

Agenda
CRDA Housing & Neighborhood Committee Meeting
GoToMeeting
Friday, January 15, 2021
9:00 am

- Approval of Minutes of November 6, 2020 *
- 246/250 Lawrence *
- 213-15 Lawrence *
- 99 Pratt *
- 103-21 Allyn (aka 88 Allyn)
- Project Updates
- Adjourn

CRDA Housing and Neighborhood Committee Meeting
Fri, Jan 15, 2021 9:00 AM - 10:00 AM (EST)

Please join my meeting from your computer, tablet or smartphone.

<https://global.gotomeeting.com/join/997021933>

You can also dial in using your phone.

United States: [+1 \(571\) 317-3122](tel:+15713173122)

Access Code: 997-021-933

* Vote item

Housing and Neighborhood Committee Conference Call
DRAFT Meeting Minutes
Friday, November 6, 2020
9:00 a.m.

PRESENT:

Members Present via GoToMeeting: Board Chair Suzanne Hopgood, Joanne Berger Sweeney and Mayor Luke Bronin

Guests Present via GoToMeeting: Aaron Gill, Laura Settlemeier

Staff Present via GoToMeeting: Mike Freimuth, Anthony Lazzaro, Lauren Vaz and Kim Hart

The meeting was called to order by Ms. Hopgood at 9:06 a.m. and the minutes of the October 2, 2020 meeting were approved on a voice vote.

213 Lawrence Street – At Mr. Freimuth’s invitation, Mr. Gill updated Committee members on his renovation project at 246-250 Lawrence Street. He noted that the south building has been completed, while the north is close to obtaining a certificate of occupancy.

Mr. Gill then reported on a second project at 213 Lawrence Street. Per a new State administrative procedure and law, the property is in receivership and the developer is seeking Historic Tax Credits, as well as assistance through the City’s Blighted Assessment Deferral program. The developer is also seeking CRDA assistance, the provision of which could be complicated by the receivership issue. Mr. Freimuth noted that additional work is needed before a formal resolution can be put before the Committee and the full CRDA Board.

Per the agenda, Mr. Freimuth reported on four CRDA-funded project requesting assistance in light of the COVID-19 pandemic:

103-21 Allyn Street – This project includes 66 units and street-level retail in three historic buildings on Allyn Street. The current CRDA loan agreement restricts the property to market rate housing; however, the developer is asking to designate 20% of the units as affordable in order to access additional Historic Tax Credits.

100 Trumbull Street – This project includes the conversion of existing 8 two-bedroom units into 16 one-bedroom and efficiency units. The new owner is asking to defer the required completion date of the first 8 units until December 2021, with the completion date for the second 8 units extended to December 2022. Loan repayment commencement dates would also be adjusted accordingly.

1279-83 Main Street (San Juan Center) – This project includes renovation of the property into 10 residential units and 2 storefronts. It has incurred construction delays and cost overruns, a redesign and a change in general contractors. As the project nears completion, the Hartford Community Loan Fund (CRDA's funding partner) and the San Juan Center are seeking to delay the conversion of CRDA's construction loan to a full permanent mortgage from May 2021 to May 2022 to allow for full lease up and stabilization.

Pratt Street Initiative – Phase I of this project includes the conversion of 99 Pratt Street and 196 Trumbull into 129 units. In October 2019, CRDA approved a \$12 million loan for acquisition and construction of Phase I. Mr. Freimuth is now recommending that the Board have the option to secure additional collateral for such loan in the form of 55-75 Pratt Street, an adjoining building scheduled for renovation in a later project phase.

After a brief discussion, a motion was made to forgo the reading of the individual resolutions for each project and vote on one omnibus resolution.

Resolved: The Executive Director is authorized to make the modifications to the terms of CRDA agreements for 103-21 Allyn, 180 Trumbull, 1279-83 Main and Pratt Street Phase I as discussed and to refer the motion to the full Board for consideration.

This resolution was approved unanimously by the Committee on a voice vote.

In the interest of time, the Albany/Woodland update on the agenda was postponed until the Committee's next meeting.

There being no further business, the Committee adjourned at 9:31 a.m.

The next meeting/conference call of the Housing & Neighborhood Committee is scheduled for December 4, 2020.

