# Economic Development Commission
## Regular Meeting
## Monday, May 7, 2012
## Windham Town Hall
## Meeting Minutes
## 7:30 PM

**Call to order**: Bill Hettinger called the meeting to order at approximately 7:30 PM.

**Commission Members present**: Bill Hettinger-Chariman, Bob Horrocks, Victor Funderburk, and John McCommas. Commission Members absent: Eric Crowley, Bill Anderson

**Town Staff**: James Finger, Town Planner/Business Liaison

**Citizens & Delegations:** there were no citizens to speak

**Discussion and Possible action – Recommendation to the Council on housing at Windham Mills.**
The Chairman said he received a letter from Martin Conner on behalf of Loch View LLC, the owners of the Windham Mills. The Chairman explained the need for the Commission to make a recommendation on the Mills to the Town Council. He added that he attended a meeting in early April – where the Town Council heard a presentation from Mr. Briggs (TWB Properties LLC/aka Loch View LLC). Mr. Briggs explained that he was making this presentation because the Planning & Zoning Commission was looking for guidance from the Council on what they should do – given the history of the property (relating to the State and Town's financial investment in the property). The Town Council then asked the EDC for recommendations on housing at the Mills.

The Chairman explained that the EDC asked the Mills to provide the information that was submitted; then invited Mr. Briggs to talk about the proposal and how much he would be investing. The other questions to answer were if there were any restrictions in the tax agreement (none according to the Town Attorney), or from the State (none according to State Officials who had been involved in project); so Mr. Briggs Loch View (TWB Properties) owns the property free and clear.

With respect to the deliverables (benchmarks for expenditures) identified in the Tax agreement that was signed at the end of 2008 - as follows:
During the term of the agreement, Loch View LLC shall meet the following benchmarks:

a) By the expiration of the third year of the term of the agreement, Loch View shall have caused capital improvements to be made to the property in an amount of no less than $900,000;
b) By the expiration of the fifth year of the term of the agreement, Loch View shall have caused capital improvements to be made to the property in amounts of no less than $1.5 million;
c) By the expiration of the sixth and one-half year of the term of the agreement, Loch View shall have caused capital improvements to be made to the property in amounts of no less than $3 million.

Mr. Briggs responded that they have documentation on expenditures exceeding $2 million so far – and they are ahead of schedule (on tax abatement agreement). But he added that the last one - is one of the major items to discuss, because without approval of the residential use, there is little demand for the Commercial; so there may not be anything to build out because the demand is so low.

The Chairman agreed as he understood this problem. He then asked if they had done any research on what typically happens to old Mills.

Mr. Karl Nielsen referred the Commission to Mr. Conner's letter as he had covered that, and has experience as the City Planner in Torrington where they have designated the Mills as an Incentive Housing Zone. So you either have to do that (residential use) or condemn them; and unfortunately that's what happens to most of them after they are too far gone.

Mr. Briggs explained that these Mills require an investment (to maintain them), and that various players have made an investment in these Mills. But if we don't make any further investments, it will deteriorate; so we need to keep it moving. Most Mill (redevelopment) involves local Town or State investment in order to be successful. Without this investment they become deteriorated, and abandoned; and some collapse or burn down.

The Chairman said at least here the shell (of the Windham Mills) is good.

Mr. Briggs agreed – and added that in answer to what happens to Mills generally - you don't have to go far to find other Mills that have gone the other way. But this Mill sat at the center of Willimantic – at the heart – and a very important place. So it depends on where the Town's initiative is (placed). If the Town understands – it doesn't mean that you get your way on the type of use there – as much as you allow many different uses that play upon each other – kind of like an orchestra. He said they've been working with someone interested in converting the old barn into a restaurant – which has been discussed for a long time. He continued asserting that even people who don't know anything about redevelopment say after looking at it, that it should be a restaurant. He said he agreed, but wondered if it would get off the ground? He expressed his doubt because it would take a substantial investment, and who ever would want to do this will look to the landlord to put it together.

Chairman Hettinger then asked – in the context of the Tax Agreement - approximately $2.4 million has been spent in preparing the building for tenants - how much additional money would be spent for the residential use.

Mr. Briggs replied that it is difficult to come up with a round number but you could easily spend $7-8 million more which would include infrastructural improvements and possibly additional parking.

The Chairman commented that the one thing he noticed on the tour of the site is that it has a lot of empty space where you could do a lot of different things, but asked if there still be space for industrial tenants?

