

NIAGARA FALLS URBAN RENEWAL AGENCY
Minutes of Meeting – October 8, 2014 – Special Meeting
City Hall – 745 Main Street – Committee-of-the-Whole Room
Niagara Falls, New York

Present: Mayor Paul A. Dyster, Chairman
Council Member Kristen Grandinetti
Council Member Andrew Touma
Council Member Charles Walker
Mr. Michael Hooper
Mr. Christopher Robins

Absent: Council Member Robert Anderson
Council Member Glenn Choolokian
Ms. Janet Markarian
Ms. Doreen O'Connor

Staff Mr. Richard Zucco

Present:

Others Seth Piccirillo

Present: Niagara Gazette Reporter

Mayor Dyster called the meeting to order at 5:05 p.m. Roll was called and a quorum was present (6 Members).

\$150,000 URA Grant to Housing Visions, Inc., for the Walnut Avenue Homes Construction Phase

Before discussion, Mayor Dyster asked for a motion to move the item, Council Member Grandinetti made the motion, second made by Council Member Touma.

A Housing Visions organizational history information outline was distributed to members. Mr. Piccirillo presented the item, he stated that the City felt this was a three block solution to change building vacancy in the City to tax producing residences and to help break that cycle of poverty in the Walnut Avenue area. As part of the original budget plan submitted to the City and City Council, Housing Visions, Inc., had requested a \$150,000 URA grant for construction costs associated with the Walnut Avenue homes project. This is a 41 unit infill housing development on the 600 block of Walnut Avenue and the 500 block of 5th, 6th and 7th Street. Fifteen of those housing units would be directly associated with YWCA Carolyn's House.

Mr. Piccirillo outlined the vacant properties that are current producing no taxes that would be put back on the tax rolls, the properties included the former School District Administration Building - 607 Walnut Avenue and the property owned by the YWCA on 5th Street, as well as two vacant residential structures and two vacant lots. The City and the Planning Board have already approved sale of the properties. Housing Visions has already pulled permits for the project and asbestos abatement is targeted to start November 1st upon action by the URA and final closing on the properties. Construction completion is scheduled for

March 2016. This is a \$12.2 million development, the developers are financing \$6.5 million through Key Bank the remainder of the budget is made up of \$2.9 million in housing tax credits awarded from NYS as well as State and federal restore tax credits. The developer needs to raise equity against those tax credits so it is not actually a government grant. The tax agreement approved by the City Council will generate \$16,000 in year one, escalating to \$21,200 in the year 2015 for a total of \$260,000 over 15 years. It also prevents the City demolition of two residential properties and the school property. Demolition costs for the two residential properties alone would cost the City over \$40,000, not including a very expensive cost to demolish the school admin. building which would be a six figure cost. Based on the tax production and the demolition costs and the small sale proceeds and the improved quality of life improvements, this URA grant of \$150,000 pays for itself halfway through the 15 year agreement. That is not hopeful speculation, this is based on an agreement that we have signed with Housing Visions with the City.

Mr. Piccirillo talked about what made this an eligible URA project. He stated that this property is within the URA footprint. At one point on this property there were actual commercial and residential buildings and that is no longer the case. The Walnut Homes Projects is an attempt to retain and improve the density that we have. The properties that we have are toxic assets, they produce no revenue and their eventual demolition would be a much higher cost than \$150,000. A URA project must meet one of three national objectives set by the U.S. Dept. of HUD, 1) benefit low to low/mod income persons 2) eliminate slums and blight or 3) meet an urgent need. Mr. Piccirillo explained that this project meets objectives both 1 and 2. The alternative to this project would be we would have to demolish two vacant properties in the future and you would see an admin building that will look and be in worse condition than it is now. As an alternative, this project would create 41 housing units some of them specifically for Carolyn's House to try and transition residents to permanent housing. Mr. Piccirillo talked about the success of Carolyn's House and stated that this could be called Carolyn's House Phase II. It also gets us closer to what to do with the end of the other block which is the old St. Mary's. That is a very large vacant building that has created issues in the neighborhood. We are hoping that this investment will give some type of real future to that structure as opposed to what it is now. Mr. Piccirillo asked for questions.

Mr. Hooper asked if this property was going to be on the tax rolls. Mr. Piccirillo stated that they have worked out a tax schedule and they will pay property taxes. They would pay \$16,000 in year one escalating up to year 15 at \$21,000 in taxes. This will produce tax money from the school admin building for the first time ever.

