MEMORANDUM

FROM: William M. Kuehn, Jr.
TO: Mayor Michael J. Cubeta, Jr. and Members of the Municipal Development Committee
DATE: October 19, 1983
RE: East Main Street/Maple Place Study Area

Background

Since the inception of the Community Development Block Grant Program, the block bounded by Maple Street, Maple Place, Chestnut Street and East Main Street has been identified with the South Farms Neighborhood Strategy Area and, thus, property owners have been eligible for residential rehabilitation assistance.

The need for rehabilitation work in this area was noted approximately ten (10) years prior to CDBG when, in 1964, the final report of the Community Renewal Program was published showing the South Farms area as a "Second Priority Area" (see accompanying map). The Community Renewal Program is not specific on the recommended treatment for this area, but rather allows that the remedies "are purposely left quite flexible. There are important reasons for this approach. These general areas can definitely be identified at this time as priority for renewal programming consideration. They contain significant structural and environmental deficiencies. They are areas in which important City development directives can be accomplished through renewal."

The subject of this study was identified as Block 180 in the CRP. Again, quoting from the CRP, the data "reveals a substantial incidence of structural deficiencies in the survey area particularly in Blocks 180 and 188. Generally blighted conditions exist over this relatively extensive area of several blocks. In terms of structural condition alone, this area of high priority for urban renewal treatment."

Characteristics of the Population

According to the 1980 Census, there were 44 persons resident within the subject block of which 20 were white and 24 were black. In a Census Tract where non-white population is 32.2% of the total tract population, the subject block and its surrounding blocks have almost an even split between white and non-white residents (49.5% white - 50.5% non-white).

The Census data does not give income characteristics by block, but rather by groupings of blocks. The median household income (families and individuals) for the City of Middletown was $17,308 in 1979. For the block group which includes the study area, the median household income in 1979 was $14,556 or 84% of the City median.
Land Use and Structural Condition

Maple Place, running between Maple Street and Chestnut Street is almost entirely two family residential structures. With structural conditions on an exterior basis ranging from fair to good, several properties have obviously been treated under the Residential Rehabilitation Program. There is a grouping of five structures on the east side of Maple Place which could still use rehabilitation treatment, particularly the exteriors. There are two vacant lots on the west side of Maple Place which are used for storage and/or repair of automobiles.

The south side of the subject block consists of residential structures, the bus storage facility and a brick building on the corner of Chestnut Street and East Main Street which according to its identification sign is an auto body repair shop. Along East Main Street, there are three residential structures on the west side of the street within the subject block which were built around 1860 reflecting a period of time when East Main Street was a part of the old Middlesex Turnpike from Middletown to Saybrook. Two of those buildings are in poor shape. The third, a four family structure next to the auto repair shop has been identified by the Greater Middletown Preservation Trust as a historic structure and should be preserved.

On the opposite side of East Main Street is a pleasant grouping of six one and two family structures anchored at the south end by another historic building, constructed in 1888-1890. These buildings are on the high side of East Main Street and may be impacted slightly by the proposed reconstruction of East Main Street under the Urban Systems Program.

To the south of the subject block is the post office and a series of properties owned by Biega Funeral Home including two large parcels on Chestnut Street which perform a park-like function.

The northwestern section of the study block presents real problems. Along Maple Street is a demolition contractor's yard. There is a series of under-utilized/vacant industrial buildings near the intersection of East Main Street and Maple Street. The corner structure, while appearing to be in relatively poor condition, is no worse than some other industrial buildings which have recently been rebuilt for an adaptive use. The appearance of two buildings on the demolition contractor's property and a large cinder block and metal structure set back off Maple Street, do nothing to add to the appearance of the block.

The Planning and Zoning Commission considers this area as a transitional zone. Any proposed use of the area must go through the public hearing process and be authorized specifically by the Commission.

Area Aesthetics

In a very real sense, the Acheson Drive overpass at East Main Street cuts off the study area from the rest of the Central Business District. The embankment of the road system against Maple Street is unsightly, strewn with trash and unkept.
Previously mentioned vacant lots along Maple Place are similarly overgrown. The presence of junked vehicles negatively impacts the residential character of the street. A clutch of industrial buildings in the northwest portion of the block adversely impact the nearby residential properties. A visit behind the demolition contractor's building will reveal years of accumulation of demolition materials, structural members, vehicles and other materials. These items may be common and acceptable to a demolition contractor; they are certainly inappropriate in the back yards of residential structures along Maple Place.

Potential Project

Properties 12 and 12C comprise the school bus storage facility. This area has recently been developed and is unlikely to change for several years. The residential properties along Maple Place should be maintained and upgraded through rehabilitation funding sources. Similarly, residential units surrounding the subject block should also be treated. Some rehabilitation work has already begun on the northwest corner of Maple and East Main Streets where an apartment building on Flower Street has undergone a rather dramatic restoration. The owners intend to similarly improve the building fronting on East Main Street.

Several brick structures are at the upper end of Maple Place against Route 9. The property identified as Lot 5 in Block 24-7 is for sale and in relatively good shape. The adjoining building on Lot 4 is presently used by a church organization. It needs immediate restoration work or else will fall rapidly into a dilapidated state. This building is well worth saving.

The problem properties within the study area are clearly Lots 6, 10, 10A and 11. These combined with three vacant parcels fronting on Maple Place create a potential project area of 4.0 acres. (The entire block measures approximately 7.8 acres.)

One of the problems in the study area is the presence of flood plain as identified by the U.S. Department of Housing and Urban Development. The flood line is noted by the letters FIS on the accompanying maps and consists of 1.86 acres within the block (1.46 acres within the proposed project area). This clearly presents a problem due to the limitations for using Federal monies for buildings.

It is a preliminary staff recommendation that a potential project of 4.0 acres at the upper end of the study area be considered for a renewal treatment. Several brick buildings might be adaptively reused. It is suggested that the properties now used by the bus company be considered as a Phase 2 project. This would depend upon the length of contract between the bus company and the Board of Education.

A preliminary budget for stage 1 is as follows:

- Acquisition (7 parcels)  $402,500.00
- Relocation (6 families, 2 businesses)  100,000.00
Demolition/Site Work $60,000.00
Administration 50,000.00
Contingency 92,000.00

Total: $704,500.00

This budget does not consider revenue sources such as Federal grants or proceeds from land sales.

A mixed use development, combining low/moderate income housing with commercial interests desiring to locate near the post office may be the most practical reuse of this area.

Before proceeding further with this project, it would be advantageous to meet with staff and/or commissions involved in development, including, but not limited to Public Works, Water and Sewer, Park and Recreation and Health.