Mr. Briggs responded that the fifth floor of the buildings is where he needs to come up with something particularly for buildings #1 and 2 east; and looking at the original architecture – there were dormers – which allowed light – but they are no longer there as they were removed when the re-roofed it. So dormers could allow a beautiful view for loft style units. Then moving west to the other buildings it would be for the

fifth, fourth, and third floors, but the second floor is debatable as it depends on where the demand is. He said they would love to have a commercial tenant if the demand is there – but it would also plays into the need for parking and it may involve a parking deck – which they would consider if the demand is there. In going to the rear to #2 a & b for the portion of the building that's right on the River overlooking the dam - would be spectacular as residential. Also in Buildings #4 & 5 would be largely for residential. We are looking at somewhere around 130,000 to 150,000 gross sq. ft.

Commissioner John McCommas asked what's holding it up – is it zoning, and why?

Karl Nilsen answered that the Planning & Zoning Commission has been reluctant to make any changes on their own based on the reasoning that the Town and the State had put a lot of money into the Mills property, and they wanted to know if there were any restrictions after Mr. Briggs took it over. Mr. Nilsen explained that they now have the documentation that all of the prior restrictions have been cleared, and there are no restrictions on seeking a zone change.

The Chairman asked about the details of the Tax abatement agreement for the Mills. Mr. Briggs responded that it's not really a tax abatement – so much as it was an agreement to fix the taxes for a flat amount over the full seven years (not graduated as others have been structured). It was fixed at the market value of the property when it was purchased out of Bankruptcy at about $5 ½ million. Mr. Briggs said he believed it's assessed at 70% of that market value, and they pay taxes on that amount – plus any escalation in the mill rate. So he said that it is his belief that any improvements made under this agreement are not subject to an increase in assessed value until the tax agreement expires – after 2015.

The Chairman asked for clarification if the request for residential use would involve a new tax abatement agreement. Mr. Briggs asserted that he was not looking for that, as he still has a few years to go on the current agreement. He continued to explain that if they are successful with the residential (he asserted that they would be if the building is 85-90% occupied), it's going to produce more tax revenue! (And – further) it will also help them if they have other uses and more tenants in the building to drive the commercial uses. So these tenants would bring in employees – and this is good for everyone.

The Chairman agreed and asked for confirmation that if the Assessor uses the income approach to the assessment, then more income will produce more tax revenue. Mr. Briggs concurred – that's the way every Town does it for Commercial property. If he invests in the property, it will eventually go on the grand list – and he said the Town should be interested in that.

Commissioner Horrocks said that for him Economic Development is jobs. So why has the current use for commercial and industrial use not been successful as a strong economic engine? Also, he asked: what are you (Mill owner) proposing to make it an economic engine? Are there jobs coming in? - or is it just the housing?

Mr. Nilsen answered that the housing will bring in jobs. This property is unique. There is a lot of discussion about live/work space. So someone could live at the Mills, and have their business in the same building.

The Chairman added in answer to Commissioner Horrocks that what they are getting at in their letter (Martin Conner – letter) is that with people living there – they will buy something, and they will most likely patronize the local merchants. And if they get enough people living and working in the building, their coffee shop or restaurant works.

Commissioner Horrocks – asserted that we're making an assumption then that both Art Space and 560 on Main are economic engines that are producing jobs and tax revenues. He then opined that he felt that this (Mills) proposal is a little different in that it is mixed use with offices, restaurants, and shops – as well as residences. He asked for more justification of this, as they had talked about college students – who won't necessarily be working in Town.

Mr. Briggs agreed that there would be a variety of uses, and that they would interplay with each other. He explained that he was working on converting the old office in front to a coffee shop, but the marketing people told him that there isn't enough demand to support it – there aren't enough people on a daily basis to make this successful. Also, in answer to the first question of why is it (the current use for commercial and industrial use) not working now? His answer was that there is only a need for so much businesses or services. He explained that the overwhelming use of the property is for non-profit or State tenants. He clarified that they are conferring with one prospective tenant which is a (research) lab from Massachusetts that's looking for more space; and that's an exception. Most of the people that they see are for non-profit office uses.

On the other hand, private enterprise is going to less office space – they're working from home or mobile – they don't need big blocks of offices. The only ones who need big blocks of offices – are those who are not concerned with making money. Also, he asserted that we (Connecticut) are not competitive for industrial uses. He alluded to a C.E.O. study that ranked the 50 States as to where they would want to do business. The good news – is we were not in the bottom five. The bad news is that we're in the bottom six. So businesses that have an option – are not locating in Connecticut. Industrial uses that use a lot of energy (can't locate here economically), we are the third highest in utility cost.

