

LCI Board Special Meeting Minutes
December 14, 2022 (Via Zoom)

PRESENT: Patricia Brett, Taneha Edwards, Nadine Horton, Seth Poole, Hon. Ernie Santiago, Michael Pinto (Office of Corporation Counsel), Arlevia Samuel (Executive Director, Evan Trachten (LCI staff)

Absent:), Hon. Richard Furlow

Guests: Nora Grace-Flood

Meeting called to order at 6:01 P.M.

Roll call of Members: Pat Brett, Taneha Edwards, Alder Ernie Santiago, Seth Poole, Nadine Horton

Review of LCI Board meeting minutes from October 26, 2022. A motion to approve was made by Nadine Horton, seconded by Pat Brett, roll call of members was taken, approved with one abstention by Taneha Edwards.

New Business

Acquisition of 262 Dixwell Avenue, 263 Dixwell Avenue, 265 Dixwell Avenue, 269 Dixwell Avenue

Evan told the Board the City of New Haven proposes to acquire a portfolio of properties on Dixwell Avenue for \$1,300,000 from affiliates of Ocean Management. The portfolio consists of 2, occupied two-family properties located at 262 Dixwell Avenue and 263 Dixwell Avenue, and two vacant mixed-use properties located at 265 Dixwell Avenue and 269 Dixwell Avenue. The City is proposing to do a simultaneous acquisition and disposition of the two-family properties to a local non-profit partner of the City who would rehabilitate the properties as affordable housing (affordable rental or sale to owner occupant). The mixed-use properties will be rehabilitated and affordable housing will be developed on the upper floors while maintaining the ground floor as a business use.

Evan said this is a site control acquisition and acts as a linchpin to support the development occurring on Dixwell Avenue between the former Joe Grate's site and the Dixwell Plaza. The City would like to take control of this area and continue to revitalize the Dixwell corridor. The building at 265 is the former Monterey Club and LCI may reduce the number of units at that location. LCI would like to be the developer of these properties so they are not sold to another investor.

Arlevia told the Board Alder Morrison and Alder Winter are supportive of this acquisition. There will be a community workshop to discuss this project in the near future. LCI wanted to sell the occupied properties to an existing tenant in each building but that is not possible, so we are working to sell the two-family properties to a non-profit partner. The mixed-use structures will be redeveloped.

Seth asked if there were any liens, Evan said no. Pat Brett asked how this fits into the Conn Corp Project? Evan said it compliments their investment and other investments on Dixwell Avenue. There is a lot of investment in this area and the City's investment will help create affordable units.

Alder Santiago expressed concerns about purchasing the portfolio, he works in this area and familiar with the properties. He noted the seller did nothing to these properties and they will make a large profit. Why would the City reward the seller for land-banking, it doesn't sit well with him? Perhaps we could use the money better elsewhere. The developer is paying taxes, and Evan noted they are current on their payments. Arlevia noted it's the real estate market that caused the value to increase. The City is in a position to invest in Dixwell and this will help the community. This is a bigger community benefit. Arlevia told the Board the funding for this is "Main Streets CDBG" and we were supposed to spend the money a few years ago. We have a deadline to spend these funds, or we will have to return the money. The project will be impactful, and this is bigger than the purchase price. Seth noted given the real estate market our investment will be impactful; we can't control market forces.

Nadine noted she can't vote to approve this proposal. Ocean Management has not been a responsible property owner across the City. We cannot reward bad behavior by property owners. Nadine understands the real estate market, but this would reward bad behavior and land banking. We should not pay over fair market value. Ocean Management can sell this property to anyone, they are trying to sell a larger portfolio of their properties. LCI has pending appraisals but they were delayed because our appraiser recently needed emergency surgery. Arlevia noted that Ocean Management had drawn up a proposal to demolish these properties and develop 31 market rate units. Nadine feels we are allowing Ocean Management to make a huge profit, we are allowing bad negotiations to go over our good intentions. Nadine would rather return the Main Street funds to the government than give a slumlord the money.

Seth asked about the letter from the Preservation Trust. The Monterey Club hosted many famous jazz musicians. What is the Trust asking us to do? Arlevia said they want us to rehabilitate the properties to historic standards. The Trust thought we were planning to demolish these properties, we are not planning demolitions. Evan noted when using Federal funds, the City needs to meet the standard of the Secretary of Interior for rehabilitation of historic properties.