William M. Kuehn, Jr.
WMK/bds
MEMORANDUM

FROM: Daniel D. Cienava, Project Officer
TO: Mayor Sebastian J. Garafalo and Members of Municipal Development Committee
DATE: January 13, 1984
RE: East Main Street/Maple Place Block

This four, plus or minus, tract of land is presently in a state of physical, economic and functional obsolescence and is a visual impairment separating the newly restored and redeveloped southerly end of the Central Business District and the residentially urbanized South Farms section of the City of Middletown. This proposed project area is located in a Transitional Development Zone, a zoning category which undoubtedly challenges contemporary zoning techniques and, more than likely, was created to so designate older sections of the City with their many varied uses.

Preliminary inquiries were made to property owners in an effort to determine their interest in the project. All but one property owner endorsed our acquisition program and his objection was not adamant. It was based on the utilization of vacant land for home gardening purposes.

A most important factor is that the project will virtually require a minimal amount of displacement. A preliminary analysis indicates the dislocation of six residential tenants and one commercial tenant. There is some question regarding a junkyard and a structure utilized for storage. These particular properties are owner occupied and will require further scrutiny.

Development objectives, subject to developer interest, would encourage a mixed-use development program. Low and moderate income housing, currently a top priority consideration for housing needs, could be blended with commercial enterprise desiring to be within close proximity of the U.S. Post Office complex located in the block southerly of the proposed project area. Some adaptive re-use of existing structures could also be considered and encouraged. One final aspect to this total development scheme would be the provision and utmost consideration for the SRO (single room occupancy) housing. This need has long since been established and its realization will be actively pursued.

Daniel D. Cienava

DDC/bds
FACT SHEET

EAST MAIN STREET/MAPLE PLACE BLOCK

Lot No. 6

Owner: Joseph Fava - contact: 346-4239 or 347-4760
Address: Maple Street
Land Area: 335'/10' x 290' - approximately 1.15 acres (50,100 sf)
Present Use: Utilized as a junk yard and storage for heavy equipment used for demolition purposes.
Structures: A one story, frame building having no plumbing or electricity, measuring 22' x 42' or approximately 925 square feet and in poor condition.
Disposition: Mr. Fava has indicated interest in selling the property.

Lot No. 6A

Owner: William and Alberta Walker
Address: Corner of Maple Street and Maple Place
Land Area: 50'/52' x 100' or approximately 5,100 square feet
Present Use: Utilized as a vegetable garden
Structures: None - vacant land
Disposition: Mr. & Mrs. Walker reside adjacent and southerly to the subject property and have indicated a desire to keep the property for gardening purposes; however, I don't feel their objection would be adamant.

Lot No. 7A

Owner: Sallye Davage (346-5458)
Address: Maple Place
Land Area: 50' x 100' or 5,000 square feet
Present Use: None
Structures: None - vacant land
Disposition:

Lot No. 8

Owner: Elizabeth Hofher (346-8489)
Address: Maple Place
Land Area: 46' x 100' or 4,600 square feet
Present Use: None
Structures: None - vacant land
Disposition: Mrs. Hofher enthusiastically indicated interest in selling the property.
Lot No. 10

Owner: Anthony DiGiandomenico (346-1988 or 347-2568)
Address: 80 East Main Street
Land Area: Approximately 11,000 square feet
Present Use: None (storage)
Structures: A two story brick structure, formerly utilized for industrial purposes, presently utilized as a storage facility for tires. Contains approximately 9,900 square feet of building area. Condition is poor, could be rehabilitated.
Disposition: Mr. DiGiandomenico has indicated an interest in selling the property.

Lot No. 10A

Owner: F. Colonghi (347-1706)
Address: Maple Street (rear)
Land Area: 
Present Use: None (vacated) formerly Hillside Welding
Structures: A one story masonry (concrete block) structure containing approximately 6,735 square feet formerly utilized as a welding shop. Constructed on slab. A two story wood frame structure, presently leased, containing approximately 1,930 square feet.
Disposition: 

Lot No. 11

Owner: Louis and Nella Aresco
Address: 92 East Main Street
Land Area: Approximately 42,000 square feet
Present Use: Residential
Structures: A two story, frame, four family dwelling with twelve (12) rooms, four (4) baths and a one story frame storage area containing 1,500 square feet. A two story frame, two (2) family dwelling with eight (8) rooms and two (2) baths.
Disposition: Mr. & Mrs. Aresco have indicated a willingness to sell the subject property.
EAST MAIN STREET/MAPLE PLACE AREA

DEVELOPMENT FEASIBILITY STUDY

CITY OF MIDDLETOWN

MUNICIPAL DEVELOPMENT COMMITTEE

JUNE 25, 1984
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SECTION I

INTRODUCTION
INTRODUCTION

The general purpose of this study is to review and evaluate the development potential and re-use feasibility of several parcels of land bounded by East Main Street, Maple Street, and Maple Place, in Middletown, Connecticut.

The City has identified this area as a potential development site because of a combination of factors including underutilized and deteriorating existing structures, minimal building coverage on existing parcels, and the presence of incompatible uses within the existing neighborhood.

We have targeted our work to the Northern-most group of parcels in the East Main, Maple Place, Maple Street, and Chestnut Street block. The presence of the bus company and the apparently better condition of the structures on the Chestnut Street side of the block lessen the need for immediate treatment of those properties.

This report will describe the existing condition and capacities of the existing site, review current market conditions, discuss general development alternatives, suggest a specific development re-use and propose a financing and funding strategy to implement the suggested development option.

It is hoped that the City will find this report useful as a basis for the public policy decisions necessary to determine the future use of this site and of the neighborhood as a whole.
SECTION II

DESCRIPTION OF SITE AND CURRENT MARKET ANALYSIS
A. DESCRIPTION OF SITE

The subject site is bounded on the West by East Main Street, Northlerly by Maple Street, Easterly by Maple Place, and Southerly by Chestnut Street.

The site is located in a typically older urban neighborhood setting having a substantial number of multi-family structures in varying degrees of repair, the presence of several small neighborhood-type retail businesses on East Main Street, and a significant proportion of low and moderate income households.

"According to the 1980 Census, there were 44 persons residing within the subject block, of which 20 were white and 24 were black. In a Census Tract where non-white population is 32.2% of the total tract population, the subject block and its surrounding blocks have almost an even split between white and non-white residents (49.5% white - 50.5% non-white).

The Census data does not give income characteristics by block, but rather by groupings of blocks. The median household income (families and individuals) for the City of Middletown was $17,308.00 in 1979. For the block group which includes the study area, the median household income in 1979 was $14,556.00 or 84% of the City median."¹

In addition, while this area is only several hundred yards from one of the most successful revitalization efforts in the State, it is physically and visually separated from the City's Central Business District by the Route 17 overpass. The presence of this overpass, the attendant rights-of-way, and the recreation area act as physical and psychological obstacles to the spread of the City's downtown revitalization efforts.

The "ripple" effect which has so often impacted on neighborhoods adjacent to areas experiencing revitalization has been blocked from this site and neighborhood by physical distance and public perception.

