign an agreement of the same terms.
13. Discuss and take action to approve a Line Item Transfer request in the amount of \$18,000 to fund the services of Tyche Planning & Policy Group through January 31, 2022

Agenda (cont)

14. Discuss and take action to approve recommending to the Board of Finance the creation of a Coastal Resiliency Reserve Fund.
15. Discuss and take action to approve a Special Appropriation in the amount of \$500,000 to fund the Coastal Resiliency Reserve Fund; pending Board of Finance and Town Meeting approval.
16. Discuss and take action to re-authorize the Old Elm Street Historic District Study Committee through August 31, 2023.
17. Discuss and take action to formally appoint the members to the Old Elm Street Historic District Study Committee with terms to expire August 31, 2023
18. Appointments/Resignation
19. Review status of potential referendum projects.
20. Discuss and take action to set a Public Hearing to solicit comment on an Ethics Code Ordinance.
21. Discuss and take action to approve a Charge of the Ad-Hoc Marijuana Legalization Advisory Committee.
22. Discuss and take action to approve Round 3 ARP Funding schedule in an amount not to exceed \$282,359.00.
23. Discuss recommended priorities and objectives for the use of ARP Funding.
24. Discuss and take action to approve a Charge for Ad-Hoc ARP Funding / COVID Taskforce Advisory Committee

Agenda (cont)

- 25. Review Building Code Appeals process.
- 26. Tax Abatements / Refunds.
- 27. Citizens comments.
- 28. Adjournment.

First Selectwoman Update

- Tropical Storm Henri resulted in minimal damage, power outages
 - Test run for future storms that may require evacuations, etc.
 - Debrief next month on lessons learned/areas to improve
- Madison vaccination rates in Top 15 across the state
 - 84% of eligible residents vaccinated, 75% of total residents
 - 65% of ages 12-17; 99% of 18-24; 85% of 25-44; 77% of 45-64; 100% 65+
- State requiring vaccinations for state employees, public school teachers, staff and employees
 - Town continuing to see rise in COVID cases. Will adjust policies to adapt to changing circumstances
- Town awarded a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the U.S. and Canada (GFOA) for 2020 report

Update on Referendum Projects

School Renewal Bonding Plan	Academy Community Center Bonding	Island Avenue Property Sale
<ul style="list-style-type: none">• Finalizing purchase agreement for elementary school site• Project cost projections in process• BOE anticipating presenting final plan to BOS in September• BOE working on next steps/options for closed facilities	<ul style="list-style-type: none">• Colliers updating project costs• Municipal space usage plan in process• B&R developing survey/programming needs and plans• B&R developing staffing profile• Reviewing options for needs assessment	<ul style="list-style-type: none">• BOS recommends OLM Proposal to move forward• P&Z (9/2) & BOF (9/15) scheduled to review OLM Proposal• Due Diligence List, LOI and Sale agreement in process• Town Counsel working on resolving deed restrictions

Ad Hoc ARP Funding/COVID Taskforce

Charge: The committee shall create a Plan that coordinates the long-term community and economic recovery of Madison in the wake of the COVID-19 public health emergency to:

DRAFT

- fully restore Town government services
- aid residents in recovery efforts
- aid businesses in recovery efforts
- determine Emergency Management needs in the face of future public health emergencies
- determine projects to move forward under ARP Funding

Prior to the completion of such plan, the committee shall hold at least one Public Hearing to gather public input.

Committee Meetings: The Committee shall meet as required to fulfill their charge. Meetings will be noticed and include time for public comment as a standing agenda item.

Committee Composition:

- one (2) from the Board of Selectmen
- one (2) from the Board of Finance
- one (1) from the Board of Education
- one (1) from the Economic Development Commission
- one (1) from the Senior Services Commission
- one (1) from the Youth and Family Services Board
- two (2) additional members from the public.

The Board of Selectmen will appoint the members of the public to the committee.

