Newtown Municipal Center 3 Primrose Street Newtown, CT www.newtown.org



MINUTES

December 19, 2017 Meeting Room 3 - 7:00pm

Present:

Wes Thompson, Cramer Owen, Bob Rau, Matthew Mihalcik, Kim Chiappetta – Economic and Community Development & Fairfield Hills Coordinator (clerk).

Public Participation:

none

Absent:

Dana Trado, Nick Roussas, Al Roznicki, Steve Gogliettino, Amy Dent, Scott Orlando, Christal Preszler – Deputy Director Economic and Community Development

The meeting was called to order at 7:12 p.m.

Bob Rau made the motion to accept the minutes from November 21, 2017 and Cramer Owen seconded. Motion passed with all in favor.

Vice Chairman's Report:

Cramer Owen began the meeting by showing a business incentive presentation for the Covered Bridge project that was presented to the Board of Selectmen in June and Board of Finance in July 2017. (See attachment A.) He informed members that construction is in progress and that buildings will be constructed one at a time. The portion of the property that was marked for a restaurant has been sold. Cramer reminded members that there is still a concern that the owner will build high-density housing in an effort to make up for the lack of an incentive. The purpose of this re-review is because Mr. Lucera is planning to meet with the new First Selectman in the near future.

Chairman's Report:

Wes Thompson began by informing Authority members that he had reviewed the Business Incentive process with the First Selectman, Dan Rosenthal, and that Dan is in agreement with the current documented process. Wes then explained that the first step in the process is when a developer meets with either the First Selectman or Deputy Director for Economic and Community Development to discuss applying for the incentive. Dan has asked that he be the lead in these initial discussions and the vetting process. The First Selectman will then invite the interested party to submit an application. After the Deputy Director of Economic and Community Development reviews the application and prepares the financial spreadsheet, it is forwarded to the EDC for comments and recommendation. He clarified for

Newtown Municipal Center 3 Primrose Street Newtown, CT www.newtown.org



the group that the EDC owns the process, but does not have approval authority. Wes then gave members an example of additional information provided for another applicant. The application package is then directed to the First Selectman. At this point in the process, the First Selectman has the authority to reject the application. If the First Selectman accepts the application, it can be moved forward through the committees without assistance from the EDC. Cramer added that in the discussion with Dan regarding the process, Dan expressed that in cases where there is a new type of business interested in coming to town he would like to provide the council and commissions with a concept of the type of business. Doing this will provide the opportunity for discussions earlier in the process. Wes agreed with this approach as in the past council's and commissions' members have expressed frustration with not receiving advanced notification. Matt asked if there are any concerns with this slowing the process down, and Cramer explained that it will be so early in the process it should not be an issue. Both Wes and Cramer agreed that the process will be effective as long as the EDC is able to communicate and work with the First Selectman. Cramer emphasize the importance of developers obtaining business incentive approval before breaking ground and committing to the property. Bob asked if the EDC had a roll in notifying incoming developers of the business incentive process. Wes explained that the EDC does not have the authority to offer the business incentive, and that this is done strictly by either the First Selectman or the Deputy Director of Economic and Community Development. He then gave the example of Tractor Supply looking at area towns, but Newtown being able to secure them by offering a business incentive. The group then had a brief discussion regarding how to handle communicating business incentives.

Business District Review:

Wes then displayed a graphic of the 7 business districts and explained that it identifies the key focus areas where the EDC should be focusing time and energy. (See attachment B.) He next displayed a graphic of the Fairfield Hills utilities chart and expressed the need for the business districts charts to provide information such as sewer, gas and water lines. (See attachment C.) The group then discussed the types of information that would be beneficial to include. Wes informed members that if there is a need for a map of an area with utilities you can simply complete a GIS Project request form found on the town's website.

Next, Wes notified members that he had been working with Christal on the EDC budget and highlighted additions like funds for marketing research and a marketing plan. Bob asked what reaction was received from the First Selectman regarding the budget. Wes clarified that details had not been provided to Dan at this time, and Cramer added that he felt Dan's reaction was positive.

Cramer informed the group that the First Selectman plans to organize a business council, and that the EDC would like to be involved.

Newtown Municipal Center 3 Primrose Street Newtown, CT www.newtown.org



Wes returned the discussion to the budget mentioning that a figure was added to the budget for the Deep Brook West project and added that this project will be reassigned to a newer member of the EDC. George Benson has taken the lead on this project, so the EDC member will be responsible for working with George to obtain status updates and provide assistance.

