

Site Development Agreement Obligations

Housing Authority of the Town of Branford

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What Is The Site Development Agreement (SDA)?

- Entered into on May 17, 2016 between Housing Authority of the Town of Branford, Beacon, and Branford Affordable Housing
- Lays out the terms, conditions, and obligations relating to Parkside Village I's redevelopment
- A valid legal contract which is binding on all parties listed above

What Are The Housing Authority's Obligations Under The SDA?

- Cooperate to structure a plan for redevelopment of Parkside I in order to achieve most competitive LIHTC application reasonably possible
- Secure maximum HTCC award available from CHFA
- Execute ground lease of land under Parkside I for ~99 years to owner entity
- Determine with Beacon scope and timing of remediation and demolition activities to comply with applicable requirements
- Work with Beacon to prepare property management plan with details on how Parkside I will be run after the redevelopment
- Beacon has a right of first refusal for any future redevelopment SDA for Parkside I for a period of five years if terminated

Housing Authority's Obligations cont.

- The Housing Authority has a right of approval and consent for various things relating to the redevelopment of Parkside I. The Housing Authority agreed to not unreasonably withhold, condition, delay, or deny approvals or consent. When the Housing Authority's consent or approval is requested, there is a 10-day notice period and no response within that time will be deemed an approval/consent. Applies to:
 - Revisions to property, lease, lot lines within Parkside I
 - Financing commitments and their material modifications
 - Provisions in loan docs and agreements executed by the Managing Member, Owner Entity, and equity investors that go beyond those which are typical and customary
 - Organizational docs of the Owner Entity and Managing Member and their modifications
 - Parkside's relocation plans and its material modifications
 - Replacement of the management team and modifications to management agreement
 - Changes of 10% or more in the development budget, developer fees, or operating expenses
 - Selecting a new architect or management agent

Ground Lease Under SDA

- The SDA obligates the Housing Authority to enter into a Ground Lease with the Owner Entity (made up of Beacon and Branford Affordable Housing) to facilitate the Redevelopment. The key terms of the Ground Lease, as agreed upon in the SDA, shall include:
 1. Restriction of the use of the property to affordable housing;
 2. Prohibition on demolition of the buildings and improvements except as contemplated in the Redevelopment plans;
 3. Duration of approximately 99 years;
 4. Rent of \$1.00 per year (standard for affordable housing developments of this kind), to be finally determined by agreement among the Authority and Beacon;
 5. Requirements for compliance with laws, regulations and program requirements (including LIHTC/CHFA rules)
- Failure to enter into a Ground Lease constitutes an Event of Default that could subject the Housing Authority to the liabilities discussed on the next slide.

What Happens If The Housing Authority Does Not Comply With The SDA?

- Beacon must be paid in entirety for its predevelopment costs (>\$1 million at last estimate)
- If the Housing Authority does not have the funds to pay Beacon, then Beacon can secure a judgment against the Housing Authority
- Judgment lien attached to the Housing Authority's properties
- Parkside I and II can likely be foreclosed upon to satisfy the debt