Status of American Rescue Plan

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Category	Round 1	Round 2	Round 3	Total
Town Operations	\$38,000	\$6,600	\$0	\$44,600
Public Safety & Health	\$57,755	\$85,000	\$120,834	\$263,589
Facilities & Infrastructure	\$0	\$26,000	\$0	\$26,000
Community Support	\$3,500	\$251,700	\$46,525	\$301,725
Economic Development	\$0	\$50,000	\$115,000	\$165,000
Total	\$99,255	\$419,300	\$282,359	\$800,914
Total Funds Available	\$5,335,989			
Funds Awarded To Date	\$800,914			
ARP Funds Remaining	\$4,535,075			

Some Potential Priorities/Goals:

- Aspire for all residents to see some benefit of ARP Funds
- Create more sustainable infrastructure
- Enhance outdoor spaces
- Improve health and safety of residents
- Create a more resilient community
- Invest in economic vibrancy

Summary eligible use:

- Support Public Health Expenditures
- Address Negative Economic Impacts
- Replace Lost Public Sector Revenues
- Provide Premium Pay for Essential Workers
- Invest in water, sewer, broadband infrastructure

Timing:

- Town received 50% in June; will receive 50% one year later
- Town has awarded \$800K to date

Status:

- Town identifying possible uses, including revenue replacement and CIP projects
- BOS establishing ARP Funding Task Force to advise on all future requests

Grant Awards to Outside Organizations DRAFT

- Potential to establish independently managed grant program to outside organizations; make recommendations to BOS

	Community Support	Business Support	Arts & Culture Support
Potential Demographic	<ul style="list-style-type: none"> • Social services • Affordable Housing assistance • Stabilization assistance for households • Childcare assistance • Addressing educational disparities • Promoting healthy childhood environments • Funding benefits navigators to assist community members • Mental health support 	<ul style="list-style-type: none"> • Business district improvements programs including facades improvement program • Economic stabilization for businesses • Re-opening Assistance • Assisting shuttered venues • Speeding recovery of tourism, travel, and hospitality • Free, outdoor services and programs 	<ul style="list-style-type: none"> • Restore jobs in the arts, cultural & creative sectors • Help sustain the arts and support recovery • Drive traffic to local businesses – restaurants, stores, lodging for economic development
\$MM	TBD	TBD	<ul style="list-style-type: none"> • 1% of ARPA Funds; \$53 MM
Facilitator Group	MYFS Board or Independent Grant Review Board	EDC or Independent Grant Review Board	Proposal from Shoreline Arts Alliance

Ad Hoc Marijuana Legalization Advisory Committee

DRAFT

Background: Effective July 1, 2021 the State of Connecticut passed SB 1201, An Act Concerning Responsible and Equitable Regulation of Adult-Use Cannabis. In accordance with this Bill, municipalities are empowered to make certain decisions for the usage and sale of marijuana.

Charge: The committee shall prepare a recommendation for the conditions of use and sale of marijuana within the Town of Madison, including but not limited to:

- Regulations on usage on Town-owned or public property, including fines or penalties for consumption on public property, if applicable
- Establishment of municipal sales tax on the sale of cannabis
- Enactment of Zoning regulations or ordinances governing cannabis establishments
- Regulations for usage by Municipal employees
- Law enforcement guidelines
- Policies and programs for Prevention/Youth Services
- Such plan shall be presented to the Board of Selectmen for review and approval to enable adoption of recommended regulations.

Committee Meetings: The Committee shall meet as required to fulfill their charge. Meetings will be noticed and include time for public comment as a standing agenda item.

Committee Composition:

- one (1) representative from the Board of Selectmen
- one (1) representative from the Board of Finance
- one (1) representative from the Board of Education
- one (1) representative from the Planning & Zoning Commission
- one (1) representative from the Economic Development Commission
- one (1) representative from the Youth and Family Services Board
- one (1) representative from the Board of Police Commissioners
- three (3) additional members from the public.