PROJECT: 246-8/250-2 Lawrence Street
Hartford, CT

BACKGROUND: Two six family vacant structures renovated by Wolverine Property (A. Gill developer, Lawrence Street Property LLC) using bank financing, a CRDA loan (\$521,000) and historic credits have been completed and are in lease up. However, the \$1.5M project ran into significant construction and material delays due to COVID as well as late SHPO sign off of historic work/certification. Consequently, the developer has not completed the monetization of the historic credits in time to retire the \$225,000 historic credit bridge loan component of the CRDA assistance.

PROPOSAL: The developer has asked for a six-month extension of the term expiration of the historic bridge loan (originally due Jan 4, 2021 and \$225,000) and will continue to pay interest on the loan during such a delay and the permanent portion of the note (\$296,000) will remain as originally awarded. Staff recommends approval of the request.

RESOLUTION: The executive director is authorized to modify the term of the historic credits bridge loan by extending its expiration/due date from January 4, 2021 to July 1, 2021.

Capital Region Development Authority
Mr. Michael Freimuth
Executive Director
100 Columbus Blvd
Hartford, CT
06103

December 18, 2020

Dear Mr. Freimuth,

I am writing regarding our current project located at 246/248 and 250/252 Lawrence Street in Hartford, Connecticut. Although the project, and project timeline, was affected by the global pandemic, we are very near final completion. As a result of extensive unforeseen delays due to the COVID pandemic, we are petitioning for a six-month extension on the due date for our \$225,000 Historic Tax Credit Program bridge loan.

As you are aware, the project consists of a full gut renovation of two three-story six-family apartment buildings. At this time, the vast majority of the project has been completed. Roofs, framing, mechanical, electrical, plumbing, interior finishes, painting, and all major work items have been completed. I am pleased to share that we have received our Certificate of Occupancy for one building (246/248 Lawrence) and have begun renting units. At the time of my writing this letter, we have our first lease signed and anticipate signing an additional three leases within the next week (one later today). As such, we anticipate having four of the first six apartments occupied on January 1, 2021. That we have been able to lease up so quickly, during the pandemic, and during the winter months, I believe speaks to both the quality of the product we have provided as well as the demand. We are also seeing strong interest in the remaining two apartments of the first building.

We anticipate having the Certificate of Occupancy (C.O.) for the second building (250/252 Lawrence) in the next two weeks. We had our C.O. inspection scheduled for this past Tuesday (12/15/2020). These inspections typically involve a Building Inspector and Fire Marshal. However, only the Building Inspector was able to attend as the day before the scheduled inspection, the Fire Marshal was placed on COVID quarantine. We have been told to anticipate that the Fire Marshal should be back on duty and able to complete her aspects of the inspection next week. We expect to have the C.O. (for the second building) shortly after the Fire Marshal completes her inspection.

This COVID related delay provides just one small example of the many many delays we have faced as a result of the COVID pandemic. We have faced a variety of challenges over the course of the

last ten months that no one could have anticipated. For example, a continuous struggle to obtain materials. We have had lengthy delays in obtaining kitchen cabinets, granite countertops, pressure-treated lumber, paint, appliances of all varieties, etc. We have also had to deal with personnel challenges as a variety of workers dealt with periodic quarantines due to potential exposure to COVID by themselves or members of their household. Beyond materials and quarantines, the pandemic also posed additional scheduling challenges as we attempted to isolate different crews in different areas of the project in an attempt to minimize any potential exposure.

In our Commercial Construction Loan Agreement, it states that "The loan evidenced by the \$225,000.00 Note shall be due and payable upon the sale of the State Historic Tax Credits which relate to the Project or on January 4, 2021, whichever date occurs first." Given the extensive COVID related delays we have not yet been able to submit for, and obtain, the State Historic Tax Credits. The next phase of the State Historic Tax Credit application will be submitted upon receiving the C.O. for 250/252 Lawrence. As you are aware, the receipt and sale of the tax credits is a several month process. As such, we anticipate having the sale of tax credits completed within the next six months.

Therefore, given the dramatic COVID related delays to this construction project, we are petitioning for a six-month extension on the due date for our \$225,000 Historic Tax Credit Program bridge loan. We request that the new due date be revised to July 6, 2021. This extension will allow us time to complete the application process with the State Historic Preservation Office, obtain the tax credits, and complete the sale of the tax credits to Eversource. We ask for this extension with the understanding that we would continue to pay construction interest on the loan amount during that time. Thank you for your consideration of our petition.

