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Old Town Hall agency seeks \$2.7M in funding

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STAMFORD - The Old Town Hall Redevelopment Agency wants \$2.7 million from the city to ensure the downtown landmark is ready for tenants by next year.

The Beaux Arts-style building at Atlantic, Main and Bank streets has been empty for about 20 years. The city cleaned the exterior and rebuilt the front plaza, but major interior work still is needed, including a planned addition with an elevator.

The city last year reached a deal with National Realty and Development Corp., a real estate development and retail company that owns the Lord & Taylor and Linens & Things chains, to move 80 employees into the building in 2009. But financing the \$16 million renovation project was based in part on getting about \$4 million in new market tax credits that have not materialized.

The U.S. Treasury Department, which awards the tax credits to economic development agencies that sell them for cash, did not provide any credits for Old Town Hall during the last round of allocations in October, Stamford Economic Development Director Michael Freimuth said.

The city contracted with a New York firm, the National Development Council, to secure the tax credits.

Officials plan to reapply for the credits, which have become increasingly competitive in recent years but won't know the decision until October.

Waiting would delay construction of a glass-enclosed addition and could jeopardize other funding for the \$16 million project, such as \$1 million in state grants that expire at the end of June, Freimuth said.

The whole project could unravel and officials would have to start over, which would cause construction costs to escalate and could leave the city searching for another tenant, he said.

"I think it could take five years or more to put it back together," he said.

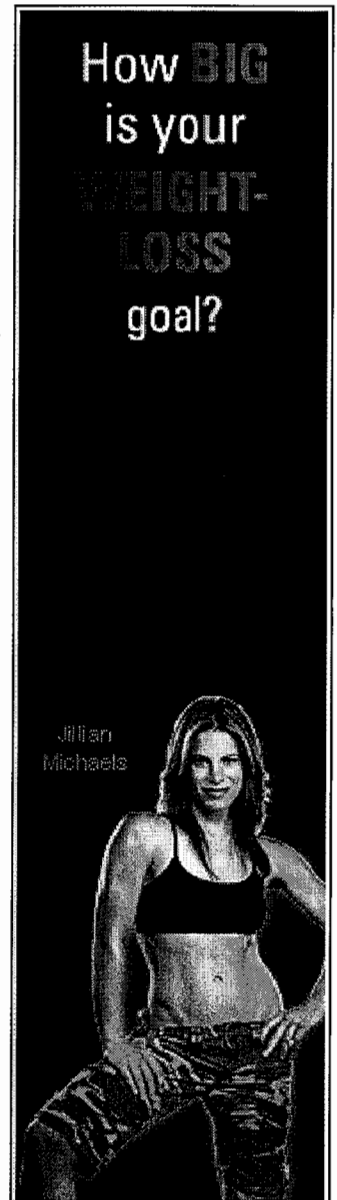
The city has been working on the plan since 2004.

Officials spent years looking for a rent-paying tenant that would use the upper levels and allow the city to retain the grand foyer and space on the first floor for public events. Many proposals were rejected because the building does not have parking.

Construction bids for the addition came in at about \$13 million; waiting could inflate that, Freimuth said.

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"All of the other funding sources and the tenant and the bid are lined up," he said. "We need to capitalize on that moment."

Tim Curtin, Old Town Hall Redevelopment Agency chairman and a special assistant to the mayor, is proposing the city close the \$4.2 million gap by putting an additional \$2.7 million aside for the project in next year's capital budget and loaning the agency an additional \$1.5 million. Lower interest rates allow the agency, a limited liability corporation headed by current and former city officials, to finance a \$5.5 million loan rather than the \$4 million it planned to borrow. The city transferred ownership of the building at 175 Atlantic St. to the agency last year.

The agency plans to repay the loan using the rental income. National Realty and Development has agreed to pay \$400,000 annually for the first 10 years, though it has yet to sign a lease.

If the tax credits are awarded, the agency won't need the \$2.7 million, but the funding commitment must be in place soon to keep the project on track, Freimuth said.

"The \$2.7 million is used only if the new market (tax credit) doesn't show up," Freimuth said. "But, by having it, we can represent that all the funds are in place."

Curtin characterized the \$2.7 million as "backup funds."

If approved, the \$2.7 million would bring the city's share of the \$16 million project up to \$4.7 million. The city loan is paying for \$5.5 million, the state is contributing \$4 million and historic tax credits would pay for \$1.6 million.

Harry Day, a city representative on the board of the Old Town Hall agency, said he believes his fellow legislators on the Board of Representatives will approve the extra capital expense because backing out now would lead to "an avalanche of consequences."

"We lose the tenant, we lose the income stream, we lose a ton of what we put into it," Day said. "A used vacant building becomes a wasted asset."

Old Town Hall was the hub of city government from 1907 until 1961, when some offices moved to the onetime Municipal Office Building at 429 Atlantic St. Some departments remained at Old Town Hall until the mid-1980s, when city hall moved into the Stamford Government Center at 888 Washington Blvd.

Since the \$2.7 million for Old Town Hall is not part of the Planning Board's proposed capital budget for next year, officials must ask for it to be added, Day said. Elected officials on the Board of Finance and the Board of Representatives vote on the capital budget in the spring.

"I believe that when the board members hear the pros and cons, they'll be supportive," Day said. "I think it's one of the few things in the city where there's a unanimity of opinion. It's an iconic building for our city."