Staff Liaisons:

Catherine Barden, Youth & Family Services
Representative, Madison Police Department
Representative, Planning Department
Trent Joseph, Health Director

The Board of Selectmen will appoint the members of the public to the committee.

MEMO

To: Peggy Lyons, First Selectwoman

From: Robert Bernardin, The Caleb Foundation
David Carswell, HOPE Partnership

Subject: Wellington at Madison
131 Cottage Road
Request for Tax Exemption and 20 Year Tax Relief

Date: August 2, 2021

The Caleb Foundation and HOPE Partnership, Inc. (the Partners) request the following:

- A tax exemption in compliance with the Town's Ordinance, Section 20-2 for Tax-exempt Organizations, for property located at 131 Cottage Road that the Partners acquired in April 2020; and
- A 20-year relief of property taxes in compliance with the Town's Ordinance, Section 20-3 for property tax relief for affordable housing land use for the Partners' proposed affordable housing development located at the same address above.

This request supersedes the prior request to the Town of Madison dated November 4, 2020 and June 20, 2021.

Project Description. The Partners intend to develop 34 units of which 31 will be affordable. This mixed-income development will provide high quality, newly constructed rental housing to families with a range of incomes including 25% of the area median income (AMI), 50% AMI, 60% AMI and up to 120% of AMI in a high opportunity area. This development seeks to create a neighborhood feel for families by utilizing its current historic 1808 Henry Josiah Meigs home and developing condominium-style buildings clustered throughout the site and adjoined by walking paths.

The project site for development is located at 131 Cottage Road, Madison, Connecticut off Route 1, and close to I-95. This property currently includes four completed and occupied rental units in one structure, a vacant, partially renovated historic farmhouse/ barn, and a completed foundation for a 6-unit structure. Within this new development, a total of 20 - one-bedroom units and 14 - two-bedroom units will be created. See Exhibit 1 for approved site plan.

The location of the site is within 385' to public transit; within a quarter mile are a convenient market, a bagel shop, a Dunkin Donuts and several restaurants. It is within walking distance of

open space and recreation opportunities, to include Salt Meadow Park, Hammonasset River, Hammonasset Beach State Park, and the Shoreline Greenway Trail. The community is within 2 1/2 miles of Madison's historic art district for cultural opportunities as well as Madison's central business center, public library, and train station.

Affordability Plan. This development will serve individuals and families with a range of incomes including 25% AMI, 50% AMI, 60% AMI and up to 120% of AMI in a high opportunity area. The annual household incomes will be between \$16,275 and \$49,440. See breakdown below.

% of AMI	Units	Type	Rent	Annual Income
25%	9	1	\$ 454	\$ 16,275
50%	9	1	\$ 908	\$ 32,550
60%	2	1	\$ 1,089	\$ 43,260
60%	11	2	\$ 1,308	\$ 49,440
Unrestricted	3	2	\$ 2,060	n/a
Total Units	34			

Development Sources and Uses. The estimated total development cost (TDC) of the project is \$11,414,892. The total hard costs including contingency are estimated to be \$7,140,000. The remainder of the TDC is comprised of architecture & engineering fees, surveying, environmental engineering, legal fees, financing costs, real estate taxes & insurance, and other soft costs. Below is a summary of the sources and uses. See Exhibit 2 for construction cost estimate and Exhibit 3 for development budget.

Construction Costs	\$ 6,800,000	4% LIHTC Proceeds	\$ 2,949,892
Construction Contingency	\$ 340,000	State Historic Tax Credits	\$ 165,000
Architect and Engineering Fees	\$ 200,750	State DOH Funding	\$ 4,000,000
Finance and Interim Fees	\$ 282,283	State NAA	\$ 150,000
Soft Costs	\$ 221,696	CHFA HTCC	\$ 1,500,000
Developer Fees	\$ 984,591	Federal Home Loan Bank of Boston	\$ 650,000
Acquisition	\$ 2,445,000	Guilford Savings Bank	\$ 2,000,000
Reserves	\$ 51,227		
Entity and Syndication Costs	\$ 89,345		
Total Development Uses	\$ 11,414,892	Total Funding Sources	\$ 11,414,892

Below are a list of sources that have been identified to support the Wellington at Madison project.