Mr. Zucco clarified that this would be a PILOT agreement. The property would be exempt under Article 11 of the private housing finance law and the agreement was approved by Council, with a payment of 6 percent of rents.

Mr. Robins asked if we had any agreements on labor. Would they be using unionized labor? Mr. Zucco stated that project would be subject to Davis Bacon wage rates and on top of that the State Housing Tax Credits would make that subject to the state prevailing wage rates.

Mr. Piccirillo stated that Housing Visions has a 20-year track record in the State. He talked about other projects they have successfully undertaken.

It was questioned what happens after year 15. Mr. Piccirillo stated that the City would have the option of not to extend the PILOT or to extend it that would be a City Council decision.

Mr. Piccirillo stated the request for the \$150,000 was first presented as part of the 2014 CD action plan.

Mr. Zucco clarified that the agenda items talks about a construction phase grant but this a permanent grant that is going into the project and staying in the project absent any violation of the grant agreement. Secondly, Mr. Zucco expressed some misgivings concerning this project as an Urban Renewal Project. Mr. Zucco felt he had to express these some misgivings and he did not want his silence to be presumed to be agreement with the interpretations stated by Mr. Piccirillo.

Mr. Walker asked, what are you saying you don't feel this is an eligible URA project?

Mr. Zucco stated he would not say this absolutely is an ineligible or eligible project. It is an eligible Community Development project which meets the national objectives. The funds that are available in Urban Renewal to pay for this project are considered Community Development program income. The bulk of the URA funds are from the sale of Parcel 11 for the casino. The Urban Renewal closeout agreement says that Urban Renewal program income derived from the sale of that property is supposed to go to the Rainbow Center Project, which is now closed out. We have a new Urban Renewal Plan. This property is within the new Urban Renewal Area. Urban Renewal is supposed to undertake projects in conformity with an Urban Renewal Plan. We don't have a specific plan that includes any urban renewal activities in support of housing.

Mr. Zucco continued that Urban Renewal has never done grants like this. Urban Renewal has done clearance activities and public improvements, and sold cleared properties for development. Urban Renewal never did grants for projects. This Agency did participate in the Section 108 loan program where there were specific loans of Community Development funds that were funneled through the Urban Renewal Agency to some economic development activities many years ago.

Mr. Zucco stated that those are some of the factors that he considered. He could not make an ultimate determination to say this absolutely is or is not proper.

Mr. Piccirillo stated that we have been having this discussion and this is an opportunity to create an infill development on three blocks that are inadequate right not on the edge of our downtown. I see that it meets national objectives. There is always interpretation for everything and I still present this as a project that I see as a community benefit.

Mr. Hooper asked what is the penalty and recourse if it doesn't qualify.

Mr. Zucco stated that it would be recapture of the funds. Mr. Zucco clarified that he wasn't saying we can't do this project but he did not want to sit at the meeting silently and have the silence assumed to agreement. Mr. Piccirillo stated that he has read the regulations and this project does fit two of the three national objectives.

Mr. Hooper asked why we didn't put it through economic development to keep it simple.

Mr. Piccirillo stated that the reason we didn't put it through economic development is because we saw this as a neighborhood stabilization project. If we put it through N.F.C., that is traditionally for business start-ups and expansions.

Mayor Dyster stated that we have used Urban Renewal funds to demolish structures and we would like to use Urban Renewal funds to try and save something before we get to that point where structures need to be demolished. Mayor Dyster stated that we cannot demolish our way to future prosperity and at some point that becomes unsustainable and we have to start restoring buildings to some productive use. Urban Renewal has a lot to atone for in this City and if this can be used to save a historic building then that is a positive. Mayor Dyster stated that we are talking about \$150,000 and we have more than \$150,000 in blight clearances savings through the project.

Mr. Piccirillo talked about the real financial return associated with this project through tax revenue and the savings in demolition costs.

There being no further questions or comments, roll was called to approve a \$150,000 Grant to Housing Visions, Inc., for the Walnut Avenue Home project.

POLLED VOTE

IN FAVOR	6
OPPOSED	0
APPROVED	

There being no further business a motion to adjourn was made by Council Member Touma, second made by Council Member Grandinetti. Unanimously approved. The meeting adjourned at 5:30 p.m.