The overall areas does not seem to have changed significantly since the 1964 Community Renewal Program Study.

Within that context then, this report has focused on the specific development potential on the Northerly part of the block, specifically lots #6, 6A, 7A, 8, 10, 10A and 11.

These parcels provide, in the aggregate, a mass (approximately four (4) acres) substantial enough to support an economic re-use while minimizing displacement and removing a significant number of deteriorated structures and blighting influences.

The land within the boundary of these parcels varies considerably in elevation from a high of approximately 50 feet (Southwest corner) to a low point in the Northeast corner on Lot 6 of approximately 10 feet elevation.

¹Source: Municipal Development Office
A. DESCRIPTION OF SITE (Continued)

In addition, the Flood Hazard Zone line runs in a Northwest to Southeast direction and includes Lots 6, 6A, 7 and 8 within its boundaries. The Flood Hazard elevation is approximately 23 feet, as noted on Map #1 and covers approximately 1.5 acres of the project site.

The following information was obtained from a fact sheet prepared by the Municipal Development Office and provides an excellent summary of the lots:

Lot No. 6
Owner: Joseph Fava - contact: 346-4239 or 347-4760
Address: Maple Street
Land Area: 335' /10' x 290' - approximately 1.15 acres (50,100 sf)
Present Use: Utilized as a junk yard and storage for heavy equipment used for demolition purposes.
Structures: A one story, frame building having no plumbing or electricity, measuring 22' x 42' or approximately 925 square feet and in poor condition.

Lot No. 6A
Owner: William and Alberta Walker
Address: Corner of Maple Street and Maple Place
Land Area: 50' /52' x 100' or approximately 5,100 square feet
Present Use: Utilized as a vegetable garden
Structures: None -- vacant land

Lot No. 7A
Owner: Sallye Davage - contact: 346-5458
Address: Maple Place
Land Area: 50' x 100' or 5,000 square feet
Present Use: None
Structures: None -- vacant land

Lot No. 8
Owner: Elizabeth Hofher - contact: 346-8489
Address: Maple Place
Land Area: 46' x 100' or 4,600 square feet
Present Use: None
Structures: None -- vacant land

Lot No. 10
Owner: Anthony DiGlandomenico - contact: 346-1988 or 347-2568
Address: 80 East Main Street
Land Area: Approximately 11,000 square feet
Present Use: None (storage)
Structures: A two-story brick structure, formerly utilized for industrial purposes, presently utilized as a storage facility for tires. Contains approximately 9,900 square feet of building area. Condition is poor, could be rehabilitated.
A. DESCRIPTION OF SITE (Continued)

Lot No. 10A

Owner: F. Colonghi - contact: 347-1706
Address: Maple Street (rear)
Land Area: 
Present Use: None (vacated), formerly Hillside Welding
Structures: A one story masonry (concrete block) structure containing approximately 6,735 square feet formerly utilized as a welding shop. Constructed on a slab. A two-story wood frame structure, presently leased, containing approximately 1,930 square feet.

Lot No. 11

Owner: Louis and Nella Aresco
Address: 92 East Main Street
Land Area: Approximately 42,000 square feet
Present Use: Residential
Structures: A two-story, frame, four family dwelling with twelve (12) rooms, four (4) baths, and a one-story frame storage area containing 1,500 square feet. A two-story frame, two (2) family dwelling with eight (8) rooms, and two (2) baths.

These lots are noted on the attached Map #2.

Existing utilities serving the site include water, sewer, gas and storm drainage. Sewers exist in Maple Street (8"), and East Main (8" in poor condition). Water exists in Maple Street (8") and East Main (12"). A gas line (6") and storm drainage (12") are in East Main Street serving the site.
B. CURRENT MARKET ANALYSIS

In order to determine the feasibility of any development project a certain amount of market information relating to demand, absorption rate, market costs, etc., is necessary.

We have obtained information for this report from both general readily available published sources (i.e. Census, Middletown Housing Task Force Report, etc.), and direct contact with real estate agents, apartment managers, etc.

The Middletown Housing Task Force Subcommittee Report on Housing Opportunities dated July 1983 provides a detailed analysis of the City's existing housing stock, current population, anticipated household demand and unit needs, and numerous other statistical comparisons and projections.

In brief, that Report finds that the City will require approximately 1,701 new units by 1990. This was based, in part, on the assumption that the average household size was 2.5 persons. Based on our experience, the fact that Wesleyan students will continue to require rental housing, and the recent and anticipated development of office and corporate uses within the City, we suggest that a lesser household size may be anticipated in the future. This will increase the need for units, especially in the small family category.

The development alternatives mentioned later in this report are based primarily on two sources; (1) a sample apartment rental survey conducted by Cavanaugh Associates, and (2) personal contact by our firm with local brokers and managers of rental space.

The sample survey conducted by Cavanaugh Associates\(^2\) resulted from an ad for available apartment space published over a three (3) day period during January 1984. There were 25 inquiries for apartment space with the following requirements:

8 inquiries required one bedroom \(32\%\)
15 inquiries required two bedrooms \(60\%\)
2 inquiries required three bedrooms \(8\%\)

The following affordable rental rates were indicated by persons inquiring for rental space:

6 at $300.00 per month (3 were qualified for Section 8)
2 at $325.00 per month
10 at $350.00 per month
2 at $375.00 per month
4 at $400.00 per month
1 at $500.00 per month

The above rental rates do not include heat, electricity or hot water as noted by persons making the inquiries.

\(^2\)Source: Municipal Development Office
Further investigations by L. Wagner and Associates' staff during May 1984 revealed the following rates for existing apartment complexes within the City:

1. Fernwood  
   1 bedroom $360.00/month with utilities  
   2 bedroom $420.00/month with utilities  

2. Stonegate  
   1 bedroom $460.00/month with utilities  
   2 bedroom $550.00/month with utilities  

3. Grand Street  
   1 bedroom $370.00 - $380.00/month with utilities  

4. Mill Park  
   1 bedroom $360.00/month with utilities  
   2 bedroom $525.00/month with utilities  

5. Sutton Towers  
   1 bedroom $380.00/month with utilities  
   2 bedroom $420.00/month with utilities

Comparing the 25 inquiries received through the Cavanaugh survey with the unit costs outlined above, shows that 23 of the respondents were seeking units comparable in size to the units noted above and, taking into consideration the adjustment for net to gross rent, the majority appear to have the ability to afford the ranges available at those complexes.

The vacancy rate of 2.9% noted in the Middletown Housing Task Force Report compares favorably with our recent findings that the rate is 3%-3.5%. Declining family size and the increased number of one and two person households and the increased economic development activity taking place in the City should maintain this rate of demand and possibly further restrict the vacancy rate unless additional units are added to the available housing stock.

The 25 inquiries within a three-day period is significant and coupled with our findings of the current vacancy rate indicates a need for small family units at or slightly below current market rates.