Sincerely,
Aaron Gill
Owner
Lawrence Street Property LLC
860-337-4849
wolverineproperty@gmail.com

PROJECT: 213/215 Lawrence Street
Hartford, CT

BACKGROUND: This three story, 3 unit building has been vacant and a neighborhood blight for nearly a decade and abuts the Lyceum Center located on Lawrence Street. City foreclosure and blight enforcement efforts have been underway and a Receiver, per new state statutes dealing with blighted properties has been appointed by the State Superior Court (August 2020) authorizing the receiver to step in, secure and clean the property and renovate it in a priority position to other claims on the real estate except municipal liens. The receiver, Wolverine Properties/A. Gill has been active in restoring properties in the area, has the appointment of the state court and support of the city to redevelop the property.

PROPOSAL: Use of a Receiver is new to the State of Connecticut blight fight and conventional mortgages are difficult to secure as a consequence. A. Gill/Wolverine Properties has requested CRDA to fund a first mortgage in lieu of conventional financing with the understanding that such mortgage would be protected by the court per the new statute. In doing so, the long vacant property will be put back into use and a template for tackling such properties will be established.

BUDGET: It is estimated that the renovation of the three units will cost \$462,000. The developer will provide equity of \$92,000 (approximately 20%) and requests a CRDA loan of \$370,000 at 3% interest amortizing over a 20-year term.

It is planned that the repayment of the historic credit bridge loan of \$225,000 from the same developer for nearby properties at 246-8 and 250-2 Lawrence be made available to fund the CRDA mortgage supplemented by \$145,000 in CRDA Housing Recapitalized funds.

RESOLUTION: The executive director is authorized to make a loan to A. Gill/Wolverine Properties or such acceptable single purpose entity in the amount of \$370,000 at 3%, amortizing over a 20-year term, subject to the repayment of the \$225,000 historic bridge loan made to 246-8/250-2 Lawrence and \$145,000 of available funds from the CRDA Housing Recapitalization fund; and such terms and fiduciary conditions as deemed necessary by the executive director and CRDA counsel.

7

15 Year ProForma
 Wolverine Property LLC
 December 24 2020
 Confidential

213/215 LAWRENCE ST. HARTFORD, CT

Purchase Price:	\$0
Estimated Repairs:	\$362,000
Total Development Cost:	\$461,739
After Repair Value:	\$385,000
Estimated Rehab Time:	9 Months
Estimated Year 15 Value:	\$582,347

Income Yr 15:	
Total Number of Units	3
3 Bedroom Units (3) Est. Rent	\$2,647
Income	\$95,293
Vacancy (5%)	\$4,765
Total Annual Income Yr 15	<u>\$90,528</u>

P&I:	
Down Payment:	\$92,400
Loan 1 Amount (CRDA):	\$369,339
Loan 1 Monthly P&I (20/3%):	<u>\$2,048</u>

Expenses Yr 15:	
Property Taxes	\$6,088
Insurance	\$3,321
Utilities	\$2,069
Accounting/Legal	\$1,379
Maintenance/Lawn/Snow Removal	\$5,345
Management (10%)	\$7,242
Total Expenses	<u>\$25,444</u>

[Redacted]

Cashflow Yr 15:	
Total Income:	\$90,528
Total Debt Service:	\$24,580
Total Expenses:	\$25,444
Total Annual Cashflow:	<u>\$40,504</u>

Annual Growth Assumptions	1% Expenses	3% Income	3% Property Value
---------------------------	----------------	--------------	----------------------

	Year 1	Year 3	Year 5	Year 10	Year 15	Year 20
Total Annual Income	\$59,850	\$63,495	\$67,362	\$78,091	\$90,528	\$104,947
Total Annual Expenses	\$20,839	\$21,258	\$21,685	\$22,791	\$25,444	\$26,742
Total Annual Cashflow	\$14,431	\$17,657	\$21,096	\$30,719	\$40,504	\$53,625
Cash on Cash ROI	16%	19%	23%	33%	44%	58%
Property Value	\$385,000	\$408,447	\$433,321	\$502,338	\$582,347	\$675,100

