

## Proposal for the rebuilding of POKO I and launching an authentic Arts District on Wall Street

### Facts to Consider:

- 1) The Wall Street Theater and the Garden Cinema are large and significant arts facilities
- 2) The cost to pay Citibank and complete the unbuilt project exceeds any profit-motivated or developer fee driven plan and would also require significant state and City subsidies
- 3) The incomplete POKO building should not be redeveloped and encumbered as 100% affordable, regardless of any rent program
- 4) Norwalk would like the City to complete its pledge, memorialized in signs placed on Wall Street by the City, for the area to be Norwalk's "Arts District"

### Proposal:

Led by the Wall Street Theater, a 501(c)3 nonprofit, we propose a financially viable plan which four properties adjacent to the POKO project, plus the project itself, are merged together into an innovative, exciting and *achievable* project which would preserve and expand arts in Norwalk. The plan would be:

- Create a fully nonprofit Arts Complex integrating the Wall Street Theater, the Garden Cinema, and the utilization of over 10,000 square feet on the ground floor of the POKO project for arts. These could include projects such as a black box theater, artist and musician studios, growth area for the Wall Street Theater and live-work arts business.
- Property at 20 Isaacs Street can be acquired to make a roadway to better service all the buildings and allow the planned Isaacs road closures to proceed.
- Apartments in the unfinished building would be completed essentially "as-is", with 40% of the units being reserved as "affordable", but with some properly- and legally- set aside for artists living in the area.

### Projected Benefits:

- Studies from the U.S. Bureau of Economic Analysis (BEA) state the impact of arts and cultural production provides four times more to the U.S. economy than the agricultural, transportation or warehousing and are continuing to trend positively year over year. Arts and culture are one of the three top drivers of urban economies attracting \$46-\$51 for every dollar invested.
- Consider small artistic businesses selling products out of the area on the ground floor of the POKO shell
- A black box theater like Curtain Call in Stamford next to the larger Wall Street Theater.
- A large gathering area able to accommodate events like the Mayors Ball in Norwalk instead of Stamford.
- The ability of the Wall Street Theater to be a nationally known broadcasting facility, attracting talent far outside its weight class.
- A revitalized Garden Cinema that is freshened and refocused for outstanding cinematic opportunities.
- Rebuild and open up space wide for circulation, fair parking and open spaces.

### Preliminary Estimated Financials: ( based on our discussions and research with the stakeholders)

- 1) 20 Isaacs Street \$2.5 million. This acquisition settles a lawsuit between Norwalk and the property owner
- 2) Citibank owns the POKO project. \$10 million. This acquisition has the potential to settle two lawsuits between Norwalk and the adjacent property owner
- 3) Garden Cinema: \$3 million
- 4) The project would have to complete the POKO project, including refitting the interior for the arts projects contemplated \$15 million
- 5) Demolition of the 20 Isaacs building, and the creation of a new accessway to the rear lot from Wall Street \$500,000
- 6) Restoration of the underground parking at the POKO project \$2 million

TOTAL ESTIMATE: \$33 million

## Questions:

### **Where would the money to complete this project come from?**

The answer is to leverage the tax exempt status of the Wall Street Theater into the overall project and seek private activity tax exempt bonds. These bonds are not any obligation of Norwalk, and wouldn't be a debt from the city. Instead, they would be floated on the open market like securities. Their benefit is that the interest on the debt is tax free, and the circumstances of the debt make these bonds very attractive to banks, pension funds and other investors required to make investments in certain areas and having certain uses for those bonds. Even more encouraging is that projects like this can borrow much more than the for-profit developer might be able to borrow, requiring far less "equity" to get the project funded. While we can't make a bulletproof projection, we believe that the cost of this borrowing would be exceptionally low and manageable, and that the business it creates will easily make the payments. The bond fund process has been identified and is awaiting further detail.

### **Who will pay for the debt when the project is finished?**

The most important repayment source is the apartment building. Having, with the workforce and artist housing a rent roll of \$2.3 million a year before expenses helps. However, the revenue from the Garden Cinema, the retail on the Wall Street ground floor, the arts uses will add more funds. Then, the Wall Street Theater intends to join this alliance and pledge any positive cash flow to the obligation as well. Since we believe the annual debt service would be near \$2 million, this makes the project feasible at current projections, and it is because no investors need to be paid, and no money has to be reached to make a profit happen all the time.

**When would the project be finished?** We believe that we would be completed within 15 months

### **What about the parking? Everyone wants to know about the parking!**

Currently, the plan would be to resuscitate the parking in the basement of the project which was planned as part of the original plan. Our understanding is the equipment is available to complete this part of the project. Since, it's only 100 spaces, we would either utilize the ground area in the Garden Cinema site for an additional 51 spaces, and/or rent some spaces from the Milligan surface lot. Early discussions with the Milligan have been positive. Either way, we can gather the parking needed under zoning regulations without unnecessary expense or building.

### **What's wrong with the plan I read about in the papers?**

To be clear, the first objective should be to complete the unfinished building. The McClutchy group are not only good builders, but good people who would build to completion and then some. The project places a pall over the area, takes away a cultural icon, requires – it appears – significant direct subsidy. It doesn't enhance the neighborhood, it just takes away a problem and creates new ones. It doesn't solve any of the four Milligan lawsuits or the Dias lawsuit, and it just kicks the can down the road for the rest of the projects. Instead, a vibrant arts area, with real artistic inputs to the neighborhood leaving the hoped for after effect of other similar businesses coming to the neighborhood to be *part of something* is possible.

### **What are the biggest challenges?**

For one, Citibank. The McClutchy group are strong and long-term clients of Citibank, and they wish to sell to them for unknown reasons. It is our opinion that the existing "Land Development Agreement", which was the agreement that bound Norwalk and POKO together is mitigating its negotiations with Citibank. We believe the City possesses the power to direct where the project is going but is not doing so for unknown reasons. There could very well be construction problems that are wholly unseen at this time. We have seen sufficient activity next door to believe that both Citibank and the McClutchy group have sufficient knowledge of the property to believe there are no "deal-breakers" with the condition. We are not sure as to the position of the Redevelopment Agency and the City regarding that Land Disposition Agreement.

In conclusion, if this area became *the premier* location for Arts Entertainment, the upside is unstoppable. The resulting business and innovation benefits would set the area apart from the rest of the neighboring areas while achieving powerful economic growth. This is a significant opportunity that, in our opinion, can only be a huge boon for the area. Please feel free to call me at (203) 554-6140 or reflect your consideration of the project in any forum you wish. We understand the plan needs exacting, nevertheless, could materialize if we all work together.

Frank Farricker