In addition, information provided by the Middletown Housing Authority shows a need and a current waiting list of:

One Bedroom Units:  
   elderly and Section 8 families 49  
   families 19

Two Bedroom Units:  
   families 160  
   Section 8 49

Although no detailed income information was supplied or reviewed regarding the Housing Authority's Section 8 eligible families, based on Section 8 eligible income for the City of Middletown and using a 30% gross rent cost percentage, it can be estimated that there is a significant household need at and below existing market rates.
B. CURRENT MARKET ANALYSIS (Continued)

During our review of existing information, in discussions with local staff and in light of the recent revitalization activities within the City, it has become apparent that there also exists a significant and immediate need for SRO (single room occupancy) housing. Our survey of local rental listings and discussions with local staff, show that SRO rentals average $60.00 per week per room. This type of housing and its applicability to our study area will be discussed in more detail in Section III.
SECTION III

ANALYSIS OF GENERAL DEVELOPMENT ALTERNATIVES

AND RE-USE RECOMMENDATIONS
A. **ANALYSIS OF GENERAL DEVELOPMENT ALTERNATIVES**

Based on the information obtained and the analysis of data contained in Section II, we have reviewed the site against several development alternatives. These alternatives include industrial, commercial, and residential (public and private) re-use.

Our analysis and findings with regard to the various alternatives are as follows:

1. **Industrial**
   Industrial re-use is the least recommended alternative. Such a re-use would conflict with existing zoning classifications and be inconsistent with the neighborhood as a whole.

   Neighborhood aesthetics and environment would be negatively impacted by anything other than a very tightly controlled "clean" industry. Even in that case, the site constraints and development cost would make this an unreasonable alternative use.

   Industries do not usually look at real estate expenditures as an investment for future recapture, but as the minimum required to enable them to undertake production. This site would require substantial additional up-front development costs and not, in our opinion, be consistent with the existing or future neighborhood character.

2. **Commercial**
   As mentioned in Section II, this area is physically separated from the Central Business District which has acted to insulate the area from the expansion of the downtown revitalization.

   In our opinion a wholly commercial use of the property would not be recommended. The cost of construction, site improvements, access, etc., would be substantial and the economic impact on the existing small "Mom & Pop" type operations in the larger neighborhood area would not be a positive revitalization role for the City to take.

   Other areas exist within the City more conducive to that type and scale of commercial re-use.

3. **Residential**
   It is our recommendation, based on the review and analysis of existing market demand, previous and existing local program policy decisions, the character of the general neighborhood and the opportunities and constraints presented by the site itself, that a housing use be considered and supported.

   A residential use would be in keeping with the character of the neighborhood and would be consistent with past and current public policy land use and zoning decisions in the area.
A. ANALYSIS OF GENERAL DEVELOPMENT ALTERNATIVES (Continued)

3. Residential (Continued)

The Cavanaugh Survey, the Middletown Housing Task Force Report, and our own investigations indicate a demand for reasonably priced housing for moderate and low income families within the City.

We have considered both public and private development of the site for housing and feel that private development, although obviously supported by public funds to some extent, is the most efficient in terms of unit production while requiring the least amount of direct local financial support.

In our considerations we have noted the significant demand for SRO housing. However, with regard to this site, given the cost of new construction and the expenditures required for site clean-up and removal of debris, in addition to normal site work, and the lack of any existing rental subsidy support system, we do not feel that an SRO project could be economical from the private development perspective.

The initial site and construction costs, the difficulty of managing SRO’s, and the lack of any financial support for rental subsidies all serve as a disincentive for private development.

The SRO need does exist, however, and while maybe not feasible on a purely private development basis, could be viable using a public/non-profit approach. We suggest that the City explore SRO development in cooperation with a private non-profit such as the Salvation Army, a local Council of Churches group, etc. A partnership approach to SRO development could be implemented using such available public fundings as the State HSDA Program (1/3 local, 2/3 State) Grant to provide acquisition and site improvement assistance, while using the non-profit's private mortgage investment as leverage for other funding such as an Urban Development Action Grant (UDAG).

While housing projects are not usually as competitive under U DAG as commercial or industrial, the benefit to single low/moderate persons and the somewhat unique public/non-profit approach to SRO development might make this particular project more attractive than a conventional private residential project.

It should be noted that two of the underwriting negatives in a project approach such as this are the ability of the sponsor to generate sufficient cash equity and the ability of the project to sustain itself in future years. With rental subsidy mechanisms, such as Section 8, no longer available, a project of this type would require a substantially greater up-front subsidy for site improvements, construction, land acquisition, etc., than might reasonably be available.
A. ANALYSIS OF GENERAL DEVELOPMENT ALTERNATIVES (Continued)

3. Residential (Continued)

In addition, while a publicly involved non-profit would be committed to deal with the greater management responsibilities of SRO housing, the initial project packaging, development coordination, delineation of responsibilities, financial commitment process, etc., could be rather lengthy, and complicated if there was no prior development experience.

This is not to discourage this type of development approach, but rather to point out some of the inherent difficulties in coordination required between the City and another non-profit sponsor. This partnership approach would require further detailed study and extensive negotiation with the actual non-profit sponsor when one was found. The problem of cash equity could possibly be addressed through the participation of a private general partner and the syndication and sale of limited partnerships in exchange for the tax shelter benefits. Without a long-term rental subsidy, however, the public investment is at risk and is as speculative as any other real estate venture.

We have also reviewed the potential for conventional public housing development. Proto-type cost limits allowable for new public housing construction could possibly sustain a higher site assemblage and development cost with only minimal additional local subsidy.

However, the actual number of units now available is limited and priority is being given to projects already in the "pipeline". In the 1985 HUD budget, the House Appropriations Committee has proposed 10,000 new units while the Senate Appropriations Committee has proposed none.

We are not optimistic with regard to this approach and would not recommend any substantial effort be expended in this direction without positive indications from the Middletown Housing Authority. The Authority has had an excellent track record and is well respected by HUD which could have some bearing if any units were to be available.
RE-USE RECOMMENDATION

In conclusion, it is our recommendation that the City pursue the development of this site as privately-owned rental housing for low/moderate income small families.

The following Section IV explores some of the specific development options in this category.
SECTION IV

ANALYSIS OF SPECIFIC SITE ALTERNATIVES

RECOMMENDED OPTION
A. ANALYSIS OF SPECIFIC SITE ALTERNATIVES

Using the re-use recommendation of privately owned rental housing for low and moderate income small families, we have developed three specific site plans. These site plans range from a 75 unit project to a 38 unit project and are based on our understanding of the Transitional Development Zone regulations now in effect in that area, as well as the constraints of the site itself.

Our analysis has included the financial feasibility of the various development models including some projections with varying amounts of debt service.

The development alternatives set forth are based on the following general assumptions:

1) Dwelling units average approximately 800 square feet.

2) Each project alternative includes a 50-50 mix of one (1) and two (2) bedroom units.

