

Housing and Neighborhood Committee Conference Call
APPROVED Meeting Minutes
May 13, 2021
1:00 p.m.

PRESENT:

Members Present via GoToMeeting: Board Chair Suzanne Hopgood, Committee Chair Joanne Berger-Sweeney, Housing Commissioner Seila Mosquera-Bruno, Mayor Luke Bronin, Randal Davis and Paul Canning

Staff Present via GoToMeeting: Mike Freimuth. Tony Lazzaro and Kim Hart

Guests Present via GoToMeeting: Patrick McKenna (Community Solutions)

The meeting was called to order by Ms. Berger-Sweeney at 1:01 p.m. and the minutes of the March 5, 2021 meeting were approved by acclamation.

Mr. Freimuth updated the committee on various projects:

- 1) 179 Allyn Street – This conversion of a commercial building into 63 residential units was completed in 2014/2015 and has been 90% leased since that time. CRDA provided two loans – a \$3.25m conventional mortgage and \$3.25m mezzanine financing.

Mr. Freimuth reported that the developer's first mortgage will be refinanced in September and the terms of that HUD Section 223(f) loan require all subordinate financing to have the same term as the HUD mortgage. Mr. Freimuth explained that the additional 35-year suggested term was not acceptable to CRDA and this was negotiated down to 22 years (on top of the 8 years already expired for a total of 30 years). If approved by the Committee and Board, CRDA will receive as part of the refinancing \$150k at closing and an additional \$250k six months later, all of which will be used to pay down the mezz financing.

Mr. Canning raised concerns about the \$333/unit reserve on the project, suggesting that \$800-\$1k was more appropriate. Mr. Freimuth acknowledged Mr. Canning's concerns, but noted that HUD approved the capital plan and dollars were very tight due to the term limitation required by CRDA.

After a brief discussion, the following resolution was approved on a voice vote:

“The executive director is authorized to adjust the terms of the CRDA subordinate mortgage of \$3.25M to be coterminous with the new HUD 223(f) mortgage note of \$4M at 2.75%/22 years by extending the CRDA note to 30 years.”

- 2) 28 High Street – CRDA provided a \$1.9m construction-to-permanent loan at 3% over a 30-year term for the construction of 28 units in this former industrial space. Mr. Freimuth noted that the project was still in construction when COVID hit and encountered pandemic-related cost increases, as well as issues with historic tax credits and leasing delays. People’s United Bank, which holds the first mortgage on the project, has agreed to extend the end date of its construction loan to September of 2021 and will amortize the permanent loan at 29 years. They are asking CRDA to do the same.

After a brief discussion, the following resolution was approved on a voice vote:

“The executive director is authorized to modify the subordinate CRDA note to be consistent with the People’s United Bank first mortgage of up to \$1,688,000, with the CRDA note increased to \$1,913,145 to include the previously deferred interest owed to CRDA during the COVID deferral period, to be amortized over 29 years at 3% beginning October 1, 2021.”

- 3) 338 Asylum (The Bond) – Mr. Freimuth reported that he has been in discussions with Paul Khakshouri, the owner of the shuttered Homewood Suites on Asylum Avenue. He is looking for CRDA assistance in converting the hotel to 116 residential units and restoring its historic façade. Mr. Khakshouri has suggested tying such assistance to his repayment of the CRDA loan provided to his neighboring property on Allyn Street. The refinancing and restructuring of the mortgage at 103-121 Allyn would result in a potential repayment of \$1.0m to \$1.5m to CRDA, of which \$900k to \$1.1m could be directed to 338 Asylum. The balance of the funds would be placed in CRDA’s capital reserve for future projects.

Mr. Freimuth acknowledged that the loss of hotel rooms in the City is problematic, particularly when a shortage of rooms in the region hampers the Convention Center’s ability to book certain large events. An analysis shows that the Homewood Suites did not handle a significant amount of business for Convention Center events and the construction of two-proposed smaller boutique hotels would balance out the loss. Mr. Freimuth also observed that even if the conversion project fell through, the hotel is not likely to rebooted and will remain shuttered.

In response to Mr. Freimuth’s inquiry, Committee members indicated that they would be willing to consider the project once more information becomes available.

- 4) North Hartford Housing Fund – Mr. Freimuth introduced Patrick McKenna from Community Solutions, the non-profit overseeing the creation of the Housing Fund. The fund would provide for the acquisition, rehab and leasing of six-family houses in the area of the Swift Factory, with construction work done by local minority contractors.

Mr. Freimuth noted that the Fund has just received preliminary approval for \$6.3m in assistance from BlueHub Loan Fund. As discussed previously, CRDA has been asked to contribute some \$3m to the fund, with individual projects approved on a case-by-case basis. Mr. Freimuth noted that, given the uncertainty of State bond funding, it might make more sense for these funds to come from the City’s allocation under the American Rescue Plan Act.

Ms. Hopgood indicated her preference for home ownership assistance in this area. Mr. McKenna and Mayor Bronin noted that that these six-family houses are not good candidates for home ownership programs and that this program was focused on improving the quality of rental housing stock in the area.

Noting the number of DOH-funded projects in the City's north end, Commissioner Mosquera-Bruno asked that there be some coordination between the various developers in this area. Mr. McKenna indicated that he has been in contact with a number of these developers, including Sheldon Oaks and Toraal, and will continue to do so.

Chair Berger Sweeney asked that staff create a map of CRDA projects around the City to give Committee members a sense of where our efforts are focused. She also expressed her support for projects like this outside of the Downtown area, noting that we should also be doing more in the south end of the City.

Mr. Freimuth indicated that he does not expect to have a request ready for Committee action until the meeting after next.

- 5) 201 Ann Street – The first project funded by the Authority, this property has been sold and its CRDA loan has been paid off. Funds will be placed in CRDA's capital reserve account for use on future projects. Mr. Freimuth noted that one or two other loans should also be paid down this year.

- 6) Project Updates - Mr. Freimuth directed members attention to the project spreadsheets included in the Committee's agenda packet, noting that occupancy rates remain high. The San Juan Center, Colt "U" building and the first building of the Park and Main project should be coming online later this year.

There being no further business, the Committee adjourned at 1:56 p.m.

The next conference call of the Housing & Neighborhood Committee is scheduled for June 4, 2021.