Low-Income Housing Tax Credits (LIHTC): LIHTC are a complex funding source which requires a partnership ownership structure and outside equity investor. Tax credits are calculated based on the eligible basis/costs by the 4% LIHTC Rate multiplied by 10 years and the equity raise of \$0.94. The Partners have already obtained letters of interest from two syndicators. An allocation of 4% LIHTC are not awarded based on a competitive process rather any project awarded volume cap and financed with tax-exempt bonds qualify.

State Historic Tax Credits: Connecticut State Historic Credits do not require the same type of partnership and investor structure and can be more easily used with LIHTCs. Eversource has been purchasing state historic credits for \$1.00 per \$1.00 of credits making them a very significant source of funding. The main concern with this source is whether the residences project will be eligible given the proposed scope of renovations and previous alterations. An allocation of State Historic Tax Credits is not awarded on a competitive process rather any building that is on the State's Historic registry and complies with the National Interior Design Standard qualifies.

Connecticut Housing Tax Contribution Credits (HTCC): Non-profits can apply for up to \$500,000 in credits each year for 3 years under the HTCC program which have been typically purchased by Eversource for \$1.00 per \$1.00 of credits. This is a competitive source of funding. **The partners submitted its first application on June 1, 2021.**

Federal Home Loan Bank – Affordable Housing Program (AHP): The AHP is a competitive funding source that provides both grants (up to \$650,000) and reduced interest rate loans to affordable housing projects. **The project has already received an award for a \$650,000 grant and a \$2,000,000 subsidized loan commitment from Guilford Savings Bank.**

Neighborhood Assistance Act Program (NAA): NAA is a state tax credit to help projects conserve energy. Investors purchase tax credits for \$1.00 per \$1.00 of tax credits. **An allocation has already been received.**

Department of Housing: DOH provides grants and deferred loans up to \$4,000,000 to support affordable housing projects. It is unclear how funding applications are awarded. **A pre-application was submitted to DOH on June 29, 2021.**

Deferred Developer Fee: The partners have agreed to defer a small portion of their developer fee to balance the budget. It is expected that this fee be paid back from operating cashflow.

Guilford Savings Bank Permanent Loan: **The bank has committed to providing a 20-year mortgage at a 2% interest and 30-year amortization schedule.** This is the only debt that the project will service.

Fiscal Plan. Currently there is a 4-unit existing building which is unrestricted and occupied. This revenue is partially supporting the carrying costs of the project as we pursue the public funding needed to complete the development. The total annual gross revenue is \$112,800 and the total operating expenses is \$120,000 including \$32,188 in real estate taxes. This loss is creating a financial hardship for the Partners.

Upon completion of the project, the total annual gross revenue is projected to be \$385,968 which includes the rent levels indicated above with a 2% inflation rate per year as units are not expected to be operational until 2024.

# of Bdrms	Unit Type	% of AMI	Tenant Monthly Rent	Utility Allowance	Development Rent	# of Units	Annual Gross Revenue
1	1	25%	\$495	\$159	\$336	9	\$36,288
1	1	50%	\$977	\$159	\$816	9	\$88,344
1	1	60%	\$1,169	\$159	\$1,010	2	\$24,240
2	2	60%	\$1,405	\$205	\$1,200	11	\$158,400
2	2	Market	\$2,060	\$0	\$2,060	3	\$78,696
						34	\$385,968