3) Square foot cost for masonry construction is estimated at $60.00/sq. ft.
   Square foot cost for the rehabilitation of the existing Mill Building (Lot #10) is estimated at $45.00/sq. ft.

4) Developers' site cost is estimated at $200,000.00.

5) For the purposes of this analysis, all rental revenues are based on a net basis. Estimated cost per dwelling unit for utilities, taxes, repairs, maintenance, commissions, and reserves are estimated to range from $70.00 - $80.00 per month for a one bedroom and $80.00 - $90.00 per month for a two bedroom unit.

6) The City will acquire, relocate site occupants, clean and prepare site for development including disposal of existing debris. Purchase price for cleared site is priced at $50,000.00.

7) The existing Mill Building on Lot 10 has been retained in our proposals since it appears to be in relatively sound shape, and the potential tax advantages of an historic designation merit its retention unless further study reveals it to be beyond repair. Also, we feel this structure has a high recognition factor within the area and its retention and rehabilitation will provide a social and visual continuity for the proposed new development.

ALTERNATE #1

Alternate #1 proposes a 75 unit three-story structure of approximately 31,500 square feet as noted on the attached site plan.

This proposed alternate would require some underground parking in addition to the on-site open lot parking spaces to provide for a total of 114 cars.

For cost and structural considerations, the structure would be masonry and situated on the East Main Street side of the parcel. The building size would require some encroachment on the Flood Plain which would necessitate an additional amount of fill material in order to raise the structure to a safe elevation.
A. ANALYSIS OF SPECIFIC SITE ALTERNATIVES (Continued)

ALTERNATE #1 (Continued)

This project would retain the Mill on Lot #10 and proposes its use as a neigh-
borhood retail and/or accessory commercial.

Based on our review and understanding of the zoning regulations for this Trans-
itional Development Zone, this project could be allowed.

However, we do not feel that this project would be compatible with the charac-
ter or scale of the surrounding neighborhood and would not recommend it for imple-
mentation.

ALTERNATE #2

Alternate #2 proposes a 50 unit project (25 one-bedroom, 25 two-bedroom units) in a
single three-story structure of 20,340 square feet.

The Mill would be retained in this alternate and could be used for either addi-
tional housing or commercial/retail use.

The structure could be placed above the existing flood plain boundary to reduce
site costs. Parking would be in the flood plain hazard area.

Again, we feel that fifty (50) units in a three-story masonry type structure
would have too significant an impact on the existing neighborhood.

And, while both Alternate #1 and #2 make economic sense if the financial stra-
tegy suggested in Section V is achieved, our purpose in this study is to balance the
economic feasibility with the public purpose of creating decent affordable housing
in an environment consistent with the surrounding residential uses.

ALTERNATE #3

Of the three actual development scenarios conceptualized, we feel Alternate #3 is the
most consistent with the existing neighborhood character and scale while providing
the maximum amount of affordable housing at a reasonable cost.

This alternate proposes the new construction of 30 wood frame garden/townhouse
type apartments and the renovation of the existing Mill for eight additional units.

The majority of the structures would be located outside the existing flood hazard area to minimize site work. Six units are proposed on the Maple Street side
of the project parcel within the existing flood plain area. This would require site
grading to raise the units so as to be constructed above the flood line. However,
the difference between the existing and required flood line in the case of these
six units is minimal and would not substantially increase site costs.

The grade differential would actually present an opportunity for the project to
incorporate basement level parking at grade under some of the units being constructed.

This proposed alternate would also allow a greater portion of the land to be
made available as open space.
A. ANALYSIS OF SPECIFIC SITE ALTERNATIVES (Continued)

ALTERNATE #3 (Continued)

In addition, improvement of the site with smaller wood frame structures requires less perfect fill material than the larger structures in alternates #1 and #2. Given the amount of infill over the years and the unknown composition of that material, avoiding major excavation of the existing land is a significant consideration.
RECOMMENDED OPTION

We recommend Alternate #3 as the most viable and economically efficient development option. It is consistent with the neighborhood use and scale and represents sound land use practice. It will have the least impact on the flood hazard area and requires the least costly site work. It retains the existing Mill structure as a visible part of the project and provides an economic re-use for that building.

Section V provides a detailed financial analysis and a recommended funding strategy for both the public and private responsibilities in the project.
SECTION V

SUGGESTED PROJECT FINANCING APPROACH
SUGGESTED PROJECT FINANCING APPROACH

The proposed project has two major components: 1) the site assembly, relocation, demolition, clearance and general site grading, and 2) the actual construction of the housing units.

We have predicated this report on the assumption that the role of the City should be in the initial site acquisition and development stage and that the private developer should be responsible for actual unit construction. We do not feel the project is economically feasible unless the City undertakes those functions. A private developer has neither the time, legal capacity or funds to undertake these activities for a project of this type.

Our preliminary budget for the work to be performed by the City is based on information made available from the Municipal Development Office and is set forth as follows:

- Acquisition (7 parcels) $402,500.00
- Relocation (6 families 2 businesses) 100,000.00
- Demolition/Site Work 60,000.00
- Administration 50,000.00
- Contingency 92,000.00

**TOTAL** $704,500.00

We feel that the most viable funding strategy for the City to pursue in this phase of the project is the use of the State Department of Housing's Housing Site Development Program (HSD) to reduce the local burden of those initial costs. HSD provides a 2/3 matching grant for the acquisition and site development cost which assists the development of moderate and low income housing. The remaining 1/3 project cost is provided by the municipality. This would provide the greatest leveraging of local public funds while reducing the direct local cash contribution. This program allows either a local cash or in-kind contribution, or both, and could allow the City to expand the preliminary budget (outlined above) to include site improvement costs such as sidewalks or the reconstruction of the 0" sewer line in East Main Street.

The City has adopted this program in the past. Applications are accepted by DOH at any time during the year subject to initial consultation with that Department.

The use of HSD would allow the City to bring the land from its present uneconomic state to the point of a possible economic re-use while sharing the cost burden with the State.

With regard to the actual construction and development of the site for housing, we suggest two possible methods for your consideration.

The first is a public/private partnership approach whereby the City (or a design-led public agency) would enter into a partnership agreement with a private general
SUGGESTED PROJECT FINANCING APPROACH (Continued)

partner, and both entities would actually own the project when complete. The project could be syndicated to limited partners as a means of raising capital to meet project equity requirements.

The advantages to the private general partner and the limited partners could be the enjoyment of certain amounts of the depreciation created by the City’s initial site assemblage and development work, as well as the tax shelter benefits of cost depreciation for low/moderate income housing.

While recent IRS tax rulings and Federal tax law changes have made this type of partnership more attractive, we caution the City that without the support of long-term rent subsidies to guarantee cash flow, this type of financing puts the City financially at risk to the same extent as any other speculative real estate venture. Should the City decide to pursue this option, we suggest a detailed legal review of the requirements and consideration of potential financial exposures.

