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**Pam King Proposal Letter
for
The Richman Group
March 16,2004**

(All footnotes supplied by Ferment Magazine)

The Richman Group Development Corporation

599 Putnam Avenue
Greenwich, CT 06830
(203) 869-0900
(203) 869-1034

VIA FAX
(860)344-3593

March 16,2004

William Warner, AICP
Director of Planning, Conservation & Development
245 deKoven Drive
Middletown, CT 06457

**Re: Request for Comments on Section 13, Activity Supplement
The Rapallo-Green-Ferry St. Area, Middletown, Connecticut**

Dear Mr. Warner:

Thank you for the opportunity to present our credentials in connection with redeveloping the North End. As requested, we have reviewed the Principles for Future Development and provide the following comments as to the feasibility of achieving these 14 goals. TRG ¹ believes all 14 goals are achievable and therefore did not respond point-by-point. Where clarification was needed, or suggestions offered, they are provided below. It is important to note a significant distinction between The Richman Group Development Corporation ("TRG") and other potential developers. TRG is a for-profit entity and will have a real and continuing investment in the

¹The Richman Group

project and the neighborhood. ² It is in our best interest to ensure the success of the proposed redevelopment, whatever form it ultimately takes.

The real key to the success of redeveloping the North End is assembling the required parcels at zero or nominal cost to the development, redeveloping the entire area in one phase ³, relocating Nehemiah's Green Court ⁴ residents and demolishing the building, and creating a new neighborhood that blends architecturally, socially and economically with the improvements already underway (e.g. artists' residence). ⁵ It is important to create a neighborhood that merges the enthusiasm and excitement of the downtown renaissance ⁶ with the scale and character more appropriate for a residential neighborhood. Appropriate screening is required to provide a buffer between the rears of the Main Street buildings ⁷ and the newly created neighborhood. The neighborhood needs an entirely new identity and must include streetscapes that would signal to any newcomer driving down Ferry or Green Street ⁸ that the North End neighborhood is a desirable place to live for people *at all income levels* . ⁹ *The neighborhood must shed all traces of its downtrodden history* ¹⁰ so that it may stand proudly beside other stable thriving Middletown neighborhoods.

The most cost effective way of reshaping the North End's future *is to demolish all structures* ¹¹ , with the exception of the Green

²Translation: we will squeeze the bottom line.

³Translation: demolishing everything in sight. Read further

⁴A half-way house apartment complex for recovering inmates of local rehabilitation institutes such as Rushford for alcoholics, Gilead House for drug addicts, and CVH asylum for victims of mental illness.

⁵This refers to a single building holding the 9 artists of the Alderhouse Artist's Coop on the main thoroughfare to the west of the target area.

⁶A decade-long stale cliché as businesses continue to flee the downtown.

⁷Ugly as sin, but putting up a Chinese Wall to block them is no solution.

⁸Three streets running parallel west-to-east are in the target area: Ferry, Green and Rapallo, each of them a city block of about 600 feet in length. Ferry and Green are residential, with rows of charming old houses in deplorable condition, while Rapallo is largely commercial but with several residences as well.

⁹Words are cheap. Read further.

¹⁰Italics added

¹¹Italics added

Street School ¹² and possibly the Trolley Barn ¹³, and rebuild in an architecturally sensitive manner. TRG understands that there may also be another structure of historical significance that the City would like to preserve (i.e. one of the oldest houses in Middletown.¹⁴) and we would work with the city to achieve this goal.

TRG believes that the most marketable location for market rate housing is along DeKoven (facing the river) Dekoven Drive runs along the east edge of the neighborhood ¹⁵ and adjacent lots that can take advantage of the river views. The balance of the site would be developed with mixed income apartments for NEAT residents ¹⁶ and local artists, for example, at a scale and density befitting an urban village.

Note: We assume that the land also encompasses 3+ acres and includes Lots 14-122 on the south side of Green Street and Lots 27-40 on the north side of Ferry Street. The south side of Ferry Street and north side of Green Street must also be pursued for development. TRG would be interested in pursuing these development opportunities.

Our specific comments on the Principles for Public Development are as follows:

1. Resident involvement - absolutely no problem. TRG believes the only way you can truly transform a neighborhood is by building relationships with neighborhood groups such as NEAT, the Housing Authority and Wesleyan. *TRG believes NEAT is the most important group among the list* .¹⁷

2. Retail/civic/ cultural facility development is a natural outgrowth of new housing construction. The housing must come first and the plan can include open space for cultural and civic

¹²managed by Wesleyan University

¹³? What is this structure?

¹⁴Old houses over old people?

¹⁵Houses along the drive do not face the river but a warren of super-highways that have strangled development of the river front for half a century.