8

PROJECT: Pratt Street Initiative Phase 1
Hartford CT

BACKGROUND: The renovation of two vacant commercial properties into 129 units and retail space at 99 Pratt and 196 Trumbull was approved by CRDA in October 2019 and subsequently amended in September 2020 to be a \$12M loan in two tranches, a \$3M five-year loan at 1% interest only and a \$9M 10-year loan at 1%. (modified from initial deal terms of \$5.5M and \$6.5M loans at 2.75% based on cash flow loans at 10-year term). Considerable cost increases requiring additional equity by the developers and preferred return requirements of historic credit investors has increased the project costs. In lieu of additional funds by CRDA the developer and investors will increase their participation but have asked that CRDA stretch its term from 10 years to 30 years on the second note of \$9M that will be paid down at scheduled refinancing and at sale with the ability to assign the note to subsequent buyer in the event that sale proceeds are insufficient to cover all the debt.

PROPOSAL: Extend the initial ten-year term for the \$9M note to 30 years and allow for an assignment of the mortgage balance to a future buyer in the event that proceeds from earlier refinancing and subsequent sale are insufficient to retire the balance of the note.

RESOLUTION: The executive director is authorized to amend the loan terms of the \$9M loan to Pratt Street Phase 1 from a ten-year term to a 30-year term with an assignment clause for the unretired balance subject to the subsequent approval of CRDA.

CRDA Housing Approved

Project	# Units	TDC	TDC/Unit	CRDA Amt.	CRDA \$/Unit	Mkt/Aff Split	Structure	CRDA Bd. Approval	Bond Commission	Closed	Target Occupancy	Leased ¹
777 Main	285	\$84.5M	\$296K	\$17.7M	\$62K	80/20	\$7.5M equity \$10.2M 2nd mortgage	1/30/2013	3/13/2013	3/28/2014	Renting	86%
201 Ann/Grand	26	\$4.45M	\$202K	\$3.8M/\$750K	\$28.8K	100	initial constr. note \$3.8M ³ convert to 2nd mortgage at \$750,000	3/21/2013	6/21/2013	10/29/2013	Renting	35%
179 Ailyn	63	\$14.89M	\$235K	\$6.5M	\$103K	80/20	\$3.25M equity, \$3.25M 2nd loan	3/21/2013	6/21/2013	11/15/2013	Renting	97%
Sonesta/Spectra	190	\$23.9M	\$123K	\$2.05M	\$10.6K	85/15	Bridge HTC ³	6/4/2013	6/21/2013	12/5/2013	Renting	95%
Capewell	72	\$26.1M	\$359K	\$5.0M	\$69.4K	80/20	construction financing/converted to mortgage note	1/15/2014	11/16/2014	6/30/2015	Renting	97%
390 Capitol	112	\$35.3M	\$290K	\$7M	\$62.5K	80/20	2 loans, 5%, 20 yr.	6/19/2014	3/17/2015	9/23/2015	Renting	97%
36 Lewis	6	\$1.8M	\$306K	\$300K	\$50K	100	construction/perm loan 1-3% 30 yr.	6/19/2014	7/25/2014	4/8/2015	Renting	100%
38-42 Elm	6	\$1.24M	\$206K	\$349,350 ⁴	\$61.5K	100	loan 3% 30 yr.	2/18/2016	7/25/2014	2/25/2015	Renting	100%
1279-83 Main	10	\$1.35M	\$135K ⁶	\$297K ⁶	\$29.7K	100	loan 3% 25 yr.	5/21/2015	9/9/2016	9/20/2019	2021	
370 Asylum	60	\$20.3M	\$338K	\$4M	\$66K	70/30	loan <3%, 20 yr.	6/18/2015	3/24/2016	9/29/2017	Renting	96%
Radisson	96	\$19.5M	* 2	\$6.5M	\$67.7K	100	hotel conv. const. note	10/15/2015	12/11/2015	3/31/2016	Renting	33%
81 Arch	53	\$23M	\$380K	\$5.6M	\$103.7K	100	30 yr. 1% loan	10/20/2016	11/15/2016	11/7/2017	Renting	79%
101 Pearl	157	\$28.4M	\$184K	\$9.24M	\$58.8K	100	construction/perm loan 3% 30 yr.	12/8/2016	5/12/2017	11/8/2017	Renting	80%
111 Pearl	101	\$21.55M	\$208K	\$6.06M	\$59.47K	100	construction/perm loan 3% 30 yr.	12/8/2016	5/12/2017	11/8/2017	Renting	90%
103 Ailyn	66	\$21.1M	\$319K	\$6.6M ⁶	\$103K	80/20	construction/perm loan 3% 5 yr.	12/8/2016	2/1/2017	10/31/2018	Renting	30%
105-7 Wyllys	9	\$2.5M	\$277K	\$800K	\$88.8K	100	construction/perm loan 2-3% 30 yr.	5/18/2017	11/29/2017	8/31/2019	2021	
Colt North	48	\$13.6M	\$285K	\$2.88M	\$60K	100	construction/perm loan 3% 20 yr.	5/18/2017	11/29/2017	7/2/2018	Renting	100%
28 High	28	\$5.5M	\$196.4K	\$1.9M	\$67.8K	80/20	loan 3% 30 yr.	2/2/2018	2/16/2018	8/29/2018	Renting 1/21	
100 Trumbull	16	\$1.5M	\$93.7K	\$960K	\$60K	100	loan 3% 20 yr.	9/21/2017	2/16/2018	4/12/2018	2018/19/20	95%
246-250 Lawrence	12	\$1.5M	\$125K	\$521K	\$43.4K	100	Historic bridge loan & perm loan 3% 20 yr.	10/18/2018	12/11/2018	1/4/2019	Renting	33%
Colt "U"	28	\$7M	\$269K	\$1.5M	\$53.5K	100	loan 3% 20 yr.	1/10/2019	12/18/2019	11/30/2020	Late 2021	
Prairie	129	\$29.8M	\$231K	\$12M	\$93K	80/20	\$3M & \$9M 1% 5-30yr. term	10/17/2019	9/17/2020	12/18/2019	2022	
Park/Main	126	\$26.8	\$213K	\$8.4M	\$66.7K	80/20	Yr. 3%	9/20/2018	9/20/2018	6/25/2020	2022	
Dono "C"	270	\$56.2M	\$208K	\$11.8M	\$43.7K	90/10	3% 30 yr. 1.5 yr. term	9/20/2018	9/20/2018	9/30/2020	2022	
Summary	1969 ⁵	\$472M	\$239K	\$121.7M	\$62.5K median \$64K avg.	86/14	1697 market / 251 affordable					