The second approach is the more traditional and straightforward of the two, and that is, as mentioned previously, for the City to provide land assembly and general site improvement work and then sell the land for private development. The City would be able to maintain control over the actual design/construction/use because it would condition all sales, permits, etc., on an acceptable re-use plan.

A private developer must also consider the future market and cash flow considerations of the project in order to amortize the project mortgage debt. Just as it is a major constraint for public participation, the lack of a long-term rental subsidy effects a private developer also, and requires the project cost to be evaluated against market demand and return.

We have developed three financial models to show the cash flow projections and debt service requirements of the recommended Alternate #3. These models can be applied directly to any of the other alternatives taking into account adjustments for construction costs, rental income, etc..

Based on average market costs identified in Section II, we have developed the following revenue projection for Alternate #3.

<table>
<thead>
<tr>
<th>REVENUE/INCOME PROJECTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>One Bedroom</strong></td>
</tr>
<tr>
<td>Gross Monthly</td>
</tr>
<tr>
<td>$ 360.00</td>
</tr>
<tr>
<td>Net Monthly</td>
</tr>
<tr>
<td>$ 290.00</td>
</tr>
<tr>
<td>Yearly Net</td>
</tr>
<tr>
<td>$3,480.00</td>
</tr>
<tr>
<td><strong>High</strong></td>
</tr>
<tr>
<td>$ 460.00</td>
</tr>
<tr>
<td>$ 380.00</td>
</tr>
<tr>
<td>$4,560.00</td>
</tr>
<tr>
<td><strong>Two Bedroom</strong></td>
</tr>
<tr>
<td>Gross Monthly</td>
</tr>
<tr>
<td>$ 420.00</td>
</tr>
<tr>
<td>Net Monthly</td>
</tr>
<tr>
<td>$ 340.00</td>
</tr>
<tr>
<td>Yearly Net</td>
</tr>
<tr>
<td>$4,080.00</td>
</tr>
<tr>
<td>$ 575.00</td>
</tr>
<tr>
<td>$ 485.00</td>
</tr>
<tr>
<td>$5,820.00</td>
</tr>
</tbody>
</table>

28
SUGGESTED PROJECT FINANCING APPROACH (Continued)

REVENUE/INCOME PROJECTIONS (Continued)

Grocery Annual Income for:

<table>
<thead>
<tr>
<th></th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>19 One-Bedrooms</td>
<td>$66,120.00</td>
<td>$86,640.00</td>
</tr>
<tr>
<td>19 Two-Bedrooms</td>
<td>$77,520.00</td>
<td>$110,580.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$143,640.00</strong></td>
<td><strong>$197,220.00</strong></td>
</tr>
</tbody>
</table>

Financing Model #1 - Conventional Financing: $299,657.00/yr
Financing Model #2 - CHFA Market Rate: $224,329.00/yr
Financing Model #3 - DOH Moderate Rental: $161,396.00/yr

When the income projections are compared with the financing models outlined in this Section, it can readily be seen that the only economic way to finance this project is through the use of the State Department of Housing's Moderate Rental Program.

It should be noted that the Moderate Rental Program is available to both private developers and local housing authorities, which could provide the City with a choice of development sponsors.

In addition, although the Moderate Rental Program carries no rental subsidy it does require an income level cap for tenants and rent percentage cap for the owner. Tenant incomes may not exceed 80% of median and rental charges (including utilities) may not exceed 30% of tenant income.

For example, Middletown's 1980 Census 80% median is approximately $23,000.00/year which means the tenant rent cap would not exceed $6,900.00/year or $575.00/month, several dollars above the present maximum rent level at Stonegate and Mill Park.

Our financial models have been based on a $50,000.00 sale price for the property. This figure could obviously be raised or lowered depending on actual negotiations which would, in turn, have some effect on the income/expenditure projections of the project.

We would be remiss if we did not mention the possibility of additional project financing through the Federal HUD Urban Development Action Grant Program (UDAG). This program can provide "gap" financing to projects through a wide variety of financial assistance vehicles, most notably, second mortgages.

In previous years, housing projects were funded on a somewhat routine basis. Recently, however, legislative priorities have shifted to emphasize commercial and industrial projects.

Since competition for these funds is limited only to a few designated "distressed" communities, and held on a nationwide basis, housing projects are, for the most part, uncompetitive and do not stand as good a chance of obtaining funds.

Middletown's ranking for this program qualifies it for participation, but in relation to all other eligible communities, its standing is not as high.
SUGGESTED PROJECT FINANCING APPROACH (Continued)

Without a strong project, i.e. new, permanent manufacturing jobs created, high private investment, etc., we are not optimistic of the chances of success for a residential UDAG project.
CONVENTIONAL FINANCING #1

ASSUMPTIONS:

Permanent Financing - 15%
- 30 year Amortization
- 5-7 year Bullet Loan
- 2 points to lender

Construction Financing - 15%
- 12 Month Period

Townhouses

30 Dwelling Units x 800 square feet = 24,000 sq ft
Construction Cost per square foot = $55 sq ft

<table>
<thead>
<tr>
<th>Land Cost</th>
<th>$1,320,000.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site Development</td>
<td>50,000.00</td>
</tr>
<tr>
<td>Construction Financing</td>
<td>200,000.00</td>
</tr>
<tr>
<td>Points</td>
<td>91,200.00</td>
</tr>
<tr>
<td>Equity (20%)</td>
<td>33,224.00</td>
</tr>
<tr>
<td></td>
<td>$1,694,424.00</td>
</tr>
<tr>
<td>Debt Service</td>
<td>- 338,084.00</td>
</tr>
<tr>
<td>R.O.E. (9.5%)</td>
<td>$1,355,540.00</td>
</tr>
<tr>
<td>Sub-total Debt Service/R.O.E.</td>
<td>205,660.00</td>
</tr>
<tr>
<td></td>
<td>32,193.00</td>
</tr>
<tr>
<td></td>
<td>237,873.00</td>
</tr>
</tbody>
</table>

Rehab Mill

Mill - 9,600 square feet gross = 9,600 sq ft
Rehab Cost per square foot =  $45 sq ft

<table>
<thead>
<tr>
<th>Construction Hard Cost</th>
<th>$432,000.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Financing</td>
<td>25,920.00</td>
</tr>
<tr>
<td>Points</td>
<td>6,912.00</td>
</tr>
<tr>
<td></td>
<td>$464,832.00</td>
</tr>
<tr>
<td>Equity (20%)</td>
<td>- 92,966.00</td>
</tr>
<tr>
<td>Debt</td>
<td>$371,866.00</td>
</tr>
<tr>
<td>Debt Service</td>
<td>56,424.00</td>
</tr>
<tr>
<td>R.O.E. (9.5%)</td>
<td>5,360.00</td>
</tr>
<tr>
<td></td>
<td>61,784.00</td>
</tr>
<tr>
<td>Total Debt Service/R.O.E.</td>
<td>$299,657.00</td>
</tr>
</tbody>
</table>
CHFA - MARKET RATE RENTAL #2

