

## NEW HAVEN CITY PLAN COMMISSION ADVISORY REPORT

**RE:** ORDER OF THE BOARD OF ALDERS authorizing the City to enter into a structured settlement with Beacon Communities and the Ninth Square Partnership in connection with the purchase of the Residences at Ninth Square by an affiliate of Beacon Communities from the Ninth Square Partnership (LCI).

**REPORT:** 1547-12

**ADVICE:** Approval

### BACKGROUND

In 1988, the City entered into agreements with McCormack Baron Associates and the Ninth Square Project Partnership for the adaptive reuse of historic buildings together with new construction in the Ninth Square section of the Downtown. The Residences at Ninth Square, now controlled by the Ninth Square Partnership composed of the Related Company and McCormick Baron, is the major development to arise from the original agreement and it includes 335 residential units, 50,000 s.f. of retail and two parking garages. Over time, factors ranging from the capped rent revenues that did not allow for scheduled repayment of loans and the need for capital improvements have adversely affected the viability of the development. In turn, the Connecticut Housing Finance Authority (CHFA) worked with the Partnership to issue an RFP for the purchase, improvement and financial restructuring of the development. The City is not directly involved in the RFP or the selection, but was given an opportunity to include the City's proposed terms as part of the RFP request to all those seeking to take over the project. Beacon Communities was subsequently selected by CHFA and now has a purchase and sale in place to acquire the Residences at Ninth Square from the current owner. The Order before the Board comprises the terms and conditions of sale as they relate to the City's interest in the future of the development.

### PLANNING CONSIDERATIONS

The City's requirements to any seller through CHFA ensures the terms of the purchase of the Residences at Ninth Square remains consistent with the City's commitment to preserve affordable housing and other goals. These terms would be memorialized and made part of the sale:

- continuation of mixed income affordability with 56% of the units restricted for low income applicants;
- forgiveness of City subordinated loans in return for a one-time payment of \$2M;
- conveyance of the parking garage at 270 State Street to the City. The City will pay Beacon \$3.6M in 30 annual payments which may be replaced by a reduction in PILOT;
- conveyance of the surface parking lot at 31 and 39 George to the City for a payment of \$80,000;
- renovation of the current Residences with an infusion of \$13.2M in capital upgrades;
- retention of current staff for a minimum of one year; and
- release of the City from all claims or liability of any nature with respect to any matter affecting Ninth Square.

The City and Beacon also agree to a 20-year PILOT, fixing Ninth Square real estate taxes at \$660,000 per year, increasing every five (5) years by a percentage equal to the increase in adjusted gross revenue for the same period.

### ADVICE

The Commission finds the Order in the best interest of the City and recommends approval.

**ADOPTED:** August 15, 2018  
Leslie Radcliffe  
Vice Chair

**ATTEST:**   
Michael Piscitelli, AICP  
Deputy Economic Development Administrator