April 9, 2019

To: Hon. John W. Fonfara  
Hon. Jason Rojas  
Hon. Kevin Witkos, Ranking Member  
Hon. Christopher Davis, Ranking Member  
Members of the Finance, Revenue Bonding Committee

Re: Opposition to Sections 25 through 27 of HB 7410 An Act Concerning Certain Tax Recommendations of the Commission on Fiscal Stability and Economic Growth and Establishing a Stem Scholarship Fund

Dear Sen. Fondara, Rep. Rojas, Hon. Kevin Witkos, Hon. Christopher Davis and Members of the Finance, Revenue and Bonding Committee:

I am General Counsel to Ponemah Riverbank, LLC, the owner and developer of the Lofts at Ponemah Mill, an historic restoration of Ponemah Mill in Taftville, within the City of Norwich. Ponemah Mill was once the largest cotton mill in the United States. The complex will consist of 314 residential units, of which 116 apartments are now open and fully occupied, with another 121 units coming on-line this summer. A hydro-electric plant still operates in the lower level of the buildings, along the Shetucket River. This project entailed the renovation of an historic 450,000 sq. ft. dilapidated mill (circa 1870) that was no longer viable commercially and was in jeopardy of disintegration from the years of neglect. The renovated property has received high praise and is a poster child for the benefits derived from historic tax credits. This complex has revitalized the Taftville neighborhood, allowing an influx of new residents and providing affordable housing units.

I am not certain I understand the implications or meaning of HB 7410, but it appears the purpose and intent is to significantly reduce the value of the historic tax credits and investment (possibly a 50% reduction) into the restoration of these valuable and irreplaceable buildings. I am writing to strongly object to the proposed reduction in the value of these tax credit programs. We would not have even considered the historic renovation of the mill but for the availability of the Connecticut Historic Tax Credits. The significant financial undertaking to restore these mills is only possible with the use of the Historic tax credits. This financial enducement provided much needed equity, without which these projects would never be feasible. The reduction of the tax
credit program will greatly diminish or eliminate the ability of moving forward with such projects in the future.

We currently own a 150,000 sq. mill (South Mill) adjacent to Ponemah Mills, and we are exploring the use and financing of renovating that historic structure. Without the full value of the historic tax credits, there is little opportunity available to finance this project. We have also purchase a building across Route 97 from Ponemah Mill, which was historically the “company store”, providing services and merchandise for the employees of the mill, which was the principal employer for the entire village of Taftville. Our intention to restore that building to its former functionality is in jeopardy as well without the current value historic tax credit.

We are seeking and are offered other historic restoration opportunities throughout the State, due to our success with Ponemah Mill. Without the availability of a full value historic tax credit, none of the projects we are considering are financially viable. In short, the admirable effort and financial support Connecticut has given to protecting its heritage and architecture will be lost. I respectfully request that any reduction in the value of the Connecticut Historic Tax Credits is ill conceived and will have a deleterious, if not devastating, effect on the restoration and repurposing these mills and historic buildings, recreating a renaissance in older, now blighted, areas of the cities and towns of Connecticut

The proposed legislation should be rejected and full funding maintained for both the Historic and Department of Housing Tax Credit Programs.

Thank you for your consideration on this very important issue affecting the State of CT.

Sincerely,

Louis Kaufman, Esq.
Ponemah Riverbank, LLC