10.5% 30 years 90% Financing  Construction Financing 7.5%

Townhouses

30 Dwelling Units x 800 square feet = 24,000 sq ft

Construction Hard Costs = $55 sq ft

Sub-Total $1,320,000.00
Land Costs 50,000.00
Site Development 200,000.00
Construction Financing 54,150.00

Equity (10%) $1,624,150.00
- 162,415.00
Debt - 146,173.00
Debt Service 160,452.00
R.O.E. (9.5%) 15,429.00

Sub-Total $175,881.00

Rehab Mill

Mill - 9,600 square feet gross = 9,600 sq ft

Hard Rehab Costs per square foot = $45 sq ft

Construction Financing $ 432,000.00
Sub-Total 15,390.00
Equity (10%) 447,390.00
- 44,739.00
Debt 402,651.00
Debt Service 44,198.00
R.O.E. 4,250.00

Sub-Total 42,448.00

Total Debt Service/R.O.E. 224,329.00

32
### Townhouses

30 Dwelling Units x 800 square feet = 24,000 sq ft

Construction Hard Cost per square foot = $55. sq ft

<table>
<thead>
<tr>
<th>Construction Hard Costs Sub-Total</th>
<th>$1,320,000.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Costs</td>
<td>50,000.00</td>
</tr>
<tr>
<td>Site Development</td>
<td>200,000.00</td>
</tr>
<tr>
<td>Construction Financing</td>
<td>54,150.00</td>
</tr>
</tbody>
</table>

Equity (5%)                         | - 81,207.00    |
Debt                                | 1,542,943.00   |
Debt Service                        | 121,843.00     |
R.O.E. (6%)                         | 4,872.00       |
Sub-Total                           | $126,715.00    

### Rehab Mill

Mill - 9,600 square feet gross = 9,600 sq ft

Hard Rehab Costs per square foot = $45 sq ft

<table>
<thead>
<tr>
<th>Construction Financing</th>
<th>$432,000.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-Total</td>
<td>15,390.00</td>
</tr>
<tr>
<td>Equity (5%)</td>
<td>-447,390.00</td>
</tr>
<tr>
<td>Debt</td>
<td>-22,369.00</td>
</tr>
<tr>
<td>Debt Service</td>
<td>425,021.00</td>
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<tr>
<td>R.O.E. (6%)</td>
<td>33,563.00</td>
</tr>
<tr>
<td>Total Debt Service/R.O.E.</td>
<td>$161,396.00</td>
</tr>
</tbody>
</table>
SECTION VI

CONCLUSIONS
CONCLUSIONS

information and data outlined and discussed in Section II - V represent our
findings and recommendations with regard to this parcel.

Our overall recommendation is that this parcel be developed as moderate cost small
family rental housing with City financial support in site assemblage and improvements, and State Department of Housing permanent financing to a private developer.

Although we have identified an SRO need, we do not feel that this site represents
feasible site for development of that type of project. The SRO development options
tioned in the narrative should be considered in more detail with an actual non-profit
sor if it is to be pursued.

Our recommendation of Alternate #3 using a combination of State HSD and the DOH
derate Rental Program could be applied equally to either a private developer or the
cal Housing Authority.

This report has placed particular emphasis on the site itself and specific finan-
techniques. It should be remembered that this site does not exist as an island and
physical, social, and economic interrelationship with the existing neighborhood is
crucial part of its long-term development success.

I understand that the neighborhood has been a focus of CD Rehabilitation activi-
es and the evidence of other public commitments (East Main Street, etc.), can not be
looked. We strongly suggest that the City continue and if possible increase its
mitment to the area not necessarily just in terms of financial support through hous-
rehabilitation and site improvements, but also through code enforcement, police, and
re, etc..

Special attention should be given to properties opposite the project site on East
in Street, and Maple Street.

We strongly suggest that the State DOT R.O.W. between Maple Street and the overpass
cleared and cleaned-up as important visual evidence of the City's commitment to the
a. Implementing this project would also give the City the opportunity to correct
isting infrastructure problems such as the East Main Street sewer line and the repaving
Maple Street.

In conclusion, we feel that this project will provide a significant amount of new
using to meet an existing housing need within the City. Without the City's participa-
on and financial support, the project would not be feasible.

This report is meant to review, collect and summarize data and provide some conclu-
sions and recommendations for a feasible re-use based on that review.

We hope this will serve to assist the City in its development of the site and the
vitalization of the neighborhood.
MEMORANDUM

FROM: William M. Kuehn, Jr.
TO: Mayor Sebastian J. Garafalo and Municipal Development Committee
DATE: January 7, 1985
RE: East Main Street/Maple Place Project

The following is intended to be a staff analysis of the two presentations made at the Municipal Development Committee meeting of December 10th by Mr. William Corvo, representing Carabetta Enterprises, Inc., and Mr. John Cotter and Mr. Neil Clark, both representing Connecticut Building Corporation. When invited to make presentations, each developer was given a list of eight (8) specific items to address. They are as follows:

1. Possible additional financing alternatives
2. Number of units proposed
3. Size of units, number of one bedroom units, number of two bedroom units
4. Development costs including rehabilitation of the mill
5. Architectural sympathy of the proposed new construction in relation to the surrounding neighborhood.
6. Landscaping considerations
7. Projected use for the one acre parcel presently located in a wetland (flood plain) area.
8. Future expandability of the project

Possible Additional Financing Alternatives

If designated, Carabetta "would insist on analyzing.........a grant from the Housing Development Grant Program." The HoDAG program is highly competitive; funds are limited. Therefore, the prospect of securing such a grant is "iffy", at best. Additionally, Carabetta would require a direct subsidy in the earliest stages of development of $1.0 Million Dollars in order to hold the rent levels down for moderate income tenants.

The Connecticut Building Corporation proposal includes private financing raised from a Housing Bond Issue. These are private sector bonding mechanisms through Connecticut banks for constructing low and moderate income rental structures. J. Cotter also explained the mechanism by which a partnership can be created to sell the tax benefits for rehabilitating the mill structure.
Carabetta is acknowledged to be more experienced in the area of Federal grants. Past activities have shown John Cotter to be rather innovative in raising private capital, particularly, for tax benefits. Staff sees a considerable advantage in raising capital through private funding sources rather than seeking a Federal grant for the project. Advantage: Connecticut Building Corporation.

Number of Units Proposed

Carabetta proposes a total of 62 units on the site, of which eight would be in the mill building. The balance would be townhouse units. There will be 24 one bedroom units, 32 two bedroom units and six three bedroom units.

The Connecticut Building Corporation proposal is for 50 units -25 one bedroom and 25 two bedroom units. Again, the mill building is proposed for 8 units.