Mr. Briggs said that they have a few very good industrial tenants, mentioning Hawk Plastic, and another one called Hydrofera; but he said they are not dealing with any new ones. He explained that they (his ownership) have been there for 3 ½ years. So he said he didn't see how we were going to fill up almost 300,000 sq. ft. with commercial uses. There isn't the rationale to attract them (commercial and industrial uses). He asserted that the industrial policies here … *NO*-Town in Connecticut does anything to attract them. He opined that he didn't know if any of them could because the rationale to be here – isn't here.

On the residential side – there are jobs as they are being constructed. They are not long term jobs, and he said he couldn't give any projections as to how many jobs are created – but there are jobs created. But once it is built out and it is there, you have people who – as the Town's own studies show (Incentive Housing Grant program – Housing needs analysis), there are people who come here from outside this area to work – or nearby, who would like to live in just this type of setting.

Once they are there – as Marty O'Conner said in his letter, they are boots on the street and will be patronizing the businesses up the street and the coffee shop that he said he hopes to create; but they'll be going to the other areas in Town. Those retail areas that have no shops in them now or barely hanging on – will have several hundred more people to patronize them – and that's what makes a Town vibrant.

Commissioner Horrocks agreed and said he was mainly trying to get him (Mr. Briggs) to clarify his thinking. He added that he thought it was a good idea (to allow residential use of the Mills), as he said he's been in Town for 32 years, and has seen the Mills there and they haven't been too productive. So if the commercial and industrial use is not catching on, then it's time that we shift gears and go in a different direction. He recommended that they (Mills owner) try to find some other sites where the mixed use of living upstairs and working downstairs has worked.

Karl Nilsen assured him that they have done the research, and found that it works – in fact there are a lot of studies that talk about it, and this is what is getting people back into the community.

Commissioner Horrocks agreed that he has seen articles about this too, and said that he felt that we would be making a mistake if we didn't move in this direction.

Mr. Briggs said that he always believed that it would be better to have a 24 hour building - it's great planning from the standpoint of impervious surfaces. If you wanted to create 150 residential units somewhere else, you would have to build a new building and create a new parking lot for all the 150 units. Whereas – you have some degree of overlap that's already here (at the Mills). Why should vast parking lots sit unused? There are a lot of Towns that don't have the infrastructure that you (Windham) have in place.

Mr. Briggs added that in another Town where he owns property, the Town has been trying to do the very same thing by holding charrettes to get people and the other property owners to buy in to the idea, and to get developers to come in and buy the properties and make it happen. Whereas here, you're already a step up from that with a big property with an owner that wants to do this. He countered that he would have loved to have seen it all develop on a commercial template because it would have been simpler. Instead of trying to convince everyone about something that has been a bug a boo for the Town – that they wanted to see it all (Mills) go as a Technology Park – it's a great concept, but reality kind of got in the way.

Chairman Hettinger asked for clarification on the plan to do market rate housing.
Mr. Briggs responded that he had hoped to develop some high end apartments with some granite counter tops…(audio recording ran out).

After some discussion, Commissioner McCommas made a motion to ***STRONGLY*** recommend that the Town consider changing the zoning to allow a mixed use development with residences at the Windham Mills. The rationale for this is that:

a.) The property has been zoned for commercial/manufactured use for the past twenty years and has not successfully filled. While having a large amount commercial space available is conceptually desirable, the demand for this type of space is not strong enough to support the complete use of the property, and the Commission has independently found from Economic Development experts that there is an oversupply of this type of space.

b.) An occupied income generating building would be more valuable on the grand list than a vacant building.

c.) Additional residents' downtown will put feet on the street and support local businesses and aid in the revitalization of downtown.

Commissioner Horrocks seconded the motion, and all present voted in favor of the motion.

**Old Business**

**Chairman's report to Council** - The Chairman explained that he had made a report to the Town Council on the Commission's annual progress, and upcoming goals and objectives, and gave the Commission's recommendations to them on various tax deferment programs that were discussed in the previous month.

**Meetings/discussion with UConn on innovation hub** - The Chairman explained that he had met with a group working with U-Conn on trying to secure funding to establish an innovation hub in Storrs. He added that we tried to get them to look at the Windham Mills, but they evidently need to have it near the University.

- Business calling program – Commission members reported their visits to local businesses.
- Downtown subcommittee activities/report – Committee members reported progress with Thread City Development – working with the Main Street Center getting their advice.

1. Other reports/correspondence/announcements/activities - none
2. Citizens & delegations comments/questions - none

**Adjournment:** The Chairman adjourned the meeting at approximately 9:00 pm.

*Minutes respectfully submitted by James Finger*