

Norwalk Redevelopment Agency approves \$1M loan for Washington Village phase two

By Robert Koch

NORWALK — The Norwalk Redevelopment Agency on Tuesday lent its support to getting the second phase of the Washington Village Transformation Plan rolling.

On a unanimous vote, the Redevelopment Agency Commission approved loaning the Norwalk Housing Authority \$1 million to help close a funding gap on the estimated \$47.7 million phase slated to start next year.

Phase two faces a \$3.2 million funding gap, assuming it receives a 9 percent Low Income Housing Tax Credit program award from the Connecticut Housing Finance Authority, according to the Redevelopment Agency.

The agency itself will help pay down the principal on the \$1 million loan with a grant it receives from the city.

“The agency is considering a subordinated loan in the amount of \$1 million to the project,” Redevelopment Agency Executive Director Timothy Sheehan told the commission during its meeting at City Hall. “The source of repayment will be funds coming in for affordable housing from Fund 500, which is an ongoing grant resource that we’ve gotten for the past 13 years.”

Trinity Financial LLC, the Boston-based developer that is rebuilding Washington Village for the NHA, has applied to CHFA for low-income housing tax credits aimed at attracting \$19 million in private equity for phase two and will learn next year whether it has received them.

The developer is also relying upon approximately \$13 million in funding from

the federal government's Choice Neighborhoods Program, \$6 million from the state Department of Housing, \$2.7 million from the state Department of Economic and Community Development and \$3 million in private debt, according to Sheehan.

While the state and federal governments have demonstrated their ongoing commitment to the three-phase project, they're also looking for local commitment, according to Sheehan.

“What they're actually looking for is what is the city, i.e. Norwalk, putting on the table to make this project happen,” Sheehan said.

The approved five-year loan will require a 1 percent commitment fee of \$10,000 and carry an annual interest fee of 5 percent — both paid upfront. Twenty percent of the loan amount will be made available before completion of phase two and the remaining 80 percent after a certificate of occupancy is issued, Sheehan said.

Phase two calls for building 42 public-housing units, 23 workforce units and 20 market-rate units on the site of existing Washington Village along Water Street.

Trinity Financial expects to finish phase one — a 10-unit apartment building at 13 Day St. and 70-unit building at 20 Day St. next spring — and start phase two later next year.

“We are currently looking to close and start demolition/construction of Phase 2 in the late summer 2018. This is subject to receiving funding that we have applied for from the State (CHFA and DOH), and hopefully the NRA funding as well,” Trinity Vice President of Development Eva Erlich wrote in an email earlier Tuesday. “We anticipate that construction of Phase 2 would be completed in spring 2020. As we get closer to beginning the construction of this phase, we will have more specificity on the schedule.”

The larger Washington Village Transformation Plan — a roughly \$140 million undertaking — calls for razing the existing 136-unit complex and building 136 public housing units, 67 workforce housing units and 70 market-rate units in two-, three- and four-story buildings.