The Carabetta proposal would spread 62 units out across seven acres, resulting in a density of approximately 9 units per acre. The Connecticut Building Corporation proposal recommends 50 units across 4.1 acres or 12 units per acre. Staff perceives that the lower density may be more desirable in this neighborhood. Advantage: Carabetta.

Size of Units: Number of One Bedroom Units - Number of Two Bedroom Units

Under the Carabetta proposal, each one bedroom unit would be 600 square feet, while two bedroom units would be 762 square feet. The three bedroom units would be 1,054 square feet each.

The Connecticut Building Corporation proposal lists one bedroom units at 733 square feet, two bedroom units, 955 square feet.

Staff recommends that the larger units are more desirable. Advantage: Connecticut Building Corporation.

Development Costs Including Rehabilitation of the Mill

The Carabetta proposal anticipates a projected cost of $3.0 to $3.5 Million Dollars on seven ± acres. The Connecticut Building Corporation proposal anticipates a $3.5 Million Dollar project cost on four acres. Both exclude acquisition and site preparation costs.

Using $3.5 Million Dollars for both projects, the average cost per unit under the Carabetta proposal is $56,500. Under the Connecticut Building Corporation proposal, the average cost is $70,000. The additional costs under the Connecticut Building Corporation unit proposal on a per unit basis may be a reflection of the larger units. The latter's investment will be greater on the four acre parcel, thus generating greater tax revenues. Advantage: Connecticut Building Corporation.
Architectural Sympathy with Neighborhood

The Carabetta proposal recommends that new buildings constructed on the site conform in style to the mill building and have a brick veneer finish. The Connecticut Building Corporation plan suggests frame structures which will be in architectural sympathy with the neighborhood, particularly across East Main Street. Staff believes that it is more desirable to have the project be harmonious with the neighborhood as a whole. Advantage: Connecticut Building Corporation.

Landscaping Considerations

This is hard to pin down. The Carabetta proposal speaks to landscaping being consistent with town planning considerations "(i.e. all necessary plant material and screenings will be added to be consistent with the surrounding neighborhood and to insure privacy and help create a court yard effect for the houses in clusters)"

The site plan prepared for Connecticut Building Corporation shows grass treatment over non-impervious surfaces with an abundance of trees. Staff believes both developers have the sensitivity and capability of delivering suitable landscaping to the project.

Projected Use of the Flood Plain Area

The Carabetta proposal recommends that it be used for open space and recreation and that a park-like setting with a tot lot would be the best use for this area. The Connecticut Building Corporation proposal shows a portion of the flood plain area being used for parking and the rest grassed over. Since the intent of staff was to determine if either would be constructing dwelling units within the wetland, it appears that neither developer has adversely used the flood plain nor has an advantage.

Future Expandability of the Project

Carabetta requires that both Stage 1 and the school bus depot (Stage 2) be assembled as a single project. The Connecticut Building Corporation proposal shows 50 units located on Stage 1 with a capability of expanding with similar development into Stage 2 when and if available.

The acquisition of Stage 2 is inappropriate at this time. Thus, the advantage of expanding into the school bus depot area belongs to Connecticut Building Corporation.

Each developer has his strengths and weaknesses. Staff believes that for this type of in-fill renewal in an established neighborhood, the proposal of the Connecticut Building Corporation best suits the City's goals and objectives.

WMK/bds
may be certain non-profit corporations; a Connecticut
corporation whose articles of incorporation have been
approved by the Commissioner of Housing; foreign business
entities whose documents of organization are approved by the
Commissioner of Housing; or a family or person who has been
approved by the Commissioner.

The Authority may also issue its bonds for construction,
rehabilitation, demolition, repair or alteration of elderly
housing projects and congregate housing projects.

Chapter 130 of the General Statutes authorizes municipali-
ties to create a redevelopment agency for the municipality.
A redevelopment agency is authorized to engage in both
redevelopment and urban renewal as these terms are defined
by statute. CONN. GEN. STAT. §§8-125, 141.

The redevelopment powers of a redevelopment authority
include demolition of existing structures, construction
of new structures, the rehabilitation or improvement of
existing facilities and the installation, relocation or
improvement of streets, parks and utilities.

A municipal redevelopment agency, which acts on behalf of
the city, may, by majority vote, issue its bonds to carry
out redevelopment activities contained in and pursuant to a
duly established redevelopment plan and other functions
authorized by Chapter 130. The bonds are issued solely in
the name of the municipality. CONN. GEN. STAT. §8-138. The
bonds authorized by CONN. GEN. STAT. §8-134 may be payable
from:

1. A pledge or lien upon the income or revenue or property
   of the redevelopment project, including federal, state,
   municipal or private loans or grants;

2. tax increment revenues; and

3. either or both of the above.

A redevelopment agency that issues bonds, any portion of
which is secured by tax increment revenues, must obtain the
approval of the local legislative body. Any bonds so issued
by the redevelopment agency are not considered a debt of the
municipality. If, however, the municipality has a contract
to advance funds for a project or to the agency and those
funds have not yet been appropriated, the unappropriated
contractual amount is considered a municipal debt. The
redevelopment agency shall issue its bonds by resolution,
setting forth the form of the bonds, maturity schedule and
terms and conditions thereof as required.
A redevelopment area within a redevelopment plan may include vacant land, improved land, unimproved land and may include some structures or land areas which are not in a deteriorated condition. The redevelopment area need not include contiguous parcels.

A redevelopment agency is also authorized to exercise all of its redevelopment project powers with respect to urban renewal projects.

Part VI of Chapter 130 of the General Statutes is entitled "Community Development." The statutory declaration of policy states that the primary objective of the statute is to develop "viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income", and to enable cities and towns to carry out programs under Title I of the Federal Housing and Community Development Act of 1974.

Part VI authorizes the creation of a community development agency to be designated by the municipality's legislative body. The agency prepares and adopts a community development plan. §8-169b(c); §8-169c, §8-169d. The agency is authorized to undertake community development activities, which are enumerated actions and powers bestowed upon the community development agency by statute, to be performed pursuant to the community development plan.

Besides issuing its general obligation bonds and notes to carry out a municipal development activity, a municipality may issue its bonds payable solely from a pledge or lien upon all income, proceeds, revenue, property or grants acquired pursuant to a community development plan. Authorized community development activities include any activity authorized by §105 of Title I of the Housing Community Development Act of 1974 - 42 U.S.C.A. §5305. The foregoing federal legislation and accompanying regulations, authorize:

1. The acquisition of real property for public purposes and facilities;

2. the acquisition and subsequent rehabilitation of real property that is blighted or appropriate for subsequent historic restoration;

3. the acquisition, construction, reconstruction or installation of public works;

4. the clearance, demolition removal and rehabilitation of buildings, including financing of private acquisition for rehabilitation.

Excerpt from Bond Counsel