Vacancy rate ranges between 2.5% - 10% depending on affordability, therefore the net revenue after vacancy is \$365,642. The total operating budget for the project anticipates \$271,008 (\$7,971/unit) in annual operating expenses. This includes operating and maintenance costs as well as reserves for the property and is based on securing tax relief set at \$1,330/unit, \$45,220 annualized. Because the majority of the funding for this project is being administered by the Connecticut Housing Finance Authority, the partners are required to adhere to CHFA's per unit operating guidelines (\$6,000 - \$9,000 per unit excluding taxes and reserves). Therefore, the project will realize a net operating income of \$94,634 however this does not include an \$88,709 annual debt service payment for \$2 million mortgage at 2% interest for 20-year term and 30-year amortization schedule. In the end, a surplus of \$5,925 will be realized in Year 1 and by Year 9 the project begins to see losses. To ensure the sustainability of this project for years to come, the partners have capitalized an operating reserve in the development budget. See Exhibit 4 for 20-year operating proforma for more information.

Approach to Real Estate Tax Relief. There are several methods to approaching a tax relief request for affordable housing projects. Upon analyzing the methods below, the partners selected the Assessment Deferral approach that garnered the Town the highest tax liability. It is the Partners mission to be good neighbors and contribute to the Town's success.

- 10% of Effective Gross Income. Given the affordability restrictions imposed by the public funding the Partners are pursuing, the rental revenue is capped and ensures that low-income families pay no more than 30% of their income for rent and utilities. As such, the effective gross income of the project is \$365,642. 10% of the effective gross income is \$36,564 **resulting in a per unit tax liability of \$1,075.41 (\$36,564/34 units).**
- Per unit tax benefit. Below are a list of comparable, nearby affordable housing developments and analysis of tax liability. Note that the taxes range from \$802 per unit to \$1,730. **The average per unit tax liability is \$1,119.12.**

<u>Ferry Crossing (Old Saybrook)</u>	
Current Annual Taxes	\$ 12,842
# of Units	16
Per Unit	\$ 802.62
<u>Spencer's Corner (Essex)</u>	
Current Annual Taxes	\$ 14,005
# of Units	\$ 17
Per Unit	\$ 824
<u>Hubbard Woods (Guilford)</u>	
Current Annual Taxes	\$ 22,502
# of Units	\$ 13
Per Unit	\$ 1,731
Average Per unit	\$ 1,119.12

- Assessment Deferral. The partners commissioned an appraisal which valued the property as completed (34 units) at \$3,500,000, the Assessment would be \$2,450,000 (70% of the appraised value) by multiplying the Towns Mill Rate of \$28.35 the tax liability would be \$69,457, **\$2,042.87 per unit.**

Instead, the partners are requesting an assessment deferral of 45.573% which would result in an assessment of \$1,595,055 (45.573% of the \$3,500,000 as completed appraised value) by multiplying the Town's Mill Rate of \$28.35 the tax liability would be \$45,220, **\$1,330 per unit.**

In the end, the tax benefit requested in Year 1 of operations is \$712.87 per unit (\$2,042.87 - \$1,330), \$24,237.58 for the year. Taxes will be increased annually by 3% and by Year 20 will be \$76,984.

The tax benefit to the project over 20 years is \$651,270.70. See Exhibit 5 for analysis.

Enforcement/Compliance. To ensure compliance and document need for tax relief, the partners agree to the following:

- Development costs certified upon completion of construction;
- All financing agreements will be filed on Land Records;
- Project converts to full taxation upon sale or default;
- Submit annual Audited Financial Statements; and
- Compliance with annual audit performed by CHFA and/or Spectrum.

Anticipated increase in public services. The Partners do not anticipate a significant increase in use of public services including education as 20 of the 34 units will be one-bedroom units and 14

will be two-bedroom units. Of the 4 existing units 3 are two-bedroom and 1 is one-bedroom; there are currently no school- age children that occupy the existing units at Wellington at Madison. A district with 6 schools of 2,670 students can easily absorb the number of children we expect will be housed at Wellington at Madison.

