

Housing and Neighborhood Committee Conference Call
APPROVED Meeting Minutes
March 11, 2022
8:00 a.m.

PRESENT:

Members Present via Microsoft Teams: Committee Chair Joanne Berger-Sweeney, Commissioner Selia Mosquera Bruno, Mayor Luke Bronin, Randal Davis and Paul Canning

Staff Present via Microsoft Teams: Mike Freimuth and Kim Hart

The meeting was called to order by Ms. Berger-Sweeney at 8:05 a.m. and the minutes of the January 7, 2022 meeting were approved by acclamation.

1) **179 Allyn Street Refinancing**

Mr. Freimuth noted that CRDA has previously approved changes to the 179 Allyn Street financing terms stemming from refinancing of their first mortgage. Currently, CRDA is to receive a \$150k buy down of its mezzanine financing, would be brought current in all interest payments and would receive \$265k in additional proceeds upon the release of a special “covid reserve” required by the federal government.

Mr. Freimuth noted that since the initial CRDA refinancing approvals, the covid reserve is no longer needed but interest rates on the federal first mortgage have increased. Based on debt coverage and other underwriting requirements, the first mortgage has been resized from \$4.5m to \$3.92m. CRDA benefits in that the release of the covid reserve decreases the outstanding principle due to the Authority and it improves the subordinate position of its mortgage.

The developer’s counsel and the federal funding agent have asked that CRDA’s prior resolutions be amended to reflect the final refinancing deal, including a change in the terms of its loan:

The following resolution was offered and seconded:

“The Executive Director is authorized to adjust the terms of the CRDA mezzanine financing as well as the CRDA subordinate mortgage of \$3.25M for the 179 Allyn Street Project to be coterminous with the new HUD Section 223(f) mortgage and note of up to \$4.45M with a term of 22 years and such other terms and conditions, including, but not limited to, interest rate, reserves and payment amounts, as the Executive Director may approve in his reasonable discretion, and to

execute a subordination agreement for its mortgage and mezzanine financing for the borrower and managing member, Allyn Street Managing Member (ASMM) LLC.”

After a brief discussion, the resolution was approved.

2) **Former Fuller Brush Building – 3580 Main Street**

Mr. Freimuth reminded Committee members of plans presented by Shelbourne at the January meeting for renovation of the former Fuller Brush Building on Main Street. The total cost of the project is expected to be approximately \$30 million and CRDA has been asked to contribute \$7 million, reduced to \$4.5 million upon completion of construction. While the project meets CRDA's per unit funding requirements, staff are not yet comfortable with the current construction cost estimates and Bob Saint will be touring the facility to better understand the developer's assumptions.

Mr. Freimuth reported that while the market rate rents for the units allows them to be accessible to neighborhood residents, they make it harder to push debt for the project. Rents could be increased, but that would push the project further away from its goal of 20% affordable units. He also noted that the developer will be pursuing both state and federal historic tax credits.

Mr. Freimuth indicated that he hoped to have a workable proposal for Board consideration at the April meeting.

3) **The Bond - 338 Asylum Avenue**

As noted at the Committee's last meeting, CRDA has been asked to loan \$1M to The Bond residences for façade and elevator improvements at the property on Asylum Avenue. Mr. Freimuth reminded Committee members that the former Hilton Homewood Suites was recently converted into 116 residential units utilizing a combination of private financing, tax credits and CRDA funding. The same developer worked with CRDA on the 103-121 Allyn Street project and is requesting that funds repaid from that project be used for The Bond improvements.

The developer has secured bank financing and their lender is asking CRDA to accept interest only payments until the required debt service coverage ratio is reached. Mr. Freimuth is negotiating with the lender and expects to reach a resolution before the next Board meeting

Committee members expressed interest in a tour of project sites in the spring and Mr. Freimuth indicated that this would be arranged. After a brief review of project spreadsheets, the Committee adjourned at 8:28 a.m.

The next conference call of the Housing & Neighborhood Committee is scheduled for April 1, 2022.