Evan said the City is stepping up to create a community benefit. We have dedicated funds for this important project which will be a catalyst for the community, this is not about rewarding bad behavior. Seth said this is an opportunity to take local control of the properties. Arlevia added that when LCI sells these properties they will be sold at market value. Seth asked if there was a motion? Alder Santiago said he may vote in favor of this proposal to get rid of the current owner. Arlevia said the properties will be deed restricted as affordable housing whether rental or sale to owner occupant. Alder Santiago made the motion to approve. Nadine asked if we had an appraisal? Arlevia said we are

waiting for it to be completed, they were delayed due to a medical issue. Arlevia said the original asking price was \$1.8 million but she negotiated it down to \$1.3 million. The Board asked when do the CDBG funds need to be spent? Arlevia said she has the date in her office and will report back to the Board. Taneha asked how many units will we develop? Arlevia said that isn't determined yet. There will be community engagement to discuss this topic. Taneha said sometimes it's worth paying someone to get rid of them, and in this situation, it would help the community. Pat noted that she joined LCI Board to help families and the community, but she is bothered by slumlord's profiting and likely can't support our proposal.

Nadine said she can't support this and doesn't want to set a precedent, and worries other property owners will land bank and be rewarded for their inaction and blight. Nadine said we need to be smart how we spend our tax dollars. We can't ignore who the seller is in our effort to create affordable housing, we can't hide bad negotiations behind good intentions. We should not reward Ocean management; they have been fined by the court several times recently for code violations. Arlevia said we are not rewarding Ocean management, this is beyond the purchase price, this is about doing better for the community, and making the neighborhood a better place. It's about the community and improving the Dixwell community that hasn't received investment from the City for many years. We are trying to acquire blighted properties to take control and do what's best for the community. Nadine said the City owes a lot of neighborhoods, including hers. Alder Santiago noted investment at the Q House by the City. The Board needs more information and would like to request the appraisal and the information about the CDBG Main Streets funding expiration. Evan told the Board if the appraisal value is below our proposed purchase price, LCI will renegotiate with the seller. Pat and Nadine said they would like to see the appraisal and the date we are obligated to spend the funds.

Seth said we will require another Special Meeting to review this information prior to making the decision. Seth proposed holding a Special Meeting on December 21, 2022 so we can potentially send this to the Board of Alders in January of 2023.

A motion was made by Seth Poole to hold a Special meeting on December 21, 2022 to continue the review of this proposal and staff need to have the appraisals of the properties and the date the City received the CDBG funding, as well as the date by which the City is obligated to spend the funds, seconded by Alder Santiago, roll call was taken, approved unanimously.

79 Morris Street

Evan told the Board LCI is proposing to sell a sliver lot to the adjacent owner occupant. The price is \$0.25 per square foot for a total of \$871.25 because the owner, Giovanni Molino is an owner occupant in a CD eligible area. The

applicant recently renovated his adjacent home at 81 Morris Street. He will utilize this land as a side yard area, he already has a driveway. The property was offered to the other abutting property owner who is an investor, but they didn't respond to our certified letter. The sliver lot is small and narrow with only 25' of frontage, so development was not possible. No other uses were proposed for the site such as a garden or greenspace. It's important to support owner occupants, this area will create a nice yard for Mr. Molino.

A motion was made to approve the sale by Alder Santiago, seconded by Nadine Horton, roll call was taken, approved unanimously.

The annual schedule of Regular Meetings for LCI was presented to the Board. Evan said all meetings are the fourth Wednesday of each month.

A motion was made to approve the meeting schedule by Pat Brett, seconded by Alder Santiago, roll call was taken, approved unanimously

Old Business / Discussion

Seth opened the discussion by noting he is looking forward to seeing the organizational structure of LCI. Arlevia will share information about this topic on a future agenda. Arlevia is in the process of hiring staff and will update the Board in February.

Pat thanked Seth for his leadership. Nadine thanked Seth and the other LCI Board members for their work. Nadine also thanks Evan and Arlevia for their work and everything they do for the City. Seth welcomed Taneha Edwards to the Board. Seth also noted Nadine's work helping to shut down the liquor store on Whalley Avenue that had been a problem for the community. Taneha said she cares about New Haven and is happy to be on the Board. Taneha noted the struggles of New Haven residents and her desire to help. Alder Santiago said he is glad he joined the LCI Board and thanks Seth, Evan, and Arlevia for their work.

A motion to adjourn was made by Alder Santiago, seconded by Pat Brett, all were in favor, approved unanimously.

Meeting adjourned 7:18 PM