Reports:

Deputy Director Economic and Community Development:

There were no reports as Christal Preszler was absent.

Member Comments:

There were no member comments.

Adjournment: The meeting was adjourned by Cramer 7:53 pm and was seconded by Matt.

Respectfully Submitted, Kimberly Chiappetta, Clerk



July 10, 2017

Newtown Economic Development Commission

Newtown Demographics

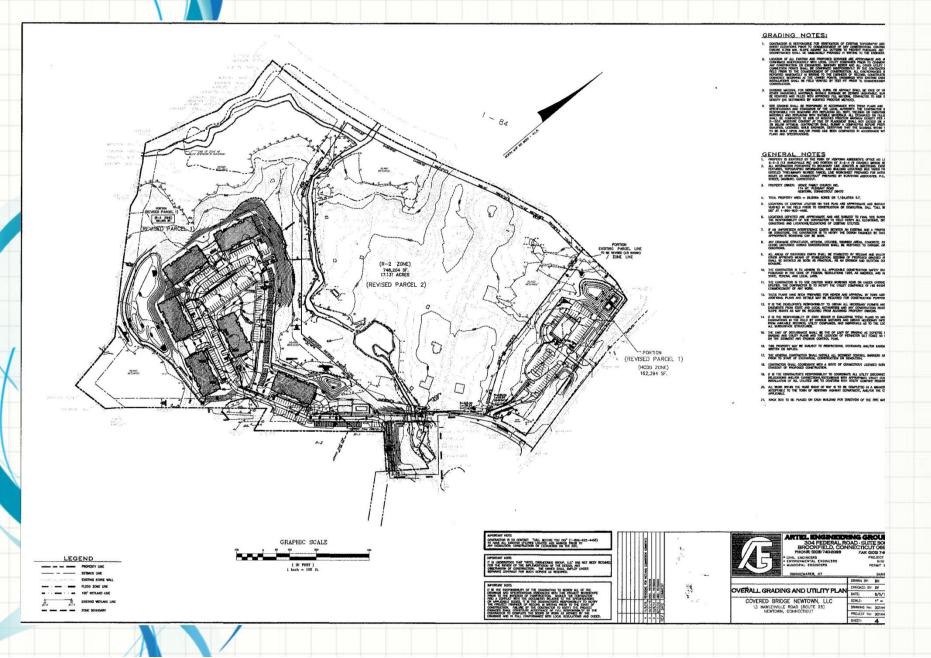
 By 2025 Newtown's population over 65 is projected to increase by 51%

 During the same period, the school age population is projected to decline by 36%

Commercial Apartment Development Covered Bridge, 13 Hawleyville Road (Adjacent to Exit 9 off of Hwy 84)



Covered Bridge Site Plan



Commercial Development Description:

- 180 Units 6 buildings, 30 apartments in each building
- Combination of 1, 2 and 3 bedrooms (monthly rents range from \$1,500 to \$2,500)
- Pool and Club House
- Covered parking
- New Restaurant to be built on adjacent property (no tax incentive)
- Project Investment of approximately \$32,000,000
- 36 units qualify as affordable housing helping achieve state targets

Project Status:

- Project has been approved by the Town (all permits, approvals and licenses have been issued)
 - Conforms to IHOZ-10 overlay zone
- Developer is commencing with site development & preparation

Business Incentive Application

Request for Tax Relief to support start-up marketing (move-in concessions) costs for ramp-up and property stabilization.

Developer plans to use tax relief for such costs and not for increased profit margins

Economic Development Commission Recommendation:

 Unanimous support for 5 year tax incentive, step down as follows:

Year 1 – 45%

Year 2 – 35%

Year 3 - 25%

Year 4 – 15%

Year 5 - 5%

- Based upon the commercial mill rate and the annual assessed value of improvements
- Timeline for development completion 5 years, with another year to reach property stabilization



Covered Bridge Property Tax Forecast (in Thousands)

		_	-			-			-		
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Existing (unimproved)	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$110
With Incentive	\$79	\$187	\$324	\$489	\$684	\$741	\$763	\$787	\$810	\$834	\$5,698
Without Incentive	\$144	\$288	\$432	\$576	\$720	\$741	\$763	\$787	\$810	\$834	\$6,095
Tax Incentive	\$65	\$101	\$108	\$87	\$36	\$0	\$0	\$0	\$0	\$0	\$397

