

Housing and Neighborhood Committee Conference Call
APPROVED Meeting Minutes
December 3, 2021
9:00 a.m.

PRESENT:

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

Staff Present via GoToMeeting: Mike Freimuth and Kim Hart

The meeting was called to order by Ms. Berger-Sweeney at 9:01 a.m. and the minutes of the October 8, 2021 meeting were approved by acclamation.

1) **88 Allyn Street Refi**

Mr. Freimuth reported on the refinancing of the 88 (103-21) Allyn Street project (also known as the Carriage House). The project involves the conversion of the former Lewtan factory into a residential and retail mixed use building and its financing was originally a combination of private bank loans, federal and state historic tax credits and CRDA subordinate financing.

Mr. Freimuth explained that the property was constructed during Covid and sustained a variety of delays and cost increases, prompting two CRDA interest deferrals, as well as allowances by the senior lender. The developer has opted not to convert its senior construction loan into permanent financing and to refinance with another lender at a more favorable rate. CRDA approval of such refinancing is required.

The new financing will be at a lower interest rate and will allow for the buydown of the CRDA note by \$1.4 million of principle (reducing the note from \$6.8 million to \$5.4 million) and the retirement of \$119,258 in CRDA deferred interest.

Mr. Canning raised two questions regarding the size of the new mortgage and the quality of the work being done. Mr. Freimuth explained that the new note would be \$8.1 million, refinancing the initial PUB note that is now sized at roughly \$6 million plus buying down CRDA and retiring construction cost overruns. He also noted that the work was of good quality.

The following resolution was approved by acclamation:

Resolution: The CRDA Housing & Neighborhood Committee approves the refinancing of the senior loan with Harbor One Bank of an amount up to \$8.1M, at 4%, 30 years with a ten-year term for the 88 Allyn LLC project and upon commitment of the new senior loan, the executive director is authorized to take such action as necessary to restructure the CRDA note to \$5.348M at 1% only for years 1-5 and amortizing principle and interest in years 6-10 at 1% / 40 years with a ten-year term, effective January 2022 on assumption that CRDA primary note is paid down by \$1.4M, accrued CRDA interest in the amount of \$119,258 is paid and existing CRDA reserve of \$261,000 is released.

2) **315 Trumbull Street / Hartford Hilton**

Mr. Freimuth reported that even prior to Covid, the 393-room Hilton Hotel was struggling to perform. Business travel has been hit particularly hard by Covid and, without assistance, the hotel is likely to close. The hotel is of critical importance to the Convention and XL Centers, as the inventory of hotel rooms available to visitors and performers in the Greater Hartford area is diminishing.

A proposed restructure of the hotel would include conversion of 147 rooms on the upper floors to residential units and a revamp by the owner of the remaining 166 rooms under a new DoubleTree flag. The residential conversion would be undertaken by the RMS Group, the developer of the nearby DoNo project, which also holds a stake in the Goodwin Hotel. Mr. Freimuth noted that RMS is committed to making more Goodwin rooms available to the Convention and XL Centers in order to partially compensate the loss of the Hilton rooms.

Mayor Bronin noted that, while it may not be ideal, he was happy that a deal has been reached and that the hotel will remain open. He emphasize the importance of protecting the HUD 108 loan the City made previously to the hotel and of preserving union jobs and vital hotel rooms.

Mr. Freimuth noted that the \$6 million in assistance being requested of CRDA for the residential conversion equated to a subsidy of approximately \$40k per unit, well below the \$60k subsidy typically provided by the Authority. He also noted that such hotel/residential conversions are becoming quite common and CRDA's familiarity with the Hilton and its operating costs provides additional comfort with the deal.

Ms. Berger Sweeney commented on the importance of hotel availability to Trinity College during certain times of the year. Responding to a question from Mr. Canning, Mr. Freimuth reported that the residential conversion will include 82 one-bedroom units, 60 studios and 5 two-bedroom units,

The resolution was moved and approved by acclamation as follows:

Resolution: The executive director is authorized to: 1/ lend to the Waterford Group {or such single purpose entity acceptable to CRDA} up to \$5.1M at 4%, 20 years amortization, co-terminus with existing debt on the property for the purpose of renovating 166 rooms into a Double Tree Hotel branded property; and 2/to lend to the RMS Group {or such single purpose entity acceptable to CRDA} up to \$6M at 3% amortizing over 30 years for purposes of converting existing hotel rooms into 147 residential units, 20% affordable with the term to be co-terminus or no more than 2 years

longer than primary financing, subject to: a/both components, hotel and residential, proceeding concurrently and with all sources of funding and approvals secured; b/ State Bond Commission approval; and c/such fiduciary terms and conditions that are necessary and appropriate to the satisfaction of the executive director and CRDA legal counsel.

- 3) 237 Hamilton Street – Mr. Freimuth reported that a funding plan is being drafted for renovation of this former industrial building along I-84 in the Parkville neighborhood. The \$72 million project would include creation of 187 residential units (20% designated as affordable) and 86,000 sf of commercial space. CRDA has been asked to provide \$3.5 million to assist with the significant amount of environmental remediation required. Mr. Freimuth suggested that funds repaid to the Authority from other Parkville projects, including the Parkville Market, could be used to fund the ask. He noted that Carlos Mouta, the Market developer, is also the developer on the Hamilton Street property. A funding resolution will likely be presented to the Committee at its January meeting.
- 4) Bond Residences – Mr. Freimuth noted that another resolution likely to come before the Committee in January or February concerns a funding request for façade improvements at the former Homewood Suites on Asylum Avenue. He noted that while this is not a typical CRDA ask, such assistance would be appropriate given the Authority’s extensive work in this block.
- 5) Project Updates - Mr. Freimuth directed members’ attention to the project spreadsheets included in the agenda packet. He noted that occupancies are on the way up around the City.

Mr. Freimuth also noted that a letter has been sent to the developer of 105-7 Wyllys Street terminating its funding deal. This termination leaves \$800k available for reprogramming elsewhere in the City and Mayor Bronin suggested a new project on Franklin Avenue might be the best use of these funds.

There being no further business, the Committee adjourned at 10:01 a.m.

The next conference call of the Housing & Neighborhood Committee is scheduled for January 7, 2022.