1/12/2021

¹ deposits and leases
² \$75K/unit est. residential + 188 hotel rooms
³ notes repaid
⁴ \$16K from Housing Cap. Fund
⁵ 2108 w/ Front St. & Recap deals
⁶ \$200K reserve via Bond Commission

10

CRDA Housing Approved - Varied Funding Sources

Project	# Units	TDC	TDC/Unit	CRDA Amt.	CRDA \$/Unit	Mkt/Aff Split	Structure	CRDA Bd. Approval	Bond Commission	Closed	Target Occupancy	Occupancy
Front Street	121	\$35.7M	\$310K	\$12M	\$99.1K	Mkt	DECD grant	N/A	12/12/2007	12/17/2013	Renting	86%
Silas Deane	111	\$27M	\$225K	\$5M	\$41.6K	Mkt	Urban Act	N/A	9/30/2016	5/24/2018	Renting	77%
289 Asylum	8	\$1.474M	\$184K	\$450K ²	\$56K	Mkt	Replenished Capital Funds	12/8/2016 03/22/2018	N/A	6/13/2018	Renting	100%
241 Asylum	4	\$1.99M	\$150K	\$200K	\$50K	Mkt	construction note 5 yr., Capital Funds	12/8/2016	N/A	5/7/2018	Renting	100%
115-117 Sigourney	4	\$1.16M	\$290K	\$200K	\$50K	Aff	\$200,000 Hist. Bridge Loan Heritage Homes - Affordable	5/24/2018	6/1/2018	8/13/2019	Owned	SOLD
86-88 Hawthorne	2	\$830K	\$418K	\$50K	\$25K	Aff	Heritage Homes (NINA) Aff.	5/24/2018	6/1/2018	8/13/2019	2020	"86" SOLD
80-82 Hawthorne	2	\$830K	\$418K	\$50K	\$25K	Mkt	Heritage (NINA) Market	5/24/2018	6/1/2018	8/13/2019	2021	
Summary	261											

1/12/2021
¹ Paydown of principle from sale
² New balance at \$485K with interest rolled