¹⁶NEAT is not a housing development but a grassroots advocacy group that the City is obliged to deal with according to the terms of the Revitalization Act of 1996

¹⁷ Italics added. A statement in strange contrast to a pathological avoidance of meaningful interaction over the next two years.

events, as long as the allocation of such space does not negatively affect the marketability of the home ownership and rental units. ¹⁸

The cultural/community garden/ civic space would be dedicated to a local group to serve as steward of the activities, maintenance and long-term programming. It is important to include "tot lots" for the rental development as well. ¹⁹

Neighborhood vitality and engendering active street life is as much a function of design as it is to provide those activities in which to participate. However, it must be balanced so that the new homeowners and apartment dwellers can enjoy their new homes in a quiet and peaceful atmosphere. ²⁰ In addition there is not much land to work with. ²¹ There must be enough housing to make the redevelopment financially feasible . ²²

3. Increasing home ownership to 50% - it makes sense to include some home-ownership units, ²³ however home ownership should not be viewed as a panacea. It is important to note that a professional management company of a rental development is an effective tool to ensure that the neighborhood remains stable, attractive and safe. TRG is a long-term developer and holds onto its properties. With a financial stake in the development, we enforce rigorous management practices. That said, TRG believes market rate home ownership can be incorporated, provided that the entire block is redeveloped at the same time. It will be very difficult to secure market rate buyers in a neighborhood *that looks and smells of the old North End* . (Italics added)

4. Relocation - the City must assist in providing and coordinating temporary housing at zero cost to the development. The development cannot afford to bear the costs of relocation, Or any other costs. ²⁴

5. Local preference - in the rental development we can give a local preference, to the extent allowed under Federal Fair Housing

¹⁸Translation: no open space .

¹⁹Translation: no open space.

²⁰Translation: no open space

²¹Translation: no open space

²²Translation: no open space

²³Richman has since relinquished all plans for construction or management of privately-owned homes.

²⁴Since this letter was drafted in March of 2004, Richman has bullied the City of Middletown into footing the bill for every expense, reasonable or otherwise.

, so that the current residents can benefit from the neighborhood's transformation.²⁵

6. Mixed income neighborhood - TRG has run a development pro forma on a so-called 80/20 theoretical 108-unit apartment development,²⁶ 80% market rate and 20% affordable. There is a \$7.5 million gap in funding since the development can only afford a permanent loan (tax exempt bond) of approx. \$6.1 million.²⁷ If we found a company like Goodspeed that committed to leasing a number of apartments for a long term lease at a specified rent, it could work.²⁸ . The rents need to be \$1,600 for 1 br , \$1,900 for a 2 br and \$2,250 for a 3 br. TRG believes this is unrealistic in the Middletown market. I certainly understand the goal of creating "market rate" housing but what is happening in Middletown and is often the case in the upper income counties, the tax credit rents are equal to the market rate rents. I sensed a stigma towards a "100% affordable" transaction but the tax credit rents are as high as \$821 for a 1 br, \$985 for a 2 br and \$1,138 for a 3 br. Maximum incomes would be \$30,6 k to \$50.8 k , depending on household size. These are NOT poor people and could certainly achieve the mixed income goal.²⁹ Once tenants move in, they do not get evicted if their income were to *increase* (Italics added) above the allowed maximums. They only need to income qualify for their initial occupancy. If this theoretical development were financed through the tax credit program, over 70% of the project cost is financed through tax credits, which greatly reduces the permanent loan the project is required to repay. I think its important to highlight the financial realities.³⁰

If gap financing was identified which did not carry the requirements of on-going income restrictions, that could be a way to develop some units which have no income restrictions which

²⁵Translation: we couldn't care less if people won't be able to move back into the neighborhood from which they've been displaced.

²⁶ In December, 2004, Middletown's Common Council gave its rubber-stamp approval for a virtually identical 96-unit project.

²⁷In December 2004, the City accepted this argument and coughed up \$2 million, no strings attached.

²⁸Translation: kick the residents out, and bring in the staff and singers of the Goodspeed Opera

²⁹Translation: okay, get rid of the poor people.

³⁰Ditto.

could open the door to higher income residents desirous of urban living.³¹

Also, market rate for sale housing makes financial sense only when the cost to develop is lower than the purchase price, Condos that sell for less than \$150,000 do not make financial sense.³²

7. Neighborhood linkages - its important to build on the existing arts linkages in the neighborhood - Wesleyan University, Goodspeed Theater³³ and local artisans by incorporating their housing needs into the redevelopment and by linking residents to their programs, whether for adults or children.

To conclude, the goals can be met and TRG can certainly adhere to them as long as the housing takes top priority , the development makes financial sense, and TRG has absolute control over the development³⁴ . Outright demolition of the entire area is preferred and more cost effective ; a 100% tax credit financed rental development is financially more realistic today than an 80/20 and the only way market rate housing (after a market study confirms its viability) is going to work is if the entire area were transformed at once, the Nehemiah property were relocated/demolished, we can command prices in the marketplace that exceed the cost to build, and enough open space is dedicated to the home ownership portion to increase its marketability. (Italics added. This paragraph speaks for itself) .

There are many goals tugging at a very small parcel of land. Achieving all of the goals will be a challenge and TRG is up to the task. Upon developer designation, TRG could conduct a cursory market analysis and develop a conceptual plan to see how the pieces could fit.³⁵

³¹Translation: turn the North End into a suburb.

³²Translation: we do not intend to do market rate privately-owned housing.

³³The relocation of the Goodspeed Opera to Middletown was never anything more than a daydream. Their proposal has been past history for some time already.

³⁴Go back to #1 of the comments: "TRG believes the only way you can truly transform a neighborhood is by building relationships with neighborhood groups such as NEAT, the Housing Authority and Wesleyan. TRG believes NEAT is the most important group among the list . "

³⁵ Translation: we intend to do as little work as possible, a philosophy that has been translated into action over the past year.

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We thank you for your continued consideration and welcome the opportunity to further discuss our ideas in person in the City of Middletown.

Sincerely,

Pamela I. Mikusova

Vice President ³⁶

³⁶The letter doesn't state of which sub-corporation of the Richman Group she is vice president.