

Rosenson, Valerie

From: Gottlieb, Jonathan <JGottlieb@CharterOakCommunities.org>
Sent: Thursday, May 25, 2017 12:22 PM
To: Rosenson, Valerie
Cc: Shutes, Megan
Subject: Responses to L&R Committee Questions
Attachments: Response to L&R Committee Questions.docx

Val,

Please see the attached file containing responses to the Committee's questions that arose during the recent discussion of the proposed tax abatement agreement for Lawnhill Terrace 2. Thanks very much.

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FOLLOW-UP INFORMATION REQUESTED
LEGISLATIVE & RULES COMMITTEE HEARING MAY 23, 2017
TAX ABATEMENT AGREEMENT FOR LAWNHILL TERRACE 2
SUBMITTED BY CHARTER OAK COMMUNITIES MAY 24, 2017

SHELTER RENT

The Committee asked the definition of "Shelter Rent", which is the name of the formula used to determine the amount of Payment in Lieu of Taxes (PILOT) to be paid to the City of Stamford annually by the Lawnhill Terrace 2 (LHT2) development. Shelter Rent is defined as 10% of tenant rent payments, less the cost of any owner-paid utilities. Some developments receive operating subsidy from programs such as Low-Income Public Housing or Section 8. Revenue from such sources is not included in the shelter rent calculation. Only revenue from payments by residents is considered.

At Lawnhill Terrace 2, there is no operating subsidy. The only source of revenue is rent payments by residents. At Lawnhill Terrace 2, the shelter rent calculation would yield a PILOT equal to all rental income less owner paid utilities. Owner-paid utilities at Lawnhill Terrace 2 will be limited to utility costs for the management office, water/sewer, and site lighting. At present, the City receives no tax payments or PILOT for Lawnhill Terrace. The proposed PILOT will represent an increase in revenue to the City. In addition to the PILOT as calculated using the Shelter Rent formula, the proposed tax abatement agreement also calls for a payment to the City equal to 10% of any net cash flow remaining after payment of any deferred fees and loan repayments.

SCOPE OF PLANNED RENOVATIONS

A comprehensive program of renovations is planned, including replacement of roofs, windows, and doors; new siding; milling and resurfacing of parking areas and driveways; repair of retaining walls and patios; new kitchen cabinets, counters and appliances; new bathroom fixtures; new sheetrock; new individual heating and cooling systems in each apartment; new landscaping; and conversion of six apartments to meet the requirements of the Americans With Disabilities Act (ADA).

AFFORDABILITY LEVEL

The Committee requested information regarding any change in the affordability of the apartments at Lawnhill Terrace 2 following the completion of renovations. No change is anticipated. Lawnhill Terrace was developed under the State Moderate Rental Program. Base rents are set each year at a level sufficient to cover all operating expenses, debt service, and replacement reserve deposits. Residents pay either the base rent or 30% of income, whichever is greater. This formula has been in place at Lawnhill Terrace since it was first occupied. Charter Oak Communities and the Lawnhill Terrace 2 Limited Partnership have committed to maintaining the same formula for Lawnhill Terrace residents returning to the renovated Lawnhill Terrace 2.

The income breakdown among current residents of Lawnhill Terrace is as follows:

- Under 25% of the Area Median Income (AMI): 39.5%
- Between 25% and 50% of the AMI: 52%
- Between 50% and 60% of the AMI: 8.5%

It is anticipated that this approximate income mix will continue at Lawnhill Terrace 2