Tax Incentive Agreement Justification/Benefit

- Complete a partially constructed project and invest \$11,500,000 of public and private funding.
- Building permit fees expected to be paid are \$75,000.
- Real estate tax liability will increase from \$45,220 in Year 1 to \$76,984 by Year 20
- Provide operating stability during the affordability period.
- Engage 60 different vendors and utilize over 100 tradesmen and create 2 permanent FTEs on-site.
- Demonstrate Town’s support of project to the Connecticut Housing Finance Authority and State of Connecticut.
- Per the State of Connecticut’s Affordable Housing Land Use Appeals Procedure, municipalities are required to provide no less than 10% affordable housing. Madison has 8,049 housing units of which 130 are affordable representing a 1.69% affordability rate. Adding the 24 affordable housing units at Wellington at Madison project will increase the Town’s affordability rate to 2%.
- Provide affordable housing options for households earning between \$16,275 and \$49,440 annually and monthly rents starting as low as \$454.
- Provide housing for vital community workers who work within the Town’s borders but cannot afford market rents. For example, teachers, police, firefighters, postal workers, etc.

Tax Abatement Requested

The Caleb Foundation and HOPE Partners are requesting the following tax relief to support the development of Wellington at Madison project.

Year 1 – Year 3	During the predevelopment and construction period the Partners are requesting a full abatement of taxes.
Year 3 – Year 23	20-year, tax relief set at \$1,330/unit, \$45,220 annualized and trending by 3% thereafter. By Year 23 the annualized tax will be \$76,984, \$2,264 per unit.

The Developers

The Caleb Group was founded in 1992 by Warren and Joan Sawyer and Debra Nutter. They created the nonprofit in response to the lack of good, well managed, secure affordable housing existing in the rental housing market. The first Caleb property, Valley View, was opened in Bangor, Maine in 1994. Since that time The Caleb Group has steadily grown to include 29 properties and over 1800 units which are home to approximately 4,480 people. Caleb has also been a partner in the development of special housing projects including, Abbot House (a transitional

residence for women and their children with Crittenton Women's Union), transitional housing for people 'aging out' of Foster Care and a domestic violence shelter in Nicaragua.

Since the founding, The Caleb Group has steadily acquired, preserved, developed and managed affordable housing communities in Maine, New Hampshire, Massachusetts and Connecticut. As part of the organization's mission to provide additional assistance beyond housing each community has a Community Opportunity Center and an on-site Service Coordinator. The Community Opportunity Center has a community room and a computer center with computers for use by residents. The Service Coordinator works to develop and nurture a sense of community within the property, provides onsite supportive, educational and enriching programs as well as works to connect residents to supportive services in the larger community.

HOPE Partnership, Inc. (HOPE) has over 15 years of experience in advocacy, development, and the operation of affordable housing for families in the Shoreline communities of Connecticut. Its first development, Ferry Crossing in Old Saybrook, a 16-unit family affordable housing community, was the result of a community-wide effort directed by HOPE's staff and board. Since opening in 2012, Ferry Crossing has been a highly successful and visible example of how well-planned affordable housing can meet the needs of low and moderate-income families and veterans in our Shoreline communities. The Lofts at Spencer's Corner is HOPE's most recent project. HOPE began construction on the conversion of commercial condominium units into 17 affordable apartments in April 2020. The project was completed in May 2021 and has received a great deal of support from the local community.

HOPE is governed by a large and active Board of Directors and Advisory Council representing a broad segment of the community with diverse skill sets, including specific experience and knowledge of affordable housing development, finance and construction. They include elected officials, engineers, architects, developers, human service providers, financial services professionals, and land use attorneys.

HOPE is managed by an Operations Manager who is dedicated to the mission of HOPE: develop, educate and advocate for affordable housing opportunities in Middlesex County and the surrounding communities. This role is responsible for the daily operation of the organization and works closely with HOPE's Board President and Directors.