3% Escalator

Economic & Community Benefits

Tax revenue \$740-830K

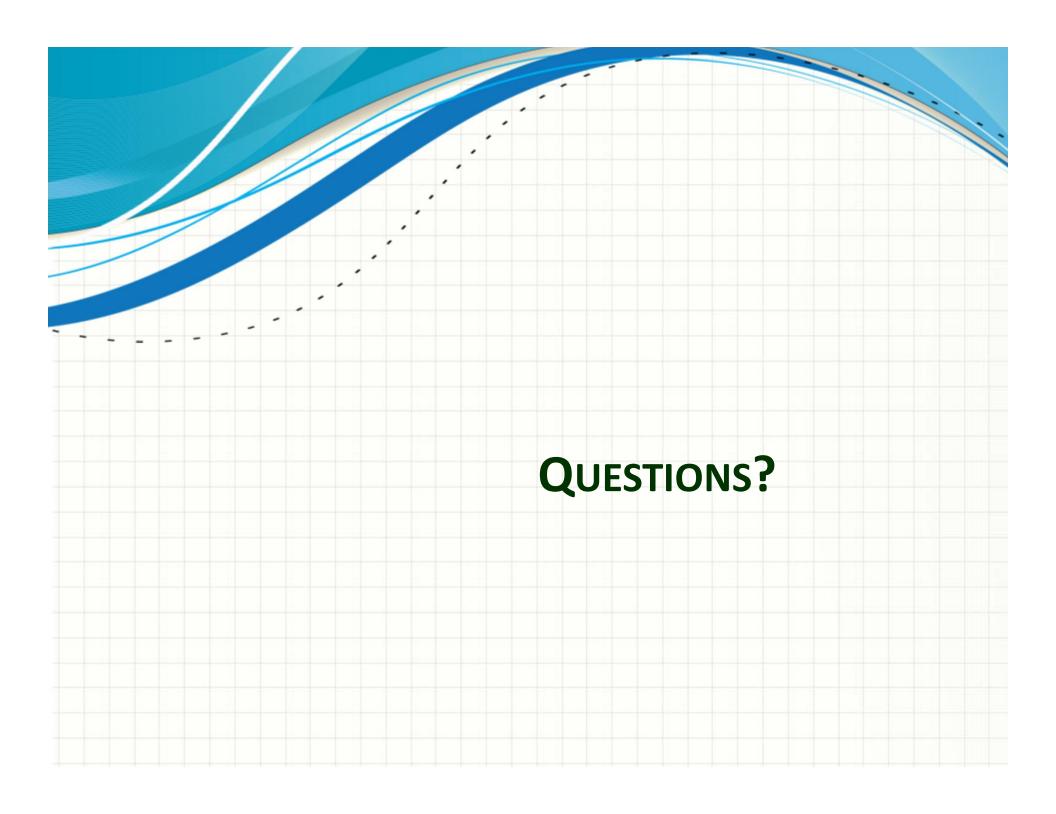
Indirect Rev. \$4-6 Million

Direct Expense \$0 - \$348K

- Annual property tax (After 5 years) > \$740,000 per year
- Expanded housing options for older residents (seeking to downsize) and young renters
- Estimated tenant population (full occupancy) of 270 people X per capita annual spending for goods and services of \$14,000 = aggregate, estimated incremental demand for goods and services \$3,780,000, per year
- New Jobs:
 - Construction hires (20 average over project life) Average salary \$75,000 per year X 20 = \$1,500,000 per year
 - FTE Commercial complex 13 X Average salary \$50,000 = \$650,000 per year
 - FTE Restaurant 30 X Average salary \$30,000 = \$900,000 per year
- Indirect contribution from adjacent economic growth & benefits of increased population density
- Estimated number of incremental school age children is 26 (worse case scenario, \$13.4K cost per student) from 0 to \$348K school costs p.a.

Summary Conclusions

- Providing an economic benefit to the developer during construction and start-up helps insure a successful project
- Structure of the tax benefit provides an incentive to rapidly build-out the project
- This is a highly desirable project for this location and will help anchor the Exit 9 Hawleyville Business District



Developer Background

 Longtime developer based in Danbury/Brookfield (since 1974)

 Anthony O. Lucera (Contracting Advisors Group, Ltd)

> Has completed over 6,000 multi-unit commercial and residential developments (CT, NY and MA)

Crown Point Development

Pool area and clubhouse to have different layout





Crown Point Development - Covered Bridge

to be enhanced with multiple upgrades





