

Housing and Neighborhood Committee Conference Call
APPROVED Meeting Minutes
October 8, 2021
(rescheduled from October 1, 2021)
9:00 a.m.

PRESENT:

Members Present via GoToMeeting: Committee Chair Joanne Berger-Sweeney, Mayor Luke Bronin, Randal Davis and Paul Canning

Staff Present via GoToMeeting: Mike Freimuth and Kim Hart

Guests Present via GoToMeeting: Joseph Klaynberg (Wonder Works), Attorney Coleman Levy

The meeting was called to order by Ms. Berger-Sweeney at 9:05 a.m. and the minutes of the May 13, 2021 meeting were approved.

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 \$3.25 million conventional mortgage and \$3.25 million mezzanine financing.

Mr. Freimuth noted that in May of this year, the Board approved the refinancing of the CRDA conventional mortgage, with an extension of the expiration term to match a new HUD mortgage. (This new HUD note will allow for some capital upgrades and includes a more favorable interest rate.) HUD is now asking that the 20-year term of the mezzanine financing also be extended so as to be coterminous with the 30-year HUD note. (Mr. Freimuth noted that as eight years have already passed, only 22 years would remain in the extended term.)

After a brief discussion, the following resolution was approved:

Resolution: The executive director is authorized to adjust the terms of the CRDA mezzanine financing to be co-terminus with the new HUD Section 223(f) mortgage and note of up to \$4.45M at 2.75% for 22 years as well as the CRDA subordinate mortgage of \$3.25M for the 179 Allyn Street Project and to execute subordination agreements for its mortgage and mezzanine financing for the borrower and managing member, Allyn Street Managing Member LLC.

- 2) 525 Main Street -- This property is one of two recently offered for sale by the City of Hartford and for which the City has requested CRDA assistance in underwriting and servicing a municipally funded redevelopment loan.

At the September Board meeting, members approved CRDA entering into an MOU with the City for projects such as this, to be funded with a combination of monies, including federal American Recovery Program funds.

The \$7.8 million project includes the sale of the property to Wonder Works Construction Corporation and a renovation resulting in 42 residential units (20% affordable) and 2,750 sf of retail space. Some \$2.1 million in City funds will be lent to the developer through CRDA.

Mr. Canning questioned the small size of the units being proposed and Mr. Freimuth noted that these are comparable to units rented successfully in other CRDA-funded projects. Mr. Canning also noted that the project included first floor units that are typically not desirable. Mr. Freimuth and Mr. Klaynberg explained that given the slope of the site, the units are essentially at a higher elevation and include plenty of light and air. Mr. Freimuth noted that similar units have been constructed and rented on other CRDA projects.

After a brief discussion, the following resolution was approved:

Resolution: In accordance with the City/CRDA MOU, the executive director is authorized to execute such documents as necessary and appropriate to fund a loan to Wonder Works Construction Corporation (or such single purpose entity acceptable to CRDA) for the purposes of redeveloping 525 Main Street, Hartford, CT, such loan totaling \$2,116,162 at 1% interest for three years and 2.5% interest with a 1% annual principal write-down thereafter; subject to: 1/ sufficient funds being available within the City/CRDA revolving loan account; 2/ all other project funds being secured to reconstruct 525 Main Street into 42 residential units and 2750 sf of retail space; and 3/ all appropriate City of Hartford actions for the property's disposition being approved.

- 3) 275 Pearl Street – This project includes the renovation of a former firehouse into 39 market rate units and 4,000 sf of restaurant and retail space. As with 525 Main Street above, this project is to be sold by the City to Wonder Works Construction and a portion of the redevelopment funded through the revolving loan fund established via the City/CRDA MOU.

Mr. Freimuth explained that while, individually, the financing for these two projects may be tight, there are economies of scale to be found in combining the two projects. He noted that environmental cleanup costs for 275 Pearl are included in the CRDA funding number in lieu of standard remediation funding channels in order to simplify the process.

Ms. Berger-Sweeney raised a concern about the lack of parking and Mr. Freimuth responded that 525 Main Street will have use of the adjoining surface lot, while 275 Pearl will have parking in the basement of the building. Mayor Bronin offered his support for both projects, noting that these are long-vacant properties that should be developed and, despite the existence of a tax-fixing agreement, will eventually produce tax revenue for the City.

After a brief discussion, the following resolution was approved:

Resolution: In accordance with the City/CRDA MOU, the executive director is authorized to execute such documents as necessary and appropriate to fund a loan to Wonder Works Construction Corporation (or such single purpose entity acceptable to CRDA) for the purposes of redeveloping 275 Pearl Street, Hartford, CT, such loan totaling \$2,868,500 at 1% interest only for three years and 1.5% interest with a 1% annual principal write-down thereafter, subject to: 1/ sufficient funds being available within the City/CRDA revolving loan account; 2/ all other project funds being secured to reconstruct 275 Pearl Street into 39 residential units and 4000 sf of retail space; and 3/ all appropriate City of Hartford actions for the property's disposition being approved.

- 4) Project Updates - Mr. Freimuth directed members' attention to the project spreadsheets included in the agenda packet. He highlighted certain projects, including Brackett Knoll, where he noted that an additional \$125k will be required to remove large piles of excavated material from the site. The issue will be taken up at the next Board meeting.

Mr. Freimuth also noted that the Temple Street townhouse project will close shortly. He noted that the Colt U-Shaped Building is close to completion and is already fully leased. Committee members were also directed to the Hartford Courant article in the agenda packet, which highlighted the success of new housing at Colt Gateway.

Mr. Freimuth reported that the developer for the 105 Wyllys Street project has failed to perform and CRDA is considering recapturing the \$800,000 it had previously approved for the project. Reallocation of the funds to another project or projects will require Bond Commission approval.

The 289 Asylum Street eight-unit conversion project has paid off its CRDA note.

There being no further business, the Committee adjourned at 9:44 a.m.

The next conference call of the Housing & Neighborhood Committee is scheduled for November 5, 2021.