

CCC Meeting Room 111 / MICROSOFT "TEAMS"

TAX POLICY COMMITTEE

April 17, 2023

PRESENT Angie Parkinson, Chair, Councillors Travis Simpson and Don Bell

ABSENT

ALSO Melissa McCaw, Finance Director
PRESENT Eileen Buckheit, Development Director
Rich Kehoe, Town Council Chair
Awet Tsegai, Town Council
Robert Dicrecenzo, Updike, Kelly & Spellacy, P.C. (via Teams)

CALL TO ORDER

Chair Parkinson called the meeting to order at 6:05 pm

APPROVAL OF MINUTES

March 29, 2023

MOTION By Don Bell
seconded by Travis Simpson

to **approve** the minutes of the March 29, 2023 meeting

Motion carried 3/0

April 3, 2023 Combined Meeting with Fees Committee

MOTION By Don Bell
seconded by Travis Simpson

to **approve** the minutes of the April 3, 2023 Combined Meeting with the Fees Committee.

Motion carried 3/0

OPPORTUNITY FOR RESIDENTS TO SPEAK

No one came forward.

NEW BUSINESS

Tax Stabilization Agreement for 1-36 Jaidee Drive "Easton Place"

Director Buckheit stated that the Easton Place housing complex will receive a \$3.3 million renovation to upgrade various furnishings within the 50 units. The project is being financed by

the CT Department of Housing with tax credits administered by the CT Housing Finance Authority. In order for the funding to be released to make the renovations, the proposed tax stabilization agreement provided must be approved and executed to level fund current taxes at a rate of \$83,689 for 15 years. Prior to revaluation, taxes paid on the complex were \$63,908. Without the agreement in place, the underwriters of the project will not move forward as the projection cost will be out of balance as the loan program carries limits on both rent rates and rent increases to assure the housing is affordable.

Councilor Simpson encouraged administration to share tax credit opportunities such as this to other property owners in Town when the information is available.

Councilor Bell asked for confirmation of the maximum rate increase on rent for the complex to assure it would remain affordable for tenants.

Director McCaw explained the process of how funding opportunities are made available through RFP through the Department of Housing and Connecticut Housing Finance Authority. The financing is contingent upon an adequate debt service coverage ratio, which demonstrates the owner can meet principal and interest payments along with other fixed costs. The proforma establishing the debt service coverage ratio required stabilization of the taxes to secure the loans. In addition, while a rent increase is not required, the proforma and debt covenants, per Attorney Bob Decresenza, limit the maximum rate of increase in rent to 2% annually, thus limiting the increase in future tax assessments and making the stabilization agreement more revenue neutral. Director McCaw clarified that the assessed value of this commercial property is done using the income approach. Hence if there is no significant increase in income, it is not expected that a significant increase in assessed value or increase in taxes would have occurred. This tax stabilization agreement provides CHFA with certainty and generally aligns with what would have resulted from the assessment process.

The Committee made note that the agreement states that the period of tax modifications is incorrectly noted at 10 years vs. the recommended 15 year term and that Rich Gentile is mentioned as Assistant Corporation Counsel and has recently retired.

Mr. DeCrescenzo acknowledged that the changes would be made and a revised agreement would be provided in advance of the April 18th Town Council Meeting

MOTION By Don Bell
 seconded by Travis Simpson

to recommend that the full Town Council authorize Mayor Michael P. Walsh to enter into a fifteen year Tax Assessment Agreement with Jaidee Drive Association Limited Partnership,, that fixes the tax payment of the property located at 1-36 Jaidee Drive aka "Easton Place" at \$83,689 per year, beginning with the Grand List of October 1, 2023 in accordance with the terms set forth in the attached Tax Stabilization Agreement as provided to the Town Council by Mayor Michael P. Walsh in a memo dated March 29, 2023.

Motion carried 3/0

ADJOURNMENT

MOTION By Don Bell
 seconded by Travis Simpson

to **adjourn** (6:26 pm)

Motion carried 3/0

cc: Town Council
Mayor Walsh